



P. Tatiner — Liaison

# PROP 13

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■ ALL OVER America people are talking about it. It has sent shudders down the backs of invertebrate bureaucrats. It has politicians checking the want ads for honest employment. It has the armies of education bureaucrats crying in their tea and Welfare recipients howling like a tribe of Abzugs. It is the great California Taxquake, the most promising Conserva-

tive happening in America since Barry Goldwater requisitioned a friend to write *Conscience Of A Conservative*. Two-thirds of California's voters, despite a torrential propaganda campaign by the Left and its special-interest groups, have attempted to slash the wrists of Big Government with the razor edge of a ballot.

While most of the Golden State's



**What happened was that, as inflation drove assessments up, the politicians grabbed the ballooning property tax revenue and spent it on expanded programs. In 1967, local property taxes in California were \$6.6 billion. By 1977 they were \$12 billion. Californians on fixed incomes were being taxed out of their homes.**

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voters were only faintly aware of what was developing, tax slaves around the country were watching anxiously to see if California's productive taxpayers would dare rise up against the ever-growing mob of tax consumers. When Californians threw off their tax chains with a roar, it sent shivers through the bureaucracies in every backwoods burg, and in every metropolis and state capitol, all the way to Washington.

As every American who was not visiting the Himalayas at the time knows, the epicenter of the Great California Taxquake was Proposition 13, a statewide referendum which limited property taxes to one percent of market value and prohibited increasing the assessed value by more than two percent in any one year. To keep the politicians from shifting the tax burden, Proposition 13 also required that any new taxes at the state or local level would have to be approved by a two-thirds majority of the responsible legislative body. This last proviso has been ignored or played down by almost all of the media, yet it is certainly as significant as the cut in property taxes.

The passage of Proposition 13 by an overwhelming two-to-one majority may be the most significant grassroots Conservative victory at the polls in many decades. It is difficult to

think of another statewide plebiscite which has attracted such incredible publicity and produced such excitement. Possibly the most important aspect of Prop 13, as it is called, was that it awakened battle-weary Conservatives to the fact that they can win their fight to put Big Brother on a diet.

What is ignored by the mass media is that a tax revolt has been brewing like percolating coffee for some years. Few now doubt, however, that tax limitation is an idea whose time has come.

Government has been growing like the monster in a Japanese horror movie. During the past decade our population has increased by a moderate ten percent. Meanwhile the cost of living has risen ninety-three percent as the cost of government at all levels ballooned 212 percent. In 1978, government will consume an amazing \$757.2 billion — which amounts to \$9,960 per family as compared to \$4,092 in 1967. That difference in the tax bill would buy every American family a moderately priced new car each year or provide a year at college, establish an investment program, or add a den to the family home.

It became obvious to the merest tyro that the politicians, bureaucrats, Welfare recipients, and other leeches on the body politic had no intention of



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restricting their demands for ever-larger feasting upon our fiscal blood. And it has become clear even to the economically ignorant that the only way to stop this is to apply a tourniquet. Federal, state, and local governments now consume nearly half of all personal income in the United States — and it is even more when one allows for that cruellest tax of all, inflation, engendered by perpetual federal deficits. As economist Milton Friedman noted in his *Newsweek* column of June 19, 1978:

"Candidates for political office have seldom found it profitable to promise lower spending and lower taxes. They have found it far more profitable to put together coalitions of special-interest groups, promising each a juicy government handout while talking in vague generalities or not at all about how the handouts were to be financed. Jarvis-Gann [*Prop 13*] means that the political market may have changed. When everybody is getting goodies financed by everybody else and the costs mount and mount, everybody — or at least a majority — may come to recognize that all could benefit by a mutual cutback. And the cynical purchase of special-interest votes can no longer be readily concealed behind the pretense of serving the public interest. The populace is coming to recognize that throwing government money at problems has a way of making them worse, not better; that people are likely to get more out of spending their own money than out of turning it over to bureaucrats to spend for them."

Almost no one is prepared to admit a love for Big Government. Yet "Liberals" tell us that government has grown into a titanic Topsy because we, the people, have demanded more and more bureaucratic services. James Jackson Kilpatrick writes in *Nation's Business* of July 1978:

"... This is not a convincing reason. It is hardly demonstrable that the people have demanded the layers of administrative bureaucracy in their public schools. It is difficult to recall when the people demanded a system of public welfare that weighs so heavily upon taxpayers at every level. One might flip curiously through the pages of the current federal Budget, asking at every point: Did the people demand this? Did they really?"

"A more accurate if less euphemistic answer is that well-organized pressure groups have accounted for most of the swelling increase in government expenditures. Such groups have been as successful as the legendary Lola. Whatever Lola wants, Lola gets."

"The unionization of public employees is a significant factor in municipal government. In order to buy peaceful contract settlements, city councils and school boards have paid dearly in salary increases and extra benefits. The unions are not the only groups with local political muscle. Especially in the field of public education, small but aggressive groups of voters have expertly twisted arms. The same picture obtains in every state capital. The day does not pass in Washington that some group is not lobbying for some utterly indispensable service, without which life will become unbearable. Farmers and businessmen hustle for special favors in the same corridors that are crowded with consumer advocates, environmental enthusiasts, and spokesmen for solar energy, minority benefits, and federal regulation of summer camps."

Meanwhile, rising taxation threatens to make the middle class — which pays the bills — an endangered species. Middle Americans, becoming the New Poor, are rebelling.

Why did the tax revolt start in Cal-  
(Continued on page seventy-five.)



## PROPOSITION 13

ifornia? There are two reasons. First, the real-estate boom in recent years had sent the prices of homes through the roof. The house which sold a decade ago for thirty thousand dollars is now valued on paper at one hundred thousand dollars. And there's the rub. What good does a huge theoretical profit do the homeowner who has no intention of selling? None. And unless that owner is going to sell his home and buy a much smaller house, or buy a less expensive home much further from the urban center, the purchase of a new home means only trading dollars, paying a commission, and getting a new loan at much higher interest rates. But that big market valuation does mean ballooning property taxes.

What happened was that, as assessments rose, local politicians grabbed the money and spent it on expanded programs. In 1967, local property taxes in California were \$6.6 billion. By 1977, they totaled twelve billion. It was all a great windfall for the bureaucrats, who went merrily along spending every million upon which they could get their hands.

For years the taxpayers had been crying out for relief while the politicians replied, "Let them eat cake." Or, more accurately, "Let them eat houses. Pay up or get out." Many Californians, particularly retired people and others on fixed incomes, were being taxed out of their homes. It was not unusual for an upper-middle-income family to face an annual property tax bill of four thousand dollars.

The property tax, being highly visible, became an obvious target for immediate reform. In California you pay it twice a year. While many other taxes are withheld, or like sales taxes are paid a small amount at a time,

those property taxes are paid in two huge bites that hurt. Prop 13 had a tremendous appeal because it was a concrete proposal which guaranteed immediate tax relief amounting to seven billion dollars, slashing property taxes more than half. It was not like voting for a candidate who makes generalized campaign promises to hold down government spending. Prop 13 changed the state's Constitution. It was a here and now opportunity!

A second factor in the success of California's tax revolt was the personality of Howard Jarvis, the 75-year-old father of the initiative. Jarvis is now a household word, a national celebrity. Not long ago he was looked upon as sort of a Conservative gadfly or Don Quixote. At a time of life when most men would be puffing on a pipe while watching television from an easy chair, Jarvis has been leading a crusade against high taxes. While many consider him an overnight sensation, Howard Jarvis has been preaching tax revolt with growing skill and determination for fifteen years. Year after year he carried his tax education campaign to bored audiences that nodded in mild affirmation but did little else.

In 1977, thanks to the tax explosion which accompanied doubled assessments, the climate changed dramatically. Working with Paul Gann, a retired realtor from Sacramento, Jarvis and his group of volunteers set out to get the signatures of half a million registered California voters to place his tax proposal, labeled Proposition 13, on the June 1978 ballot. Within only a few weeks Jarvis had collected more than 1.2 million names from all over the state. The Jarvis people had simply told the frustrated voters that it was time to put a fence between the hog and the trough.

Nobody was for Prop 13 but the people. Opposed to it was a solid pha-



lanx of every tax-grabbing, parasitic, bureaucratic group in the state. This was, of course, to be expected. The same gang had five years earlier defeated Proposition 1, which had sought to put a lid on state spending by restricting the politicians to a defined percentage of state income.

The tactics which defeated the early Proposition were again applied by the special interests in the fight against Prop 13. Early polls had shown the first Proposition well ahead, but there had been a tremendous undecided vote. The opponents of tax limitation, spearheaded by teachers and other public employees, used radio and television to convince millions of Californians that if Prop 1 passed there would be empty schools, abandoned police and fire stations, and unattended rest homes and sanatoriums for the aged and mentally retarded. When the "undecided" were persuaded and went overwhelmingly against Proposition 1, the taxpayers continued to subsidize the good life for the tax spenders.

The polemicists of the Left naturally assumed that all they had to do to knock out Prop 13 was dress up their earlier scare stories and trot them out before a horrified public. There is hardly a canard, short of predicting that passage of the initiative would cause California to be eaten by the Loch Ness monster, which was not used to try to traumatize the voters into obedience.

And the public servants were not alone in disseminating horror stories. With only a few courageous exceptions the mass media continued to act as public relations men for the politicians and bureaucrats, employing every wile to make Prop 13 seem to be cruel and unusual punishment aimed at the poor and the helpless. Television viewers were nightly treated to tales of how "greedy special interests" were at-

tempting to rape the common folk.

Associated Press reported on May twenty-fifth that eighteen of the twenty top newspapers in the state were opposing the initiative. The *Los Angeles Times*, California's most powerful and influential newspaper, must have earned a place in the *Guinness Book Of World Records* for loading propaganda into its news stories. Conrad, ace cartoonist of the *Times*, hardly missed a day in warning his readers that civilization would come to a crashing halt in California if the dreaded Prop 13 were passed. It was a Herculean effort that will doubtless win him a Bulltizer Prize.

While the well-oiled mandarins of mediadom were chanting that Prop 13 was a Big Business ripoff, the Establishment types were quietly lining up to bankroll the smear. *New West* magazine, which feels about Jarvis-Gann as homosexuals feel about Anita Bryant, crowed about this in its issue for May twenty-second. In a sermon titled "Big Business Fights Jarvis," the magazine quoted a Republican official as lamenting:

"There was [*Assembly Speaker*] Leo McCarthy sitting in Sacramento with labor and the liberals putting pressure on him to do something to defeat Jarvis-Gann. Now the last thing he wants is to use Democratic campaign money to fight 13. So he calls together the business community and tells them: 'We'll pass the inventory-tax break, but only if 13 is defeated.' Then he starts talking to them about what kind of corporate taxes they'll have to enact if Jarvis passes. And bingo, he's got the Republican money."

*New West* continued its description of this far too typical sellout by Big Business:

"The campaign to defeat Proposition 13 was put together just two months ago at the Hyatt House in



Burlingame and Perino's Restaurant in Los Angeles, where Jerry Brown, Leo McCarthy, and a group of labor and business leaders met to try to talk the San Francisco and Los Angeles business communities into fighting Jarvis.

"With some corporate leaders, it didn't take much talking. Bankers like A.W. Clausen, president of Bank of America, were already worried about the future of the municipal bond market in California if Proposition 13 passed, and the economic dislocation if hundreds of thousands of local public employees were suddenly out of work. Edward W. Carter, board chairman of Carter Hawley Hale, was already worried about what would happen when those laid-off workers weren't shopping at his 39 Broadway stores. Others had to be convinced that Proposition 13 posed a direct threat to them. One letter sent by the No On 13 Campaign issued predictions that, if Proposition 13 passes, the state might increase bank and corporation taxes by 40 percent, and state sales taxes by 15 percent. So far, that anti-Jarvis campaign has swayed more corporate giants than small businesses. 'What the Republican businessmen haven't realized is that when they put the money out for the fight against 13, that frees up Democratic money,' complains Assembly Minority Floor Leader Paul Priolo. 'And that puts more antibusiness people in office in Sacramento.'"

Not only did Big Business sell out on Prop 13, but normally Conservative small business was not much better. The California Chamber of Commerce waffled and refused to take a stand. A poll showed that only fifty-seven percent of its members supported the Jarvis initiative. Despite the outrageous claims of its opponents, Jarvis-Gann was a people bill that had to take on virtually every

special-interest group in the state.

About two-thirds of the way through the campaign it began to look like a not-so-instant replay of the five-year-old failure on Proposition 1. Early polls had shown Prop 13 to be way out in front — but again there was that large number of undecideds. As the weeks went by it seemed the undecided were lining up in the opposition camp as scare stories began to fall like snow on Mt. Shasta. A three-to-one advantage was reported to have eroded down to a mere three percentage points with only three weeks left to go before the balloting.

Los Angeles County Assessor Alexander Pope, who was up for election, decided to ingratiate himself by letting the one-third of the homeowners who had been re-assessed for 1978 have an early peek at their new assessments even though he was not legally bound to announce them until July first. The resulting shock was enough to electrocute an elephant. Some of the new assessments were more than triple the previous tax. Typical was a West Hollywood newcomer who paid \$3,700 in taxes for 1977 on his two-bedroom \$120,000 house; this year he would be assessed more than \$7,000. Another new Californian was taxed \$5,500 on his \$165,000, three-bedroom, Beverly Hills house in 1975; his tax bill for this year would have been \$14,000.

While the revelation of the huge increases in property taxes is credited with the magnitude of the Jarvis-Gann landslide, your reporter believes that the issue was never as close as the three-percent margin the polls showed. A big change had taken place in the five years since voters were spooked out of voting for Proposition 1. In 1973, when the Prop 1 opponents threatened to cut back school operations, Californians thought that would be awful. This time, there were



numerous reports that public gatherings had cheered when representatives of the education establishment made similar threats. Five years of exorbitant taxes had made a big difference in the outlook of the people. Stomachs had turned, and a realistic cynicism about government had set in with a vengeance.

When the crowd opposing Proposition 13 saw that the public would not cave in to threats to cut back on the school programs, it began threatening to curtail such essential services as fire and police protection. Californians simply did not believe them.

Another ploy was to try to switch voters to a phony tax reform bill known as Proposition 8, which was put on the ballot by the California Legislature. This one was known as the Behr Bill. Its proponents claimed that Jarvis-Gann was a "meat-ax" approach while Proposition 8 was "sensible tax reform." Californians were suspicious. They found it ironic that after years of promising tax relief, and never delivering, the Legislature had decided to move only a week after Jarvis-Gann qualified for the ballot. It developed that Prop 8 contained no constitutional guarantees of any kind. The description of the bill which appeared on the sample ballot read: "Legislature may provide for lower tax rate on owner-occupied dwellings. Financial impact depends on legislative action, could result in reduction in local revenues." Those words "may" and "depends" and "could" sounded like a con job and fooled no one.

How did the professional humanitarians, the *luffers* of the people, the worshipers of democracy, react to the overwhelming victory of Jarvis-Gann at the polls? *Vox populi, vox Dei* was laid to rest amidst the jeers of its longtime proponents.

George McGovern, who claimed

in 1972 that Americans voted against him in overwhelming numbers because they are "selfish," was almost equally underwhelmed by the Prop 13 victory. He told brother "Liberals" at a convention of Americans for Democratic Action that Californians had revealed a "degrading hedonism that tells them to ask what they can take from the needy." McGovern went on to whine: "Across the country, politicians are chasing and fanning the popular whirlwind. They are seeking a mandate to govern by running against government itself." Why the dirty rats!

Joseph Kraft, windbag *cum laude* of the Establishment's reliable columnists, sneered: "The latest flash from California announces that popular mistrust of public officials gives license to middle-class greed. How to stop the rising wave of self-indulgence presents a genuine national problem." One of the worst aspects of Jarvis-Gann, he wrote, was that it "makes the imposition of new taxes extremely difficult." Kraft admitted that property taxes had risen steeply, but said: "Behind that legitimate cause, however, there lurks a cloved hoof — self-indulgence by the relatively comfortable majority at the expense of the poorer minorities . . . . It can only mean that the relatively comfortable majority feels so little confidence in the authorities that the mistrust itself serves as an excuse for dumping on poorer minorities."

David Broder, bellwether columnist of the enormously influential *Washington Post*, also lamented the "Me Generation" politics in which Americans are trying to regain control of the fruits of their labor. Apparently Broder approves of democracy only when the public follows the advice of the Establishment pundits. He cries that, "from Florida to California, the initiative and referendum



have become the playthings of the New Right . . . and anyone who is watching how these devices are used has to be worried about the results."

Tom Hayden, the S.D.S. founder and former candidate for U.S. Senator whose wife "Hanoi Janie" proves the old adage that beauty is only skin deep, was among the unhappiest of the "Liberal" pooh-bahs. Hayden intoned: "The New Deal is dead. The enormous superstructure of the welfare state was ended at the hands of California taxpayers on June 6."

Among the most frenetic of the smited special interests were those who chalked up the Jarvis-Gann victory to racism. Vernon Jordan, president of the National Urban League, was one of these. He also proclaimed the Kraft-Broder-Hayden line that Jarvis-Gann "represents the triumph of the politics of selfishness." Jordan continued: "It reflects the growing tendency of middle-class voters to favor personal gain over the public good. If this trend continues, effective government could be severely hampered and the fragile ties that bind a pluralistic nation weakened." He actually saw it as a fulfillment of the Marxist dialectic, declaring that "the tax revolt amounts to a major escalation of the war between the classes." Jordan calls this class war "America's dirty little secret . . ."

*New Times*, the radical slick magazine named after a Moscow journal, reported "black and chicano leaders believe 13 has taken from them virtually all the gains the last decade had brought them. Black Assemblywoman Maxine Waters estimates that there may be 34,500 layoffs in Los Angeles County. This would mean that some 84 percent of the chicano and 60 percent of the black civil servants would be out of work. Waters sees 13 as racially significant: 'It's now ok to be openly against minori-

ties,' she says." Hank Springer, head of the 19,000-member United Teachers of Los Angeles, trilled: "We're entering a very ugly period. The whites have said '\*\*\*\* you' to the ni\*\*ers . . . It's going to be a long, hot summer." Springer neglected to mention that at least forty-two percent of blacks had supported Prop 13. They, too, are strapped by property taxes. So much for racism.

Naturally those most upset by the passage of Proposition 13 were our faithful "public servants." These are servants who want to assist the public only on their own terms at wages far above those paid in the private sector. Jerry Wurf, radical president of the American Federation of State, County and Municipal Employees, told a convention of that union: "The suffering comes down to you . . . as government employees, we suffer the most severe consequences." Wurf's A.F.S.C.M.E. now has a million members and is the biggest union in the A.F.L.-C.I.O. That is because government employment is the greatest area of "growth" in the American economy. Wurf called Prop 13 "a disaster," and proposed to fight the anti-featherbedding aspects of Jarvis-Gann by campaigning for more taxes, declaring: "We're going to put together a massive program, with people and money behind it, to sell the idea of more-progressive tax systems." Lloyd Simpson, another A.F.S.C.M.E. official, told the convention: "We've got to get the message through that we cannot live without taxes, but that's going to be a difficult task." Undoubtedly.

While the radicals and special interests were decrying Prop 13 in terms which revealed their true colors, many politicians began reading the handwriting on the wall and decided to profit by the message. There is no more startling example than Califor-



**Howard Jarvis said it was time to put a fence between the hog and the trough, and two-thirds of the people of California voted to do just that. Suddenly politicians who wanted to remain in office joined the majority. Those threatening to cut vital services instead of waste and Welfare are likely soon to be retired.**

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nia's blithe spirit, Governor Jerry Brown.

Throughout the bulk of the campaign, Jarvis-Gann had no more fervent foe than Brown. Two weeks before the election, he was touring the state denouncing Proposition 13 as "expensive, unworkable and crazy," and "a consumer fraud and a rip-off." But a week before the election, when the polls showed the voters were stampeding to support the measure, Brown backed off dramatically. You will recall that Jerry Brown is running for re-election, ran well against Jimmy Carter in several 1976 primaries, and has his eye on the White House as Carter's popularity sinks like the *Titanic*. Brown may have some queer characteristics, but stupidity is not one of them. When he saw that Prop 13 was going to be approved, he not only changed his tune, he started trying to lead the band.

Within twenty-four hours of the Jarvis-Gann landslide, merry Jerry was gaily hailing "The Spirit of 13" and claiming that he not only endorsed the concepts of "an end to spiraling taxes and an end of spiraling government spending," but that he had originated them.

Governor Brown was fudging more than a little. Previously he had advocated linking property-tax relief to family income so that the bulk of the

relief would go only to low-income families. By collecting more taxes from middle- and upper-income families, he would not have had to restrict state spending. But now Brown was calling the passage of Prop 13 "an opportunity to make government in California a model for people all across the country."

A *Los Angeles Times* poll shows that Jerry Brown's popularity has jumped since his *ex post facto* embrace of Jarvis-Gann. Naturally there are many in the Golden State who think Governor Brown is about as personally enamored of Prop 13 as I am of Bella Abzug. Only time will tell, but Americanists have maintained for years that, as the tide turns, most politicians will grab for a Conservative surfboard. Brown may be providing an early example. There can be little doubt that, given his druthers, Jerry would prefer to do his sailing with the bug chasers and flower children. While his heart may belong to the weirdoes, he is an ambitious and practical man who has no intention of going under with the *S.S. Marx*.

In fact, the Jerry Brown switch on Jarvis-Gann has turned many of his former supporters into vicious enemies. Hell hath no fury like a torched faggot. Brown is being denounced as "the human pretzel," the "flexible flyer," and a "tool" of the



New Right. The next thing you know the *Village Voice* will be calling him Jerry the Fairy.

The predictions of catastrophe have been all but hysterical. Typical was a feature by Alexander Cockburn and James Ridgeway in the *Village Voice*. It is difficult to resist quoting Cockburn and Ridgeway at length:

*Ten years almost to the day that Robert F. Kennedy was assassinated in Los Angeles, California citizens were enthusiastically voting for a plan which is an attack, of the most brutal nature, on the poor. This plan — the Jarvis-Gann initiative to reduce property taxes which went to a vote statewide Tuesday — would slash \$8 billion from the revenues of local governments in the state, thereby destroying thousands of jobs and services on which many depend.*

*"If Proposition 13 passes," a Los Angeles county official told us on Monday, "we will have to cut our employees and services by 50 percent." He sketched out what this meant: cuts in the criminal-justice budget, from prevention, to arrests, to prosecution, to probation. In the county sheriff's department, 2469 deputies out of 6000 will be laid off. Even services as elementary as street lighting will decline, with no money to pay maintenance crews. Los Angeles County will lose about half its teachers, and the size of the classes will thus be doubled. County hospitals will be closed. The impact will be felt in every area of life: from the ocean (half the lifeguards laid off) to firefighting services.*

*A county official we spoke to was eloquent on this score. The vegetation in Southern California, particularly lush after this spring's record rains, is already turning brown. By late summer it will be tinder. Los Angeles area firefighters are expecting huge brush fires — larger than usual — to sweep*

*out of the hillsides and menace many of the same homeowners who are so anxious for Jarvis-Gann's property tax relief. But they won't have many firefighters; half of them will have been laid off, leaving the property owners to pay vastly higher fire insurance premiums as well. Those firefighters who rally round the pumps will be recruited from paramedics now helping out in heart emergencies (coronary victims will just have to fight on the best they can alone, hopefully to survive and repeal Jarvis-Gann another day).*

*Every county in California, their budgets funded out of property taxes, will be affected. Consider the predictions of Berkeley City Manager Elijah Rogers. Rogers has said that passage of Jarvis-Gann will reduce Berkeley's share of county property-tax revenues from \$14.8 million to \$3.2 million. The city's entire comprehensive planning department, all recreation programs, the department of public health, and all city branch libraries will be eliminated. Police, fire, and public-works departments will be cut back 30 percent. Also destroyed will be city programs funding 56 community-service agencies, including three health clinics, three mental-health treatment programs, two emergency-food projects, two emergency-shelter facilities, and other extensive programs to aid the physically disabled.*

*So far as the nation's efforts to put unemployed Californians to work are concerned, passage of Jarvis-Gann will flush them down the drain, too. First to go in the cutbacks will be the federally financed CETA jobs, since they must be terminated before county work-force reductions take place. "This time," said one Los Angeles County official, "the blacks won't burn Watts, they'll burn Beverly Hills." Fully aware of such a possibility, county bureaucrats across*



California are taking particular care to distribute Social Security checks on time . . . .

*They laughed when Brown, tripping on fiscal conservatism, talked about cutting off costly sewage services to homes in rural California. They laughed loudly at that in Orange County. But consider what may happen to the Orange County property revolutionary now: he will be mugged on the way home by a juvenile delinquent whose summer camp has been closed down. He may still be able to call his local police, but they probably won't be there. Staggering into his home, he won't even be able to bathe his wounds: there'll be a temporary water suspension. And when the fire comes sweeping down the street, he will dial his local fire station in vain as his wife is felled by a heart attack for which no help will come. They will both expire amid the stench of their uncollected garbage.*

You will have to admit that the above is truly Academy Award material. If Charlton Heston had such a scenario for a disaster movie it would be bigger box office than *Star Wars*. But before you rush out to send a CARE package to relatives in California, you should know that either Cockburn and Ridgeway had their fingers crossed when they pumped out that bilge, or they have been smoking some of those funny cigarettes. Nothing approaching these predictions of doom has occurred.

The truth is that it may be several years before the full impact of Proposition 13 is felt in the Golden State. And, of course, even then the reality will in no way resemble the poppycock picture painted by the doomsayers.

California's politicians have been able to postpone much of the intended effect of Proposition 13 because the state also has an income tax. Dur-

ing recent years inflation has pushed citizens into higher and higher tax brackets and the money has rolled into Sacramento even faster than the Brownies could spend it. So the state has a vast surplus.

The actual size of that surplus was the subject of much debate. Early in 1978, Governor Brown was talking about a one billion dollar surplus. Later he admitted that the figure might rise to two or three billion dollars and denied statements by State Treasurer Jesse Unruh that California would end 1978 with a surplus of more than six billion dollars. To have admitted this while he was touring the state predicting fiscal chaos if Jarvis-Gann passed would have been embarrassing even to Brown. The myth was repeated right up until election day.

After the election the Legislature stayed in session to parcel out five billion dollars to local governments and school districts to replace the seven billion dollars lost in property taxes slashed by Prop 13. This means that most local governments and school districts will be operating at about ninety percent of their pre-Proposition 13 budgets. In other words, cutbacks for Fiscal 1979 will be small. Too small. Not even the fawning idolators of Big Government can deny that there is much more than ten percent waste in government budgets. Without the distribution of that surplus, spending would have had to be reduced by a healthy twenty-three percent.

Regrettably, state financial officials are projecting another five billion dollar surplus for next year. How long this will go on depends on the economy and inflation. State Treasurer Unruh recently stated: "Assuming we continue to have 7, 8, 9, 10 percent inflation, the state might indefinitely be able to replace much of the lost revenue . . . .



"I think the fact of the matter is that when you have a tax structure that continually pumps up a surplus the temptation is there to spend it," Unruh observes. "If the money is there, then some legislator is going to have a pet project . . . And if one guy gets his project then the pork barrel begins and it's hard for him to say no to somebody else, and as a consequence spending grows." He should know. Jesse Unruh ran the state Legislature for years. Called Big Daddy in those days, he was never known as the Watchdog of the Treasury or the Taxpayers' Friend.

While it is true that it may be several years before we see the full benefit of the Jarvis-Gann Proposition, the California taxpayers will get full use of that six billion dollars from the surplus this year, and another five billion dollars next year, which would never have been returned to them. What is needed now if government is to be reduced is a cut in state income taxes. In the meantime, at least, property taxes are cut in half — and half a loaf is better than a poke in the eye with a sharp tax rise.

So doomsday will be a little late coming to California this year. "Liberals" are very embarrassed about it all and are trying to bail out by claiming that they had no idea there would be such a budget surplus — which is a little like Pete Rose claiming to have been unaware that he was on a hot hitting streak.

In addition to making use of the huge surplus, however, some cuts have been made. Brown proposed an eighteen billion dollar budget in January which he said would "build for the future." Then came Prop 13. On July sixth our Governing Guru signed a \$14.7 billion budget that he said "keeps faith with the voters' mandate to reduce spending . . ." Naturally, that \$14.7 billion boodle was de-

scribed as a "bare-bones" budget. (Aren't they all!) But even the *Los Angeles Times* has carried a recent headline declaring "Free-Spending Spirit In State Dies Hard: Despite Prop 13 Cuts, Pet Projects And Lavish Appropriations Still Dot Budget." The *Times* says: "Beneath all the scars of Proposition 13 cuts, this year's state budget shows telltale signs that the spirit of a Legislature weaned in the days of freer spending is alive, if subdued. The accolades of its draftsmen notwithstanding, the \$14.7 billion budget contains ample evidence that neither legislators nor state agencies have completely lost their zest for lavishing dollars on pet projects."

Politicians and bureaucrats will not lose their zest for lavishing dollars on pet projects until the pit of Hell is one big ice cube. Which is why the only way to stop Big Government is to restrict by law the amount of money at its disposal. But Jarvis-Gann has forced California governments at all levels to start moving in the right direction. Had it not been for Proposition 13, government there would still be expanding relentlessly.

Much of the anti-13 propaganda before the election was centered on job losses. All sorts of horrendous figures were bandied about. A group of economic seers at U.C.L.A. forecast that 450,000 people would lose their jobs if the voters approved Jarvis-Gann. Later the economists admitted they did not take into consideration what the taxpayer would do with the seven billion dollars in his own pocket instead of the government coffers. This is an incredible gaffe, and anyone who passed Econ I would have known better. The Ph.D.s knew what they were doing, but they were willing to throw even their reputations into the maw in the desperate attempt to stop Jarvis-Gann. Later the Congressional Budget Office in Wash-



ington declared that Jarvis-Gann would eliminate sixty thousand jobs. Nothing of the sort has happened. Associated Press reported on July twelfth: "There have been 9,617 job losses in local governments triggered by Proposition 13 so far, a state employment official said today."

During the campaign, as you remember, there were also threats that the classrooms would be virtually emptied of teachers if Jarvis-Gann were approved. Again, no such thing has happened. In fact, the Los Angeles School District is actually adding teachers. Reinforced with some of that excess-taxation money from Sacramento, local school districts are funded to ninety percent of last year's budget. Since most districts cancelled summer school, they will have no problem living within their means, and won't even have to cut their courses in Creative Crocheting and French Cooking for the Morally Handicapped.

But if we are meaningfully to cut back on the size, scope, and reach of Big Government, we are going to have to cut back on the number of people employed in the bureaucratic catacombs. Salaries account for seventy-five to eighty percent of almost all governmental budgets when one deducts Welfare and other transfer payments. One person in five is now employed by some level of government and must be supported by the taxes of the other four. Overstaffing and featherbedding have been chronic problems with government since the days of the Pharaohs. Bureaucrats are notorious empire builders since the more "workers" they have under them, the higher salaries they can command.

What we want is to cut back the government payrolls. The attendant lower taxes will mean more spending and investment in the private sector

so that former government employees who have been laid off can be absorbed by newly created private jobs. This is why proposals by government employees' groups to cut back hours and institute "share the work" plans rather than reduce the government work force reveal the economic illiteracy of so many working for government. It makes no sense for two people to share a single job and suffer from an insufficient standard of living when one could keep the government job while the other takes a position in private industry. But "Liberals" moan that there are not sufficient jobs in the private sector to absorb those discharged from cushy government employment. The fact is that there will be an employment boom as taxes are cut.

In the meantime, however, Proposition 13 has forced a hiring and salary freeze on government at the state and (many) local levels. The politicians are relying on retirements and normal attrition to create reductions in force. This is not ideal, but it is better than having government continuously adding to its employment rolls at the taxpayers' expense.

While Jerry Brown has been embracing Jarvis-Gann like a teenager hugging his girl at a drive-in movie, a number of local politicians haven't all been so smart. Many, such as Los Angeles Mayor Tom Bradley, have sought to punish the public for voting to restrict government despite the wise counsel and advice of the politicians and bureaucrats. "Okay, you voted for it and now you are going to get it," is their obvious attitude. These lovable fellows have sought to make cuts where it will hurt the public the most. They hope to break the back of the tax revolt before it spreads nationwide so that in the future the independent, productive, middle class will do as it is told.



While the public wants waste and Welfare cut, the arrogant politicians want to cut back on road repair, trash collection, and — most of all — on police and fire services. Fortunately the public is in no mood to be trifled with. Public opinion has restrained mayors and city councils from cutting police and fire services. Politicians have been made aware that if they move against these areas they will have just two chances of getting re-elected: slim and none. As far as we have been able to determine, no policeman or fireman in California has lost his job because of Proposition 13.

Another ploy being used by the politicians is to establish "user fees" for sanitation, recreation, and other services. Some cities have quadrupled fees for business licenses and similar permits. These are being seen as attempts to evade what the voters said they wanted when they voted Yes On 13. In principle, user fees are the proper way to fund services. He who benefits should pay. But what the politicians are trying to do is avoid cutting Welfare, frivolous programs, and waste. They would like to use tax money for Welfare programs and make up for property tax losses with fees for services that taxpayers receive. Such politicians are likely to find themselves retired to the old comen's farm.

Another scheme to try to offset the gains for taxpayers is the proposal that Prop 13 be made to apply only to single-dwelling families and not to apartments and businesses. This is the equivalent of the quackery so often heard at the federal level of cutting taxes to people and socking it to corporations. Only demagogues, Marxists, and certified economic illiterates push such nonsense. If you increase taxes on the Ford Motor Company, for instance, Ford raises the price of cars to compensate for

that expense as for all others. It has to do so or go out of business. Howard Jarvis has observed that the \$8,000 sticker price on his Thunderbird includes some \$4,500 of taxes paid along the line. As radio commentator Paul Harvey is fond of noting, only people pay taxes. Politicians, however, like to have corporations do their tax collecting for them and then pass on the money to the government. This tends to deflect public anger from the government to the corporations.

The same is true on a smaller scale. Every landlord has to pass the costs of his property taxes along to his tenants in the form of higher rents. One of the major complications of the aftermath of Prop 13 is the cry at both the local and state level for rent controls, or for mandating that apartment owners share fifty to eighty percent of their tax savings with their tenants. Unfortunately, government intervention and the real-estate price boom have already created a shortage of apartments. Most apartments built during the past five years are actually running a negative cash flow. In other words, payments and taxes exceed rental income. This has restricted the construction of apartments and therefore vacancies are nearly nil. On one side of the coin there is little competition to keep rents down, and on the other side is the fact that rents do not justify the investment in apartment houses. The best thing the government could do in this situation would be to quit meddling and let the productive forces of the marketplace assert themselves. Lower property taxes can only make the building of apartments a better investment, increasing housing and lowering rents.

While the media have generally focused on all of the alleged problems caused by Jarvis-Gann, little attention has been paid to the very real



benefits of the taxquake. Putting seven billion dollars into the hands of private consumers and investors is giving the state's economy a real shot of adrenalin. The Chamber of Commerce is predicting twenty-four thousand new jobs will be created directly because of Jarvis-Gann in the next twelve months. There has already been a jump in construction, and contractors have announced their willingness to hire any who have been laid off from government jobs. New capital is flowing into California, reversing a trend of the last four years during which taxes and bureaucratic harassment of businesses have caused companies to relocate "anywhere but California." Not only are new businesses starting, but thousands of marginal businesses that were in danger of shutting their doors will now be able to make it. And many farmers on the cutting edge of bankruptcy have had their bacon saved by Jarvis-Gann.

A poll taken by the *Los Angeles Times* in mid-July showed that Proposition 13 was more popular than ever with the voters, despite the wailing of politicians, bureaucrats, and special-interest groups featured in the daily press. The fever has spread nationwide, and some forty states are organizing tax revolts that are patterned after Jarvis-Gann.

However, as important a victory as Proposition 13 is, Americanists should not make the mistake of thinking it a panacea. Jarvis-Gann is not without its dangers. The public likes to go back to sleep (or to the golf courses, bridge tables, or cocktail parties) after a victory. Jarvis-Gann was a battle. It was not the war.

One potential problem of Jarvis-Gann is that Washington may see it as an opportunity for further centralization of power, taking over even more state and local programs. With federal money, as everyone knows, come federal guidelines over which there is virtually no control. Americanists must not allow the congressional Left to turn this defeat for the local bureaucrats into a victory for Big Brother in Washington.

Of course, it would be silly to think that Prop 13, alone, will solve all of our economic problems. But it does represent a tremendous victory for Americanists. Its passage proved that Americans still have the courage to resist tyranny when the issues are simple and personal. It also shows that the American people have identified their enemy as Big Government. Not since the days of the exposure of Alger Hiss have "Liberals" been so completely on the defensive.

Politics is something like a football game. The team with the momentum is psychologically at the helm until something happens that changes the tide. Sometimes the star player, Momentum, changes uniforms. That is what is happening today. Jimmy Carter and the "Liberals" in Congress need the Prop 13 victory in California like Dr. Peter Bourne needs another sniff of snow. Since the June victory for Jarvis-Gann, tax limitation movements have started in forty states and at the federal level. At last the Conservatives have an issue which everyone can understand, an issue with mass appeal. Reduced to a slogan it is "Lower Taxes Through Less Government." Big Brother is in trouble and he knows it. ■ ■

## CRACKER BARREL

- American precision is wonderful, declared an authority. Nobody has ever complained of one of our parachutes not opening.
- The quiz-minded graduate said to her father: "I'm going to have a car. True or false?"