

Editorial

Remember Proposition 13

There is no question that this is not a society which favors the elderly. Especially if they are poor they are in serious trouble, and even the more affluent, in many instances, are consigned to a life of boring irrelevance. In 1978, many Californians who were trying to live on a fixed income were easily won to the argument that there should be a cap on real estate taxes, which had been rising so rapidly that they were in danger of becoming homeless.

When in 1978 this attack on "big government" occurred, the economic situation in the United States, and certainly in the state of California, was far more stable. Since then the combination of an ideological assault upon the role of government, and the actual financial erosion of the tax base of state and local governments due to the sharp economic downswing, has created a situation in which essential services are being threatened, including schools but extending to water management and police and fire departments.

Under present circumstances there is no easy solution to the problem. Nonetheless no solution will be found as long as people are willing to accept the nonsense that privatization of essential infrastructure and social services is the road to go. The story of what has happened in California since 1978 is a lesson to be studied by all of those who are taken in today by this ideology.

The anti-government ideological battle, begun in 1978, culminated in a ballot referendum called Proposition 13, initiated by Howard Jarvis. This spawned a number of similar ballot initiatives in other states and then fed into agitation for balancing the budget—national as well as local—no matter what the social cost.

It is strange to bring to mind those days, when the complaint was that the state of California, with its \$5 billion budget surplus, was too affluent; that it was making money off the backs of citizens who could not afford state taxes computed on the basis of highly inflated real estate values, and so on. Most of all, it is hard to remember the time when California's roads, hospitals, schools, and libraries were a pride of the nation.

Today, sadly, just the opposite is the case—of

course, a mistaken tax policy is not the only cause. The ravaging of the U.S. aerospace industry with the perceived end of the Cold War is also a large contributing factor to making once flourishing California poor. Since July 1990, California has suffered an absolute loss of 600,000 jobs, even while there has been a national growth in service industry-spawned employment.

Education is a case in point of the decline of California. Not only has the standard of education in what was once a top system of virtually free state universities, been eroded by the enforcement of political correctness upon students and teaching staff, to the detriment of all serious scholarship; since 1990, some 6,000 courses have been cut from the curriculum.

The kindergarten to 12th grade situation is far worse. Where California used to be among the top five in the nation in spending per capita for pupils (which did translate into top quality as well), it is now among the 10 lowest, spending half of what New York does, and \$1,000 per student below the national average. Half of the state's school libraries have been closed. Classroom size is now the second highest nationally.

In reality the Jarvis "reforms" were a boon to firms such as Standard Oil of California, which owned real estate and therefore shoveled in 28% of the tax reduction. In the first year alone, Standard Oil saved \$47 million. The reason is simple. Property was now to be taxed at its price on purchase rather than its assessed value. For the elderly this was welcome, but it was not they who reaped most of the benefit. (If Jarvis really wanted to help people with fixed incomes, they could have been offered a subsidy by the state to offset real estate taxes, at far less cost.)

The moral of the story is that calls to balance the budget, to eliminate so-called big government, or to deregulate banking and national finances can only make a bad situation worse. They are usually thinly disguised swindles on behalf of international bankers or the large multinational corporations, or of the one-worlders who wish to put an end to all national sovereignty, and therefore want to cut off the ability of national governments to govern effectively.