

Senator Proxmire says President Nixon's budget should be cut. Here is his counter budget taken from the Congressional Record of Feb. 6, 1973.



Senator Wm. Proxmire

A PROPOSED COUNTERBUDGET—WHY WE SHOULD CUT THE PRESIDENT'S BUDGET AND REORDER BUDGET PRIORITIES

Mr. PROXMIRE. Mr. President, in my view the \$268.7 billion budget proposed by President Nixon for the next fiscal year is too high and should be cut.

It is \$22.4 billion, or 9 percent, more than the \$246.3 billion the President originally requested for last year.

It is \$19 billion, or 7.6 percent, more than the \$250 billion spending for fiscal 1973.

This must be one of the biggest increases in spending the country has ever had. We have rarely had a \$19 billion increase or more except in times of war situation when we have mobilized our resources and increased our spending very sharply. But this is at the end of war. And the present President is asking for a \$19 billion increase in national spending.

In addition it violates the President's own admonition and warning as to annual outlays which is to be found at the top of page 21 of the document entitled "The United States Budget in Brief," the more popular form of the budget which is distributed so widely and reprinted so widely by the press and media.

The President comments there that the outlays in the period fiscal years 1973-75 will average 7.5 percent. The

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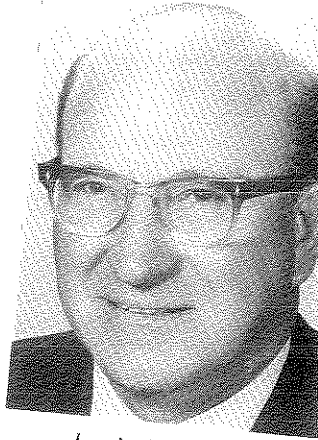
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EMPIRE THREATENED

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Read how homeowners, environmentalists and citizens have joined together to defeat a Los Angeles City Councilman who has been consistently voting against their interests.



Louis R. Nowell
L.A. Councilman

by Dorothy Boberg

Councilman Louis R. Nowell, a veteran of ten years on the Los Angeles City Council, is being seriously challenged at the polls in the upcoming April 3 election. However, the immediate challenge is not from the 5 candidates who have filed to run against him, but from a citywide group of homeowners and environmentalists who have formed the "No on Nowell" coalition of citizens to defeat the councilman. The campaign by the "No on Nowell" forces is being directed by Gerald Decter and his wife Betty. Decter is a Los Angeles businessman whose residence carries a Beverly Hills address even though it is not in the city of Beverly Hills.

The Decters and other members of the coalition are some of the people who have been at odds with Nowell's attitude toward higher density development for many years. Homeowner groups all along the base of the Santa Monica Mountains and elsewhere have consistently fought against high density development in the

hills while Nowell has just as consistently voted for such development.

1971 INTERVIEW

Barbara Blinderman, a member of the "No on Nowell" coalition, interviewed Councilman Nowell for a July 16, 1971, issue of FLAK. In that article she quotes Nowell extensively. For example, on open space Nowell said, "Recreation is open space," and adds, "I don't think there is any need for more open space as such in this area." And, "Taking private property in the name of ecology is not right," and "until you're able to purchase a man's property, you can't keep him from using it." That last statement completely ignores all laws which protect a person's right to use property for whatever it is zoned. What Mr. Nowell really means is that a person should be able to use his property in whatever way he wants to use it, even if he

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acknowledgment in recent years, it is that above a certain minimal level the amount of money spent has no connection with the quality of education received. Since 1949-50, spending on public schools in the United States has grown from \$5.4 billion to \$46 billion, an increase of 758 per cent. The "quality" of education, needless to remark, has not experienced a corresponding increase.

Freeman observes that in New York City alone educational spending over the past decade has quadrupled--from \$540 million in 1960 to \$2.02 billion in 1972. Yet in this same span, the minimal growth of enrollment, the educational skills of New York students declined dramatically. In 1965, some 54 per cent of the students were reading below grade level; by 1972, this proportion of malperformance had grown to 66 per cent.

Freeman further notes that in 1967-68 there were 30 New York schools which had per pupil expenditures in excess of \$1,100 and 101 where expenditures were less than \$600. On the logic of the Serrano-type rulings the high-expenditure schools should have enjoyed the better education; yet reading skills in the first set of schools averaged below grade level while those in the second set of schools averaged above grade level--precisely the reverse of the idea that spending and educational quality can be equated.

The confusions of this argument, indeed, are almost endless. In general, urban inner-city schools have higher assessed valuations, backing them up than do rural or suburban schools, principally because heavy industries are located in the urban areas. If we take the Serrano logic seriously, we would have to decrease spending on schools in the central cities or increase spending on schools in the suburbs--proposals which are in perfect conformity with the view that equal money brings equal education, but otherwise are manifest nonsense.

The inevitable result of the Serrano logic is that the federal government, and only the federal government, is "constitutionally" equipped to finance the schools. This is so because disparities in school financing are as great be-

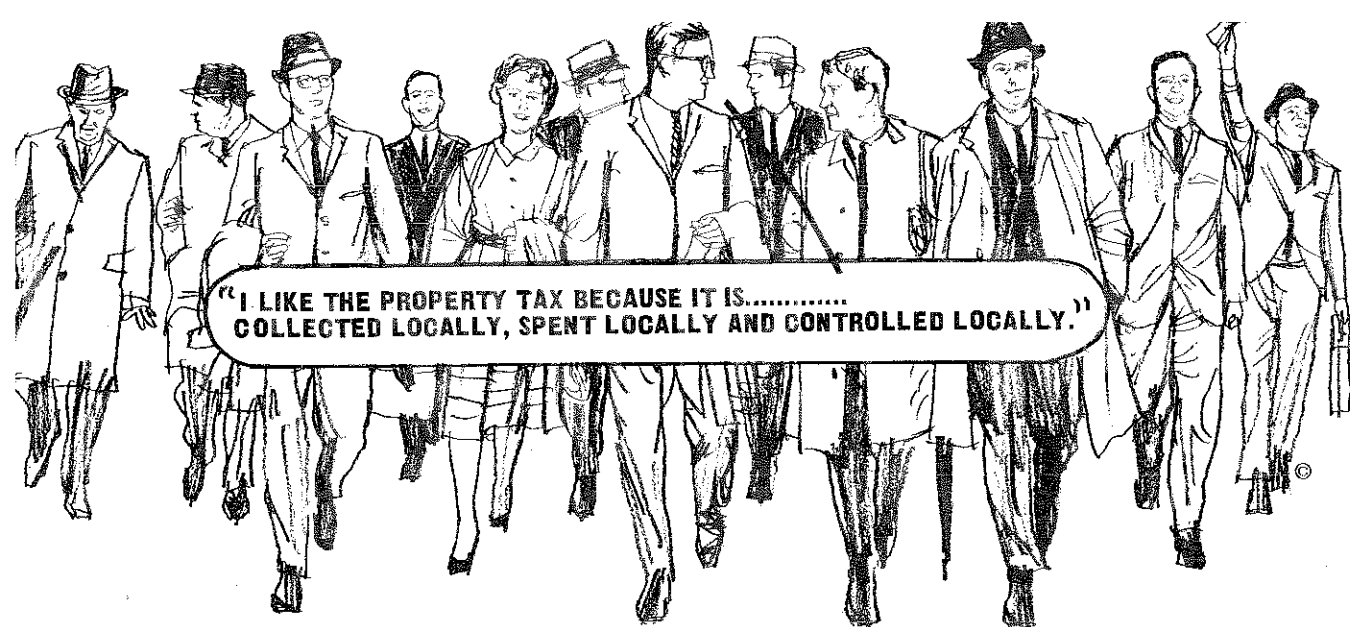
tween the states as they are within the states.

New York, for example, had an average annual outlay of \$1,237 per pupil in 1969-70; the average outlay in Mississippi was \$467. If the Serrano logic be accepted, then this disparity is just as much a violation of the 14th Amendment as differential assessments between one school district and another. There is no "constitutional" remedy but to have the federal government take over the financing of education.

As noted by our friends at NEA, this move from local property taxes would unleash big government and educationist forces for an orgy of taxing and spending the likes of which we have never seen. And, in addition, it would centralize effective control over America's schools, first in the state education bureaucracies, and thereafter in the social engineers, busing enthusiasts and child developers who abound in the Nation's Capital.

Control, after all, follows finance, and if local school boards lose financial leverage over education they will lose all hope of controlling it as well. This pattern is already discernible in states where legislatures provide a large percentage of educational funding--and state authorities prescribe textbook standards and other particulars of the school regime as a result. It is also apparent in the standards and guidelines handed down by federal planners to recipients of their "aid" in schools and elsewhere. Once the schools are financed in whole or major part by the states or the federal government, they will be totally controlled by whoever holds the purse strings.

In short: If finance of schools is kept chiefly on the property tax, the spending forces and social engineers can conceivably be held in check, and local authorities can maintain some semblance of control over local education. If finance of schools is transferred chiefly to state or federal taxes, the spenders and social engineers will be home free, with unbridled access to the public pocketbook and thoroughgoing control of the nation's schools. The Supreme Court's impending decision is thus a crucial one for the future of our federal system and friends of limited government should be rooting hard for the property tax. END



specific projects desired by the spenders.

With taxes of this sort, it is possible to extract much more from the taxpayer than would be feasible if he had to sit down and write a lump-sum check for the entire bill. Property levies ignite the taxpayer into resistance; non-property levies anesthetize the taxpayer and make it easier to separate him from the contents of his wallet.

Add the fact when these taxes are imposed top-down by the state--or better yet, by the federal government--there is no distressing competition among different areas to keep the tax rates down. Such "inequities" as a locality's deliberately holding its taxes down to attract an industry can be eliminated: there can be one (high) rate for everybody, with no escape through "inequities." In this respect, the issue is not so much the kind of tax, but by whom it is imposed--the state or federal government as opposed to the city, county or local school district.

LEGAL CHALLENGES

Against the background, the seemingly paradoxical demand that finance of schools be transferred from the relatively modest property tax to booming state or federal taxes is more easily

understood. Spending interests meeting resistance at the local level can finesse their opponents by conducting an end run to more lucrative taxes at a remoter level of government. As a pamphlet from the National Education Association frankly put it some years ago, "once public education has been made as much a federal responsibility as national defense or national highways, more money than was ever dreamed of will be spent on it."

Legal challenges to the property tax dovetail with this larger design, but contain some wrinkles of their own. In the series of rulings that began with Serrano, the courts have gravitated toward the view that reliance on the property tax for finance of schools is "unconstitutional," since unequal valuations imply unequal education. This is the boldest end run of them all. On the Serrano logic, it doesn't matter what local voters think about higher taxes, or even what state legislatures or the Congress may think. The courts may simply order still more spending as a matter of "constitutional" right--presenting the spectacle, in Daniel Moynihan's words, of "big government ordering itself to become bigger."

As demonstrated by Moynihan, Roger Freeman and other authorities, the reasoning behind these rulings is an intellectual shambles. If there is one point which has achieved general

This article by council observer Dorothy Boberg relates the efforts of the "No on Nowell" coalition to defeat veteran Los Angeles city councilman at the upcoming elections. The task will not be a simple one, since Nowell is well funded by special interests whom his votes have favored.



Dorothy Boberg

(continued from front cover)

tramples on the property rights of surrounding property owners.

SHADOW HILLS

About complaints from homeowners opposing high-density development he said, "They're trying to tell the owner what to do with his property." The fact is that a developer doesn't need to go before a planning commission or city planning committee or city council if he wants to use his property for the purpose for which it is zoned. It is only when he wants to use it for another use that he must face neighboring owners.

Shadow Hills residents threatened to recall Nowell in November, 1966, when they charged that he sold them down the river on a cluster housing condominium of 154 homes on a 51-acre plot.

Here again, the developer had certain property rights for developing his property, but he wasn't satisfied with those rights and was asking for additional rights, completely ignoring the rights of Shadow Hills homeowners.

JUDGE "A LITTLE TROUBLED"

The threat of recall didn't even slow Nowell down, as was evidenced during the 1967 trial of Bryan E. Gibson, a Woodland Hills land developer who was being tried for grand theft and conspiracy to commit bribery. After hearing Nowell's testimony, Superior Court Judge Arthur L. Alarcon, who was hearing the case without a jury, said he was "a little troubled" over Nowell's reply to Deputy Attorney General Jack Goertzen's question regarding possible

bribery, adding: "You say there was no reason for you to investigate. . . you were going to vote on a resolution involving the individual (accused of bribing someone). . . couldn't that have been a reason for you to investigate?"

"No, I don't think I have to know exactly what's happening on an investigation made relative to a matter before the City Council," answered Nowell.

One gets the impression that Mr. Nowell is determined to extend certain property rights to certain people come hell or high water.

HILGARD AVENUE near UCLA

The R-5 zones along the south side of Hilgard Avenue between Le Conte and Weyburn Avenues, and R-4 zoned property between Le Conte Avenue and Strathmore Drive, zoned for unlimited high-rise, were being considered for down zoning in July, 1970. The 16-story La Mancha building, housing mostly UCLA students, was the subject of many complaints from surrounding homeowners.

Mrs. Robert Stevelman, chairman of the West-side Community Planning Committee, representing several homeowner associations with 30,000 members, asked for a 3-story limitation.

Nowell, one of the three-man council committee hearing the roll-back witnesses, vigorously protested even the 6-story limit finally voted by the committee.

Councilman Edmund Edelman, who represents the area, said he wanted the roll-back to forestall construction of anymore high-rise in an area "already suffering from traffic congestion and parking problems."

Nowell showed where his concern was with

the statement that "this means quite a bit of money for the owners of these properties."

Mr. Nowell could solve the problems of such property owners by calling for a "zoning fund" whereby property owners contribute to the fund when higher zoning is granted. The contribution should be the amount of the increase in land value resulting from the zone change. Then, if zone roll backs should take place, the lost value could be paid to affected property owners.

Such a zoning fund would build such surpluses that money for parks and open space would be limitless. Of course, Mr. Nowell, while calling attention to causing devaluation of land values by zoning, is strangely silent about higher land values caused by up zoning, multi-million dollar roads and other public spending which increase certain land values.

TARZANA HILLS

In March, 1971, Mrs. Ernest Frankel, spokesman for the Tarzana Property Owners Assn. and others appeared to oppose rezoning before the Council planning committee which supported the Planning Commission in denying rezoning for the 107 acre housing addition to the Braemar Development. Mrs. Frankel and others pointed out that major problem areas are traffic and drainage.

Again, Nowell was right there for the developer. He requested city specialists to prepare recommendations on how the problems can be overcome. He said he wants them in time for his minority report to the council. He suggested there might be some improvement of Mulholland Drive, now a dirt road in the area.

"You can't hold the developer up forever," said Nowell.

In blaming the Planning Department for the problems, he said, "there shouldn't be any problems right now with traffic and drainage. Otherwise, we were not doing what we should when we allowed the other area to develop."

There, Mr. Nowell hit the nail on the head. Yet, he was all for granting the requested zoning no matter what the costs are to the city and

the homeowners of the area.

BREA BURN DEVELOPMENT

The Brentwood Community Federation, representing six homeowner groups, on July 29, 1971 sent out the following press release:

"Homeowner groups and builders are preparing for a controversial final hearing before the City Council July 30, 1971, on the proposed Braeburn development west of the San Diego Freeway and South of Mulholland. The Council's decision will set the precedent for all future development in the Santa Monica Mountains and the issue of density is being vigorously contested by both sides. Great pressure has been brought by the building-land speculation interests on local and state agencies to promote high density development in this last, unexploited open space in Southern California.

"In a surprise announcement July 23, Councilman Louis Nowell (First District) indicated he would "... place a motion before the City Council on July 30, 1971, to consider City Plan Case 23088 (Braeburn). ..." Nowell is precipitating consideration of this zoning matter at the request of Barclay, Hollander, Curci, Inc., (owners of the Braeburn property), before the report of the Committee can be finalized and presented to Council members. The strategy behind this move once again confirms the alliance of Los Angeles political figures with the ambitions of the building-land development industry. The Committee's report is expected to recommend decreased densities and to bring the matter before the Council without this recommendation and without the benefit of months of public testimony and study will be clearly to the builders' advantage.

"Councilman Braude, in whose eleventh Councilmanic District the proposed development lies, is also expected to challenge the motivation and tactics of Nowell in forcing the matter out of Committee in behalf of the builders."

Again, there was Mr. Nowell right out front to grant increased property rights (and values) for the developer to the detriment of the property rights for surrounding homeowners.

in the share of national product consumed.

These long-term data, moreover, conceal a fairly recent decline in per cent of GNP absorbed by property taxes--albeit a decline with an upward curl at the end of it. The Brookings Institution notes that in 1927 property taxes accounted for 4.9 per cent of GNP, and fell as a percentage until 1956 when they stood at only 2.6. Thereafter, the curve turned upward, arriving at 3.4 per cent in 1971. The percentage rise from '56 to '71 reflects in considerable measure an almost incredible binge of spending for public education. Since 1957-58, U.S. spending on public schools has tripled, to a level of \$46 billion a year--or an increase from \$335 per pupil in 1957-59 to \$867 per pupil in 1970-71.

In tempo with this spending splurge, property taxes have doubled--from a national take of \$19 billion in 1962 to more than \$38 billion in 1971. Even so, the hike in property levies is less dramatic than the contemporaneous increase of other state and local taxes--which zoomed from \$22.5 billion to more than \$56 billion. So even in a period when property taxes were growing at perhaps their fastest rate in history, they were not increasing as fast as other levies.

Why, then, the specific outcry over property taxes? The answer is relatively simple. Property levies are visible, they are painful and they are locally imposed. They are in most cases paid in a lump sum, by sitting down and writing a check, and the people who vote them are relatively accessible to public pressure. And some jurisdictions require a popular referendum to raise the rates for certain purposes.

These factors serve to make the public acutely conscious of property taxes, stir resistance to precipitous hikes and give the taxpayer means of doing something about them.

The net result is that there are limits to the amount of spending that can be financed from such taxation. Watching the proliferation of government at every level and feeling heavily overtaxed, people react by digging in their heels against the form of taxation most noticeable to them. The "inflexibility" complained of by the critics of the property levy is therefore not economic, but political; the property is there to be taxed--people are simply refusing to accept

increases in their rates. (It is note-worthy that in 1970, nationwide, about half the referendum requests for hikes in school taxes were defeated.)

Similar comment might be offered about the charge of "inequity" leveled against the property tax--which generally means assessments in many cases are too low, and that they are kept this way for purposes of drawing industry to one location as opposed to another. One critic complains, for example, that many tax jurisdictions "have been created, and are perpetuated, precisely to provide preferentially low tax treatment of property within their boundaries." This is another way of saying that, because they are locally imposed, property taxes are subject to competitive downward pressure--which is bad if you are a government spender, but not quite so bad if you are a taxpayer.

It is for this combination of reasons that property taxes have risen so much less than other taxes and appear to have reached their limit as a funding source for educationists and other political spenders.

SPENDING SPREE

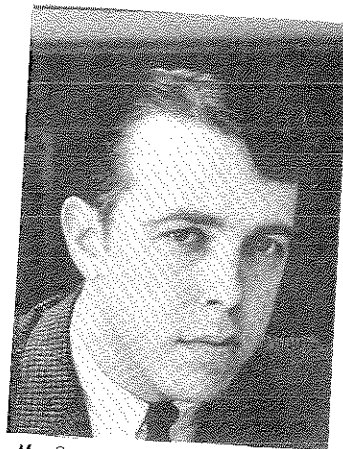
If schools and civil city functions continue to rely on property taxes, the spending splurge of the past 15 years will have to be brought under some kind of control--and this, of course, the planners do not want. They have thousands of exciting things they want to do with your money, an army of civic counselors to be put to work, and countless social engineering diagrams on their drawing boards--if only the property tax with its built-in limits weren't standing in their path.

The answer, quite plainly, is to get away from property levies and shift the spending base to forms of taxation where the psychological and political factors don't get so squarely in the way. Sales and income taxes, for example, are relatively "painless" and "invisible." They are gradualist in nature, usually collected by withholding or by adding a few pennies to purchases. In addition, they are generally imposed by levels of government remote from the taxpayer, and bear no discernible connection to

The Case for the Property Tax

With so much talk about property tax relief from politicians, it is refreshing to see articles like this one which puts the finger on the alternatives and the results from those alternatives....**MORE GOVERNMENT SPENDING, WITH HIGHER STATE AND FEDERAL TAXES.**

This article is reprinted from the Feb. 3, 1973 issue of **HUMAN EVENTS**.



M. Stanton Evans, Editor
Indianapolis News

by M. Stanton Evans

The outcry against the local property tax which has long been a feature of state political discourse is fast becoming converted into a national issue.

Everybody who is anybody, it seems, has muscled into the act. President Nixon stressed the need for "property tax relief" a year ago in his State of the Union address and adverted to the subject again in the fall campaign. Sen. George McGovern, not to be outdone, proposed a massive return of federal dollars to local schools to "assure substantial property tax relief." And the nation's judiciary, beginning with *Serrano v. Priest*, has mandated a series of actions to correct supposed inequities in this form of taxation.

There have been, it is true, some countervailing developments--most notably a study by the Advisory Commission on Intergovernmental Relations suggesting the matter be left to the states. Yet the issue is being inexorably dragged into the national arena by tax reformers, educationists and the courts. It is scheduled to come center stage this year when the Supreme Court decides a Texas case in which finance of schools through property taxes has been branded unconstitutional.

To veteran watchers of state legislative battles, it all has a strangely familiar ring. Wherever state lawmakers assemble these days, they are thronged by educationists and government experts who tell them the urgent need of the hour is to pass major hikes in statewide

taxes to provide the citizenry with "property tax relief." Almost invariably the major feature of such proposals is the idea that funding of local schools be transferred in whole or major part from the "inflexible" property taxes to "broader-based" and supposedly fairer sales and income taxes.

To judge from this continual uproar, one could only suppose the property tax is the most oppressive levy Americans have to bear, and that it is increasing at a rate above and beyond that attained by other taxes. The truth, however, is exactly the opposite. While there are legitimate criticisms to be made of property levies, the simple fact is that the aggregate burden of the property tax is considerably less than the burden of the other taxes, and that compared to the rate at which non-property levies have been growing, the increase of the property tax is almost infinitesimal.

Consider the record. In 1902, property taxes equaled some 3.3 per cent of the Gross National Product; in 1971, they equaled 3.4 per cent. Though the increase in absolute dollar amounts has been great, the proportionate weight of property levies on the total wealth of the nation has hardly grown at all.

By way of contrast, other forms of taxation have been going through the roof. In 1902, non-property taxes were comparable to property taxes in their total weight--amounting to 4.7 per cent of GNP. But by 1970 their proportion had soared to 31.4 per cent, a seven-fold increase

ARLETA RESIDENTS

In December, 1971, Nowell told the council, "I am not in agreement with these people wanting to talk. I did not intend to open it (the meeting) up to a public hearing. You will hear the same arguments all over again." "These people" were some of Nowell's constituents who showed up in force at a first reading of an ordinance granting double the housing density recommended by the Planning Commission for a 20-acre site southeast of Wentworth Street and southwest of Arleta Avenue. Nowell cast the sole dissenting vote against the council Planning Commission recommendation of lower density.

When Council President John Gibson said, "The people say they came 40 miles to be heard this morning," Nowell responded angrily, "They came 20 miles."

Why was Nowell for the developer and against his own constituents? Maybe it's because homeowners don't make large contributions to his re-election campaigns.

COASTAL BOARD APPOINTMENTS

To top the relentless campaign for developers, Nowell was successful in having Council President John S. Gibson, Jr., appoint him as the only representative on the 12-member South Coast Regional Commission which will prepare a comprehensive plan for the future development and protection of the Los Angeles-Orange County coastline. The appointment stirred up a storm at City Hall. The end result was passage of a measure, introduced by Councilman Joel Wachs, which provides that the Council could, as it sees fit, direct Nowell on how to vote upon crucial issues which come before the 12-man commission.

Later Wachs said, "I was pleased that my motion passed, by a 10-3 vote, because I think it will be a significant step toward insuring compliance with the basic tenets of Proposition 20, and thus protecting our precious coastline from further destruction.

THE PUBLIC INTEREST

How a councilman votes on key issues is not

the only measure of his stewardship of the public interest. It is, however, an important factor and one that is, perhaps, the most easily compared and evaluated.

No one person can be an infallible judge of what should be considered key issues or whether these votes are actually in the public interest. However, Council watchers from homeowner, civic and environmental groups in the city frequently agree about which votes are clearly in the public interest and which ones are not.

Most of the votes recorded in the 12 following items represent clear-cut issues to these Council watchers. The votes on the issues of annexation fee retention and Tujunga Wash Levee financing do, however, involve several complex considerations which will be discussed below:

Issue 1 Convention Center In Elysian Park

The Council voted on a proposal recommended by Mayor Yorty and an organization of city businessmen to build a convention center in Elysian Park. Former Councilman John Holland brought to the attention of the Council that this proposal was opposed by thirty organizations including League of Women Voters, American Institute of Landscape Architects, Mexican-American Political Association, Sierra Club, Citizens Committee to Save Elysian Park, PTA 10th District, Los Angeles Beautiful, Los Angeles Federation of Coordinating Councils and the International Longshoreman's Union.

Council watchers considered that in order to preserve park land for park use a vote against the proposal was in the public interest. Of the six present councilmen who were then on the Council, only one - Councilman Bradley voted in the public interest. Councilman Nowell voted against the public interest. It should be noted, however, that this was only the first vote on the issue and several councilmen later voted to build the convention center in another location.

Issue 2 Special Election to Fill Council Vacancy. (Vote on 5-24-66.)

The City Charter allows the Council to appoint

a successor or call a special election to fill an elective city office that has become vacant. Following the death of Councilman Harold Henry, the Council voted on whether to call a special election.

Council watchers considered that calling a special election to give the people of the district a voice in selecting their councilman was in the public interest. Nowell voted against the election.

Issue 3 Lobbyist Registration and Reporting.
(Vote on 2-15-67.)

The Council voted on a proposal to require lobbyists to register with the City Clerk and file financial statements. A vote to require such registration was considered to be in the public interest. Nowell voted against registration.

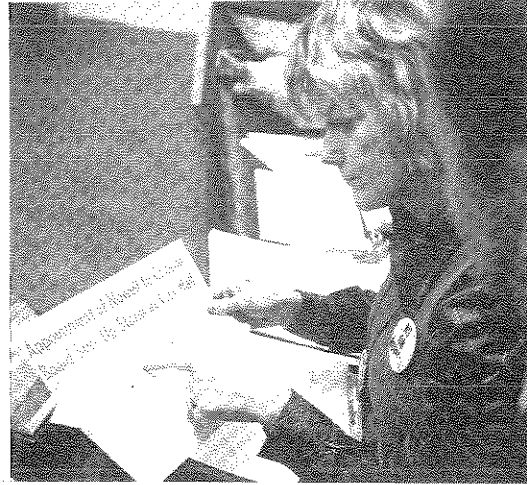
Issue 4 Campaign Contributions Reporting.
(Vote on 2-15-67.)

A Council Government Efficiency Committee proposal required any person or business entity applying for a zone change or other planning action by the City of Los Angeles to list all campaign contributions or gifts made directly or indirectly to elected city officials naming the recipients of such contributions or gifts and the amount or value of same when value exceeded \$25. This recommendation was the result of the Grand Jury hearings on zoning matters completed in December, 1966.

Council watchers considered that a vote to require reporting of campaign contributions by those requesting zone changes was in the public interest. Nowell voted against the requirement.

Issue 5 Zoning for High Density Apartment (R3-1) Adjacent to a Public Park.
(Vote on 12-15-69.)

The Council voted upon whether to approve a zone change from A2-1 (agricultural) to R3-1 (multiple dwelling) on about two acres of land



Betty Decter showing reprint of newspaper article.

adjacent to the north-west of Northridge Park.

Council watchers felt that city parks should not be surrounded by three-story apartment buildings. Rather, there should be single family or other low density land uses in the immediate vicinity of parks to encourage community-wide park usage. A vote against the multiple dwelling zoning was considered to be in the public interest. Councilman Nowell voted for it.

Issue 6 Oil Drilling-Free-Area Within One Half Mile of Ocean. (Voted on 1-17-72.)

A proposal before the Council would provide an oil drilling free area from the mean high tide inland to one half mile along most of the city coast line.

Council watchers considered that the ban was needed to protect the beach environment from the incompatible industrial operations of oil drilling. A vote to provide this oil drilling free area was considered to be in the public interest.

Councilman Nowell voted against it.

Issue 7 Retention of Annexation Fee.
(Voted on 2-24-72)

The annexation fee of \$840 per acre for land added to the area of the city raised about three million dollars from 1961 through November 30,

main culprit in the disastrous conditions our cities now face from air pollution.

Surely we could cut this program this year by \$1 billion. We would cut it if it were not for the trust fund, which makes it almost immune to reconsideration by Congress. In fact, the country would be much better off if these funds were not spent—better off physically, better off economically, better off in terms of the environment, and better off in the fight against inflation.

TOTAL CUTS

The \$5 billion cut I propose for defense, the \$3 billion in foreign aid, the half billion each for space and public works, and the \$1 billion for highways, total \$10 billion.

Of this amount, \$6 billion should be used to restore some of the cuts the President has made elsewhere, to help meet our urgent national needs, and to re-order our priorities.

We should shift a portion of the funds from defense, space, foreign aid, highways, and public works back into low income housing, farm disaster programs, manpower training, and mass transit.

This would still leave us with a cut of \$4 billion, a budget of \$265 billion, and an increase over last year's spending of 6 percent instead of the 7.5 percent which the President contends in his budget is the maximum amount we should increase the budget in the near future years.

This effort would indeed help to re-order priorities, make the budget a much more useful instrument in the fight on inflation, and also save a great deal of money for the American people and taxpayers.

CONCLUSION

Mr. President, I believe these are the general outlines of the path the Congress should follow this year.

To do so we must also act in numerous

ways ourselves.

We must establish a ceiling not only on appropriations—which affect years in the future—but also on outlays which affects spending here and now.

We must examine every request from the bottom up. We must ask if the task cannot be done better by some other means. We should ask if it needs to be done at all.

We must seek witnesses from outside the agencies requesting the funds so that we may bring some independent critical judgment to bear on executive branch spending.

We need to bolster our own staffs and knowledge in order to make intelligent judgments.

We must be tough in refusing requests for supplemental funds and refuse the re-programming requests of agencies.

We must establish our own committees to examine critically the so-called uncontrollable items in the budget, because they are not as uncontrollable as the administration likes to make out.

We should also examine the huge backlog of appropriated funds, which last year amounted to \$288 billion, and which the administration routinely spends from to make up for cuts which Congress imposes on their budgets.

All of these items are necessary if Congress is once again to get control over spending. We have lost that power both through usurpation by the Executive and through atrophy and neglect of Congress.

We should cut the President's budget. We should cut it by at least a net amount of \$4 billion.

We should reorder his priorities in order to meet our needs here at home.

And we should make certain that this budget is an instrument of intelligent fiscal policy in a year when inflationary pressures and the problems of unemployment remain the central economic issues before us.

Mr. President, I yield the floor.

was ordered to be printed in the RECORD, as follows:

FOREIGN AID

TRANSFER OF RESOURCES

Item	Fiscal year 1973 amount	Appropriation
Military:		
Military assistance (MAP)	\$803,442,000	Foreign assistance.
Military assistance service funded.	2,055,000,000	Defense.
Transfer of defense stocks (excluding excess).	105,800,000	None.
Excess defense articles	245,000,000	Do.
Ship transfers	39,600,000	Do.
Real property transfers	485,680,000	Do.
Security supporting assistance.	874,500,000	Foreign assistance.
FMS credit sales	629,000,000	Do.
Ex-Im Bank military loans.	360,000,000	Do.
Public Law 480 (sec. 104C) defense.	124,000,000	Agriculture.
Purchases of local currency (subsidy).	91,900,000	Defense.
Subtotal	5,928,176,000	
Economic:		
Development and humanitarian assistance.	1,598,976,000	Foreign assistance.
International narcotics control.	72,800,000	Foreign assistance and State justice.
Peace Corps	72,200,000	Foreign assistance.
Public Law 480 (economic).	1,099,789,000	Agriculture.
International financial institutions.	920,000,000	Foreign assistance.
Subtotal	3,763,765,000	
Grand total	9,691,941,000	

SPACE BUDGET

Mr. PROXMIRE. Outlays for space research and technology for fiscal year 1974 are \$3.1 billion. In my view these outlays, which are \$74 million more than last year's outlays, should be cut. I think the space budget, in view of the need to tighten the belt elsewhere and the cuts,

freezes, and impoundments the President has made for low-income housing and disaster loans for farmers, could be and should be reduced by \$500 million.

The prime candidate for cutting is the space shuttle, which this year will cost us \$400 million in outlays. I think Skylab, where spending of \$315 million is scheduled, could be stretched out and postponed. Additional savings could be made in a much more vigorous effort to substitute unmanned for manned space efforts. Scientists tell us that unmanned flights can be as productive as manned flights at roughly half the cost.

PUBLIC WORKS

Public works projects are another area where at least a half billion dollars in savings could be and should be made this year.

Traditionally they have been very inefficient. Their costs routinely are double the original estimates. Their benefits, routinely, are half the original estimates.

Further, they are too often built in the wrong places to provide the employment that their sponsors use to justify the spending. Unemployment is in the central cities and the industrial areas. But public works are built in the rural and less populated areas. This is especially true of dams and reclamation projects.

In addition, in a year in which inflation is the major problem, we should be cutting back rather than continuing them.

HIGHWAYS

The budget provides spending of \$4.7 billion this year for highways, the bulk of which is for the Interstate System.

Mass transit, however, gets only 10 percent of that amount, or \$494 million.

We are being overrun with concrete and asphalt. Highways are jammed through our urban areas; they dislocate thousands of people; and they are the

LATE FLASH !!!

Attorney General Evelle J. Younger announced on February 26, 1973 that he will join the fight by the "No Oil, Inc." forces against the exploratory core hole drilling in Pacific Palisades as a friend of the court.

Nowell, as a member of the South Coast Regional Conservation Commission, has voted consistently in favor of the drilling. On Feb. 6 Nowell accused Assistant Attorney General Carl Boronkay of giving the commission wrong advice about the drilling matter.

1971. The proposal before the Council was whether to abolish this fee (and override the Mayor's veto) to facilitate annexation of land adjacent to the city rather than to allow this land to continue in unincorporated county status.

Council watchers believed that to abolish the annexation fee would not only involve a great loss of city revenue and bargaining power but would also encourage development of mountainous areas which should remain in open space. Development of these mountainous areas would cost the taxpayers much more to provide city services than the city would receive in property tax revenue. The "Fringe Areas Study" by the City Planning Department strongly discouraged annexation of most of the areas surrounding the city because of excessive costs. A vote to retain the annexation fee and uphold the Mayor's veto was considered to be in the public interest. Councilman Nowell voted against the fee.

Issue 8 Request for County Funds for Roadway and Levee in Tujunga Wash. (Voted on 6-12-72.)

The Council had previously approved a measure to build a levee and roadway through the center of Tujunga Wash. Environmentalists opposed this decision because they felt such construction would destroy the ecology of the wash and flood plain which is a delightful nature study area. They supported a roadway south of the wash which would preserve the natural area. The vote on 6-12-72 confirmed the Council's position to continue the project by requesting county participation in funding a share of the total cost of \$3,300,000.

Council watchers recognized that some coun-

cilmen were concerned with requesting county funding for a project which was already approved. However, it was felt that the more environmentally perceptive councilmen voted against requesting the funds because the project itself was unacceptable. Therefore Council watchers considered a vote against seeking the funds to be in the public interest. Councilman Nowell voted for the funds.

Issue 9 Gas Station Zoning (Voted on 8-14-72.)

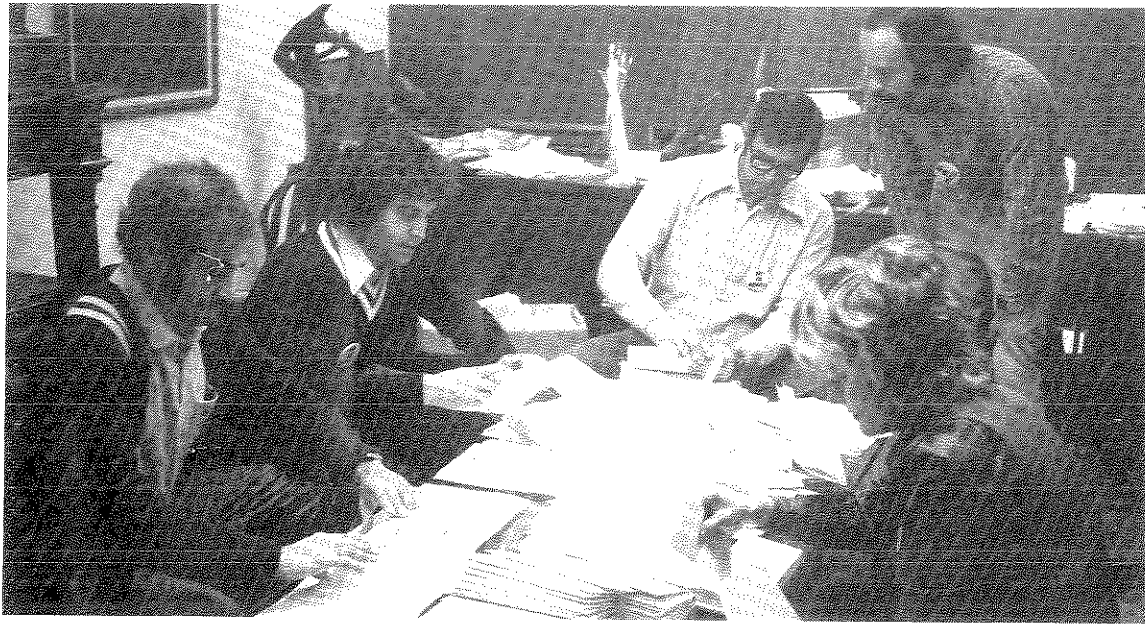
The Mayor had vetoed an ordinance to change the zoning from A1-1 (agricultural) to QTC4 (commercial) on the corner of Rinaldi and Blucher in Granada Hills. The City Plan indicated low density residential on the site and single family dwellings were located across Rinaldi Street to the South.

Council watchers considered that a vote to uphold the Mayor's veto was in the public interest. There were enough gas stations in the vicinity already and the City Plan should be supported. Councilman Nowell voted against the Mayor's veto.

Issue 10 Oil Drilling Districts. (Voted on 10-17-72.)

The proposal before the Council was for approval of three oil drilling districts: one of 298 acres, another of 144 acres along Pacific Coast Highway and one of 152 acres adjacent to Rustic Road and Vance Street in Pacific Palisades.

Council watchers considered that opposition to oil drilling adjacent to the beach, in residential areas of unstable geological formations was



Jerry (white shirt) and Betty join campaign workers in the preparation of mass mailing. Jerry said, "These documented fact sheets should convince voters that Nowell has not been looking out for the interests of the homeowners."

in the public interest. Councilman Nowell voted for the oil drilling.

Issue 11 High Density Residential Planned Development in Woodland Hills. (Voted on 1-4-73.)

The Council voted on whether to allow a 43 acre multi-family residential planned development at Mulholland Drive and Topanga Canyon Boulevard in Woodland Hills. Homeowners and environmentalists believed that the development would obstruct the proposed Mulholland Scenic Parkway, overtax access streets, and would denude the hillsides, destroying the natural contours of the hills in a potential slide area. The development was also not in conformity with the Woodland Hills Plan which stated that "all slopes in excess of 15% be designated with a density of .5 to 1 unit per acre."

Council watchers considered a vote against the development to be in the public interest. Councilman Nowell was absent, but is on record for higher density in the hills.

Issue 12 Environmental Impact Report Requirement. (Voted on 1-8-73.)

The Council voted on whether an environmental impact report was required prior to approval of a core hole drilling operation by Occidental Petroleum on a site adjacent to Will Rogers Beach in a residential area of unstable geological formations.

Council watchers considered that a vote requiring an environmental impact report was in the public interest not only due to the facts of this case but as a precedent-setting decision for future impact report requirements. Councilman Nowell voted against the report.

Conclusion:

Using Council watchers' criteria for votes in the public interest on key issues, only one councilman had a perfect score: Councilman Joel Wachs with all 7 votes in the public interest. (see chart on next page)

Those with the most votes in the public in-

are some additional things that could be done about the personnel problem which would save great sums.

First of all, we have what is known as the grade creep. There are actually more three- and four-star generals and admirals today than there were at the end of World War II, when we had six times as many enlisted personnel.

One of the arguments for more officers in the Air Force is that we have to have at least one officer for each plane. But we now have 12 times more officers in the Air Force than planes.

We have more colonels than second lieutenants.

Yet the military have done nothing about the grade creep until I held up the Air Force bill last year, and amended it to require the Department of Defense to come in with recommendations—for all the services—this year to meet this problem. We are awaiting their proposals.

Another problem is the ratio of supply and support troops to combat troops. In our military it is about 10 or 12 to 1. That is a disgrace. Now that Vietnam is finished our supply lines should shorten and that ratio would be cut. That would give us more actual fighting power and combat readiness with a reduction in manpower.

Finally, on the issue of manpower, the cuts in civilian personnel have not kept pace with the cuts in military personnel. While we have cut our troop strength by about a third, we have cut our bureaucrats by only 15 percent. The ratio of bureaucrats to fighting personnel has gone up. It should come down.

I should also mention the disgraceful situation of the large number of military personnel who are in effect nothing more than servants for high-ranking officers and their families.

In these ways, we could bring down our manpower costs.

Cuts in the Vietnam budget, procurement practices, overseas bases, and in both civilian and military manpower

practices can more than offset the increases for pay and from inflation. We should be able to make a net savings of \$5 billion on these items.

FOREIGN AID CUTS

Foreign aid is yet another place where the budget can be cut and cut hard.

From the information in the budget, one would gather that spending on foreign aid is about \$3.2 billion next year. It would appear that \$682 million is for multilateral assistance, \$871 million for bilateral economic assistance, \$1.2 billion for military and supporting assistance in the foreign aid budget, and another half billion for the remainder, most of which would be the Peace Corps, food for peace, and other humanitarian assistance.

But that is the mere tip of the iceberg. While we do not know this year's figures, we do know that last year almost \$10 billion of American resources were transferred abroad in the form of foreign aid. Of this total about \$6 billion was military aid and \$4 billion was economic aid. And I use the term "transfer of resources" because not all of the funds are in the form of grants or direct appropriations.

Of the total, \$6.5 billion is appropriated for directly while the remainder goes out through the back door by way of loans, subsidies, transfers of stocks, and Public Law 480 funds.

The funds are found in the defense budget, the aid budget, the agriculture budget, and outside the budget entirely.

In my view, at least one-third, or \$3 billion, of the total could be cut from the budget this year.

I ask unanimous consent that a table giving the transfer of resources under a variety of foreign aid programs for fiscal year 1973 be printed at this point in the Record.

There being no objection, the table

budget by at least \$5 billion. There is no reason why the military budget should go up at the time the Vietnam war is being wound down.

That is a modest reduction, because what it does is permit military spending to remain at the present level. The war is over now, and they should be able to absorb some decreases. Last year we cut the President's budget figure by \$5 billion; this year we should be able to make at least that much of a cut.

The incremental cost of the Vietnam war last year was originally estimated at \$5 billion. In addition, the stepped up bombing cost us another \$2 billion. This was a total of \$7 billion that the military should not be spending in fiscal year 1974.

Furthermore, we have an excessive number of bases overseas. We have some 400 major bases and 3,000 minor bases scattered in some 30 countries around the world. Some of these are needed but not all of them. Many are merely a holdover from World War II. Savings could be made here.

In addition, big savings could be made in procurement. As former Deputy Secretary of Defense Packard said:

We have a real mess on our hands.

At last count, the overruns on the 45 major U.S. weapons systems totaled over \$28 billion. As one pundit put it:

While weapons programs performance is poor and deliveries are late, costs are over-running right on schedule.

In addition to more efficient procurement policies and practices, funds for specific weapons systems should be cut or deleted altogether.

The new carrier—CVN-70—is not needed at all. We have 16 now. The Russians have none. There is no need to spend \$1 billion for this carrier plus another \$2 billion for its planes and supporting ships. If you want to save money, Mr. President, start here. There is about

\$300 million in the new budget for carrier outlays this year. They should be stopped.

The new Trident submarine is another example of a program which should be both modified and slowed down. We need that submarine. It is a good contract, and we need such a deterrent.

But our submarines are invulnerable and will remain so probably through this decade. By proceeding with the Trident 1 missile and retrofitting it on the existing Poseidon submarines, we can get most of the advantages of the Trident system—namely a much greater range for submarines—without the tremendous cost.

The Trident ships are said to cost about \$1 billion each. Furthermore, if we proceed now and the Russian antisubmarine technology is advanced, our brand new \$1 billion ships may become vulnerable. We should not build these subs until they are needed. There is almost a half a billion in the new budget for Trident. All but the Trident 1 missile funds should be cut.

There are other items too which should be cut back or deleted. These include funds for AWACS, duplicate close support aircraft development, duplicate antisubmarine warfare development, the B-1 bomber, and the F-14 aircraft, to name only a few.

Finally, in the military area, we must make savings in manpower. We have reduced our forces from a peak of 3.5 million to a level of 2.4 million this year. That is a reduction of 1.1 million or almost a third.

At the same time, of course, pay raises, and the stopping of the draft and the institution of the voluntary Army have increased personnel costs very much.

The military tell us that virtually all the funds from the Vietnam war and the manpower cuts are eaten up by inflation and higher pay costs.

Frankly, that is an exaggeration. But it has some truth. But nevertheless, there

PUBLIC INTEREST VOTING RECORD

ISSUE NO	BERNARDI	BRADLEY	BRAUDE	EDELMAN	FERRARO	GIBSON	LINDSAY	LORENZEN	MILLS	NOWELL	RUSSELL	SNYDER	STEVENSON	WACHS	WILKINSON
1		X	NAM	NAM	NAM			NAM			NAM	NAM	NAM	NAM	NAM
2	X	X	X	X	NAM			NAM			NAM	NAM	NAM	NAM	NAM
3	X	X	X	X	A	X		NAM	X		NAM	NAM	NAM	NAM	NAM
4	X	X	X	X	A	X		NAM	X		NAM	NAM	NAM	NAM	NAM
5	X		X	X	A			X			X			NAM	
6	X	X	X	X							X	X		X	
7		X		X			X		X			A		X	
8		X		X								X	A	X	
9	X		X	X				A						X	
10	X	A	X	X							X		X	X	
11	X	X	X	X						A	X		X	X	
12	X	X	X	X							X		X	X	
	9-3	7-2	9-2	9-2	0-7	2-10	1-11	1-6	3-9	0-11	5-3	2-5	3-4	7-0	0-8
Key: X is a vote in the public interest, O is against, A is absent and NAM is not a member.															

terest were Marvin Braude, Ernardi Bernardi and Edmund Edelman who tied with 9 votes in the public interest.

Also high in public interest votes was Tom Bradley with 7 for the public interest.

Gilbert Lindsay had one good vote and 11 bad votes.

Lorenzen had one good vote and 6 bad votes.

Louis Nowell, who is at the top for developers, was at the bottom for the public interest. He cast 11 bad votes and was absent for one.

WHAT CHANCE DOES THE COALITION HAVE?

Just what chance does a citywide group have of unseating a Councilman who is well entrenched and well financed?

"It isn't going to be easy," answered Jerry Decter during an interview, "but it doesn't mean we aren't going to try. We know that his fund-raising event on the Queen Mary brought in \$1,000 per table, and no telling how much in other contributions he's getting from developers

and land speculators.

"Our goal is to force him (Nowell) into a run-off, then get behind his opponent. Right now we're just putting out information on his record. We are treating all of his opponents alike and are passing out 'No on Nowell' buttons and fact sheets." (Fact sheets can be obtained by writing to: No on Nowell, P.O. Box 21414, Los Angeles, Calif. 90021.)

IN 1969 NOWELL WON IN PRIMARY

Nowell didn't have to face a runoff opponent in 1969 because he received 54% of the votes cast in the primary.

The biggest task of the "No on Nowell" coalition is to prevent the same thing from happening again.

The one ray of hope to homeowners and the coalition is the recent victory by Baxter Ward over veteran Supervisor Warren Dorn. Can it happen again? This writer doesn't know, but it would be refreshing if a new trend were to be established whereby "people" not "money" would elect our representatives. END

Urban SPRAWL Enhanced

by Polly Roberts

This article continues the "Urban Sprawl Enhanced" article by Polly Roberts in the June, 1972 issue of California Homeowner. The article pointed to farmers complaints of high taxes. Criticism was directed at conservationists who believe that lower taxes for land speculators will prevent sprawl.

The author argues that in California, where the Williamson Act was designed to preserve, "prime agricultural land" the biggest tax breaks are given to the less productive land. She also tells how federal, state and local taxpayers subsidize sprawl at truly massive levels, while at the same time imposing severe taxes on economically and environmentally sound development.

On top of income tax loopholes, local property tax assessors tend to assess raw land at a smaller fraction of market value than developed land. Farmland tax break laws legitimize and greatly extend this practice. The resulting undertaxation makes it even cheaper to hold land out of development, increasing yet further the value of land to the speculator. So, by swelling the beseiging army of speculators around a city, farmland tax breaks force developers to leap farther, and increase the ransom price for public open space.

SERVICE SUBSIDY

Any new development needs transportation, water, sewers, power, telephone, mail, garbage, fire, police, schools, hospitals, and social services. Most of these services come heavily subsidized; the more the sprawl, the greater the subsidy.

Transportation comes with the highway subsidy. Particularly since the highway lobby managed (via highway trust funds) to earmark

gas tax money for new highway construction, developers can count on state and local governments to run roads to their subdivisions, almost regardless of cost. These roads in turn subsidize further strips and blobs of development. In fact, highway planners even make road-generated sprawl the justification for building the roads. For example, the California State Department of Highways calculated the "need" for the Malibu-Whitnall Freeway near Los Angeles on the basis of population projections for Malibu which assume the presence of the freeway.

A city hungry to expand its tax base will also subsidize a developer near the periphery by expanding services to him at unit price — although it may cost the city ten times as much to provide water, sewers, and police at the city border as in the center. The development may bring in enough new children to swamp the city's school facilities, but the developer pays not an extra cent. The local property taxes simply go up by the amount of

(continued from back cover)

President said,

This is the maximum rate at which outlays should be permitted to grow during the next few years if steady economic growth is to be continued.

I certainly agree with that. But this year is a year in which every economist tells us that inflationary pressures will not only continue but probably increase.

If the maximum outlays over the next few years are to be 7.5 percent, then we should not have a 7.5 percent increase in the years in which inflationary pressures are greatest.

If we have a 7.5 percent increase in boom years, and that is to be the maximum, what stimulus will there be for years of recession or downturns in the economy?

Instead of the maximum rate of increase this year, we should have a somewhat slower rate of increase in Government outlays because of the recovery of the economy and a somewhat faster rate of increase, as an economic stimulus, in times of downturn and recession.

For all of these general reasons relating to fiscal policy and the Government's role in fiscal policy, the President's budget for fiscal year 1974 is too high and should be cut.

I am today proposing a counterbudget, including a net cut of \$4 billion, to the \$269 billion budget proposed by the President. It would also reorder priorities by cutting wasteful and inefficient spending and restore money for programs now starved for funds.

PRAISE FOR PRESIDENT'S ACTIONS

While I believe that the President's budget should be cut, and while I disagree with many of the priorities he has chosen to stress in his budget, I do not want to let the opportunity pass without saying where I agree with some of the President's actions with respect to the

1974 fiscal year budget.

I think the President was right to cut out funds for the Subversive Activities Control Board—SACB. They have not done a day's work for years. I have been calling for that action for at least 5 years. Even though it is late, it is welcome.

The President was right to cut back on the impacted school fund. That money goes to some of the wealthiest communities in the Nation. Every President for the past five administrations have been calling for that kind of reduction.

In view of the very tight budget we have this year, the President was right to stretch out various funds for selected research and development, to reduce slightly the maritime subsidies—he should do more to cut navigation and flood control projects, to phase out the Cuban refugee program, to reduce reclamation payments, and numerous other items found on pages 50 to 57 of the budget.

My complaints with the President differ considerably from those of many of my colleagues. While I agree with them that a number of the President's cuts are in the wrong place—this is especially true of the freeze on low-income housing, disaster loans for farmers, the increase in the REA interest rate, and the essential killing of manpower training while unemployment remains above 5 percent—my basic complaint is that he did not cut hard enough in those wasteful and inefficient programs where the big cuts should be made.

WHERE BIG CUTS SHOULD BE MADE

Instead of a \$19 billion increase over last year's \$250 billion outlays, we should limit this year's increase to 6 percent or \$15 billion. Here is how I would do it:

MILITARY CUTS

First of all we should cut the military

comment that American farmers do not grow crops, they grow land values. Would-be homesteaders of the West, as historian Richard Hofstadter has observed, traversed not only natural deserts, but "speculators deserts"—vast tracts of land farmed lightly or not at all as their owners waited for the price to rise. Today, the speculative tradition finds its reflection in the farmers' righteous conviction that they should have their high land values but not pay taxes on them, in effect, have their cake and eat it too. This belief, complemented by the ideal of the "family farm", lies at the heart of support for farmland tax breaks. Farmers believe, in the words of Dr. Thomas Hady of the USDA, that "it is unfair to force a family that has owned land for several generations to sell just when it stands on the threshold of large capital gains, simply because it cannot pay the taxes necessary to hold the land for a few more years".

Ironically, this poor little farm family benefits the least from increased land values; big "farmers" like Tenneco get the most. And high land values hurt a small farmer more as a farmer than they help him as a speculator. Unless the gods bless him with a highway interchange, his little windfall just doesn't compensate for a lifetime of scrimping to pay the mortgage and his inability to buy or rent the land needed to expand his farming operations to a more profitable size. High land values also prevent poor farmworkers, however great their skills, from ever buying land to become farmers themselves. And to the extent that high land values attract "farmers" like Tenneco, they guarantee small farmers the unfair competition of corporations that can farm at a loss yet still make a good profit on tax breaks and speculation.

So next time a farmer complains bitterly that urban sprawl has tripled his taxes, conservationists need shed no sympathetic tears. Just ask this farmer would he prefer that his land were worth a third its present value!

The complaints of farmers who, in proportion to their size, actually stand to benefit from sprawl, have distracted attention from the

real nature and cause of sprawl.

SITE VALUE TAXATION

For more than a hundred years, economists have recommended the so-called "site" or "inverse valuation" tax to keep speculation from hindering rational land use. This tax, imposed on the market value of the land, but not on the improvements, has the same effect as renting the land. That is, it keeps the price of land so low that municipalities can easily buy parks, developers can buy the land most suited for development, and poor farmers can buy farms. At the same time, it forces owners of very valuable sites such as downtown land to develop and maintain it fully. This tax is also highly progressive, easy to collect, and provides ample revenue.

A number of US cities including San Diego applied the site tax during the Progressive Era (1900-1914). Today, the site tax applies in a number of Australian cities, including Sidney, in parts of New Zealand including Wellington, and in a number of African cities including Nairobi, Kenya. Denmark derives about 50% of its tax revenues from national "ground rent". Pittsburg and Scranton, Pennsylvania, as well as a number of western Canadian cities including Vancouver tax land about double the rate of improvements. The real obstacle to wider applications of this kind of tax has been and always will be the political muscle of the big corporate speculators, and the tunnel vision of the little ones, especially down on the farm.

THE MORAL

Even highly visible, thoroughly understood subsidies to sprawl will be difficult to eliminate, as conservationists who have undertaken to bust the Highway Trust Fund well know. Under such circumstances, conservationists ignore at their peril the dull financial, economic, legal, and political details of a conservation issue. Succumbing to fuzzy thinking, they become the good shepherds of special interest wolves in ecological wool — like speculators demanding tax breaks in the name of open space.

the subsidy to the new development. A 1970 study calculated that servicing a new development in the Palo Alto Foothills would cost the city of Palo Alto so much it could actually save money by buying the land for open space. The Ventura County (California) Planning Department, projecting trends to 1980, found that residential areas would bring \$39.7 million in taxes but cost \$96.9 in services, industrial areas would bring \$8 million but cost \$8.9, and commercial areas would bring \$2.5 million but cost \$3.9.

If city government acted rationally, it would charge the full cost of services, and refuse to incorporate a development unless the developer paid. But while local governments perversely subsidize high-value developments to the point that they cost more than they return, they notoriously refuse on economic grounds to permit developments that might bring in large numbers of children or poor people.

The conflict between reason and equity arises from a failure to distinguish services to property from services to people. Services to property, like utilities, roads, sewage, fire and police protection, enhance local property values. The beneficiaries of such services, including developers, should logically pay for them in full, through user charges and local property tax. Services to people, like schooling and welfare, benefit society "in general."

FINANCING SUBSIDY

Even when a city wisely refuses to provide for a developer who will cost more than he will bring in revenue, the developer can resort to yet another subsidy: the tax-free municipal bond. As an example of the possibilities of municipal bonds, consider the machinations of T. Jack Foster, the founder of Foster City in San Francisco Bay. Foster incorporated his city into a "Special Improvement District" in 1959, and issued municipal bonds in 1962. When the bond interest became due, he issued more bonds and paid off the interest on the first bonds with the money from the new bonds. In this fashion Foster financed a development for very little out of pocket cost

by transferring the burden to the unfortunate inhabitants of Foster City in the form of astronomical property taxes and utility rates. Without the municipal bond — subsidized by general tax payers who make up the taxes lost on the bonds — this development would not have been profitable. California no longer permits some of Foster's more imaginative financing tricks, but the municipal bond, in California as elsewhere, remains very much open to abuse.

Many municipalities further encourage single family developments through zoning, under the delusion that this will keep down the number of children in the schools. A recent study in New York's Westchester County found that since a high proportion of middle class apartment dwellers have no children or grown children, apartment developments add far less to the school burden than single family.

Like the picture of Dorian Gray, the sprawl that blights the landscape reflects the hidden, ugly reality of years of private sins against the public treasury and welfare. The sprawlers succeed because, well, how many people can get excited over tax loopholes? Froth at the mouth over imbalances in municipal account books? Money doesn't even change hands, since the sprawlers receive their subsidy mostly in the obscure form of increased land values. The public just quietly pays the tax bill, and suffers the economic and environmental damages.

PRESENT LAWS SHOULD BE SCRAPPED

The California legislature, aware that the Williamson Act has faults, is currently considering a variety of adjustments, such as reimbursing local governments for lost revenues. Can the Williamson Act and other farmland tax shelter legislation be salvaged? Emphatically, no. The arguments supporting such legislation represent a complete misanalysis of the problem.

FALLACY #1: We must preserve "Prime Agricultural land" or risk starvation.

Former Assemblyman Williamson told a member of the Ralph Nader California Task Force that he feared California might someday have to "rip up miles of asphalt" or face drastic food shortages.

In fact, the United States has no shortage of agricultural land, "prime" or otherwise, and no prospect of shortage in the foreseeable future. On the contrary, American agriculture currently suffers from severe overproduction. The Federal Government now pays farmers billions of dollars to stop farming millions of acres, in a totally vain effort to reduce the overproduction stimulated largely by further billions spent paying farmers artificially high support prices for their crops. Then, logically, the government spends yet further billions subsidizing the irrigation of new unneeded farmlands.

Farmland could also be cultivated more intensively. For example, in 1968 almost 50% of California's irrigated land was devoted to low value-low intensity crops like wheat and feed grains, hay, and irrigated pasture. Another large fraction produced cotton and sugar beets, which would not grow in California without subsidies. Almost all this land could support high value crops like fruits and vegetables. One 1964 study of agricultural productivity concluded that the State of Iowa could supply the nation's entire need for feed grains if all the farmers there adopted the practices of its most "progressive" farm managers.

Conservationists who admit we face no absolute food shortage still fear that sprawl threatens the loss of fruits, vegetables, flowers, poultry and dairy products often raised close to cities. But farmers logically produce these high value, perishable items seemingly in the path of the bulldozers to reduce the cost and time of transportation to market. As cities expand, production easily shifts to new land. When Los Angeles sprawled out over all those fine orange orchards, for example, the oranges simply moved up to the southeast San Joaquin Valley, and over to Arizona.

Finally, what about feeding the world's starving multitudes? The United States is unlikely to indulge in such generosity -- even if Dr. Ehrlich approved. Besides, starvation abroad results less from gross shortage of agricultural land than maldistribution of wealth and opportunity.

This is not to condone the wanton destruction of land by sprawl. But if we wish to preserve agricultural land in preference to, say estuarine land, we must do so for reasons other than potential food shortages.

FALLACY #2: The best way to preserve open space is to preserve "Prime Agricultural Land".

People value open space in proportion to its attractiveness, its unique features, and its accessibility. For example, they don't much prize urban open space in its typical unlovely form of asphalt car parks downtown, or vacant "industrial" parks in suburbia, nor finely minced into ten thousand well-mowed private lawns.

How about farmland? Heavily cultivated "prime" agricultural land near a city -- before it joins the speculators' "weed belt" -- little resembles city folks' bucolic ideal. The working farm means toxic fertilizers and pesticides, noisy machinery, foul smells, and contaminated runoff water from fields and feedlots. Acres of cabbage may please the eye, but people cannot recreate in a vegetable patch; nor would the farmer appreciate their trying. Non-"prime" land, like grazing land, though attractive and suitable for recreation usually lies too far from people -- including developers -- to merit high priority for rescue.

Some agricultural land may deserve saving as such, but so may a lot of other land. The public should choose, parcel by parcel. A general directive to preserve "prime agricultural land" abdicates any pretense to public planning, leaving the actual selection of land to narrow private interests. And the Maryland and California fiascos have amply proved the administrative and political im-

possibility of keeping tax windfalls from the undeserving clutches of landowners not endangered by development.

FALLACY #3: The way to save prime agricultural land, assuming you still want to save it, is to give farmers tax relief.

High property taxes no more drag farmland into development than the bow wave pulls a ship forward. At first, a few farmers sell out to developers and city speculators at fancy prices. Development prices in turn raise the assessment of the remaining farmers' land, and subsequently their taxes. While the higher taxes make life tougher for these farmers -- if they puritanically refuse to borrow against their reassessed land value -- developers and speculators offer them yet choicer prices. Finally, the occasional farmer who genuinely wants to stay despite tax pressures and developers' lures, faces further difficulties as creeping suburbia isolates him from agricultural suppliers and markets, while his new neighbors pass ordinances forbidding him to spray pesticides and fertilizers, or to rev up his tractor before seven in the morning.

Farmers want tax relief all right, but not to farm the old homestead indefinitely, even if they could. Rather, they want tax relief so they can continue farming until the price is right, at which point they will sell. Hence, until the 1969 amendments to California's Williamson Act made it easier to break the Act's no-development contracts, the most heavily taxed farmers, those nearest expanding cities, refused Williamson Act tax relief -- lest their land be tied up when Mr. Right Developer came along. As Associate Planner of Contra Costa County (California) Joseph Barnwell explained to the Oakland Tribune, "Almost every prime land farmer I've talked to takes this approach: 'I'm going to farm as long as I can, then sell out at a good profit and retire. I don't want my land frozen.'"

Farmland tax relief will simply allow certain farmers to keep on farming a little longer---

while the developer buys a different parcel farther from the city. Ironically, all the money now thrown away in farmland tax breaks could easily buy and permanently save substantial quantities of open land. A 1967 study in Maryland calculated that tax revenue loss in eight counties near Washington, D. C., and Baltimore could have purchased between 1/2 and one percent of the farmland in the counties each year.

FALLACY #4: Farmers deserve tax relief anyway, since it is unfair to tax them a large part of their income to provide the growing community with services from which farmers do not benefit.

In 1971, the Planning Department of Ventura County (California) issued a projection that by 1980, farmers would pay \$15.7 million in property taxes, but receive only \$0.4 million in services. According to the Chairman of the Planning Commission of Alameda County (California), William Carpenter, "It is now being recognized that the greatest tax inequities are being imposed on those people in agricultural pursuits". He added, "I feel there is more public sympathy for the heavily taxed agriculturalist than ever before."

But farmers do get a substantial benefit from the new community: the inflated value of their land. Likewise, they impose a large cost on the community, because they hold land that would be more valuable to the community if put to more productive use such as housing or industry -- or, perhaps, if set aside as a public park. The increase in their taxes with the increase in their land values gives them the economic signal to move. When they sell out, they receive quite adequate compensation for their troubles -- money sufficient for older farmers to retire with a comfortable nest egg, and for younger farmers to buy a bigger farm farther out and start over again. Of course, farmers don't see things this way.

American farmers have historically been speculators, provoking some Europeans to