

we'll make do with 10 percent fewer teachers and garbagemen. We're not a completely affluent society.... Take medical care. In my opinion medical technology exists to keep people alive for years and years and years. We're spending a bloody fortune on it. It doesn't make sense anymore."

In the immediate term, the passage of Proposition 13 has thoroughly destabilized the tax-exempt bond market, especially the California state issues. The hardest hit

have been the California development authority bonds, since these are supposed to be guaranteed by tax revenues derived from the annual increase in the assessed valuation of property. One bond dealer said he thought that the tax exempt market has been far more affected by rising interest rates than by expectation about the passage of Proposition 13, in recent weeks, but he added if one more state went the way of California, there could be a "tidal wave" in the markets.

## How The California Mandate Turned From Nuclear Energy To Zero Growth

California Republican Evelle Younger was made the brunt of a very slick "liberal" con job last week, following his endorsement of Proposition 13, California's ground-breaking property tax cut proposals. The swindle Younger fell for was to swap short-term victory in the Republican primary for California governor for the long-term survival of the state as a center for advanced-technology industry.

Younger, who had launched his campaign for the Republican nomination on the basis of a fusion energy development program for the state, was provoked into joining the opportunistic "vote-getting" bandwagon that too many Republican Party leaders have played suckers to lately. Worse, Younger's temptation was laid for him by California's Democratic zero-growth governor, Jerry Brown and Brown's friends, who are hell-bent on destroying not just California but the entire U.S. industrial economy.

Thus California's sizable pronuclear energy constituency joined with the antigovernment tax revoltors to slash the California budget, and be the fallguys for a media-hyped streamroller for slashing services and taxes to the bone. If not checked, the result of this unholy coalition will be nothing less than a California Big MAC — Rohatyn austerity rule from coast to coast.

The California set-up ran roughly as follows. Voters in the June 6 California primary were offered a "choice": endorse "share-the-wealth" Governor Brown's 50-100 percent increase in property tax valuations over the past year or vote for the conservative "backlash" measure to cut property taxes by 60 percent, Proposition 13. Brown went on public record swearing his adamant opposition to Proposition 13. And poor Evelle Younger took the bait by endorsing the tax-cut proposition.

### *What Is Proposition 13?*

By July 1, Proposition 13 will have cost the state of California \$7 billion in lost revenue by limiting property taxes to 1 percent of assessed valuation, by restricting increases in valuation to two percent per year, and by requiring a two-thirds vote of the state legislature to impose any new taxes. The tax limitation which was passed overwhelmingly by a 67 percent majority vote in

the primary, will already contribute to a projected 50,000 layoffs and numerous closings of such vital public services as the summer school program of Los Angeles County. Two-thirds of California's teachers are threatened to be laid off by the fall.

Governor Jerry Brown at first appeared to "come around" to the "public consensus." In the aftermath of the primary, Brown has announced that "Proposition 13 is a great opportunity. . . I began my governorship with a pledge of no new state taxes. I've carried out that promise. I began the effort at government frugality, and what I hear out of this vote is that the people want more of it." Aping the "now you see it, now you don't" quality of the New York City crisis, the next day Brown called for applying a current \$5 billion budget surplus to the shortfall.

### *Where Does That Leave Evelle Younger?*

After defeating his closest rival for the Republican bid, former Los Angeles police chief Ed Davis, by 12 percent, California Attorney General Younger sent a letter to Governor Brown June 7 stating that in his official capacity he would defend the new property tax law against court challenges because he wants to "ensure the will of the people is not frustrated."

Although Younger has refused to campaign around the tax cut, by promising he would vote for it, he has been set up to conduct his challenge for the governorship as a test of who can implement "the people's will" better: "liberal" Brown or "conservative" Younger.

In reality, the California "tax revolt" represents carefully manipulated sabotage against progrowth, high-technology political campaigns across the country. The California result will be used to fuel agitation for a constitutional amendment to prohibit federal deficit spending now underway in 23 states. By this November, similar tax limitation referenda will be on the ballot in approximately 8 other states, including Michigan and Colorado.

Younger, formerly President Gerald Ford's campaign manager, began his gubernatorial campaign by distinguishing himself from the four other conservative and traditional Republicans with his advocacy of nuclear

power. Younger campaigned around the fact that the state needed more than its two existing nuclear plants and needed the proposed Sundesert plant.

In his capacity as Attorney General, Younger blocked Brown's attempt to destroy Sundesert by refusing to enforce what he labeled an unconstitutional law passed by the California state legislature prohibiting the construction of any nuclear plants until federal solutions to all waste problems are established. His interpretation directly paralleled the recent Supreme Court decision in *Consumers Power v. Aeschiman*, which affirmed that nuclear power development had been established by Congress as the nation's energy policy.

Moreover, when the California State Senate passed an "exemption" allowing the Sundesert plant to be built, Brown responded by stacking the State Energy Commission alongside environmentalists. And when Brown's State Energy Commission then reported that there was no need for the Sundesert plant, Younger created his own nuclear commission, headed by nuclear expert, and Rockefeller associate, Dr. Edward Teller. Younger's California Energy Council issued its own report May 11 calling for the construction of 50 nuclear reactors in the state by the end of the century at a cost of \$50 billion.

The Younger group's report stated: "California faces an energy crisis within a decade because of Governor Brown's reliance on conservation and alternatives to nuclear power. It will take considerable effort and ingenuity for the safe deployment of these reactors to be accomplished by the year 2000; however, without this component, the whole plan, and the whole energy supply for California will collapse. . . . It is in this respect those persons presently in control of California government are committing their greatest and most irrational mistakes."

Younger insisted from the outset that the California Energy Council was not his campaign advisory committee but an official state institution established by him as an official counterpole to Brown's environmentalist-stacked State Energy Commission. Only three months ago, the nation's newspapers foretold that California's Republican primary would be a nationally significant vote on nuclear power versus zero growth.

However, Rockefeller Republicans responded according to their "fiscal conservative" profile, and Younger has now agreed to act as the court enforcer for the type of policy that will turn California and other states into "one, two, many New Yorks."

## California's Tax Rebellion: An Old British Trick

Last week's passage of proposition 13 in California, which is now hailed in the national media as the beginning of a national "tax rebellion," is not a recent development. Grassroots "tax strike" organizations have multiplied rapidly over the past decade as the postwar decline in real production has made the percentage of workers' paychecks taken out in taxes more and more unbearable.

Property owners have been caught in a multiple squeeze play. Federal Reserve Chairman G. William Miller's sky-high interest rate policy has only accelerated the collapse of the construction industry in this country, creating instead a speculative real estate bubble that has sent the price of housing, real estate taxes, and homeowners' fury at exponential increases in property tax assessments through the ceiling. Frustration over lower living standards has impelled tax rebels to strike out blindly against the "big government" they perceive to be at the root of their problems.

Most of those supporting measures like Proposition 13, however, have no idea of the devastating impact such measures will have under current depression conditions. The limits to their political understanding is aptly demonstrated by Howard Jarvis, a former middle-level industrialist and currently head of the United Organization of Taxpayers and of the Apartment Association of Los Angeles County, who co-authored Proposition 13. Jarvis once described why he chose the property tax as the centerpiece of his 15-year battle against the "government run wild": "When I have a

decision to make, I want to make the problem the size of a two-inch cube. And then I can solve the problem. . . ."

Many grassroots leaders in the tax rebellion would be astonished at the political pedigree and true intentions of those who have manipulated the tax strike cause into a nationwide issue.

### *One Conservative Down*

Ironically, the "Tory tendency" in the U.S. against whom the slogan "No Taxation Without Representation" was once directed and the American Revolution was waged have seized on the tax movement as part of the City of London's overall economic warfare against the U.S. Such a disruptive combination of British agents-of-influence teamed up with ignorant populist movements was painfully demonstrated under President Andrew Jackson's Administration, which left the country's credit destroyed and its industrial sector prostrate, and by the eighteenth century Shay's Rebellion which many tax strikers hold as their model.

Tory agent Milton Friedman, who recently called for collapsing the U.S. economy now, rather than draw out its current agony, is a leader of the National Tax Limitation Committee. The Committee announced at its May 19-21 conference in Chicago that it would carry Proposition 13 to at least 13 more states this year. In Michigan, the main focus of the NTLC's campaign, 200,000 out of the 350,000 signatures have already been gathered to put a property tax referendum on the ballot.