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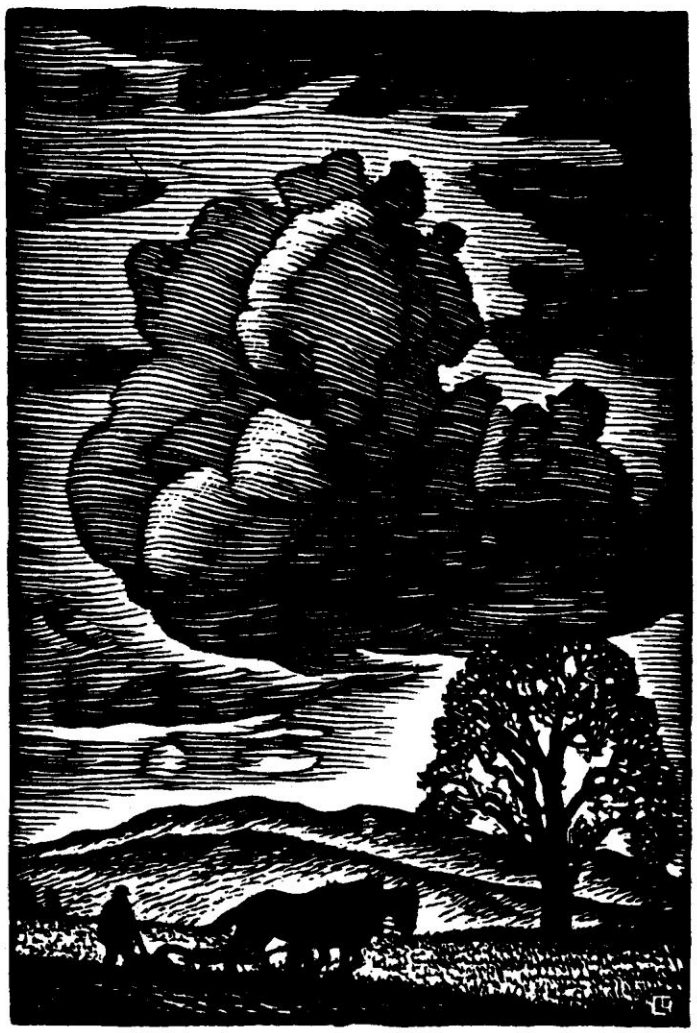
POWER AND LAND IN CALIFORNIA

The Ralph Nader Task Force Report
on Land Use in the State of California

Robert C. Fellmeth
Project Director and Editor



A Summary

SUMMARY PREPARED BY:

Polly Roberts, Research Director
California Action, Inc.

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Background of the Report

Control of land means power; power over the physical environment, the economy, and ultimately, the political process. In California, land ownership has become increasingly concentrated in the hands of a few interests with no accountability to the public whose welfare they so vitally affect. This unresponsible use of power today manifests itself in the accelerating destruction of the natural resources on which we all depend and in enormous economic and social dislocations. While land use is too vast a topic for us to treat in depth, a broad survey of the subject shows distinctive patterns of power and the abuse of power which narrower studies might miss.

The study began with the question and assumption that characterise Nader investigations.

The question: "Who gets what, at whose expense, and how?"

The assumption: The answer lies not so much in the hubbub of electoral politics, as in the intricacies of economics, finance, taxation, accounting, and corporate law; and in the hidden workings of government bureaucracy.

This question and assumption in mind, the Taskforce conducted research in traditional fashion, combing through files, reading reports, and interviewing informed individuals and government officials.

Most of the Taskforce of 26, including Director and Editor Robert Fellmeth, are native Californians. Sixteen have law degrees, and four are Ph.D. candidates in economics, city planning, and biology.

The study cost $18,000, paid partly by the Center for the Study of Responsive Law in Washington D.C., and partly by grants from the Sierra Club and the Abelard Foundation.

With the exception of some updated material, all the statements in this summary are fully documented in the report. We intend this summary to acquaint you not so much with the content of the report as with its implications for all of us as citizens of California.

I. WHO OWNS THE LAND IN CALIFORNIA?

Why we should know who owns the land. California has 100,185,000 acres; 48,969,000 are public, held by Federal, State and local government. 51,216,000 are private. The public has a right to know who landowners are as a first step to ensuring they make responsible use of their power.

The possible abuse of market power is one reason why we should know who owns the land. Ownership of only a few thousand acres of a crop produced in limited quantity might mean control over the price and marketing of the crop. Or, control of large acreage of a crop like lumber might mean control over a whole regional economy.

The public regulates utilities like water, gas, telephone, power and railroad companies to keep them from using their natural monopoly to gouge their customers. Public regulators must know utility company land holdings since returns from utility company land investments, rent, and taxes paid, go into setting rates. Likewise, utility companies' power of eminent domain requires the public to know whether they need the land they propose to take. The largest landowner in the state is a utility, Southern Pacific Railroad, with better than 2 million acres—4.7% of the private land in California. Considering that Southern Pacific has clearly violated the terms of its original land grant, which put strict limitations on the use of the land and required the construction of track which in some cases SP never built, SP may even hold much of that land illegally.

Specific laws prohibit land speculation and limit other land holdings by banks, savings and loan companies, and insurance companies. Hence, proper regulation requires knowledge of the land holdings of these financial institutions and their subsidiaries.

Regulation of logging, grazing and mining practices, which can cause serious and widespread environmental damage, requires at least public knowledge of those regulated. Similarly, there can be no meaningful land use planning without knowledge of land ownership. The public also has a right to know which landowners will be enriched by public works projects, in order to prevent such owners from making windfall profits at public expense, for example, by manipulating the zoning of their land.

Fair property taxation requires public knowledge of the size, value and ownership of land. And finally, the public must know which landowners have received tax reductions under the Williamson Act, or Federal price support payments, or water from Federal and State water projects, to ensure that the beneficiaries live up to the conditions attached to these public subsidies.

Who does not know who owns the land. Most of the relevant State and Federal Agencies we approached do not collect land ownership information even though they cannot possibly perform their duties without it. For example, despite a pledge by Governor Brown, while promoting the State

Water project, that landowners would be charged for any subsidy conferred on more than 160 acres of their land, the Department of Water Resources has refused to collect figures on land ownership in the areas served by the Project.

Those few who did have the information generally would not release it. For example, the USDA would not reveal acreage figures for subsidy recipients on the grounds the information constituted a "trade secret". When we wrote the 58 county assessors in the State, requesting names and acreage of the top twenty landholders and top ten property tax payers, 18 replied, only seven with the information.

Our attempts to get the information directly by sending questionnaires with self-addressed, stamped envelopes to known large landowners proved no more successful. Most who bothered to respond termed the information "confidential".

Ultimately, we pieced together our information from a multiplicity of sources: popular and trade press, financial directories, county atlasses, survey reports, and personal compilations by a variety of individuals. Following is our list of the top 25 landowners statewide.

STATEWIDE OWNERSHIP – THE TOP TWENTY-FIVE

Total State Private Land Acreage = 51,419,000

Name	Acreage	Private Cumulative %
Southern Pacific Co.	2,411,000	4.7
Shasta Forest Co.	479,196	5.6
Tenneco, Inc.	362,843	6.3
Tejon Ranch Co.	348,000	7.0
Standard Oil of California	306,000	7.6
Boise Cascade Corp.	303,000	8.2
Georgia Pacific Corp.	278,000	
Pacific Gas & Electric	250,000	
Occidental Petroleum Co.	200,000	
Sunkist Corp.	192,000	
The Pacific Lumber Co.	171,062	
Fibreboard Corp.	155,000	
Newhall Land and Farming Co.	152,000	
American Forest Products Corp.	150,000	
The Times-Mirror	145,000*	
Penn Central Co.	120,000	
Hammond Lumber Co.	119,840	
Kaiser Industries	111,000	
Masonite Corp.	110,000	
J. G. Boswell	108,000	
International Paper Co.	103,547	
Diamond International Corp.	100,000	
Vail	98,000	
Miller & Lux, Inc.	93,058	
Irvine Ranch Co.	91,600	13.5

*some through partial interest and repeated elsewhere

Note: The State Board of Equalization reported in 1972 that Newhall Land and Farming Co. owns at least 1,495,632 acres.

These figures surely understate the degree of concentration, both because our information is incomplete, and because concentration is more significant in relation to land type or region. For example, between a fourth and a third of California's cropland production now comes from 6 million acres held by 1,673 corporate farms, 2.9% of California's estimated 57,000 commercial farms. 45 corporations own 61% of this land. Twenty corporations own 43% of the State's private timber land. Concentration is greater within counties than for the whole state; of the seven counties for which we obtained the information, the top twenty owners, mostly corporate, held from 15 to 50% of the private land.

The concentration of land ownership has increased markedly over the years. Average farm size has increased from 224 acres in 1930 to 627 acres in 1969. In the county of Modoc, for example, while the top 18 owners held 31% of the private land in 1958, in 1970 they held 38.3%.

The unwillingness of public regulatory agencies to collect even elementary data on land ownership, and the obstacles facing members of the public who try to obtain the information, amply testify to the power of the land interests. The longer Californians ignore this power, the slighter becomes the chance of ever subordinating it to the public interest.

II. CALIFORNIA AGRICULTURE

Despite the extraordinary richness of California agriculture, this state more than most states has seen the rapid concentration of farm ownership in the hands of very large growers, the corresponding flight of small farmers from the land and the impoverishment of farmworkers.

We started our study of agriculture with the basic question: Is the small to medium sized "family farmer" really inefficient to the point of being obsolete, making conglomerate farms the wave of the future? Or do giant agribusiness concerns in fact have a number of unfair advantages of political origin?

Efficiency. While the days of "forty acres and a mule" may have passed, USDA and university studies still show that efficiency does not require huge acreage,—particularly in California with its many high value crops. For example, a farmer will get all economies of scale in machinery on 640 acres of an irrigated cash crop like cotton, or on around 100 acres for many fruits. Very big farms may even be less efficient due to the large numbers of workers and layers of administrators they must have, although such farms still do have an advantage in bulk discounts on purchases of such inputs as fertilizers, and in marketing. But in any case, cooperatives can help small farmers overcome these kinds of disadvantages.

Rather, the small to medium farmer suffers from disadvantages vis a vis the large corporate farm which to a great extent result from public

policies such as subsidy programs. However, these policies take their toll so subtly that few farmers, and even fewer non-farmers, perceive their effect. First of all, government policies encourage overproduction. Overproduction drives prices down, disproportionately hurting small farmers who do not have deep enough pockets to withstand the losses. Second, while the smaller farmer or farmworker has plenty of labor to offer—his own—he has little or no land and money. Public policies favor those with land and money over those with labor, for example by making land and credit expensive while encouraging the use of labor-saving machinery. Following is a survey of the many ways public policies discriminate against small farmers.

Cost of land. To the extent that a farmer does not own land, but holds it on a mortgage or rents it, he needs cheap land. Such is the case of the small farmer. The high cost of land today virtually prohibits a poor farmworker, for example, from becoming a farmer himself, however great his farming skills. Likewise, expensive land hinders a very small farmer from expanding operations to a more economical size. On the other hand, the farmer who owns large acreage outright benefits from high land values. Subsidy policies, to be discussed, greatly increase the price of land. High land values, in turn, encourage non-farmers to buy land for speculation, further increasing the price of land. Urban sprawl has the same effect.

Cost of credit. Commercial banks often will not extend credit to small farmers, or extend it only at very high rates. Instead the banks prefer large operations, especially those with income from other sources. The Federal Farmers Home Administration was therefore established to give the small farmer federally subsidized easy credit. Instead, the FHA applies the same credit standards as the commercial banks, granting easy credit precisely to those who need it least.

Tax subsidy. Large operators, particularly those with substantial income from outside of farming, get special tax breaks not available to the small professional farmer with little outside income, or, for that matter, to the businessman with no investment in farming. The most important tax-break results from utterly obscure decisions by the US Treasury in 1915 and 1919 to allow farmers to deduct investments in building up an orchard or herd of livestock as a loss against outside income. For corporations and persons in very high tax brackets, such deductions mean they can operate orchards or breeding herds at an economic loss and still make a good profit on the taxes. These "tax farmers" will therefore invest in producing more of commodities that are already overproduced, driving down the prices for professional farmers who must make money on their operations or perish. As of 1970, about 330 corporate farms, accounting for one-sixth of California cropland production had income from non-farm business and could enjoy these windfall tax breaks.

Price support subsidies. According to the calculations of former U.S. Budget Director Charles Schultze, the public pays better than $10 billion annually to support the price of various commodities—about the same as all federal, state and local welfare programs including Medicare. Yet the price support programs have raised average farm income very little, since the value of the subsidies quickly turns into an increased value of the land, discriminating against small farmers. Even worse, since the government pays subsidies in proportion to production, the subsidies go mostly to the largest farmers, with the net effect of redistributing income from small farmers to large farmers. Then, since the price supports encourage overproduction, the government tries to limit the land used, often by paying farmers to grow nothing. Reducing the land in production further drives up the price of land, and forces farmers to use proportionately more machinery, fertilizers, and pesticides to get the same amount of production from less land. Not only do these extra inputs add disproportionately to the small farmer's costs, but they waste resources and cause pollution. Ten of the country's 11 largest subsidy recipients are in California, including J.G. Boswell, who received over $5 million in 1970.

Water subsidy. Most western states including California treat water as "free", meaning that the first to take it get a "right" to it. By no coincidence, the first to take water rights have traditionally been large operators, because only the wealthy can afford to grab water and use it at a loss before they need it. Then, since the holder of water rights pays nothing for the water, he may use it very wastefully, for example, to irrigate a cow pasture in the desert. This wastefulness creates artificial "water shortages" which can be alleviated only by huge water projects.

But the water projects built by the Federal Bureau of Reclamation, the Army Corps of Engineers, and more recently the California Department of Water Resources, not only eliminate "water shortages", but subsidize the irrigation of vast new acreages. This new acreage worsens overproduction, helping put established growing areas out of business. For example, irrigated cotton has become a major crop in California at the expense of non-irrigated cotton in the South. The California State Water Project will bring into full production some 450,000 new acres on the West Side of the San Joaquin Valley, most of it in the hands of huge growers like J.G. Boswell and Southern Pacific Railroad. According to the calculations of UC Davis economists Gerald Dean and Gordon King, most of this land will go into high value fruit and vegetable crop production, wiping out small established growers of these crops elsewhere in the State.

Bureau of Reclamation water at least comes with the stipulation that it be used on no more than 160 acres per individual landowner; extra land must be sold at pre-water prices. The Bureau's failure to enforce the 160 acre limitation deprives small farmers of their only chance to buy good land cheaply.

Research subsidy. The UC Colleges of Agriculture together with the Extension Service in 1969 spent $13 million running what the Wall Street Journal has termed a "tax-paid clinic for a major industry". The research itself (aside from a certain amount of basic scientific research) shows an extraordinary bias towards increasing the efficiency and marketing success of very large growers, processors and distributors. Despite their original mandate to benefit small farmers, the Colleges do no research, for example, to help small farmers improve methods on small acreages, or band together for bulk discounts and marketing, let alone research to help farmworkers improve their skills or bargain for fair wages. In the face of overproduction, agribusiness would itself not spend much to improve efficiency, so that taxpayers in effect pay millions to give large growers and processors a competitive edge over small, and to put farmworkers out of jobs.

Labor subsidy. It has long been official and unofficial policy in California to keep farms well supplied with cheap labor, especially by bringing in foreign workers, mostly Mexicans, in clear violation of US immigration law. A California Farm Labor Panel commented on this subsidy in 1965: "No other employers have had a special supply of imported workers at sub-standard wages and conditions, year after year." Who pays for the subsidy? American farm laborers pay most, with their jobs, their health, and the education and opportunities of their children. City dwellers pay, providing welfare for unemployed farmworkers. And small farmers pay. According to the 1964 Farm Census, 60% of California's 81,000 farms hired no outside labor, while 7% employed 75%; the concentration is surely higher today. Yet the miserable wages and conditions of farmworkers determine the value of the small independent farmer's labor. The California legislature recently passed a law forbidding employers to knowingly hire an illegal entrant, but the law will prove difficult to enforce.

Threat of corporate giants. Once concerns like Tenneco, which owns the Kern County Land Company, get a substantial hold on a crop, they can quickly force their remaining competition to sell out by monopoly tactics to disrupt the marketing. Just three corporations, United Brands, Purex, and Bud Antle (a Dow Chemical subsidiary), largely control California lettuce production. Since these giants moved into the Salinas Valley a few years ago, most of the local growers, who were themselves quite large, have sold out; and the town of Salines that depended on them has suffered badly. (The Federal Trade Commission has charged United and Purex with trying to monopolize the production and supply of fresh vegetables.)

Although 78% of California farmers have gross receipts under $40,000, the State Department of Agriculture has never worried about the troubles of the small or average farmer. A glance at the membership of the State Board of Agriculture shows why. Aside from the required two members from UC agriculture, the rest of the 13-man board are large growers, large

processors, and heads of large farm organizations. Board President is Allan Grant, President of the California Farm Bureau Federation, the big farmers' lobby.

III. CALIFORNIA WATER DEVELOPMENT

Since the later nineteenth century, California land value has depended on importing water, mostly for irrigation. As a result, California is pock-marked with dams and canals, most of them built at public expense well before needed, delivering water at far below cost. The California State Water Project is but the latest and largest of these.

The California State Water Project, the first step of the comprehensive California Water Plan, was approved by the State legislature in 1959 after a decade of political struggle, and by a close vote in a public referendum in 1960. Proponents claimed the Project would cost $2 billion (a figure later revised to $2.8 billion), would provide over $2 of public benefit for every $1 of cost, would be 90% paid for by Project customers, and would save Southern California from imminent water famine.

In fact, the California Department of Water Resources' own figures show that the cost of the Project will exceed $10 billion and may run as high as $14 billion. Interest on the money borrowed for construction, a figure the State conveniently omitted from its public statements of cost, accounts for the difference. The failure to mention interest also conceals the fact that the state has made a $1.1 billion interest-free loan of Tidelands Oil and Gas revenue to the Project, the interest on which will amount to a better than $2 billion gift from state taxpayers.

Nor will Project customers pay 90% of costs. First of all, this calculation omits the Tidelands gift plus a subsidy from purchasers of Project-generated power. Further, by "customers", the DWR does not as one might think mean water *users* but rather the public water agencies and power companies which will buy the Project's water and power. These agencies often pay a large part of their costs out of taxes on property owners who usually never benefit from the water development nor even know they are helping to finance it. The Metropolitan Water District of Southern California, which will buy half the project's water, currently pays half its water costs from property tax; the Kern County Water Agency, which will buy most of the rest, pays a third of its expenses through taxes. Depending on future property tax policies of water agencies, Federal, State and local taxpayers will provide between 48% and 65% of the Project's total cost. According to the calculations of Legislative Analysist, A. Alan Post, California now pays one-half percent more interest on its bond issues due to the financial drain of the Project.

A fairer estimate of the benefits from the Project would be 51¢ for every dollar spent. The Project proponents arrived at the $2 figure using clearly dishonest techniques to inflate benefits and shrink costs. For example, a 1958 benefit-cost study claimed "benefits" of $100 or more per acre-foot from the delivery of water in areas presently receiving water at $30. The major "independent" study checking these claims, conducted in 1960 by the Charles T. Main Co., found that the claims were indeed unjustified, but stated the conclusion in terms that could be—and were—interpreted to mean just the opposite.

Finally, there was no imminent water famine. Proponents projected 1958 trends in population growth, water consumption, and water supply to predict crisis in the '70's. In doing so, however, they completely ignored the fact that the projected high price for the water would reduce demand, and overlooked cheaper sources of water in Southern California such as more efficient use of existing supplies, reclamation of waste water, better use of groundwater, and diversion of irrigation water. As a result, when in 1967 the DWR recalculated the need for the Project with more up to date figures, it found that the water would not be fully used in Southern California until around the year 2030. (The DWR remained mum about the revised figures until after the passage of the 1970 referendum raising allowable interest on bond issues to 7%, the higher interest being necessary to float more Project bonds.)

Nonetheless, somebody (besides the builders at the DWR) wanted the Project. Who benefits, that is, who gets substantially more or substantially cheaper water than without the Project?

Nearly all the Project's agricultural deliveries go to Kern County. Proponents here had supported the Project because State water would come without the 160-acre limitation attached to federal water. Of the land in Kern County eligible to receive State water, 31% belongs to four land companies (Southern Pacific, Tejon Ranch, Kern County Land Co. (Tenneco), Boston Ranch (Boswell), and a few oil companies (Standard Oil, Belridge Oil, Tidewater, etc.)) Another 38% belongs to the US or to holders of 1000 acres or more apiece. Much of the rest belongs to city, county and state government.

In Southern California there are two categories of beneficiaries. The first consists of owners of property like the Tejon Ranch (Chandler family) which lie in the path of the Project. These owners can now develop their land; without the Project, other people's land might have been developed instead. The other beneficiaries are those with pumping rights in groundwater basins. Because the Project has been built so far in advance of need, the MWD will have large quantities of "surplus" water which it will sell at half price to "replenish" these basins. The holders of pumping rights turn out to be private water companies and industries using large amounts of water such as oil refineries and steel mills. They pay $50,000 less for 2500 acre-feet of groundwater than for water through regular channels (Standard

Oil pumps 4500 acre feet annually). So the Project subsidizes Southern California's largest water users. In the case of the industries, the public actually provides a higher annual tax subsidy than the one-time cost for the companies to switch to recycling processes.

Under the circumstances, why did the Metropolitan Water District support the Project? The explanation lies in the agency's peculiar disregard for economics—call it incompetence or call it empire-building—manifest in the assertion by the MWD's former manager, Robert Skinner that "the bigger the better". This irresponsibility stuck Southern California with the Colorado Aqueduct long in advance of need, letting Los Angeles pay about 40% of the costs while receiving about 9% of the water. And it has stuck the area with the State Water Project.

In conjunction with the State Water Project, and essential to it, the Federal Bureau of Reclamation has built the $480 million San Louis Project. San Louis will serve the Westlands Water District, a 550,000 acre agricultural area in western Fresno County, with water from the San Louis Reservoir and California Aqueduct. As of 1968, 18 landowners held 202,000 of these acres (and received well over $9 million in federal crop subsidies). Another 58 owned between one and five thousand acres, while 2400 others owned the rest, mostly in housing lots.

The 160 acre limitation on Federal projects, requiring landowners to sell off land in excess of 160 acres at prewater prices, was designed to spread as far as possible the bonanza of increased land values. In practice, the Bureau allows the giant Westlands water recipients to sell land at only about $25 less than full market value, and to keep on farming it when they naturally find few takers. If the Project had really increased Westlands land value only $25 an acre, then the Bureau has paid $480 million (plus at least a billion interest) to increase land values only $13.25 million!

IV. TRANSPORTATION

Transportation development in California shows the same characteristic as does water development: heavy federal and state subsidies; construction of facilities that will not be needed for many years, if ever; empire-building public agencies serving only the direct beneficiaries of the projects; dismal benefit-cost ratios; severe environmental damage; benefits to a wealthy and powerful few, chiefly in the form of increased land values.

Highways. There are 12 million motor vehicles and motorcycles registered in California as of 1971, more than there are licensed drivers to operate them. As of 1969, there were 158,159 miles of federal, state and county highways and roads in California. The average California family has two vehicles, each of which cost $186 a month in amortization, fuel,

upkeep, insurance, incidentals like parking, and taxes. The cost would be much higher adding in costs of accidents (insurance does not begin to cover serious accidents and deaths), land-use costs, costs of displacing people, environmental costs (road damage and air pollution) and exhaustion of natural resources.

Did Californians voluntarily assume these costs in return for the greater convenience of the auto, as the highway lobby claims? One blatant example to the contrary is the case of National City lines, owned by GM, Firestone, Phillips Petroleum, Standard Oil of California, and Mack Truck, which in the 1940's gained control of 46 public transportation systems in 16 cities, including 10 in California: Sacramento, Eureka, Fresno, Glendale, Pasadena, San Jose, Stockton, Los Angeles, Oakland, and Long Beach. In 1949, a jury convicted National and its owners of criminal conspiracy in violation of the Sherman Antitrust Act, for systematically destroying public rail transportation, reducing service, and switching to busses made by the owners,—and fined the guilty parties all of $36,000. GM and friends sold their stock, but National nonetheless continued running public transportation systems into the ground, divesting itself of the leftovers in the 1960's.

Even without criminal conspiracy, the highway lobby would get its way by means of a staggering array of subsidies.

Most familiar is the federal Highway Trust Fund which since 1956 has earmarked federal gas tax money to provide 90-95% of construction costs of *new* highways. State gas tax money is likewise earmarked (there was until 1972 no general sales tax on gas); in all the State Division of Highways gets $1 billion yearly earmarked for its use from State user taxes, motor vehicles fees, and federal aid. Earmarked funds mean money must be spent on projects even if the costs greatly outweigh the benefits, and even though the money is desperately needed elsewhere. Earmarked funds also prevent the legislature from supervising spending.

Next, highways and roads being publicly owned pay no property tax as do railroad rights of way. This means the public subsidizes roads to the extent of the tax loss—quite a lot of money in a city like Los Angeles.

Third, the oil industry receives enormous subsidies in the form of depletion allowances and other tax breaks on the one hand, and on the other, import quotas which enable it to raise its prices.

Finally, the public subsidizes highways by enduring all the extra health and environmental costs highways impose.

Benefits go to the highway lobby: oil, autos, construction and trucking. (Actually despite all subsidies, the railroads would still have the advantage over trucks for long hauls, if the federal Interstate Commerce Commission did not force them to charge the same rates as trucks for many classes of cargo.) Benefits also go to the large landowners who have the political power to direct the course of highways across their land.

The State Division of Highways (DOH) supposedly represents the public, but in fact its independent source of funds renders it virtually autonomous. In addition, the Department of Public Works to which the DOH belongs has its own corps of lawyers (other Departments have lawyers assigned from the AG's office), whom it allows to take cases on the side, providing a further avenue for highway lobby and landowner influence. The California Highway Commission, supposed to oversee the DOH, is in fact largely made up of men with a direct interest in highway building.

A few examples of the results:

Construction continues on the Mammoth Pass-Minaret Summit Trans-Sierra Highway, which both state and federal agencies have panned as economically unjustified and environmentally destructive, because the federal (Forest Service) money for it comes "free" as far as the DOH is concerned. Likewise, Highway 5, paralleling the California Aqueduct down the west side of the San Joaquin Valley, further benefitting the same colossal landowners, compared quite unfavorably with improving the existing Highway 99 twenty miles east—except that federal funds could not be applied to road improvement.

Unless law suits finally stop it, the state will build a $22 million (not counting interest) road, with $1 million annual snow removal cost, through Sequoia National Park to service the privately owned Disney Enterprises ski resort at Mineral King: the development would not be profitable without this subsidy.

The proposed Coyote Canyon Road through Anza-Borego State Park will destroy one of the last habitats of the bighorn sheep. Justified as essential to get to market 15 minutes faster the region's agricultural produce (in 1969 consisting of 10 acres of alfalfa and 100 citrus, 2 bales of cotton, and a box of gladioli bulbs), the road will in fact enrich a few large local landholders, including the di Giorgio Company, and a company controlled by Federal Judge Turrentine.

The DOH justified the proposed environmentally destructive Malibu-Whitnall Freeway on the basis of population projections for Malibu which assume the presence of the freeway. SMJ Land Corporation, some of whose land would be condemned for the freeway, was caught red handed trying to increase its zoning to high density, so the DOH would have to pay it more.

As their response to "inevitable Bay Area growth" the State highway planners have in store for the San Francisco region 857 miles of freeways by 1980, and 1,386 by 1990, including not only the infamous Southern Crossing, but three parallel rings of freeways around the inside of the Bay from San Francisco to San Jose to Albany on the East Bay. According to the planners, these freeways will not ease congestion at all, only keep it from getting worse. Of course, they made no benefit-cost calculations, or attempts to plan where traffic *should* go, but simply projected trends of development, population, and traffic, *assuming the presence of the highways.*

The statistic that from 1949 to 1962 Bay Bridge traffic increased 50% while the number of people crossing hardly changed, indicates how highways breed traffic.

Air Transportation: the Palmdale Airport. An airport to carry 100 million passengers a year has been scheduled for construction on a high-altitude desert 60 miles northeast of Los Angeles, in Palmdale, a site selected by the Los Angeles Department of Airports. Yet the $900 million federally-funded facility, which has set off an orgy of local land speculation, is technically, environmentally, and economically preposterous. For example, the facility would interfere with existing military flights, and would be intolerably noisy. To justify the size, LA would require a population of 70 million by 1985. The problem of transporting 100 million passengers would be so stupendous that the DOH has proposed a 16-lane freeway to cope with it.

Why Palmdale? Assuming that LA will soon need new air facilities, these needs could easily be met by developing a number of smaller sites within the city. The explanation perhaps lies in the Dept. of Airports' incompetence and ambition to build the world's largest airport, for which Palmdale would be the only conceivable site—together with the availability of colossal federal subsidy. Even more inexcusable is the failure of fourteen public agencies including the Federal Aviation Administration, all of which had to approve the site and plans, to object, or to make their serious private objections public.

V. URBAN DEVELOPMENT

Critics have long railed against the evils of urban sprawl: the familiar pattern characterized by long tentacles of new development spreading in every direction, leaving behind a decaying core city. However, they have tended to regard this asphalt amoeba as spontaneously generated in the absence of planning, and to recommend more and better planning as the antidote. A closer look at "who gets what at whose expense, and how?" proves more revealing. In brief, we the public pay an enormous subsidy to a wealthy few for the privilege of destroying our city environment.

We concentrated our analysis on Santa Clara County, because this county has been well-studied in the past, has a competent and respected planning department, and yet suffers from rampant sprawl.

Costs of sprawl. By definition, sprawl is scattered development in urban areas. For example, in Santa Clara County there are approximately 19,000 vacant acres in highly urban areas. This is almost double the land currently in use for industrial, commercial, and multi-family housing, and could accomodate at present rates all single family development in the

county for the next eight years. According to the 1969 Report of the Sacramento Regional Area Planning Commission, there are some 60,000 vacant acres in urban areas of Sacramento, enough to accommodate at just current density 70% of the additional population projected for 1990.

Similarly, the costs of sprawl are largely the costs of inefficient transportation and communication arising from scattered development.

The longer the wires, pipes, and roads, the higher the cost of water, sewer, power, telephones, mail, garbage, fire, police, and schools. In particular, sprawl forces heavy reliance on private transportation, trapping the poor and the elderly far from jobs, stores and hospitals. The streets and highways serving private transportation in turn deprive local governments of valuable property tax revenue, and cut up and wipe out neighborhoods. They engender strip development with its ugliness and traffic hazards, and inflict on the public noise and smog from automobiles. Finally, the sprawl pattern destroys wild areas and public open space—although private open space continues abundant in the form of one-fourtn acre house lots, asphalt parking lots downtown, and those big weed-grown lots in suburbia marked "Zoned Industrial".

The process of sprawl. Sprawl arises from the attempt of local governments to "expand the tax base" by incorporating new developments as they are constructed while skipping over non-revenue-producing land. At the same time that they scramble to grab new developments, local governments compete to attract commercial development by extensive commercial zoning. In particular, they seek retail stores, in order to get their cut of the sales tax. This competition produces large vacant acreage unsuitable for housing because of the zoning.

In this sellers market, developers usually get their way, receiving zoning changes and variances almost on request—while the planners stand by and weep. Developers even get to build where they quite obviously should not, such as on earthquake faults and flood plains. For example, when the McKeon Construction Company originally took over some marsh land in the Morrison Creek Basin south of Sacramento, the Company reduced its taxes by persuading the County Supervisors to rezone the land from development to agricultural use. But later, when it appeared that the Army Corps of Engineers might drain the Basin, McKeon easily got the land rezoned for development, over the 4 to 1 objections of the Planning Commission, which had by then designated the area as parkland in the Sacramento Master Plan.

Yet usually when a new development goes in (or, often, starts and then flops), the revenue from the development fails to cover the increased service costs, and consequently the local property taxes rise. For example, a study by Livingston and Blaney of the Palo Alto foothills predicted that development of the foothills would cost the city so much that it could save money by simply buying the land for open space. So why do cities go on sprawling?

How not to stop sprawl: the Williamson Act. The 1965 Williamson Act was originally intended to preserve against encroaching sprawl "Prime agricultural land", and, incidentally, public open space. The Act grants tax relief to farmers who sign an agreement to hold their land out of development for a specified period, and imposes financial penalties if they break the agreement. 1969 amendments added a number of other categories of land qualifying from tax relief (including salt flats for the benefit of Leslie Salt), and considerably weakened the penalties for premature development. The Act has not worked. According to then State Senator Danielson's survey of county assessors in 1970, most of the land covered by the Act is neither "prime agricultural land", nor close to expanding cities. The principal tax break recipients are colossal land owners like Tejon Ranch, Kern County Land Company, Southern Pacific, and the Irvine Company.

The Williamson Act has failed because it represents a total misanalysis of the problem. To begin with, considering agricultural overproduction and the millions of acres the government pays farmers not to plant, there is no shortage of agricultural land, "prime" or otherwise. As for saving open space, the public might prefer to save land closer to the city, more valuable for wildlife or more suitable for recreation than land in active agricultural use. Most important, tax relief cannot stop sprawl. While farmers, including Kern County Land Company, appreciate tax relief, they will eventually sell out because developers offer attractive prices. Farmers have so far hesitated to put land near developing cities under the Williamson Act precisely because they do not want to lose the option to sell at a windfall profit.

The real cause of sprawl: public subsidy. As the public rarely realizes, federal, state and local governments subsidize sprawl at truly massive levels, and at the same time impose severe financial penalties on economically sound development. There are three basic kinds of subsidy to sprawl: tax subsidy, service subsidy, and financing subsidy.

Tax subsidy. A number of loopholes (e.g. the capital gains tax) make profitable the speculative holding of land that should be developed, resulting in the wasteful "leapfrog" pattern of development that planners decry, and in very high land prices hindering public purchase of open space. In turn, all the tax dodgers buying land inflate the value of land even faster and higher, making it an even more attractive investment.

On top of tax loopholes, we found empirically that raw land tends to be underassessed for local property taxes. That is, while California requires assessment at 23-25% of full market value, undeveloped land is assessed somewhat less. This under-assessment and resulting undertaxation makes it even cheaper to hold land out of development to the general detriment. The Williamson Act by making such underassessment legal compounds the problem.

At the same time that raw land is undertaxed, buildings tend to be overtaxed, particularly in slum areas—facing the owner with a whopping

tax increase should he try to renew his property or construct low cost housing. As a result, the development that might have occurred in the run-down area instead sprawls onto new land.

Service subsidy. A new development needs transportation, and gets it below cost through the highway subsidy. Unnecessary roads, once built, generate strip and blob developments in every direction since the federal and state governments have already paid the major cost of transportation.

Next, a city hungry to expand its tax base will usually extend services to a developer near the periphery at *unit* price, although it may cost the city ten times as much to provide water, sewers, police, etc. on the border as in the center. Nor does the developer pay an extra cent for all the children his development will bring into the city's schools. The local property taxes go up by the amount of the subsidy.

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. (The public at large has to make up in taxes the tax money lost from bond purchasers.) As an extreme example, T. Jack Foster incorporated Foster City in San Francisco Bay into a "Special Improvement District" in 1959 and issued bonds. When they came due, he paid off the interest with new bonds. In this fashion Foster financed his development for very little out of pocket cost, transferring the burden to the unfortunate inhabitants of Foster City in the form of astronomical property taxes and utility rates. Although some of Foster's more imaginative financing tricks are no longer available, the municipal bond remains very much open to abuse.

Courtesy of your friendly local government. The city fathers of yore might have been pardoned their innocent belief in the virtue of development at any price, but no longer. Many modern day local officials knowingly subsidize developers at public expense. In a few cases we observed, they receive direct or indirect bribes, or large campaign contributions from developers; more often they are simply Chamber of Commerce boosters. In either case, they normally hear only the developer's side of the story, because the fragmentation of local government, compounded by years of sprawl, gives them virtual anonymity. For example, Santa Clara County has 72 elected local governments plus 25 special districts (a low number; Los Angeles has 342). When we conducted a poll of 250 registered voters in the County, testing their knowledge of local government, only 12% even know Santa Clara County was governed by a Board of Supervisors, let alone any of the Supervisors' names.

VI. NATURAL RESOURCES

Introduction

California has an extraordinarily rich natural resource endowment: fertile soil, lush forests, rich oil and mineral deposits, spectacular scenery, abundance of pure water and unique wildlife. The public has a legitimate interest in the proper management of the resources not only on the 49% of the land publicly held (mostly federal), but on privately owned land as well. For the consequences of this management extend far beyond the property lines in the form of present and future environmental impact, health effects, cost and quality of needed resources, and availability of jobs. Consequently, Federal, State and local governments have the vital responsibility to protect the public's interest in land management. While investigating the quality of this protection we found several basic patterns.

1. The official guardians of our natural resources are in many cases representatives of the exploiters themselves. Top officials of 23 of 51 agencies regulating resource use must *by law* come from the regulated industries. Other regulatory agencies are underfinanced and ineffective.

2. Because of alliances between State and local governments and commercial interests, these interests pay far less for the use of public resources than they would have to pay a private owner. Often the public further subsidizes them, for example by building roads to timber stands, mines, and private developments.

3. Current misuse of California's resources, privately and publicly held, causes destruction of resources such as timber, which would be renewable if properly managed, and loss of resources, such as oil, which might be more valuable if saved for the future. Misuse brings job losses and hazards to public health. Finally, it means the degradation and elimination of recreational areas, wildlife habitat, and natural beauty.

California forest products industry

The forest products industry in California is cutting virgin forests with little consideration for reforestation. Logging and accompanying road construction along the North Coast ranges are causing soil erosion far exceeding new soil formation. Watersheds are destroyed, rivers laden with silt, fish killed, and hillsides denuded. There has occurred no significant reforestation of logged-over areas. As a consequence, jobs in the lumber industry will fall sharply in a few years.

Forest practices are theoretically subject to guidelines of the State Forest Practices Act, administered by the California Division of Forestry. But six of the eight members of the Board of Forestry (which directs the division) must *by law* be commercial exploiters of the forest: 3 from the timber industry, and one each representing water, grazing, and agricultural interests. A majority of each of the four Forest Practice Committees, which write specific logging regulations, must *by law* be timber operators and owners. Finally, before logging regulations become law, they must be

approved by two-thirds of the private timber owners voting in the area where the regulations will apply. The California Supreme Court has recently declared the Forest Practices Act unconstitutional on these conflict-of-interest grounds. The nature of future regulation of forest practices in California will be decided in the coming months. The Assembly Natural Resources Committee, chaired by Edwin Z'berg, is now drafting new forest practices legislation.

Wildlife protection—the narrow view

Twenty-four native California animals are endangered species, and the populations of 129 more have become dangerously small. Fertilizer and pesticide runoff, construction projects, oil spills, and industrial waste in California waters kill hundreds of thousands of fish, aquatic birds, and mammals each year. Responsibility for the protection of these species rests with the California Department of Fish and Game. The Department is financed primarily through the sale of hunting and fishing licenses, commercial fish taxes, and fines. One-fifth of its employees are fish and game wardens; most of the others are involved in fish and bird breeding operations. Not surprisingly, considering its financial dependence on sports interests, the Department ignores study and protection of a balanced natural environment in favor of providing game. Thus, the Department permits hunting the rare California mountain lion. Then, as deer multiply unchecked by lion predation, the Department allows more and more extensive deer hunting. The Department spends less than one-half of 1% of its budget on protection of endangered species. Rather, it emphasizes breeding large numbers of game fish and birds to counteract the effects of pollution, water development, over-fishing, and over-hunting.

Grazing practices also threaten land and wildlife in the state. Despite severe erosion and wathershed damage from over-grazing, particularly by sheep, California does not regulate grazing practices on privately owned land. On federal lands, the Bureau of Land Management in the Interior Department, acting under the Taylor Grazing Act of 1934, allocates grazing "rights" among ranchers owning nearby land. The Bureau of Land Management has put little restraint on overgrazing. The US Fish and Wildlife Service, which is responsible for wildlife protection, works actively for ranchers poisoning predators of sheep. When range rodents multiply out of control as a result, the Service poisons them too—as well as other wildlife in the vicinity.

Subsidized exploitation of publicly owned natural resources

Minerals. On federal lands, the Locatable Minerals Act of 1872, which covers mostly metallic ores, opens almost all public lands to exploration and claim. The claim, which has unlimited life, puts virtually no restrictions on damage to land around the mine, and gives the claimant free timber and free access over public land. Quite aside from the propriety of giving away valuable natural resources like this, the Minerals Act has been used as a gimmick for illegal logging.

Oil on Federal lands comes under the Minerals Leasing Acts of 1920 and 1947. Despite all the extravagant tax subsidies to oil operators, and giveaway prices for leases, the law requires only that driller minimize "unnecessary" environmental damage. How great this damage can be became tragically apparent when the ocean floor off Santa Barbara buckled in February 1969, soaking over 100 miles of beach with oil, and incalculably injuring aquatic life.

California subsidizes oil development within its borders more than does any other state—for example, granting a higher depletion allowance than does the Federal Government.

California's largest oil field, Wilmington Field in the Tidelands off Long Beach, is regulated by the City of Long Beach and administered by THUMS, an oil cartel consisting of Texaco, Humble, Union, Socony-Mobil, and Shell. The State Lands Commission has legal responsibility to make sure the State gets its fair share of oil revenues. THUMS deducts all administrative expenses before the State gets its share; Commission staff recently pointed out that THUMS was 43% overstaffed, and recommended efficiencies to save $2.5 million a year. Meanwhile, the City of Long Beach has spent millions on dubious—and specifically forbidden—commercial ventures, such as those involving the Queen Mary. However, as the Legislative Analyst reported, the Commission has ignored recommendations of its staff every time THUMS or Long Beach objected. $32 million of the $39 million revenue in 1971-72 will finance the State Water Project, which will greatly increase land values on the West Side of the Central Valley. THUMS members own substantial portions of this land.

The Oil and Gas Division of the California Department of Conservation regulates drilling at other oil fields. The Oil and Gas Division is financed by a charge on oil producers. In effect, the 81 staff members owe their jobs directly to the profitability of the very operations they supposedly regulate. Additionally, each of the Oil and Gas Commissions, which regulate drilling and well maintenance at the district level, must by law have a majority of its members from the oil and gas industry.

Wetlands and Tidelands

Estuaries are essential to the survival of most commercial fish species and to 70% of the birds using the Pacific flyway each year. Yet 67% of California's estuaries have been destroyed, including almost all the inlets and mudflats in Southern California. In the other 49 states, only 4% of the estuary land has been dredged or filled. This loss makes the job of the State Lands Commission, which has charge of tidelands, navigable rivers, and wetlands, doubly important.

Nonetheless the Commission, against the recommendation of its own staff, has agreed to the development and virtual destruction of Upper Newport Bay, the last major relatively undisturbed estuary in Southern California. The basis of this development is a proposed land swap between the

Irvine Company and Orange County. The Irvine Company will give the County 447 acres of inland and island property in the bay, and will receive in exchange 157 acres of filled tidelands with over 30,000 feet of natural shore. This exchange apparently violates both the state Consitution and the 1957 Enabling Act supposedly allowing it. Evidence from the Orange County Assessor indicates that the Irvine Corporation will receive land worth more than *ten times* as much as the land it proposes to give the County. Furthermore, the islands Irvine is giving the County in exchange for the Upper Newport Bay estuary are to be *given back to Irvine as dirt to fill in the estuary* with Irvine and the County sharing dredging expenses.

None of this would be possible, of course, without the close cooperation of the State Lands Commission, Orange County, and the Irvine Corporation. The Irvine Foundation has had a long history of campaign support to Orange County officials. The State Lands Commission consists of the Lieutenant Governor, the State Controller, and the Director of Finance. Irvine is one of the major contributors to the Reagan campaign, which funnelled funds into the successful Republican campaigns for Lieutenant Governor and Controller. The Finance Director is appointed by the Governor. The Commission has approved equally questionable deals elsewhere in the state, at the same time cutting its budget and staff so drastically that, according to the Legislative Analyst, the Commission has "no real capability to manage, preserve, and protect the coastline under the 1970-71 budget."

Inland wetlands are equally threatened, particularly by the ambitious water development projects described above and by the Army Corps of Engineers and USDA Soil Conservation Service stream channelization projects.

Environmental damage by speculative subdivisions

The old time con men sold the unwary their dream retirement "rancho" or speculative windfall "investment in the future" plot on the basis of glowing artists' renditions of future paradise. Today, the game hasn't changed, but the con men have given way to the high-pressure salesmen of "respectable" giant corporations like Boise Cascade, and the props have become a lot more realistic. In fact these "props"—in the form of thousands of acres of bulldozed subdivisions, substandard roads and sewers, little blue lakes blocking access to public streams, tacky little "country clubs", and golf courses much too small for the projected population of "Lake Euphoria Pines Paradise Estates"—have become one of the most serious threats to California's finest wild areas, particularly along the coast and in the Sierra foothills.

Despite the paraphernalia, the virtual absence of houses confirms the speculative natures of the sales. For example, on 84,000 acres of Boise Cascade developments (excluding Lake of the Pines and Incline Village, which Boise bought already partly built up) there are 100 houses. Of course, the lots prove to be disastrous investments for the victims—mostly low to middle income persons who can ill afford the loss.

The environmental destruction has reached staggering proportions. According to the State Department of Conservation, rain falling on bulldozed subdivisions causes in one year, depending on the geology of the area, the equivalent of ten to 2000 years of natural erosion. In Nevada County alone, 160 miles of streams, 37% of the country total, have been damaged by silt run-off from speculative subdivisions. From 1965 to 1970, according to the Department of Conservation, 600,000 acres were subdivided into speculative lots under authority of the State Map Act, and at least as many more under county authority. And the rate is accelerating.

The extent to which these speculative projects have consumed the State's land suggest that the State itself sanctions them. For example, although it long ago compiled a massive document on the outlandish deceptions at the biggest speculative subdivision of them all, 100,000-acre California City in the Mojave Desert, the Attorney General's office has yet to prosecute. A major reason for the State's laxness may be that five of the seven members of the State Real Estate Commission must *by law* be realtors, as must the Real Estate Commissioner who heads the State Department of Real Estate. (Three of the last five Commissioners left their position to take jobs in speculative land sales companies.) Not surprisingly, Commission members and the Commissioner himself have vigorously opposed legislation that might hinder speculative subdivisions.

1971, however saw some progress. Assemblyman Leo T. McCarthy's "Premature Subdivision" bills became the only major environmental legislation to survive the session, and the Attorney General's office finally brought suit against Boise Cascade for fraudulent sales practices. The practical effect of these measures remains to be seen.

Lost recreational opportunities

According to the California Constitution, all land along the coast below the high tide line is public property; the Constitution further specifies that public access to this land shall not be limited. Yet of the 1072 miles of coastline, only 356 are publicly owned and accessible for recreation. Of 290 miles of beaches suitable for swimming, only 90 are publicly owned and 53 of these are reserved for the military. Furthermore, development is rapidly closing off much remaining public access, with full county government approval. For example, a taskforce survey of fifty miles of coast from Dillon Beach in northern Marin to Del Mar Point in northern Sonoma, found 28.75 miles developed, and another 12 scheduled for development. All but one development began since 1965. These developments, mostly speculative subdivisions, will not provide public access.

Public access to lakes and streams, supposedly protected by state and federal law, is not provided either. A most blatant example is Lake Berryessa, a Bureau of Reclamation reservoir in Solano County, large portions of whose shoreline have been turned over to trailer camp concessionaires.

From July 1968 to June 1969, 219,000 people were turned away

from State parks and beaches during the day, and 148,000 overnight. The number has since gone down a bit, not because new parks and beaches have been acquired, but because the State Department of Parks and Recreation has developed existing areas for more intensive use. The Office of the Legislative Analyst has criticized the Department both for poor administration and for subsidizing concessionaires by concentrating on development of such facilities as swimming pools and golf courses in the controversial Point Mugu Park complex.

Environmental destruction and public health

Pesticides. The State Department of Public Health estimates total annual pesticide application in California at about 200 million pounds a year and increasing, most of it applied to croplands. Pesticide run-off causes by far the most fish kills; pesticides have severely reduced wildlife in heavily treated areas and threaten the survival of certain predatory birds like eagles and pelicans. While agriculture officials boast, on the basis of claims for Workmen's Compensation, that California has only two pesticide injuries per thousand workers per year, a California Public Health Department in Tulare County in 1969 found a rate around 250 per thousand, counting only those workers who actually visited a physician. As a rule, farmworkers cannot find medical help, cannot afford time off from work unless desperately ill, and do not know even what minimal rights they have to Workmen's Compensation. On top of this, research at the University of California and elsewhere has shown conclusively that current massive indiscriminate use of pesticides only makes pest problems worse, for example by wiping out the natural enemies of pests and creating pesticide-resistant strains. Chemical companies, which then sell more pesticides, benefit at the expense of farmers, farmworkers, and wildlife.

All pesticides used in the State must be registered with the State Department of Agriculture and theoretically fall subject to strict rules for residues in food, and safety during application. But the job of safety enforcement falls to the Agricultural Commissioner of each county, appointee of the County Board of Supervisors, and usually a grower himself. Even if the Commissioner were inclined to enforce regulations, he does not have adequate staff. Monitoring of pesticide residues in food by both the FDA and the State Department of Agriculture is so limited that an offending grower runs little risk of being caught.

Water Pollution. California water quality theoretically enjoys the protection of one of the toughest water pollution laws in the country, the Porter-Cologne Water Quality Control Act of 1969. The Act is administered by a State Board together with eight Regional Water Quality Control Boards. The Regional Boards, typically enough, must by law have a majority of members from water-using or polluting groups, such as industry; agriculture, and local government. Nonetheless, by comparison with other state regulatory agencies, the State Board and some of the Regional Boards

appear diligent and well-intentioned; whether these virtues will clean up the water remains to be seen.

The San Francisco Regional Board has put over 170 major Bay Area polluters on clean-up schedules. (There are several hundred lesser polluters to go.) However, the Board relies on a "voluntary", self-monitoring approach, unlikely to work, especially given the Board's limited manpower. The Board has only once used its much touted power to levy a $6000/day fine, when it charged the big U.S. Steel plant of Pittsburg a trivial $15,000.

The Central Valley Regional Board has stubbornly ignored the largest source of pollution in the area: agricultural wastes. Most critical is ground-water pollution by nitrate fertilizers. High nitrate levels in the water can cause a fatal anemia in small babies; nitrate in drinking water in areas like Delano is well above the maximum "safe" level set by the U.S. Public Health Service.

The Resources Agency

The Resources Agency, like similar bureaus at all levels of government, was created recently amid much hoopla to "coordinate" protection of the environment. However, Secretary Norman Livermore told a Taskforce member that he believes the primary purpose of the Agency is to present a "united front" among its 66 departments and boards. This "united front" has required cutting budgets of offending departments and screening public statements of employees. With even the best of intentions, however, the five-man Agency could do very little to regulate natural resource use.

VII. POWER IN CALIFORNIA

What do these findings mean? Some critics have charged that the report turned up little new information. This criticism misses the point, for we sought to document not individual, hitherto unknown abuses, but systematic *patterns* of abuse in order to discover their root causes. We discovered the following patterns.

1. The use of public expenditures for private gain, in particular the construction of public works for private gain. Heavily subsidized water development, highway development and city sprawl fall into this category. Typically private interests gain through enhanced land value.

2. The obverse of 1: The exploitation of publicly owned natural resources for private gain, with large additional costs imposed on the public.

3. The perversion of public programs designed to help the poor into programs which in fact benefit the rich at the expense of the poor. This is the case with most farm programs.

4. Tax subsidies for wealthy interests, most notably subsidies which encourage the holding of raw land for appreciation, or investment in agriculture.

All these patterns have an underlying theme: the redistribution of money, resources, and ultimately political power from poor or average citizens to a few rich special interests.

These patterns of abuse run totally contrary to American notions of democracy and equity; only a substantial breakdown in the democratic political process makes them possible. Thus we found the following patterns on the political scene:

1. Violation or non-enforcement of laws by those entrusted with their enforcement. Frequently the supposed enforcers represent those very interests that benefit most by non-enforcement, as for example with the legally mandated conflict-of-interest of many officials charged with protection of natural resources.

2. The prostitution of expertise, particularly to provide invalid justifications for various abuses. The deceptions practiced by Department of Water Resources engineers and consultants have been described. We also found lawyers for special interests using unethical tactics, for example, to stall enforcement of the 160 acre limitation. So much of modern decision making depends on the word of scientists, lawyers, engineers, or economists, that the unprofessional behavior of these experts leaves both the public and politicians helpless.

3. The dishonesty of large corporations and trade associations in dealing with the public.

The destruction of public transportation by a conspiracy of auto, oil, and tire companies has been described. Even more blatant was the highway lobby's successful campaign against Proposition 18, which would have

permitted communities to vote to divert up to 25% of their gas tax money from building new highways to public transportation and air pollution research. The highway lobby admitted spending $349,000 to plaster the State from end to end with billboards proclaiming "MORE TAXES? NO NO. 18" (the proposition would not have affected the tax rate), and to saturate the media with a variety of falsehoods such as the claim that the proposition meant coerced mass transit and deteriorating roads. Developers of Sea Ranch in Sonoma County used similar tactics to defeat a county proposition that would have required the developers to allow public access to the sea shore—a public right supposedly guaranteed by the California Constitution.

As another kind of example, in 1969, Union Oil made fourth place on the water polluters' top 12 hit parade for the Bay Area. The company came to the San Francisco Regional Board complaining that Union's own self-monitoring, on which the Board had based the rating, was so inadequate that the Board should not rely on it. On this basis, Union got bumped from #4 down to a comfortable #21. Likewise, Shell moved from #8 to #16, and Standard from #12 to #33, leaving no oil companies among the top 12.

4. The dependence of public officials on special interests for information and money, making these officials more accountable to the interests than to the general electorate. A few of our findings on life in Sacramento:

Lobbyists and legislative staff. The land interests, i.e. individuals and corporations in any way involved in land use, supported in 1970 a total of 235 lobbyists. These spent, according to our calculations, about $3.6 million, or better than $30,000 per legislator. Arrayed against them were one lobbyist apiece from the Planning and Conservation League, the Sierra Club, and the National Wildlife Federation.

The problem with the lobbyist for special interests is not so much that he gains undue influence by wining and dining legislators, though he does a good deal of entertaining. Rather, even so well-endowed a legislature as California's has inadequate staff to provide independent evaluation of legislative proposals. As a consequence the lobbyist gains virtually exclusive control over the information and expertise the legislator needs to identify problems and draft useful solutions.

Legislative salaries and conflict of interest. Although California's legislators receive $19,000 a year (the highest in the nation), plus expenses, and the session lasts most of the year, legislators are free to engage in profitable work on the outside. Yet California laws limiting occupational and other conflict of interest are superficial and unenforced; many legislators act as lawyers for the land interests.

Campaign spending. A State Senate campaign cost over $40,000 in 1970; an Assembly campaign, over $26,000. Both have doubled in the last eight years. Statewide offices cost even more.

Land interests dominate the campaign financing of key committee

chairmen, statewide office holders, and important local officials like assessors and county supervisors. Committee chairmen receive on the average 40 to 50 percent of their funding from corporations or executives of corporations which engage in land speculation, development, or financing. Since any one of six key legislators—two committee chairmen in the Assembly, two in the Senate, and the two party leaders—can table almost any bill, influence over these men can mean control of the legislature.

Governor Reagan in 1966 received $3 million of his $4 million campaign funds in units of $5000 or more, much of it from land interests, including Southern Pacific, Tenneco, Tejon Ranch, Irvine Corporation, Kaiser Industries, PG&E, Standard Oil, and Transamerica Title Insurance Co.

There is no effective limit on the amount or timing of contributions. As an example of abuses, Senator Lawrence Walsh recorded campaign receipts of $42,000 and expenditures of $30,000 in a primary against two little-known opponents who spent about $4000 each. Incumbent Governor Reagan collected $1,632,000 and spent over $800,000 running unopposed in the 1970 primary.

Existing campaign spending laws attempt merely to force disclosure; candidates and their treasurers must sign a perjury statement when reporting campaign finances. But the perjury statement applies *only* to primaries. Even were proper enforcement attempted, donors can and do still evade the law by giving multiple small contributions, "anonymous" gifts through dummy committees, or by not reporting at all.

All patterns of abuse described here trace ultimately to excessive accumulation of power by those with no public accountability, power almost invariably insulated from public scrutiny by the corporate form, and frequently based on or reflected in vast holdings of land.

Following are some recommendations for State actions. Obviously some problems, such as farm subsidies and anti-trust violations, can be solved only at the Federal level.

1. Revise campaign financing procedures to permit candidates to run viable campaigns without depending on large donations from special interests.

2. Increase legislative staff and staff funding to the point at which the legislature, as well as local elected officials, can independently evaluate data and arguments before making decisions.

3. Make elective salaries comparable to salaries for those with equally weighty decisions in private industry, forbid State legislators outside employment, and strengthen conflict of interest rules.

4. Eliminate existing requirements for conflict of interest on regulatory boards such as the Board of Forestry and the State Real Estate Commission, and prohibit such conflicts in the future.

5. Establish a State agency of project evaluation, governed by disinter-

ested appointees, and subject to academically sound evaluation procedures. Transfer to this agency the project evaluation functions now performed by operating agencies like the Department of Water Resources and the Division of Highways.

6. Adopt deterrent enforcement policy in regulating, that is, impose heavy fines or criminal sanctions on offenders, instead of the present "cooperative" approach.

7. Revise tax policies to eliminate tax break subsidies. Subsidies, if desired, should be direct. There should be a very strong presumption against any subsidy to commercial activity.

8. Design the property tax system to eliminate speculative landholding and to encourage renewal of run down areas. The so-called site tax, applied only to land, has been proposed as the means to these ends.