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Proposition 13 and the New Conservatism

by Robert Lekachman

A spectacular political event like California's endorsement of Proposition 13 is rarely an isolated phenomenon. Much as opponents of sweeping tax reduction and ensuing shrinkage of public services might try to console themselves with reflections on the well-known kookiness of the Golden West, and such specific features of the California scene as the state's unusually high property and personal income taxes, the promptness with which real estate is reassessed upwards, and the tempting \$5 billion surplus resting idle in Sacramento, the displeasing facts remain: On the same day Proposition 13 achieved its apotheosis, voters in Ohio were rejecting 117 out of 198 school financing proposals in the face of warnings, either disbelieved or applauded, that Columbus and Cleveland schools might not reopen in the fall if these propositions failed. In Massachusetts a certain Jim McGuinn of the Association for Concerned Taxpayers (*Are any taxpayers unconcerned?*) exulted, "If California can do it, so can we." In New York, my state, an ambitious commissioner of commerce, apparently without consulting a governor who has his own reelection difficulties, suggested a constitutional amendment to limit state spending.

In many of the twenty-odd states which permit California-style referenda, petition gatherers have taken new heart. The President and Congress, several hundred profiles in courage, threaten to adopt the shining example of Proposition 13 as an all-purpose excuse for Presidential vetoes of spending legis-

lation and congressional evasion of welfare reform, aid to the cities, national health insurance, and genuine tax reform. Instead of the latter Congress may adopt some version of Congressman William Steiger's bill to cut capital gains taxes on the wealthy or Senator William Roth's and Congressman Jack Kemp's more sweeping attempt to reduce personal income taxes 10 percent each year for three years, shave tax rates on corporate profits from 48 to 45 percent, and mulct the Treasury of a cool \$80 billion of annual revenue.

The public mood is sour, cynical, and self-regarding. No wonder the best-seller lists are crammed with celebrations of self and invitations to stamp on the faces of the rest of the world. Mere facts are unlikely to temper this mood. Nevertheless, just for the record, American taxpayers are less burdened than the citizens of most other advanced societies. Only Switzerland and Japan tax their residents more tenderly than we do. The Dutch, Swedes, French, British, West Germans, Canadians, and Italians all pay more. Seven countries, including West Germany, start taxes on personal income at rates higher than our own 14 percent. Five stop at rates higher than our top levy. By world criteria, Americans get off lightly.

As usual, statistics are far less important than sentiments. For a decade these have been drifting inexorably rightward. Voters began to reject school financing proposals in the late 1960s. They elected Richard Nixon in 1968 and reelected him by a landslide in 1972. Once might be discounted as the consequence of the horrors of Vietnam, Chicago convention riots, and widespread disaffection with Hubert Humphrey. Twice pointed to unmistakable retreat from racial integration, wars on poverty, affirmative

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action, and other artifacts of the Great Society. Jimmy Carter's election confirms rather than weakens this generalization. Carter, the most conservative of the mainstream contenders for the Democratic Presidential nomination, barely defeated an accidental Republican incumbent, noted for total absence of legislative accomplishment during a dull quarter century in the House of Representatives and an engaging maladroitness of expression which lured him into premature liberation of Poland and warm reference to Senator Hayakawa as Senator Hiawatha.

The political landscape is cluttered with signs of disaffection with the New Deal, New Frontier, and Great Society, not least in a nominally liberal Congress whose actions and evasions increasingly make the President seem by comparison a dangerous radical. The CIA is again welcome on elite campuses, some of which are planning to reinstate ROTC units abruptly withdrawn during the turmoils of the 1960s. On these campuses, students jostle each other for admission to medical, law, and graduate business programs. At Harvard accounting is an increasingly popular course. At my own City University of New York (CUNY), where students are overwhelmingly ambitious first-generation degree aspirants, management, dietetics, nursing, applied psychology, and, of course, accounting are in vogue. Less obviously vocational offerings languish and faculty specialists in history, languages, physics, and literature fill out their teaching programs with basic mathematics, remedial writing, and introductory sections. No wonder some young PhDs, despairing of tenure, are retraining themselves for jobs in business.

The retreat from social and racial progress appears to be the plausible consequence of three major forces: the impact of Vietnam; the changing temper of intellectuals, particularly the social scientists among them; and, above all, the slowing of economic growth. Brief comment on each one appropriately precedes my tentative effort to identify some effects of the country's conservative mood on education.

Vietnam

In retrospect Lyndon Johnson's decision in mid-1965 to expand the Vietnam war spelled defeat for his own dream of a Great Society. Very quickly the attention of the country shifted from social reform to a grim war presented each evening on the 7 o'clock news. The coalition which had made the Great Society legislative reality dissolved into fractious disputes between opponents and supporters of the Vietnam war. Hard hats assaulted students. Martin Luther King's public opposition to the war cost the civil rights movement important union support. University intellectuals and trade unionists, never the most comfortable of allies, discovered more gratification in attacking each other than in tilting against the

Republicans. In 1972 the young, the female, the liberated, and the intellectual nominated George McGovern in a convention which excluded many trade unionists and their allies, notably Mayor Richard Daley and his Chicago delegation. George Meany's revenge was a declaration of formal neutrality between McGovern and Nixon, a stance which contributed heavily to the Nixon sweep.

Vietnam sopped up funds otherwise available to finance new social programs. The major Great Society innovations were enacted in 1964, 1965, and early 1966 in an atmosphere of rapid economic growth which generated enough tax receipts to finance tax reduction for the nonpoor as well as a variety of aids to the poor. But by 1967 the President sought a tax increase and by 1968 Congress reluctantly enacted it. Thus the Great Society, which at its inception promised something for everybody, began increasingly to feel like a burden upon the working and middle class.

As Sar Levitan's careful evaluation of the evidence, *The Promise of Greatness*, demonstrates, some Great Society programs were reasonably successful, others failed, and the remainder mixed success and failure after a fashion that might reasonably have been expected. Of course, none of the programs was well funded, adequately supervised by the White House and Congress, or properly evaluated by the media, as they might have been in the absence of an unpopular and expensive war.

Once again, facts matter less than emotions. It appears to be a public axiom that the Great Society, lock, stock, and barrel, has been a waste of the taxpayers' hard-earned money. Anything that carries its brand is the target of choice for elimination. No longer popular in polite conversation, racism is these days more respectably expressed as opposition to school busing, educational quotas, affirmative action, and other Great Society innovations.

Intellectuals in Clover

An inspiring myth is popular among conservative intellectuals like Irving Kristol and Robert Nisbet. As the former sees the world in his recent collection *Two Cheers for Democracy* and as his vision is warmly endorsed by the latter in a *New Leader* review, they and their allies are members of a small, courageous band, surrounded by hordes of egalitarians, regulators, planners, and miscellaneous meddlers in other people's private lives. This New Class, as Kristol dubs it, is lavishly funded by universities, foundations, and government agencies. Its sympathizers dominate the media. The same sort of people flourish in all these contexts. They are genuine or quasi-intellectuals who have ascended in social status, general influence, income and wealth, and, not least, their own esteem through the administration of social programs which they dreamed up, shoved through heed-

less Congresses and legislatures, wrote into party platforms, and thus inflicted upon a population endowed with better sense than is available to its self-anointed intellectual betters. It is all that an honest conservative can do to win tenure in a social science department, space in the fashionable media, or fair reviews of his scholarly efforts.

Irving Kristol's *New Class* echoes J.A. Schumpeter's speculations in his 1941 *Capitalism, Socialism, and Democracy*. In this conservative classic, Schumpeter argued that capitalism (which he admired) was declining and socialism (which he deplored) was winning because the economic success of capitalism had generated an economic surplus which comfortably supported a substantial stratum of disaffected intellectuals, snobbishly unwilling to dirty their hands in commerce, discontented with their marginal status, and disposed by training and disposition to deploy their verbal talents in destructive criticism of the very capitalist arrangements which made their own role possible.

The accuracy of this hypothesis in 1941 is arguable, but as a representation of the current status of conservatives or neoconservatives* it severely distorts persuasive evidence that conservative views are not only utterly respectable in intellectual company but increasingly lucrative into the bargain. The following examples are some of many.

Item: An increasing number of university economics departments are dominated by followers of Chicago free-market doctrine, among them the University of California at Los Angeles, the University of Virginia, and Columbia University. At a guess, it is considerably easier for a Friedmanite to get tenure than a Marxist. Corporations have taken to endowing chairs in business enterprise, urban values, market capitalism, and the like, for which critics of American business are unlikely candidates. Colleagues tell me of similar developments in political science and sociology.

Item: During the California follies that preceded passage of Proposition 13, Milton Friedman appeared in television commercials in its support and a young UCLA follower, Arthur Laffer, promulgated something called the Laffer curve, a demonstration that lower taxes evoke more tax revenue because of the wholesome impact they have upon incentives and output.

Item: Conservative columnists like the *New York Times's* William Safire, the *Daily News's* Pat Buchanan, the *New York Post's* William Buckley, and the *Washington Post's* George Will are more and more widely syndicated. Indeed, the spectrum of columnists extends no further left than the moderate liberalism of Tom Wicker and Anthony Lewis.

*The difference between the two is mostly a matter of greater reliance by the latter upon social science evidence and methodology, particularly the ruminations of economists.

Item: Once-liberal publications of fashionable reputation have shifted to the right. On issues of foreign policy and domestic reform, *Commentary* is distinguishable from William Buckley's *National Review* mostly by the greater length of its articles. More eclectic in its position, *The New Republic* has been hospitable to occasional conservative contributors like Senator Daniel Patrick Moynihan and Michael Ledeen, editor of Georgetown University's forthcoming *The Washington Review of Strategic and International Studies* (see p. 44). That journal, along with *Inquiry*, *An American Spectator*, and a new magazine on regulation sponsored by the American Enterprise Institute (AEI), are examples of new, serious, explicitly conservative periodicals.

Item: The think-tank scene has drastically changed from a time when the Brookings Institution, moderately liberal in tone, and the Institute for Policy Studies (IPS), explicitly radical in orientation, were the major groups in town. Except on tax issues, Brookings has drifted steadily to the right. IPS has been weakened by internecine squabbles. In the meantime the American Enterprise Institute in Washington and the Hoover Institution in Palo Alto have emerged as serious, well-financed havens for conservative scholars. AEI harbors Austin Ranney as a resident scholar. Hoover has attracted Milton Friedman and has sponsored Allen Weinstein's massive study of the Hiss case and Martin Anderson's polemic on *Welfare*.

Item: For a *Change* audience, I need not belabor the shift of opinion on college campuses in the last decade. The only traditionally radical issue that has aroused the campuses is university investment in South Africa. Students are more likely to sit in over alterations in the academic calendar or tuition increases than in protest over racial and economic injustice. This spring Mark Rudd revisited the Columbia campus during the tenth reunion of his class and was seen embracing one of the campus security guards whom he had encountered less amicably a decade ago.

Radicals are beginning to be nearly as isolated on university campuses as they were in the 1950s. Busily rethinking their previous commitments, liberals are drifting rapidly past the center to the right, much after the fashion of Charles Schultze, Lyndon Johnson's budget director and Jimmy Carter's Council of Economic Advisers chairman, who in the Harvard Godkin Lectures rediscovered the virtues of private markets and the defects of their regulations by government.

The Public Interest

The contemporary mood is signaled in particular by the great success of *The Public Interest*, founded 13 years ago by Daniel Bell and Irving Kristol, who

continues as coeditor. Of this quarterly an acute French observer, Pierre Domergues, in the May issue of *Le Monde Diplomatique* commented that it was an important element of explanation for "*une droite triomphante aux Etats-Unis*." As Domergues, among others, has pointed out, until the advent of this journal, American liberals and moderate radicals very nearly monopolized the pages of the intellectual media, however infrequently they succeeded in translating this position into electoral triumph and congressional statute. American conservatives amply vindicated John Stuart Mill's observation that, although not all conservatives were stupid, an inordinate number of stupid people were conservative. For conservatives, the situation has changed dramatically for the better.

Sharply edited, analytical in method, and polemical in tone, *The Public Interest* has attracted a distinguished roster of contributors, among them Nathan Glazer (now coeditor), James Q. Wilson, Robert Nisbet, Martin Feldstein, Edward Banfield, Daniel Patrick Moynihan, and Daniel Bell. The cumulative impact of the magazine is the consequence of the genuine distinction of its writers, their obvious command of the techniques of social science, and their restatement of traditional conservative doctrines. Custom and tradition do count. Inequality is inherent in the human condition. A pervasive skepticism about the efficacy of school busing and compensatory education as remedies for black inequality is based upon attachment to the value of local self-determination and an equally traditional emphasis upon the importance of class rather than color as a determinant of behavior.

In the pages of *The Public Interest*, Thomas Sowell, a black economist of excellent reputation, has emphasized the vital importance of individual striving and other hallowed bourgeois virtues as his brothers' and sisters' best hope of inclusion in an all-American celebration. The political scientist Edward Banfield has explained black poverty as the consequence of pervasive reluctance to defer gratification, also a bad habit of lower-class whites. Nathan Glazer has sharply assaulted affirmative action in higher education and elsewhere for setting quotas that rewarded groups instead of deserving individuals.

Conservatives have taken understandable solace from the economists. As George Stigler at Chicago long ago rejoiced, much in the training of the profession turns budding economists into practicing conservatives. Revered catchwords like "scarcity," "opportunity cost," "choice," and "trade-off" are dinned into apprentice ears. By the time award of the doctorate completes socialization, the new economist has come to believe that the process of rational choice was incised between the lines of Moses's tablets. In the magazine there is frequent discussion of such economists' nostrums as cost-benefit analysis, educa-

tional vouchers, negative income taxes, pollution levies, and other free-market solutions to problems of individual and group choice.

Economists have been convenient allies in the restatement of conservative skepticism about the efficacy of public action. Issue by issue *The Public Interest* criticizes the innovations of the 1960s—wars on poverty, manpower training, public housing, subsidized medical care, and income redistribution among much else. A steady reader who didn't administer periodical antidotes could hardly avoid concluding that social reform was a lost cause.

The stance reinforces contemporary popular disaffection with politicians from Presidents downward. In "Should Judges Administer Social Services?" (Winter 1978), Nathan Glazer delivered a sermon against judicial intervention in matters best left to individuals or their elected representatives. James Q. Wilson's "Can Government Regulate Itself?" (Winter 1977) discoursed on the theme that "the growth in the research and discretionary authority of central government...raises fundamental problems for the control and accountability of agencies charged with serving public purposes." The preceding number had been organized around three articles variously dubious of governmental capacity to diminish industrial accidents, conserve energy, or improve environmental quality. As one leafs through the file, the titles tell a tale of skepticism about the best-laid plans of egalitarians, social reformers, and friends of the vulnerable.

I suppose that it is a testimonial to the merits of the journal and its consonance with powerful currents of public opinion that the magazine's reputation has been undiminished even by the knowledge that it was popular in the Nixon White House and that Kristol himself was frequently regarded as that President's favorite intellectual. By reinforcing endemic distrust of government action, solidifying popular judgment that previous reform efforts have failed, and sanctifying public attitudes on race and class, *The Public Interest* has made it harder for a very mildly liberal chief executive to secure congressional consent for long-overdue advances toward universal health care, comprehensive tax and welfare reform, urban restoration, and energy planning.

The Politics of Growth and Distribution

Although real income has increased slightly during the three years of the present business cycle expansion, most Americans outside of the South have experienced little improvement in their standard of living during the last decade. This is a fact which pervades political discourse and public attitudes. Like other rich empires of the past, the United States is a conservative polity. In the last half century our episodes of social progress occurred either when a hor-

rifying depression opened the door to the New Deal or, during the last decade, when an unusually rapid episode of economic growth flooded the Treasury with enough tax revenue to permit tax reductions for the prosperous and relatively generous new programs for the poor. As soon as Vietnam began to sop up the proceeds of economic growth, the nation's affection for the Great Society faltered. When growth was slow during the 1950s, social innovation halted. The 1970s in this respect are a depressing echo of the Eisenhower era.

When average citizens are financially hard pressed, they hunt for ways to keep their heads above the financial waters and welcome apparent benefactors like Howard Jarvis. Growth permits general improvement. Slow or zero growth implies the ugly politics of distribution. As the British economist Rudolf Klein described it, "One man's prize is another man's loss. If the blacks want to improve their share of desirable goods, it can only be at the expense of whites. If the over-65s are to be given higher pensions or improved medical services, it can only be at the expense of the working population or the young."

For better or worse, slow growth is likely to dominate the remainder of this century. Each year OPEC skims off a third or so of attainable gains from growth. As national income is conventionally measured, new attention to environment, product safety, and occupational health requires business expenditures which subtract from the funds available for investment in new equipment and factories. The terms of global competition between ourselves and the Russians and soon, no doubt, the Chinese as well have already led to increasing transfer of American resources, directly or indirectly, to developing societies in the southern hemisphere.

Even before Proposition 13, signs were abundant that Klein's glum scenario was being acted out. The *Bakke* case all but dissolved ancient alliances between Jews and blacks. Jews are traditionally and understandably agitated by any arrangement which smells of quotas. But the issue became vital not only to Jews and blacks but to the community at large because in a period of narrowing opportunity, places become ever more desirable in the very best law, business, and medical schools, the ones that tantalize the young and their parents with glittering prizes like the \$30,000 starting salaries currently being paid to a very few law review graduates of an even smaller number of elite law schools by a handful of major New York law firms.

Layoffs have pitted unions against women's groups. The Gray Panthers celebrated a major victory when Congress extended the age of compulsory retirement for nearly every worker from 65 to 70. The young failed to dance in the streets. When growth is slow or absent, only retirement opens slots

for promotion in corporations, government offices, and universities. Insofar as affirmative action continues James Thurber's war between the sexes by other means, economic stagnation spells finis to the hopes of women. The best of affirmative action hiring schemes is worthless if nobody gets hired, pretty much the situation in academia.

There is more than one mode of response to hard times. In other periods and places, it seemed natural to shift the financial burden of public services to the prosperous and affluent. There is certainly considerable scope for such a tactic in our lightly taxed country. However, from John F. Kennedy onward, Democratic Presidents have promised to reform a tax code which Jimmy Carter more than once termed a disgrace to the human race. Political reality invariably obtrudes itself. Presidents either withdraw their reforms in the hope of getting Congress to act on other legislation or the reforms are slaughtered in Senator Russell Long's Finance Committee.

If we can't compel the rich to disgorge, the best way to improve our position seems to most of us either making the poor pay more taxes or providing them with fewer services. Nobody favors higher taxes. Few are inclined openly to zap the poor. Proposition 13 and its progeny offer a politically acceptable cover for penalization of the economically vulnerable, in those articles of true conservatism which assert the inherent wastefulness of all government action, the superiority of private markets, the immorality and sloth of many or most welfare recipients, the pathetic incompetence of teachers and public schools, and the stifling impact of high taxes on incentives to work and invest. As Governor Ronald Reagan used to insist, his welfare reforms hurt only the cheaters. The worthy poor actually gained.

The Educational Consequences

In California one of the early effects of Proposition 13 was cancellation of summer school sessions. A second reaction was Chancellor Glenn Dumke's proposal that tuition fees be imposed for the first time in the California State University and Colleges. For his part, Governor Jerry Brown, a rapid convert to the beauties of Proposition 13, immediately froze state salaries, including those of university faculty. He next proceeded to veto a modest 2.5 percent increase in welfare allowances—in a year when inflation is likely to reduce their value by more than 7 percent.

Service curtailment differs in its effect according to economic status. Affluent parents can send their heirs and heiresses to private schools, buy books and records, easily pay library fees if they are imposed (as threatened in California), substitute vacation and weekend expeditions for visits to uncleaned and unguarded public parks and beaches, club together with neighbors to hire private security personnel to fill

gaps created by police layoffs, and arrange with private carters for refuse collection. Poorer moms and dads perforce rely upon publicly funded schools, libraries, recreation, police and fire forces, and sanitation men. Our standards of life are a composite of what we buy out of income and what we receive free of charge from government. Those who depend most on government naturally lose most when its services are reduced.

The process under way is the return of many functions of government to private markets and entrepreneurs. The shrinking resources devoted to public schools and public universities must lower their quality and encourage parents and students to prefer private substitutes. Acceleration of the existing movement away from public education will shrink its remaining constituency and increase the political support for such proposals as Senator Moynihan's tuition tax credit.

For those who treasure the liberal arts, the university outlook is calamitous. Of course perception of college education as a ticket to financial success and high status is nothing new. But until recently young people who were attracted to scholarship and basic science could at least look forward to careers of university teaching and research with support from government, foundations, and corporations. The number of such careers has shrunk and will continue to shrink partly because growth in enrollments has practically come to a halt and even more because college students either have less interest in these "impractical" activities or dare not indulge that interest.

The South, which has been enjoying a decade-long boom, is something of an exception to the dispiriting national outlook. Even during the OPEC disruptions of recent experience, jobs and personal incomes have risen at rates roughly twice the national average. Along with the region's new affluence has come a university boom which has increased enrollments rapidly and opened large numbers of new faculty positions. Moreover, the academic reputations of institutions like Duke, the University of Texas, Rice, and other regional leaders have steadily improved. For the time being, the South is the only open frontier for newly trained PhDs who seek academic posts.

But in the South as much as in other parts of the country, obsession with immediate financial payoff is likely to sharpen existing class distinctions in the university world. In the Ivy League, students jostle each other for admission to law and medical schools or seek places in graduate business programs which lead to executive trainee slots in major corporations. In humbler institutions, students flock to less prestigious professions like accounting, less attractive business programs, and a variety of technical specialties—nursing, audiology, data processing, and so on.

The two-year colleges that have specialized in technical preparation are likely to enjoy most popular es-

teem and an increasing share of the public funds available. The sorting devices that govern admissions to the larger state and municipal systems tend to locate middle-class applicants in the most desirable units: Berkeley in California, Stony Brook and Binghamton in the State University of New York, and Queens College in the City University of New York.

The outlook for the public support of private higher education is brightening as the reputation of its public competition declines. Of course, the privates are under grave financial pressure. Declining enrollments, shrinking income from endowments, and curtailed federal grants have created well-publicized deficits even in universities as rich as Yale. But the financial plight of private universities has won them much political sympathy and increased the pressure on their public rivals. As usual, Senator Moynihan expressed his sense of the inequity of existing terms of competition eloquently in a recent *Harper's* article: "In the contest between public and private education, the national government feigns neutrality, but in fact it is anything but neutral. As program has been piled atop program, and regulation on regulation, the federal government has systematically organized its activities in ways that contribute to the decay of nonpublic education." Senator Moynihan has a solution. His Tuition Tax Credit Act allows a taxpayer to subtract from the taxes he owes a sum equal to 50 percent of tuition up to \$1,000. If this measure is enacted, it is safe to predict that the \$1,000 tuition ceiling will in short order be eased and the \$500 maximum tax credit enlarged.

As the fiscal crisis continues, tuition charges in public universities will rise and the gap between the cost of attending them and private universities will close. In combination with tuition tax credits and the general unpopularity of governmental action, this trend will further erode the remaining attractions of public higher education.



As a good American should, I should like to end on a note of cheer. My misfortune is that I can't identify a single valid reason to be cheerful about the outlook for higher education in general and its public component in particular. Economic adversity has made American politics and the American public even more conservative than they generally are. Higher education has been popular in times of economic expansion. As growth has slowed, the financial reward of a college degree appears smaller, and the popularity of higher education has fallen. Unless and until substantial shifts in American life and American expectations from education unexpectedly occur, the adjective of choice is "grim." In times like these I almost prefer to be 58 years old than three decades younger, in possession of a new doctorate in a field where few or no university positions exist. ■