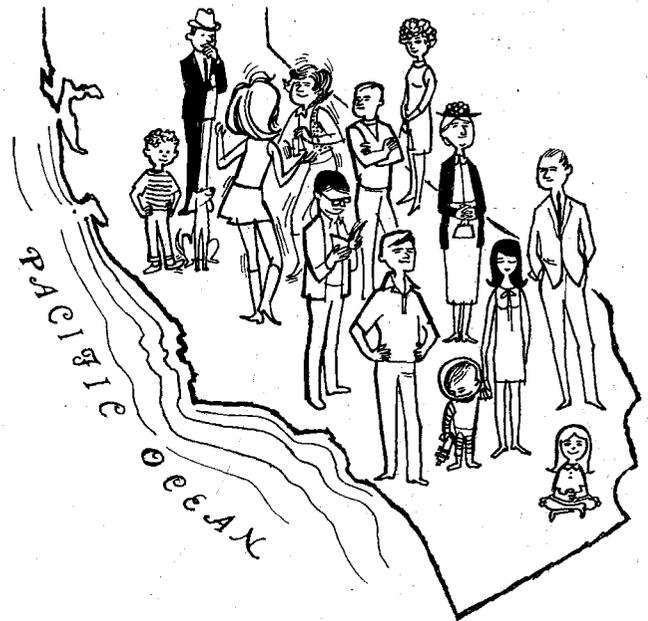


A Perspective on Southern California

by Robert W. Oliver

A Caltech professor of economics, who is also a public servant, considers some problems and peculiarities of southern California.



By 1970 the population of the 14 southernmost counties of California—southern California, that is to say—will total almost 14 million people. Already today, in 1967, more people live in southern California than in any state of the union except for New York and, of course, California. In 1960 only 45 percent of the people living in California had been born here, and since 1960 native-born southern Californians have accounted for less than 40 percent of the net population increase. (Texas has headed the list of the states supplying people to California, followed by Illinois, Oklahoma, New York, Missouri, Iowa, Arkansas, Ohio, and Pennsylvania.) Nearly half the population of Los Angeles County, and presumably of southern California generally, is 25 years of age or younger; and almost 70 percent of the people currently migrating into southern California are under 34 years of age. In 1960, 48.5 percent of California's adult population (people over 21 years of age) had not graduated from high school, while 14 percent had not graduated from elementary school.

As one might expect of a rapidly changing, neo-frontier community, the majority of the people in

southern California are ambitious, hardworking, self-reliant, self-confident, independent, and a bit arrogant. Correspondingly, they are non-tradition-oriented and anti-intellectual; they tend to be intolerant of failure, preoccupied with personal success, and not too concerned with the public sector of the economy and of the body politic. It may be that these are characteristics of Americans generally, but if so, they are emphasized in southern California.

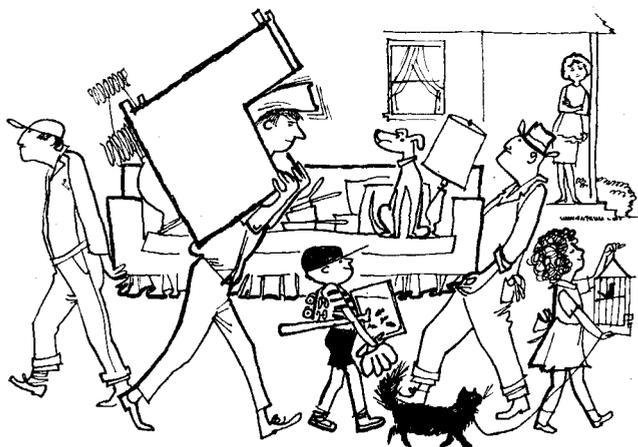
In most respects, of course, southern California is a dazzling success. The standard of living is high and rising for virtually everyone except the elderly and the underemployed in our much-publicized Negro ghettos. Business success is likely, largely because the economy continues to expand as the population grows. Success breeds success. But the forces which direct our destiny create problems.

An obvious consequence of the increasing concentration of people in southern California is the need for planning. We cannot go on using our land extensively the way we used our farmland nationally in the 18th century. We must pay more attention to the long-run viability of new developments; and as population density increases in our central city areas, we are going to have to provide for more open space and for more public buildings, including facilities for education and recreation. We must learn to enjoy more things together.

"A Perspective on Southern California" has been adapted from a talk given by Robert Oliver at the Bishop's Conference of the Episcopal Diocese of Southern California in April 1967. Dr. Oliver is associate professor of economics at Caltech and an elected member of the city council of Pasadena.

As southern California becomes a great urban area stretching from Santa Barbara to San Diego, we will have substantial human relations problems unless we learn to think of people as individuals rather than as members of particular races.

Another problem relates to the psychological instability of some who live in southern California. I have already indicated the large percentage of people who have moved here within their own lifetimes. In addition, as of 1960, only 33 percent of the people in southern California had lived in the same house for as long as five years.



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This kind of peripatetic existence may help to explain the disrespect for society of, for example, women who wear hair curlers in public places. It may explain why adults feel less responsibility for their neighbor's children or even for their own children. The children, in turn, may feel less a part of a family. If grandmother lives in Dayton, Ohio, or Des Moines, Iowa, and the children see her once a decade, their notions of responsibility are likely to be less than if grandmother lived around the corner or had a room of her own in the same house.

Young people may be affected in other ways. The typical teenager is frequently characterized as feeling that he must not allow himself to become too involved, to care too much about the school, or the church, or the society of which he is a part. He is afraid that if he does care he will be hurt by being snatched away from those he cares for. This attitude may even extend to matters of love, making it difficult for young people today to love deeply.

While California is blessed with an abundance of skilled and well-educated technical people, we are *on the average, and in a classical sense*, poorly educated. Unemployment in southern California is a function, in part, of the lack of education. So is our tendency to think of many issues in simple

terms, to believe that there is a clear-cut correct solution for all problems. People who belong to the Communist Party, on the one hand, or the John Birch Society, on the other hand—to take two organizations at random—are illustrative of this point. An important function of education is to help people be aware of the rules of evidence, to avoid the mistake of starting with a conclusion and working backwards to the facts. A proper education teaches people not to accept something as true simply because it is in print. It induces a healthy skepticism.

Let me turn now, in somewhat greater detail, to a problem I happen to be particularly aware of as a councilman in the city of Pasadena, and let me relate this problem to the characteristics of southern California as a community. The issue might be called the crisis of local finance, by which I mean the extraordinary difficulties currently encountered by school districts and local governments in financing essential public services.

The problem stems in part from the regressive nature of the property tax, the major source of revenue for local jurisdictions. In 1959, those households in southern California whose incomes were \$3,000 a year were paying 6.9 percent of their incomes for property taxes; those with annual incomes of \$10,000 were paying only 3.6 percent; and those with \$17,000 were paying 2.86 percent. In short, the property tax takes a larger fraction of the incomes of low-income families. It is small wonder, therefore, that local bond issues which will be paid off by property taxes are opposed most vehemently in most cities and in most school districts by those whose incomes are low. In the city of Pasadena almost every bond issue is approved 4 or 5 to 1 in the wealthier sections of the city while it barely breaks even in the poorer sections.

The other aspect of this problem is the increase in the financial needs of local jurisdictions relative to the incomes of those who pay property taxes, and this is directly related to the increasing population concentration and declining median age in southern California, as well as to the need for more and better education.

Over 21 percent of the population of southern California is now in our public schools as compared with 15 percent as recently as 1950. Most students stay in school longer than they did 15 years ago. More adult education is being offered. (Nearly 50 percent of the adults in southern California did not have a high school diploma in 1960.)

Put these together, and it is clear that an extraordinary expansion of the public school system has been required at all levels and that per-student

costs have risen substantially. (The cost per student in elementary schools in Los Angeles County in 1963-64 was \$413 a year; in high schools, \$634; in junior colleges, \$735. But the burden was not shared equally. In 1965, for example, Beverly Hills had a tax rate to support schools of only \$2.62. The city of Los Angeles had a rate of \$4.25, and the Little Lake School District had \$7.15.)

City governments are not much better off than school systems. Their expenditures have not risen as rapidly, but the need has risen faster than actual spending. There is an acute need for more policemen and higher police salaries, for more counseling of those who commit crimes, and for more fire protection as we increase the amount of building per square foot of land. Even if we leave out of account the newer kinds of local spending—for urban renewal, for recreation, for health and welfare—the requirements for spending by city governments would be increasing absolutely and, probably, per capita.

This is happening, moreover, at the same time that the land area available to be taxed is decreasing. Taxable land decreases whenever a freeway goes through a city. Pasadena now has two freeways about to go through it, plus an enormous interchange which will take something like a hundred acres of taxable land out of the center of the city. When ordinary streets are widened, land is taken off the tax rolls. Tax-exempt institutions, like senior citizen homes and private welfare agencies, seem to be increasing. Caltech is continually expanding and taking land off the tax rolls of the city of Pasadena, yet Caltech expects the Pasadena fire department to put out fires and the police department to protect its campus.

To some extent, the state government helps local jurisdictions. The one thing the city of Pasadena seems able to do without any great difficulty is to widen its streets. Periodically the city engineer reports that we have enough state-collected gas-tax revenue to finance the widening of another street. But if somebody says, "Let's plant a tree," "Let's build a playground," or "Let's do things for people instead of automobiles," we don't seem to have the money.

Let me mention in passing some possible solutions. It has been suggested that we rearrange the taxing system in California so that the property tax is used exclusively by city governments—school systems being financed by the state sales and income taxes. The general structure of the tax system would then be somewhat less regressive. It would be more consistent with the venerable principle: He who benefits shall pay. Such a proposal came



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close to being introduced in the legislature in 1966 and was discussed by the Reagan administration this year. It clearly merits attention.

Another revenue-sharing proposal very much in the air is that a larger portion of the income tax revenue collected by the federal government should be returned either to states or to cities, with or without strings attached.

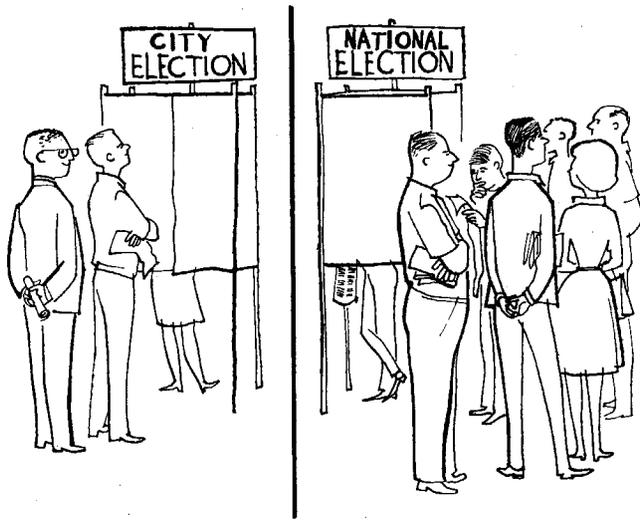
Since 1938, the federal government's share of total spending by all levels of government in the United States has increased slightly, if one includes expenditures for national defense, but its share of spending for strictly civilian purposes had decreased from 36 percent of the total in 1938 to 23 percent in 1964. If peace should break out in the world, the federal government could decrease taxes, hoping that the local and state governments would correspondingly make more use of the income tax, or it could continue to collect income taxes but return a substantial portion to local and/or state governments. This latter proposal, generally known as the Heller Plan because it was originally proposed by the now famous economist who was chairman of President Kennedy's Council of Economic Advisors, has become a part of the platform of the Republican Party. With substantial bipartisan support, it seems likely to be adopted in some form at some time in the foreseeable future.

An important unsettled question is: Should federal funds be provided as unfettered grants or only with strings attached?

Many people in southern California seem to assume that the former is better. Such an attitude is consistent with our predilections of independence.

We believe that the government closest to the taxpayer knows best how the taxpayer's money should be spent.

This is not obviously correct, however. In the city of Pasadena, only 25 percent of the voters turn out to elect city councilmen. This suggests that the



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people are less concerned about what is happening locally than about what is happening nationally. And there is the so-called local "establishment." A prominent citizen once told me that, with one exception, he had personally selected everyone who had been elected to the Pasadena City Council in 20 years. He was probably exaggerating somewhat. In any event he required cooperation. But I think it's fair to say that a small number of people have decided who was to be elected to the Pasadena City Council much of the time.

There is nothing *necessarily* insidious about this. The people who put money into a local political campaign are people who have strong views about local affairs. They are people who devote a good deal of time to their city. They are prominent in local organizations that get things done. In short, they get their candidates elected because they care enough about their city to work for it. There is much to be said, furthermore, for a system whereby people can call their councilman on the telephone and say, "John, don't you think we ought to do it this way?" It is easier than calling Washington; it is a great deal easier than trying to argue about your income tax with some clerk from the Internal Revenue Service. Still there is a question about the ability of the local councilman to consider the welfare of the entire city as distinct from the welfare of the people who elected him. Local government can be "government by crony."

There is also a question as to whether local funds will be used for imaginative programs. In Pasadena, the special teaching help for children whose educational background is deficient is financed mainly by the federal and state governments. Federal grants to increase the open space in cities are available because Congress has decided that the cities have paid too little attention to open space. Federal grants are available to plant trees and grass and to preserve historic buildings, the things of history having been thought to be important by somebody in Washington. It took the forceful encouragement of the federal government to bring about a regional association of governments in southern California, thereby making it necessary for representatives of the cities of southern California to talk about regional problems and to hire a staff to carry out common planning objectives.

In short, many good programs are being carried out at the local level not only because they are being financed, but also because they have been conceived by the federal government. Thus, there is much to be said for a continuing federal-local government partnership.

Regardless of how the crisis of local finance is resolved, however, the more basic problems of a rapidly changing, highly mechanized, increasingly concentrated urban society will remain, and they will not be solved unless we increase somewhat our concern for the public good. The greatest challenges to our collective happiness—ugliness, noise, air pollution, crime, choked freeways, ghettos—require collective responses.

By economic standards, America is the most successful nation in the history of the world, and southern California is an exaggerated, small-scale model of America. The success of America has been due in large measure, moreover, to the hard work, individual initiative, and imagination of its people. Nevertheless, many Americans tend to underestimate the contribution to happiness of things people share, perhaps work together to obtain: such things as music and art, clean air, park land, public buildings, law and order, and educated people. Being quick to attribute the failure of others to an unwillingness to work, they devote too little attention to the ways and means of securing the American dream of equal opportunity for all.

We should remind ourselves periodically that Americans are wealthy not only because they work hard, but also because the land has been good and because we have had good government, good public institutions, and a traditional belief that society's obligation to us is not greater than our obligation to society.