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Folder List

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
64	8	n.d.	Report	Candidate's FACT BOOK prepared by Bob Haldeman by the Republican Research Center. "Law Enforcement" tab. 8 pages.
64	8	n.d.	Report	Candidate's FACT BOOK prepared by Bob Haldeman by the Republican Research Center. "Recreation and Parks" tab. 5 pages.
64	8	n.d.	Report	Candidate's FACT BOOK prepared by Bob Haldeman by the Republican Research Center. "Taxes" tab. 5 pages.
64	8	n.d.	Report	Candidate's FACT BOOK prepared by Bob Haldeman by the Republican Research Center. "Water" and "Welfare" tabs. 6 pages.
64	8	n.d.	Report	Candidate's FACT BOOK prepared by Bob Haldeman by the Republican Research Center. "Nixon" tab. 3 pages.
64	8	n.d.	Report	Candidate's FACT BOOK prepared by Bob Haldeman by the Republican Research Center. "Brown" tab. 16 pages.

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LAW ENFORCEMENT

T H E C R I M I N A L R E C O R D : Lawlessness Skyrockets
Under Brown and Mosk !

Between 1954, the end of Pat Brown's first term as Attorney General, and January 1, 1959, when he became Governor, crime in California shot up by 55 per cent. During the same period the population only went up 18 %. Narcotics offenses shot up astronomically, especially among juveniles, and California became a national leader in the FBI's rankings, not only for the amount of crime, but for the rate (per 100,000 people) major crimes were committed.

With this kind of background, you might conclude that when he became governor Brown might attempt to provide legislative aid for hard-working local law enforcement officers. But, in 1959, his Democrat legislature ran up a perfect score in killing crime-control bills. Of fifteen measures introduced to aid law enforcement, including stronger penalties for dope peddlers, not one passed into law!

Today Brown and Mosk boast of a 1.4 % drop in the crime rate in 1961, but during Brown's term as governor (1959--1961), felony crimes reported have risen 26.7 %, while the population has risen only 11 %. According to Mosk's own figures, adult arrests for major crimes were up 24 %, while juvenile arrests were up 17.8 %.

Today, California's crime rate is the highest of all the states, except for sparsely-populated Nevada. There were about the same number of major crimes committed in California in 1961 as in New York, New Jersey and Pennsylvania combined. And those three states contain better than double our population.

Among states in our population class, California stands first by a very wide margin:

*MAJOR CRIME RATE 1961	
California	1928 per 100,000 population
Illinois	1696 " " " " " "
Michigan	1228 " " " " " "
Texas	1125 " " " " " "
New York	1066 " " " " " "
Ohio	762 " " " " " "
Pennsylvania	654 " " " " " "
NATIONAL AVERAGE	1052 " " " " " "

* FBI categories: murder, rape, robbery, aggravated assault, burglary, grand theft, and auto theft.

According to Mosk, the State Isn't Concerned with Crime!

On October 9, 1961, in a speech in Los Angeles, Mosk blamed the recent rise in unprovoked attacks upon policemen on "the lag of both local and national government in meeting the problems of ever-growing urbanization," the breakdown of general moral and family standards, minority group integration and assimilation and a general revolt against authority. Note in the direct quote that he apparently considers state government to be blameless! In hitting out at the cause of lack of respect for police authority and the rise in violence, Mosk also failed to mention the dedicated efforts of a legislative leader of his party, John O'Connell (San Francisco), chairman of the Assembly's Criminal Procedures Committee.

On April 4, 1961, this committee considered an O'Connell measure which would have removed restrictions on persons who resist arrest if it is later proved that this arrest was not "lawful", certainly a difficult thing to determine on a street corner. Speaking for the District Attorney's Association against the bill, a deputy district attorney of Alameda County said it was "an invitation to resist arrest--with violence--on the legal nicety of an unlawful arrest."

The committee approved the bill anyway and sent it to the Assembly floor with a "do pass" recommendation. It died nonetheless, but good insight into trends among "far-out" Democrats may be seen in other O'Connell bills which even his own committee refused to approve:

(1) restrict an officer's authority to search a person for concealed weapons! (2) restrict the authority of the officer to make a misdemeanor arrest for an offense not committed in his presence, and (3) require an officer to show a warrant to the arrested person within two hours of the arrest.

Warnings Ignored

In 1959, a Rackets Subcommittee of the Assembly, and the Joint Judiciary Committee on the Administration of Justice, both warned of increasing criminal activity within the state in reports filed with the Legislature. The Joint Committee said "there is every indication that an advance guard of eastern hoodlums and Mafia members--men who know how to organize the narcotics traffic, and bookmaking, prostitution and rackets--is here seeking a foothold."

Brown labeled the rackets report "irresponsible" and a "waste of the taxpayers' money." How "irresponsible" the report was may be judged by the fact that in the interim several of the active gangsters mentioned have been indicted and convicted of crimes ranging from extortion and murder to income tax evasion.

Today under Brown and his legislative followers there is no rackets committee, joint judiciary committee, or state crime commission, all of which were created during Republican administrations.

while the U.S. Commissioner of Narcotics called California laws "the weak link in the chain of all the states", Brown refused the requests of hundreds of civic clubs and law enforcement officials, and his own legislature, to place a penalty bill on the agenda of the 1960 session.

IS THE DIFFERENCE WORTH OVER TWO YEARS OF "Thinking"?

In signing the Regan-Dills Act, Brown said:

"Our splendid legislators have responded magnificently to this call, and as governor I am pleased with the thoughtful product which we bring to life today." (underlining ours)

Now, what we'd like to know is why this bill is so much more "thoughtful" than the 1959 Dills Bill (AB 2727), which Brown opposed and had killed in the administration-dominated Senate Rules Committee that year. Compare the penalty provisions of the present act and the 1959 proposal below.

- . Is the difference worth two years of "thinking"?
- . Is the difference so great that a little work by the Governor's office, especially during his "honeymoon" 1959 session, couldn't have produced an acceptable bill?

MAJOR PROVISIONS OF THE REGAN-DILLS ACT & 1959's AB 2727 COMPARED
(for Narcotics other than Marijuana)

<u>Category</u>	<u>1961 Regan-Dills Act</u>	<u>1959 AB 2727 (Dills)</u>
Possession	2 to 10 years	2 to 10 years
Illegal Sale		
1st Offense	5 years to life	5 to 20 years
2nd Offense	10 years to life	10 to 40 years
Sale to Minor	10 years to life	10 years to life
Probation?	None except first offenders. (none for sellers to minors)	None except first offenders

On a recent TV interview Brown blasted our publicity director for calling him "soft on narcotics". All right, in the light of his signature of the Regan-Dills Act he is no longer soft . . . just slow. And knowing Pat Brown as we do, THIS we can understand!

LEST WE (and others) FORGET! GOP ACTION

Even with all the Governor's high-sounding language and the final concurrence of administration leaders--followers of this legislature will remember an attempt by Brown's leadership--including Jesse Unruh--to send the bill into an unfriendly assembly committee on February 15.

This was only defeated by the solid opposition of 33 assembly Republicans who picked up enough Democrat support to keep the bills in the Public Health Committee. Given the chance, out of the publicity spotlight on the assembly floor, administration leaders would have come up with considerably softer bill. (see Ammo #2)

THE SEQUEL TO " A HEROIN STORY "

A Tough Narcotics Law in Action

In 1960, despite a continuous rise in the narcotics crime rate, despite pleas from law enforcement, civic and church groups, despite deaths in Los Angeles County highschoools, Pat Brown steadfastly refused to make a tough narcotics penalty law a subject for action in the special session of the legislature.

On March 29, 1960, he said:

"We know from long experience that stiffer sentences do not necessarily curb serious crime."

And on April 4, 1960:

"I have had over sixteen years experience in this field as district attorney, attorney general, and now governor. I know that simply enacting further increases in penalties or restrictions would not rid us of this menace."

Of course, no one was saying that stiffer penalties were the sole answer to the problem. Brown's critics were simply pointing to the fact that stiffer penalties had materially reduced the narcotics crime rate in Ohio, Illinois and other states, and California had an addict problem which was rapidly assuming menacing proportions. But Brown remained unconvinced, as he had in 1959, and for eight years as Attorney General.

He did, however, to no one's surprise, appoint a commission to study the problem. And when, again to no one's surprise, except possibly his own, the commission recommended stronger penalties, Pat Brown finally decided to move. Cynics say that the defeat of at least one state senator on this issue and heavy election pressure in the 1960 campaign may also have had something to do with his decision.

In any event, on January 31, 1961, he stated:

"We propose harsher penalties for narcotics offenders--so that for the peddler, the profit will not be worth the risk."

And in 1961, we finally got the Regan-Dills Act. The results:

In 1961, Attorney General Mosk's figures show an EIGHTEEN PER CENT DROP in the rate of adult felony narcotics arrests. While narcotics offenses were the category of crime with the largest increase in the period from 1959 to 1960, they were the category with the largest decrease in 1960 to 1961.

Gain in Fight for Tougher Dope Laws

By SYDNEY KOSSEN

Examiner Capitol Bureau

SACRAMENTO, Feb. 15.—Advocates of tougher California narcotics laws won their first floor battle in the State Assembly today.

Some viewed it as a defeat for the Brown administration.

It started on an innocent-sounding note. Assemblyman Bert DeLotto, Democrat of

Fresno, made a motion to withdraw two bills from the Public Health Committee and refer them for hearing, instead, to the Criminal Procedures Committee.

DeLotto lost. A few hours later the Public Health Committee approved the bills and sent them back to the House for final debate at a later date.

The bills were introduced

by Assemblyman Clayton Dills, Democrat of Gardena, with strong backing by the Los Angeles County Board of Supervisors.

MORE STRINGENT

DeLotto noted that a number of other narcotics measures were scheduled for hearing next month in the Criminal Procedures Committee, which is headed by San Francisco Democrat John A. O'Connell.

DeLotto said Assembly speaker Ralph Brown had, therefore, mistakenly sent the Dills bills—which are more stringent than the others—to the Public Health Committee.

Assemblyman Bruce F. Allen, Republican of San Jose, who is a co-author of the Dills bills, argued:

"The real purpose of the motion and the effect of it would be to defeat the narcotics bills by bottling them up in an unfriendly committee.

"The issue is whether you want any bill at all or whether you want them killed in committee."

Assemblyman Jack Beaver, Republican of Redlands, said he saw Democratic Governor Brown's influence in the strategy.

"The Governor is looking for an opportunity to get some ideas how to meet the narcotics problem and that's one reason this is being done here today," said Beaver.

UP TO THE WIRE

"He certainly has had plenty of opportunity to meet with a lot of people on the problem. Now we are up to the wire."

"The real issue," declared Los Angeles Democrat Jesse Unruh, often an administration spokesman, "is not to kill the bills but to put them in a committee made up of fair minded persons just like the rest of us on this floor."

DeLotto, seeing the tide running against him, requested permission to withdraw his motion but was turned down 32-44.

Then recognizing imminent defeat, Unruh signalled his Democratic colleagues for a strategic withdrawal and on the final vote the bills stayed in the Public Health Committee by a tally of 73 to 3.

The "no" votes were cast by Democrats Phillip Burton, San Francisco; Ronald Brooks Cameron, Los Angeles County, and James R. Mills, San Diego.

In the committee hearing, an amendment was added calling for even stiffer sentence for narcotics offenders than Dills had contemplated.

They Gotta Go... So State Budget Waits

SACRAMENTO, Feb. 15—(UPI)—"Coffee breaks are costing California about \$75,000,000 a year," Senator Randolph Collier, Democrat of Yreka, commented today in a committee hearing on the State budget.

"I also understand that male office employes go to the bathroom at least six times a day, on the average," he added.

"We've made some preliminary studies which indicate a direct correlation between the two kinds of time-off," said Legislative Analyst A. Alan Post, an efficiency expert.

At this point in the hearing, Senator Richard Richards, Democrat of Los Angeles, suggested, "It's time for a break."

The lawmakers and audience, mostly State employes, headed in two directions—for the coffee shop and the men's room.

The Day in Sacramento

The Associated Press

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candidate files a

Demos Are KO'd In Floor Fight

By JACK S. McDOWELL
News-Call Bulletin Political Editor

SACRAMENTO, Feb. 16—Certainly the most spectacular—and possibly the most important—action of the 1961 Legislature occurred in the Assembly yesterday.

The varsity team of the administration Democrats threw all the muscle they had into a floor fight—and were kayoed.

Assemblyman Jesse Unruh, big daddy of the Democratic warriors, led the charge personally and probably wishes he had stood in bed.

The defeat was bad enough in view of the Democratic majority in the Assembly.

The whole thing began over a couple of bills to put tougher penalties on the books for narcotics violators. A number of Democrats who favor stiffer dope laws complain that these measures—by Assemblyman Clayton Dills (D-Gardena)—are too severe to be workable.

THE BILLS have the zealous backing of some important civic groups and received a "do pass" from the Assembly public health committee yesterday afternoon. Unruh knew they'd come sailing out of there—and they did. Unanimously.

To avoid having many Democratic troops on record as voting against tough dope laws, Unruh led an attempt to take the bills away from the public health committee, headed by Assemblyman Byron Rumford (D-Berkeley) and reassign them to the criminal procedures committee of Assemblyman John O'Connell (D-SF). Their death would be certain there.

But things went real wrong. The normally-effi-

cient administration team didn't have all the players coached. And the leaders misjudged the touchiness of the dope-peddling issue.

THE REPUBLICANS moved in for the kill—with all of their own members and 10 Democrats. They beat the Democratic leaders at every turn—and wouldn't even let them give up without the agony of a recorded rollcall. Now they face a recorded vote on the bills themselves.

GOP morale zoomed and Gov. Brown's legislative backfield huddled in gloom. But realistic Republicans weren't dancing in the street.

They know Unruh is a tough, crafty warrior. They expect he'll try to offset yesterday's damage—in spades. They know the Assembly still has a Democratic majority.

But the Republicans also know that they have some rollcall records that can be used against the Democrats in the next elections.

Views on The News

By DAN KIDNEY

President Kennedy's time press conference develop a new type of reporting. The reporter gets his news on TV.

Astronomer says the sun looks like a red hot ball of gas. He is fooled by

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RECREATION & PARKS

AMMUNITION!

1. BROWN VETOES STATE PARK
CONCESSIONAIRE CONTROL BILL
2. A REALLY "BURNING" ISSUE

from

The Research Center,
REPUBLICAN STATE CENTRAL COMMITTEE

August 31, 1961

Governor's "Indian Sign" Blazes Trail To More "Squaw Valley Massacres" Of Taxpayers!

Buried among the many bills vetoed by Governor Brown after the close of the legislative session was SB 268 (J. Howard Williams, R-Porterville), which was designed to close a glaring loophole in the arrangements by which the State Department of Natural Resources lets contracts to concessionaires in state parks. The law was proposed because of a "series of somewhat questionable and unorthodox procedures"* followed by the department in letting a contract for the operation of Squaw Valley State Park.

"Questionable and unorthodox" puts it very tactfully indeed. The department apparently let the contract for an area in which the state had invested over twelve million dollars with no more concern than you might in reaching an agreement for operating a hot dog stand at Dockweiler Beach.

SB 268 stipulated that competitive bidding be required on all concessionaire agreements lasting for more than five years. The measure passed both the Assembly and the Senate unanimously, and if ever a law was needed it was this one . . . the record of bureaucratic bungling and worse in negotiating the Squaw Valley State Park contract--as revealed in the official report of the Senate Fact Finding Committee on Natural Resources--is well nigh unbelievable.

Background on Squaw Valley: As you may recall, Squaw Valley was the site of the 1960 Winter Olympic Games. In bringing the games to California, the state invested a total of \$12,250,000 . . . certainly a sizeable chunk of the taxpayers money . . . in development and promotion, under an arrangement which turned over all assets to the state for a park at the close of the Olympics.

"An athletic but not a financial success."

The games were an athletic but not a financial success. At their close the state received assets valued at \$6,997,000--a net loss of "only" \$5,253,000. This is not bad as such things go. Olympics aren't supposed to make money, and the Italian government reputedly dropped some \$14 million in staging the previous winter games at Cortina in 1956.

* quote from the report of the Senate Fact Finding Committee on Natural Resources

315 West 9th Street, L. A. 15
Madison 8-5291

Don C. Frey
Research Director

With the close of the games, control of the Squaw Valley State Park area passed into the hands of the Department of Natural Resources, and specifically into the purview of the Division of Beaches and Parks headed by Charles A. DeTurk. Against the wishes of the legislature, as stated in the senate report, DeTurk and his department entered into a contract which, among other things:

- bound the state for 27 years, but allowed the concessionaires to get out whenever they liked.
- committed the state to expenditures of some \$300,000 a year in the area for an undetermined number of years.

Even more incredible, as reported by the senate committee, there were at least five responsible prospective concessionaires offering BETTER TERMS to the state than those who were awarded the contract.

Now just how do you get a contract when others are offering better terms? We don't know, but one reason may be that one of the recipients*, William A. Newsom, was in the employ of the state at the time in a \$17,000-a-year job; and, according to Capitol News Service 2/24/61, is "a friend and former appointee of Governor Edmund G. Brown!"

Senators Join in Blunt BIPARTISAN Criticism

At committee hearings on Williams' bill to require open competitive bidding on contracts of this type in the future, there was blunt bi-partisan criticism of the Squaw Valley affair. Republican Williams, as chairman of the fact finding committee, was scathing enough:

"It is my personal opinion that they seemed to have one man in mind that they wanted the contract to go to and they by-passed everyone else . . . it looks kind of fishy to me."

But it took a Democrat, in this case Sam Geddes (Napa), to say what everyone was thinking:

"We don't need people in state employ that write contracts like that, giving away all the rights of the people. This was really a fast shuffle job -- done under the table."

BROWN COVERS UP FOR HIS BUNGLING BUREAUCRATS

The heat was on, unquestionably, but Governor Brown seems to have a positive genius for discovering outside "experts" to whitewash crises of this type. Within two weeks of the submission of the Senate Report, Sterling Cramer, a Democrat and controller of the Yosemite Park Company, reported to the Governor that the agreement was "as good a contract as the state could have obtained." It may be coincidental, but nine days following the submission of his statement, Cramer was appointed to the State Park Commission.

- * The successful bidders had no previous experience in the operation of a winter sports area. In fact, just how well they grasped what they are doing may be revealed by a comment from Newsom that as late as May, 1961, he still didn't know the boundaries of his concession. For that matter, Charles DeTurk admitted at the same time that he didn't know either.

(source--San Francisco Chronicle 5/2/61)

"An Administration Whitewash of a Badly-Handled Situation"

The facts we have outlined certainly show that this was an administration white-wash of a badly-handled situation. Following Cramer's remarks, Senate Republican Leader Jack McCarthy (Marin), commenting on the statement that this was a "good" contract, said in an interview:

"As outlined in our report (McCarthy was also a committee member), there were at least five responsible concessionaires offering terms which were more favorable to the state and to the taxpayers' investment . . . one had offered terms which promised the state immediate and continuing income. The present agreement which was signed precipitously binds the state to expenditures of \$300,000 a year for many years to come.

"At the same time that the Division of Beaches and Parks was speedily consummating the agreement with the present operators . . . it was writing letters to other possible concessionaires stating that the Division was in no hurry to enter into a long-term binding contract.

"Further, the department, while admitting that it had no previous experience of its own with winter sports concessions, apparently made no attempt to investigate the type of arrangements in force in similar situations elsewhere, such as those operated by the National Park Service."

SQUAW OR "SQUAWK" VALLEY . . . and a Question for Brown

The Senate report is some forty pages long. It even touches Attorney General Mosk in accusing him of misleading or discouraging prospective contractors. The charges and countercharges were so vehement in fact that one newspaper writer suggested that the area be renamed "Squawk" Valley.

However, one thing is clear: SB 268 was written to keep future dealings open and aboveboard and prevent repetition! One of the advantages of the pocket veto after adjournment is that there is no necessity for explaining "why" in a veto message. We think the people and the legislature are entitled to an answer.

"NEVER LET YOUR LEFT HAND KNOW . . ."

Another veto mix-up indicated that whatever efforts the image-makers have made, we still have the same old quivering mass of indecisiveness in the corner office at the State Capitol. As the clipping on the reverse side shows, Brown--after having his picture taken ostensibly signing a bill granting "service connected" benefits to policemen and firemen with more than ten years service who suffer heart attacks--suffered a "change of heart" of his own and vetoed the bill.

We wonder if any officer of the police or firemen's associations suffered a heart attack as a result of Brown's quick change could claim it was service connected?

Long Time Alliance Smoulders

Firemen Burn Over Brown Photo Signing Dead Bill



PHOTO THAT SET OFF POLITICAL FIREWORKS

Gov. Brown's long friendship with San Francisco police and firemen was in trouble today—all because of a photograph of Brown signing a bill which he actually didn't sign.

Bob Callahan, secretary of Fire Fighters Local 798 and Brown's buddy for 20 years, notified him in writing that they have "come to the parting of the ways."

Daniel Driscoll, the fire-fighters' president, said the whole thing amounted to "a slap in the face to all of us," which "might cost Pat up to 100,000 votes."

THE BILL, SB 7045, was introduced by San Francisco Sen. J. Eugene McAteer, at the request of the police and fire organizations.

It provided that should heart trouble strike a policeman or fireman after 10 years of service, this would automatically be considered service-connected, thus simplifying pension procedures.

"It went through both houses without opposition," Driscoll said. "Then we all went up there the last day

of the session, June 15, to have our picture taken with Pat signing it."

"We all" included Driscoll, Callahan, McAteer, Sgt. Ted Dolan, police representative at Sacramento, and Asst. Police Chief Alfred Arnaud, the department's legal officer.

THIS IS the time-honored political gambit whereby a governor's picture thereafter is proudly displayed in the offices of the organization involved. Those photographed with the governor usually take a bit of pride in it.

Those pictured with Brown were told they could order prints for themselves—and did. A personally autographed one went from Brown to Callahan.

Then—without any notice, Driscoll said—Brown allowed the bill to die via the pocket veto procedure.

"He never had the decency to explain why he let it die," Driscoll declared.

"It was a real blow, a slap in the face; it hurt our pride."

CALLAHAN sent his

autographed picture right back to Brown with a letter which Driscoll said, informed the governor that "evidently the rumors are true, and Brown doesn't know what he's doing, and that his staff is running the organization."

Callahan notified Brown

he was returning the photo because "I have no place to put it."

There was no immediate explanation from Brown's office. When the bill in question, plus a number of others, were allowed to die, it was said to be because they did not have "adequate justification."

TAXES

B R O W N ' S T A X T R O U B L E S

The 1959 Tax Program

In 1959 the Brown Administration proposed a tax program designed to raise enough money to meet their proposed deficit of over \$200 million. The proposed annual revenue to be raised was estimated at:

Beer tax	\$ 4,000,000
Cigarette tax	61,750,000
Horseracing tax	10,425,000
Bank and Corporation tax . .	60,600,000
Inheritance tax	5,000,000
Personal Income tax	<u>73,900,000</u>
	\$ 218,700,000

(actual revenues were about \$250 million annually)

This was the largest single general tax increase ever passed into law in any state. While Knight had attempted tax increases and failed in 1957, Republicans in the Legislature protested strongly that this new tax program was unduly high. These predictions were increasingly confirmed throughout the 1959-60 fiscal year. Finally, on July 15, 1960, the State Controller admitted in his Annual Report that the 1959-60 budget surplus amounted to a whopping \$131.3 million.

Republicans in the Legislature pressed for a number of tax cut bills in the 1960 Special Session. Tax cut bills endorsed by the Republican caucus included:

1. Across the board 10% personal income tax deduction, saving taxpayers an estimated \$26,150,000 annually. (AB 4, Busterud)
2. Sales tax exemption for prescription drugs and certain doctor-prescribed medical appliances, such as eyeglasses and artificial limbs, to save taxpayers an estimated \$8,500,000 annually. (AB 6, Busterud)
3. Reduction of the minimum corporation tax from \$100 to \$50 (Brown penalized small business by quadrupling this tax in 1959), saving small businesses an estimated \$1,870,000 annually. (AB 7, Busterud)
4. Designation of cigarette taxes as consumer taxes and thereby deductible. (AB 9, Marks)
5. Various tax deductions for working mothers, surviving spouses, the aged, ill and afflicted, and those of limited income by bringing California laws into closer conformity with federal laws...benefitting these groups by an estimated \$4,000,000 annually. (SB 2, MacBride)

6. Sales tax exemption for prescription drugs, etc. (Senate version of AB 6) (SB 4, McCarthy)

Governor Brown stated that even if a tax cut bill were to pass the Legislature, he would veto it. With this pressure from the Governor's office, all tax cut bills were defeated on party line votes in committees and on the floor of the Legislature. None reached the Governor's desk.

The 1961 Tax Reductions

These facts were used heavily by Republican candidates in the 1960 elections, and in January, 1961, several of them appeared as part of Brown's legislative program. These included:

sales tax exemption for prescription drugs, but without the inclusion of doctor prescribed prosthetic appliances or eyeglasses. GOP attempts to amend these provisions failed, but the bill passed and was signed by the Governor....and later lauded in his "report to the people" as Democrat accomplishments.

a cigarette tax reduction bill which allowed state cigarette taxes to be deducted from federal income taxes as consumer taxes but not state income taxes. Saving to taxpayers: \$6,000,000 instead of \$9,000,000.

bringing California laws into conformity or near-conformity with federal provisions, giving working mothers, etc., about \$2.3 million in tax relief.

Conclusions

Considering the current state budget, it is problematical whether or not any candidate can honestly offer tax reduction, other than a possible refinement of some of the programs outlined above. In fact, considering the rising costs of state programs which have already been initiated, it may well be that the 1963 Legislature will have to find additional sources of revenue.



INSIDE POLITICS

by the INQUIRING ELEPHANT

A MONTHLY POLITICAL DIGEST FOR MEMBERS OF REPUBLICAN ASSOCIATES OF LOS ANGELES COUNTY

July 30, 1962

The Background on the June 5th Taxpayer Rebellion

. . . or BREAKING OUT OF BROWN'S BONDS

The "breaking of the bonds" on June 5th proved one thing: that the voters of California have finally realized that when a Governor goes on a fiscal spree, it's the taxpayer who wakes up with the morning-after headache -- one which will "hang over" generations to come.

Let's look for a minute at where the jolly spenders of the Brown Administration have taken us in four years, operating on the idea that "just one more little nip won't hurt us":

California boasts the second highest tax rate per \$100 of personal income of the ten large industrial states . . . this is 8.6% higher than the average of all the states, and 22 percent higher than the average of the industrial states.**

In 1959, Brown and his legislative followers passed the largest single tax increase in the history of any state.

They raised per capita tax COLLECTIONS 23 percent in four years
. . . . PER CAPITA INCOME WENT UP ONLY 9 PERCENT!

In addition, the Democrat "friends of the little man" placed much of the burden on the backs of those who can least afford to pay:

- on the workingman's beverage, beer, the tax went from 2¢ to 4¢ per gallon
- cigarettes were taxed 3¢ a pack
- personal income taxes were increased and personal exemption reduced. Result? 400,000 people, mostly low income families, were forced to pay taxes for the first time.
- the minimum corporation tax went up 300 percent, placing a burden on small business and non-profit incorporated groups
- inheritance and gift taxes were increased

TODAY, TOTAL TAXES (local, state and federal) PAID BY CALIFORNIANS AMOUNT TO ONE-THIRD OF THE STATE'S PERSONAL INCOME.

** source, California State Budget, 1962-63, page A-22

Brown Solves the Surplus Problem by Finding New Ways to Spend Money

In 1960, with an embarrassing \$131.3 million surplus produced by the new taxes on hand, Brown sought new ways to spend money. Ignoring Republican attempts to return some of this to the taxpayers, he spent nearly \$100 million on welfare and building construction in the 1960-61 Budget. The problem with welfare spending is that what may be enough this year is never enough next year because of the increase in case loads. And Brown's welfare increases were pyramided on to what was already one of the most generous welfare programs in the nation.

Brown killed GOP proposals to reduce the surplus by exempting prescription drugs from the sales tax, modify income tax provisions to aid the ill, infirm and working mothers -- preferring to defer these until we got closer to an election year before he saw that they were passed.

By 1961, when the Democrats passed an additional \$70 million welfare package, even the increment from Brown's tax program wasn't enough, and they had to dip into bond authorizations left over from the Knight Administration to balance the budget. Only a year before he had promised to put the state back on a "pay-as-you-go" basis.

Nearly ONE BILLION in New Tax Money Spent . . .

To date the Brown taxes are directly responsible for the collection of \$972 million in state revenues -- of which Brown has spent every penny. In addition he has spent every penny of the substantial revenue increases from the previous tax program accruing from increase in population.

GENERAL FUND TAX RECEIPTS (in millions)

<u>Year</u>	<u>Amount Due to Brown 1959 Taxes</u>	<u>Total General Fund Taxes</u>
1958-59	\$ 55 million	\$ 1,210 million
1959-60	187 "	1,491 "
1960-61	235 "	1,598 "
1961-62	245 "	1,699 "
1962-63	260 " (estimate)	1,869 "

Brown's taxing and spending is an excellent illustration of Parkinson's Law*: "that expenditures rise to meet income." In fact, in Brown's case, expenditure has exceeded income in the last two budgets.

And, caught in the squeeze of his expanded programs -- which become progressively more costly as the years pass -- Brown was forced to "balance" his 1962-63 budget by the use of a "post-dated check" in the form of bond funds not even authorized by the people. The rejection of the bond proposals on June 5th threw his budget out of whack by \$89 million dollars. Now he pins his faith in re-submitting the state construction bonds to the voters in November.

But Our Troubles Have Just Begun . . .

And that ain't all. The eclectic economics of Brown's newspaper-man-turned-Finance-Director, Hal Champion, also "balanced" the budget through projected revenues which were optimistic in the extreme. They based their budget on a 10 percent rise in General Fund Revenue, something no previous administration had done, apparently pinning their faith in Kennedy's promise to "get the country moving."

With every economic indicator suggesting that this was wishful thinking, with strikes in the building trades, and a falling stock market -- all signs point to the fact that personal and corporate income in California will not live up to expectations. Outlook? A budget deficit by the end of the fiscal year, and a king-size fiscal mess for the next Governor!

* Professor C. Northcote Parkinson, Parkinson's Law, and The Law and the Profits, should be required reading for students of bureaucracy and taxation.

WATER

WELFARE

SOCIAL WELFARE IN CALIFORNIA

Californians are becoming more and more concerned about the growing image of California as a "hand-out" state, and rightly so. This year, more than 720,000 persons will receive over \$750 million in welfare services and aid.

Social Welfare Costs--1962-63
(does not include county general relief)

State	\$ 296,638,793
Federal	336,746,780
County	<u>118,500,100</u>
Total	751,885,583

Moreover, this large social welfare bill is but a rung in the ladder of costs; each year the costs climb to a higher rung.

Summary of Aid Costs*
(in millions of dollars)
State, County, and Federal Funds

<u>year</u>	<u>cost</u>	<u>caseload</u>
1949-50	\$ 310.0	365,203
1958-59**	431.5	534,180
1959-60	501.3	543,468
1960-61	542.4	515,262
1961-62 (est.)	633.6	544,780
1962-63 (est.)	751.9	576,500

* Does not include county general relief. Does include state and county administration, child welfare services, licensing adoptions, prevention of blindness, administrative assistance to county welfare departments, community services for older citizens, and the Welfare Study Commission; in other words, all state and federally supported programs for the counties.

** These figures may not be exactly comparable to the others in the chart because they do not specifically include the state and federal expenditures on administration and special services mentioned in the first footnote.

In the first two years of his administration, Brown increased the cost of the social welfare program approximately 20%. His 1962-63 budget reflects a further increase of 39% over 1960.

In other words, in the 1962-63 budget Governor Brown would spend almost 18 cents of every dollar for health and welfare purposes. This compares with 11.7 cents during the last year of the Republican Knight administration.

Much of the cost increase of social welfare has been due to extensive liberalization of the aid programs under Brown, both in 1959 and in 1961.

In 1959 the following increases were legislated:

OAS* basic grants were increased, as were the maximum grants for special needs.

ANB maximum grants were raised.

APSB maximum grants were increased, the income exempted before determination of the grant was raised.

AND average grant limitation was adopted (to replace the maximum grant) at a higher level than previously granted, and recipients were included in the Medical Care program.

It has been estimated that more than one half of the increase between 1960 and 1962 is the direct result of changes in the law made by the 1961 Democrat Legislature as part of Governor Brown's program.

"According to the director of the department, social welfare legislation passed during the 1961 General Session provided more program increases than at any single time since the original enactment of the categorical aid programs in 1937."

-- A. Alan Post, Legislative Analyst

The following is a summary of the liberalizations made in 1961.

OAS maximum grant was again increased, provision was made for adjustment of maximum grants according to a cost of living index, citizenship was repealed as a requirement for aid, and contributions from responsible relatives were essentially ended.

ANB maximum grants were increased with an escalator clause to raise them according to the cost of living index and responsible relatives provisions were entirely repealed.

* Glossary

- OAS - Old Age Security
- ANB - Aid to the Needy Blind
- APSB - Aid to the Partially Supported Blind
- AND - Aid to the Needy Disabled
- ANC - Aid to Needy Children

AND maximum average grants were increased, the definition of disability was liberalized (increasing the caseload) and relatives responsibilities and citizenship requirements were repealed.

ANC recipients in boarding homes and institutions received a grant increase.

A medical assistance program for aged persons not currently receiving OAS was passed to take advantage of federal funds offered through the Kerr-Mills Act.

A new Division of Housing for the Elderly in the Department of Finance was created to stimulate the development of low cost rental units for the elderly; a \$100 million bond issue to provide loans to nonprofit corporations to construct such low cost rental housing was defeated by almost 2 to 1 in the June elections.

State grants to communities (50/50 basis) were authorized for local plans to increase community activities for older citizens.

Administrative assistance to county welfare departments was initiated with state and federal funds in the form of grants for research projects, scholarships, training, and improvement of services.

At the time of enactment the Legislative Analyst estimated that the changes in assistance programs would increase the cost in 1961-62 by \$39 million and in 1962-63 by \$126 million. Of the 1962-63 figure, \$72 million would have to come from state funds. Yet Brown has only written a \$55 million increase into the budget. It will be interesting to see whose estimates will be more accurate. Since the local assistance subventions are "open-end" appropriations, the state will face a sizeable deficit should Mr. Post's predictions come true.

It should be noted here that in addition to these federal/state/county assistance programs, California's counties also provide general home relief for their indigents who do not qualify for any of the other programs. In 1961-62 the estimated cost of this relief (statewide) is \$25,301,800.

Recently controversy has arisen over the "cost of welfare to California taxpayers". The Democrat administration has slyly pointed only to the portion of the total bill which is labeled "state" -- that comes directly from the state's general fund. This is a distortion of the truth, however, for the county funds and the federal grants are supported by taxes as well.

It must be remembered, in addition, that it is the state legislature which sets benefit rates and eligibility rules--thus determining the entire cost. THE FEDERAL AND COUNTY CONTRIBUTIONS ARE DETERMINED BY THESE COSTS.

The county taxpayer is also a state taxpayer - so he is picking up both tabs. Also, inasmuch as Californians pay more taxes to the federal government than are returned in various contributions, the California taxpayer is more than footing the bill for the federal share.

--Jack McDowell, S.F. News-Call Bulletin

Note, then, that increases on a state level by the legislature place a greater burden not only on state finances, but on county, and even federal budgets. County officials are well aware of their "taxation without control" when it comes to determining the assessment rates for the county. In many counties welfare costs constitute more than one half of the annual budget.

State payments for assistance programs are not subject to legislative review with the budget. Once they are written into law their obligation must be met. For this reason California legislators must be conscious of continuing costs when they vote to change welfare laws.

It has been customary for Democrat administrations to increase payments today - with little thought for how these same changes will be financed in future years. Some of the assistance programs are going to expand simply because our population is growing; the state will have to face this natural added expense - but this fact should make responsible citizens even more wary of further increasing the burden by liberalizing the laws.

Californians would do well, then, to concern themselves with the cost of welfare in the state. California ranks first in total assistance payments. California ranks first in the number of Old Age Security (and, for that matter, Aid to Needy Children) recipients. BUT, California ranks 30th in the percentage of her population which is 65 or over.

California, in short, already has the most extensive welfare program in our nation. We are not lagging behind in implementing our humanitarian ideals. But humanitarian citizens should also be concerned about the growth of reliance upon county, state, and federal government to provide for individuals. We are lagging behind in assuming fiscal responsibility.

NOXIN

by RICHARD NIXON

July, 1962

OUR FREE ENTERPRISE SYSTEM

We no longer live in an era where a Vanderbilt could get away with saying, "The public be damned." Neither can our nation afford to allow its government to say, "Business be damned."

The indignant response of the National Administration last April to a steel price rise was the typical reaction of a bully.

Regardless of the merits of the case, government acted in a way that was destined to create a public loss of confidence in private industry and a business loss of confidence in government.

The primary way we make new jobs in our society is still through the expansion of private industry. It is the expectation of private profit-making that determines whether there will be a job gap or a job surplus. When men are eager to expend time, talent and money in the hopes of gain, there will be more jobs available. When men are convinced that such expenditures will result in losses or meager profits, jobs dry up. Man's will to risk by investing and re-investing goes hand-in-hand with the need for labor.

This is why the present anti-business sentiment on the part of our government is so distressing.

The stock market is no longer a rich man's gaming table. There are now more than 15 million American share-owners. Few of these people are "fat-cats" -- many are retired persons, housewives, middle-income families, and blue-collar workers. Many more of us are affected through our deposits and savings and loan associations. And all of us are affected by any canceled business expansion or postponed purchases that result from a government-created loss of confidence in American industry.

Nothing could be more mistaken than government policies that could "kill the goose that lays the golden egg." For it is not government that creates jobs, plows back profits into expansion and research, and generates the wealth that assures the world's highest standard of living. It is private free enterprise.

Today the United States is confronted by a state-controlled economic system that vows to bury us. We are also faced with fierce competition from Western Europe and Japan. This, then, should be a time for our government to encourage industry to greater heights of productivity.

Instead this seems to be a time when some state governments and our national administration are too often influenced by men of little faith in free enterprise. Our elected state and national leaders have a duty to leash these appointees who shoot from the hip. There have been entirely too many government pot-shots at private enterprise lately. No one should condone wrong-doing -- whether in business, labor, or individual action. But when government uses a shot-gun, innocent bystanders are bound to get hit. This is what happened when Washington muzzled the steel industry. And, the shock waves hit the stock market.

OVER

But what is past is prologue, and as we look to the future it is imperative to take remedial steps to strengthen our economic system. I believe these six actions are of crucial importance:

1. We must do a much better job in our schools of teaching the theory and facts of free enterprise.

The shocking results of polls taken in schools across the country reveal that our youngsters have little knowledge of the free enterprise system. Among many misconceptions, there are surprisingly widespread beliefs that profits are somehow evil.

Until we fully understand that American industry carries a large part of our country's greatness on its shoulders, we operate with a debilitating handicap.

2. We must have government dedicated to the primacy of private action.

Government must believe that the right way to get a job done is to first turn to private enterprise; only if the private sector cannot do the job should government step in and do it.

This is how government sets an example for individual initiative.

3. Government must create a climate that is fair to both management and labor.

Government must not use its vast power unfairly to tip the delicate balance in labor-management negotiations.

In this era of tough foreign competition, labor and management leaders must act responsibly to hold costs in check.

4. Government must reduce the burden of taxation on savings and investing in order to provide the necessary incentives for growth.
5. We must have cost-conscious government in order to assure that taxes will not go up.
6. Government and non-government leaders must provide a greater sense of national purpose.

Our nation can win the battle between freedom and slavery. But it is not enough to know the tactics of communism. We must also know our own strength. The United States has grown and prospered under the free enterprise profit system. We must not be defensive or apologetic in speaking up for that system. We need to have an honest pride in our past accomplishments. And we need to want to do still better in the future.

BROWN

LEADERSHIP BY HINDSIGHT

Brown Claims versus The Facts . . .

In coming months, by brochure and billboard, by television and table talk, from platforms and on porches, Brown and his followers will be singing the praises of the present administration. In a sort of "leadership by hindsight", Brown now lays claim to many things as "his" accomplishments when the best of these were either bi-partisan or even Republican programs.

IN EDUCATION . . .

Brown Claim: That the Master Plan for Higher Education, co-ordinating the growth and development of state colleges and universities, is a "Brown" accomplishment, achieved over the objections of GOP obstructionists.

The Truth: The master plan represents decades of bi-partisan work going back to 1899. Principal architects of the legislation were Assemblymen Dorothy Donahoe, a Democrat, now deceased, and Ernest Geddes, a Republican, now retired. They did most of the work during the Knight Administration, and the bill passed both houses in 1959 with nearly unanimous support from both parties.

Brown Claim: The "Democratic Team" has "in this session (1961)" given us "upgrading of teacher credentials to require a college major or minor in the subject they teach; a stronger curriculum and statewide testing to determine the quality of education we are giving. . ."

The Truth: All these things are the recommendations of a blue-ribbon non-partisan Citizens Advisory Commission which was created by unanimous legislative action in the Knight Administration. A fourth recommendation was killed in Senate Committee under Brown's urging; it called for multiple selection of textbooks, giving school districts a choice. The three measures which passed got vigorous bi-partisan support in both houses, despite Brown claims to the contrary today.

IN WATER . . .

Brown Claim: The "Brown" Water Plan (even Life magazine swallowed this fiction) passed the legislature over the objections of Republicans.

The Truth: When he campaigned for it in 1960, it was the "California" water plan and the result of years of work in the Warren and Knight Administrations, all bi-partisan. Further, the plan only arrived on the ballot because nine northern Republican Senators provided the necessary votes.

IN RECREATION . . .

Brown Claim: We're doing big things in beaches and parks. (There's a lot more language, but it boils down to this.)

Fact: There is no state master plan for the development of beaches and parks to keep pace with our growing population, no system of priorities for acquisition and development in logical order. One of the reasons for the defeat of the park bonds on June 5 was the fact that the proposition was a giant pork barrel for spreading money around, without regard for the real areas of need.

PRESCRIPTION SALES & OTHER TAX RELIEF . . .

Brown Claim: Out of our deep concern for the ill, the afflicted, the aged and working mothers, we have given tax relief by exempting prescription drugs from the sales tax, and by bringing state income tax deductibility provisions into line with those of the federal government.

The Truth: In the 1959 and 1960 sessions of the legislature Brown ignored Republican-sponsored bills providing these kinds of tax relief. In fact, in 1960, he threatened to veto any such bill which passed. Only because of voter reaction in the 1960 elections did these things become part of 'his' program in 1961.

WORKER BENEFITS . . .

Brown Claim: We paying higher 'insurance' payments to the unemployed.

The Full Story: Another three years like 1961, even with the higher contributions now required of employers, and there will be nothing left in the unemployment insurance fund. And 1961, according to Brown, was a year of record employment.

TAXES . . .

Brown Claim: The brochure says NO NEW TAXES IN THREE YEARS.

The Story Behind the Statement: Brown's 1959 tax program was the largest single tax increase in the history of any state--about 250 million dollars a year--and every dime of this new money has been used up in subsequent Brown budgets.

Brown Oversight: The fact that much of this 1959 tax increase hit the "little people" he claims to be for . . . beer tax on the workingman's drink . . . 400,000 low income families added to the state's income taxpayers.

LAW ENFORCEMENT . . .

Brown Claim: Toughest and most advanced narcotics laws in State history keep peddlers behind bars but give addicts a chance to rehabilitate.

Fact: Brown fought similar laws in the 1959 and 1960 sessions of the legislature, until overwhelming public pressure forced him to act in 1961. In 1960 placed "testing of the juice of fresh grapes" on the agenda for the special legislative session, but turned down all pleas to do the same with narcotics.

GOVERNMENT EFFICIENCY AND SAVINGS . . .

Brown Claim: First Government Reorganization in 30 years merges State agencies, boards and commissions into efficient master agencies.

Fact: The "master" or "super" agencies have yet to save dollar one of the taxpayer's money. The present budget is 200 million dollars higher than the one during the year the agencies were created. Further, the agency heads have no power to abolish jobs or combine departments, the only way savings would possibly come about. Result: \$25,000 a year jobs for deserving Democrats.

CONSUMER PROTECTION . . .

Brown Claim: Created first Consumer Counsel to protect you from retail frauds.

Brown Oversight: There were already six state departments, agencies and commissions engaged in consumer protection when he created the Consumer Counsel. In some ways, perhaps, the consumer is getting more protection than he can afford.

JOBS . . .

Brown Claim: Policies keep the economy of California booming and employment high.

Fact: Brown policies are driving industries, particularly non-defense industries, out of California. Bay Area lost 8600 jobs in metal trades in recent years. New York has had more than three times as many new industrial plants started in the last year as California. We export less non-defense connected industrial products to other states than we did ten years ago.

AMMUNITION!

The 1961 Legislature:

from

Triumph . . . or Turkey?

The Research Center,

REPUBLICAN STATE CENTRAL COMMITTEE

Ready

Reference

Refutation *

for

Republicans on . . . Brown's "Accomplishments"

On June 19, beginning his so-called "Report to the People" (we think "cover-up" would be a more appropriate word, but every man to his own semantic choices), Governor Brown said:

"We can take pride in one of the most productive, most progressive sessions in the modern history of California."

On the same day, one of the state's great newspapers, the San Francisco Chronicle, said in a stinging editorial:

"We think that the taxpayers of California, who invested \$6.6 million in the 1960-61 Legislature, bought a turkey."

The next day in Los Angeles, Republican legislative leaders Shell and Dolwig, trailing Governor Brown's heavily-financed junket at their own expense, said that the administration's record was:

"Sterile . . . totally devoid of new ideas, with the sole objective being to cover up the past errors of the Brown regime."

GOPinion in a Nutshell . . .

The best SUMMATION of the febrile accomplishment of the 1961 legislature we know is contained in the first news release issued by the GOP team of Shell, Dolwig, Buserud and McCarthy, who pursued Brown in his "migratory misrepresentation" by means of commercial aircraft, automobile, taxi, bus, cable car and even ferry boat. They said:

* Alphabetized by Subject for Your Convenience.

315 West 9th Street, L. A. 15
MADison 8-5291 . . .

Don C. Frey
Research Director

"Most of the progressive measures of which Governor Brown now boasts are a result of his embracing programs which were conceived by Republicans in earlier sessions, and pirated by the Brown press staff this year. Republican programs for the past two years include such items as the prescription drug tax exemptions, state income tax relief for individuals by placing our state program in line with the federal exemption stipulations and the cigarette tax exemption.

"Republicans also have long advocated stronger narcotics laws, the Regan-Dills Act of this year being almost identical in its provisions with Republican-endorsed programs in the 1959 and 1960 sessions of the Legislature.

"The real import of Governor Brown's message in his so-called 'report to the people' is not in what he's saying but in what is left unsaid. Brown makes no mention of shaky state finances or of his failure to implement meaningful legislation in the fields of metropolitan problems, automobile glove compartment narcotics peddlers, highway safety, corporate tax relief for small businesses, and many other areas of need."

THE '61 SESSION POINT-BY-POINT . . .

Listed below under alphabetized subject headings are some of the major errors--both of commission and omission--of the 1961 Session. As stated in the Book of Common Prayer:

"We have done these things which we ought not to have done, and we have left undone those things which we ought to have done."

The 1961-62 BUDGET:

An election year fraud aimed at lulling the people into forgetting the wild spending and taxing of the first two years of the Brown Administration.

It must be remembered that this budget is about 35 per cent higher than the last Republican budget of 1958-59. During the intervening period the state population has gone up only 12 per cent.

In the period per capita income has gone up only 8 per cent, while per capita taxes have gone up over 17 per cent. The average California breadwinner's income has not kept pace with the extravagances of the Democrats, who have added more than 20,000 additional bureaucrats to the state payroll, and may have to introduce new taxes next year to finance the social welfare 'package' passed this year.

ELECTION LAWS:

This will be the year remembered as the time the Democrats began to install eastern big-city machine politics of the Tammany type in California through changes in the election laws.

Removal of the literacy challenge provision from the polling place and placing it in the hands of the volunteer deputy registrar, who has a conflict of interest, all but negates the constitutional provision which requires that California voters be able to read.

Requiring that absentee ballots be returned three days before elections will deprive many voters of fair consideration of all the issues, and will unquestionably disenfranchise some of our men in service in far-flung points on the globe.

An attempt to bring the partisan label into local politics was fortunately defeated, but not before Governor Brown . . . talked on both sides of the question, and apparently had given it his approval in his final switch of position.

Killed by administration forces was a purity of elections bill which would have required more complete reporting of campaign expenditures. This measure was endorsed by the Republican Assembly caucus.

Also killed was a bill by Assemblyman Chet Wolfrum (R-LA), which would have required at least one member from each of the two major parties on every local precinct election board. Currently there are 1090 all-Democratic Boards in Los Angeles County alone.

EDUCATION:

Despite the passage of a new teachers credentials law, many of the recommendations of two years of intensive effort by a blue ribbon citizens committee were either ignored or defeated.

FISCAL AFFAIRS:

Exemptions granted in the areas of prescription drugs, cigarettes and state income tax were all proposals introduced in bills in the 1960 session by Republicans--Senator Jack McCarthy and Assemblyman John Busterud. At that time they were threatened with veto by Governor Brown.

It was only after these issues were taken to the people in the campaign of 1960 that they became part of the Governor's program. His delay has cost the people of this state some \$16,000,000 in tax benefits.

Brown makes much of the fact that he will sign bills "saving" the taxpayers some \$8,000,000. Deducting this from the increase in this budget over last year still leaves more than 100 million dollars more that taxpayers will have to ante up to meet state expenses. This is "saving" only if you look at matters through "Brown tinted" glasses.

HIGHWAY SAFETY:

Despite the obvious need for increased control of speeders, this session did not see passage of an adequate radar law, chemical tests for drunken drivers, or the use of multi-colored patrol cars.

METROPOLITAN PROBLEMS:

Hope for Golden Gate Commission to solve the conflicting problems of the San Francisco Bay Area traffic and transportation situation died in this session, despite Governor Brown's endorsement and Administration control of both houses of the legislature by substantial majorities.

Nothing was done about the increasing smog problem in both Los Angeles and the Bay Area, and the administration took no action toward reaching a solution in controlling automobile exhaust fumes, the single largest contributor to smog formation.

NARCOTICS:

We have not moved against the glove compartment peddler with an adequate automobile narcotics law, despite the fact that this was included in Governor Brown's narcotics message of February 15.

The Regan-Dills Act is no different in its essential provisions than the Dills Bill (AB 2727) of the 1959 session. That measure was opposed by Governor Brown. We could have had the protection of a tougher law for two years if Brown had had sufficient foresight.

Further, we might not have had this law even this year if Republicans had not joined with some Democrats in February to prevent Brown's Assembly floor leaders from sending the 1961 Dills bill to the unfriendly Criminal Procedures Committee, headed by John O'Connell, one of whose major missions in life seems to be killing any bill which would aid law enforcement officials.

REORGANIZATION OF GOVERNMENT:

This much-touted scheme of Brown's promises to provide greater efficiency by adding more highly paid jobs on top of a state bureaucracy already overloaded with Democrat appointees. It makes no provision for compulsory consolidation of agencies or elimination of duplication of services.

AMMUNITION !

from

The Research Center,
REPUBLICAN STATE CENTRAL COMMITTEE

"BROWN'S FISCAL CHIEF IS A CURIOUS CHOICE . . ."

(headline, Los Angeles Times 7/4/61)

Curious indeed. Hale Champion, Brown's Executive Secretary, on July 1 assumed the post of Director of the Department of Finance, often called the "second most important job in state government." The Department is well-nigh all-powerful in its control of state fiscal and business matters.

BRIEF FACTS ON THE DEPARTMENT OF FINANCE

It has sole and complete control over the spending in the whopping \$2.6 BILLION DOLLAR budget passed this year--

The Department has 2000 employees in 12 major divisions which either supervise expenditure of state funds, or provide support services--

It has charge of maintenance of all state owned building (6,599,549 sq.ft.), property acquisitions, communications, and local planning--

It operates the Economic Development Agency, which "promotes and encourages the expansion of markets and development of new business in California"--

It handles central purchasing for the state, everything from scratch pads to bulldozers and police cruisers--

. . . Before becoming Brown's Press and then Executive Secretary, Champion was a reporter on the San Francisco Chronicle, with no experience in economics or finance.

. . . From all we can learn, Champion's only previous executive experience is with the 60 secretaries, clerks and typists in the Governor's office.

. . . We hope that Champion is at least a home owner.

. . . Champion obviously believes in economic development. He moves from a \$19,845 per annum job to one paying \$30,318, second only to the Governor.

. . . We assume that as a reporter Champion bought necessary items in his travels and placed them on his expense account.

(continued)

Los Angeles 315 W. Ninth, L.A. 15
MA 8-5291

Don C. Frey
Research Director

"NOT AS INCREDIBLE AS IT SEEMS"

Strangely enough, from Brown's point of view, this may not be as incredible an appointment as it seems. As the admitted author of the Governor's three budget messages, Champion has managed to mask the largest single tax increase in the history of any state . . . a thirty-five per cent overall three-year rise . . . and the acquisition of some 20,000 additional bureaucrats . . . as "fiscal responsibility."

This is no mean feat. Now with the increment of the quarter-billion dollar annual tax increase passed just two years ago all but used up, and Brown in serious danger of having to ask for new taxes to meet the expenses of the latest "package" delivered by the legislature---it seems to us that what the Governor needs in his chief financial adviser is not a bookkeeper but a propagandist. Champion--one of his own chosen "image builders"--fills this job description amply.

CARR "PROTESTS TOO MUCH"

With the resignation of Champion's predecessor, John E. Carr, many of the wild blue yonder Democrats in the administration and legislature heaved a sigh of relief. The outspoken Carr, a prophet crying in a Democrat financial wilderness, warned of impending fiscal disaster if state spending was not curbed.

On January 31, 1961, he told members of the Governor's Council that California's business operation has "gotten away from us." A favorite Carr expression was, "It might save the taxpayers some money."

Some Carr recommendations and observations:

The state's expenses have increased 1000 per cent in less than 20 years . . . the population has increased only 164 per cent in 30 years, but personnel on the state payroll has increased 522 per cent.

The cost of government was going to have to be reduced . . . It is extremely expensive to borrow money, and California leads all states with a bonded state and local indebtedness of \$1,840,000,000. No other state has more than 1 billion!

"I might suggest that we do not fill some of these civil service jobs when they become vacant, even though they are authorized . . . We should try to level off the civil service force and try farming things out more."

is In the light of Brown's statements on March 28 that the 1962 ballot would carry billions of dollars in proposed bond issues, Carr's observation) that there is a limit to the amount a state can borrow if it expects the capital market to absorb it at reasonable interest rates.*

With this background, Carr's resignation statement of "I don't want this to be interpreted as any break between myself and the Governor" sounds a little like the remark which called forth the Queen's comment in Hamlet: 'The lady doth protest too much, me thinks.'

* Estimates call for 8.33 per cent of the state's expected General Fund Revenues to go for debt servicing by 1972--against present expenditure of 2.68 per cent.

AMMUNITION!

from

The Research Center,

REPUBLICAN STATE CENTRAL COMMITTEE

September 13, 1961

\$5800 A MONTH FOR NOT USING OFFICES!

Bureaucrat Bungle Commits State to \$348,000 Lease

On August 30 in Sacramento at a hearing of the Interim Water Committee, it was disclosed that the Department of Water Resources has signed a five-year lease for two offices in Fresno, despite the fact that action of the Legislature nullified the transfer of employees who were to occupy the offices.

Under questioning by Assemblyman Frank Lanterman (R-La Canada), James Wright, chief deputy director of the department, admitted that the Department had signed the leases committing the state to rentals of \$4,000 a month for one office and \$1800 a month for another (a total of \$348,000) because they had "anticipated" legislative approval of a decentralization plan.

The Legislature, however, after looking at the Water Resources Department proposal to establish regional offices and move employees out of Sacramento, threw up its hands in horror and refused to authorize the move. Legislative Analyst, A. Alan Post, told the Senate Finance Committee on May 31 that the staff report on decentralization was:

"One of the poorest reports and contained the poorest logic of any I have ever seen since I have been in Sacramento . . . It looks like it was built around a set of assumptions. It could certainly stand careful review. It is not what I would call a report equivalent to others customarily made on such matters."

As a result the Department of Water Resources is searching frantically for some other state agency to assume its leases. The department is in the unpleasant position of having signed leases for which the legislature has refused to authorize the money!

The man ultimately responsible for this bureaucratic bungle--aside from Pat Brown who appointed him--is William E. Warne, Director of the Department of Water Resources and newly-appointed head of Brown's super Resources Agency. And with Warne's record (over) this kind of fiasco was only to be expected!

SINCE THE GENERAL CIVILIZATION OF MANKIND I BELIEVE
THERE ARE MORE INSTANCES OF THE ABRIDGEMENT OF THE
FREEDOM OF THE PEOPLE BY GRADUAL AND SILENT ENCROACH-
MENTS OF THOSE IN POWER THAN BY VIOLENT AND SUDDEN
USURPATIONS.

James Madison

Sacramento: Rm. 421, State Capitol
GI 3-6801

Los Angeles: 315 W. Ninth, L.A. 15
MA 8-5291

Don C. Frey,
Research Director

WILLIAM E. WARNE: A Proven Record of "Waste and Lax Administration." *

William E. Warne--newly-appointed head of Brown's super Resources Agency, the top official in the construction of our 1.75 billion dollar state water plan, head man for parks and recreation, fish and game, and other natural riches of California--was appointed by Brown despite a proven record of waste, lax administration and extravagance in government service going back more than twenty years:

- Entering the Federal Department of the Interior as a publicity writer in the '30s, he quickly rose to be Assistant Secretary. At least \$60 million in dams constructed under a "hurry up" policy he installed turned out badly . . . there isn't enough water in the Rio Grande to fill the reservoir for one, and another has water so salty that not one drop was ever put on crop land.

However, it was as head of the International Co-operation Administration's (Point 4) mission to Iran that Warne wrote his real record. In spending some quarter-of-a-BILLION dollars of our money, his activities prompted the 17 Democrats and 13 Republicans of the House Government Operations Committee to unanimously recommend:

"That the Department of State and International Co-operation Administration identify the individuals responsible for the waste and lax administration described in this report and take prompt action to insure that they shall no longer occupy positions of trust and authority in the expenditure of the United States aid funds."*

A few highlights of Warne's record in Iran; as taken from a Readers Digest article of February, 1957:

- "Warne, with the approval of his Washington chiefs, distributed checks directly to Iranian ministers . . . with which they not only met their government payrolls but raised their own salaries.
- "He built a sugar beet factory. It couldn't operate at capacity for two or three years because Iranians had to be taught to grow the necessary beets. Nevertheless, Warne bought machinery for a second refinery--which could only be stored.

"Machinery and other physical assets worth at least 2 million dollars were scattered in such a way that no one has yet been able to discover where they went.
- "In doing such things, Warne built up a staff of more than 400 assistants in ten regional offices. One of these offices "needed" 53 automobiles and 41 chauffeurs for its 55 employees (including clerks and office boys)."

The last is particularly interesting in the light of the fact that, according to Warne himself, the Department of Water Resources has expanded from 500 to 1800 employees during the past five years and will "need" 2700 by 1965. How many of these will be chauffeurs he doesn't say.

* these strong words come from the House Government Operations Committee's report, UNITED STATES AID OPERATIONS IN IRAN, 1957.

A Dam Mess in Iran

We suggest you look up the Readers Digest article in your local library; it's too long for reprinting here. However, in the light of the Oroville dam--an integral part of the California (now Brown!) Water Plan. . . and Warne's earlier dam fiascos, the Karadj Dam mess in Iran should be mentioned.

Withholding \$500,000 in order to Waste \$3,500,000!

With Brazilians it's coffee; with Iranians it's fuel oil--if anything, the countries have too much of each. So the practical Iranians determined to use fuel oil steam power to double the electrical output in Tehran, the capital city. They needed and asked for \$500,000 to buy generators.

Warne, however, refused to advance the half-million. Hydro-power enthusiast that he is, he wanted to build a huge, U.S.-style dam on the Karadj River. Against the advise of his own engineers, Bureau of Reclamation experts, and three leading U.S. consulting firms--all of whom said that steam power could be made available sooner, at smaller cost--Warne went ahead with his program for the Karadj Dam. Incidentally, he had also given the Iranians \$2,246,000 to construct an ultra-modern cotton mill in Tehran--which lacked the power to operate it!

Cost estimates on the structure rose from Warne's original \$17 million (the Bureau of Reclamation in reviewing this promptly upped it to at least \$28 million) to an eventual ninety million dollars. Warne put \$2,500,000 in access roads and a construction camp at the site, complete with swimming pool, and then work was abandoned.

In 1961, the dam is listed as "under construction". In order to save political face, the Iranians can't let go of the thing, despite the fact that the Export-Import Bank, to whom they applied for a loan, advised them to drop it.

In the meantime, as times got better in Iran, the Iranians went ahead and bought generators themselves and are producing fuel oil steam power!

This is one of the key men around Brown, a man whose major responsibilities include the 1.75 billion dollar water plan. How well he (and Brown) have learned from the past may be seen in the fact they they are proceeding with single-stage construction of the Oroville Dam on the Feather River. The consulting experts hired by the state insisted that the whole project cannot be completed for the estimated total--unless the Oroville Dam was built in stages or construction delayed till 1975!

An Answer for William Warne

April 25, 1962

"Why . . . talk of Iran six or eleven years ago and not California?"

William Warne
Director of Water Resources
State of California

Because what happened in Iran six or eleven years ago is very relevant to what is happening in California today!

The same kind of waste, sloppy administration, empire-building and lax accounting on the part of William Warne which was condemned unanimously by 17 Democrats and 13 Republicans of the House Government Operations Committee in 1956 is being carried on today under Warne's direction in the Department of Water Resources of the State of California.

And this highhanded incompetency is not confined to Iran or the Department of Water Resources . . . it also occurred in Brazil, Korea and United States Department of the Interior.

WASTE AND EXTRAVAGANCE

In IRAN -- Warne "lost" some 25 million dollars worth of machinery and other physical assets. No one has ever been able to discover where they went. His successor had to initiate "Operation Search" to find out what was on hand. (U. S. Aid Operations in Iran, report of the House Government Operations Committee, January 28, 1957.)

In CALIFORNIA -- more than \$60,000 in general claims were added to the 1962-63 Budget for expenses incurred when Warne leased buildings in Fresno which were never used. Warne's departmental travel budget, called "excessive" by the Legislative Analyst, has enough in his personal account to finance better than two trips a month to the East Coast. (Analysis of the Budget, 1962-63)

EMPIRE BUILDING

In IRAN -- Warne built up a staff of more than 400 assistants in ten regional offices. One office with 55 employees (including clerks) had fifty-three automobiles and forty-one chauffeurs. (HOW NOT TO HANDLE FOREIGN AID, Readers Digest, February, 1957)

In CALIFORNIA -- it now takes a conference or committee in the Department of Water Resources to decide a matter which previously could be handled by one or two persons. (Analysis of the Budget, 1962-63)

HIGHHANDEDNESS

In BRAZIL -- it took a visit by an investigating team of congressmen to get Warne to show the U. S. Ambassador the facts on the projects our tax dollars were financing. In the words of Congressman George Meader of Michigan: "Here were expenditures of United States tax dollars for the purpose of promoting United States interests in Brazil. And yet the United States Ambassador in Brazil was not consulted." (Congressional Record, March 28, 1957)

In CALIFORNIA -- at interim hearings of the State Legislature, subordinates were sent to testify, despite the fact that there are many top-level staff members in the Department. However, these same top-level staff people have been consistently available to speak before conferences outside the state.

VINDICTIVENESS TOWARD SUBORDINATES

In IRAN --when his mission controller wrote a memorandum to Washington recommending stricter accounting procedures in the spending of funds granted to Iranian government officials (some of whom used the money to raise their own salaries!), Warne fired the man. (Government Operations Committee Report, 1957)

In CALIFORNIA -- when someone "leaked" a departmental memo to the press which directed the public relations staff to mention Governor Brown's name in every press release, two men resigned and another was transferred in the furor which followed. One of the resigning press men said that everyone involved, including secretaries, were dragged into Warne's office and given the "third degree" in the search for the leak.

LAX ACCOUNTING

In IRAN -- of the fiscal years 1952-53, the official report says "whether substantial sums were dissipated through carelessness or dishonesty can never be established" (because of poor bookkeeping and management). Nearly one-third of the total expenditures for fiscal 1953 were charged to "program direction" without any further breakdown.

In CALIFORNIA -- the Legislative Analyst says of Warne's departmental re-organization, "the true costs . . . are almost impossible to identify." There is also an ominous parallel in one of the Analyst's recommendations, to "place language in the Budget Bill which will limit the amount of money which can be spent upon general administration." (underlining ours)

POOR PLANNING

In IRAN -- Warne committed millions of United States dollars toward the construction of a dam with only "oral assurance" from the Iranian government that it would go ahead with the project. Eventually 3½ million in U.S. funds were spent before work was abandoned. At the same time he refused to advance the Iranians, who are all but floating in oil, \$500,000 to buy generators to produce oil-steam power for their capital city. But, he did give the Iranians over \$2 million to construct a cotton mill, although they didn't have the power to operate it! (Government Operations Committee Report)

In CALIFORNIA -- in launching his expensive decentralization plan for his department, again only an oral report was given to the Senate Finance Committee, which was supposed to find the money to pay for the move. Of the staff report on decentralization, A. Alan Post, the legislative analyst, said it was "one of the poorest reports and containing the poorest logic that I have ever seen since I have been in Sacramento."

* * * * *

Brown and Warne . . . Companions in Cloudland!

Warne was probably best summed up by one of his departmental superiors in the Foreign Operations Administration. In a memo on June 29, 1954, this man wrote:

"Embassy USOM (United States Operations Mission) must think we are Fort Knox. Something must be done to get them down out of the clouds."

Nothing ever did, not in Iran or Brazil or Korea (where the foreign aid program built flour mills in a country which neither grows wheat nor eats bread) . . . and certainly not in California, where Warne inhabits Cloudland with Edmund G. Brown.

One by one the men with their feet on the ground have left the Brown Administration -- the Carr's, the Levit's, the Bank's, the McCarthy's. Other men with their feet on the ground, Democrats and Republicans, have sounded their warnings, as did the Democratic leader of the Senate, Hugh Burns, recently on the Fresno leases:

"If I were an executive of a corporation, I wouldn't have such a man working for me."

But this doesn't disturb Pat Brown. He's at home in the capitol clouds: appointing finance directors who have no background in finance to manage California's fiscal affairs . . . nodding his approval when the Director of Beaches and Parks betrays 12 million in tax dollar investment with a botched-up contract in Squaw Valley . . . and keeping William Warne, a federal government cast-off with a twenty-five year record of failure, in charge of the California Water Plan, the biggest project ever attempted by any state.

CALIFORNIA FACTS & FIGURES

ARE WE DOING AS WELL AS WE SHOULD?

PERTINENT STATISTICS ON CALIFORNIA AND OTHER STATES:

HIGHWAY

FATALITIES:

California ranks first in the nation. Over the last 10 years highway fatalities have gone up about 25% compared with a 10% increase for the United States as a whole.

TAXES:

In total tax revenue, California leads the nation with \$2,124,369,000. New York was second with \$1,961,008,000.

In per capita total general revenue of state and local governments, 1960, California ranked fourth in the nation with \$373.67. The U.S. average was \$280.62. Only the sparsely-populated states of Wyoming, Nevada, and Alaska ranked higher.

In per capita state tax collections, 1961, California ranked fifth with \$141.55. U.S. average was \$106.03. Only Hawaii, Washington, Delaware, and Nevada were higher.

EDUCATION:

Even though California had by far the highest enrollment in higher education of any state, she ranked seventh in number of scholarships awarded through institutions, with 12,599. New York was first with 21,381, and Pennsylvania, Illinois, Ohio, Michigan, and Texas also led California in scholarships.

California ranks third to Alaska and Delaware in amount spent per capita by state and local governments on education; pays the highest average salaries (\$7,025) to its instructional staff and classroom teachers except Alaska; leads the nation in total expenditures for public elementary and secondary schools, with \$1,600,000,000 in 1961-62.

Yet, in pupil-teacher ratio in public elementary and secondary schools, 1960, California ranked 44th in the nation with 28.1 against a national average of 25.7; ranked 21st in the nation in percent of population 14 years and older unable to read and write, with 2.2%; and ranked 42nd in the percentage of secondary school classroom teachers with less than standard certificates, fall 1961, with 7.4%. National average was only 4.3%.

In percent of elementary school teachers with less than standard certificates, California ranked 41st with 10.4%, against a national average of 7.4%.

STATEEXPENDITURES:

In per capita general expenditure of state and local governments, California ranks third only to Wyoming and Nevada, with \$390.42, against a national average of \$277.19. New York spent only 353.30, and Pennsylvania spent only \$238.11.

In total general expenditures by state government, California led the nation in 1960, with \$3,050,525,000. New York was second with a budget of about 10% less.

AGRICULTURE:

California leads the nation in irrigated land in farms, 1959, with 7,386,748 acres; leads the nation in total value of farms, with \$18,863,000,000; leads the nation in value of all farm products sold, 1959, with \$2,816,707,000; and ranks first in farm income, 1960, with \$3,186,800,000.

FISHERIES:

California ranks first in value of fish catch, 1960, with \$47,474,000.

VOTING:

In votes cast in the 1960 presidential election as percent of number of persons of voting age, 1960, California ranked only 29th, with 70.6%.

PERSONALINCOME:

In increase in per capita personal income, 1950 to 1960, California's growth rate was 49.0%, ranking it 26th in the nation, and behind New York.

GOVERNMENTEMPLOYMENT:

In 1960, California led the nation in employment by state government, with 136,000. New York had only 121,000.

California ranks fourth nationally in employment of state and local governments per 10,000 population, 1960, with 370.0. Only the sparsely-populated states of Wyoming, Nevada, and Montana had higher rates of employment in proportion to the population.

California leads the nation in payrolls of state and local government, and in total state payroll.

BUSINESS:

California leads the nation in defense expenditures, with \$6,409,000,000 in 1960.

California led the nation in value of construction contracts in 1960 with \$4,947,000,000.

In 1960, California ranked third in the nation in business failures as a percentage of concerns in business. Out of 224,999 business concerns, 2,534 failed for a percentage of 1.13. National average was 0.57%.

DIVORCE
RATE:

In 1959, California had a divorce rate of 3.2 per 1,000 population, against a national average of 2.2.

CRIME:

In 1961, California led the nation in total major crimes with 316,208. New York had only 175,374, for second place.

In rate of criminal offenses per 100,000 population, California was second only to sparsely populated Nevada. California had a crime rate of 1,928.5. By contrast, New York's crime rate was only 1,066.0, and Pennsylvania's was only 654.6.

California leads the nation in prisoners present in federal and state prisons, 1959, with 19,299.

LABOR:

In 1960, California ranked fourth in the nation in number of work stoppages, climbing from 7th place in 1958. In 1960, California had 292 work stoppages involving 104,000 workers, and 855,000 man hours lost.

PUBLIC
WELFARE:

California ranks first in total amount of public assistance, 1960, with \$482,659,000 to New York's second-place \$336,305,000.

California ranks fifth nationally in per capita expenditures by state and local government for public welfare, with \$34.61. National average is \$22.79. Only Louisiana, Oklahoma, Colorado and Washington spend more per capita on public welfare than California.