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INSIGHTS

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"Ideals are like stars: you will not succeed in touching them with your hands, but, like the seafaring man on the desert of waters, you choose them as your guides, and following them, you will reach your destination."
Carl Schurz (anti-slavery leader, civil war hero, political reformer, and U.S. Secretary of Interior)

HIGHWAY ROBBERY– WITH OUR APPROVAL AND AT OUR REQUEST

Throughout September, 1997, a small group of willful men and women will be meeting and conspiring to steal many billions of Americans' hard-earned dollars. And you will be paying big salaries to these people involved in stealing your money!

We refer to the meetings of Congressional and Administration leaders to discuss what the Federal government will pay in coming years for local roads, bridges, tunnels, rapid transit and other "infrastructure" projects–the fattest of all pork–that will enrich local land speculators, developers and public works contractors all over the country.

On September 39, the Internodal Surface Transportation Efficiency Act (ISTEA), which legalized this theft for the past five years, will expire, and a new raid on your pocketbooks will take its place.

If you have forgotten, the original ISTEA cost us a mere $156.1 billion. You may have received campaign literature from Senatorial deficit cutter Phil Gramm of Texas pleading that you contribute to George Bush's presidential campaign because he signed this original ISTEA. Senator Gramm informed us that this $156.1 billion "jump started" the economy. He did not suggest that, if we had not donated that $156.1 billion to the infrastructure boys, we could have done our own jump-starting.

Clinton and Gore want $175 billion for new infrastructure. But Ed Shuster, Chair of the all-powerful House Transportation and Infrastructure Committee, prefers the slightly higher booty of $200 billion.This statesman was reponsible for getting Fed funds to build the notorious Ed Shuster Highway in Pennsylvania, which benefited only one large industrialist, who, coincidentally, contributed generously to Shuster's Congressional campaign.

Clinton's proposal, which was introduced by Pat Moynihan and John Chaffee in the Senate, was warmly defended by Transportation Secretary Rodney Slate. Rodney admitted that there are a few disgruntled dissenters who believe the Feds should turn this entire transportation problem over to the states, noting: "They think the Fed gas tax should be abolished and states should raise their own money." Rodney countered this horrendous idea, stating: "America is part of a global economy. We need to keep the interstate highway system strong so it can continue to provide our businesses with an advantage as they compete across the world."

We find it difficult to understand why our ability to compete in the global market would be damaged if the land speculators and developers, who make billions in unearned windfalls, paid for street construction, rather than taxpayers countrywide

The little people pay twice when payment for infrastructure construction does not come from the increased land values it caused . First, they pay the income or sales tax imposed. Then they pay increased rent for occupying land adjoining the new project.

Some of the larger Federal extravaganzas have been widely publicized. *60 minutes* had a briefing on the seven billion dollar "Big Ditch" tunnel under Boston's Charles river. 85% of the cost will come from the Feds, and the estimated costs and time of completion have doubled. An even larger Federal expenditure and delay in completion looms for the scandal-ridden Los Angeles Metropolitan Authority subway and light transit project.

If we mention California's infrastructure an undue number of times, it is because in the Golden State, an extraordinarily large amount of plunder goes to a comparatively small number of speculators and developers. But the principle is the same throughout the nation. And it applies with double intensity to the construction of the misnamed Federal "interstate" highway system.

This system of highway robbery is quite apparent in Orange County, California, where we now live. This is the very wealthy county which won national attention when it went into bankruptcy, due to inability to raise sufficient funds to pay for public services under our Proposition 13 which severely limits property taxes.

This county has always been dominated by the Irvine Company, the product of a corrupt Mexican land grant. At the close of WWII, it owned close to 100,000 acres, almost one fifth of the entire county. Most of the land was either vacant or used for agriculture. The Irvine Company (then called the Irvine Estate) entered into a contract with the County under which 54,000 acres were designated as being devoted to agricultural uses. Therefore its land was only assessed according to its valuation for "agricultural" purposes, under our Williamson Act, sometimes referred to as the "agricultural preserve" act. The Irvine Company contract qualified vacant land, oil production and refining, and food processing as "agricultural" uses." Other large landowners such as the Mission Viejo and Santa Margarita Ranches had similar contracts.

With such minuscule land taxes, there was no necessity to build on this land since the small homeowners paid practically all of the land taxes.

The only road from Los Angeles County, on the north, through Orange County to San Diego County, on the south, was the winding, narrow, two lane El Camino Real..• • • *Continued on page 2* ☞

☞ Then Federal money, with assistance from sales tax levies, promoted by the Irvine Estate and other big landowners, paid for the Interstate 5 (the Santa Ana Freeway) and the San Diego Freeway (Interstate 405) and subsequently, a host of other connecting roads. Soon, the Orange County land, and in particular, the choice Irvine Company land, was worth billions. Other governmental projects also helped multiply land values.

The Feds also paid for yacht harbors on the Pacific ocean, supposedly to be of assistance in the event of foreign marine invasion. The State of California also helped by deciding just where to place the new University of California campus in Orange County. Governor Pat Brown suggested that the State not only condemn sufficient land on which to build the new University, but that it also condemn lands all around the proposed site to lease out for constuction of reasonably priced housing for students and faculty and accomodate other development that would then ease the burden on the taxpayer . When this unique suggestion was run up the flagpole, nobody of political importance saluted. The Irvine Company preferred a more profitable plan, under which it gave 1,000 acres to the State on which to build the University, in the middle of its holdings (adjoining Interstate 405). The value of surrounding Irvine Company land exploded, and the lucky students and faculty must now pay through the nose for rentals or purchased homes. A similar bonanza enriched the Janss Company when further north, Interstate 5 was built through land adjacent to UCLA. Janss had given the State the land on which to build UCLA, retaining all surrounding land, and making a fortune from the exploding land values.

If we go a little further north on Interstate 5, we come to 240,000 acres owned by the Tejon Ranch, which are split down the middle by this Fed built freeway. The Tejon Ranch is one-half owned by the Chandler family which owns the ever-powerful Los Angeles Times. This being the only practical route from Los Angeles to San Francisco, the Tejon Ranch will soon also be worth many billions.

The Federally-financed Interstate 5 not only runs directly in the path of progress, it makes progress. It goes through the most desolate portion of the United States, except for Death Valley. Prior to expenditures of Federal funds for this stretch of semi-desert wilderness, land went for $350 to $800 an acre near the site of what is now Interstate 5. After the freeway opened, the price of that land went up to $100,000 an acre, and more, depending on the exact location. A number of major land-owning companies, particularly Standard Oil, received large unearned bonuses when Interstate 5 was located near their properties. Also, assisted financially was the Southern Pacific Railroad Company–which announced that it was going to hold 30,000 acres vacant for "future development." In that the Tejon ranch is directly north of the city of Los Angeles, its future development could also be prophesied. Many larger landholders adjoining Interstate 5 also have special "agricultural preserve" status, so there is no impetus for them to promote development until the public is forced to pay gigantic prices for its acreage.

This California legal venality was repeated in slightly different scenarios all over the country. Way back in 1959, when Congress increased the tax on gasoline an extra cent per gallon, a Congressional inquiry was launched by Congress into the high cost of Interstate Highway construction. Congressman Harrison of Virginia charged: "Before the nation gets its superhighways network, Teapot Dome may look like a child's game of marbles." Congressman Bailey of West Virginia asserted: "We have turned the management of this program over to a bunch of state house politicians and fat cat real estate dealers in every state." At that time, it was discovered that highly place personages all over the country, even including the National president of the Carpenter's Union, had somehow ended up in possession of strategically placed land near planned Federal freeways all over the country. But the reform spirit soon died out, and nothing was done.

In David Stockman's, "The Triumph of Politics," he described what happened when he went to then Secretary of Transportation, Drew Lewis, and laid out his plan to scrap the local highway and transit subsidies. Lewis turned white, because "I was proposing to touch off a political fire-storm by disrupting the flow of $14 billion per year of federal gravy to governors, mayors, contractors, and unions. Nevertheless, attacking abuses in programs for the poor required that we cut the pork out of programs for the non-poor, too."

As expected, Stockman was not successful in stripping pork from the non-poor.