PERIODICALS

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What Tax Revolt?

The much-publicized citizens' "tax revolt" of 1978 didn't really happen.

Proposition 13, the property tax relief measure passed by Californians in June 1978, was widely heralded by economists and politicians as the opening shot of a middle-class antigovernment, antitax movement. Indeed, proposals to limit taxes and/or government spending appeared on ballots in 13 states the following November. Yet there were essential differences among them, writes Lucier, an economist at Denison University, who analyzed both the proposals and polls of voter sentiment.

Most voters did want relief from local property taxes but not if that meant significant reduction in government services (e.g., schools and police protection). Fed up with property taxes well above the national average, Californians gave themselves more than a 50 percent break. They realized, however, that the loss of local revenues would be made up by a $5 billion state budget surplus. Citizens in Michigan and Oregon, on the other hand, defeated similar measures, fearing their effect on local services.

Nevada residents (expecting a state budget surplus equal to 17 percent of expenditures) approved a tax-cut plan. But their vote has no immediate consequence; under Nevada's constitution, it will not take effect unless ratified by a second vote in 1980. Residents of only one other state, Idaho, chose to lower property taxes, virtually guaranteeing curtailed government services. (The law they approved, however, conflicts with the state constitution in 35 instances, Lucier says, and may not survive court challenges.) Proposals to slow the *escalation* of

POLITICS & GOVERNMENT

property taxes were approved in Alabama, Massachusetts, and Missouri.

In several states, Lucier says, voters were more interested in controlling the growth of state spending than in rolling back county or city taxes. Constitutional amendments approved in Hawaii, Arizona, Michigan, and Texas tied state spending increases to expansion of the state's economy or personal income.

Lucier's conclusion: Voters *are* concerned about rising state spending and taxes. However, the notion that the public is "pointing a shotgun at government, pulling the trigger, and being unconcerned with the effects on government services" is highly inaccurate.

Easing the Regulatory Burden

"New Approaches to Regulatory Reform —Letting the Market Do the Job" by Timothy B. Clark, in *National Journal* (Aug. 11, 1979), 1730 M St. N.W., Washington, D.C. 20036.

Federal regulators are beginning to heed the demands of businessmen for "more efficiency, less intrusion," writes Clark, a *National Journal* correspondent. Efforts to develop "alternative regulatory schemes" fall into four categories.

The *market approach*, says Clark, depends on "economic incentives." For example, the Environmental Protection Agency (EPA)—whose regulations cost business $15.4 billion in 1978—is experimenting with the "bubble" concept. Announced in January 1979, it encourages factory owners to devise the least expensive way to meet an EPA standard for their plant's total emissions, rather than forcing them to install expensive pollution control devices for each specific pollutant. A variant of the bubble is EPA's "offsets" policy. Under it, new plants can create additional pollution if pollution levels elsewhere in the area are simul-
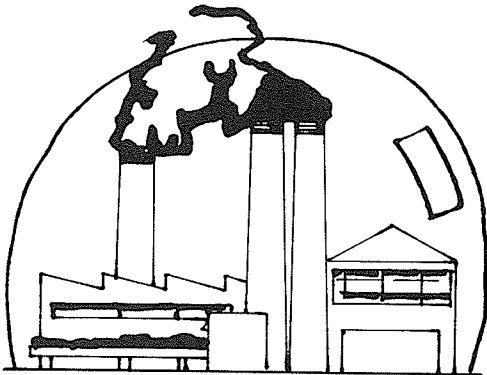
The EPA's "bubble" regulatory approach measures an industrial plant's total pollution emission.