

Press-Herald

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The Silent Taxes

One of the nation's highly respected fiscal experts, Maurice Stans, former director, Bureau of the Budget, has expressed concern over the inroads that inflation, the silent tax, is making on the American economy.

He said that we need look back to the days of 1960 to 1965, when prices rose only 1.4 per cent a year. In 1966 we had a 3 per cent inflation or double the 1960-65 rate, and in 1967 another 3 per cent increase was recorded. "This year a 5 per cent or more increase threatens," he said.

The last session of Congress enacted appropriations from \$7 to \$10 billion above those of the year before, and during the first three-quarters of calendar 1967 actual federal spending ran 13 per cent ahead of 1966.

The concurrence of more balance-of-payments difficulties and accelerating domestic inflation is significant, Mr. Stans stated. It should serve as a pertinent warning to those who manage our fiscal and monetary policies. However long we fail to recognize the dangers of inflation for our own markets, we will very shortly be reminded of its consequences in international relationships.

With this background of large government deficits, a long unfavorable balance-of-payments, new crises in international finances, growing inflation at home, and general uncertainty for business and the domestic economy, it is a good time to prove for a better way of doing things, according to Mr. Stans.

Now is the time to make substantial progress in getting our federal budget in order and to reduce the inflationary pressures during 1968.

No Bureaucrats Needed

One of the rapidly growing opportunities for personal independence is found in the franchise system. Independent merchants establish their own businesses fortified by the reputation merchandising and promotion know-how of the parent organization.

Over 400,000 businessmen now hold franchises accounting for approximately 25 per cent of all retail sales.

Franchise holders have a dual responsibility, first, to the public, which expects and believes that the trademark is an assurance of quality and service, and second, to the franchisor, to deliver a level of quality and service in keeping with the reputation of the trademark.

But, as the old adage says, a chain is just as strong as its weakest link. This is particularly important when one considers the operations of roadside restaurants, motels, automotive dealers, and soft drink distributors. Congress is considering legislation to "protect" the franchise holder against preemption. Legislation is not the solution. In fact, federal intervention in this area could help to destroy the opportunity for ambitious Americans to become their own bosses.

As William S. Pickett, vice-president of American Motors, said, "We are not in the business of terminating franchises. Our business depends upon franchising dealers and having them operate profitably. We want to achieve success for ourselves, for franchise dealers, and for the owners of our products."

Opinions of Others

The ripple effect from the United Auto Workers settlement with Ford Motor Co. will soon cover the nation. UAW demanded and Ford finally agreed to a settlement that is in excess of any normal increase in productivity. . . . Next in line for the ripple effect are those companies not in automobile manufacture, but working in the same geographic areas. To hold their skilled people, they feel constrained to meet the price. . . . Add to this pressure from the top, the pressure from the bottom that will come with the mandatory increase next February in the minimum wage. Somehow, it all sounds inflationary.—Riverton (Wyo.) Ranger.

LOCAL CONTROL NEEDED



Odds and Ends From the Old Year



AFFAIRS OF STATE

Full-Time Legislators Good, Republican Says

Capitol News Service
By HENRY C. MACARTHUR
SACRAMENTO — Assemblyman Robert T. Monagan, R-Tracy, Republican floor leader in the house, believes the passage of Proposition 1-A has improved materially the course of action in the legislative halls.

Proposition 1-A, it will be remembered, was the constitutional amendment, adopted at the general election of 1966, which increased the salaries of legislators to \$16,000 annually, and paved the way for an increasing amount of expense accounts to be paid from the public pocket.

Monagan, in lauding this change in legislative procedure, which took the wraps off the length of time the lawmakers could meet, said:

"In terms of sheer volume, the 1967 legislature has been one of the most outstanding in California history. . . . We held no less than three sessions, a total of 283 calendar days, and we considered 4,162 pieces of legislation."

"This tremendous volume has never ceased to amaze me. It also reinforces my faith in the committee system which has somehow always managed to keep the legislature from sinking into the deluge of complex proposals. . . . Committee study has been improved by the passage of Proposition 1-A, and the constitutional amendment."

News and Opinions On Sacramento Beat

ments which increased the salaries of legislators and diminished their dependence on other sources of income.

"Previously, members of the legislature were often forced to give private business or professional obligations preference over committee meetings, especially during the interim periods when the legislature was not in session."

"In addition to improving the committee work, Proposition 1-A has made it possible for the individual legislator to be more selective

about the bills he throws into the hopper. This is because there is now a regular session every year, instead of every other year, and there is no longer the pressure to introduce a bill without proper consideration in order to avoid a two-year delay."

Monagan's statement is reasonably clear proof that some of the things predicted when Proposition 1-A first was given consideration, are beginning to happen.

First, that the legislature would become a full-time operation, which if 1967 is any criterion, has already happened. Those who said last January that under the new constitutional provisions, the legislators would be in session the following December, were laughed at and this was held virtually impossible. But that fact remains, the legislators were in session during the month of December, and adjourned only three short weeks, for the holidays, before they are scheduled to return for the 1968 session.

ROYCE BRIER

U.S. Should Have Museum For Its Vanishing Trains

Some years ago while driving near Gettysburg the writer saw a little old orange train, the locomotive with an onion stack, on a siding at Fredericksburg, Md. This is the town where Barbara Fritchie was supposed to have defied Stonewall Jackson.

There are a few of these old trains around, mostly on the screen. They are owned or leased by film companies for Westerns, and one appears in the television series "Petticoat Junction."

Unfortunately there is no general museum where these trains, and their fore-runners and successors, can be seen. The very old trains of the 1830s and their clumsy engines survive in only specialized museums. A few private cars, like the old Lucius Beebe, originally built for railroad magnates, also survive.

Young people of today do not know how their parents and grandparents got about the country, and millions have never entered a passenger train, and never will. Yet these trains for four generations up to 1950 played a major role in the

migrations of the American people.

The steam locomotive of course is obsolete in the United States, and the last steam train will be run in Britain next year.

Britain has had three railroad museums, at Swindon, London and York, and now all but the last will be

Opinions on Affairs of the World

closed. Half a million English rail buffs are howling about the shutdown. They buy up the relics when they can, and some have even acquired royal coaches. A good locomotive of around 1880 costs from \$2,000 to \$9,000, but there are no tracks available.

The buffs buy small articles from stripped coaches, but cannot maintain whole coaches unless they are wealthy.

In America far more than half a million who rode them in their youth, bewail the passing of the great trains. These people

SACRAMENTO ROUNDUP

The Year Starts Early For New Administration

Capitol News Service
SACRAMENTO—The new year started very quickly in Sacramento in 1967, with Governor Ronald Reagan being sworn in as the state's 33rd governor at just 10 minutes after midnight.

Later that day, at noon, he made a brief appearance before the legislature. Later in the week, the official inaugural ceremonies were held on the west steps of the capitol and the week was topped off with a gala inaugural ball at the state fairgrounds.

Beginning the roundup on happenings in 1967:

JANUARY: The legislature met with the biggest turnover in membership in years — 22 new senators and 34 new assemblymen. All legislative officers were re-elected and one of the first moves of the State Assembly was to adopt its rules, including one barring the press from their traditional access to members on the floor of the Assembly. Reagan started a controversy that lasted all year by suggesting tuition as a means of helping finance the University of California and the state colleges, as well as providing scholarships and loans. Gordon C. Luce, San Diego savings and loan executive, and Norman B. Livermore Jr., San Rafael lumberman, were appointed administrators of the transportation and resources agencies.

A task force was appointed to study financial implications of the state water project. The State Personnel Board recommended salary increases of 17.5 per cent for state registered nurses. Reagan asked for across-the-board 10 per cent reductions in all department budgets. The hue and cry over tuition began, with volleys from educators and students. After 17 days in office, Reagan had received 19,000 letters. An order was issued freezing all hiring for new state positions, all purchases of new state automobiles and all out-of-state travel by state employees.

The governor presented his crime program to the legislature, calling for more local jurisdiction and crackdowns on pornography. James Halley, San Francisco attorney, was elected chairman of the Republican State Central Committee.

FEBRUARY: In a televised report to the people, Governor Reagan charged the state treasury had been "looted and drained." The governor's budget was presented to the Legislature in a unique form—it showed the budget, then took off 10 per cent in each case, leaving the details up to the departments. Senator George Miller, D-Martinez, chairman of the Senate Finance Committee, charged that "only a dictator would

present a budget with so little detail."

Assemblyman Charles Warren, D-Los Angeles, chairman of the Democratic State Central Committee, announced formation of a "shadow government" to keep an eye on the administration. Reagan admitted the bulk of his property tax relief plans would have to be postponed for a year. Another tempest broke out

A Special Roundup of State News in 1967

over a request of the governor that state employees work on Lincoln's and Washington's birthdays. The appointment of a San Diego school board member to the State Board of Education was withdrawn by Reagan because of opposition.

Democrats in the Legislature pushed through a resolution calling for an independent audit of the state's financial picture. Reagan announced he and his family would move out of the governor's mansion to a rented home and word was reported of a private financial drive to build a new residence.

MARCH: The \$946 million tax increase program of Reagan was unveiled. The State Board of Education reported most large school districts were racially imbalanced. Attorney General Thomas C. Lynch ruled school districts were required to use the controversial history text, "Land of the Free." Reagan announced Walter T. Shannon would be retained as Director of Fish and Game, one of the few men held over from the previous administration. The Legislature was given the modified administration budget, topping the \$5 billion mark.

The governor presented his education program to the lawmakers, accenting requests for softening of compulsory unification laws. A day-long hearing was held on the governor's controversial plan to reduce the employees in the Department of Mental Hygiene by some 3,000. Assemblyman Bill Greene, D-Los Angeles, and Senator Mervyn M. Dymally, D-Los Angeles, were off to Bimini in the Bahamas to offer assistance to ousted Rep. Adam Clayton Powell. The Legislature took a 10-day Easter recess at the end of March.

APRIL: The battle continued over withholding of income tax but Reagan remained adamantly opposed to it. Bills came in by the hundreds as the Legislature reached its April 11 deadline for free introduction of bills. An administration task force reluctantly gave the go-ahead for construction of the \$34 million new state fair. The director and assistant director of the Chile-

California program were fired. Attorney General Lynch reported the sale and production of pornography in California was a \$19 million business.

Assemblyman Charles W. Meyer, D-San Francisco, was accused by a San Francisco grand jury with mishandling of state expense funds but the jury left action up to the Assembly. None was taken. Senator Hugh M. Burns, D-Fresno, took over the main authorship of a bill to repeal the Rumford Housing Act and it passed the Senate. A bill to outlaw capital punishment was killed in the Senate. Robert G. Beverly, Manhattan Beach Republican, was elected to the Assembly to fill a vacancy created by the heart attack death of veteran Assemblyman Charles E. Chapel, R-Palos Verdes Estates.

MAY: Shortly after May Day came the day of panthers and picnics at the Capitol.

A mob of armed Negroes moved into the Capitol, gaining access to the Assembly chamber (They brandished weapons, at least some of which were reported to be loaded.

The invasion of the Black Panthers, of the bay area, was timed with the first hearing on a firearms control bill designated to prohibit carrying loaded guns in public places. But it happened to coincide with a scheduled picnic of Governor Ronald Reagan with a school class on the capitol grounds.

Somehow, there was no friction between the Black Panthers and Governor Reagan's picnic but the picnics with school classes, of which there have been several, since have been held in the governor's office.

The Assembly Rules Committee held extensive post mortem sessions on what should be done about security in the Capitol but the only concrete actions was a change in the rules permitting the capitol police to ride the legislative elevator. A two-house conference committee reached a compromise on how to keep Medi-Cal going through the 1966-67 fiscal year, without pushing the \$44 million in costs off on the counties. Senator Hugh M. Burns, D-Fresno, the state senate, disqualified himself for a vote on a bill under the new conflict of interest law — the only such disqualification which occurred during the session.

The State Assembly voted to end the \$65,000 annual automatic appropriations for district and county fairs. Public utilities were assessed for tax purposes at \$4.3 billion, up \$14 billion. John C. Montgomery, Director of Social Welfare, said 8 per cent of welfare recipients were able to work. Governor Ronald Reagan said red tape and social welfare regulations made it impossible to hire teenagers in the summer and issued a directive to state departments to hire them when possible. The state general fund slipped \$500 million in the red for the first 10 months of the fiscal year. Walter Dunbar was replaced as Director of Correction with Ray H. Procnunier.

Alan Grey Says . . .

The sky was bright and cloudless . . . The weather made for fun . . . But local area residents . . . Still couldn't see the sun . . . This may sound contradictory . . . But really is no joke . . . Since all the sky above us . . . Was one big ball of smoke . . . All the old refineries . . . Would get my vote of thanks . . . If they set limitations . . . On the size of storage tanks.

A Letter . . . To My Son

By Tom Rische
High School Teacher and Youth Worker

Dear Bruce,
Your mother and I agree. Life is definitely more fun with you around. (More hectic, but more fun).
During the 10 years before you made your appearance on the scene, your mother and I did a lot of things we considered exciting:
Staring at Lenin's Tomb in Moscow and Indian burial grounds in Arizona.
Riding the canals of Venice, double-decker buses in London, and chairlifts in Switzerland.
Standing in awe at the changing of the guards by the Tomb of the Unknown Soldier in Washington or before Buckingham Palace in London.
Watching pagan rites in an exotic town called Chichicastenango in Guatemala of magnificent services in the Church of St. John the Divine in New York City.
Getting wet from the spray of Niagara Falls or the surf on the French Riviera.

Zooming to the top of the Empire State Building and the Eiffel Tower.
Spinning on ferris wheels in Lincoln, Neb., and in Tivoli Garden in Denmark.
Marveling at Mayan Ruins and the Statue of Liberty.
Drinking in the sunrise at Monument Valley, Utah, or in the Land of the Midnight Sun in Helsinki.
But, Bruce, I think I got a bigger thrill from watching your expression when watching the Christmas lights than I did from seeing hundreds of lighted Christmas trees in San Francisco. I think your trip to the zoo was more fun than my trip to the Berlin Zoo. I think your delight with seeing Santa Claus was greater than mine at seeing the Mona Lisa.
After all, a man wrapped up in himself is an empty package.
Yours for fuller packages in 1968.
YOUR DAD