

California Commentary

In the Silicon Valley, Political Hypocrisy Is a Way of Life

By Jon Coupal

To many Americans, the word “hypocrisy” is a synonym for politics. Congressman Alan Mollahan is only the latest example. Accusations that he funneled government money to supporters and business partners forced the ranking Democrat on the House Ethics Committee to step down. Will he eventually share a cell with his former colleague, Randy “Duke” Cunningham, a Republican lawmaker and war hero, who recently pled guilty to accepting bribes to influence decisions on defense contracts? Hard to say, but what is most disturbing is that this behavior is perceived to be so common that there has hardly been a murmur of public outrage.

However, not all hypocritical behavior in the political arena is larcenous, at least not in the traditional sense of the word.

In California we have the initiative process, which was intended to make the people the legislature of last resort when lawmakers proved too indolent, incompetent, or corrupt to carry out the most important business of the people. Gather enough signatures and ordinary citizens can put a proposed law on the ballot for the voters to decide.

And most Californians like having the ability to use the initiative. Surveys show that nearly 80 percent support retaining this method of changing the law.

However, despite the many positive attributes of the initiative process, voters must be

alert to its risks. Most know that periodically some narrow special interest will attempt to hijack the process to benefit themselves. Usually these measures are summarily rejected. However, more insidious are the activities of well-healed individuals or small groups that misuse the process so as to enact measures that will implement *their* personal vision of what is best for society, while saddling *taxpayers* with the costs.

Actor/director Rob Reiner has been accused of hypocritically using his position as chairman of the taxpayer supported First Five Commission — where he is supposed to be helping the development of young children — to fund a media campaign in support of his latest tax increase proposal, Proposition 82 on the June ballot.

But as a hypocrite, Reiner comes in a distant second to Reed Hastings and his Silicon Valley colleagues. This group, sheltering under the name “EdVoice” is responsible for the latest threat to taxpayers, the misleadingly named “Classroom Learning and Accountability Act” (“CLAA”) which would circumvent Proposition 13 by imposing a *statewide* property tax over and above any current local taxes.

So why is it hypocritical for Reed Hastings — whose company Netflix rents DVDs over the Internet — and Silicon Valley venture capitalist John Doerr and their allies to back a measure to increase everyone’s property taxes? First is because, if their measure is successful, the tax im-

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posed on their sizable mansions will be the *same* as that imposed on the smallest of homes. And secondly, the backers of this tax increase that will fall disproportionately on others are part of an industry that has striven mightily to *avoid and deflect taxes on itself*.

The current backing of legislation that would exempt Silicon Valley manufacturers' equipment purchases from state sales taxes, while at the *same time* promoting a local sales tax *increase* on the Santa Clara County ballot this June, is only the latest example of duplicity by leaders of the high-tech industry.

Back in 2000, while many Silicon Valley bosses were lining up with Reed Hastings to back Proposition 39 — a measure that made it easier to increase property taxes for school construction — they were, at the *same time*, lobbying strenuously for an extension of the research and development tax *credit*.

Unfortunately, many atop the dot-com industry are under the illusion that there are two sets of rules, one for ordinary taxpayers and one for themselves. If voters are not alert, and the CLAA statewide property tax increase qualifies for the ballot and passes this fall, illusion will become reality.

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