

# We've Heard These Promises Before

Prop. 1A: We've Heard These Promises Before

By Jon Coupal

All right, Sherman, let's set the Wayback Machine for February 16, 2004. Listen, we can hear Governor Arnold Schwarzenegger saying, "By voting yes on Proposition 58, you are basically taking the credit cards, cutting them up and throwing them away so that the politicians over there (at the Capitol), those big spenders will never ever get the state into this kind of trouble again."

While Mr. Peabody's Wayback Machine may be a fantasy recognizable to fans of the Rocky and Bullwinkle show, the words of the governor were actually spoken. Californians listened, approved Proposition 58 and, based on these promises, assumed that the problem was solved.

Now let's return to the present and listen to what Schwarzenegger is saying now that the state ran up a \$50 billion deficit on his watch. "But a 'yes' vote [on Proposition 1A] limits the booms and busts of the past ... A 'yes' vote puts our great state back on the path to prosperity," he told the San Francisco Commonwealth Club.

An old Chinese proverb says, "Fool me once, shame on you. Fool me twice, shame on me." Five years ago, many taxpayers were fooled by the governor's rhetoric about "budget reform" and "blowing up boxes." We bought his argument that Proposition 58 would change the way Sacramento operated. After all, the governor guaranteed that Proposition 58 would set up a solid reserve which would prevent Sacramento politicians from spending more money than they had.

Voters believed him when Schwarzenegger stood shoulder to shoulder with then-Controller Steve Westly and promised bipartisan budget reform. Voters were lured into agreeing to \$15 billion worth of bonds to paper over a then \$20 billion deficit, based on Schwarzenegger's promise that Proposition 58 would keep this from ever happening again.

Five years later, however, California's financial house is even closer to collapse. After addressing a \$42 billion deficit with actual tax increases and mostly phantom cuts in spending, last month, we are already another \$8 billion in the hole, a figure that could easily double in two months.

The governor's solution? Another sales job. Believing voters have a short memory, Schwarzenegger is promoting a new panacea for our budget woes. This time it is Proposition 1A. The Promoter-in-Chief is hawking Proposition 1A as budget reform that will cap spending and set up a rainy day fund for fiscal emergencies – emergencies which seem perpetual in our state.

The first problem is that the spending cap, like the Wayback Machine, is a fantasy. Under Proposition 1A, spending is allowed to increase with revenues, including every tax increase. Secondly, money that should go to the rainy day fund, can be suspended at any time by the governor through executive order. And finally, the only thing that Proposition 1A guarantees is that the record high tax increases just imposed by the governor and the legislature, and that are scheduled to sunset in two years, will be extended for two additional years costing state taxpayers another \$16 billion.

So five years after promoting the illusion of budget reform in return for an actual \$15 billion bond, Schwarzenegger is back, like a bad infomercial, promising phony budget reform in return for \$16 billion in higher taxes. Except he is not mentioning the taxes.

Once again, the burden of sorting out the truth will fall to voters. If we allow ourselves to be fooled again, we'll have no one to blame but ourselves. If Proposition 1A passes, the shame this time will be on all of us.