

California Democrats back austerity ballot measures

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The Democratic Party in California has come out in full support of a package of austerity ballot measures championed by the Republican administration of Governor Arnold Schwarzenegger. Propositions 57 and 58, which will be voted on by Californians on March 2, are designed to place the burden of the state's fiscal crisis squarely on the backs of working people. In supporting these propositions, the Democratic Party has underscored its repudiation of even the most mild reformist policies and its embrace of a policy of brutal attacks on health care, education, housing and other social services.

Proposition 57 (the Economic Recovery Bond Act) authorizes the governor to sell up to \$15 billion in bonds. The money is to be used to repay \$9.2 billion of current state debt, and set aside \$3 billion toward a "rainy-day" reserve fund for the 2004-2005 budget.

Proposition 58 (the California Balanced Budget Act) bars the state government from borrowing in the future to repay debt or meet spending shortfalls. State expenditures must match revenues.

The measure would give the governor the power to declare a "fiscal emergency" in the event of a budget imbalance, under which the legislature would be kept in session until it has enacted spending cuts and/or tax increases sufficient to close the deficit. The proposition also mandates that \$5 billion, or 8 percent of the state's general fund, whichever is higher, be set aside to create a "rainy-day" reserve account.

Propositions 57 and 58 are legally linked, in that both measures must pass for either of them to take effect.

If passed, the effect of the two propositions will be to further mortgage the state treasury, while creating the conditions for the imposition of massive cuts in social services and infrastructure.

On February 19, Senator Dianne Feinstein,

California's senior senator, held a news conference with Schwarzenegger in which she endorsed Propositions 57 and 58. In doing so, she joined the company of other central figures from the Democratic Party, including Senator Barbara Boxer, State Controller Steve Westly and State Senate President Pro Tem John Burton.

The only leading figure within the Democratic Party to come out in opposition to the two propositions is State Treasurer Phil Angelides, who has proposed modest tax increases on the wealthy, along with spending cuts and a \$10 billion bond measure.

The propositions have been attacked by a far-right section of the Republican Party, which is opposed to the \$15 billion bond measure and maintains that the balanced budget act does not go far enough in limiting state spending and borrowing. Led by State Senator Tom McClintock, these layers want to impose even more immediate and far-reaching cuts in social programs.

The Democrats are playing a critical role in Schwarzenegger's election-style campaign to get Propositions 57 and 58 passed. Despite the governor's multimillion-dollar fund-raising efforts and statewide appearances aimed at drumming up support for the measures, a recent poll indicated that only 38 percent of voters support the bond measure and only 51 percent support the balanced budget act. Opposition is higher among registered Democrats.

The Democratic leadership has joined hands with Schwarzenegger in attempting to blackmail working people into voting for the measures. On January 20, the governor warned that without the passage of the propositions, Californians would face "Armageddon cuts" in social spending, whose impact would be akin to the economic crises experienced in recent years in

Argentina and Thailand. Feinstein echoed that message in her recent news conferences with Schwarzenegger.

“These two propositions, taken together, will help California’s economic recovery, keep businesses and jobs from fleeing our state and avoid devastating cuts to public safety, education and other critical programs,” she stated.

What neither Schwarzenegger nor the Democrats will state openly is that they are preparing to implement huge cuts in social programs under the terms of Propositions 57 and 58. The \$15 billion worth of bond money will allow Sacramento to stave off the most devastating social consequences of California’s fiscal crisis until the next budget cycle, and thereby hold down popular opposition in the midst of an election year. The ballot measures, however, will set the stage for the imposition of unprecedented cuts in state spending by simultaneously saddling the treasury with more debt and preventing future borrowing.

The repayment of the \$15 billion bond sale, whose total cost with interest is projected to rise to \$21.5 billion over the course of 14 years, will only exacerbate the pressures on the state treasury and make additional cutbacks necessary. Both political parties are opposed to any significant raising of taxes on the rich or big business in order to address the fiscal crisis.

While Schwarzenegger has been crisscrossing the state, raising, thus far, upwards of \$5.2 million from wealthy donors to support his campaign for the passage of Propositions 57 and 58, working people have already experienced the effects of several billion dollars worth of cuts in state spending implemented this fiscal year. Public universities and community colleges throughout California have raised tuition by 30 percent, increased class sizes, laid off staff, and eliminated outreach programs for underprivileged youth. Fees at state parks and monuments have been raised dramatically. Funding for an array of health care programs, including, most recently, a treatment service for low-income uninsured men with prostate cancer, has been eliminated.

Local governments throughout the state are running millions of dollars worth of deficits, resulting in hiring freezes, layoffs, the closure of libraries and county recreational facilities, and reductions in public safety services. Democratic legislators have just agreed to an additional \$1 billion in reductions.

In backing the ballot measures, the Democrats are

responding, along with the Republicans, to the demands of big business in California. This constitutes an important lesson and a warning of what is to come at the national level. Should the Democratic candidate win in November and replace Bush in the White House, that will not substantially alter the basic thrust of government policy, whether abroad or at home. A Democratic administration in Washington will seek, like the Democratic Party in California, to join with the Republicans in making the working class pay for the crisis of American capitalism.



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