California ballot propositions: Corporate money and the illusion of reform

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On November 2, residents of the US state of California will be presented with a number of ballot initiatives, mostly dominated by corporate money and big business interests. Along with several measures that deal with state park fees and California's redistricting commission, voters will decide on notable propositions concerning the state's budget, corporate taxation, climate change law and drug policy.

Two of the measures on the ballot, Propositions 24 and 25, have been heavily funded and promoted by the California teachers' unions and the Democratic Party. Proposition 24, dubbed the "Tax Fairness Act," would rescind changes made to the state's tax code as part of recent budget deals that are slated to take effect in 2011.

If not undone by Prop 24, the revisions would change rules on tax formulas, credits and accounting, overwhelmingly to the benefit of California's largest corporations. Just one of the three tax code changes, according to a report from the California Budget Project, would result in ninety-five percent of its benefits going to a mere 0.3 percent of the state's corporations. General Electric, Viacom, Time-Warner and other large companies have poured millions into defeating Proposition 24.

Though the proposition has been advertised by the unions and the Democrats as a means of shifting priorities in state spending, the measure's real impact would be limited. Prop 24 would produce $1.3 billion in state revenues in 2012-13, less than seven percent of this year's budget deficit. The measure would do little to alter the long term trend in California tax policy that has shifted an ever-increasing share of the tax burden from big business onto the public.

Corporate profits in California have seen an immense rise over the last thirty years, but the percentage paid in taxes has fallen by nearly half since 1981. Even if Prop 24 succeeds, big business in California will pay a smaller share of its profits in taxes in 2011 than it has in the last forty years.

Proposition 25, also being promoted by the unions and the Democrats, would revise the California constitution to allow budget approval by a simple majority in the state legislature. California is one of only three states that require super-majority approval of state budgets, and one of twelve that requires a super-majority to raise taxes, a threshold that would remain unchanged by the initiative.

As with Prop 24, Proposition 25's changes would not address any of the fundamental problems confronting the population. A majority vote in the state legislature on budget agreements, but not taxes, would ensure that the basic arrangement in state politics remain intact.

In a setup embraced and implemented by the Democratic Party, continuing cuts to government programs, pensions and education will be declared the only response to recurring deficits. Prop 25 may mean that budgets are passed earlier, but the general right-wing consensus that determines their details will remain unchanged. The Democrats and Republicans have collaborated repeatedly in passing budgets that place the burden of the state's fiscal crisis onto the backs of the working class.

Proposition 19, among the most widely covered initiatives, would legalize recreational possession and cultivation of marijuana for Californians over the age of 21. The initiative, funded in large part by Oakland businessman and legalization activist Richard Lee, comes in the wake of two years of record high marijuana-related arrests in California. A recent report from the Drug Policy Alliance notes that California has seen more than 500,000 marijuana-related arrests over the last decade—overwhelmingly young people and disproportionately racial minorities.

Despite substantial public support for legalization, the state and federal political establishment is virtually unanimous in its rejection of Prop 19. Current governor Arnold Schwarzenegger and every major candidate for statewide office have all voiced their opposition to the measure, joined by the state Chamber of Commerce and a lengthy list of police and judicial organizations.

For its part, the Obama administration has said that it “strongly opposes Proposition 19” and would “remain firmly committed to enforcing the Controlled Substances Act in all states” even if the initiative passes November 2.

Proposition 23, which would suspend California’s landmark climate change law, has also drawn national attention. The initiative seeks to nullify the 2006 Global Warming Solutions Act , or AB32. The Act mandates that California reduce statewide emissions to 1990 levels by 2020 through state regulation and other measures.

Bankrolled almost entirely by big oil companies—Texas-based oil corporations Valero and Tesoro have donated more than two-thirds of the supporters’ $10.7 million budget—Prop 23 disingenuously appeals to public concern over high unemployment by mandating the suspension of AB32 until the state unemployment rate falls below 5.5 percent for one year. With California’s jobless rate projected to remain far above that number for years to come, Prop 23 would represent a rollback of environmental legislation that infringes on the profits of the largest corporate polluters.

Proposition 26, financed with millions of dollars in donations from large oil, tobacco and alcohol companies, would prohibit the California legislature and local governments from enacting new fees except by a super-majority vote. A large part of the measure’s intent is to shield big oil, tobacco and other companies from financial liability for the social, environmental and medical damages their operations and products cause.

By establishing high thresholds for the approval of new fees, Prop 26 would mean the practical nullification of *Sinclair Paint Company v. State Board of Equalization*, a 1997 California Supreme Court case. The unanimous *Sinclair* decision granted the state legislature the power to levy, by majority vote, regulatory fees on private companies. If enacted, Prop 26 would redefine a range of those fees—like those imposed on oil companies to pay for oil spills, or on trucking companies to pay for damage to public roads—as taxes, subject to a difficult two-thirds approval.

If California’s 2010 propositions demonstrate anything, it is the extraordinarily overt influence of big business and corporate money in American politics. The tens of millions in corporate funding used in attempts to buy pro-business legislation in the California referendum process is treated as an accepted fact of American democracy.