

California Governor Brown vetoes budget, demanding more cuts

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Late last week, Democratic Party California governor Jerry Brown vetoed a budget passed by the Democratic-controlled legislature, calling the proposal "smoke and mirrors" and "unrealistic."

Brown is insisting on more deep spending cuts, following billions of dollars in cuts to education and health care programs already passed earlier this year. "California is facing a fiscal crisis and very strong medicine must be taken," Brown insisted in a video statement announcing the veto. "For a decade the can has been kicked down the road and debt has piled up," Brown added.

The governor is also seeking some Republican Party support for a series of regressive tax increases, which he wants passed through a referendum vote later this year. He needs the support of at least two Republicans in the state assembly and senate to get the proposal on the ballot.

The veto, Brown added, would "shake up the system in a way that will get a better result, however difficult the next few days may be." California's fiscal year ends on June 30.

Brown's action won the immediate support of Wall Street and the financial elite. Christian Stracke, head of credit research at bond giant PIMCO, praised Brown, saying, "He's decided to take a stand, and to take a stand to continue to try to address the long-term fundamental fiscal problems California faces." The *Wall Street Journal* also supported Brown's veto in an editorial Sunday, calling for an "all cuts budget".

The passage of the budget, which is largely composed of various accounting maneuvers, has a distinct farcical element to it. By passing the measure on June 15, legislators were able to avoid violating a voter-passed law which would have docked their pay. Having ensured their own salaries, the assembled

representatives of big business can resume their task of cutting social programs upon which millions of people depend.

In past years, California budgets required a two-thirds majority vote in the legislature. However, California voters passed Proposition 25 last year, which allows passage by a simple majority for budgets that do not include tax increases. The Democrats' plan rests largely on accounting maneuvers. It also includes billions in delayed payments to education and anticipated revenue from the sale of state buildings.

Whatever the posturing of the Democrats in the legislature, both parties are agreed on the necessity for further massive spending cuts. Brown is working closely with trade unions in the state to create conditions in which billions of dollars in cuts to social programs, combined with regressive taxes targeting working people, will be hailed as a victory.

For their part, Republicans are seeking a hard cap on social spending, the creation of a rainy day fund which will effectively keep spending cuts permanent, the institution of pension reform and billions in tax breaks for the corporations and the wealthy. Brown has also declared his support for pension "reform," that is, cuts in pensions for state workers.

Republican legislators and the corporate-controlled media have recently been touting the recommendations of the Little Hoover Commission as a template for pension reform. The commission's recommendations include a two year increase in the minimum retirement age of state workers, the freezing of pension benefits at current levels and the ending of collective bargaining on state worker pensions.

Moreover, the governor has promised that if he does not get Republican support for the tax increases, he will deliver a budget which includes billions in cuts to K-12

education. Already, the state's public education system has been devastated by billions of dollars in cuts over the past several fiscal years.

The drive to cut social spending comes in the face of reports of increased revenues for the state, including \$408.3 million more for May than anticipated. The increased revenue, which is viewed as something of an inconvenience by the California political establishment, is the result mainly in a surge in income for the wealthiest Californians.

The sums of wealth concentrated in the hands of a handful of Californians dwarfs the entire projected state budget deficit. Tax increases on the wealthy, however, are completely excluded by both big business parties.



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