

The California Budget: Unadulterated washout for working people

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On February 19, the California legislature, after weeks of wrangling, passed a special budget to address the historically high \$42 billion deficit. It represents an unadulterated washout for working people who are attacked on almost every front by the Democratic Party, which controls a broad majority in the legislature.

For example, public education's \$58 billion budget for K-12 (kindergarten through high school) will be slashed by \$8.4 billion, even though California currently allocates less money than almost all other states to education. The state college and university systems will be cut \$163 million and \$115 million respectively, resulting in many faculty and staff layoffs, despite the fact that both systems are currently turning away qualified students, due to lack of funding. Meanwhile, student tuition will be raised.

Regressive taxes will be imposed, meaning that they will represent a heavier burden on working people and the poor than on the rich, including a sales tax increase from 8.5 to 9.5 percent and a vehicle license fee increase.

But while paying more, working people will receive considerably less from the state. Public transportation will be slashed while health and human services will be gouged by a \$1.6 billion cut. And state employees will continue to be forced to take two days off per month, with no pay, of course.

But what went unreported by The New York Times and the San Francisco Chronicle is that those on the other side of the class ledger – the corporations – enjoyed a startlingly different fate. According to the Los Angeles Times, “About \$1 billion in corporate tax breaks – directed mostly at multi-state and multinational companies – is tucked into the proposal.” Not only were corporate taxes not raised, they were actually reduced, thereby contributing to the deficit rather than alleviating it. And this corporate welfare comes on the heels of a steady decline in corporate taxes.

In the 1980's, 9 percent of corporate profits were taxed by the states. In 2001, it dropped to 6 percent, meaning that in that year and every year thereafter, California lost \$1.34 billion in revenue (see The New York Times, July 16, 2003).

Evidently The New York Times and the San Francisco Chronicle viewed the corporate largess concocted by California politicians in this current budget as nothing new and consequently unworthy of reporting.

The moral of this budget is clear. Corporations are well organized and consequently have

successfully pressed for their own narrow interests. Lacking any social conscience, which should surprise no one, they fail to pursue the common good but remain obsessively fixated on ever-greater profits for themselves.

In order to avoid a repeat of this disaster and actually reverse this course of events, working people will need to organize themselves in order collectively to insist that society operate in the interests of the majority. This should begin with a demand that the government tax the rich - who have acquired unprecedented wealth during the past three decades - in order to fund social services.

Taxing the rich and transferring wealth to working and poor people makes both sound moral and economic sense. When inequalities in wealth are allowed to grow unchecked, the moral fabric of society is strained. Members of the same society no longer find themselves sharing common interests or goals, due to their starkly different economic positions. When working and poor people have more money in their pockets, they tend to spend it immediately, thereby stimulating the economy. The rich, with their hundreds of millions if not billions of dollars, have a substantial cushion and hence are not compelled to curtail their consumption when their taxes increase. And many of the rich are the bankers who triggered this economic disaster. They should be required to pay for it.

When working people are united, they have the power to take history into their own hands. After all, there can be no corporate profits, let alone business as usual, if workers collectively refuse to work. Now is the time to organize!

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