



Orange County Taxpayers Association

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Guy with amnesia walks into a bar. He asks the bartender, “Do I come here often?”

Okay, that’s the oldest joke in the world. Let’s update it.

Guy walks into a bar where you’re sitting. Says, “I’m broke, in debt, can’t pay my bills. Gimme all your money.” You say, “But I have only a hundred bucks.” Guy says, “We’re in tough times. Everything’s on the table. Everyone must sacrifice. Tell you what: you keep \$50; give me \$50. That’s fair, isn’t it?” He looks like a President, and his reasoning seems solid, so you say, “Okay, that’s fair. Here’s your \$50.”

Next night, another guy walks into the bar. Says, “I’m broke, in debt, can’t pay my bills. Gimme your money.” You say, “But I only have 50 bucks.” Guy says, “Times are tough. Everything’s on the table. You gotta do your part. You keep \$25; give me \$25. That’s fair, isn’t it?” The guy looks like a Hollywood action hero, and he sounds reasonable. You say, “I guess you’re right. Here’s \$25.”

Next night, a third guy walks in. Says, “I’m broke, in debt, can’t pay my bills. Gimme your money.” “But I only have \$25.” Guy says, “fairness demands that everyone sacrifice. I’ll settle for \$12.50, you keep the rest.” The guy sounds honest and reasonable, and he looks like a Jesuit priest, so you give him \$12.50.

Next night, guy walks in . . .

That’s when we realize that we taxpayers are the ones with amnesia. We can’t remember being stiffed repeatedly by guys who walk into the bar and promise to sober up in exchange for just one more drink or one more tax increase.

What have we won in the past by giving in to such demands? Not lower taxes; New York is the only major state with higher taxes than California. Not a good business environment; a survey of 543 chief executives ranked California the worst state in the Union for business and job growth.

Governor Brown says, “Everything’s on the table. Everyone must give.” Fair enough, but what has state government given up? Not much.

- State government has rolled back 1999’s SB 400 (which created lavish, retroactive pay increases) for future public employees, but has done virtually nothing to reduce benefits for current employees.
- Public employee unions still block almost all privatization of services.
- Ex-legislators get appointments to boards and commissions that are merely well-paid sinecures. They’re the “boxes” that Governor Schwarzenegger once promised to blow up. (Ordinary citizens often volunteer their time to agencies and organizations.)
- Lawyers, milk testers, billboard inspectors, barbering examiners, auditors and many other state workers in non-hazardous jobs enjoy premium retirement benefits similar to those given to police officers and firefighters.
- University professors whine that their \$200,000 per year pensions are too small.
- Unelected agency bureaucrats increasingly burden California’s businesses with high fees and crippling regulation.
- And our structural state deficit, now \$28 billion, continues to grow.

What would the Governor’s proposed tax increases do for us? Very possibly, they’d make the situation worse. Every family will have \$1,500 less to spend on taxable purchases. The business exodus from California probably would increase. In contrast, Presidents Kennedy and Reagan demonstrated that when government reduces taxes, tax receipts often rise because of increased economic activity.

A more serious problem with the Governor’s budget plan: the tax increases will take effect fully and almost immediately. The spending cuts that government promises will be dragged out by union opposition, legal estopment, and special-interest pleading. In all likelihood, most of the concessions will never happen. We’ll be stuck with the tax increases, with few offsetting savings.

Let’s recover from our collective amnesia. Let’s tell the guy in the bar that we won’t even talk about taxes until after we see real and permanent spending reform.



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