

The Sacramento Bee

Opinion

THURSDAY December 19, 2003

Big business bites the state GOP's hand

By Shawn Steel
SPECIAL TO THE BEE

Pity the plight of corporate California. Dismayed at the stranglehold anti-business liberals have on the state government, two leading business organizations – the California Chamber of Commerce and the California Business Roundtable – intend to qualify a ballot initiative to create a nonpartisan runoff election system modeled on the one used by that hotbed of progressivism and good government, Louisiana. They believe this scheme will increase the number of moderate legislators who will be more sympathetic to their concerns.

In the Louisiana model, candidates run in the primary without party affiliation, and the best two in each race oppose each other in the general election.

Normally, my instinct is to support the business community against liberal politicians who poison the economic environment against growth and job creation. But normally, the business community wouldn't pay to elect the liberal politicians who see them as revenue cows to be milked.

After Gray Davis became governor, the corporate community threw its collective spine out the window and poured millions into Democratic campaigns coffers, helping Davis amass the \$70 million war chest that bought him a second term. The protection-money strategy worked – until the energy and budget crises so damaged Davis' re-election prospects that he sold his soul to the left and began signing anti-business legislation as quickly as the liberal-controlled Legislature could put the bills across his desk.

Business leaders shouldn't have been surprised: When the chips are down, Democrats will always favor the interests of unions, trial lawyers and environmentalists over those of business. The shame is the corporate community could have defeated Davis by reclaiming its spine, directing just a portion of the millions in contributions to Bill Simon instead.

I salute Davis for proposing \$10 billion in spending cuts. But let's get real – Senate President Pro Tem John Burton, Assembly Speaker Herb Wesson and Co. are constitutionally incapable of reducing the deficit without raising taxes, and

Given the corporate community's habit of deserting the GOP when the going gets rough, why should Republican legislators defend business?

Davis is too weak to stand in the way. As usual, that leaves the Republicans as the only thing standing between big business and a fat tax hike. Given the corporate community's habit of deserting the GOP when the going gets rough, why should Republican legislators defend business?

Am I suggesting Republican legislators stand by and let the Democrats heap new taxes on California businesses? Absolutely not. Republicans will continue to oppose closing this deficit on the back of taxpayers, and rightly so.

At the same time, corporate California needs to wake up and realize the Democrats are not friends. These corporate geniuses need to detach themselves from the self-defeating "feeding the alligator" theory. Merely feeding the alligator doesn't mean the alligator won't go for your throat. Even the "business Democrats" will

abandon them if it is a choice between the interests of business and the interests of core Democratic constituencies such as labor unions, public employees, environmentalists and trial attorneys. Even now, the Democrats are preparing a ballot initiative to increase taxes.

It is Republicans who have interposed themselves to protect the state's job creators from the Democratic taxers and regulators in Sacramento. For example, for years Democrats have tried to side-step Proposition 13 and impose a split-roll property tax system that would allow increasing taxes on businesses without a vote of the people. It is Republican opposition – not campaign contributions to Democrats – that have stymied those efforts. But why should Republicans bother if the business community continues to self-destructively aid its enemies?

That very thought may cross

the minds of squishier Republican legislators when the Democrats begin whispering sweet nothings in their ears in search of the extra votes necessary to pass a tax hike.

While I would personally lead a recall effort against any Republican who succumbs, much of the blame for sapping the will of such weak sisters would fall on corporate California.

If, God forbid, the Democrats succeed in ramming through a tax increase, I agree with the Howard Jarvis Taxpayers Association that if the business community that would receive tax preferences and subsidies, not free-market based business, is going to support the taxes, let the taxes fall on the big business community. Perhaps then the scales will fall from the eyes of big business, and it will at last commit itself to the long, arduous task of electing legislators who believe in lower taxes and less regulation as the surest path to job creation and economic opportunity, and to defeating Democratic politicians.

□ □ □

Shawn Steel is chairman of the California Republican Party. He can be reached at chairman@cagop.org.