

## California, by Campbell

### Wannabe Governor Tom Campbell Forecasts Fiscal Future During S.B. Speech

By Jerry Roberts

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Republican Tom Campbell slipped into Santa Barbara for a low-key speech to economic conservatives last week, offering some intriguing scenarios on how the state budget crisis may play out.

Campbell — a former Silicon Valley congressman, state finance director, and the only moderate running for governor on the GOP side — is a brainy guy combining a law degree, a PhD in economics, and an under-the-hood understanding of the complexities of public finance. Way too squishy on issues like abortion and gay rights for the social conservative voters who dominate Republican primaries, he enjoys great credibility on fiscal issues among free-market types, like the 75 folks who heard his speech at a seminar sponsored by the libertarian Cato Institute on Wednesday at the DoubleTree.



#### Capitol Letters

“I believe in free markets — except, of course, for tenured professors,” said Campbell, who teaches law at Chapman University in Orange County, drawing a laugh from the Cato crowd. Campbell, who served as Gov. Arnold’s first finance director, back when the state still had money, said in an interview with *The Independent* that he sees three possible political pathways out of California’s current \$25 billion deficit meltdown:

**Federal help:** California’s outsized impact on the national economy will put pressure on President Barack Obama to come to the state’s aid to get through the looming cash crisis. This would most likely take the form of federal loan guarantees, which the state can’t get on its own because of our lowest-in-the-nation credit rating. Despite California’s electoral importance to Obama, however, Campbell believes the resentment of other states to such a move makes it fairly unlikely.

**Political maneuver:** With Schwarzenegger termed out, there’s far less political risk for him in massive budget

cuts than for the 120 legislators, whose constituents will feel the pain up close and personal, regardless of political party. Given this landscape, Campbell thinks the Legislature might pass a phony balanced budget with \$25 billion in “anticipated revenues,” or some such fiscal gimmickry, thereby leaving all the wet work of cutting programs to the governor and his line item veto.

**Gridlock returns:** With advocates for schools, social programs, and transportation turning up the heat on majority Democrats to stave off cuts, a push for fee or even tax increases could throw the budget back into partisan stalemate well past the deadline of July 1, when the fiscal year begins. In that case, Campbell said, California would have to pay bills with IOUs, likely triggering a class action lawsuit by unpaid vendors and leaving adjudication of the mess to a federal judge.

“I think that’s the most likely outcome,” Campbell said. Good times.

**JORDAN IN THE SPOTLIGHT:** Santa Barbara’s hometown dispute over the defeated Tranquillon Ridge offshore drilling project has mushroomed into a statewide political debate, with the governor trying to resurrect it as a way of generating \$1.8 billion in new revenues through oil royalties.

Developments have thrust environmental advocate Susan Jordan, who’s consistently opposed the project, into the political spotlight. Jordan, a Democrat who’s running to succeed husband Pedro Nava in the 35th Assembly District, took a lonely stance against the project in January; most of the Santa Barbara region’s environmental community lined up in favor of giving the PXP oil company a lease to drill in state waters from its existing operation in federal water on Platform Irene. Jordan has argued vociferously for the past year that PXP’s promise to shut down all offshore operations in 14 years is unenforceable.

In recent weeks, she’s been a star witness against Arnold’s plan, first at a State Lands Commission hearing, where she tore the face off of Tom Sheehy, the governor’s man on the commission, and then before the Legislature’s Budget Conference Committee, which is weighing whether to include the project in its solution to the fiscal crisis.

“It’s like putting up a giant ‘for sale’ sign that proclaims ‘drill now, drill here’ on the California coast,” she told the committee.

Most local environmental leaders still favor the project, but line up with Jordan in opposing Schwarzenegger’s effort to end-run its rejection by the Lands Commission last January, fearing it would set a damaging precedent for long-range coastal conservation efforts. The L.A. Times lent its big megaphone to her position in a major editorial on Saturday.

“The problem with these promises is that they were written in the sand at low tide,” the Times said of PXP’s vow to shut down future drilling operations.