

Brown's Turnaround Of California Is A Mirage

Elections: California Gov. Jerry Brown looks to have an insurmountable double-digit lead over his Republican challenger, Neel Kashkari. But that's built on a media-fed myth of a California "turnaround" under the incumbent.

Recent polls taken in the Golden State's gubernatorial race show Brown coasting with an average 19-point advantage over former Bush Treasury official Kashkari.

Kashkari, an engaging and smart son of Indian immigrants, has described himself as a "free-market Republican" and a "libertarian" on social issues, including supporting both abortion rights and same-sex marriage.

But while Kashkari's stances on the issues would seem to fit California's quirky, left-leaning electorate, the 76-year-old Brown is the prohibitive favorite to win a fourth term.

One reason is an incessant media drumbeat of how Brown has turned the state's economy and budget around. Another is a moribund California Republican Party that does little to dispel that notion.

After more than a decade of nonstop fiscal crises, Californians like the idea their state is once again fiscally solid and economically healthy. If only that were true.

Just last week, the Cato Institute's "Fiscal Policy Report Card on America's Governors" gave Gov. Brown an "F", "the worst score of any governor."

The state's renowned Gov. Moonbeam "increased taxes on families and businesses and expanded the government, hampering the Golden State's competitiveness," the report found.

Brown has rammed through several major tax hikes, including one that boosted the top individual tax rate to 13.3%, a \$6 billion increase. He tried — but failed — to boost taxes on cigarettes by \$1 a pack. Worse, he has done nothing to reform California's insanely complex and unfair tax code.

But by far Brown's biggest sin has been in expanding the state's byzantine and notoriously incompetent government through massive spending hikes — with virtually no cuts in the state's 519 agencies. That's right: 519.

In 2012, the state's general fund spending totaled \$86 billion. This year, in a budget Brown characterized as one of "restraint and prudence," he will spend \$107 billion — a 24% increase in just three years.

Most state citizens don't know it, but the state is basically bankrupt, with \$340 billion in unfunded pension related liabilities. Think of Detroit with nice weather.

Now Brown wants to build a white elephant high-speed rail system that's estimated to cost \$70 billion but which will carry few people — further bankrupting the state.

Nor will the picture get any brighter. A massive exodus of businesses and entrepreneurs, coupled with an offsetting influx of unskilled immigrants, means California's population is getting poorer, less educated and less-skilled by the day.

California's 24% poverty rate is the worst in the nation. It has 12% of the U.S. population but a third of its welfare recipients. Meanwhile, the state has lost 160,000 mostly middle-class citizens a year to other states.

Businesses are leaving too. Google, Intel, Apple and a host of others have made clear that future growth won't take place in California. One hint why: In 2014, U.S. CEOs rated California as "the worst state in which to do business" for a 10th year in a row.

California has the highest state income tax in the nation, the highest sales tax, the second-highest gas tax and the highest corporate tax rate west of the Mississippi. It's also the only state to have imposed a "cap and trade" tax on its businesses and citizens, one that studies show will have no impact on global warming.

Meanwhile, the American Tort Reform Association has ranked the state "the worst judicial hellhole" for a second year running.

The economic impact has been predictable. As a recent UCLA business school economic forecast noted, "even though the number of jobs is now higher than any time in the past, the state remains below its potential output and employment. That we are entering the sixth year of expansion illustrates just how painfully plodding this recovery process has been."

Heckuva job, Brownie.