

Tuesday, September 29, 2009

Hiding the bad news

Governor values rep as green giant more than Californians' jobs

In response to a 2006 request from the Legislature, state officials hired two business professors at California State University Sacramento to study regulatory burdens facing small businesses. The report by Sanjay B. Varshney and Dennis H. Tootelian, released last week, concluded that the annual cost of regulation in 2007 was a staggering \$134,122 per small business. The professors said it appeared that cumulative long-term effect of state regulatory edicts had forced the elimination of, or prevented the creation of, millions of jobs.

These findings are in line with nearly every analysis of California's business climate. Practically the only group that argues the state isn't anti-business are the Democrats who know that if this view becomes firmly accepted conventional wisdom, that would make it harder to raise taxes.

With state unemployment at a record high, surely Gov. Arnold Schwarzenegger — who insists that preserving and creating jobs is his top priority — would trumpet the small-business study?

Well, no. Instead, the governor's office refused to release the study for 11 months after it was submitted, saying it had to investigate its findings. If Assemblyman Juan Arambula, a Fresno Democrat-turned-independent, hadn't intervened, it seems likely the report would never have seen the light of day.

What's going on here? Why did the governor's office want the Varshney-Tootelian report to vanish without a trace?

The only explanation that makes sense is because the report could get in the way of Schwarzenegger's ambition to be remembered as a historic giant on the climate-change front. Publicity for its findings inevitably would bring attention to another recent study by the Sacramento professors. Their analysis of AB 32 — California's landmark anti-global warming bill and the governor's proudest achievement — predicted that forcing a shift to cleaner but much costlier sources of energy would reduce the state's economic output by 10 percent and lead to the loss of 1.1 million jobs.

That's more jobs than have been lost since the state's current recession began in 2007.

This completely contradicts Schwarzenegger's and the air board's much-publicized claim that AB 32 will generate broad economic growth. It obliterates his claim that creating and preserving jobs are his top priorities.

And it brings to mind another, even more damning study, of AB 32. Independent economists asked to review the air board's analysis in 2007 were incredulous at its shoddiness, its bias and its internal inconsistency.

But who cares about such details? Above all else, the governor treasures his image as a climate-change visionary. And so on AB 32, never is heard a discouraging word. If this means suppressing dissenting studies — or costing hundreds of thousands of Californians their jobs — so be it.