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## Dan Walters: Governor's all-in bet just bluff?

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Anyone who has played no-limit poker, or at least watched it on television, savors the moment when a player calls "all-in," and shoves his or her chips into the middle of the table.

Does the bettor really have a winning hand and want someone to call, or is it a bluff, daring others to risk their chips by matching the wager? Other players intently study the all-in bettor's face and hands for clues, or "tells," as gamblers term them.

The absolutely worst mistake by an all-in player would be to reveal that it's merely a bluff. And that's what Gov. Arnold Schwarzenegger appears to be doing with his all-in bet on the state budget, calling for billions of dollars in spending cuts to close a chronic and worsening deficit and flatly insisting that he wouldn't raise taxes.

He had scarcely released his budget in January, however, when he appeared before The Bee's editorial board, and when asked about draconian spending cuts uttered these words:

"The budget is always a proposal ... that stimulates the conversation, and everyone starts then getting into the mix. And what I was doing with this budget is just say, 'Here's the reality,' and the reality will rattle the cage, and everyone will wake up and there's no time anymore to wait; this is the time to act."

Never mind, in other words, it's just a bluff. Or is it? The "rattle the cage" remark made legislators, lobbyists and others following the budget drama take notice – especially those interested in the largest single proposed reduction, a \$4.7 billion whack in state aid to public schools over 17 months.

Publicly, Schwarzenegger's aides have insisted that he would sign the proposed budget if the Legislature enacted it, but that's easy enough to say because they know that Democratic legislators would never approve it. Privately, the governor's aides have sent mixed messages, including some reassurances to stakeholders that the "rattle the cage" remark does, indeed, signal that his cuts-and-only-cuts approach is not locked in stone.

Given his drift to the left in the last couple of years, Schwarzenegger's fellow Republicans in the Legislature are leery of his outwardly implacable opposition to new taxes and have almost unanimously signed a no-new-taxes pledge – an

important stance given the constitutional requirement for two-thirds legislative votes on raising taxes.

Whatever the governor's true intentions – and it may be to trade a temporary tax increase for a really tough state spending limit law – he has left stakeholders, especially those in education, extremely uncertain about what is likely to happen.

Chances are fairly high that Schwarzenegger and legislators of both parties will agree to some immediate spending cuts in the current year's budget, not only because it's also slipped into deficit but because the state faces a severe cash crunch that could leave it unable to pay its bills next summer. But those cuts are a relatively small portion of the overall deficit, now pegged at \$14.5 billion and probably growing.

The important question is what happens in the fiscal year that begins July 1. If Schwarzenegger, indeed, is only rattling cages, adopting his version of the well-worn ploy of cutting the most popular forms of spending to create a reaction, he's succeeding. The education establishment is cranked up to denounce the governor and the state's media are falling in line, generating horror stories about the supposed devastation that \$4.7 billion in school cuts would wreak.

San Francisco Mayor Gavin Newsom has offered his city's schools a \$30.6 million bailout from the city's own reserves. School districts must notify teachers in March about layoffs for the 2008-09 school year and that will escalate the angst even more, but to what end is anyone's guess.