

## Dan Walters: California's rivalry with Texas intensifies

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Californians – or at least California politicians – appear to be obsessed with Texas these days.

Meg Whitman, the Republican candidate for governor, says California should emulate Texas' pro-business policies to resuscitate its recession-wracked economy.

Her Democratic rival, Jerry Brown, laments that Texas is outstripping California in developing solar and other renewable energy sources.

Gavin Newsom, the Democratic candidate for lieutenant governor, accuses Republican incumbent Abel Maldonado of having "sided with the Texas oil companies" and declares in a television ad, "I've got a message for the Texas oil companies: Don't mess with California."

Maldonado's campaign blasts back that Newsom has financial ties to Texas oil companies and is hiding "from his oil-soaked past."

Outgoing Gov. Arnold Schwarzenegger stridently denounces Proposition 23, which would suspend the state's anti-global warming law, as a sinister plot by Texas oil companies.

"Texas oil companies have descended upon California to overturn a California law," he says. "Valero and Tesoro are in a conspiracy. Not in a criminal conspiracy, but a cynical one about self-serving greed. Does anyone think in their black oil company hearts that they want to create jobs?"

Arthur Laffer, one of Whitman's economic advisers, does a study comparing California and Texas in terms of business climate, for a Texas organization, and concludes that Texas comes out on top.

"Both are large, strategically located states, with strong demographics and bountiful natural resources," Laffer says, "But California's regulatory and tax costs, coupled with budgetary and policy instability, render it an impotent competitor when standing next to low-tax, business-friendly Texas, which levies no capital gains or income taxes to support its affordable government."

As the Laffer report is published, Michael Reich, director of the union-friendly Institute for Research on Labor and Employment at the University of California, Berkeley, issues a retort, to wit:

"Briefly, California has higher worker productivity and higher state (economic product) per capita than Texas. ... California's rank remains very high on indices like new businesses created, proportion of green venture capital in the state and quality of our research universities (and) as bad as our K-12 system is, Texas is worse."

The debate will not end with the Nov. 2 election.

The two states' economic rivalry will continue to intensify. California, which once voted Republican in presidential elections, is now reliably Democratic while Texas, which used to be Democratic, is now a GOP bastion.

It's even possible that the San Francisco Giants will be playing the Texas Rangers in this year's World Series. Archliberal San Francisco vs. archconservative Dallas. It doesn't get much better than that.

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