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Anaheim becomes Garden Grove

May 28th, 2009, 2:41 pm · [Post a Comment](#) · posted by [Steven Greenhut](#)

Mayor Curt Pringle and the Anaheim council majority voted to give a developer a large tax kickback in order to build a luxury hotel in the city. The developer could only justify a three-star hotel, but Pringle and his allies wanted a four-star hotel on the site, so they promised \$40 million in tax subsidies from the transit occupancy tax to bring about the higher-level digs. Pringle used to understand that the market, rather than government planners, should determine the type of hotels that will be built in the city, but he has become just like officials in Garden Grove and other cities that prefer command and control economies. Only Democrat Lorri Galloway voted no on the corporate welfare plan. Because Disney will run the hotel, the obnoxious Unite Here union has been protesting. But even the broken clock gets it right twice a day.

Here's a column that I, unfortunately, didn't get to post before the vote. I don't agree with their reasoning or their politics or their crazy left-wing economics or their misreading of history, but at least the group opposed the subsidy!

Anaheim at a Crossroads: Investment in the Future or Corporate Handout?

By: Nahla Kayali and Eric Altman, Executive Director of OCCORD (Orange County Communities Organized for Responsible Development)

Much of the country is convinced that we need serious investment in this nation's infrastructure, beyond even the stimulus package passed earlier this year. Indeed, polling shows incredible consensus around the need for bold measures that will generate economic activity, create and save jobs, and develop a more sustainable union. It is clear that the right kinds of investments and partnerships between taxpayers and corporations can result in economic growth that doesn't just benefit corporations, but also benefits workers, local communities, and taxpayers. The nationwide economic crisis has taught us that public investment without the proper safeguards is irresponsible.

The Anaheim City Council plans to vote today on a \$76 million government subsidy for two hotels in the upscale development known as "Garden Walk." One potential beneficiary of this proposed multi-million-dollar handout is the Walt Disney Company, which is negotiating to operate the Garden Walk hotels. Earlier this month, despite the recession, Disney reported a net income of \$1.5 Billion for the first half of its current fiscal year. Unfortunately, despite the lessons learned from the current economic crisis, strikingly absent in the analysis being considered by the Council, is any conversation about what type of jobs will be created by this investment of taxpayer money.

As wages increase, more families reinvest their wages in the community. Workers and their families spend more money at local businesses, thereby boosting the local economy. Thus, good jobs, created by our tax dollars, fuel discretionary spending and investment, which increases demand for more products, creates more jobs, and helps to perpetuate this same cycle. Responsible investment leads to broad-based prosperity — as opposed to inequality — and creates an engine of economic growth. By contrast, irresponsible investment creates poverty jobs and deeper inequality, generates a greater need for public assistance, depresses consumer spending, and ultimately hurts our economy.

The UCI Center on Inequality and Social Justice just released their inaugural research report: The Orange Crush: The Squeezing of Orange County's Middle Class. This important study by Professor John Hipp of the Department of Criminology, Law, and Society found that income inequality is growing faster in Orange County than in the nation as a whole and that Anaheim has relatively high levels of inequality as well as a relatively low average income. In short, the study documents the need for more high quality jobs in Anaheim.

A glimpse at recent history proves the importance of this moment. Few will dispute that our current economic crisis resulted from the collapse of the housing bubble and the ripple effects of the sub-prime mortgage fiasco. However, just as important, decades of bad economic policy laid the groundwork for these catastrophes by creating the worst disparity between rich and poor Americans since the late 1920s. Data from 2007, released by the Economic Policy Institute, shows that despite huge gains in economic growth and productivity over the previous decade, workers and middle-class families suffered declining real incomes, while those with incomes in the top 10% enjoyed huge gains. Without enough cash to afford consumer purchases, most people borrowed — encouraged to do so by the same obsessive deregulation that led to the evaporation of their wages.

Now, as we contemplate — locally and nationally — how to recover from the economic crisis, we risk failure by losing sight of the need to ensure that good jobs result from our investment. One of the key measures of success in the United States' recovery from the Great Depression was that it created shared prosperity. We put millions of Americans to work in high quality jobs.

How do we go about making sure good jobs are actually created in this new age of public investment? For a start, we can demand that our tax dollars be used to create good jobs, not just any jobs. Where government infuses subsidies, stimulus, or infrastructure spending, use of those funds should be conditioned on the recipient — whether it's a city, a state, or a contractor — meeting rigorous job standards.

Anaheim is facing an important crossroads that will determine the future of the city and its residents. Will we take the opportunity this project presents to create quality jobs that boost our local economy or will we move forward with a handout to corporations with no regard to the long-term effects on our city, our economy or the return on investment for taxpayers? With government investment plans that keep working families at the forefront, we can ensure lasting economic growth. The future of our economy and our country



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