Now, we meet in times of great hope for our nation, although we hear the
drumbeat of news about bailouts, bankruptcies and Ponzi schemes, the nation
with great anticipation is also awaiting the inauguration of a new president. Our
nation should be proud of President-elect Obama's election and what it says to
the world about American openness and renewal.
You know, President Reagan used to tell about a letter that he got from a man
who said that you can go and live in Turkey but you can't become a Turk. You
can go and live in Japan but you can't become Japanese. And he went through
various different countries like that but the man said anyone from any corner of
the world can come to America and become an American.

I know that we know that any American child now also, no matter what corner of
the world his father or mother comes from, can even become president of the
United States. What a wonderful national story for us. This nation rightfully feels
the hope of change.
Californians, of course, desire change here in their own state as well. Yet they
have doubts, if that is possible, because for months in the face of a crisis we
have been unable to reach agreement on the largest budget deficit in our history.
We are in our third special session and we have declared a fiscal emergency and
every day that goes by makes the budget problem that much harder to solve.

As a result of all of this, California, the eighth largest economy in the world, faces
insolvency within weeks. The legislature is currently in the midst of serious and
good faith negotiations to solve this crisis, negotiations that are being conducted
in the knowledge that we have no alternative but to find agreement.

The importance of the negotiations' success goes far beyond the economic and
human impact. People are asking if California is governable. They wonder about
the need of a Constitutional convention. They don't understand how we could
have let political dysfunction paralyze our state for so long. In recent years they
have seen more gridlock in Sacramento than on our roads, if that is possible.

I will not give the traditional state of the state address here today because the
reality is that our state is incapacitated until we solve the budget crisis. The truth
is that California is in a state of emergency.

Addressing this emergency is the first and most important and greatest thing that
we must do for the people of California. The $42 billion deficit is a rock upon our
chest and we cannot breathe until we get it off. It doesn't make any sense for me
to talk here today and stand in front of you and talk about education or infrastructure or water or health care reform and all of those things, when we have this huge budget deficit. I will talk about my vision for all of those things and much more as soon as we get the budget done. So no, I did not come here to deliver the normal list of accomplishments and proposals. I came just simply to encourage this body to continue the hard work that you are doing behind closed doors. I know we're going to get it done.

There is a context, of course and a history to the negotiations that are underway. It is not that California is ungovernable; it is that for too long we have been split by ideology. Conan's sword could not have cleaved our political system in two as cleanly as our own political parties have done. Over time ours has become a system where rigid ideology has been rewarded and pragmatic compromise has been punished. And where has this led us? I think you would agree that in recent years California's legislature has been engaged sometimes in civil war. Meanwhile, the needs of the people became secondary. Our citizens do not believe that we in government are in touch with their needs.

Now, these needs are not unreasonable, may I remind you. At the end of the day most people do not require a great deal from their government. They expect just simply the fundamentals. They want to live in safety, they want good education for their children, they want jobs, they want to breathe clean air, they want water when they turn on the faucet, they want electricity when they turn on the switch and they want those things delivered efficiently and economically.

One of the reasonable expectations that the public has of government is that it will produce a sound and balanced budget. That is what the legislative leaders are struggling to do right now. There is no course left for us but this; to work together, to sacrifice together and to think of the common good and not our individual good.

Now, of course no one wants to take money from our gang fighting programs or from Medi Cal or from education. Of course not. No one wants to pay more taxes or fees. But each of us has to give up something, because our country is in an economic crisis and our state simply doesn't have the money.

In December we even had to suspend funding that affects 2,000 plus infrastructure projects that were already underway. So now the bulldozers are silent. The nail guns are still. The cement trucks are parked. This disruption has stopped work on levees and housing and schools and roads, on everything. It has thrown thousands and thousands of people out of work at a time when our unemployment rate is rising and when people really need the jobs. How could we have let something like this happen?

I know that everyone in this room wants to hear again the sound of construction. No one wants unemployment checks replacing paychecks. So I'm encouraged that meaningful negotiations are underway. And as difficult as the budget will be,
good things can come out of it. Because in spite of the budget crisis, when we have worked together in the past, we have passed measures, extraordinary measures that move the state and even the country forward.

When a budget agreement is reached, when some of the raw emotions have passed, I will send the legislators the package of legislative goals and proposals that the Governor traditionally sends. These proposals are sitting on my desk right now.

And let me tell you, I have big plans for this state. They include action on the economy, on water, the environment, education and healthcare reform, government efficiency and reform, job creation and the list goes on and on.

But our first order of business is to solve the budget crisis. And talking about budget, I have a great idea going forward. As you know, for the last 20 years of budgeting only four budgets have been on time. So if you don't mind, let me just make a little suggestion. We should make a commitment that the legislators and the Governor too, lose per diem expenses and our paychecks for every day that the budget goes past the constitutional deadline which is June 15th. I mean, you have to admit this is a brilliant idea and look at the happy faces I see now. I love that.

I mean, if you call a taxi and the taxi doesn't show up, you don't have to pay the driver. So if the people's work doesn't get done, I think the people's representatives shouldn't get paid either. That is common sense in the real world.

And, of course, I will send you some other reforms as well. I thought that this line would get a great applause in this hall but I understand why not.

Let me close by saying something about the fires of 2008. At one point I got a phone call that we had 875 wildfires burning all at the same time. I said to myself, how could we deal with this? The next morning I got another phone call: Governor, there are now 2014 fires burning all at the same time, the largest number on record. Imagine, 2000 plus fires. What a huge challenge. But every one of those fires was put out. And you know why? Because we have the best trained and the most selfless and the toughest firefighters in the nation. Let's give them a big hand.

Thirteen of whom lost their lives. They gave their lives for this state. Think about that. They gave their lives for this state.

The courageous example of those firefighters should not be lost in us. In our own way we too must show courage in serving the public.

Let this be the year of political courage. Let us be courageous for the people. Let us be courageous for the common good of California. Let us resolve the budget crisis so that we can get on with the people's work.