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### **NEWS & POLITICS**

AlterNet / By Peter Dreier

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# Recall Redux

Why Davis lost and Arnold won, what to expect, and what progressives should do now.

 $October\ 13,2003$  | Around the country, many folks are shaking their heads, or laughing, or crying, about the California recall election. They are wondering: How did a state with an overwhelming Democratic population elect a Republican -- a sexual predator who says he admires Adolph Hitler -- to the governor's seat in Sacramento?



To some, the election outcome justifies the warnings by some Founding Fathers (some of whom were sexual predators themselves) that there's such a thing as too much direct democracy -- especially when it crosses the line into mob rule, the so-called "tyranny of the majority." But to others,

the California recall was the epitome of its direct opposite -- the domination of politics by big money.

Whatever the merits of these fancy political science theories, the basic reality is this: Put a charismatic celebrity next to a dull technocrat and you have the formula for Arnold Schwarzenegger beating Gray Davis to become the governor of the nation's largest state and the world's sixth largest economy. This was not an ideological election about issues. It was a referendum on Davis. And it was yet another example of the increasing overlap between politics and show biz.

At the same time, it is important not to overstate the exceptional character of this election, as if California were some kind of bizarre political anomaly. After all, are the election and qualifications of Arnold Schwarzenegger so much more outlandish than those of George W. Bush, a man whose entire life in college, business, and politics was made possible by his family's money and connections,

and whose drunk driving, drug use, and military (i.e. AWOL) experiences were no less character-revealing than Arnold's own behavior? So before labeling California voters as particularly quirky, recall that in 2000, while the rest of the nation gave Bush 48.5 percent of the popular vote, only 41.7 percent of Californians voted for our current president.

#### Why Gray Davis Was So Unpopular

Gray Davis was incredibly unpopular, even among those who agreed with his policy agenda. He was actually a reasonably liberal governor in terms of the legislation he signed during his five years in office regarding environment and parks, labor, health insurance (extending benefits to an additional one million people), immigrant rights, gay rights, pro-choice, and education. But, as The American Prospect's Harold Meyerson has written, Davis was really implementing Senate President John Burton's liberal agenda. And he did so without enthusiasm and often only after incredible lobbying efforts by -- and campaign contributions from -- liberal constituency groups.

Davis was a terrible salesman for the Democratic agenda. After three decades of climbing the political ladder from chief-of-staff to Gov. Jerry Brown, to state assemblyman, to state controller, then lieutenant governor, finally governor in 1998 (when he orchestrated a come-from-behind victory in the Democratic primary), Davis had become a brilliant fundraiser and political strategist, but, ironically, a terrible politician. Elected governor in 1998, he narrowly won last November's re-election race (47 percent-42 percent) against Republican businessman and political neophyte Bill Simon, who ran the most inept campaign in recent memory. Davis' slim margin last November, and his low favorability ratings, made it clear to Republicans that he was vulnerable to a potential recall.

Davis was stiff and aloof. Even his next-door neighbors disliked him, as the media recently reported. He seemed to have no strong beliefs or passions. He was a technocrat with no charisma. He made Al Gore look exciting. Davis lacked the "common touch," not only toward ordinary voters, but also toward Democratic legislators and liberal activists, who opposed the recall on principle, and because they feared a GOP victory, not because of any love (or even like) for Davis. The California media disliked Davis (mostly personally, not ideologically) and cut him no slack. Being an unlikable person doesn't always matter in politics. There are plenty of dull and even nasty people in high political office who are able to serve out their terms. But Davis' personality played a big role in the recall. Among fellow Democrats, reporters, and liberal/progressive activists, Davis had no reservoir of good feelings, no personal capital. Fellow California Democrats were slow to come to his aid at various points during his governorship -- such as the 2001 energy crisis -- when he could have used help. They joined forces to oppose the recall, but did so without enthusiasm. Davis personified some of the worst aspects of American political culture. He always seemed to care more about raising money than about governing. He was constantly on the make for money and on the lookout for rich people he could cultivate as potential donors. He raised \$35 million for his 1998 governor's race, \$70 million during his first term, and \$15 million for his recall campaign.

During Davis' five years as governor, the state's major media consistently wrote articles charging him with making deals with people and groups who gave him

campaign contributions. Some of these were liberal interest groups -- unions and pro-choice groups, for example -- but Davis also cut deals with Indian casinos, businesses, developers, and the prison guards union that made him vulnerable to the charge of being in the pockets of big money and "special interests." In contrast, during the campaign, Arnold only focused on two "special interests" -- public employee unions and Indian casinos -- and never on the business groups that, along with his own money, bankrolled his campaign.

The two major issues that opponents hung around Davis' neck -- the state's budget deficit and the state's energy crisis -- were things over which he had little control. The state's Republicans, and Arnold in particular, accused Davis of fiscal "irresponsibility" and being a typical tax-and-spend liberal Democrat. Soon after his re-election last November, Davis announced that the state (which has roughly a \$100 billion government budget) had a \$38 billion deficit. In truth, almost every state is suffering from a budget deficit, but other governors aren't facing recall as a result. Many voters believed that Davis had withheld the truth about the size of the deficit during the election. Through budget cuts and maneuvering, Davis and the legislature brought the deficit down to \$8 billion, but Schwarzenegger's campaign ads and speeches continued to call it a \$38 billion deficit.

In reality, California's fiscal crisis is due primarily the national recession, 9/11, the war in Iraq, the decline of the dot.com economy, and Bush's regressive tax cuts. Even so, California during the Davis years had a better track record on job creation than the nation as a whole. And the state's deficit was actually smaller as a proportion of the state budget than President Bush's federal budget deficit after the tax cuts for the rich. In addition, more than all other states together, California also had to deal with the consequences of large-scale immigration -- in terms of housing, schools, and other matters -- without any help from Washington.

Davis was both unwilling and politically unable to raise taxes. So, instead, he raised the vehicle license fee -- whom opponents called the "car tax" -- which generated an additional \$4 billion. And he increased tuition at the state universities. Both, of course, are regressive measures.

Davis also got blamed for signing expensive contracts with energy companies, but the truth is that the state's energy shortages were primarily due to the manipulation of energy supplies and prices by Enron and other energy companies. (Arnold, by the way, did not raise the energy crisis issue during the recall campaign because of his own very close ties to Ken Lay and Enron).

The budget and energy crises helped frame Davis' regime in the minds of voters. But the two "hot button" issues that galvanized opposition to Davis during the recall campaign both dealt with automobiles -- not surprising in light of California's car-obsessed culture -- the increase in the "car tax" and legislation giving undocumented immigrants the right to get drivers licenses. Arnold used both of these issues in his stump speech and TV ads to hammer Davis. The first had to do with Davis' support for an increase in the motor vehicles tax. Opponents said Davis' raised the tax by "300 percent." This was basically true, but in reality this meant that the average car owner would see the tax increase from \$70 to \$210. All this noise about a \$140 tax increase!!! It was obviously more symbolic than real, but the Republicans cleverly used it to fuel resentment against the incumbent governor.

The second was Davis' last-minute signing of a bill he'd vetoed a year earlier — to provide drivers' licenses to undocumented immigrants. This was clearly a "wedge" issue in a state with a huge immigrant population. The symbolism of this issue is obvious — when the economy is hurting, some people lash out at immigrants, the same sentiments that brought us the anti-immigrant Proposition 187. But it is simply too easy to pin the label "racism" on this sentiment, because on Tuesday a majority of California voters rejected Proposition 54, Ward Connerly's slimy initiative to ban the collection of data on race.

#### Why The Recall Was Possible, if Not Inevitable

The recall (along with the initiative) was originally adopted in California in 1911, sponsored by California's Progressive movement, to give ordinary citizens a stronger voice in a government dominated by big business -- particularly the Southern Pacific RR -- and urban political machines -- particularly in San Francisco. At the time, women didn't have the vote, Senators weren't elected directly by voters, and candidates were elected not in primaries but by political party insiders. So the initiative and recall were ways to bring "direct democracy" to a system where average California's had no institutional voice in statewide politics.

The initiative is no longer a "progressive" tactic. Since the 1960s, interest groups with lots of money have dominated direct initiatives in California. The most infamous is Proposition 13, the tax-cutting initiative passed in 1978. In general, initiatives are proposed by conservative forces — business-backed economic conservatives (who sponsored the anti-labor Proposition 226 to limit the use of union dues for political campaigns) or social conservative causes (such as the anti-immigrant Prop 187 and the anti-affirmative action Prop 209). These initiatives put liberal and progressive forces on the defensive, having to mobilize money and people to defeat them, a real diversion of their resources. Liberals have been able to win a few statewide initiatives (housing and park bonds, raising cigarette taxes to fund pre-school programs and anti-smoking education), but generally, initiatives sponsored by liberal groups — such as single-payer health care or same-day voter registration — have lost significantly. It takes an enormous amount of money to win a statewide initiative in California, with its many media markets. Liberals are always at a disadvantage in such battles.

The recall would not have been logistically possible without the \$1.5+ million contributed by Cong. Darrell Issa, a right-wing Republican who had hoped to be on the recall ballot himself but later bowed out when it was clear that Schwarzenegger and McClintock were stronger GOP candidates. His money paid for the signature gathering process to put the recall on the ballot. Although the recall tapped popular dissatisfaction with Davis, it was not a grassroots bottom-up campaign. It was a top-down campaign, initiated by right-wing Republicans a few weeks after last November's election, and funded by Issa and a handful of others.

The threshold for getting a recall on the ballot is very low in three ways. First, it does not require any evidence of malfeasance or corruption. Eighteen states allow the recall of state officials. ( <a href="http://www.ncsl.org/programs/legman/elect/recallprovision.htm">http://www.ncsl.org/programs/legman/elect/recallprovision.htm</a>) In most of these states, there must be some evidence that the elected official has violated the public trust, been corrupt, or broken a law. Not so in California. Second, the number of signatures needed to get a recall on the

ballot in California is very low. Third, the second stage of the two-stage election — the first recalling the governor, the second electing his/her alternative — has a very low threshold for getting a candidate on the ballot in terms of signatures (65) and fees (\$3,500). This accounts for the 135 candidates, including strippers, pornographers, has-been actors like Gary Coleman, and various egomaniacs, making the election look like, as many media called it, a "circus."

#### The Arnold Phenomenon

Californians' dislike of Gray Davis was balanced by the popularity of actor Arnold Schwarzenegger. He is one of the most well known celebrities in the world as a result of his films. His movie characters are somewhat cartoon-like figures. His films appeal across the demographic spectrum. They are violent and mindless, but full of action. Arnold was thus viewed as a popular, easygoing, man-of-action, an actor who didn't take his acting career too seriously, an immigrant who came to American penniless and lived the "American Dream," even marrying a woman (Maria Shriver) who is a Kennedy, a Democrat, and a TV celebrity herself. The contrast to Gray Davis was clear.

Arnold clearly harbored political ambitions for a long time. In 1977, six years before he became a US citizen, he told a German magazine: "When one has money, one day it becomes less interesting. And when one is also the best in film, what can be more interesting? Perhaps power. Then one moves into politics and becomes governor or president or something." He realized that one day his movie-making days were numbered and began thinking about a career in politics. He spent considerable time developing political (primarily Republican) connections. He joined the Regency Club, a conservative business group, whose members later contributed to his campaign. As early as 1984 he gave a speech at the Republican National convention in support of Reagan's re-election. He campaigned for George H.W. Bush, who appointed him chairman of the President's Council on Physical Fitness and Sports, a ceremonial job that Arnold milked for publicity and connections.

Arnold carefully began donating money to political candidates and to charitable causes that could both soften his movie image and make him appear to be a serious person. After 9/11 hurt the LA economy, Arnold went on a "trade mission" to Japan with Mayor James Hahn and other public officials to encourage Japanese tourism in LA. According to an account by one of his traveling companions, Arnold was a brilliant salesman, schmoozing with Japanese officials and tourism industry officials and, in the process, making important political connections. To deal with the potential fall-out of his father being a member of the Nazi party (and his own comments that he admired Hitler for his mesmerizing powers), Arnold donated money to the LA Museum of Tolerance (the local Holocaust museum), whose founder, a rabbi, said nice things about him.

To humanize his image to show that he cared about children, his political advisors smartly persuaded him to serve as the front-man for a statewide initiative (Proposition 49) last year to fund after-school programs. This gave him the opportunity to travel across the state, to speak to various constituencies, and to build his reputation as a caring, humane person. This effort to jump-start Arnold's political career was modeled on movie director Rob Reiner's successful efforts to increase funding for pre-school programs through Prop 10, which the voters

passed a few years earlier. The difference is that Prop 10 imposed a tax on tobacco, which has generated over \$600 million for new programs. In contract, Arnold's Prop 49 was a terrible idea because it didn't add any new revenues and, since its passage (yes, the voters bought it) has not put one penny into afterschool programs. But as a political ploy for Arnold, it worked.

Arnold clearly anticipated that stories about his personal life -- harassment of women and drug use, among them could undermine his political ambition. For several years he has been very aggressive at buying up old videotapes that could damage his career, allegedly paying "hush money" to people who have damaging stories to tell about his private life, and -- as noted above -- giving money to various charities, including his own charity, "inner city games." In other words, Arnold has carefully improved and cleansed his image, and forged the right business and fundraising connections, in anticipation of a political career.

During the Prop 59 campaign, most political analysts thought Arnold was gearing up to run for Governor in 2006 after Davis completed his second term (and could not run for re-election because of the state's term limits law). When Daryl Issa and other right-wing Republicans started the recall campaign, Arnold realized that whatever Republican jumped into the race to replace Davis (should he be recalled) could become the incumbent governor. His political advisors knew that a right-wing Republican like Issa, state Sen. Tom McClintock, or Bill Simon couldn't win a statewide race, but that a so-called "moderate" Republican (meaning, essentially, pro-choice) could possibly win. Former LA Mayor Richard Riordan -- who had lost the GOP primary last year to Bill Simon as a result of a very effective effort by Gray Davis to attack Riordan in order to help Simon win the nomination -- was itching to run, but agreed to step aside if Arnold jumped in.

### The Campaign: How Arnold Won

It isn't clear that Gray Davis ever had a chance to beat the recall, but if he did, he blew it. From the beginning, every poll showed that the recall would win and Davis would lose. The "yes" vote fluctuated somewhat, but at no point did it ever sink below 50 percent in terms of likely voters.

At first, the "conventional wisdom" pundits argued that despite Davis' unpopularity, the recall was seriously flawed. Even those who thought that Davis would lose anticipated that he'd get more votes than the winner of the second phase race -- in other words, Davis would lose with, say, 48 percent of the vote, while Arnold or Cruz Bustamante would win (and become governor) by being the highest vote getter with, say, 25 percent to 35 percent of the vote. (According to CA recall law, Davis' name could not appear on the ballot to replace himself).

As it turned out, these predictions were wrong. Davis got 45 percent of the vote.

Arnold -- in a field of 135 candidates -- got 49 percent of the total vote.

(Right-wing Republican McClintock got 13 percent, giving the two major Republicans 61 percent). Bustamante got 32 percent of the vote.

From the start, the Democrats were divided over strategy. Davis and the Democratic Party establishment initially insisted that no Democrat jump into the race in case the recall succeeded. The only Democrat who might have been able to beat Arnold -- U.S. Senator Diane Feinstein, who has long feuded with Davis

--agreed to stay out. When polls kept showing that Davis was likely to lose, the Democrats and their key constituency groups (especially organized labor) began to have second thoughts about this strategy. Then, Lt. Gov. Cruz Bustamante -- a very moderate pro-business Democrat from Fresno who had been Speaker of the Assembly and was elected Lt. Gov. independently from Davis (in other words, they are not a "ticket") -- broke ranks and announced his candidacy. At first, it seemed that Bustamante might run a credible campaign, which gave some Democratic and independent voters who disliked Davis a way to vote "yes" on recalling Davis, then vote for another Democrat. So Bustamante's campaign initially showed signs of life. A month before the Oct. 7 election, however, Bustamante's campaign hit a few snags, including some fundraising irregularities, attacks on his close ties to Indian gambling casino interests, and a scurrilous attack on Bustamante's ethnicity, especially right-wing radio talk show hosts who tried to spin his membership in the Latino student group Mecha during his college days as evidence of his being anti-white.

By two weeks before the election, Bustamante was no longer a serious contender. The contest was clearly between Davis and Arnold. To win, Davis had to persuade registered Democrats (who represent a majority of all registered party voters in California) to vote, and to vote "no" on recall. But his "message" wasn't clear or consistent. At first, he (accurately) blamed the recall on "right-wing" forces who were sore losers over the previous November's loss in the gubernatorial race. That didn't play well. Bill Clinton and state Atty. Gen. Bill Lockyer gave Davis advise to stay positive, to act like a governor, to sign bills to galvanize the party base, and to do lots of photo ops with kids.

He did all that, but it didn't work. Davis had no reservoir of good will to build upon. He couldn't change his image overnight. He signed some good bills during the few weeks before the election (expanding health insurance, allowing undocumented immigrants the right to drivers licenses, etc), but the Republicans, and the media, viewed this as simply "pandering" to Democratic constituencies, which played into his negative reputation. Davis and Bustamante played an awkward game of chicken. Davis refused to endorse Bustamante as the best of the 135 potential replacements. Bustamante criticized Davis for not endorsing him, hinting that it was a slight to Hispanics.

Meanwhile, the two key progressive candidates on the replacement ballot -columnist Arianna Huffington and Green Party's Peter Camejo -- kept taking shots
at Davis as well as Schwarzenegger during the campaign, including on several
televised debates. They clearly laid out the left analysis, critical of Davis for being
too moderate, critical of Bush for damaging the economy, and critical of
Schwarzenegger for being a business-as-usual Republican, despite his charisma.
Camejo outlined a clear and concise progressive policy agenda. Huffington
focused attention on the corrupting influence of big money and pledged to help
sponsor a statewide "clean elections" initiative on behalf of public funding of
campaigns.

But neither Huffington nor Camejo made a compelling case why progressives should vote for them when neither had any chance to win. Both Huffington and Camejo played a Nader-like role in this campaign. Whatever money, energy, and people their campaigns mobilized during the 10-week campaign was diverted from the "no on recall" effort. Toward the end of the campaign, Huffington wisely

focused her laser wit and criticism on Arnold, especially during the one debate Arnold showed up for. A week before the election, she dropped out, encouraging supporters to vote against the recall. Camejo didn't withdraw but also, at the end, told his supporters it was OK to vote "no" on the recall. In the end, Camejo got 3 percent of the vote, and Huffington 1 percent.

Schwarzenegger ran an effective campaign, more like a publicity tour for a movie than a political campaign. He announced he was running on Jay Leno's "Tonight" show. And for the next two months he avoided talking to the media about any specifics. He talked in generalities about being "fiscally responsible" and "terminating" Gov. Davis, and being a "people's" Governor. He said he would "roll back the taxes and the regulations that are choking off our economy," but didn't get any more specific than that. He did photo ops and media events, appeared at large rallies, and avoided all but one of the televised debates (and attended only the one debate that allowed him to see the questions in advance).

Arnold's campaign was significantly helped by conservative talk radio. The co-hosts of one talk radio show in LA (Ken and John, who are on the same station as Rush Limbaugh) sponsored several Arnold rallies and mobilized their listener base to turn out in large numbers. Mainstream newspaper reporters complained that they couldn't pin Arnold down about policy issues — especially the state deficit — but they continued to cover him anyway because of his celebrity status. For most of the campaign, he got a free ride.

The "celebrity" nature of the campaign was compounded when Oprah Winfrey invited Arnold and Maria Shriver on her show to help Schwarzenegger combat the growing exposes of his long-standing crude behavior toward women. Oprah's audience is primarily composed of women. Arnold and Maria told Oprah about their blissful marriage and wonderful family. He also appeared on the "Larry King" TV show and responded to King's softball questions.

Shockingly, neither Leno nor Winfrey felt compelled to invite other candidates to appear on their shows for "equal time" balance. Since Reagan, the FCC no longer has such an "equal time" provision; moreover, the Leno and Winfrey shows are not considered "news," but "entertainment" -- more evidence of the increasingly blurry lines between politics and show biz.

The attacks on Arnold's personal life -- especially his offensive sexual harassment and groping, and his participation in what could be viewed as a gang rape -- rose to the surface about a week before the Oct. 7 election. These stories clearly hurt his campaign, but not enough to make a difference in the outcome. They came too late. Arnold accused the LA Times, in particular, of "puke politics" and many voters agreed that the Times' last-minute front-page stories, detailing charges by 15 women that Arnold has sexually harassed them during the past 20 years (some incidents occurring since his marriage to Maria Shriver), were politically motivated. Arnold cleverly dodged the bullet. He vaguely apologized, although never specially admitted to doing anything wrong. It is unclear why the media (and many voters) viewed Arnold's behavior as less problematic than Bill Clinton's

The Davis campaign never took advantage of Arnold's most serious vulnerabilities. The media discovered an interview in which Arnold said he

admired Adolph Hitler -- not his policies, but his power. The Davis campaign should have made this the centerpiece of last-minute attack ads, but didn't. Arnold's ties with Enron and other businesses never became an issue. (One reporter told me it was because the reporters who covered this angle were business reporters, not political reporters). Arnold's own business practices were never made an issue. Arnold's stump speech included a line that he had run a business and had met a payroll, but in fact one of his restaurants (Planet Hollywood) went bankrupt twice. Davis never made this a campaign issue.

The short time-span of the campaign helped Arnold. A longer campaign would have given reporters more time to collect more "dirt" about Arnold's private life and to force him to be more specific about his policy agenda. During the 10-week campaign, Arnold was able to dodge these issues.

The Republicans were energized and passionate. The Democrats weren't. The Democrats held every statewide office, controlled both houses of the legislature, and had a lock on a majority of CA's Congressional seats. The Republicans were the "outside" party. They were angry, especially about losing the previous Nov. election to Davis. As Cal State-Fullerton political scientist Raphael Sonenshein said recently, the nation's Republican leaders -- dominated by very right-wing forces -- don't even view the Democrats as a legitimate party. Gray Davis, as the figurehead of the hegemonic Democratic Party, was vulnerable to popular discontent about any and all conceivable problems. Republican anger crossed party lines, bringing in independents and some Democrats.

After counting absentee ballots, state election officials the turnout rate to be about 60 percent of registered voters. Given all the media attention in the race, this is hardly a dramatic sign of voter engagement. Moreover, the turnout was disproportionately white and middle class — those most likely to vote "yes" on recall and then to vote for Arnold or McClintock. A significant number of first-time voters came to the polls — including many alienated young people — and they tend to vote "yes" on recall and then favor Arnold. Some may interpret this as a "protest" vote, but these are rebels without a cause.

The Democrats were unable to mobilize their base. Democrats significantly outnumber Republicans among registered voters in California, but on Tuesday Democrats constituted 39 percent of voters, while Republicans constituted 38 percent. Lots of Democrats just stayed away from the polls.

Last November, about two thirds of union members and a similar proportion of Latinos voted for Davis' re-election. On October 7, the unions did a reasonably good job of mobilizing members to vote, but many didn't vote the way union leaders wanted them to. Forty-eight percent of union household members voted "yes" on recall, according to the LA Times exit polls.

But union involvement in the election -- phone-banking and get-out-the-vote efforts -- did make a difference. In the two counties with the highest union membership -- San Francisco and Los Angeles -- a majority of voters rejected the recall.

Forty-five percent of Hispanic voters endorsed Davis' recall. No doubt some Hispanics voted 'yes" on the recall to help boost Bustamante into the governor's

seat. But 31 percent of Hispanic voters -- especially men -- voted for Arnold.

Shockingly, one quarter of "liberals" voted "yes" on recall. This is simply incredible -- evidence of their intense dislike of Davis. (Jews, who voted against the recall by a 69-31 percent margin, and Blacks, 79 percent of whom voted against the recall, were the most loyal Davis supporters).

Clearly, the Republicans are better than the Democrats at playing political hardball. The Republicans are more willing to bend, even break, the rules to win. Think of Gore's limp effort to challenge the vote in Florida vs. Bush's hardball campaign to sway judges and intimidate registrars. Think of Cong. Tom Delay's hardball efforts in Texas to redistrict the state to gain more Republican seats in Congress. Think of President Bush's strong-arm tactics to intimidate his opponents, including the recent leak of the name of a CIA operate whose husband criticized Bush. It's unlikely that Bush will allow Ashcroft to appoint an independent counsel to investigate the leak; compare this with Bill Clinton being pushed into allowing Janet Reno to appoint Ken Starr to investigate Whitewater and Monica. The anti-Davis recall is just another example of the Republicans' willingness to play hardball to gain political advantage.

#### What Now?

Arnold will serve out Davis' term, giving him three years as governor. The likely scenario in Sacramento is legislative gridlock. Arnold won't be able to get many bills through the Democratic-controlled legislature, nor pass a budget, if the Democrats are united. But the Dems are split between business Dems and labor Dems. Will the Dems be able to discipline themselves to stick together — or will some, sensing Arnold's popularity (at first, at least), be inclined to cut their own deals?

Arnold may be hamstrung by more media exposes of his personal life, his business practices, etc. He may constantly be responding to these during his three years as governor. If they are substantive, they will hurt him. He will try to turn them around into criticisms of the media, especially the LA Times. He will try to use his celebrity and popularity to intimidate the media to back off. Will they?

Arnold should not be underestimated. He's smart and politically savvy, and no one's puppet. Plus, he's surrounding himself with some knowledgeable political and economic advisors -- not simply former Gov. Pete Wilson's government-in-exile.

How will Arnold govern? He sent mixed signals during the campaign. He pledged not to raise taxes, but he also promised not to cut education funding, to expand health insurance for kids, and to clean up the environment. Given the state's fiscal structure, he can't be a fiscal conservative and a do-gooder liberal at the same time. He's got to make some hard choice. (See the analysis of the state budget by the progressive non-profit group, the California Budget Project:

http://www.cbp.org).

What choices he makes depends on which constituencies he most wants to please. Big business, which always had an ambivalent relationship with Gray Davis, now has a close ally in the governor's office once again. But business in

California, as elsewhere, is not monolithic. Historically, "enlightened" corporate leaders have understood that a high-road economy -- one that promotes improving workers' skills, providing good wages and benefits, and better productivity -- strengthens the overall social and economic health of the nation. Henry Ford, while no friend of unions, knew that his workers had to make enough money to buy the cars he was producing.

Companies like Wal-Mart, which is attempting to make inroads throughout California, symbolize the low-road corporate strategy. They rely on mostly part-time workers, pay low wages without benefits, resist unions, and out-source much of their production (for clothing and toys) to sweatshops in Asia and Latin America. If the Wal-Mart approach succeeds, it will accelerate the decline of America's middle class standard-of-living.

Will the state's corporate giants — represented by the California Business Roundtable — push Arnold to adopt a moderate agenda that allows modest tax increases to maintain basic services, public education, and some parts of the social safety net? Or will Arnold listen to the leaders of the state's Republican party — a few of whom are also part of the big business establishment — who are mostly right-wing ideologues? Will Arnold be an advocate for the high road or low road? An economy that helps working families achieve a middle class standard of living or a race to the bottom, pitting workers against each other? A business-labor partnership or class warfare? It's up for grabs.

Arnold, who fancies himself a moderate Republican, probably doesn't know what he really believes -- or, in the rapidly changing calculus of political, what's in his self-interest.

To boost his credibility and continue his "populist" campaign, Arnold will probably lead several initiative campaigns to repeal several Davis bills, bringing these issues before the voters and fueling their anger. This will put the Democrats on the defensive. Will they spend money and energy trying to defend some of the bills they passed that are ripe for anti-government demagoguery by Schwarzenegger? These include the driver's licenses for undocumented immigrants, the increase in the car tax, and workman's compensation costs, which California's business community wants to cut.

If Schwarzenegger wants to forge a compromise on the driver's license issue to win over some liberal and Hispanic voters, he could introduce revisions to the new law requiring background checks on illegal immigrants. If he wants to placate the right-wing yahoos, he'll try to repeal it entirely.

If Schwarzenegger carries out his promise to repeal the car tax, the state will be \$4 billion further in the red. Moreover, this will anger county and municipal officials throughout the state, since the car tax revenues are targeted for local services. Regardless, once Arnold and his advisors get a grip on the state budget, he will have to violate his campaign pledge and support an increase in some taxes. This will alienate the right-wing Republicans. Even with a modest increase in taxes, however, Arnold's plan will require budget cuts. Where will he cut? Prison construction? Unlikely. He will probably start with cuts to welfare and Medicaid. He pledged not to cut education, but he may have no choice unless he's willing to significantly raise taxes. So look for cuts to college scholarships, further increases

in college tuition, and even more cuts to local schools.

Arnold's election is good news for President Bush. Bush didn't expect to win California next November, but Arnold's presence as Governor may now persuade Bush to do more campaigning in the Golden State. This will force the Democrats to spend more money in California during 2004 presidential campaign than they otherwise would. This is money that would be better spent in key "swing" states.

What will Bush do for Arnold -- and for California -- in return? Arnold will no doubt ask Bush to help him solve the state's budget deficit and accelerate job creation. This could mean more federal dollars for the state, but don't bet on it. What now for progressive forces?

Whoever the Democratic candidate is for President has to win California to win the White House. All the liberal/progressive forces in the state have to wage an effective voter registration and get-out-the-vote campaign for the November 2004 election on behalf of the Democratic candidate -- and to build for the 2006 governor's race to replace Arnold.

If there's any silver lining in the recall election it is this: State Treasurer Phil Angelides (who is very progressive and competent) and State Atty. Gen. Bill Lockyer (a stalwart liberal) are now the front-runners to be the next Democratic candidate for governor in 2006. (Bustamante's opportunism undermined his support within the party; he will no longer be a serious candidate). Angelides and Lockyer will now need to take advantage of their roles as the leading statewide Democrats to boost their reputations and name-recognition, challenge Arnold's agenda, but not appear to be self-serving. Lots can happen in three years. Arnold can trip over himself in lots of ways. Angelides and Lockyer need to avoid attacking each other so they can focus on Arnold.

At the grassroots level, unions, community groups, environmental groups, big-city mayors, and others have to develop a positive common agenda for the state that can contrast with what Arnold is likely to do. Building trust and coalitions across constituencies is important as a foundation for the 2006 statewide elections.

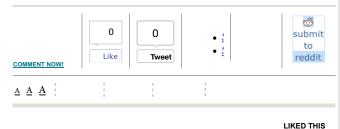
In light of the devastating defeat of the same-day voter registration initiative last year, it isn't clear whether California is ready for a Huffington-led statewide "clean money" initiative, which has passed in Vermont, Maine, and Arizona. But it is clearly worth considering.

In the meantime, there's plenty of exciting grassroots organizing going out throughout the state. A week after the October 7 recall, about 70,000 grocery clerks went on strike against the big supermarket chains (primarily about cuts in health insurance, which will be a major issue in the presidential election). Living wage and affordable housing campaigns are underway in several cities; environmental groups pushing for more parks and less pollution, and some good progressive candidates for local offices will need support across California. Progressive leaders throughout the state were upset by Schwarzenegger's victory, but still hopeful that California is still one of the most liberal states in the country. As the Latino population increases in political self-consciousness and voting strength, and as organized labor expands the very effective organizing and political work it has accomplished during the past decade -- and as both these

constituencies forge alliances with community groups, clergy and social justice liberals -- it is likely that history will view the Schwarzenegger election as a brief -- though perhaps painful -- interlude.

As Pete Seeger likes to sing: It's always darkest before the dawn.

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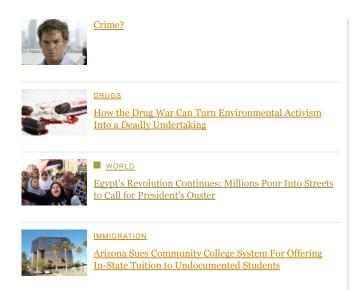


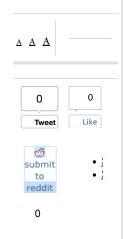
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