



California's recall winner may face short honeymoon

A change of leadership is unlikely to cure the state's economic ills that prompted voters to seek the recall

> By Dick Polman Knight Ridder Newspapers (KRT)

LOS ANGELES — "Be careful what you wish for."

That's the message for the governor of California.

After the results of this historic recall election are certified, the unlucky winner will be stuck with the same economic headaches and political gridlock that triggered the recall in the first place. And the bitterness of the recall campaign has probably made the climate even worse.

As Robert Stern, who runs the nonpartisan Center for Governmental Studies, said here Tuesday: "It's a heck of a lot more fun to campaign than it is to govern. On the campaign trail, it's all about getting adulation. But governing in Sacramento, these days especially, is about getting hit from all sides."

Here's the reality: a severe recession in a state that has never recovered from the dot-com crash; a state now deemed by Wall Street to be less creditworthy than Mississippi; budgetary red ink that stands at \$8 billion and climbing; a choice of wildly unpopular solutions, ranging from big tax increases to draconian spending cuts; and a state legislature that is dominated by ideological partisans on the right and left.

Amidst this polarization, even a skilled politician would be severely challenged by the tough choices that lie ahead. California analysts say there's no way that the books can be balanced without big tax hikes and spending cuts — but that none of the major recall candidates prepared the electorate for the bad news. The top Democrats, incumbent Gray Davis and Lt. Gov. Cruz Bustamante (who was essentially campaigning to replace his boss), avoided the topic of

cutting spending. The top Republicans, movie star Arnold Schwarzenegger and state Sen. Tom McClintock, avoided the topic of raising taxes.

Schwarzenegger, for example, inveighed against a recent tripling of the state tax on cars, and vowed to erase it. He thrilled followers last week by declaring, "Let me tell you something, I was 25 years in show business, and if I played a character who didn't like something, you know what I did? I destroyed it!" — whereupon, by prearrangement, a wrecking ball fell on an Oldsmobile.

He didn't say that, without the car tax hike, California's deficit would grow by \$4 billion. He also didn't say where he'd find the money to replace the car tax money. He said only that he wouldn't raise taxes.

In his defense, nonpartisan analyst Sherry Bebitch Jeffe said: "He's not alone in saying so little. In this campaign, nobody has wanted to get specific about anything." This was because candidates didn't want to confess the embarrassing truth:

A California governor is hamstrung, on both the tax and spending sides, by the various voter referenda enacted over the last quarter-century, and by a slew of federal spending mandates. That's the dirty little secret in California, and it was never mentioned in the recall rhetoric; on the contrary, Schwarzenegger often implied that the books could be rewritten as easily as a film script.

Tim Hodson, who directs the nonpartisan Center for California Studies in Sacramento, explained the facts of life: "The budget is roughly \$80 billion" — larger than the budget of all but five nations — "and two-thirds of it is totally untouchable, off the table, cannot be cut. Californians don't understand that."

One example: A few years ago, voters passed Proposition 98, which was sponsored by the state teachers union. It mandated that, for every new dollar of state revenue, 34 cents had to be earmarked for education. Everybody wants better schools, but there was no

mention during the recall campaign that a governor lacks the ability to allot scarce resources as he sees fit.

But raising new revenue isn't so easy, either. Proposition 13, which slashed property taxes back in 1978, has become sacrosanct in California politics. Hodson said, "Californians, like many Americans, are spoiled. They pass lots of initiatives that put more money into various services and programs, yet they're not willing to pay for it. They want lower college tuitions, better social services, and lower car taxes. And the candidates haven't prepared them for hard choices."

Schwarzenegger regularly invoked Ronald Reagan on the campaign trail — without mentioning that Reagan, in his first week as California governor in 1967, proposed a \$1 billion tax hike, which fell heavily on banks and corporations. Schwarzenegger's mentor is Pete Wilson, who as California governor in 1991 solved a fiscal crisis by combining tax increases and spending cuts.

But any governor, in the current political climate, would find it difficult to raise taxes. Even though studies indicate that Californians rank 19th in the nation in personal tax burden, they perceive themselves to be overtaxed — and that perception is rampant among Democratic voters as well as Republicans.

Bruce Cain, a nonpartisan California analyst, said: "There has been a consistent suspicion about taxes, throughout the state, since before Proposition 13, and that makes it difficult for politicians to talk openly about all the options." Indeed, when Schwarzenegger adviser Warren Buffett said early in the recall campaign that Prop. 13 was bad policy, and that he'd be happy to pay more taxes on his sumptuous California home, he instantly vanished from public view and hasn't been heard from since.

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