

THE CALIFORNIA RECALL
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Panel:

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Moderator

Ladies and gentlemen, thank you for standing by and welcome to the California Recall Election Conference Call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session. Instructions will be given at that time. As a reminder, this conference is being recorded.

I'd like to turn the conference over to Professor Bruce Cain, Director of the Institute for Governmental Studies at the University of California at Berkeley and a Guest Scholar at Brookings. Please go ahead.

B. Cain

Yes. This is obviously a stunning result in California. Here we have a state that has essentially a nine-point registration advantage for the Democrats, in which every state-wide office had been controlled by the Democrats and when you count up the numbers and the polling is not completed; they're still counting absentee ballots; but it's going to look like Arnold Schwarzenegger and Tom McClintock combined are going to get 61% of the vote in a state where 35% of the registered voters are Republican.

This is just a stunning reversal for Republican candidates, who have been in the wilderness, been excluded from power, have been the subject of derision, both nationally and in the state of California and now they're sitting in a situation where a moderate Republican candidate, despite all of the turmoil of the last few days has managed to get 48% of the vote, which is more than Governor Davis got in the last election, exceeding all of the predictions of the polls and beating Cruz Bustamante, who was the only

Democratic candidate in the race, and he got 32% of the vote, which is about 12 percentage points below the party registration.

What that tells you, of course, is that this was not just a Republican coup; it was a revolt of Democrats and right now the Democratic party is reeling in California trying to figure out why this happened and I think the answer is some combination of what's happening in terms of the California economy and the people's frustrations about the government's inability to react to it, plus some huge tactical decisions, decisions that were wrong, on the part of the Democratic party and then a well run campaign on the part of the Republicans.

Let me start with the big, structural issues. I think in elections generally political scientists will tell you that there are two dominant top-tier issues. One is national security or security issues, domestic security issues and the other is the economy. We know that when economic times are bad a lot of issues go to the second tier and the economy runs to the top.

Basically, in California among a lot of middle class people there is a concern that their economic recovery is going too slow and while there is an understanding that the economy is run by the national government, there is a sense in which people believe, and Arnold Schwarzenegger certainly led them to believe that the state was not doing all that it could to make the state of California competitive with other states, that we had created a highly regulated environment, that the Democratic legislature was pushing policies that were not business friendly. You had a number of people in the business community speaking out on that.

Now, the great irony is that Gray Davis was actually a business friendly Democrat. But the problem for Gray Davis was that after 16 years of Republican governors the Democratic interest groups, the trade unions, the public employees unions, various other interest groups had high expectations that he would deliver and for a couple of years he didn't deliver. He vetoed a record number of bills; he held up a lot of legislation; he modified a lot of legislation and the bottom line was that liberal interest groups never forgave him for that and it showed yesterday in the polls.

Close to a quarter of Democrats voted for the recall. Close to a fifth of Democrats, according to the exit polls, voted for Schwarzenegger and so the reality is that the liberals in the party resented that he wasn't a sufficiently mainstreamed Democrat and moderates and Republicans resented the fact that he made any concessions whatsoever. It looked like

pandering to them and it looked like liberal policies that were making businesses suffer. So Gray Davis was caught in the middle between the two and he didn't have the political skills that Bill Clinton had to sort of work his way out, charm his way out, use retail politics to get himself out of a difficult situation.

So the reality is there was this big structural problem that the economy is on people's minds and people were unhappy with the way the legislature was dealing with the stalemate. They were looking for change. Arnold didn't give them much in the way of specifics, but he kept focusing the critique on the existing government and seemed to offer some hope that there might be change.

Now, the other part of the equation is what happened to Cruz Bustamante because I think everybody believed all along that it was going to be very, very hard for Gray Davis to beat the recall and the laws were just basically stacked against him. He had to get 50% plus one and he only got 47% of the vote last time and he was more unpopular than before. So it's not a big surprise that Gray Davis was recalled, but why didn't Cruz Bustamante do better? Why did he get only 32% of the vote when 44% of the electorate are registered Democrats?

Part of it is the tactical confusion that the party never could figure out whether the strategy was no/no or no/yes. Nine percent of the voters ended up voting no on the recall and then not voting on the second part of the ballot. That certainly didn't help. But I think there were a lot of big mistakes made by the Cruz Bustamante campaign and people in California, Democrats in California, really feel that. I talked to a couple of elected officials last night and there's a real sense that this was a very weak campaign.

First of all, Cruz Bustamante moved to the left. He had been a conservative Democrat when he had been in the legislature and for some reason he declared himself to be more liberal. This, I think, points out that Democrats had had the luxury of running against socially conservative Republicans for a number of years and this is the first time they faced what many people have been predicting would be their worst nightmare, which is a moderate Republican and they just didn't know how to react and one thing I can say is that when you run against a moderate Republican the last thing you want to do is abandon the middle.

You can abandon the middle when you're running against extremely conservative Democrats, as Barbara Boxer was able to beat Bruce Hershtensen. We've seen lots of liberals defeat very conservative candidates, but when you have a socially moderate and fiscally conservative candidate, that was what we've been saying for about eight years is what the Republican Party had to do.

When they presented that the last thing Cruz Bustamante needed to do was move to the left and yet, for some reason he did. The second thing Cruz did was present himself as an ethnic candidate and the driver's license bill that was passed by the Latino caucus was something that helped identify Cruz as an ethnic candidate. Why that bill was passed is a story about term limits. It's a story about why the Latino caucus wanted to use this situation to get the bill that it wanted rather than to think about how it made Cruz Bustamante and Gray Davis look. At any rate, all of the polls, the exit polls and the pre-election polls, show that the driver's license bill for undocumented split the Democratic coalition, split off some of the white middle class who believe that yes, legal immigration is fine, but giving rights to undocumented is over the line. This is something we knew from the mid '90s and yet this issue came up again and it was brought up by the action of the Latino caucus in the legislature.

And then finally there's this question of money and this is going to be a real dilemma for the Democratic party here in California because in order to get the resources to match millionaire candidates and to match well funded Republican candidates, they have to take money from big, large, organized interests, but when they take the money from large, organized interests, whether it's the Indians or the trade unions, it de-mobilizes and demoralizes many of the sort of common cause activists within the Democratic party in California.

So what you get is, when you talk to elected officials in the Democratic party, they feel like they have to fight with one hand tied behind their back. They can't get the money because their activists won't let them get it in any other form other than very small donations over the Internet. So problem number one was Cruz needed to get money and his only friends that had money were the Indians.

Now, he would have been fine if he had allowed the Indians to do independent expenditures, but instead, he tried to bring the money in through an old campaign committee under a loophole that he perceived in the law and the big question that many Democrats are asking, why did he

do that considering he got terrible press out of that and his numbers started to fall as a result of that. Most people believe that he did it because his consultant wanted to control the money and wanted his share of the take of the money and so basically it's a story about a political consultant who did not serve his client very well. But at any rate, there's this larger story of how the Democrats are going to get the resources they need in a way that doesn't demoralize their own followers.

To sum up, we've got a lot going on structurally in California. People have high expectations and certainly, Arnold has done nothing to lessen those expectations. His speech last night was he was going to represent everybody in California. He's made it pretty clear from his speeches that he's not going to raise taxes and yet, he's facing a \$12 billion deficit. He's made it pretty clear that he wants to reach out to Democrats. That's a tall order to do all of those things. We've never had, or at least not in the post-war period, we haven't had anybody try to run a government that's across party lines and so people are going to be waiting.

There's a press conference later on today. They're going to be waiting to see what he announces then. People are interested in what he's going to do in terms of political appointments. Is he going to appoint moderate Republicans? Is he going to appoint some combination of moderate and conservative Republicans? Or is he going to appoint some Democrats and independents and try to run from the middle?

He said he's going to do an audit. We assume he's going to have to start that audit pretty quickly. He needs to come up with a budget proposal in January. He needs to replace probably 200 agency heads and potentially up to 3,000 other political appointees in the state government and he's got to do it in about half the amount of time that a regular governor would have to do it, so he's certainly got his hands full.

And many of the Democratic legislators are just scratching their head. They don't know what to make of this. They don't know he's going to deal with them. They don't know whether he's going to have the patience to sit down through the negotiations or whether he's going to try to use the initiative process to sort of coerce the Democrats into some policies that they might not otherwise go for.

So that's kind of where we are, but there's lots more I could say, but I think I will stop at this point and wait for questions.

I don't know, Tom, I suppose you're going to go next?

T. Mann

Yes. Thanks, Bruce, very much. This is Tom Mann. I'm here at Brookings. Bruce is out in California on the scene.

Let me make three points quickly and then we'll turn to your questions. First, I think California dodged a bullet yesterday in the sense that a close election in which we would have to both wait for the final counting of provisional ballots and late absentees and deal with disputes about voting equipment did not come to pass because of the decisiveness of the election and getting an early concession from Davis was very helpful.

I think it was also helpful that Schwarzenegger tallied in the second part of the ballot more votes than the no voters on recall lending legitimacy to him that wouldn't have been there under the other circumstance and certainly one of the great worries was the complicated tactical issues could leave us in a situation where a person moves into the governorship with less support than the one moving out. That didn't happen and for that we should be grateful.

Number two, I think the success of this effort for the Republicans and others supporting it is going to nationally reinforce the bitter partisan warfare that's characterized our politics. We've had an arm's race in partisan battles, perhaps starting with Bob Borack's nomination to the Supreme Court continuing through Clinton's impeachment, Ground Zero in Florida, presidential election 2000, Texas redistricting. Now we've recalled a governor for the first time since 1921, less than a year after he was re-elected to another term. The temptation will be for Democrats to press this elsewhere in other states with recall provisions and for them to seek other means of holding Republican executives responsible for bad times, which brings us to my final point.

What's the broader national connection to the 2004 elections in particular? While Republicans have reasons to be happy in California, as Bruce said, the support for the two candidates is really quite extraordinary. I think President Bush has less reason to take encouragement from this. He ought to be grateful that there is no recall provision in the national government because, of course, the two greatest complaints about Davis were that he, without much warning, presided over an extraordinary turnaround in the fiscal well being of California and that he's an insatiable fundraiser, two qualities that might be applied to President Bush as well.

Nationally I see this as sort of anti-incumbent, anti-establishment, public distemper with the economic conditions in the country suggesting that it's likely to be applied to those who sit in power not to be an advantage for the party that was able to take advantage of this almost perfect storm in California where everything came together to allow this measure to move to a ballot and then for it to succeed.

The final point, and Bruce may disagree with me on this; my view is this doesn't change, in any measurable way, the likelihood of California moving into the Republican column in the Electoral College in 2004. It seems to me California is very likely to remain Democratic and given what we might anticipate as some sort of at least residual economic discontent in the country and with the referendum being on the Bush presidency rather than the Davis governorship the odds are that Democrats will be able to win California in the presidential contest without expending a huge amount of resources.

Let me stop there and if I could ask your moderator to put us into Q&A mode.

Moderator

We'll go first to the line of Christine Hall with CNSNews.com.

C. Hall

Hi. I was wondering if Bruce Cain would also speak to what Thomas Mann just spoke to about the Democratic presidential candidates in California and how they might fare? And I guess the second part to that is I had heard some talk today about Arnold being a really tremendous fundraiser and making a pledge to help other Republican candidates, I presume in California and outside of California, and help fundraise for conservative groups and I'm wondering how much of a concern that would be for Democrats and especially Barbara Baxer?

B. Cain

I think the fundraising capacity is a real one. He has shown that he's got charisma, that people that have been with him on the trail suggest that over and beyond his politics there are just people that want to be in the same room with him and will, no doubt, show up for events. So I think it is a plus for not only statewide Republicans, but also for George Bush because California often operates as kind of the national bank for elections in this country.

With respect to the reverse coattails in terms of voting, I think I'm with Tom on that; that is to say you can't rule out the possibility that if Arnold is incredibly successful and he lends his support to the president that he

may have some reverse coattails, but most people think it's going to be a lot rougher for Arnold and that he won't have coattails to reverse up to the president. I think the reality is that the president's issues in California are going to be serious ones unless something happens.

There are a lot of people that are very concerned about the war and the progress of the war and there is also, of course, concern about the economy, which, if it doesn't turn around the same blame that's been directed towards Gray Davis will, of course, get directed towards George Bush. So I don't rule out the possibility that if Arnold has a miraculous first 100 or 200 days that it might have some positive effects for Bush on the electoral trail, but more likely, it's going to be a monetary benefit.

C. Hall Just as a follow-up, quickly, and this is for both of you, as I recall, each one of the Democratic presidential candidates went to California and campaigned on Gray Davis' behalf. Does that hurt them?

T. Mann I don't think it hurts them. It demonstrates, once again, how difficult it is for one politician to help another. The anti-Davis sentiment in California is truly striking. It's just breathtaking how much people dislike this man, including a substantial number of Democrats, perhaps, Bruce, including most of the Democratic members of the California Assembly. So I think it becomes very, very difficult to sort of rally the base.

I probably would argue that, in fact, they may have helped bring some Democrats home in this election and make it closer than it might have otherwise been. Democrats lost 25% of their own on the recall question. Maybe it would have been 30% or 35% without the help of the Democratic candidates.

C. Hall Thanks.

Moderator We have a question from the line of Tom Curry with MSNBC.

T. Curry Yes. I had a question about turnout. The field poll estimated that as many as ten million voters would take part in the election and it turned out to be on the recall the latest number I saw was 7.8 million, which in terms of the percentage of registered voters is just about the voter participation/voter turn out that you had in the 2002 election, not much different at all.

Then I started to look at counties ...

B. Cain Well, I think you've got to be careful. I'm not sure whether these totals are the precincts that have been counted plus the absentee ballots that have been turned in. So there's going to be another million or so of the absentee ballots. You see, in California we have this odd thing that we count the absentee ballots that are turned in a day or so before the election and then the ones that are turned in on the day of the election are counted afterwards and it breaks down to about three million absentee ballots, two-thirds of which may well have been counted already, but there's another million of those.

Then I read some reports today that there were a lot of provisional ballots and those yet aren't counted either. That's time consuming work. They've got to check the signatures on the back. So I think I'd be a little bit careful about jumping to the conclusion that the turnout was just a normal level.

T. Mann Let me just add one point to that. We've had some scholars already churning these numbers and, as Bruce says, we think the totals will probably move closer to nine million when all is said and done. That will probably place that turnout higher than it was in 2002, but perhaps just a bit lower than 1998. The turnout figure that we're looking at is probably going to be somewhere like 38% of the age-eligible electorate, not the percentage of registered voters. And what you'd say is that's impressive for a special election. That's pretty high turnout, but the reports coming in from the field on Election Day that this was a historically high turnout were overstated.

T. Curry Okay. Can I follow up with just one question?

T. Mann Sure.

T. Curry Bruce Cain, when you said another million absentee ballots, how do you arrive at that estimate?

B. Cain Well, my understanding is that there were three million outstanding absentee ballots and my understanding is that as of last night two million of them had been turned in prior to the election. And so I'm assuming that there may be another million that are sitting out there. Again, I'm just doing it based on what I've heard from the Secretary of State's office, but I think, though, there is a larger point here, which you're getting at and Tom alluded to too, which was it was not the historically high turnout that people expected.

I think that what we're going to see, and I don't know how much to rely on the exit polls on this, but the exit polls were showing a relatively low turnout by Democrats in the precinct voting and again, I'll hold off on what the percentages are when you throw in the absentee ballots, but I think that there were a lot of Democrats that were not energized by this. They didn't catch on to the Clinton/Gore this is all connected to Texas and Colorado appeal and Florida appeal.

Gray Davis, it's hard to tie him into the national Democratic Party because he never really was a mainstream Democrat in the eyes of a lot of Democrats, but I think they just didn't see it in those terms. I think they saw a state, which is stuck in an extremely bitter quagmire with budget deficits. I think any time your state spending doubles in a decade everybody is going to suspect that there's a lot of waste. It may not be true.

In fact, many of us suspect that it's not true, that when they do the audit they're going to find maybe \$100 million of waste and fraud; most of it went to K through 12, but the reality is any time you double the spending in a decade and when 40% of that happens in the last three years of the boom then people are just going to be very suspicious and that's, I think, what was weighing in a lot of peoples' minds, including Democrats and I think, in the end, just rallying to the cause of the Democrats, given how badly they ran the campaign, given that they don't like Gray Davis, as Tom was talking about, these really high unfavorability ratings, given the situation that we're in, I think it de-mobilized a lot of Democrats despite all of the money and all of the efforts of national Democrats to mobilize them. I just don't think their hearts were in it. I think a lot of people rallying to Gray Davis' cause just doesn't stir the emotions.

T. Curry When are we finally going to know about the absentees?

B. Cain Well, this is this whole business that it typically takes California about a month to certify the election and count because it's a very labor intensive task to deal with the provisional ballots and the absentee ballots because you have to check the signatures on them by hand.

T. Curry Thanks.

B. Cain Yes.

- Moderator We have a question from the line of Paul Corey with Global Mail of Canada.
- P. Corey Hi. Good afternoon to both. I'd like to revisit the point that Tom Mann raised and that is at least for outsiders one of the great constitutional elegances of the American system is that elections come along predictably and people fight them in the ballot box and all of those things that you mentioned weren't extra-legal as such, but they were extra normal and I wonder whether both the Florida debacle and the Texas redistricting and this use of the recall and the attempt to impeach Clinton, whether this has kind of changed the battlegrounds of U.S. politics so that perhaps because of the particular antipathy between party partisans right now that anything's fair in love, war and politics?
- B. Cain Well, I'm sure we both have comments on it, but since Tom already spoke to that issue I'll say something.
- I think that that's right, that there is something going on here. Part of it is the close partisan struggle and the extension of electoral politics into governance and governance into electoral politics or what we in political science call the permanent campaign.
- I think we've been documenting that phenomenon now over the last couple of decades and it's a real phenomenon and it extends political battle into court venues. It extends it into these mechanisms, like the recall that nobody really thought about much before or the impeachment, which was not used very much before.
- So I think some of it has to do with the bitter state of partisan politics in America and the extension of the permanent campaign, but I think it's also, in California, a phenomenon of if you like TV clicker politics. That is to say you're used to, in your consumer habits, having lots of choices and being able to change the channel or change the product when you don't like it and I think there is this growing kind of impatience with the two-party system in fixed elections that it just doesn't fit with the normal consumer patterns that people are used to. I mean, if you don't like a TV program you're not stuck with just three channels anymore. You can hit the clicker and you get 156 channels and you can get rid of that person right away.
- And I think there is that kind of impatience in the culture quite apart from the politics; there's that impatience in the culture in American society that

why should I have to put up with this turkey any longer? I mean he really irritates me. He held me hostage because the alternative was to vote for a social conservative who was completely despicable and given the chance to change the channel, why shouldn't I change the channel? I think you get a little bit of that in the statements that people were making yesterday that this was a great moment for democracy, that citizens took control and they didn't have to put up with it any more.

I think you see it in the embracing of Internet democracy and some of the people, like Dick Morris, arguing that democracy should move to constant decision making and instantaneous decision making and I think a lot of political scientists are worried about this, worried about what happens to the demise of representative democracy, what happens to the constant presence of electoral considerations in governance and whether all of this is going to lead to more problems.

T. Mann

I agree with what Bruce has said and, Paul, from my earlier comments you know I endorse the basic argument you put forward. Maybe I can say one other thing that's more difficult for Bruce to say, which is, God, California is a mess in its governing institutions. I mean poor Arnold Schwarzenegger confronting what he confronts, an overwhelmingly liberal Democratic state legislature with the budget process asset and budget constrained by a series of initiatives, by the way, some of which he's pushed himself for earmarking federal funds.

It takes us all the way back to Prop 13. There are some real pathologies in governance in California and my own view is that while the public may sort of momentarily take some real pleasure in their power to kick out one bum and put in a replacement without a regularly scheduled election, that sentiment is going to sour pretty quickly unless Schwarzenegger figures out a solution to governing that isn't clearly in sight, at least for me in Washington.

P. Corey

If I could just follow very briefly, why is it so visceral? Why is the hatred between the parties getting nastier or is it?

T. Mann

Bruce was right about the even balance between the parties. You've got to add to that the etiological polarization that's occurred over the last 20 years so that the party's center of gravity is much further apart, meaning the stakes are extremely high when it comes to determining who's in the oval office, who's in the governorship, which party controls the majority

in the legislature. In the old days you'd have to move to the center and cut a bi-partisan agreement.

Nowadays more unity, higher stakes, greater polarization have produced something very different and it's all been reinforced by the permanent campaign and by the move to the breakdown and norms about using really extraordinary means, like impeachment, like recall elections, like second rounds of redistricting within decades, like filibustering judicial appointments and on and on and I think that accounts for it.

P. Corey Thank you.

Moderator We have a question from the line of Chuck Rash with Gannett News Service.

C. Rash Tom Mann, this is a follow to your earlier point on the arms race. Could you be a little bit more specific if you can, and I know this is hard to do at this moment, but where you think the next likely arms race will be over the next several months and year leading to 2004? Is it going to be applied to recall efforts in other states? Is it going to be more Texas like walkouts? I know there's been some talk of California, for instance, that could be a possibility of a legislative walkout in California if things go rough in the beginning.

Then last me ask as a second part of this, do you think that Schwarzenegger can or will use this as an opportunity to sort of escalate an arms race in his own party in saying, "Look, this is the model for Republicans to win all over the country." Be agnostic on a lot of these issues that divide the country and let's center around this economics based argument that he made.

T. Mann The latter is a fascinating question and Bruce can address it better than I. I think Schwarzenegger is caught. On the one hand he clearly is more liberal on social issues than Republicans in California. They've given him a by because he's been okay on their economic issues, which is don't raise taxes and cut spending. He may find he's unable to do that and meet the legal requirements of a balanced budget in California, which will, rather than give him room to get the social conservatives to moderate will put even more pressure on him, so I'm not convinced he's in a position now to do anything. If he figures out a clue to the budget difficulties and emerges triumphant then he will be in a stronger position to do that.

I think Democrats are going to be moving on many fronts. They will look at some other states and see if the ingredients for a successful recall might exist elsewhere. It's not clear that they do and procedures and thresholds are quite different in other states and you don't have sort of celebrity actors willing to put \$10 million of their own money into races and every other potential state, but I mean I see the Democrats in the House and Senate here in Washington increasingly unified, harder line on judicial appointments. I could see a sort of symbolic walking out on session where they can't offer their amendments. I see now a greater incentive to not allow a prescription drug benefit bill to pass. I see them digging in their heels in a really kind of ugly confrontation proceeding in the months before the election.

C. Rash

Bruce Cain, would you address that latter question?

B. Cain

Well, first with respect to mechanisms, I mean I think that you never want to preclude the possibility that there are new mechanisms out there. I think with the recall specifically most states are better protected than California is. We had a particularly low threshold, 11% of the gubernatorial vote, and most states have the common sense to have higher thresholds; 25% or 40% is a more normal range and many states use registered voters rather than actual voters.

So I think we'll see more recalls. We've already seen more recalls at the local level and I think we'll certainly see more recalls at the national level, but I don't think it will be a daily occurrence or a yearly occurrence because you have to have the timing, you have to have the money and you have to have the right kind of candidate. And also, many statewide offices aren't worth recalling. Nobody is ever going to recall the controller or the treasurer or the Secretary of State. I mean there just aren't enough controversial decisions. So it's pretty much the governors and the attorney generals that get most of the lightning at the state level.

There have been some attempts to recall federal offices and that, of course, raises all kinds of interesting constitutional questions. You can't force them to resign, but sometimes they sign these pledges that put them in rather odd positions, so we may see, at least symbolically, some attempts to recall federal officials, to at least put their voters' discontent onto the table.

But in terms of Schwarzenegger and his potential influence, again, I think a lot depends upon how he governs. He certainly, in the state of

California, has given a shot in the arm to the moderate Republicans and big tent Republicanism is all of the buzz now and in theory that idea could be transported to other places and indeed it has. New York and Massachusetts have had Republicans that have been more big tent than California's had in the past, so it's not a completely new idea, but certainly, Arnold gives it a lot of publicity and a lot of visibility.

But I think we need to see how it translates into governance before we know whether it's a successful model or not because given all of the formidable obstacles, the Schwarzenegger governorship could easily go the direction of Jesse Ventura and could end in bitterness and personal disappointment on his part and with politics pretty much staying the same. But you always leave open the possibility that he's more talented than Jesse. He's more determined than Jesse Ventura and that there's a thirst for bipartisanship in California that he's discovered and he's able to translate that into a different pattern of governance. So when I say these things my friends and colleagues sometimes say I'm being Pollyannaish and so that's probably true, but I think you just can't rule out the possibility even though if I were a betting person I wouldn't bet the farm on it.

C. Rash Thank you.

Moderator We have a question from the line of Susan Page with *USA Today*.

S. Page Hi. A question for both of you. I wonder if you see a real growing disconnect between the increasing partisanship on the part of elected officials and the kind of voter expression of dismay with politics as usual that was reflected in the returns last night?

B. Cain You know, I think there's both. I mean there's political science evidence that partisanship has actually been increasing in California. Gary Jacobsen at the University of California in San Diego has done some very good work on that. For a long time in California we thought the partisanship was increasing in the legislature at a time when partisanship was on the decline in the state of California and his data indicated that that picture is a little overly simple. There is actually partisanship out there in the electorate as well.

But on the other hand, there definitely is, in California, a feeling that this stalemate that's produced in Sacramento just can't go on, that it's killing the state. It's killing its credit ratings. It's problematic in terms of getting

adequate services. So people are certainly looking for something that's different and are hoping that Arnold might offer that.

But again, it's not a simple matter. The number of independents has been growing in California, but the reality is that when you analyze the voting behavior of the independents there is only really about a third of the independents that are genuinely independent, that is randomly going back and forth between the Democratic and Republican Party. And then when you look at the four or five people that have run as independents in California, immediately they get into office and then they get frozen out of the caucuses. They don't get any resources. Their bills don't get supported and more often than not they get booted out of office shortly thereafter, so it's hard to imagine a world without strong partisanship right now.

The interesting thing about California institutions is that we're one of the few states that require a two-thirds vote, so our institutions are designed for bipartisanship, but our politics are simply not up for it. There are a lot of people in California that want to change the institutions to fit the politics. That is to say we're going to have some proposals on the ballot that will change the requirement for a vote in the legislature down to 50% or 55% and we've been trying to change our Prop 13's requirements for what it takes to pass taxes at the local level to get it out of the two-thirds.

One strategy is to try to make the institutions fit the politics, but the other strategy is to try to make the politics fit the institutions and to try to develop some of the common ground between Democrats and Republicans that we had prior to 1978 in California. You know, Arnold certainly was talking that talk last night, but we'll just have to wait and see whether he walks the walk over the next 100 days.

T. Mann

Susan, I think Bruce has put his finger on something here really important. There is lots of evidence that the public dislikes the idea of partisanship and certainly frowns upon the squabbling among politicians and between parties, but at the same time those voters are increasingly partisan in their voting behavior. Just a dramatic decline in split ticket voting, in split results; the voters have begun to sort themselves out between the parties etiologically in the way the elites did initially and that reinforces the box we're in and just as this era was launched initially by the voting rights act and then reinforced by Ronald Reagan's agenda and presidency, it's probably going to take something, some kind of dramatic switch at the

elite level to begin to ease the partisan patterns that we see that have now taken hold at the public level.

S. Page Tom, just to follow up very briefly, one of the first things you said when you came on the call was that the kind of anti-incumbent, anti-establishment feeling that was evident with the electorate, can you compare that with some earlier time?

T. Mann Well, we saw it strongest you remember, it really got virulent initially around the period of 1992 and then 1994 some of it was directed at Congress and the banking scandal, the House bank and the like and it really was quite strong and, of course, '94 was the most dramatic anti-incumbent party election in modern times. We haven't seen that sentiment since then. The question is now is it beginning to develop again?

I don't know because we also have 9/11 and the surge in patriotism and the general sense that the president is a strong leader and he's an honest man and we want this to work out in Iraq. On the other hand, there are some growing signs of discontent, both domestic and international. We're a long ways from the early and mid '90s, but we're moving in that direction.

S. Page Thank you.

Moderator We have a question from the line of Garret Mitchell with *The Mitchell Report*.

G. Mitchell A two-part question. I suspect the first is for Bruce and the second I'd be interested in Tom and Bruce's reaction. I want to come back to a point that was raised earlier about the possibility that Arnold really becomes wildly successful, which brings me to the question of how would one define success for Arnold and what I really mean by that is, Bruce, first could you address with just a little more specificity the nature of the financial and fiscal problem that we're looking at, the size of the deficit anticipated for the next year or two and what's the wiggle room in the budget? I mean I understand there's something like sort of 85% of it that's more or less locked in and I don't know whether that's true or not.

Then that really comes back to the second part of the question, which is how would one be apt to define success? What would Arnold have to do for people to be able to say, "You know, he really did it?"

B. Cain

Right. I think there are several parts to peoples' expectations. I think the first part is the short run budgetary problem that you alluded to and the short run budgetary problem is that there is an \$8 billion deficit and then if they repeal the car tax there is an additional \$4 billion and we don't know what revenue shortages we might have that might add to that. Arnold has basically pledged that he's going to do this through cuts and not increased taxes.

Then the question is what does he cut, because the K through 12 expenditures were immensely popular. We were basically down near Mississippi in terms of our school performance levels and it's risen now to the middle of the pack. A lot of the money went to reducing class sizes, which were long overdue. We have very high teacher expenses because of the cost of living in California. Arnold has pledged not to cut education.

So how do we define success? Well, I think number one is not increasing taxes has been defined as a sign of success and I think if he were to try to increase taxes he would lose part of his coalition, McClintock, the conservative wing of his coalition.

I think number two is maintaining good infrastructure and services. This is an odd thing about California. When you look at our tax level, if you take local and state taxes and you look at spending in California or taxing in California compared to other states, most studies indicate that we're kind of in the middle.

We're about 19th in terms of our tax burden. But the expectations in California for services are that we should have the best services in the country and so there's this odd problem in California that we want to spend at number 19, but we want our services to be number one and somehow that has to be put into equilibrium. Either the people and the citizens have to say, "Well, we're number 19 in spending and we're going to accept number 19 in terms of services," or we're going to say, "No, we want number one in services and therefore we're going to increase our taxes."

So what I'm getting at is somehow I think the definition of success has got to be putting people's expectations for what they want out of government in better line with what they're willing to pay and that would have to require some dialogue and bringing parties to the table. Right now the Democrats have one answer and the Republicans have another answer and the reality is that I don't know whether Arnold can bring all of that

together, but I think that's the challenge in the short run is figuring out how much people are willing to pay for the services that they want and putting that into alignment.

Now, along the way the second issue is there are these deeper structural problems, part of which Tom alluded to, which is because we have the referendum and the referendum is used frequently and the initiative process is used frequently, we've passed a whole series of measures that either mandate expenditures at a certain level for certain services, like Prop 98 demanding that we spend 40% of our budget on K through 12 education. We have highly specific taxes that say that tobacco taxes must be spent on tobacco programs. And there is a great deal of inflexibility in the budget in terms of what a legislature can actually do and what it can spend on.

Yes, the usual estimates that economists give are about 80% of the general funds are tied up in commitments that are there because of either legal decisions or more frequently because of the initiative process and we have had dialogues over the last ten years about the need for structural reform, but what happens in California is that we'll have serious discussion. People will talk about the need to redo Prop 13, to redo Prop 98 and then, damn it, the economy will recover, the money will flow and people will forget about all of the problems and not really address the structural problems until we get into a crisis again. So I think it's not simply solving the short-term problem. I think Arnold also has to address these long-term, structural problems if he's going to be truly successful in this state.

G. Mitchell

Okay. Tom?

T. Mann

I have nothing to add. I think Bruce laid it out very well.

G. Mitchell

Okay. Thanks.

Moderator

We have a question from the line of Hill Anderson with United Press International.

H. Anderson

Yes. Some of this just kind of builds on what you were just talking about, but I'd like to ask Bruce in particular, what do you think Arnold should be doing when the Republican big business interests come calling on Sacramento and start asking for some major favors, especially in the policy area, such as environment and that type of thing? How should he handle these large money interests that come to him and may want him to

do something that is something that's not particularly agreeable to a middle of the road type of approach?

B. Cain

Well, that's a good question. Of course, he doesn't pay me to give him advice and he's not asked me for advice, but I think what you're asking for is how can he handle that without alienating his constituency and that's an interesting point. I mean one advantage that I think a Republican governor has is that Republican voters, and he did get 70% of the Republican vote, don't really have a problem if their candidate takes developer money and real estate money. So that's not the same problem that Democratic governors have out here, so, to some extent, he's got more wiggle room on that and we saw this when it became clear that he was taking a lot of money from special interests and that even his loans that he's taken out he's likely going to pay back with fundraisers that involve many of the real estate and developer interests.

So partly he has more wiggle room, but I think there is this point, of course, that as governor he's not going to be able to pass legislation that these people want because for the foreseeable future at any rate, the legislature is controlled by the Democrats, but he can, through the administration of agencies, slow down the implementation of some of the environmental bills that have been passed and there's another one having to do with forests that's likely to get passed in the next few weeks.

He can slow some of that down. He can change appointments on various commissions that deal with land use planning and the coastline and people will watch very closely. The environmental groups are very vigilant out here and they will watch very closely what he does in that and if he does move in a Bush-like direction, you know, as Bush has done with Clear Skies, I think he would run into trouble not only with Democrats and independents, but moderate coastal Republicans. The joke in California is the Republicans that can see the water tend to be very pro-environmental and the ones that can't aren't. And if he moves in a direction, which is perceived to be too far in the business direction in terms of loosening environmental regulations in the state, particularly since we've got smog problems out the wazoo, I think he could lose his coalition.

So he's got a very delicate balancing act that he has to do. He can give them some regulatory relief, particularly on workers' comp, which is number one on everybody's list and he can try to help in some of the other regulations, but I think if he touches the environmental regulations he has to be very, very careful in this state.

- T. Mann Well, it sounds like we're right on schedule. It's just about 3:00. Listen, thank you all for participating on behalf of Brookings and thanks to Bruce, who is a Guest Scholar with us this fall. Thank you for tuning in.
- B. Cain Okay. Very good.
- T. Mann Thanks, Bruce. Good-bye.
- B. Cain Good-bye.
- Moderator Ladies and gentlemen, this conference will be available for replay after 5:30 p.m. eastern time today through 5:30 p.m. eastern time on Thursday, October 9th. You may access the AT&T Executive Playback Service at any time by dialing 1-800-475-6701 and entering access code 700592.
- That does conclude our conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.