



**WMRC Article**

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What in the World is Going  
On in California?

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**United States: What in the World is Going On in California?**

*The US state of California is in shock as an unprecedented recall election of the state's Governor, Gray Davis, has paralysed the state legislature and chilled the already struggling business climate but, moreover, it has created a political drama that not even the state's most infamous city - Hollywood - could dream up.*

<b>WMRC Perspective</b>	
<b>Significance</b>	The recall election of Democratic Governor Gray Davis is creating a political firestorm in the state, resulting in deep uncertainty in government and business. A serious political crisis stemming from a record deficit of US\$35bn grows worse with each passing day and with each additional obscure, unqualified publicity-seeker that tries to enter the race to defeat the sitting Governor.
<b>Implications</b>	The State Legislature needs to implement a number of reforms designed to reduce the state's deficit while continuing to fund critical services for California's most vulnerable citizens as well as initiatives designed to encourage much needed economic growth, but government is virtually paralysed by the uncertainty over the Governorship and unable to act. As the world's fifth-largest economy, the wider economic uncertainty this is causing is also troublesome.
<b>Outlook</b>	The political circus that the race to defeat Governor Davis has already become will only grow worse and more and more strange, culminating on election day - 7 October - when Austrian-born Hollywood action star Arnold Schwarzenegger, a Republican, will be elected California's new governor.

***'In my country we go to prison first and then become President' - Nelson Mandela.***

California Governor Gray Davis has not committed a crime worthy of jail, but perhaps one (or many) deserving what amounts to a 'termination' of his post. Davis is shouldering the mantle of responsibility for the largest deficit of a state in US history at a whopping US\$35bn - 35% of the state's overall budget of US\$100bn. When Davis first ran for Governor as a Democrat in 1998, after serving many years in public office in California and having slowly worked his way up the political ladder, the *San Jose Mercury News* called him 'perhaps the best-trained Governor-in-waiting California has ever produced.' That year, Davis was elected with 58% of the statewide vote. While serving in his first four-year term (1998-2002), state spending increased by roughly 40%, which in itself was not a political liability since the economic downturn had not yet come into force. To the contrary, Davis was so popular after his first two years in office that he was rumoured to be a possible Presidential candidate. However, his hopes began to quickly fade as his re-election in 2002 grew more and more uncertain, particularly as his plan for deregulating the electric utility market in California unravelled, resulting in bankruptcies, higher electricity rates, and widespread power outages. Facing what was considered to be a very weak Republican challenger, Davis was barely re-elected, with only 48% of the tally, beating his nearest challenger by only 300,000 votes. Davis' real troubles began shortly after the election was over, when he announced that the state was US\$35bn in debt - when he had entered office four years earlier there had been a surplus of US\$9bn.

<b>Governor Gray Davis Curriculum Vitae</b>	
<b>1998-Present</b>	Governor of California
<b>1994-1998</b>	Lieutenant Governor of California
<b>1988-1994</b>	California State Controller
<b>1983-1987</b>	Member of California State Assembly from Los Angeles
<b>1975-1981</b>	Chief of Staff to California Governor Edmund Brown
<b>1972-1974</b>	Finance Director, Tom Bradley for Mayor of Los Angeles

***'When the people fear their government, there is tyranny; when the government fears the people, there is liberty' - Thomas Jefferson.***

On 4 February 2003, only 90 days after Governor Davis was re-elected, Ted Costa of People's Advocate - a non-profit political advocacy organisation that lobbies against over-taxation and regulation - notified Governor Davis that the organisation was going to seek to recall Davis for his role in the budget crisis. At first, the effort gained little

to no attention, until wealthy California Congressman Darrell Issa donated US\$1.7m to establish 'Rescue California' - a political action organisation that began to spearhead the 'Recall Davis' effort. As momentum was gained thanks to the influx of cash from Issa and increasing media attention, the effort began to take on a life of its own. It quickly transforms from a footnote in the book of political stunts, to a real political threat to Davis. Sensing the public's anger over the deficit and other failed policies and with little room to avoid bearing the full criticism, Davis chose the politically sensible strategy: he attacked the recall process rather than the sentiment behind it. However, that only seemed to fuel the fires of discontent.

<b>Recall Timeline</b>	
<b>5 November 2002</b>	Governor Davis re-elected by less than 50% of the vote
<b>January 2003</b>	Governor Davis announces record state deficit
<b>4 February 2003</b>	People's Advocate notifies Davis of effort to recall him
<b>26 March 2003</b>	Recall effort begins petition drive
<b>6 May 2003</b>	US Congressman Darrell Issa contributes hundreds of thousand of dollars to the recall effort
<b>22 June 2003</b>	Popular US Senator from California Dianne Feinstein says she will not challenge fellow Democrat Davis in recall vote
<b>7 July 2003</b>	Rescue California, leading the recall petition drive, announces it has 1.6 million signatures, more than enough to force a recall election
<b>23 July 2003</b>	Required number of signatures for a recall election is officially verified
<b>5 August 2003</b>	The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) announces support for Davis, urges Democrats to stay out of the recall race
<b>6 August 2003</b>	Actor Arnold Schwarzenegger announces his candidacy and assumes front-runner status to defeat Davis
<b>7 August 2003</b>	The American Civil Liberties Union (ACLU) files lawsuit alleging that voters in minority communities will not have an adequate opportunity to vote
<b>7 August 2003</b>	California Supreme Court declines to intervene through any of the five petitions filed challenging the legality of the recall
<b>9 August 2003</b>	Deadline for all candidate to submit nomination papers for recall election
<b>7 October 2003</b>	Date set for recall election

***'It has been said that democracy is the worst form of government except all the others that have been tried' - Winston Churchill.***

Governor Davis attacked the effort to recall him as foolish, especially during a time when the state is withering under a US\$35bn deficit, rising unemployment, the dotcom bubble-burst (which hit California hardest), tax and fee increases, and an energy crisis created by a failed effort to deregulate the industry. The recall election has dashed any hopes that Davis or the legislature may have had to pass any meaningful reforms, some of which may have been able to help alleviate the current fiscal crisis. It also forces the government to find an additional US\$70m to pay for the recall election. Once the Secretary of State had certified that the required number of signatures had been obtained to force a recall election, Davis immediately filed a number of lawsuits in an attempt to block the election. The suits took aim at what he called a tainted and failed process, resulting in the disenfranchisement of minority voters. Although the influential American Civil Liberties Union (ACLU) has also taken up the cause for minority rights in opposing the recall, the California Supreme Court has paved the way for the election by choosing not to take up any of the cases. In addition to the financial and political strain as a result of the recall effort, there is a social and cultural strain as well as would-be Governors see an opportunity they just can't bear to pass up. As the candidates come out of the woodwork, Davis' poll numbers continue to plummet, with his latest approval at a dismal 23%. This figure is a third of what it was at the peak of his popularity in February 2000, when it hovered at 62%.

## What is A Recall Election and How Does it Work?

<b>Recall Election</b>	An obscure law from the early 1900s that allows voters to essentially throw an elected official out of office if they are dissatisfied with their performance.
<b>How it Works</b>	In California, once recall proponents obtain the signatures of a number of California voters equal to at least 12% of the persons who voted in the last election for the office in question - 900,000 in this case - a recall election is required.
<b>Who Runs</b>	Any US citizen that is a legal resident of California can run for Governor in a recall election if they 1) obtain 65 signatures from registered voters from their own party on a petition supporting them, and 2) pay US\$3,500 or obtain 10,000 signatures on a petition in lieu of the filing fee.
<b>The Vote</b>	Voters will decide two questions: 1) Do you want to recall the Governor? and 2) Who should replace the Governor?
<b>The Winner</b>	If a majority of voters vote against recalling Davis, he stays in office. However, if enough vote yes on the recall, the replacement is whoever among the candidates on the ballot receives the highest number of votes.
<b>Other States</b>	Only 18 other US states have a law that allows for the recall of a governor, although all states allow for the outright impeachment of a governor for criminal behaviour.
<b>Precedent</b>	Only one governor in the history of the US has ever been successfully recalled - the Governor of North Dakota, Lynn Frazier, in 1921

***'One of the penalties for refusing to participate in politics is that you end up being governed by your inferiors' - Plato.***

Could California have proven Plato wrong? Thus far, over 500 people have filed papers to run for Governor of California in the recall election, although very few of them appear to be even moderately qualified to run the fifth-largest economy on the planet. Also, only a small number of them are likely to appear on the final ballot, but it will still include a wide spectrum of candidates. The Gubernatorial hopefuls include a cast of characters, but there are some clear front-runners. The announcement of Arnold Schwarzenegger's candidacy was a complete surprise to most, but he is now the clear leader in the effort to oust Davis. Schwarzenegger will use his fame and personal fortune to attract disenfranchised voters who have not participated in recent elections, much the same way former pro wrestler Jessie 'The Body' Ventura did to become the Governor of Minnesota in 2000. With Congressman Issa, the leader of the recall effort, having bowed out of the race he helped create, the path is clear for a match up between Schwarzenegger and Davis.

## Snapshot of the Candidates for Governor

Name	Ethnicity	Political Party	Background	Wack-O-Meter*
<b>Arnold Schwarzenegger</b>	Austrian	Republican	Worldwide action-movie star; body builder; married to member of the Kennedy family	4
<b>Cruz Bustamante</b>	Latino	Democrat	Current Lieutenant Governor; former butcher and farmhand	1
<b>Arianna Huffington</b>	Greek	Independent (former Republican)	Broadcast political commentator; ex-husband is former Republican Congressman Michael Huffington (who has endorsed Schwarzenegger in the race)	3
<b>John Garamendi</b>	Italian	Democrat	California Insurance Commissioner; former college football star; Eagle Scout	2
<b>Larry Flynt</b>	American	unenrolled	Publisher of popular adult magazine; former owner of Hillbilly Haven nightclub; advocate of First Amendment rights	5
<b>Gary Coleman</b>	African-American	unenrolled	Former television actor; currently a security guard and spokesman for the 'Psychic Friends Network'	4

<b>Angelyne</b>	American	unenrolled	Singer, actress, performer and exotic dancer	5
<b>Peter Ueberroth</b>	American	Republican	Former Commissioner of Major League Baseball; former head of Los Angeles Olympics Committee	1

\*'Wack-O-Meter' quantifies how strange the candidacy is, and is correlated to the candidate's qualifications to be Governor of California: 5 being Uber-Wacky and 1 being Moderately Wacky.

***'Politics is not the art of the possible. It consists in choosing between the disastrous and the unpalatable' - John Kenneth Galbraith.***

Schwarzenegger is not the first actor to go from Hollywood into politics. Ronald Reagan was a long-time actor before serving two terms as Governor and going on to win the two terms as US President. Schwarzenegger is also not without political experience. In 2002, he successfully campaigned for a state ballot measure to boost funding for after-school programmes, giving US\$1.5m of his own money in support of the effort. Although he is the front-runner, it will not be without bitter controversy, as Davis is likely to highlight embarrassing elements of Schwarzenegger's past, such as his father's service in Hitler's army and membership of the Nazi party. A Republican married to a Kennedy, Schwarzenegger considers himself to be a moderate conservative and 'very liberal' on social issues. Perhaps the biggest shock regarding the recall election fiasco and an even bigger threat to Davis is the emergence of current Democratic Lieutenant Governor Cruz Bustamante, the first statewide-elected Latino in California's history. If Bustamante runs a good campaign, he could split the Democratic vote with Davis, which would hand the election to Schwarzenegger. It is for this reason that the powerful Democratic Party-allied labour union, the AFL-CIO, strongly encouraged all Democrats to stay out of the race.

***'I don't know exactly what democracy is. But we need more of it' - Anonymous Chinese student during protests in Tiananmen Square, Beijing, 1989.***

The recall election in California will be defined by one over-arching issue: anger. The people of California rode the crest of the wave that was the economic boom of the mid- to late 1990s, which means they also bore the brunt of the crash. Poor decision-making in government, political infighting and partisanship, finger-pointing instead of co-operation, and ego and a sense of impunity led to the mess in which Governor Gray Davis and the whole state of California now finds itself. Now that the recall election is set to take place, and the main candidates are settled in, the process needs to play out all the way through the election in October. Regardless of whether or not Davis is personally responsible for the state's woes or should be held accountable in this manner, what is relevant is that enough people in the state are angry enough that they have chosen to do the unthinkable and force a recall vote. In a situation such as this, what separates a Democracy from a dictatorship is the ability of the people to hold their leaders accountable, even when the methodology is flawed or the criticism unwarranted. Besides, is there ever a 'good' time to hold a leader accountable in this manner or is there a flawless methodology to do so? In this case, Davis is still wrong as he attacks the process, because the people have spoken and the process must and will go forward.

## **Outlook and Implications**

***'Democracy is the art and science of running the circus from the monkey cage' - Henry Louis Mencken.***

Arnold Schwarzenegger has said 'I'll be back', and he *will* win the (total) recall election, deposing Governor Gray Davis, and will be sworn in 28 days later. He may not be the most qualified candidate, but the resolution of the political upheaval this has caused will finally become something of the past, clearing the way for Governor Schwarzenegger and Californians to begin the more difficult task of bringing the state back from the brink of bankruptcy. Nationally, Republicans will attempt to use his victory as some kind of precursor to the Presidential and Congressional elections in November 2004. However, this recall is a political anomaly (one can only hope), and will be decided less with respect to political party or ideology, and more by the anger and betrayal voters feel for Governor Davis. The lesson that should be learned from the recall election is that hell hath no fury like a voter scorned, which is a theme in political campaigns that could become more prominent across the country next year.

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