

[california dreamin']

Total Recall

Open borders cost California billions—and maybe the governor his seat.

By Steven Greenhut

ORANGE COUNTY, CALIF.—Americans from saner parts of the country are having a good laugh at Californians' expense, and who can blame them? Most states manage to hold gubernatorial elections at regularly scheduled intervals with relatively normal candidates, and balance their budgets each year without much problem.

Over the last four years, California—whose officials sometimes see themselves as progressive examples that the world should follow—cannot even get the basics right. It's been one crisis after another, with the big-news political-recall spectacle the direct result of the budget and electrical crises that preceded it.

Democratic Gov. Gray Davis, the man on the hot seat, is given little chance of surviving because he has been perceived as having done nothing to solve, and a lot to exacerbate, the problems Californians are tired of enduring. There's a widespread sense among working people and small-business owners that the ongoing rebellion, however unusual, is the last chance to stave off yet another 1990s-style middle-class out-migration to Arizona and Nevada.

The driving issue is the state budget deficit, which has reached an estimated \$38 billion. That's a larger sum than the total state budget of every other state, excluding New York. When Governor Davis trounced Republican candidate Dan Lungren in 1998—a mainstream conservative Republican of the sort that could never win a statewide election in California today—the state government was awash in cash. What happened?

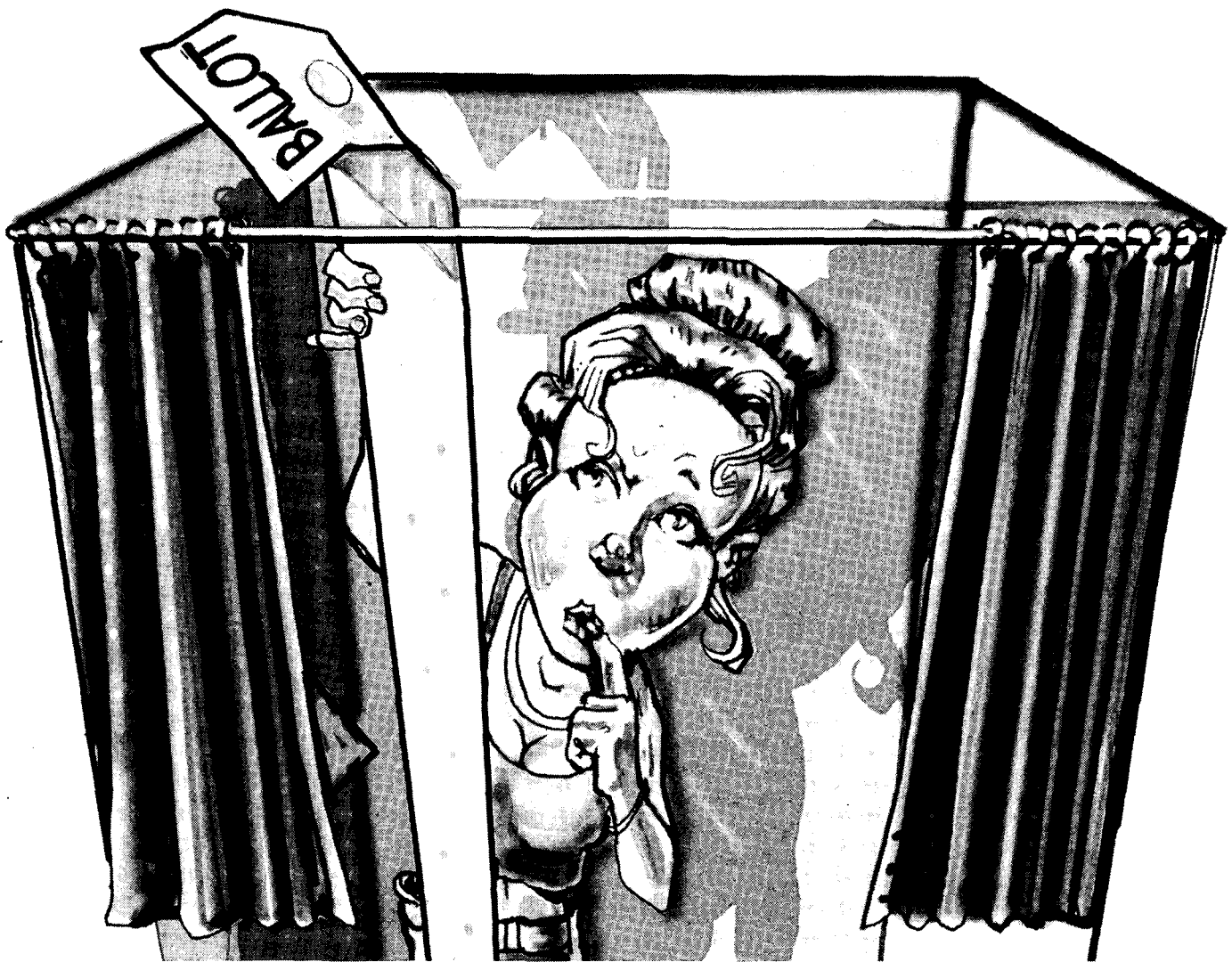
As the governor and his dwindling defenders explain it, the state was rocked by the national recession, something that hit California particularly hard because of its progressive, capital-gains-based tax system. When over-inflated dot-com stocks went bust, the state's budget went bust along with it.

But as *Sacramento Bee* columnist Dan Walters, one of the state's shrewdest political observers, recently explained, "The undisputed fact is that after a severe recession ended in the mid-1990s, the state experienced a solid, if unspectacular, gain in tax revenues for four years before the highly volatile high-tech industry produced a spike in personal income taxes ... that

lasted just one year before revenues resumed their normal pattern of slow growth."

Basically, Davis and the Democratic-dominated Legislature locked in new spending as if the one-year spike represented a permanent new flow of tax dollars. State government grew in the Davis years by an astounding 37 percent. He lavished salary and pension increases on the politically powerful public-employee unions. Education spending, health care, and prison spending all exploded. The general-fund budget grew from about \$58 billion to \$78 billion.

When the budget hit the wall in 2003, the Legislature wanted to increase taxes to fix the mess. But, understanding that a tax hike would only enable Democrats to continue on their merry spending ways, the embattled Republican minority held firm. Given the state's two-thirds majority vote requirement for passing a budget, Democrats needed a handful of GOP votes to pass a tax increase. Senate Republican Leader Jim Brulte threatened to help unseat any Republican who voted for a tax-raising budget, so Democrats blinked on the tax issue



CHRIS HEERS

(although they winked when the Davis administration tripled the car tax by a questionable administrative act). But enough Republicans voted for a cobble-together budget deal that raises spending by \$1 billion and locks in a structural \$8 billion annual deficit.

This disaster passed with a backdrop of manufacturing businesses fleeing the state as workers' compensation premiums have gone up as much as 400 percent. It followed a botched electricity deregulation deal that has dramatically hiked electricity rates. These events provided further impetus for a growing movement to recall a governor who has been immobile in the face of every problem, doing little more than fund-raising and blaming others while Sacramento burned.

The recall has been one big brouhaha, the likes of which hasn't been seen since

the passage of tax-limiting Proposition 13 in 1978. It was pushed ahead by the grassroots, over the objections of mainstream party operatives, the media and big business, although it got a boost when millionaire Congressman Darrell Issa, the onetime replacement candidate who later withdrew from the race, put his cash behind it.

The two main conservative candidates to replace Davis, State Sen. Tom McClintock (R-Thousand Oaks), a true-blue tax-fighting conservative, and businessman Bill Simon, who ran an embarrassing campaign against Davis in 2002, have good strategies to rein in the government. But even they have generally avoided a topic that only occasionally registers on the Richter scale. That is the obvious role of immigration, legal and illegal, in the state's troubled fiscal and political situation.

After Arnold Schwarzenegger announced his gubernatorial candidacy at the Los Angeles County Registrar of Voters office, one reporter asked him about his views on immigration. The actor launched into a touching, yet mostly irrelevant, discussion about his rags-to-riches past, and his sympathy for those who flee to California for a better life. That appeared to be the end of the discussion.

Then two days later, the news broke: Schwarzenegger had endorsed Proposition 187, the 1994 ballot initiative that denied most public services to illegal immigrants. It passed overwhelmingly despite an unconscionable smear campaign against it, then was gutted by the courts. Governor Davis refused to appeal the decision, and the establishment was glad the issue seemed to go away. But it simmered below the surface.

The news coverage of the Schwarzenegger/187 connection reinforced a sad reality: immigration, even the sub-issue of illegal immigration, is off limits from serious public discussion. Democrats and their media allies used Schwarzenegger's past support for 187 as political gotcha, a way to drive a wedge between the Austrian-born actor and the state's Latino population, which constitutes 17 percent of California's electorate.

Conventional wisdom holds that support for Prop. 187 is the kiss of death. Even most Republicans believe Republican Gov. Pete Wilson's support for the initiative in 1994 alienated generations of immigrant voters from the GOP and relegated the party to permanent minority status. Ironically, Wilson and several of his advisers are guiding the Schwarzenegger team.

Americans in other parts of the country generally have a hard time understanding how dramatically mass immigration has altered the California landscape. The raw numbers are startling: more than quarter of the state's population is foreign born, with immigrants and their children composing

As one commentator put it recently, California is becoming an island unto itself, ever more distinct from the remaining 49 states but ever closer in demographics and attachment to the Pacific Rim and Latin America.

Old-fashioned assimilation still takes place, and many of the new immigrants can teach native-born Americans a lesson or two in hard work, family values, and independence from government. But facts are facts. California's population is expected to reach nearly 50 million by 2020, and almost all the growth is coming from relatively poor immigrants and the children of immigrants already living here.

As former Controller Kathleen Connell, a Democrat, told me in an interview last year, 62 percent of the state's taxes are paid by 5 percent of the people. That 5 percent is mostly the aging Anglo population. These people are retiring to other states or taking their businesses elsewhere. They are being replaced by masses of immigrants who pay few taxes and use many public services.

Yet no one will honestly talk about the mess. The media see the demographic shift and know any growth in viewers or

weblog. "You bet. A big niche. Specifically, none of the major candidates is displaying conspicuous doubts about the state's policy of accommodating itself to continued illegal immigration, especially from Mexico. It's not as if a 'border control' platform wouldn't command substantial voter support, probably even majority support." As Kaus points out, there is an enormous under-the-surface backlash to exploit given that Gov. Gray Davis has said he will sign a law giving illegal immigrants drivers' licenses and did sign a law giving illegal immigrants in-state college-tuition discounts.

No doubt, as Dan Stein of the Federation for American Immigration Reform pointed out in a recent *San Jose Mercury News* column, "It is virtually impossible to set an exact dollar figure on the cost of immigration because money flows in and out of state coffers in so many different ways and, because the issue is so politically sensitive, most politicians eschew efforts to even come up with cost estimates." But that "does not mean that the state can go on blithely ignoring its enormous fiscal impact."

We can get some idea of the cost, in bits and pieces. For instance, even Davis asked the federal government last year to pay California \$1 billion for terrorist-related security, including paying for illegal immigrants in California prisons, according to a *Los Angeles Times* article.

A 1997 survey by the National Academy of Sciences said it cost each California household more than \$1,100 a year to pay for services to all immigrants. Estimates put the cost of "free" health care for illegal immigrants at California hospitals at \$400 million annually, absorbed mainly by taxpayers.

More than 40 percent of the state's budget is constitutionally earmarked for public schools. Yet the courts have mandated that every child, here legally or not, is entitled to a "free" education.

SIXTY-TWO PERCENT OF THE STATE'S TAXES ARE PAID BY 5 PERCENT OF THE PEOPLE. THAT 5 PERCENT IS MOSTLY THE AGING ANGLO POPULATION.

nearly half of the state's population.

The Census Bureau released statistics showing that between 1995 and 2000, 2.2 million Californians left the state for other states, whereas only 1.4 million people from other states moved here. Yet although many of the state's middle-class residents moved elsewhere, population has grown by about 600,000 a year, almost entirely from immigrants and their California-born children.

readers will come from the ranks of immigrants, which reduces the media's willingness to discuss immigration in a way that can be perceived as negative. Politicians are the same way. They know where their new ranks of voters will come from and act accordingly.

"Is there any vote-rich niche left unexploited by a candidate in California's gubernatorial recall election?" asks liberal pundit Mickey Kaus in a *Slate*

Similar pressures are burdening every aspect of the state's infrastructure. The sheer numbers are also harming immigrants already living here and are thus making them more dependent on existing public services.

"Their [illegal immigrants'] presence makes our own poor more destitute, creating a Third World chaos in the California economy that we are only beginning to understand," wrote Fred Dickey in a recent *Los Angeles Times Magazine* article. He documents the plight of an American citizen of Mexican descent who is a maid in San Diego. Constant competition from illegal workers lowers her wages and makes it impossible for her to lobby her bosses for medical insurance. Dickey also details the state's growing underground economy. Many of us who live here have undoubtedly experienced its benefits, given the low cost of gardeners, movers, and other low-skilled labor. But, as Dickey explains, such cheap labor has a high cost. Legitimate contractors often work off the books in order to compete. He points to studies estimating that the state loses somewhere between \$3 billion and \$7 billion a year in unpaid taxes because of this underground economy.

Consider that in the context of the state's budget crisis. Even the studies by pro-immigration groups are stuck rationalizing rather than disputing the costs of legal and illegal immigration. One paper by the RAND Corporation argues, "[T]he services provided to immigrants, especially education and health services, can appropriately be regarded as investments made today in expectation of a return to be received tomorrow." But even if an immigrant pays his own way over a lifetime, the system is being overwhelmed by so many new immigrants that come here each year.

Beyond the costs, the state's political climate has changed dramatically be-

cause of immigration. Throughout the San Gabriel Valley suburbs east of Los Angeles, state Assembly and Senate districts went in the early 1990s from solid Republican to solid Democratic in two or three years as the middle class fled the recession and immigrants continued to move in, recalls state Assemblyman Ray Haynes (R-Murrieta). Similar shifts have happened throughout the state, even in the rural Central Valley.

The new minority-majority districts are often represented by far-Left Latino politicians, where solid conservatives used to win the day. So the more immigration that takes place, the less chance

a political solution can fix it. That might explain why Californians are taking matters into their own hands with the recall.

But if no serious recall candidate will forthrightly confront illegal immigration and its impact on the budget, then it's doubtful that anything much will change should a new governor take office. The whole revolution will not have made any difference, and California could eventually resemble the Third-World economies that so many of its residents fled. ■

Steven Greenhut is a senior editorial writer and columnist for the Orange County Register in Santa Ana, Calif.

Inshallah in Iraq

Daily life and the clash of civilizations

By Peter Wood

I RECENTLY SPOKE to an American businessman who had just returned from an Arab capital where he had been helping to straighten out the finances of a private organization that receives some U.S. government support. Noticing some unfunded commitments in the organization's books, the businessman turned to the local accountant, who good-naturedly explained, "*Inshallah*"—"God wills it."

The local accountant wasn't incompetent and, far from being flip, was eager to help his American counterpart. But where the American expected precision, his counterpart offered approximation, and where the Yank looked for closure, his Arab acquaintance was satisfied with deferral.

When we speak of the "clash of civilizations," the phrase inevitably calls to

mind differences on fundamental issues such as freedom of religion, representative government, and protection of human rights. Our civilizations also clash because of the West's economic dynamism, unmatched for centuries by anything in the Arab part of the Muslim world. But the clash of civilizations is also present in the seemingly incidental minutiae of day-to-day life that reveal different assumptions about the way the world works and how practical people get things done.

We actually know a lot about these cultural differences, but perhaps this is a moment to remind ourselves. To say what we "know" about cultural differences in any part of the world may be "arrogant." That's the usual charge from the anti-globalizing Left. And any number of post-colonial academic theorists would hasten to