

# D.C. eyes Gray

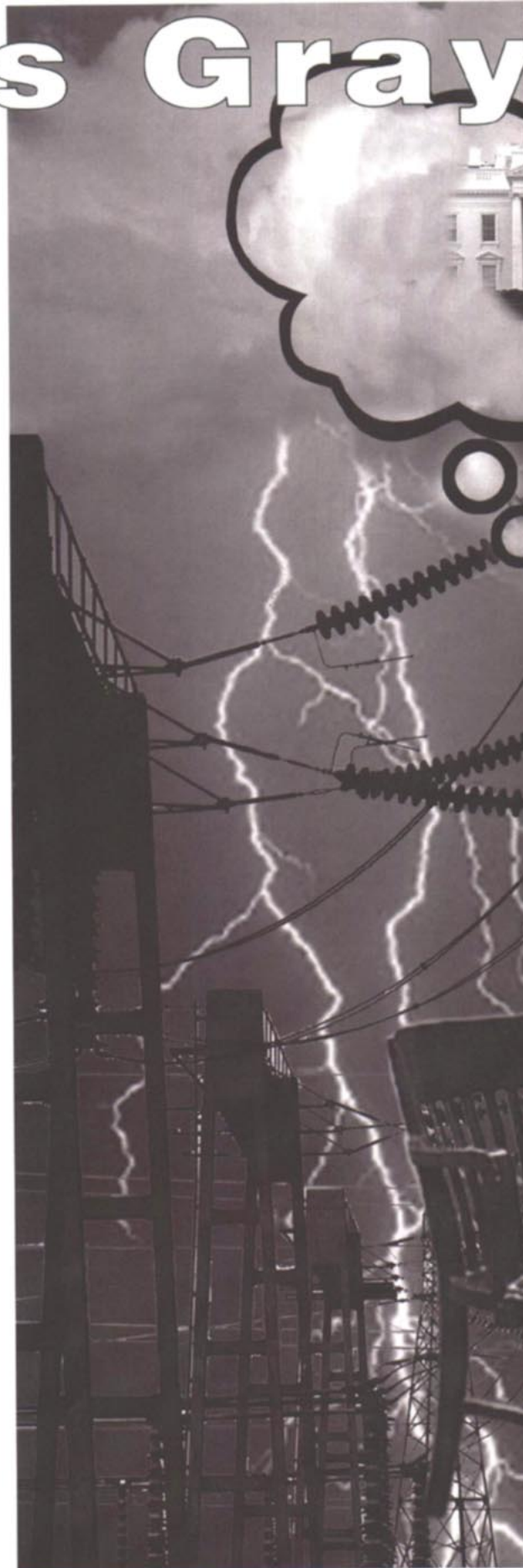
Wowed by his money-raising ability, Washington, D.C., pundits are watching closely to see if centrist Governor Gray Davis manages to emerge a leader from California's energy crisis. And even if Davis lacks the charisma that national party leaders seek in a potential 2004 presidential candidate, so far he seems to have the public's support on his side.

By Carl M. Cannon

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athy Sullivan, chairwoman of the New Hampshire state Democratic Party, recently received a Christmas card from Gray Davis and his wife, Sharon. Their missive added to a small pile of yuletide greetings sent by prominent Democrats. House Democratic leader Richard A. Gephardt sent one; so did Senate Majority Leader Thomas A. Daschle and Senator Evan Bayh of Indiana.

The good news is that Sullivan was impressed. The bad news is that when the *Boston Herald* mentioned Davis' gesture, it referred to him in passing as "the guy with the electricity problems."





# Davis





And so it goes these days for Gray Davis. He is, as polls in California confirm, a popular governor of the largest state in the union. As such, the early months of 2001 should be the time when his name vaults into the top tier of Democrats considered to have realistic presidential possibilities in 2004. But, as Democratic consultant James Carville might say: *It's the western power grid, stupid.*



**And despite the insistence of his staff that the boss is focused only on being governor, Davis has already exhibited tangible signs of interest in competing for the big prize.**

All things being equal, a successful California governor with a pile of political money in the bank wouldn't care much about the opinion of an obscure party official in a tiny state or a New England tabloid. But all things are not equal in politics. New Hampshire is the site of the first presidential primary, and the Boston media holds great sway in the Granite State. And despite the insistence of his staff that the boss is focused only on being governor, Davis has already exhibited tangible signs of interest in competing for the big prize. He held a fundraiser for New Hampshire Governor Jeanne Shaheen at the Democratic convention in Los Angeles, and hired New Hampshire native Steve Maviglio to join his communications team in Sacramento. Davis also angled to take over the Democratic Governors Association, an organization once headed by Michael Dukakis and Bill Clinton.

"Gray Davis has not only put his toe in the water," Democratic consultant Peter Fenn said in December, "but his whole foot."

That said, what does it all mean? The editors of *California Journal* commissioned this piece because they wanted to know how Davis is perceived "in Washington." They didn't really mean Washington. They meant how is Davis viewed nationally by Democratic Party leaders, both elected and un-elected, and by the nation's top political reporters who will be covering the 2004 race — and will have much to say about whose campaigns get covered and whose get ignored.

## A dubious start

Davis' start as a potential national political figure got off to an inauspicious start a year ago, at a February 29 breakfast with reporters in Washington. Davis was asked about some contentious earlier remarks he'd made to the effect that legislators ought to "implement my vision" and that appointees he names to state jobs should "keep the faith" — apparently meaning they should do what Davis

tells them to do. At the breakfast, Davis amplified on this dubious point, saying that judges he appoints to the bench should resign if they subsequently find themselves in disagreement with Davis on important issues, such as capital punishment or same-sex marriage.

"I feel very passionately about this," added the man often nicked for his lack of passion.

This is a truly radical notion of the judiciary, way beyond the famous Washington formulation of a "litmus test." The Gray Davis standard would, if applied to the U.S. Supreme Court, have required the resignations of Justices Earl Warren, Harry Blackmun, David Souter and Anthony Kennedy, among others.

"Outrageous!" University of Southern California law school professor Erwin Chemerinsky promptly told the *Los Angeles Times*.

"It is appalling," added Phillip Johnson, a legal scholar at University of California, Berkeley. "It's entirely wrong."

That was the reaction in Washington as well. "I could hardly believe what I was hearing," recalls one national political writer present at the session. "It was not an auspicious beginning for him here."

Davis was not an unknown quantity to the national press corps when he became governor in 1998. He was remembered as chief of staff to former California Governor Jerry Brown and, by national political writers who care about such things, as a "New Democrat" before that term was popular.

Having said that, there aren't many observers who foresaw Davis emerging from a distant third place in the 1998 gubernatorial primary, let alone going on to wallop Republican Dan Lungren by 1.6 million votes. To this day, Davis and his team are surprisingly bitter about getting short shrift. "Gray's political obituary has been written three or four times just in the eight years I've been with him," says Davis political adviser Garry South. "The entire California press corps toe-tagged this guy." Today, like a football coach trying to fire up his players by telling them nobody respects them, South is sounding the same theme. "The national press are the ones burying him over this electricity issue," insists Coach South.

Strictly speaking, that isn't true. What the pundit class is saying, however, is that whoever caused the crisis, it is Davis' problem to solve. Asked what he foresees if Davis is

credited with fixing the problem, Washington-based GOP pollster Frank Luntz replies, "If he does solve it, he will be invincible in 2002. About 2004, I'm not so sure. He's colorless and Democrats don't want another Gore. They don't want someone who speaks as if the snooze button just went off."

Davis' supposed lack of charisma is noticed by Democrats, too. One prominent consultant who went to Sacramento in 1997 to talk with Davis about his upcoming gubernatorial campaign, recalls coming out of the meeting and telling his partner, "That guy is the most boring candidate I've seen in years. He doesn't have a prayer." Today, this consultant tells this story with a laugh — although not with his name attached — adding, "Shows how much I know. A lot of people underestimated this guy; I don't any more, but some people still will."

Charles E. Cook Jr., editor of the *Cook Political Report*, counts Davis among the 10 to 15 Democrats who will "do the window-snooping phase of the presidential campaign, thinking, locking, kicking the tires" in Iowa and New Hampshire. His guess is that only four or five will actually run, with money being the deciding factor. This is where Davis has a leg up on most of them. "Being governor of California, he will be able to raise gazillions," Cook said. "It makes him a player automatically."

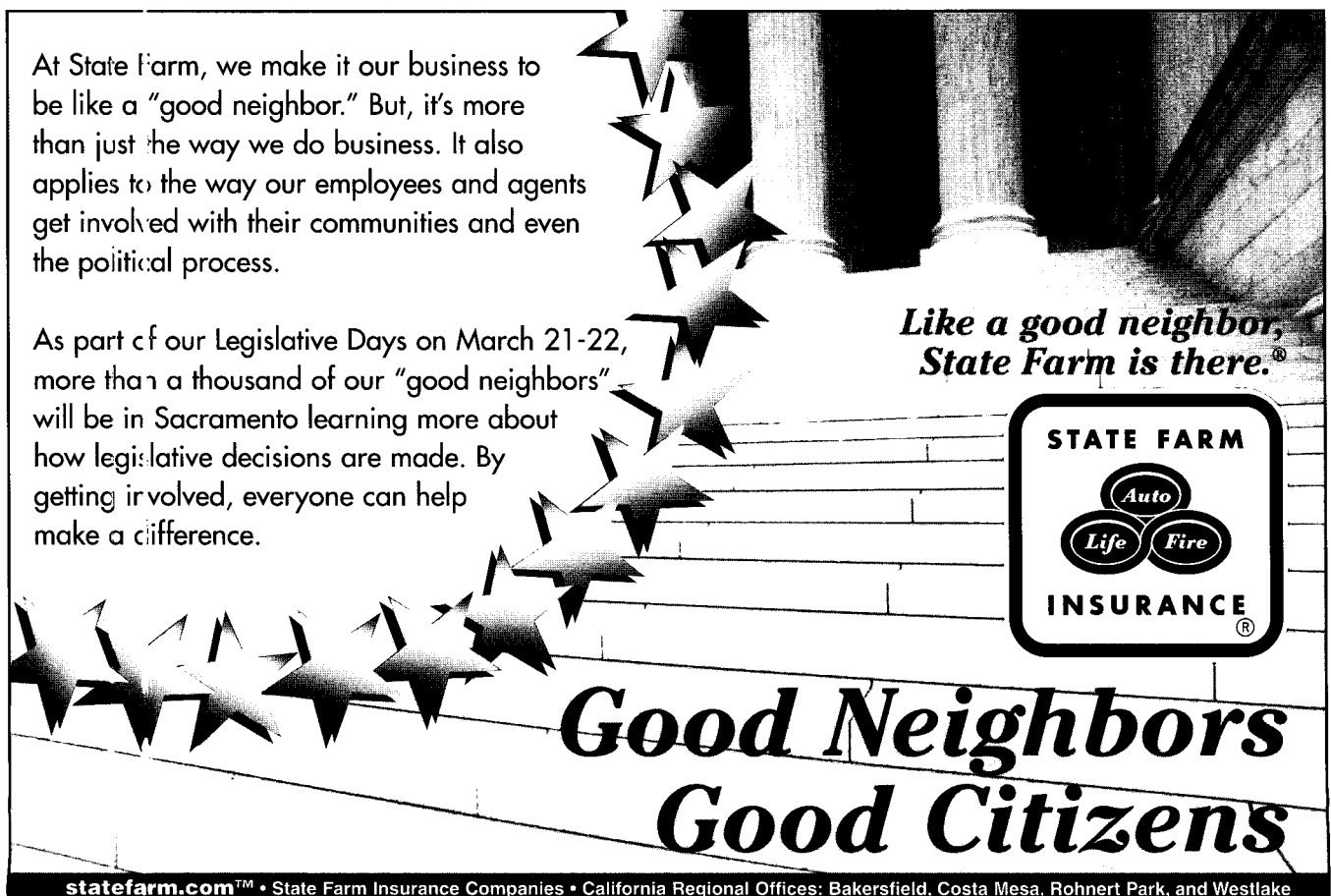
Washington-based Democratic consultant Jim Duffy, commenting on Davis' existing financial reserves, adds, "Isn't it astounding? I've never seen anything like it —

that's the reason he's being mentioned as a possible presidential candidate in 2004."

The war chest is worth dwelling on. Records filed on the last day of January with the Secretary of State's office show that Davis now has some \$25.9 million on hand — for an election that is two years away. This clearly galls Secretary of State Bill Jones, the only statewide elected Republican, who himself reported having only \$118,000 on hand — a fraction of the amount Davis figures to earn in *interest* from his money this year.

An effective attack ad might point out that Davis collected a lot of money from the utility companies that bollixed up deregulation — at a time they were laying off workers — and that one of Davis' \$10,000 donors was Duke Power, one of the very out-of-state firms that Davis denounced in his Huey Long-type State of the State address as greedy "out-of-state profiteers." But it takes money to run ads in California, lots of it. For that reason, Davis forces believe the most likely threat in 2002 would come from a self-financed Republican of the Ron Unz/Tim Draper mold — or perhaps Arnold Schwarzenegger.

The other thing attracting notice outside California's borders is Davis' consistently high approval ratings at home — even among an electorate that doesn't believe he has handled the electric power crisis particularly well. A Field Poll conducted January 12-16 showed his job approval rating at 60 percent, his disapproval rating at 30 percent. In response to a campaign contributions question,



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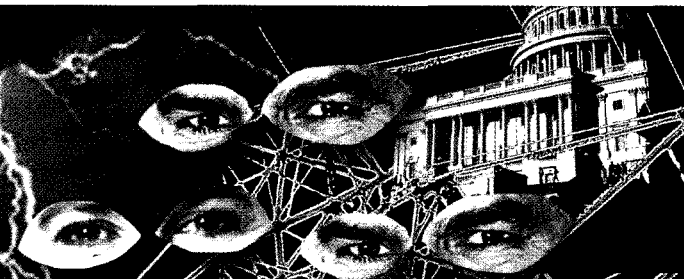
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only one-fourth of the electorate thought contributions influenced Davis' decisions "a great deal." The one negative that stands out is that 53 percent quantify him as "too cautious" as opposed to 17 percent who said he is "about right" on the boldness meter. But that might not be such a bad thing, based on another question in the same poll: asked if Davis were "too liberal" or "too conservative," the respondents were equally divided.

Such numbers convince moderate Democrats in Washington that Davis is positioned about right, not only in California but nationally as well. "We regard him as one

crats who are already nationally known. In his first term, Davis' predecessor contended with a deep recession, falling real estate prices, the Northridge earthquake, race riots, a hundred-year drought and a protracted struggle with the Legislature that left the state unable to pay contractors. Pete Wilson's job approval rating dipped as low as 15 percent. At his nadir, Wilson came to Washington for the Gridiron Dinner. Asked by an old friend how things were going, he laughed ruefully. "It's Biblical, man," Wilson deadpanned. "The only plague we haven't had yet is locusts."



## Before Davis gets to 2004, he needs to get to 2002 — with the lights on.

of the top three or four guys for 2004," says Matthew Frankel, an official with the Democratic Leadership Council, the centrist organization once headed by Clinton—and which propelled Senator Joseph Lieberman to national prominence. This organization's affinity for Davis was underscored at a January 12 seminar in Sacramento where South addressed the group. South's assessment is that Al Gore lost the 2000 campaign by ditching his own centrist roots and embracing the class-warfare populism of the old Democratic Party. "Garry rocked. He was just awesome," Frankel said. "It was as if he had already read our poll. But he couldn't, it wasn't out yet." This reference is to a survey done by Clinton pollster Mark Penn and announced with great fanfare in Washington on January 24 by the DLC. Penn's data indicated that Gore lost because he ran as "a big government liberal."

Party liberals disputed that analysis on the spot, but the discussion is useful for Davis' purposes, because it positions him on the spectrum nationally. If he runs for president in 2004, however, Davis will have competition for the centrist mantle. It could come from Lieberman or Bayh, the DLC's new chairman, or from Massachusetts' Senator John Kerry, who has worked closely with the DLC on education and "new economy" issues for a decade. Other Democrats thought to be considering the race include Gephardt and Daschle, former presidential candidates Robert Kerrey and Bill Bradley and Senators Joseph R. Biden Jr., John Edwards and, of course, Hillary Clinton. Among Davis' fellow governors, Georgia's Roy Barnes and Washington state's Gary Locke have been mentioned.

Of course, before Davis gets to 2004, he needs to get to 2002 — with the lights on. But recent California history suggests that the travails he's going through might prove the least of Davis' problems, and certainly less of a barrier than a lack of charisma and a field crowded with Demo-

Wilson won re-election comfortably just two years later. If Davis plays his hand correctly — and gets a little luck — he could not only weather the power crisis, but be seen nationally as a dragon slayer. When the energy debacle erupted, liberals blamed Wilson (who signed a flawed deregulation bill); conservatives blamed the environmentalists; the enviros blamed the utilities; economists blamed the Legislature (which passed deregulation unanimously) and the lawmakers blamed, well, the weather. It might have been comical if the problem wasn't so real. Davis' initial impulse was to scapegoat, but that ain't leadership. Leadership would be authorizing the state to sell up to \$10 billion in bonds, streamlining the paperwork required to build new power plants and personally leading the conservation efforts. It took Davis awhile, but he ended up doing all of those. "My office is so dark you can almost develop film in it," Davis quipped. Later this year, four new power plants will come online, with five more expected within two years. Davis won't be responsible for them, though he might get some of the credit. The real test, however, will be whether his appointees on the Public Utilities Commission can do away with the paperwork, lengthy impact statements and other hurdles that resulted in California building no new power plants in the past decade — while Texas was building 22 of them.

If so, Davis' next challenge will be redirecting the millions of dollars left over in his war chest to make them spendable in New Hampshire and Iowa on a certain federal election. If the governor manages that trick, Kathy Sullivan may get her Christmas card hand-delivered by Davis. 🏠

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*Carl M. Cannon covers the White House for National Journal, a nonpartisan Washington weekly magazine on politics and government. His last piece in California Journal was on Supreme Court Justice Anthony Kennedy.*





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## More deregulation, not less

California's electric power industry ["Electricity in California" January 2001] was *not* deregulated! The obvious truth to any objective observer is that the state's Legislature just restructured existing regulation and, due to events unforeseen at that time, very dire unintended consequences have been the result. Contrary to the collectivists' propaganda, it was not deregulation that failed; instead, it was the collectivists' regulation of the marketplace that failed. Clearly, the solution to the current problem is not more government regulation; instead, let the free market's invisible hand do its work, by full deregulation of the electric power industry, before more dire, unintended consequences result from regulation.

Johann Opitz  
San Jose

## PUC should change its role

"California's New Energy Legacy" in the January 2001 issue is not very good. The renewable [energy] ramblings in the article are decades from fruition and may not be the solution 10 years hence, (e.g. bio-engineered fuels using high efficiency photosynthesis).

But in the meantime, the PUC [Public Utilities Commission] should face up to the damage its socio-economic regulation of the utilities has caused over the past 30 years and either see to the full socialization of the utilities, or get out of the way and let the market work, and restrict its role to providing assistance to those too poor to live with that consequence.

R.A. Blais  
Cupertino

## Standing up for Steve Peace

Starting off the year with your attack on Steve Peace [Upfront Umbrage, "Attack of the killer myths," January 2001] demonstrated more violence than a platoon of "Killer Tomatoes." I expected the editorial board of *California Journal* to be politically adept and sophisticated.

I know Peace. I, too, made the mistake of judging the man based on legislation. As a Republican, I doubted whether he would be open-minded and whether we could agree on anything.

Steve Peace never said it openly, but I think he was equally skeptical of my motives in 1992 when I met with him and offered to help craft legislation for workers' compensation reform. Beyond party

differences, I represented Southern California Edison Company, California Self-Insurers Association and frequently the interest of Californians for Compensation Reform. Setting aside personal bias in order to seek solutions to a really complex system, Peace and I spent many hours together. I know firsthand the "Peace Death March," having lived through it until sweeping reform was achieved in July 1993.

This man was handed one of the most vexing and competitive issues of the day, and again in 1996. No less complex than deregulation, we are fortunate that the workers' comp system did not have a silent shadow interest waiting to garner the prize of a cornered market. Clearly, that is what we find with the wholesale power producers escalating the cost of power beyond anything anyone imagined.

Peace sought answers from everyone. He was handed another tough job to do and he did it. He can be ruthless and curt, while cunning and intuitive. But beneath the facade is sensitivity and a sincere desire to do what is right, what is best and what makes sense, within the political arena.

Given the innumerable participants who filled the Capitol during the many hearings, committees and behind-the-scenes caucus sessions, Peace is no more responsible for the outcome of deregulation than other leaders, including the governor.

Quite simply, the legislation that was passed unanimously in California bit everyone in the fanny. Nobody expected that wholesale power producers would raise the price in a manner analogous to gasoline embargoes by OPEC in the 1970s.

If Steve Peace is blameworthy of anything, it is of not being prescient, a quality last provided to King Solomon. While Peace is gifted in many areas, even he could not foretell the future and neither could *California Journal*.

I have umbrage with your "Upfront" column and suggest you measure the whole of the man rather than judge him, or any other legislator, on the outcome of a once-heralded bill.

David R. Caine, contributing editor  
*California Workers' Compensation Enquirer*  
Lake Arrowhead

## The GOP's kick in the pants

I have no comment on the content, insight, choice of subject, point of view, etc., but the illustration for "Surviving the Republican train wreck" [February 2001] is really bugging me.

