

*These 'unions' aren't really much more than tools of political influence, serving little or no useful function for government employees while extracting huge sums from them in the form of 'dues.'*

— Ray Haynes

essential to understanding why Governor Arnold Schwarzenegger's reform package threatens their power structure to its foundation.

### COERCED FUNDING

First: the mother's milk of politics. During the last 30 years, public employee unions have emerged as political powerhouses, but not because they represent and serve their members. In fact, these "unions" aren't really much more than tools of political influence, serving little or no useful function for government employees while extracting huge sums from them in the form of "dues" that are then used to elect Democrats to school boards, city councils, county governments, the state Legislature, and Congress. Without the public employee unions' ability to force their members to support union political machinations, Democrats would long ago have lost control of Sacramento. The Democrats know that, which is why these "unions" own their souls.

Now the governor has proposed merit pay for public school teachers. Leaving aside the promise this reform holds for improved education, it would devastate funding for California's Democrat political machine. Why? Because it would necessarily eliminate California's "single salary schedule" for teachers, the teachers union's single greatest tool for controlling its members. The state's "single salary schedule" law says every teacher is paid exactly the same as any other teacher with the same seniority and education no matter how good or bad a teacher he or she may be. So what? Well, if teachers were hired and paid according to how well they teach, good teachers would *need no union*; they'd find and hold jobs at high pay on their own. And poor teachers who survive only through union protection would be gone, along with the union's power base. The teachers union knows this, and so guards the "single salary" law at all costs.

Merit pay would be the end of "single salary." Another proposed initiative — requiring public employees' express permission before unions could take their money for politics — is discussed by Lou Uhler nearby. Either this initiative or merit pay, if passed,

would devastate coerced union-based political funding for Democrats; together they would imperil the Party's very survival.

### UNDERMINING POTENTIAL OPPONENTS

The governor's proposed pension reforms would strike at another aspect of the Democrat/"union" strategic power structure. The unions run the government pension system, CalPERS, which is the largest institutional investor in the world. One reason business is afraid to cross Democrats in California, and contributes money to elect them, is that a business that stands up to the Democrats soon finds CalPERS selling off its stock, diminishing its value on Wall Street. Those who go along find CalPERS investing to increase their stock's value. CEOs and boardrooms react to that kind of pressure. But if public employees owned their pensions, as they would under the Schwarzenegger plan, CalPERS would lose its power to manipulate stock values and union bosses couldn't dictate political policy to private industry.

If the Democrats and the unions needed any further reason to fear the proposed Schwarzenegger reforms, once the governor's proposals are understood they will be wildly popular not only with voters but also *with teachers and government employees*. (Something else for the California-is-a-liberal-state folks to explain).

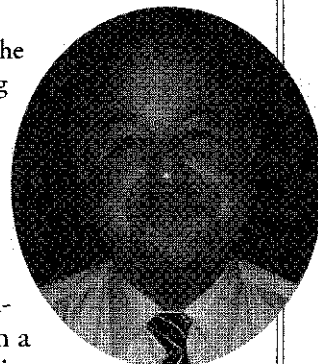
Thus the stakes could scarcely be higher in the election coming later this year. Expect full mobilization of the well-funded liberal political machine. If even some of the ballot measure reforms pass, it may be the last such extravaganza California will see for some time.

### WILLIAM E. SARACINO BUSINESS: FINALLY READY TO FIGHT?

*It was a victory for political demagoguery, a triumph for the unsubstantiated charge that sounds convincing in a 30-second television commercial but which does more to confuse than inform.*

— Ronald Reagan, commenting on the 1973 defeat of his tax-cutting Proposition 1

As Republicans look toward the mother of all election battles this fall, I would commend to them Justice Oliver Wendell Holmes Jr.'s comment that "a page of history is worth a volume of logic." The relevant history page for this discussion involves Governor Ronald Reagan's effort to pass a tax reduction initiative — Proposition 1 — in a November



William E. Saracino

1973 special election. State government, at the time, had accumulated an \$800 million surplus. Reagan proposed his initiative in part to rebate to the people these over-collected taxes and also to place a permanent cap on the share of income the people could be forced to pay in taxes.



He wanted to make up for the tax increase he had supported early in his first term and to make at least that much money unavailable for spending by the profligate Democrats who controlled the Legislature.

It was widely assumed, even by the measure's opponents, that it would pass.

The stars seemed to be aligned for it: a popular governor was chief spokesman for a measure to save taxpayers money. The measure would appear on a special election ballot, which usually meant turnout skewed toward Republican and conservative voters. Is any of this beginning to sound familiar? Let's hope the familiarity stops here.

#### MARQUIS OF QUEENSBERRY?

For the rest of the story is that many traditional Republican funding sources, including big business, sat on their hands or made only half-hearted efforts in support of Prop. 1. The Democrats, realizing that a blow was about to be struck at the heart of their welfare state infrastructure, mustered every union and tax-eating interest group in the state. The foes of Proposition 1 ended up outspending Governor Reagan and its supporters, and on election day the proposition lost, 54 to 46 percent. The reverberations were far reaching: a personally humiliated Reagan served the final year of his term as governor as a lame-duck; tax cutting as government policy suffered a blow from which it would not recover for five years — until Proposition 13 came along in 1978; the tax and spend Democrats became unchallengeable rulers of the Sacramento roost.

**T**he business community never appreciated its enormous stake in that election, and so failed to provide the resources necessary to insure the proposition's passage, a failure that proved fatal, though not totally incomprehens-

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ible. Even back then, some businessmen — especially the elite — seemed to fear conservative ideas more than the excesses of welfare state socialism. Even back then, 32 years ago, some businessmen — especially the elite — believed in a mythical creature known as the “moderate Democrat legislator” and spent more time fussing about offending these phantasms than defending the solid reality represented by Ronald Reagan. And, finally, even those businessmen willing to commit fully to the battle seemed to underestimate the enemy's ferocity. They seemed unprepared for the bare knuckles, brutal campaign that was waged against Prop. 1 and its supporters. Republicans sent the Jaycees into battle against the Crypts, employing Marquis of Queensberry rules in a knife fight. All in all, the outcome was preordained and should have surprised no one.

#### OR JUNK YARD DOG?

So if 2005 is not to be 1973 over again, the billion dollar question is: has the business community caught up with California political history? Signs at this early stage of the contest are encouraging. The organizations representing California's mega-businesses — the state Chamber of Commerce, the Business Roundtable, and the Manufacturers and Technology Association — have all, at least in principle, signed on to help the governor pass his initiatives this fall. Organizations representing smaller businesses, the NFIB and others, appear ready to join the fray. Sources in Sacramento who deal regularly with business interests and Capitol denizens describe a state of commitment and cooperation unusual this early in a campaign for an election that might not occur until next fall.

Late last summer the leaders of the above organizations met with the governor to gauge each other's seriousness in, as one participant described it, “going to

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the mattresses." The result was everyone adopting a "go for it" attitude and the founding of "Citizens to Save California" as the PR and campaign vehicle for the campaign. Co-chairmen of the committee are Allan Zaremberg, president of the Chamber; Bill Hauck, president of the Roundtable; Joel Fox, president of the Small Business Action Committee; Jonathan Coupal, president of the Howard Jarvis Taxpayers Committee; and Larry McCarthy, president of the California Taxpayers Association. This formidable group, joined by representatives of the banking and insurance industries, meet regularly and most of them have assigned staff members to work full time on the upcoming campaign.

**M**ore significantly, various sources described the financial commitment business leaders have made to the governor as "whatever it takes." And what it *could* take might be a princely sum indeed. The Democrats and their nanny-state allies will most certainly conduct a campaign to make 1973's "unsubstantiated charges" designed "more to confuse than inform" look like the Lincoln-Douglas debates. The Democrats and their clients — the pilot fish who feed off of the leviathan state — know that passage of the governor's reforms will end the public-trough feeding frenzy that sustains them. They will leave no stone unturned, no mandatory union fee unspent, no inflated sob story untold, and no brazen distortion untried in trying to defeat their own electoral Armageddon.

#### RAMROD STRAIGHT AND FULL OF IRON

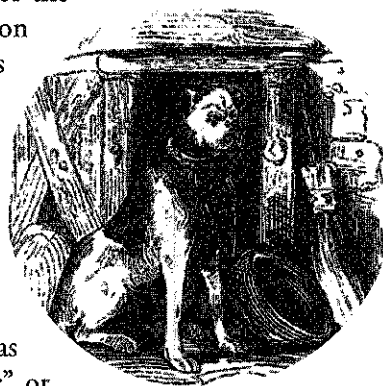
To counter this the backbone of California business had better be ramrod straight and full of iron. That's what it will take to keep writing checks when the Democrat onslaught begins blowing full gale. The governor and most Republicans realize the initiatives will rise or fall based on Schwarzenegger's salesmanship and on the competing views the public holds of him and his opponents. If the election were held today it would be no contest. But the Democrats, their political allies, and their old (and still quite substantial) media cheering section can be counted on to use the next six to eight months assaulting the governor's character. And they will also strike with a vengeance against the governor's prominent donors. Major business contributors to the governor's efforts can expect to be singled out for the Wal-Mart treatment. This will be all-out war, no quarter given or asked.

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— William E. Saracino

Will the CEOs continue to write checks while their outlets are being picketed by handicapped aide recipients and school teachers?

All out war, frankly, is precisely what California business has been abysmal at fighting in the past. Their elitism has kept them from making common cause with their most logical and effective allies — conservatives in and out of the Legislature. Their obsession to appear "moderate" has driven them to incredibly stupid lengths with their political contributions, leaving them more often than not standing empty-handed after the election. Their phobia about being seen as any type of "right winger" or "zealot" has led them like sheep to the Democrat shearing shed. They emerge denuded of their money and their political agenda, but comforted in the knowledge that members of their private clubs will look kindly upon their moderation.



For reasons too complex to explain in a short article, the governor's *persona* has allowed business to overcome their usual death wish. Many of its leaders have signed on to reforms that frankly are much more radical — in the good sense of that word — than anything Pete Wilson or George Deukmejian ever tried. As you read this they are committing resources and key personal to strategic planning and research. And they actually seem ready to stop apologizing for successfully providing the goods and services that make everyday life in California decent for average citizens.

So prepare for an epic battle. The governor's strong political team will call the shots in this election, with business at long long last ready to do its financial share and more — all to pass what must fairly be described as monumental, historic, conservative government reforms. This journal (and I) have often kicked California business around for its political myopia. It's still a long way to election day, but this



time the scales appear to have fallen from their eyes, and the business community has it exactly right. The Marquis of Queensberry is out, and junk yard dogs are in.

CPR

## DAN HOLLINGSWORTH

## TURNING CALIFORNIA 'RED'

**R**epublicans can register one million additional GOP voters over and above what the Party would normally expect to register between now and late summer 2006. Doing so will require a program concentrating in geographic areas the Party traditionally neglects: districts with Republican registration either too small as a percentage of voters to offer a chance for Party candidates to win, or those so overwhelmingly Republican that GOP nominees literally can't lose.

In the past, the Party's primary thrust has been to target assembly, state senate, and congressional districts where general election contests promise to be close, working to register Republicans mainly as a means of pushing the GOP candidate over the top. As district-level campaign strategy, this program should remain number one. But Republicans must also improve their ability to win statewide constitutional offices and U.S. senate and presidential races. In addition, late this year California will probably vote on a series of statewide initiatives that could shift the state's partisan balance of power dramatically.

Their fate will certainly depend to a large extent on the effectiveness of statewide GOP registration and Get-Out-The-Vote programs during the next 10 months. The key will be Republicans' ability to capture all potential GOP voters.

The Ronald Reagan Voter Registration PAC was formed last year to meet this need. Its targets are 1) heavily Republican legislative and congressional districts with strong population growth and 2) California's "blue areas": Los Angeles County and the Bay Area for instance, where pockets of Republicans have been ignored. LA County has more Republicans

than any other two counties combined, but few competitive Republican legislative districts. LA County GOP Chairman Linda Boyd and her fellow Republicans are doing a great job in this regard, but can use additional support.

All donations to the Ronald Reagan Voter Registration PAC go to pay for voter registration. Early efforts during the Christmas holidays produced 3,200 new registered Republicans. About 60 percent of these are registered as permanent absentees, making it easier to follow up with them and make sure they vote.

This effort could register 1 million new Republicans in 20 months by assembling 25 teams statewide, each team consisting of 10 people and each team member registering 50 new Republicans per week. The 25 teams would thus register 12,500 new voters per week for 80 weeks, equaling 1,000,000 new Republicans. The \$5 to \$6 million such an effort would require is significantly less than any viable statewide candidate or campaign will spend just for television time. In addition, registration is less costly in non-election years, so this effort won't wait until three months before the next general to begin making California a "Red State."

*For information, contact The Ronald Reagan Voter Registration PAC (FPPC#1271428) at P.O. Box 20065, Riverside, CA 92516, 951/679-9009, Fax: 951/679-2171, E-mail: JoDan1211@aol.com*

## THOMAS G. DEL BECCARO

## GRASS ROOTS ORGANIZING

**T**he success of Governor Schwarzenegger's proposed reforms rests to a great degree on the leadership provided by California's state and county Party organizations. Some of the factors they have to work with:

### REPUBLICAN MOMENTUM

Democrats have squandered the political advantages of their large legislative majorities through a combination of bad leaders (Davis, Bustamante, Perata, Shelley, etc.) and poor governing. The governor's popularity and his pro-active reform package have put Democrats on the defensive, draining their resources and cementing their image as defenders of big government. Republicans now hold political momentum in the state.



*Dan Hollingsworth is a member of the California Republican Party state central committee and chairman of the Ronald Reagan Voter Registration PAC.*