

# THE ORANGE COUNTY REGISTER

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## CALIFORNIA FOCUS

### Arnold offers a way out

Will voters back state's steady decline or confront problems hanging over us?



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THE FORMER GOP ASSEMBLYMAN FROM THOUSAND OAKS CO-WROTE THIS WITH FELLOW CALIFORNIA CLUB FOR GROWTH OFFICIAL SHAWN STEEL

Later this year, California will be the setting for the most important election since the presidential election – not a contest between two candidates but between the conservative future and the liberal past. Gov. Arnold Schwarzenegger will call a statewide special election on a slew of ballot propositions giving voters a choice be-

tween moving California in a forward-looking conservative direction or sliding backward into reactionary liberalism.

More than a year after the historic recall election, California still struggles to recover from the obscene state spending binge of the Gray Davis years. After a frustrating year of trying to work with the Democratic-run Legislature to fix the situation, the governor has decided it is time for a showdown. In his State of the State address, he took aim at several particularly septic areas of public life: government spending, public employee pensions, public schools and gerrymandered legislative districts.

Schwarzenegger will package his reforms as a series of ballot initiatives to restore fiscal and political sanity to California's body politic.

One initiative will target California's runaway structural deficit. A complex series of spending formulas consistently spikes spending ahead of revenues. Schwarzenegger

wants to counterbalance that with some form of automatic restraint on spending to ensure expenditures don't exceed receipts.

A second would replace the state's 153 gerrymandered legislative and congressional districts with districts drawn by a panel of retired judges, which would thenceforth conduct the decennial redistricting. California did this after the 1990 census, and, as a result, control of the Assembly changed hands twice during that decade. Schwarzenegger's plan is for these new lines to be in place for the 2006 election.

Finally, Schwarzenegger wants to steer new government workers away from the defined-benefit public employee pension plans whose costs are spiraling out of control and into 401(k)-style defined-contribution plans, as well as implement merit pay for teachers and suspend the sacrosanct Proposition 98 guarantee of 40 percent of general fund revenues for K-14 spending.

California's reactionary liberal establishment has responded with its own bundle of ballot initiatives, including measures to dramatically boost corporate taxes, hike the state minimum wage to \$7.75 per hour and index it to inflation, and force small businesses to provide health insurance to their employees.

One liberal group has submitted an initiative to provide "affordable" prescription drugs to all Californians, impose price controls, and slap taxes on pharmaceutical manufacturers and marketers to pay for administering the new program.

The union-front group "California Tax Reform Association" is behind a "split-roll property tax" initiative.

Currently, Proposition 13 limits both commercial and residential property taxes to no more than 1 percent of the assessed value, and only allows reassessment when a property is sold. It is virtually our only tax advantage vis-à-vis other states. Under this labor-backed initiative, commercial property would be split onto a separate roll and regularly reassessed, allowing local and state governments to profit from skyrocketing property values. It would plunge a knife through the heart of Prop. 13 – which has been the dream of Establishment California since voters ignored their scare tactics to enact the landmark taxpayer protection in 1978.

This ballot initiative battle will be a straightforward issues-based contest between forward-looking conservatism and reactionary liberalism: fundamental reform based on liberty, free choice and government restraint versus a last, violent spasm of intellectually bankrupt liberal paternalism.

It is entirely possible Schwarzenegger will run the table. If the election comes down to whom voters trust, a majority of Californians will side with the Terminator.

Partisans across the country, not just in California, should watch this election closely. Schwarzenegger may not be a conservative in the traditional understanding of the word, but he is framing this fight in Reaganesque terms of liberty, opportunity and taming the government "monster."

It is said that as California goes, so goes the nation. If Schwarzenegger wins this fight, both parties will have a lot to think about.