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RONALD REAGAN vs. ARNOLD SCHWARZENEGGER AND THE
INFLUENCE OF THEIR 'SCREENPLAYS' ON LIVES OF CALIFORNIANS.

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1. California Dream and the reality.

California is the world's sixth largest economy with gross state product of nearly \$1.5 trillion, which accounts for over 13 percent of the nation's output. The only countries that are above nation-state California are the United States of America, Japan, West Germany, United Kingdom and France.¹ Its population as of January 2008 reached 38 million people which size wise could be compared with couple of European countries like Spain or Poland.² Using John Winthrop's expression from "A Model of Christian Charity", California is 'the city upon a hill' with eyes of the world upon the Golden State.³ But long before California became 'the magnet for world's eyes' and huge money making machine or even the thirty first state of the USA in September 9, 1850 it was a dream destination for many.⁴ Sixteenth century Spanish writer believed that California was 'an island on the right hand of the Indies ... abounding in gold and precious stones.'⁵ First owned by Spaniards, later Mexicans and finally, since annexation in 1846 California has been a part of the United States of America.⁶

Ten years after joining statehood, 'the immigrant's dream',⁷ California had a population of 379,994 and 38.6 percent of it was foreign-born immigrants.

Such a high figure of foreign-born Californians was caused by the discovery of gold in 1848 by a carpenter and water-driven sawmill owner James Wilson Marshall.⁸ The discovery lured

¹ California Facts, Legislative Analyst Office. 28 July 2008

<http://www.lao.ca.gov/2004/cal_facts/2004_calfacts_econ.htm>.

² Population of California. 28 July 2008 <<http://uselectionatlas.org/FORUM/index.php?topic=75141.0>>.

Population of Spain. 28 July 2008 <<http://www.mapsofworld.com/spain/population-in-spain.html>>.

Population of Poland. 28 July 2008 <<http://www.worldinfozone.com/country.php?country=Poland>>.

³ Winthrop, John. 28 July 2008 <<http://www.wsu.edu/~campbelld/amlit/winthrop.htm>>.

⁴ Funk and Wagnalls, New International Dictionary of the English Language, Chicago, 1995. 1915

⁵ Starr, Kevin. California, New York: Modern Library Edition, 2005. 5

⁶ Starr, 19-45

⁷ Schwarzenegger, Arnold. Republican National Convention Address. Hollywood, CA. 5 March 2004. 10 July 2008 <<http://www.americanrhetoric.com/speeches/convention2004/arnoldschwarzenegger2004rnc.htm>>.

thousands to come to California in search of a better life and wealth. Unfortunately, there was something more behind happiness and better life namely, high rate of crime, homicides, prostitution and a lot more mayhem for first inhabitants of the American state of California.⁹ Hundred years later the Golden State had a population of 15,717,204 with only 8.5 percent foreign-born.¹⁰ This considerable reduction in the number of foreign-born citizens not only in California but around the whole country was caused by factors like First and Second World War and restrictions concerning Immigration Laws. But the transformation was on the way and together with The Immigration Act of 1965 it significantly shifted the limits for non-Europeans and allowed for greater diversity in present-day America and California.¹¹ From one extreme during Reagan's years 1967-1975 with low percentage (less than 10 percent) of foreign-born citizens to rocketed scale of over 26 percent in 2000.¹²

The reasons why Ronald Reagan and Arnold Schwarzenegger is a perfect match for a case study are multiple. Those two California governors served the state in totally different times but both were (still is in case of Schwarzenegger) characterised by high importance for the state affairs: political, economical and social. California went through series of transitions during Reagan's governorship in the years 1967-1975. Of course the comparison of Reagan and Schwarzenegger will not be straight-forward as despite many similarities those two gentlemen

⁸ Starr, 78-79

Myers, Dowell. "California and the Third Great Demographic Transition: Immigrant Incorporation, Ethnic Change, and Population Aging, 1970-2030." *America's Americans: The Populations of the United States*. Eds. Iwan Morgan and Philip Davies. London: Institute for the Study of the Americas Press, 2008. 35

"California's Resident Population 1860-2000." *US Census Bureau*. 10 July 2008

<<http://www.census.gov/dmd/www/resapport/states/california.pdf>>.

⁹ Starr, 84

¹⁰ Myers, 352

US Census Bureau

¹¹ "Immigration Act of 1965." *World History Chronology*. 10 July 2008

<<http://www.thenagain.info/WebChron/USA/ImmigrationAct.html>>.

¹² Myers, 352

have even more differences. The same can be said about California and the time they came to the office, namely that there were many similarities like energy crisis, water crisis, high pollution, political crisis, but also many differences like more than doubled and diversified population, Cold war during Reagan's governorship, economical situation.

Yet, another reason why Ronald Reagan and Arnold Schwarzenegger serve as interesting comparison and not for example their predecessors Pat Brown for Reagan and Gray Davis for Schwarzenegger is that they were both actors. And as Darrell West, Brown University political science professor said: "One of the big frustrations many Americans have about politics is they compromise and they negotiate and end up doing nothing while we have all these problems that demand solutions" but contrary to professional politicians "celebrities have a lot of credibility just because they are action-oriented, and are often problem solvers, they are not ideologues".¹³ So the novelty that brought into California Ronald Reagan was plainly expected from Arnold Schwarzenegger.

Other similarities that make that 'couple' fascinating is that they are both of the same party affiliation, namely Republicans, both had to work with Democratic majority in Senate and House of Representatives, both were born outside California (Schwarzenegger even outside USA), and both were actors. This last argument adds some flavour as California is known as a state of motion picture. The Hollywood and the life of movie stars attracted and still have been attracting millions of tourists and residents. The dream life led by celebrities, living in their houses by the ocean, waking up to the sound of waves and seagulls, having sunshine 300 days a year. As per professor West's argument the fact of being movie stars helped them to gain

¹³ Raasch, Chuck. "Entertainers blur line between celebrity politics." USA Today, 10 July 2008
<http://www.usatoday.com/news/politicsections/nation/president/2004-08-30-celebrity-politics_x.htm>.

political credibility. Credibility that won them, in both cases quite comfortably, the office of the governor of California.¹⁴

1.1. What ailed California before Governor Ronald Reagan?

It would be total untrue to say that professor West's argument was the only reason why was Reagan elected. There were many other events piling up that contributed to Reagan's landslide victory in elections for governor of the populous state in the United States of America.

During the Second World War California became the "military-industrial complex" of the USA.¹⁵ The outcome of that complex was enormous investment of billions of dollars into an arm race with the Soviet Union. Most of federal money spent on militarization, namely over 65 percent end up in California paying for new aircrafts, all sorts of guided missile systems, associated electronics, communication equipment and ships, as well as researches of new technologies allowing space travel and many other.¹⁶ The years of militarization and later decision of Democratic president Lyndon B Johnson about U.S. involvement in Vietnam put Democrats in unfavourable position. This was especially bad news for Edmund Brown, Democratic governor of California. The war in Vietnam was preceded by series of campus protests against the war and new restrictions on political activism. Another significant incident were Watt's riots, which were not connected with the war like student protests at the campuses but were racially oriented, racial conflict between whites and blacks, that resulted in death of

¹⁴ Dallek, Matthew. *The Right Moment*, Oxford University Press, 2004. 240-253

¹⁵ President Dwight Eisenhower. "Farewell Radio and Television Address to the American People." 17 Jan. 1961. 15 June 2008 <http://www.eisenhower.archives.gov/speeches/farewell_address.html>.

¹⁶ Clayton, James. "Defense Spending: Key to California's Growth." *Western Political Quarterly*. 15 June 1962, 28 July 2008 <<http://web.ebscohost.com>>.

three dozen of people, four thousand arrested and destruction of mostly white-owned businesses for the amount of \$40 million. Watt's riots only further fueled people unrest and unpopularity of Governor Brown who according to some proved to be too weak in confrontation with rioters.¹⁷

Political situation definitely helped Reagan to win the elections with Brown but there were also other numerous reasons why the residents of California were happy to replace "Pat" Brown for the movie star Ronald Reagan. Those reasons were linked with the state of the economy and environment in the state. Despite the fact, that during eight years of Brown's governorship, California completed thousand miles of freeways but still insufficient to keep up even faster growing demand. Ironically, the freedom once offered by California was slowly changing into daily gridlock and frustration of commuters, which brought about even more serious problems in Schwarzenegger times.¹⁸ Not only roads were causing a heart ache to the citizens of the Golden State but also the rest of the infrastructure, namely water supply, power supply wastewater and other. Governor Brown knew that the key to California's future is water. Although he led a successful political crusade to create the State Water Project which provided irrigation for hundreds of farmers, proposed finance of \$ 1.75 billion was not enough to solve the problem. The biggest difficulty faced south California as it was drier and more populous part of the state than the north and thanks to aqueducts it could continues to grow.¹⁹ Brown might have

¹⁷ Tygiel, Jules. Ronald Reagan and the Triumph of American Conservatism. Pearson Education, Inc., 2005, 89

¹⁸ Carle, David. Water and the California Dream: Choices for the New Millennium. San Francisco: Sierra Club Books, 2003, 164-165

Cannon, Lou. Governor Reagan, His Rise to Power, New York: Public Affairs, 2003. 3

¹⁹ Carle, 152-153

Cannon, 4

addressed water problem but have not addressed power supply issue which later in California history caused series of troubles for the government to solve.²⁰

Governor Brown was a classic example of tax-and-spend Democrat and he believed that government existed to do good. Therefore, spending went up resulting in the highest budget ever recorded in U.S. history. During Brown's tenure in office California population increased by 27 percent compared to 87 percent budget increase. The truth is that governor Brown managed to build many new schools but this caused property taxes to soar as local governments struggled to meet demands for those new schools and services.²¹ Additionally, taxes hiked up by nearly 34 percent from \$117.58 to \$157.36.²² But that increase was not sufficient to cover state outgoings, therefore Mr. Brown followed his advisors proposition of "accrual accounting". That meant spending entire revenues of one fiscal year and revenues accruing from the next year but without need of further increase in taxes, especially important before election as was in Brown's case. Of course, there were more reasons for growing discontent with Governor Brown like increase in crime by 12 percent just in 1965, as a matter of fact California accounted for 17 percent of the nation's crime.²³

Despite the fact that mid-1960s California had become a font of technological and cultural innovation, this nation-state struggled in many spheres of every day life and of its residents. Many Californians "blamed their grievances on government and no longer believed

²⁰ Cannon, 4

²¹ Cannon, 4-5

Hayward, F. Stephen. "The Once-a-Decade Crisis: California can get well – and stay well – with sensible, though politically difficult, reforms." *National Review*, 15 Sep. 2003. 4 July 2008
<http://findarticles.com/p/articles/mi_m1282/is_17_55/ai_107223556>.

²² Edwards, Lee. *Ronald Reagan - A Political Biography*. New York, 1980, 90

²³ Cannon, 4

Edwards, 90

that they lived in the Golden State of their dreams and memories’’.²⁴ Therefore, those who previously had voted Democratic were ripe for the change and that change was to be delivered by Ronald Reagan, Edmund Brown’s successor.

1.2. What ailed California before Arnold Schwarzenegger?

Nearly forty years later after election of Ronald Reagan, American state of California faced recall election to replace its governor Gray Davis. Californians had become disillusioned with the governor and at the beginning of his second term, consequently they decided to blame Davis for all the mess that the state was in.²⁵ But, of course, the whole situation was not caused by one inappropriate decision or one damaging bill or simply one person. As in the case of Reagan’s predecessor there were series of events that accounted for the taxpayer’s discontent.

First to start with was electricity crisis of 1999-2001. It all started with signing the Electric Utility Industry Restructuring Act in which was to deregulate electricity in California by the year 1998. The new act was supposed to provide the state with electricity providers eager to do business at competitive prices.²⁶ Unfortunately, the series of events prevented the whole plan from becoming successful. First of all, in years 1993-1999 California recorded 18 percent increase in peak electricity demand and only 0.1 percent increase in state’s generating capacity. Secondly, drought of 1999 caused dramatic decline in hydroelectric power production, which normally provides 25 percent of California’s installed power production capacity. To make

²⁴ Cannon, 9

²⁵ Starr, 340

²⁶ Starr, 337

matters worse, year 2000 featured extremely hot summer and cold winter increasing demand for gas for both heating and electricity production, which in consequence pushed gas prices upward.²⁷ As a result retailers were forced to charge more, namely from around 3 cents per kWh in 1998-1999 to an average of 37 cents per kWh during December 2000. The increased prices were not the only effects of failed investment in the infrastructure but also series of blackouts which left its stamp on California's businesses and government. By 2002, California owed \$ 12.5 billion for electricity it had already used.²⁸

Unfortunately, for California energy crisis was only one of the series of misfortunes that affected the state and there were other to follow. Yet another dramatic event that took place between 2000 and 2002 was dot-com debacle. The "new economy" provided variety of services available without leaving the comfort of ones home. The American stock market, National Association of Securities Dealers Automated Quotations (NASDAQ), influenced by dot-com success peaked at 5,048 only to drop 18 months later to the level of 1,930. As the result thousands of people were laid off and billions of dollars were lost. But even worse was the news for the California budget which by the collapse of stock market lost 40 percent of its revenues.²⁹ Pre-Schwarzenegger California was facing plenty more issues that were responsible for that budget deficit, namely electricity crisis, dot-com failure, increased spending on education, health

²⁷ Faruqi, Ahmed, Chao Hung-Po, Niemeyer Victor, Platt Jeremy and Stahlkopf Karl. "Getting out of the dark", *Regulation*. Fall 2001. Electric Power Research Institute. 1 July 2008 <<http://www.cato.org/pubs/regulation/regv24n3/specialreport2.pdf>>.

Brennan, Tim. "Questioning the conventional wisdom." *Regulation*. Fall 2001. University of Maryland, Baltimore County. 1 July 2008 <<http://www.cato.org/pubs/regulation/regv24n3/specialreport2.pdf>>.

²⁸ Starr, Kevin. *Coast of Dreams, California on the Edge, 1990-2003*. New York, 2004. 588

²⁹ Starr, 568 -574
Starr, 339-340

Tyson, Laura D'Andrea. "A New Governor Won't Fix What Ails California." *Business Week*. 22 Sep 2003. 18 June 2008 <http://www.businessweek.com/magazine/content/03_38/b3850027_mz007.htm>.

and security and dependency of local government on state support caused \$38 billion shortfall in revenues, and consequently enormous strain on the state's budget.

The whole California way of living, its beaches, open spaces and pure air as described by Benjamin C. Truman in 1874 "The purity of the air in Los Angeles I remarkable. The air... gives stimulus and vital force which only an atmosphere so pure can ever communicate".³⁰ But now, at the beginning of twenty-first century California faces one of the worst quality of the air in the nation. As reported by the South Coast Air Quality Monitoring District "Millions of residents of the South Coast Basin...breathe dirty air some one-third the days of the year". Furthermore, just in 1996 about 1600 people died prematurely due to the south coast's air pollution. One study showed that children raised in the South Coast Air Basin suffered estimated 10 –15 percent decrease in lung function.³¹ But it is and will be extremely difficult to deal with the issue of air purity especially with the population of the increase. According to the California Department of Transportation, Californians, as a whole, wasted a half-million hours each day in traffic congestion, sitting in their 30 million vehicles, wasting around \$ 1000 per person per year and delivering even more fumes for the atmosphere.³²

The Department of Finance the Golden State predicts that the state will be approaching sixty million people by 2040.³³ On the other hand additional 22 millions of citizens can only be accommodated with a chain of actions connected with water, infrastructure maybe even destruction of precious farmland. The choice is yet to be made, but can California afford such an increase? The answer, of course, is not simple as California's population is not only growing but

³⁰ Carle, 127

³¹ Carle, 130-133

³² Carle, 164

³³ Starr, 334

its racial diversity is changing. This change in race ratio requires from California even more attention. Therefore, new freeways, greater demand for water supply, new housing is also followed by increased demand for services. But the whole difficulty begins with greater influx of non-English speakers and the influence that influx has on education. Children of immigrants whose English is not first language require additional help with the language in the first place, and that results in higher bill for the government to be paid for education. As California cannot forget that its future depends on well-educated graduates that will lead the state in the twenty-first century.

Furthermore growing population only adds to water shortages that California has been struggling with for a long time. The Golden State's agriculture itself uses 32 million acre-feet of water per year compared with only 7 million acre-feet for California's municipalities. Therefore the 20 percent cut on agriculture would allow the population to double. But on the other hand California's "garden" provides 55 percent of the nation's fruits, vegetables and nuts, as well as livestock products, dairy products. Future decisions about the problem of water and growth will be crucial to the California's economy as one in ten jobs in the state have its ties with agriculture.³⁴

As we can see pre-Schwarzenegger's California was far from being haven on the Earth and the future will show how much of its dream will have been restored by the end of Schwarzenegger's tenure.

³⁴ Carle, 176-177

Grow, George. "ENVIRONMENT REPORT: California's Water Problems." *Voice of America*. 25 April 2003. 4 July 2008 < <http://www.voanews.com/specialenglish/archive/2003-04/a-2003-04-24-1-1.cfm> >.

2. Eight years of Ronald Reagan's governorship and its influence on the Golden State.

We could say that Ronald Reagan did not enter politics voluntarily but was rather convinced by the circumstances. In order to trace back how it started we should look into Reagan's biography. Ronald Reagan was born on February 6, 1911 in a small town of Tampico, Illinois. His father Jack Reagan, shoe-salesman was a first-generation Irish Catholic who dreamed big and worked hard but knew mostly failure due to his excessive drinking habit. Ronald's mother Nelle, on the other hand, very optimistic and religious person, inculcated little Ron with social and moral teachings.³⁵ As a child little Ron cleaned church chapel and dated pastor's daughter. During his adolescent years Ronald showed less than little interest in politics, as he preferred to play football and work as a lifeguard. Upon graduation from Eureka College, where he studied economics and sociology, Reagan proved himself a major broadcast talent working for "World of Chiropractic" radio station in Davenport, Iowa. At the age of twenty six Ron's ambition and desire to succeed pushed him to Hollywood where he got the job as an actor for Warner Brothers Studio. Despite the reputation of a solid performer, Reagan did not achieve greater success as an actor, and was only well suited for lead roles in B movies.

Reagan had absorbed the liberal Democratic opinions of his father. Since 1938 Reagan had been a member of the Screen Actors Guild (SAG), a leading Hollywood union for high-salaried stars. In the next few years he worked his way up, becoming a president of the SAG. High rank in relatively conservative SAG influenced Reagan to become more critical of the other, more liberal, unions in Hollywood. Gradually, Ron switched from ardent supporter of

³⁵ Dallek, 28

"Past Presidents – Ronald Reagan." White House. 20 July 2008
<<http://www.whitehouse.gov/history/presidents/rr40.html>>.

Democratic ideas giving his support to Republican candidates like presidential candidate Dwight Eisenhower in 1952, 1956 and 1960 when he gave 200 speeches in support of Richard Nixon against Democrat John F. Kennedy. His transformation was officially confirmed in 1962 when he changed his party affiliation to Republican.³⁶

Together with the decline of Reagan's acting career in 1950s he was offered a position of a spokesman for the General Electric Company. It allowed him to stay in a public eye and a chance to deliver his message which over the years changes its tone. GE employed Reagan to boost worker's morale with his speeches as he was perceived as a moral and upright person, down-to-earth celebrity with impressive skills as a public speaker.³⁷ However, around 1960 it was clear that he is not a Democrat anymore as his speeches became strident and his fierce criticism against Democratic thought was too controversial for the company and left no choice to GE management as to fire Reagan in 1962.³⁸ While campaigning for Nixon in his run for governor of California for example, Reagan called Brown a "tax-and-spend liberal" whose governorship increased spending by 47 percent and increased number of state employees by 30 percent.³⁹ But the important turning point in Reagan's political career was yet to come.

The speech was delivered on October 27, 1964 during presidential campaign in support of Barry Goldwater, Republican candidate. Unfortunately for Goldwater the speech titled "A Time for Choosing" did not help him win the presidential elections, and he had lost shamefully.

³⁶ Edwards, 50-75

Dallek, 28-30

"Ronald Reagan." *Encyclopaedia Britannica*. 2008. Britannica.com. 20 July 2008

<<http://www.britannica.com/EBchecked/topic/492882/Ronald-W-Reagan#tab=active~checked%2Citems~checked&title=Ronald%20W.%20Reagan%20--%20Britannica%20Online%20Encyclopedia>>.

³⁷ Dallek, 37

³⁸ Cannon, 114

³⁹ Dallek, 40

What it did achieve was \$ 1million in campaign contributions for Republican candidates (the most attributable to any political speech in history). The speech also gave a faint chance for Republican political revival, unseen since the days of the New Deal. One commentator called it “the most successful national political debut since William Jennings Bryan electrified the 1896 Democratic convention.”⁴⁰ The speech shed the light on Democrats as if they were some kind of a beast, that endangered freedom and prosperity of the American nation, as evil as communist menace. But there was still a chance as Reagan said “we will preserve for our children this, the last best hope of man on earth, or will sentence them to take the last step into thousand years of darkness”. This Reagan’s “rendezvous with destiny” made conservative leaders to envision Reagan as a potential presidential contender in 1968, or at least, a California gubernatorial election in 1966. One speech made him a political figure to be reckoned with.⁴¹ Republican leaders perceived in Reagan a candidate who could unify the factions within the party, the GOP saviour, and more effectively than Goldwater would reach for moderate voters sympathetic to conservative message.⁴²

After travelling 10,000 miles and making 150 speeches, Ronald Reagan announced his candidacy for the Republican nomination for governor. In order to avoid any Goldwaterizing, namely provide citizens of the Golden State with an unobstructed view of Reagan, his advisors came up with carefully prepared plan. The 30-minute television program was first shown to news media followed by a regular news conference and an hour later aired on 16 station throughout the state. This allowed the public to judge themselves whether Ronald Reagan had what it takes to

⁴⁰ Balitzer, Alfred. A Time for Choosing, The Speeches of Ronald Reagan 1961-1982. Chicago: Ragnery Gateway 1983. 41-57

⁴¹ Tygiel, 82

⁴² Tygiel, 90

be a good governor.⁴³ Undoubtedly, the announcement speech was a success and reached the moderates with his realistic assessment of California's problems "It won't matter much if the sky is bigger and bluer out here if you can't see it for the smog, and all our elbow room and open space won't mean much if the unsolved problems are higher than the hills" but "our capacity for solving them (our problems) is limitless".⁴⁴

Reagan's campaign was even more convincing. He used his lack of political experience as an asset saying "I am not a politician and that's precisely why I ask your support ... I believe very deeply that the time has come for ordinary citizens to bring honor and morality and the clean fresh air of common sense to government".⁴⁵ Reagan attacked many aspects of Brown's governorship. Probably his favourite target was Brown's enormous \$4.6 billion budget, the largest ever submitted to a state legislature.⁴⁶ Of course, there were more issues like bureaucratic growth of California, the excessive taxation that was slowing California's economic growth and reducing job opportunities.⁴⁷ The pay-off was the convincing victory in the Republican primary which was a clear sign of GOP unification giving Reagan 65 percent (1,417,623 votes) of the total Republican vote. More than double what obtained second Republican candidate. Just as a matter of comparison governor Brown, in the Democratic primary, received 52 percent (1,355,262 votes).⁴⁸

Even though, Reagan was "just an actor" he managed to retire Governor Brown and save him from a third term. As in Republican primary his victory in the race for governor of the most

⁴³ Cannon, 140-141

Tygiel, 100-102

⁴⁴ Cannon, 141

⁴⁵ Edwards, 113

⁴⁶ Edwards, 110

⁴⁷ Edwards, 95

⁴⁸ Edwards, 129

Cannon, 148

populous state in America, was quite impressive giving him 57 percent of all votes compared to Brown's 42 percent.⁴⁹ Reagan's promise of saving California from bankruptcy and offer of a fresh view and new solutions to what ailed California proved to be more convincing than years of experience and two terms as California governor in person of Edmund (Pat) Brown .

The 33rd governor, Ronald Reagan began his inaugural address late at night, fourteen minutes after midnight on January 2, 1967 on the State Capitol in Sacramento.⁵⁰ The reason why Reagan did not wait any longer to be sworn in was purely political. Reagan's chief of staff, Phil Bataglia came up with the idea of late ceremony to choke off any last-minute appointments that might have taken place and that Reagan would not have been able to cancel or alter.⁵¹

During his Inaugural Address Reagan remind all citizens of problems that were discussed during campaign and confirmed that he had no intention of changing the subject once he had been elected. He was chosen to serve all citizens of California and to cure all illnesses that the Golden State was facing on daily basis. And beyond any doubt there were few. The issues that needed attention were air pollution, water and energy shortages, welfare, education and taxes which had destructive effect on California free enterprise. But also even more urgent issues like budget deficit inherited from Brown, Reagan's predecessor. Brown not only left overgrown government which cost was too high, but also sky-high budget deficit. As Reagan said "it won't be easy and it won't be pleasant" but "we are going to do that. We are going to squeeze and cut and trim until we reduce the cost of government".⁵²

⁴⁹ Edwards, 171-172

⁵⁰ Reagan, Ronald. "Inaugural Address." Governors of California. 15 July 2008 <http://www.californiagovernors.ca.gov/h/documents/inaugural_33.html>.

⁵¹ Cannon, 172-173

⁵² Balitzer, 61-71

At the beginning of 1967, which was also beginning for the new Governor California was in serious financial troubles. The budget of \$4.6 billion for the year ending July 1967 was the biggest ever in the whole United States of America. Even though, California officials used bookkeeping gimmick of using 15 months revenue to finance 12 months outgoings, the state was still in a deficit of \$63 million. Reagan was determined to succeed as governor; therefore he knew that balanced budget have to be achieved before he would be able to implement any changes that would restore “the dream” that the Golden State used to represent.⁵³

Reagan’s “fresh look on politics” in his first year did not help him much; on the contrary it proved to be his weakness.⁵⁴ He learnt that imposing his will on the government of California would be more difficult that he anticipated. In order to achieve balanced budget California needed \$194 million to pay off the debt left over from the previous administration. Initially, unwilling to raise taxes Reagan suggested 10 percent reduction for all state agencies and departments in their operating budgets. As he commented “No department can expect to have a free ride”. Even the Department of Mental Hygiene had to cut nearly 4000 jobs in mental institutions including closing of eight mental health clinics.⁵⁵ But there still would not be enough money in the pot, therefore the huge remaining gap in revenues would be filled with money coming from tax increases. How ironic it must have been for California citizens to learn that their new Governor after 3 months in the office, who had campaigned on the virtues of tax

⁵³ Cannon, 186

Edwards, 184-186

⁵⁴ Cannon, 137

⁵⁵ Edwards, 193-200

Tygiel, 99

Cannon, 188-189

reduction, proposed the total of \$1 billion tax increase. As a matter of fact that was the largest tax increase ever proposed by any governor in the history of the United States.⁵⁶

Luckily for Reagan, Brown's bookkeeping gimmick left him no choice but to raise taxes. As Reagan commented, "California for the last year has been spending \$1 million a day more than it has been taking in."⁵⁷ This overspending by previous administration gave Reagan alibi for his action. In normal circumstances one should expect to lose popularity by increasing taxes, especially somebody who had promised no more taxes, but if you are forced to do it as a result of inherited problem than it becomes acceptable. Reagan's tax hike resulted in increasing corporation taxes from 5.5 percent to 9 percent; tax on banks went from 9.5 to 13 percent and maximum on personal income tax increased from 7 to 11 percent. Moreover, the brackets were narrowed to put more persons in a higher tax bracket.⁵⁸ Reagan's raised some taxes to lower other, namely property taxes which were rejected by previous Governor Brown. Such an enormous tax increase allowed him to give home owners a refund of their property taxes. This bill was especially helpful to low-income families and seniors. The strategy of very aggressive tax policy raised more revenues that was needed, therefore helped Reagan to avoid further tax increases later on.⁵⁹ Finally, on June 30, after six months in the office, Governor Reagan signed a state budget for 1967-68 of over \$5 billion, half a million dollar higher than Brown's budget a year earlier.

During eight years of Ronald Reagan's governorship (1967-1975) budget, among few other issues, was a priority. When Reagan started in 1967, California was spending a million

⁵⁶ Cannon, 194

⁵⁷ Edwards, 194

⁵⁸ Cannon, 198-200

⁵⁹ Cannon, 200
Edwards, 200

dollars each day more than it was taking in but at the end of his second term, Reagan's successor, Jerry Brown (Governor's Brown son) inherited a surplus of \$554 million. But that would not be achieved without increased state budget from \$4.6 billion annually in 1967 to \$10.2 billion in 1975. Additionally, the operations portion of the budget, over which the governor has the most control, went from \$2.2 billion to \$3.5 billion. Balanced budget with such a surplus also helped Reagan to upgrade California's bond rating, that according to Moody's Investor Service, one of the world's most respected credit rating source, was Moody's Triple-A, for the first time in 31 years. The rating helped California to save millions of dollars in interest charges or as editorialized in the San Francisco Chronicle "Reagan has saved the state from bankruptcy".⁶⁰

Reagan considered welfare to be "the greatest domestic problem that was facing the nation", nonetheless he did nothing during his first term to address it, as he spend too much time negotiating compromises with the Democratic Legislative that he had in Sacramento.⁶¹ But the year 1970 was the highest time Governor did something in the matter of welfare. It was in August of 1970, when Reagan called in, inter alia, Robert Calreson, the state welfare director, who was appointed to be part of the welfare task force. Calreson asked for a permission to set up his own little team and focus on "state regulations and statutes and organization and eligibility requirements".⁶² After few months of preparation and research the task force was ready with some valuable findings and solutions. They found out that Aid to Families with Dependant Children (AFDC), the most costly part of welfare, designed to support children whose fathers were disabled or had abandoned their families was failing. The system was not adequately

⁶⁰ Cannon, 388
Edwards, 210

Moody's Investor Service. 10 July 2008 < <http://www.moody.com/cust/default.asp>>.

⁶¹ Tygiel, 104

⁶² Carleson, Robert. "Stemming the Welfare Tide," an oral history conducted in 1983 by Gabrielle Morris, Regional Oral History Office. The Bancroft Library, University of California, 1986, 3 July 2008 <<http://www.archive.org/details/welfaretide00carlrich>>.

providing for the truly needy and as Reagan explained “virtually everywhere in California the truly needy are barely subsisting, many below the poverty line”.⁶³

Moreover, AFDC recipients suffered a huge loss of income as benefits had not been increased for 12 years, namely 8 years of Brown’s tenure and first Reagan’s term. The last increase in 1957 had been approved by a Republican dominated Legislature and signed into law by a Republican governor, Goodwin Jess Knight. As an example, the family of three in San Francisco required for a subsistence existence \$271 but could only receive \$172. As a result of too low rates more and more people had to cheat, namely not reporting money they earned, in order to survive. The surge in AFDC caseload was enormous. Between 1963 and 1967 when Reagan took office the number double, from 375,000 AFDC recipients to 769,000. Two years later the number grew to 1,150,867 and year later in 1970 it reached even more scary 1,566,000 people on the AFDC rolls. If new AFDC cases had continued to grow with the rate of 40,000 a month, the state’s budget would have burst in 1972.⁶⁴

Finally, weeks of negotiations with Democratic Legislature, and many compromises on both sides resulted in The California Welfare Reform Act (CWRA) of 1971, which was a seminal achievement of the Reagan governorship. The CWRA not only transformed public welfare in California but also across the nation. The new reform in a significant and stringent way restricted eligibility in many ways, which allowed for the increase of benefits for truly needy by 43 percent. The reform reduced the number of hours an unemployed father could work and still qualify for assistance, a one-year residency requirement was introduced and a state

⁶³ Tygiel, 105

⁶⁴ Edwards, 212
Cannon, 350
Balitzer, 145

cross-check between county welfare records and employer earning records was implemented to eliminate frauds.⁶⁵

The results of the California Welfare Reform Act were startling. By December 1974 that is after 3 years the AFDC caseload had dropped from 1,608,000 to 1,330,000. It saved California about \$1 billion in two years and gained Reagan even more credibility among Conservatives around America.⁶⁶

The late 1960s and early 1970s were turbulent times for universities across the United States but also California. Reagan remembering ‘the mess at Berkeley’ in 1964 signed into a law legislation which tightened laws against unlawful assembly. The legislation made it illegal to return to the campus within 72 hours after an individual was removed from the campus. Such an ‘offence’ was classified by courts equally to placing a bomb that results in a death as first-degree murder. Students convicted of campus disturbances would have their state financial support suspended. Reagan’s stringent stance on college violence saved California’s universities and colleges from erupting like Harvard, Colombia or University of Wisconsin. In one of the interviews Reagan gave highly controversial statement that caught nationwide attention, namely that every step should be taken to stop violence even “if it takes a bloodbath now let’s get it over”.⁶⁷

Reagan was fully aware that California, sixth economy in the world needs young, talented and educated people that would help California to progress even further in the developing economy. As a part of his investment in the state’s future he increased aid to the state

⁶⁵ Cannon, 359-361

Interview with Robert Calreson

⁶⁶ Edwards, 212

⁶⁷ Reagan, Ronald. Reagan: a life in letters. Ed. with an introduction and commentary by Kiron K. Skinner, Annelise Anderson, Martin Anderson, New York: Free Press, 2004. 185-197

universities by 105.4 percent with enrollment higher by only 43.9 percent. Support for colleges on the other hand grew even more, noting increase of 192.3 percent with enrollment increase by 78.4 percent. Finally, the largest increase in funding community colleges with an increase of 323 percent and enrollment increased by 83.5 percent, and primary and secondary schools noted increase of 105 percent with only 5 percent higher enrollment.⁶⁸

Reagan was the man of his word, and he tried to address all the problems that he mentioned during his inaugural address in 1967. Despite the highest tax hike in his first year to fight down inherited deficit, Reagan, at the same time proved to be the biggest tax-cutter in the state's history, enacting over \$5.7 billion tax relief with the largest chunk of this amount spent on property tax relief program totalling \$2.4 billion. In 1973 the governor sponsored the Proposition 1, which was designed to bring government spending into balance with the growth of revenues. It envisaged an immediate 7.5 percent income tax reduction, permanent elimination of the state income tax for all families earning up to \$8000 annually. Finally, it would impose a ceiling on the growth of state revenues which would reduce the percentage of income the state takes from 8.75 percent to maximum of 7 percent. Although the proposition failed to pass voting with 54 percent against and 46 percent for, Reagan gave beginning to the tax limitation movement in America.⁶⁹

“The purity of the air in Los Angeles is remarkable.”⁷⁰This nineteenth century description was far from the reality of California in Reagan's era. The Golden State in 1970s was choking in

⁶⁸ Edwards, 214-215

Reagan, Ronald. "Reflections on the Failure of Proposition 1." National Review. 7 Dec. 1973. 20 July 2008 <<http://www.nationalreview.com/flashback/reagan200406080927.asp>>.

⁶⁹ Ronald Reagan (National Review) Edwards, 211

Cannon, 368-379

⁷⁰ Carle, 127

smog, with the total of 12 million registered vehicles on the road it only contributed more to the problem of air pollution.⁷¹ The most desired state could boast about having the worst air quality in the whole United States. Therefore, Reagan signed bipartisan legislation that created California Air Resources Board. After seven years of struggle the Legislature passed a bill that gave the board the power to prohibit the sale or registration of vehicles in California that failed to meet state auto emission standards. In 1966, before California enacted standards of the hydrocarbons emission, a major component of smog, the average car emitted 8.8 grams of hydrocarbons. The same standard emission per mile travelled in 1995 was 0.41 grams.⁷²

Reagan's eco-legacy goes further and includes apart from the toughest anti-smog laws in the country also the strongest water pollution control law in U.S. history. He was also a passionate advocate of the wilderness beauty and wildlife adding to the state park system a total of 145,000 acres of land, including 41 miles of ocean frontage, and two underwater Pacific Ocean preserves. This achievement has not been met by any other modern governor.⁷³

In 1966 Reagan's predecessor Edmund Brown appointed a task force to review the State of California's organizational problems. The verdict was that the Golden State was a power short state, but no steps had been undertaken to solve the problem.⁷⁴ The state administration allowed the problem to intensify until energy crisis in 1973 caused by Arab oil embargo. The Second Arab Oil Embargo banned petroleum exports to targeted countries involved in Arab-Israeli War

⁷¹ Cannon, 307

⁷² Stevenson, W. Richard. "California Air Standards Are Strictest", *The New York Times*. 18 Aug. 2008. <http://query.nytimes.com/gst/fullpage.html?res=950DEED61731F932A2575BC0A96F948260>.

⁷³ Edwards, 219

Cannon, 314-317

Griscom, Amanda. "How Green Was the Gipper." *GRIST*. 10 June 2004. 28 July 2008 <<http://www.grist.org/news/muck/2004/06/10/griscom-reagan/>>.

⁷⁴ Gardner, Neely. "California Jousts with the Energy Crisis." *Public Administration Review*. Vol.35, No.4 (July-August, 1975). 3 July 2008 <<http://web.ebscohost.com>>.

and lasted from October 1973 to March 1974, which posed a major threat to the U.S. economy.⁷⁵

The reason why California was touched by the embargo was that the state relies on oil and gas for about 90 percent of all primary energy, from which it generates about 50 percent of the state's electric power. Although California produces oil, it still needs to import over 30 percent of its demand.⁷⁶

Reagan's response to the crisis was implementing an odd-even gas sales system, 10 percent reduction in automobile mileage by state vehicles and consolidated motor pool operations for a 15 percent savings in gas buying. But his ultimate advice was that the "government should get out of the energy industry and turn it loose in the marketplace".⁷⁷

In 1960's many Democrats were perceived to be "soft on crime", especially with crime rate increasing. During Governor Brown's watch, just in one year, crime increased by 12 percent.⁷⁸ Reagan did raise the issue of crime during his campaign, and once elected the Governor worked hard to relief Californians from crime. As a Republican, Reagan was definitely tougher on crime, focusing initially on the California Supreme Court which decisions "overbalanced the scales of justice so that the rights of society are outweighed by decisions granting new rights to individuals accused of crimes."⁷⁹ Reagan supported reestablishment of capital punishment for the most serious of murder offenses as a "self-defense for society to make certain that people who commit the most heinous crimes will not be able to repeat them".⁸⁰

⁷⁵ "Second Arab Oil Embargo." U.S. Department of State. 20 July 2008
<<http://www.state.gov/r/pa/ho/time/dr/96057.htm>>.

⁷⁶ Gardner, 337

⁷⁷ Edwards, 216

⁷⁸ Edwards, 90

⁷⁹ Cannon, 215-216

⁸⁰ Edwards, 214

Although Reagan signed more than forty anti-crime bills accounting for stiffer sentences and general improvement of criminal justice system, the Golden State was not a safer place to live in. On the contrary, the homicide rate had doubled and the rate of armed robberies had increased even more during eight years of Reagan governorship.⁸¹

After eight years in the office Reagan had a major transformation. From a movie star and a governmental novice to a successful governor “who proved himself a capable administrator, mostly trying to do what he set out to do”. And according to San Francisco Sunday Examiner and Chronicle “will be a hard act to follow”. He left the office with approval ratings much higher than his predecessor Governor Edmund Brown.⁸²

⁸¹ Cannon, 387-389

Edwards, 213-214

⁸² Cannon, 389

3. Arnold Schwarzenegger and his influence on the lives of Californians.

The world-famous body-builder and an actor responsible for more than 500 on-screen deaths surprisingly announced his bid for governor during afternoon taping of NBC's "The Tonight Show" with Jay Leno.⁸³ But let us move back in time a little bit to the year 1947, namely the year when Arnold Arnos Schwarzenegger was born in a small village of Thal near Gratz, Austria. His father Gustav was a police chief and the member of Nazi Party. Arnold had a tough childhood with his demanding father who took pleasure in pitting young Arnie against his older brother in running and boxing. As a younger and weaker Arnold regularly lost. But as Arnold commented himself "I think what made me so driven was that I always felt that I wasn't good enough, smart enough, strong enough, that I hadn't accomplished enough,"⁸⁴ At the age of 15 Arnie realised that muscles could win him 3fs he desired, namely fame, fortune and freedom. A year before coming to the United States of America in 1968 he won his first amateur Mr. Universe title. Austrian Oak, as he was dubbed by Joe Weider, also won the professional Mr. Olympia title six years in a row. Moreover, challenging his mind, Arnold earned a Bachelor's Degree in business and economics from University of Wisconsin in 1980. Three years later, in 1983 was naturalised and became a U.S. citizen and in 1986 married Maria Shriver, niece of assassinated president J.F. Kennedy.⁸⁵

⁸³ Leduff, Charlie and Broder, M. John. "THE 2002 CAMPAIGN: LOOKING FORWARD; In 2006, Could It Be Governor Schwarzenegger?" *The New York Times*. 5 Nov. 2002. 10 July 2008 <<http://query.nytimes.com/gst/fullpage.html?res=9B04EEDC123EF936A35752CA9649C8B63>>.

⁸⁴"Schwarzenegger announces bid for governor." *CNN International*. Los Angeles, 7 Aug. 2003. 1 July 2008 <<http://www.cnn.com/2003/ALLPOLITICS/08/06/candidates.announce/index.html>>.

Kasindorf, Martin. "Schwarzenegger's American Dream." *USA TODAY*. 24 Sep. 2003. 5 July 2008 <http://www.usatoday.com/news/politicselections/state/2003-09-24-schwarzenegger-american-dream_x.htm>.

⁸⁵ Schwarzenegger, Arnold. "38th Governor of California." 20 July 2008 <<http://gov.ca.gov/about/arnold>>.

Albert Ruddy's words, the Godfather producers, perfectly describes Schwarzenegger's movie career and his success driven personality, namely "When Arnold Schwarzenegger makes up his mind to do something, there is nothing in the world that can stop him."⁸⁶ After over 30 years in movie industry, and earning millions of dollars, starting with *Hercules in New York* (1969) and finishing with Disney live action feature "Around the world in 80 days" (2004) Schwarzenegger replaced Hollywood with Sacramento. Becoming the Golden State's 38th governor was his long coveted dream*, which at the age of 56 became a reality.⁸⁷

Unlike Ronald Reagan who changed his party affiliation from democratic to republican, Mr. Universe has been faithful to Republican Party since 1968 when he heard Nixon, who sounded like a breath of fresh air, "talking about free enterprise, getting government off your back, lowering taxes, and strengthening the military".⁸⁸ But similarly to Reagan, Schwarzenegger did not walk into a major office straight from the movie industry. As I already mentioned he wished to become a governor of California for over 20 years and started to be politically active several years before recall election in 2003. In 1990 President George Bush appointed Mr. Universe Chair of the President's Council on Physical Fitness and Sports. Finally in 2002 Arnie presented his political involvement by supporting Proposition 49, which significantly increased funding for after-school programs.⁸⁹

Bibliography. Arnold Schwarzenegger. 20 July 2008
<<http://movies.yahoo.com/movie/contributor/1800021514/bio>>.

⁸⁶ Kasindorf

⁸⁷ Arnold Schwarzenegger. Bibliography.

*Arnold Schwarzenegger told his friend more than 20 years ago that he intended to be the Golden State's governor someday. Robert Hanashiro, USA TODAY

⁸⁸ Chossudovsky, Michel. "Arnold Schwarzenegger's Blunder at the Republican Convention: The Nixon-Humphrey Presidential Debate Never Took Place." Centre for Research on Globalisation. 2 Sep 2004. 10 July 2008
<<http://globalresearch.ca/articles/CHO409A.html>>.

⁸⁹ Leduff and Broder

Arnold Schwarzenegger, <http://gov.ca.gov/about/arnold>

Californians presented their discontent with Governor Davis in the petition for his removal that circulated in 2003 and the reasons why they wanted recall election:

“Gross mismanagement of California finances by overspending taxpayers’ money, threatening public safety by cutting funds to local governments, failing to account for the exorbitant cost of the energy fiasco, and failing in general to deal with the state’s major problems until they get to the crisis stage. California should not have to be known as the state with poor schools, traffic jams, outrageous utility bills, and huge debts... all caused by gross mismanagement.”⁹⁰

There came Schwarzenegger to put an end to that havoc caused by Mr. Davis. Arnold pictured himself as the next Ronald Reagan, the saviour of the people of California and GOP.⁹¹ Arnold said that “the politicians are fiddling, fumbling and failing, that is why I am going to run for governor.” Other reasons for his candidacy were connected with financial condition of the state, as described by Mr. Schwarzenegger “we have serious problems, businesses are leaving the state, people are leaving the state every day, we have the biggest deficit in state history, we have governor recalled, we see these things declining and declining”. But Mr. Universe, nearly like the hero on the white horse would rescue California. He would defeat the evil forces and solve all the problems and finally bring the Golden dream by the sea to stability and normalcy.⁹²

⁹⁰Indiana, Gary. *Schwarzenegger Syndrome, Politics and Celebrity in the Age of Contempt*. New York: The New Press, 2005. 76

“Engine trouble.” *Economist*. 4 Oct. 2003. Vol.369, Issue 8344. 2 July 2008 <<http://web.ebscohost.com>>.

⁹¹ Leduff and Broder

⁹² “Schwarzenegger to run for governor.” *BBC NEWS*, 8 July 2003. 28 June 2008 <<http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/americas/3128015.stm>>.

Kellner, Douglas. “Arnold Schwarzenegger and Media Spectacle.” *UCLA Bruin*. 15 Oct 2003. 29 June 2008 <<http://www.gseis.ucla.edu/faculty/kellner/essays/schwarzeneggermediaspectacle.pdf>>.

As a result of over \$24 million spent on a celebrity campaign, aimed at the mass market and not at political sophisticates he won. Similarly to Ronald Reagan, Arnold's anti-establishment message that the "ultimate power rests in the hands of the people" not government, guaranteed him comfortable 48.6 percent margin of votes (4,203,596 votes) compared with the second result of 32 percent (2,767,800 votes) for Lieutenant Governor Cruz Basmante, Democratic candidate. In just 9 weeks Schwarzenegger achieved what some perceived as impossible and won the race for the office of the Governor of California beating 134 other candidates which he summed up saying "this is the night the people of California rose up and threw out a corrupt administration".⁹³

Similarly to Governor Reagan, Schwarzenegger joined the political scene in the time of crisis in California. Alike Reagan, this political novice was elected on faith and hope. In his inaugural address he pictures himself as an "idealist without illusions" who will save the State of California from the largest deficit in the nation, the worst credit ratings, the highest worker compensation costs, the highest unemployment insurance cost and the worst business climate in the nation, and many other problems that ailed the most desired place in America since mid- 19th century.⁹⁴

In 2003 like in Reagan's era, budget deficit was one of the priorities that new Governor was eager to deal with first. The deficit that was caused by previous Governor's "fiscal irresponsibility" and overspending as described by Schwarzenegger in an interview for CBS TV

⁹³ Starr, 629

Marinuccu, Carla and Wildermuth, John. "SCHWARZENEGGER LEADS VOTER REVOLT." San Francisco Chronicle. 10 Aug. 2003. 5 July 2008 <<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2003/10/08/RECALL5S.TMP>>.

⁹⁴ "Swearing-In remarks." Office of the Governor. 10 Aug. 2008 <<http://gov.ca.gov/index.php?/print-version/speech/3086/>>.

Station “They (Davis’s administration) have ruined the state for five years. They kept spending, spending and spending. We’re talking here about addicts “, as 25 percent increase in revenues was followed by 43 percent increase in state expenditures.⁹⁵

It would be unfair not to mention that California’s enormous budget deficit of \$14 billion was fueled not only by overspending on social programs as one would expect having Democrats in power, but also by dotcom bubble burst which contributed 40 percent of total state’s revenues. Together with failure of all dotcom companies energy crisis absorbed millions of dollars in energy bill.

Arnold, last action-hero, campaigned like Reagan on the virtue of no new taxes. But in contrast to Reagan he kept his promise despite inherited deficit. Schwarzenegger’s solution to bail California out of the problem was to borrow money from the Wall Street, and similarly to Reagan restrain spending because “if we continue spending and don’t make cuts, California will be bankrupt” commented Schwarzenegger.⁹⁶ Therefore, the answer for \$14 billion deficit was Proposition 57 which postponed the budget crisis with borrowing of \$15 billion, as well as Proposition 58 which obliged the legislature to pass balanced budgets in future.⁹⁷

Maybe, Proposition 57 did rescue California from fiscal insolvency but it still was not sufficient and Schwarzenegger proposed more cuts and caps. The new Governor proposed \$3.8

⁹⁵ President Schwarzenegger? 60 minutes CBS News 29 Oct 2004. 1 July 2008

<http://www.sbsnews.com/stories/2004/10/28/60_minutes/main652046.shtml>

Knowland, Don and Peters, Andrea. “California Governor Schwarzenegger launches right-wing agenda.” 29 Nov. 2003. 3 July 2008 <<http://www.wsws.org/articles/2003/nov2003/cali-n29.shtml>>.

“Economic Recovery- A Workout Plan for the State’s Budget”, California Department of Finance. 15 Aug 2008 <http://www.dof.ca.gov/HTML/Budgt04-05/BudgetSum04/Econ_recov_w.pdf>.

“Governor Schwarzenegger’s State of the State Address”, 6 Jan 2004. 10 Aug 2008 <<http://gov.ca.gov/index.php?/print-version/speech/3085/>>.

⁹⁶ “Last Action Hero.” Economist. 1 Oct 2004. Vol. 370, Issue 8357. 2 July 2008 <<http://web.ebscohost.com>>.

⁹⁷ “Arnold’s big chance.” Economist. 1 May 2004. Vol.371, Issue 837. 2 July 2008 <<http://web.ebscohost.com>>.

billion in budget cuts over two years that aimed at most vulnerable population. California could save that \$3.8 billion by restricting food stamp eligibility, eliminate art-based therapy for the developmentally disabled, decrease compensation for doctors who treat patients in the state's health insurance program for the needy, reduce financial support for children in foster care, reduce funding for transportation services for elderly, as well as freeze enrollment in California's health insurance program for poor children. Moreover, \$98 million in unspecified cuts imposed at the state's public universities, and campuses recruitment programs were eliminated. By cutting funding for universities Schwarzenegger reversed his key campaign promise, namely a pledge to protect education which was the future pillar of California's well-being.⁹⁸ In addition to cuts in funding for education Schwarzenegger's administration enacted massive tuition and fee increases which have doubled since 2002.⁹⁹

Arnie kept his promise about two other campaign issues, namely workers' compensation insurance and vehicle registration tax. The insurance has risen from \$2.68 per \$100 of payroll in 2000 to \$6.33 per \$100 in 2003. Such a huge increase in costs was pushing business out of state.¹⁰⁰ But thanks to Schwarzenegger's reform "workers are getting faster and better healthcare", California "reduced overall cost of the workers comp system from \$29 billion to

⁹⁸ Knowland and Peters

2004-05 California Final Budget Summary, Ch. 208, pp.2-9. 10 Aug 2008

<http://www.documents.dgs.ca.gov/osp/GovernorsBudget04/pdf/fbudsum_04.pdf>.

⁹⁹ Taiz, Lillian. "Education Cuts in California", *The New York Times*. 1 March 2008. 15 Aug 2008

<http://www.cfafullerton.org/files/important_documents/NYT%20Letter%20and%20Article.pdf>.

Peters, Andrea. "Dismantling California's public services: Budget crises hit state, county and city governments." 10 July 2008 <<http://www.wsws.org/articles/2004/may2004/cali-m04.shtml>>.

¹⁰⁰ Serwer, Andy. "Schwarzenegger builds his body politics", *Fortune*. 19 April 2004. Vol.149, Issue 8.

under \$20 billion, and premiums have dropped dramatically – on average by nearly 30 percent.”¹⁰¹

The Vehicle registration tax on the other hand did not lower anything for the government, quite the contrary it caused additional burden for the state’s budget as repealing the tax cost the state \$4 billion in lost revenues, and at the same time saved the average driver a little more than \$200 a year.¹⁰²

Similarly to Governor Reagan, Schwarzenegger has been a Republican governor in a state where all other elective offices are held by Democrats. Despite readiness to collaborate the Democratic Party has not been the easiest one to work with, and there were many ups and downs. After five years of Schwarzenegger’s governorship the state budget still has not been balanced. In 2003-2004 the total state budget was \$99.1 billion and 5 years later proposed budget for 2008-2009 was only \$101.2 billion. As per May 2008, the Golden State was facing budget shortfall of \$17 billion, even more than in 2003 when Governor Davis was replaced with Mr. Universe, Austrian immigrant. The only change that Schwarzenegger managed to achieve was California’s credit rating, that in 2003 was just above junk level but two years later it jumped to A3 from Moody’s Investors Service, same as in 1975 when Reagan finished his tenure.¹⁰³ Nevertheless, bigger deficit has crept in to the state’s budget and Arnold the anti-tax crusader left

¹⁰¹ Office of the Governor, “Governor Schwarzenegger Celebrates Success of Workers’ Compensation Reform.” 10 Aug 2008 <<http://gov.ca.gov/index.php?/print-version/press-release/1541/>>.

Office of the Governor, “Excerpts of Governor Schwarzenegger’s Remarks at Workers’ Compensation Bill Signing.” 12 Aug 2008 <<http://gov.ca.gov/index.php?/print-version/speech/3084/>>.

¹⁰² Ewers, Justin. “Schwarzenegger Hints at Raising Taxes”, *U.S. News & World Report*. 15 May 2008. 15 Aug 2008 <<http://www.usnews.com/articles/news/politics/2008/05/15/schwarzenegger-hints-at-raising-taxes.html?PageNr=1>>.

¹⁰³ Saskal, Rich. “A Balanced Budget for California Is No Pipe Dream, Moody’s says.” *Bond Buyer*, 13 March 2007. Vol. 359, Issue 32585.

Kelemen, Jasmina. “No Tax Hikes, No Deficit Bonds in \$116B California Budget.” *Bond Buyer*. 7 July 2005. Vol. 353, Issue 32167.

without any other tools or solutions said at a press conference that the state “is in a crisis and it’s very serious”, therefore “we need additional revenues, and we’ve got to get creative without raising taxes” But the reality forced Governor to give two choices to Californians. First is a new plan to borrow \$15 billion from Wall Street lenders in exchange for three year cut of the state’s lottery revenue, and the second is 1 percent increase in the state’s sales tax.¹⁰⁴ Unfortunately, California’s budget for fiscal year 2008-2009 still has not been enacted.

Schwarzenegger was so preoccupied with his crusade to eliminate budget deficit and implement his spending caps that he did not notice the rising problem. In Reagan’s era California’s 9 percent of the population lived below the poverty line. In 2007, on the other hand, the number rose to nearly 13 percent or 4.6 million of Californians who had incomes below the federal poverty line.¹⁰⁵ First attempt made by the Democratic Party in 2004 to increase the minimum wage failed as Governor Schwarzenegger vetoed the legislation that would raise the federal minimum wage from \$6.75 to \$7.75. But two years later, before elections for the Governor of California, Schwarzenegger, and “California’s newest Democrat” promised to raise the state minimum wage by \$1 per hour, if he is re-elected. Finally, Schwarzenegger signed into law a bill (A.B. 1835) that increased the state minimum wage from \$6.75 an hour to \$8 an hour.¹⁰⁶ Unfortunately, this was not good enough for Californians as according to the California Budget Project, a non-profit organization that published a study in which they found that a family of four would need a minimum wage of \$17.16 an hour, more than twice what offered the

¹⁰⁴ Ewers

¹⁰⁵ Kearney, Kevin. “Social inequality reaches new heights in California.” 15 Aug 2008 <<http://www.wsws.org/articles/2005/oct2005/cali-o14.shtml>>.

¹⁰⁶ Eisner, Keaton. “Democrats, unions capitulate to new attacks by Schwarzenegger on California workers.” 13 Oct. 2004. 10 Aug 2008 <<http://www.wsws.org/articles/2004/oct2004/cali-o13.shtml>>. “California to raise minimum wage.” *Payroll Manager’s Report*. Nov. 2006. Vol.6, Issue 11. White, Deborah. “Arnold Schwarzenegger, California’s Newest Democrat.” 14 Jan 2006. 4 July 2008 <<http://usliberals.about.com/b/2006/01/14/arnold-schwarzenegger-californias-newest-democrat.htm>>.

governor. Moreover, for 2006-2007 Schwarzenegger proposed to cut \$250 million from programs designed to move welfare recipients into stable employment and further \$198 million from the budget for a program that provides money and services to needy families in which parents are pursuing job training.¹⁰⁷

Reagan's great achievement was the welfare reform and Schwarzenegger would also like to be remembered. Therefore, he proposed Strategic Growth Plan, according to which California's aging infrastructure, including ports, power plants, levees, bridges, prisons, mental hospitals, parks and the state's 50,000 miles of freeways will be repaired and reconstructed. Additionally, new schools, highways, commuter rail lines, and bicycle and pedestrian paths will be build. In order to afford all that Schwarzenegger will have to sell \$70 billion worth of government bonds.¹⁰⁸ Additionally, SGP included nearly \$6 billion for water supply and flood control. Water is essential for California's well-being especially that it welcomes over 600,000 new citizens per annum. As Schwarzenegger rightly noticed "water is important to everything we care about in California – to our economy, our agriculture, our jobs, our families, our environment and our future- but we have fallen far behind". Therefore, in July 10, 2008 the Governor proposed over \$9 billion to spend on increased water storage, and improve water conveyance which will help to reduce water shortages. Furthermore Mr. Universe postulates Delta ecosystem restoration to allow California to take control of its own water systems.¹⁰⁹

¹⁰⁷ Peters, Andrea. "California Democrats rally behind Republican Governor Arnold Schwarzenegger." 23 Jan. 2006, http://www.wsws.org/articles/2006/jan2006/cali-j23_prn.shtml

¹⁰⁸ Andrea Peters.

The California Strategic Growth Plan, <http://www.ebudget.ca.gov/pdf/BudgetSummary/TheCaliforniaStrategicGrowthPlan.pdf>

¹⁰⁹ Water Management: Protecting California's Water Supply, "Gov. Schwarzenegger Joins Latino Water Coalition to Highlight Need for Safe, Reliable and Clean Water." 18 Aug 2008 < <http://gov.ca.gov/issue/water-supply>>. Wood, B. Daniel. "Water Crisis Squeezes California's Economy." 2 July 2008 <<http://www.csmonitor.com/2007/0912/p02s01-ussc.html>>.

In 2003 Arnold Schwarzenegger centered his campaign on a powerful, promising theme, “bringing jobs back to California”. During his 5 years in office Schwarzenegger through his policies created a better environment for business and as a result more than 680,000 new jobs have been created. During the Governor’s tenure, unemployment has dropped from 6.9 to 4.8 percent, and despite “California, along with the rest of the nation, is experiencing an economic slowdown, the increase in jobs in California is encouraging”, commented Schwarzenegger.¹¹⁰

Energy crisis in 2000-2001 caused great losses for the state of California as well as for its citizens. It also contributed to recall election of Governor Davis but most of all alarmed Californians that something finally has to be done otherwise the Golden State will not be able to accommodate new citizens. Therefore Schwarzenegger took measures to promote the clean power of the sun. The Governor developed the Million Solar Roofs Initiative to have 1 million solar roofs on residential and commercial buildings by 2018. Secondly, to promote energy and water efficiency and encourage the practice of eco-friendly behaviors, Mr. Universe signed an Executive Order creating the Green Building Initiative that sets goals to reduce electricity use and create more energy-efficient structures throughout the state. Schwarzenegger’s environmental and energy goals will help business to grow and manufacture more energy efficient equipment and vehicles. This investment in energy efficient technologies should create 52,000-114,000 new jobs and between \$11 and \$25 billion in annual revenue by the end of 2010.¹¹¹

¹¹⁰ Shwan, Tully. “Time for some muscle”, Fortune. 27 Oct. 2003. Vol. 148, Issue 9.

Governor Arnold Schwarzenegger, Fact Sheet: 17,300 New Jobs in September, <http://gov.ca.gov/index.php?fact-sheet/4579/>

“Governor Schwarzenegger Encouraged by February Employment Data Showing Increase of 25,800 Jobs.” 10 Aug. 2008 < <http://gov.ca.gov/index.php?press-release/9080/>>.

¹¹¹ “Gov. Schwarzenegger, California Celan Energy Fund Announce \$1 Million Grant to Build Nation’s First Energy Efficiency Center.” 10 Aug. 2008 <<http://gov.ca.gov/press-release/170/>>.

Schwarzenegger's eco-legacy does not end here as there is a lot more on the list. California is the 12th largest carbon dioxide emitter in the world, the same carbon dioxide responsible for green house effect. As a result residents of California breathe America's worst air, and the pollution is responsible for some 8,800 deaths and \$ 71 billion in health-care costs a year. The projection of California Climate Change Centre is that "by mid-century, extreme heat events in urban centers such as Sacramento, Los Angeles and San Bernardino could cause 2 or 3 times more heat-related deaths than today". Moreover, by the end of the century California's wild fires could increase by anywhere from 30 to 90 percent and rising sea levels could erode California's pride, namely magnificent beaches and in result lead to costal flooding. Arnie's reply to all those problems was successfully passed Assembly Bill 32, sponsored by Democratic Assembly Speaker Fabian Nunez, which made California the first state in the country to impose pollution caps on smog-making industries. This "bold new era of environmental protection in California will change the course of history" as Schwarzenegger commented. The bill requires that greenhouse gases must be down to their 2000 level by 2010, to 1990 levels by 2020, and finally reduced by 80 percent below 1990 levels by 2050.¹¹²

Yet another Schwarzenegger's innovation was implementing new car emissions standards which will reduce emissions by 30 percent in the next 10 years, cut ozone-forming pollution by 5 tons per day by 2020 and significantly increase fuel efficiency. The Governor created the Hydrogen Highway Plan in order to use renewable energy sources more efficiently

¹¹² "Clearing the air." Economist. 19 Aug 2006. Vol.380, Issue 8491.
Truini, Joe. "Schwarzenegger signs California's greenhouse bill", Waste News. 9 Oct 2006. Vol. 12, Issue. 12.
"Gov. Schwarzenegger Signs Landmark Legislation to Reduce Greenhouse Gas Emissions." 10 Aug 2008
<<http://gov.ca.gov/press-release/4111/>>.

and to avoid Reagan's dilemma during the Second Arab Oil Embargo, when Arabs stopped any export of oil, inter alia to the United States. \$6.5 million invested in the plan supported over 16 filling stations and a fleet of cars and buses that run on hydrogen.

Finally, Schwarzenegger signed historic legislation creating Sierra Nevada Conservancy which will allow "our children and grandchildren to see and enjoy the same Sierra Nevada that we value so much today" 25 million acres of the conservancy is inhabited by over 65 percent of California's bird and mammal species, as well as 50 percent of the state's reptile and amphibian species. Moreover its California's major watershed as the region supplies 65 percent of the state's residential and agricultural water. Finally around 40 percent of state' timber comes from within the Conservancy's borders.¹¹³

Governor Schwarzenegger, similarly to Reagan has been trying to reduce crime and gang activity in order to make California's streets safer and more hospitable. Contrary to Reagan's tenure during which crime rate doubled, 1990s were characterized by an overall decrease in crime in most California cities that unfortunately could not be said about rates of gang-related crimes as those remain steady. California is home for more than 420,000 gang members who are responsible for crimes including money laundering, extortion, murder, witness intimidation, narcotic production and trafficking, human trafficking, prostitution, and assassination for hire, theft and counterfeiting. Additionally, California's prisons are home for 175,000 inmates, double the number they were designed for, and the state has the highest recidivism rate in the nation.¹¹⁴ In order to fight down those unfavorable statistics Governor Arnold Schwarzenegger signed few bills assigning millions of dollars for anti-gang efforts, like intervention, suppression and

¹¹³ "Governor Schwarzenegger Signs Historic Legislation Creating Sierra Nevada Conservancy." 15 Aug. 2008 <gov.ca.gov/press-release/2759/>.

¹¹⁴ Strategic Growth Plan, 3 Aug. 2008 <<http://gov.ca.gov/index.php?/issue/sgp-backpage/sgp-prison-reform>>.

prevention. Other bills gave prosecutors more tools in the fight against gangs(SB 271), and gave city attorneys the tools to pursue gang injunctions (and measures to assist cities in curbing the source of income that funds gang activity (SB 706, AB924). Moreover, Schwarzenegger founded job training and education programs targeting youth at risk of joining gangs or seeking to leave them.¹¹⁵

Arnold Schwarzenegger may be officially registered Republican but his style of governing is more comparable to 34th Governor of California, Democrat, Jerry Brown and his “canoe politics”. Brown believed that one should “paddle a little on the left, paddle a little on the right, and keep on going right down the middle” or as Schwarzenegger sees it “one has to find some kind of happy medium in this whole thing”.¹¹⁶ Schwarzenegger’s middle of the road attitude towards governing could be observed in some of his actions like authorizing a \$150 million loan for California’s stem-cell research. In spite of the fact that, the research opposed Republican notion, Schwarzenegger explained “I’m religious Republican. But it doesn’t mean that I’m against progress. We have to move forward”.¹¹⁷ Arnold’s extremely liberal approach toward social issues was seen in legalization of abortion, which he justified saying that “the woman should decide what they want to do with their bodies”. The last to be mentioned are gay-rights. According to the Governor there are no sexual standards and if “man enjoys sex with a man” it is all legitimate.¹¹⁸

¹¹⁵ “Gov. Schwarzenegger Signs Legislation to strengthen California’s Anti-Gang Efforts.” 10 Aug 2008 <<http://gov.ca.gov/issue/anti-gangs>>.

¹¹⁶ Barabak, Z. Mark. “ Is Arnold Losing It?” *Washington Monthly*. May 2005, Vol.37, Issue 5.

¹¹⁷ President Schwarzenegger?

“Body-builder v boxer.” *Economist*. 9 Sep. 2006, Vol.380, Issue 8494,

¹¹⁸ Terence, Jeffrey. “Schwarzenegger’s California: No Longer Cutting Edge.” *Human Events*. 18 Aug. 2003, Vol. 59, Issue 28.

In Schwarzenegger's California population is a lot more diversified than it was in 1960s. In 1960 foreign born population was a small part of California, only 8.5 percent, and now in 2008 it is nearly 30 percent of the total population which will soon reach 40 million.¹¹⁹ This demographic transition will cause many headaches future administrations. At present white non-Hispanic population has fallen to a minority of the state's residents, but it retains two-thirds majority at the polls. Despite, California's aging population this sort of impasse may persist for another 25 years, and this may prove to be a real problem in the future. This white minority – majority is now passing bills that will decide about the future of California and its citizen's well-being. And it is predicted that in the next 20-30 years foreign born population will tip the scale on their side even further, eventually becoming majority not only in numbers of population but also as a voting majority.¹²⁰

¹¹⁹Myers, 352

Londley, Robert. "U.S. Foreign-Born Population hits 33 Million." 20 July 2008
<<http://usgovinfo.about.com/cs/censusstatistic/a/foreignborn.htm>>.

¹²⁰ Mayers, pp.346-380

4. Conclusion.

California, since its annexation in 1846 by the United States had several important turning points worth mentioning that influenced its further development. Undoubtedly, the Gold Rush was one of those occasions. Discovery of gold in California was followed by great influx of immigrants from all over the world. In 1860 California's foreign-born citizens accounted for 38.6 percent of the total state's population. But the Gold Rush began more than just great immigration and diversity; it began California's technology development. Before the beginning of twentieth century the important cities and towns of California were in the process of electrification. But the real boost came with the Second World War and billions of dollars of defense related spending.¹²¹ That is why present day California, nation-state, is the world's sixth largest economy, is home to three of the top six universities in the world, leads nation in biotechnology, nanotechnology, medical technology as well as information technology.¹²²

The reason why Ronald Reagan and Arnold Schwarzenegger make such an interesting comparison is the time they came to the political scene. Both Ron and Arnie arrived in the time of crisis and transition. Reagan, right-wing Republican endorsed by GOP party as its savior, became a governor of California. California was going through a series of changes starting from slow diversification of racial proportion of its population caused by Immigration Act of 1965, followed by big government that got the state into a financial ditch. Governor Brown, Reagan's predecessor, typical tax and spend Democrat, and his overspending caused the largest in the U.S. budget deficit. Moreover, energy crisis, welfare problem, the highest in America crime rates,

¹²¹ Starr, Kevin. "California: The Dream and the challenge in the twenty-first century", 20 July 2008
<<http://www.ca.gov/About/dream.html>>.

¹²² Arnold Schwarzenegger, Governor of California, State of the State Address, Assembly Chambers, Sacramento, California, January 9, 2007.

polluted air, and overcrowded freeways all contributing to the misery of Californians. But there he came; migrant, former actor, and political novice, just a 'regular guy', to save the Golden State upon a hill to give California its former glory back and fix its problems. Reagan's rendezvous with destiny proved to be successful, despite unfavorable Democratic Legislature that he was collaborating with. His welfare reform was served as an example for the whole country and eco-legacy was not met by any other modern governor until arrival of Schwarzenegger.

Schwarzenegger similarly to Reagan, served as GOP's last resort, the savior of the Party, but unlike Reagan, Mr. Universe without recall election would not even have chance to be nominated by the Republicans as their candidate. But among other candidates like porn star, comedian, actor, porn magazine publisher, billboard model, Arnold, Austrian immigrant former bodybuilder and drug user (steroids) became GOP's best bet and hope to be next Reagan.¹²³ We could distinguish many differences between those two governors, like Schwarzenegger is more moderate, who does not want to "get stuck with just the right wing".¹²⁴

Arnold Schwarzenegger might not have seen as the best choice, but after five years in office and confronted, like Reagan, with fiscal crisis, huge budget shortfall, rising costs for business that where leaving the state, Californians becoming more and more frustrated with daily gridlock on the freeways, aging infrastructure, energy crisis, and the worst air quality in the whole U.S. he proved to be appropriate for the job. He may not have solved the problem of

¹²³ Caplan, Arthur. "When steroids and politics mix: Schwarzenegger's use of drugs makes him unfit to be governor." MSNBC 6 Oct. 2003. 2 July 2008 <<http://www.msnbc.msn.com/id/3131051/>>.

"Schwarzenegger to run for governor." BBC NEWS. 8 July 2003. 28 June 2008 <<http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/americas/3128015.stm>>.

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¹²⁴ Marinucci, Carla. "Schwarzenegger calls for 'rebranding' GOP." San Francisco Chronicle. 18 May 2008. 21 July 2008 <<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/05/18/MNI410LK62.DTL>>.

deficit like Reagan who managed to pass surplus for the next administration but definitely improved the condition of California's budget and its credit ratings. Like Reagan, Schwarzenegger wishes to restore the golden dream by the sea. Arnie's eco-legacy so far is equally impressive as Reagan's; the only difference is that Arnie still has got another three years.

As I mentioned before Reagan and Schwarzenegger lived in different times. California's population in 1960s was mainly white non-Hispanic and American born with only 8.5 percent foreign-born citizens. Schwarzenegger's California on the other hand is highly diversified, as around 30 percent of its population is foreign-born, with the foreign-born part on increase. Let us only hope that decisions made today include that demographic transition.

Time will tell whether Arnold Schwarzenegger like Reagan 'will be a hard act to follow', one is certain that those two actors despite being political novices when they were starting learnt quickly their trade and skillfully, but not without many compromises, collaborated with Democratic Party Legislature in order to restore California and its citizens well-being.

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