

Nation No Hollywood Ending in Sight for Schwarzenegger

LOS ANGELES (Jan. 6) — Arnold Schwarzenegger, the bodybuilding actor-turned-governor, laid out a stark and dire assessment of California in his final state of the state address Wednesday morning — a speech that set the stage for his last chance to build a legacy as something more than just another celebrity twist in California politics.

Schwarzenegger listed a series of crises facing the state, including an anticipated \$21 billion budget deficit, a dysfunctional governmental structure, persistently high unemployment and the prognosis of a slow economic turnaround. He offered proposals — including a \$500 million job-creation package — and revisions to how the state raises and spends money.

But can the lame-duck Republican governor get anywhere with a Democratic legislature? And if not, can California's troubles drag down other parts of the national economy?

Schwarzenegger, who is entering the last year of his last term, faces the likelihood that a potentially revolutionary governorship could end the way it began in 2003: with the state in crisis, and an electorate deeply dissatisfied.

A December Public Policy Institute of

California poll found 60 percent of Californians disapproved of Schwarzenegger's job performance. Still, he fared better than the state legislature's 70 percent disapproval rating.

"He's a smart and talented guy who lacked the experience and know-how to follow up on that which he hoped to do when he first got elected," said Allan Hoffenblum, a longtime Republican political analyst. "I don't see that changing in the next year; particularly as partisan as everything is. ... The system is broken. No one has the faintest idea how they're going to solve these problems."

Schwarzenegger won the governorship in a special 2003 recall election. That was spawned by an energy crisis that led to skyrocketing electric bills amid rolling blackouts, and perceptions that the then-governor, Democrat Gray Davis, was incapable of dealing with it.

The recall became a freak show with 135 certified candidates, including porn star Mary Carey, former child actor Gary Coleman and the comedian Gallagher. The 99-Cents Only Stores chain even backed the write-in candidacy of a 99-year-old woman as an advertising gimmick.

The star of “Terminator” was trailed everywhere by an international media throng. He easily won the governorship by appealing to independents in a campaign that was short on specifics yet pledged to change the way Sacramento worked. But early political missteps and skepticism among both Democrats and Republicans led to recurring stalemates over budgets and other crucial state issues.

The current state budget crisis isn’t likely to change that dynamic. And it was compounded last week by a legal ruling that Schwarzenegger can’t furlough thousands of workers represented by three unions, undercutting one of the tools he was using to reduce \$1.4 billion in spending. Schwarzenegger’s spokesman, Aaron McLearn, said the ruling will be appealed.

Early leaks from Schwarzenegger’s budget-in-waiting suggest he will stick to a no-tax-hike promise, recommend more cuts in services on top of the \$20 billion slashed from the current budget, and turn to Washington for help — even though a similar effort last summer led nowhere.

Part of the problem getting Washington’s attention is that as bad as California’s budget woes might be, other states are in comparatively more trouble, says David Shulman, a senior economist for the UCLA Anderson Forecast. “New Jersey is facing an \$8 billion deficit with one quarter of California’s population,” Shulman said.

But California’s financial health is still a

concern. State and local government spending account for 12 percent of the nation’s economy, Shulman said. California represents a large chunk of that, and continual drastic cuts in governmental spending on the West Coast could reverberate through the economy.

“It was a drag in 2009, and it’s going to be a drag in 2010, and it will be a drag in 2011,” Shulman said of nonfederal government spending. “That is a big deal.”

California is in an unusual situation. State voters have approved scores of constitutional amendments and propositions that specify a wide range of ways in which the state must handle its budget, from the infamous Prop 13 that caps property tax hikes, to Prop 98, which sets minimum K-12 education funding. And new taxes must receive two-thirds legislative approval. That means anti-tax and anti-spending-cut minorities have effective veto power.

The byzantine structure has spawned a constitutional convention for next year that supporters hope will unscramble the mess. But the immediate challenge is solving a budget crisis within the existing system.

“The political environment is toxic,” Democratic strategist Darry Sragow said. “Voters are incredibly disaffected. But they are beyond angry. They are numb. They basically have given up hope, and they have no confidence that our state

government can fulfill even its basic responsibilities — notably, passing a budget to keep the place functioning in some capacity, irrespective of what that might be.”

Schwarzenegger has also lost the trust of legislators in both parties. On top of that, Sragow said, the current budget problems have less to do with levels of revenues and spending than with the very structure of government itself.

“That doesn’t require a constitutional convention or changing term limits or changing the way in which we draw legislative lines,” Sragow said. “It requires strong, consistent, collaborative leadership, and that has been missing from Sacramento for at least a generation.”

Hoffenblum suggests Schwarzenegger in effect cede the upcoming budget to the legislature. “Why should he take all the heat?” the analyst said. Instead, the governor should focus on government reform, including a June referendum that would open the state’s closed primary system.

The June 8 primary election includes a ballot proposal that would make California an open primary state, which Hoffenblum says would reduce the power of the far left and the far right “that has contributed to making the California legislature a Disneyland for ideologues.”

If Schwarzenegger focused on getting that passed, he might retire from office

with a defensible legacy. Assuming people forget about the budget fiasco.

“The bigger picture for him,” analyst Gary Dietrich said, “is that he could say ‘I came to Sacramento and I didn’t get everything I wanted. But at least I got the house half cleaned out.’”

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