

2006 VOTE

Ballot measure endangers labor-business truce

Two sides at odds over financing of campaigns

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A cease-fire between California business and labor groups that followed last year's contentious statewide special election is threatened by a November ballot proposition that would establish a system of public financing of state political campaigns.

Called the Clean Money and Fair Elections initiative, Proposition 89 on the Nov. 7 ballot is sparking renewed hostilities between the business organizations, particularly the California Chamber of Commerce, and one of the state's most aggressive labor unions, the California Nurses Association.

Under the "clean money" system, the state would give money to candidates who collect the requisite number of \$5 contributions as long as they agree to forgo further private fundraising.

The system would be paid for by an increase of two-tenths of a percentage point in bank and corporation taxes and would cost more than \$200 million a year, according to the Legislative Analyst's Office.

Spending tax dollars on political campaigns is a tough sell, but not an impossible one. Voters in Maine, Arizona and Connecticut have approved similar "clean money" systems.

"To use California taxpayer dollars to be able to fund negative campaigns by politicians is not a priority for the public when they have a choice of where they want their tax dollars to be spent," said Allan Zaremborg, president of the California Chamber of Commerce.

Advocates of the system contend it's a small price to pay to loosen the grip of big-monied special interests on the legislative process.

"To make elections more competitive, to make government less corrupt, the public has to be willing to invest a relatively small amount of money to improve our elections," said Robert Stern, director of the Center for Governmental Studies in Los Angeles. "It's an investment in democracy."

Between the courts and wily campaign consultants and lawyers, limiting money

in politics is almost impossible to do, many analysts say.

“Since the court has equated spending money with speech, there’s no way to put a lid on it. You can only stop it from going certain places,” said Gary Jacobson, a political scientist at the University of California San Diego and an expert on campaign financing.

Besides, it never seems to take political professionals long to find the holes in any system.

“Those of us who are in the business know all the sneaky ways to get around it,” said Allan Hoffenblum, who used to manage Republican campaigns and now publishes the *California Target Book*, which analyzes state political campaigns.

Hoffenblum has an alternative proposal: No contribution or spending limits, require full and immediate online disclosure and let the voters make what they will of the information.

“If Philip Morris, Standard Oil or the California Labor Federation want to give \$100,000 to a candidate, that’s fine as long as the voters and the candidate’s opponent know it,” he said.

Other states’ experience with “clean money” is mixed.

Raymond La Raja, a professor of political science at the University of Massachusetts Amherst who has studied the Maine system, said it has worked fairly well. But he questioned how readily it could be adapted to a state that is nearly 30 times as big.

“It’s not very expensive to run an election in Maine,” La Raja said. “That’s the thing that’s so striking. California is the most expensive state in the country. Maine is probably the cheapest.”

The Arizona system has spawned a proliferation of special-interest campaign groups that spend money ostensibly independently from campaigns, said Bruce Merrill, a professor of political science at Arizona State University. The “independent expenditure” campaign is also a burgeoning phenomenon in California.

“The concept makes sense. It’s an attempt to get more people into the process, to minimize the impact of large corporations and to loosen the impact of money in the system,” Merrill said. “The problem is the way it works in Arizona, it works just the opposite.”

Proposition 89 would put a cap on contributions to independent expenditure campaigns and to candidates who reject public financing and raise private

contributions.

In addition, candidates receiving public money would be entitled to up to five times as much if they face an opponent raising private contributions or spending personal money, or if they are targeted by an independent expenditure campaign.

“Those campaigns and their independent expenditures are going to make calculated decisions about putting their money in because it would only help the other side,” said Kathay Feng, director of California Common Cause, which has endorsed Proposition 89.

Because independent expenditures often occur very late in the campaign, it might be difficult for the Fair Political Practices Commission, which would administer the system, to get additional money to candidates in a timely fashion.

That has been an increasing problem in Maine, La Raja said.

“It’s very tricky to do that. You have to report the expenditure then you have to get the money. It’s going to put a lot of pressure on an independent agency to act fairly and act quickly,” he said. “The way California politics works, you’re silenced if you have to wait a week to respond.”

Proposition 89 would also for the first time limit the amount of money that can be donated to ballot proposition campaigns.

It is that feature that has created renewed hostilities between the Chamber of Commerce and the nurses union because contributions from corporations are limited but not unions.

“It eliminates the ability for employers in California to defend themselves against initiatives that might put them out of business,” said Zaremborg, the chamber president. “It virtually prohibits employers from contributing to ballot measure campaigns.”

Charles Idelson, director of communication for the California Nurses Association, contended that something needs to be done to reign in the influence of the state’s biggest corporations.

“They are, of course, representing the largest oil companies, drug companies, tobacco companies, HMOs,” Idelson said of the chamber. “Those are the wealthy interests who get their way in Sacramento by using their money to elect people to do their bidding.”

Proposition 89 is widely seen to be, at least in part, retribution for Gov. Arnold Schwarzenegger’s special election last year. In particular, it is a response to the

unsuccessful Proposition 75, an initiative championed by the governor and his allies that sought to curb the political power of public employee unions.

“It's an outgrowth of last year, but also years of distortion in the political system,” Idelson said.

Organized labor put up a powerful, united front last year against Schwarzenegger's “reform agenda,” which was soundly rejected in the November special election. This year, the nurses union is largely freelancing.

Some unions may join the nurses in backing Proposition 89, but others are expected to oppose it, including the powerful California Teachers Association.

“There's nothing on the ballot proposition side that qualifies as a unifying force for labor,” said Carroll Wills, director of communication for the California Professional Firefighters.

Unions' umbrella organization in the state, the California Labor Federation, voted last week to take no position on Proposition 89.

Schwarzenegger opposes Proposition 89. His Democratic opponent, state Treasurer Phil Angelides, has yet to take a position.

Katie Levinson, director of communication for the Schwarzenegger re-election campaign, said the Republican governor opposes all tax increases and believes Proposition 89 might be constitutionally flawed.

Proposition 89 creates an awkward situation for Angelides, who is being relentlessly hammered by Republicans over tax increases and probably wouldn't relish taking sides between his supporters in organized labor.

Business and labor groups spent hundreds of millions of dollars over the eight propositions on the special election ballot, all of which lost. Afterward, leaders of major groups on each side called a truce.

“A lot of people sat down and said there is a better way to come up with reforms and it isn't to try to penalize one group or another, and this initiative does that,” said Gale Kaufman, who directed labor's campaign against Schwarzenegger's ballot agenda last year but is advising the No on 89 campaign.

She said that just as last year's Proposition 75 “paycheck protection” initiative targeted the political power of organized labor, Proposition 89 goes after business.

“When you focus on one group and say they can't play, that's not fair whether you like those people or not, whether you think they have too much influence or

not," Kaufman said.

Idelson maintained it is necessary because the political influence of major corporations far outweighs other entities.

"What we need to remind people of is what is the cost of the current system," he said. "The cost is billions of dollars in tax loopholes that could be going to our schools. The cost is the inability of our policymakers to protect our environment. That's what the cost is to Californians of having this undue influence of special interests over public policy."