Editorial

No on Recall

Recalling Governor Gray Davis is the worst thing Californians can do in our present situation.

We live in desperate times and this is a desperate act, one that will not solve our problems. Perhaps it will make them worse.

Political analysts say that the recall effort is already hindering negotiations between Democrats and Republicans on budget line items.

The nation and the world are watching this quarrel, which could result in diminished political power for California representatives.

There also could be economic effects. Investors don't like unrest. Importers and exporters who use California's ports may hold off signing or renewing contracts until they know the outcome of the recall attempt.

What will it achieve anyway? If Davis were removed from office, his successor would inherit the same economic straits, the same budgetary shortfall and the same party conflicts in Sacramento.

Davis has been blamed for much of the current economic crisis in California, but the fact is, there has been a nationwide economic downturn. We were hit the hardest in large part due to the loss of tax revenues after the dot com bust.

Organizers of the recall claim that the process will cost California $25 million, although other reports have estimated it at $40 million or higher. With a heavy sickle slashing monies for education and other public services, can California afford to spend even one dollar in such a frivolous manner?

California is one of the few states that has a recall process. However, only a handful of the 100-plus recall attempts in then nation's history have qualified for the ballot and only two legislators have been removed from office. None of the 31 gubernatorial recall attempts in California ever made it to the ballot.

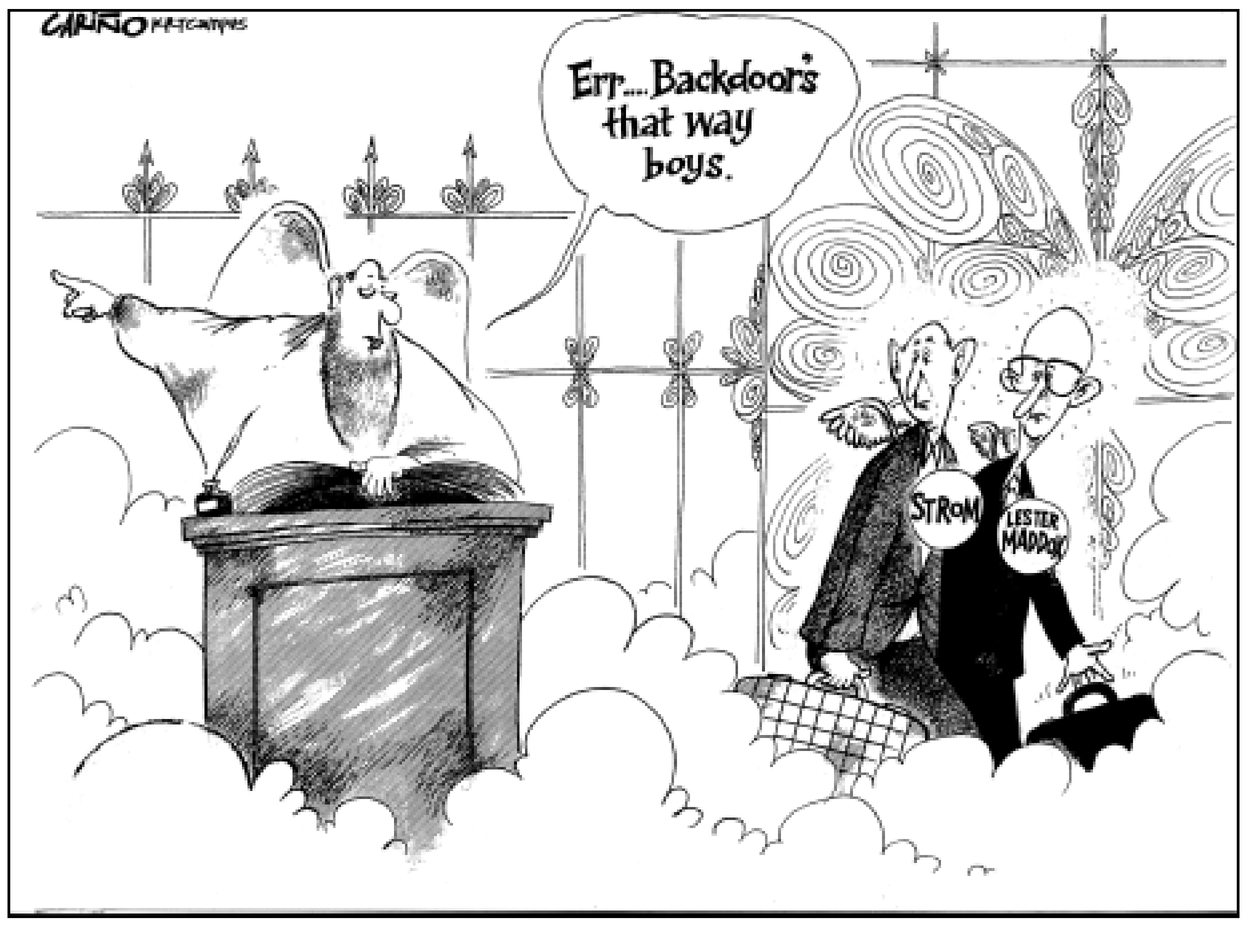
This campaign would unlikely be at its current stage without six-figure "donations" by millionaire Republican Darrell Issa, who has made no secret of his desire to be governor. His political experience: merely two years in the House of Representatives. Could someone please tell him that the governor's mansion is not for sale?

Here is another scary thought: Candidates need only a petition with 65 valid signatures and a $3500 filling fee to be placed on the gubernatorial ballot. With California's notoriously low voter turnout, it may not take many votes to win. So, Joe Shmoe, political wannabe, could potentially take over administration of the state with the sixth largest economy in the world.

We need to band together, as a republic, and dig our way out of the dark hole that we have fallen into instead of pointing fingers at each other.

Californians chose a governor last November. We don't need to spend tens of millions of dollars to ask the question, "Are you sure?"

Let the man do his job.



Commentary

Letter from "HeartLand"

Rich Stowell

I was recently on vacation in the Midwest - the Heartland, as it is called. I noticed a few things that say a lot about America and our attitudes as Californians.

Despite our proud self-proclamations of being bohemian and open-minded, we Northern Californians are somewhat sheltered. Thus, I thought it would be useful to chronicle my journeys and misadventures in the Midwest, and to share some of what I realized.

The Midwest, as Sen. John Edwards dolefully observed, is the place that Democrats "fly over between a fund raiser in Manhattan and in Beverly Hills." The thing that we forget is that there are people living there, people who make this country work. Often in class discussions one gets the feeling that all Midwesterners (let alone Southerners) are gun-totin', inbred morons. Professors do little to moderate these stereotypes.

I noticed that Midwesterners are extremely nice folks, worthy of that term in every way. Out here, there are people, and back there they are "folks." They mean it when they say "how are you?" and "have a nice day."

A few other things I observed: During my tour of the Midwest, I visited the Jefferson National Expansion Memorial, commonly known by the Gateway Arch. Aside from being a feat of engineering, it is pretty cool looking in person.

The arch is part of the National Park Service's system of national parks, monuments and recreation areas. As such, it is funded by federal dollars and administered by federal employees. I paid $7 to enter the monument and watch a film. You'd think with a fee like that multiplied by the millions of visitor per year, they could afford to produce a new film at least every three decades. But then, how would they guarantee jobs for all those unionized federal Park Rangers?

So forgive me for feeling a little slighted. I pay plenty in taxes. In fact, according to Democrats I pay way too much because I am not in the "wealthiest 1 percent." Charge us the fees, or take our taxes; don't do both. If that wasn't bad enough, they were actively seeking donations at the site.

I wouldn't be a bit brokenhearted if, Like the Postal Service, the Park Service was required to be 100 percent self sufficient.

Then I learned that last year Congress bailed out the USPS with a multi-million-dollar emergency allocation. So much for my idolization of the Postal Office.

While I am on the subject, I noticed that the emblem of the Park Service in an inverted arrow head. Such arrowheads were made popular by Native-American groups, who introduced the weapons to European settlers. They never really caught hold in European circles because the latter already had guns, which were vastly superior.

Anyway, I think this is shameful exploitation of the warlike heritage of Native-American Indians. I guess we should never talk about the warlike heritage of the Indians, so as to avoid the multiculturalists' wrath. But if we do, we should never associate it with money-making schemes, and that's just what the Park Service was doing, right?

I find it curious that nobody objects to using the arrowhead on the NPS emblem, but if a college team wants to honor their state's heritage, àla Florida State University, immediately the multiculturalists go into attack mode.

Just an observation, because that's what I'm doing on my vacation - observing.

And if I give the impression that I don't appreciate anything about California, give me time. There is much to be said for being able to find real Mexican food and not some podunk, Midwestern wannabe. And if you think that I adored everything about Missouri, someday I'll write about the horrible revitalization efforts in some Midwestern towns.

But don't fall into the trap of thinking that all those states between the coasts are "Lost America." They are Middle America, and part of us. Despite what your professors say.

Rich Stowell is a Cal State Hayward student.

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A Good Bad Decision

Robert Zelnick

As a student of the law, I reject an interpretation of the equal protection clause that permits state universities to use race as one of their admissions criteria.

As an educator, I denounce our selective institutions purporting to serve students by admitting those whose academic qualifications fall far short of the majority and who predictably wind up in the bottom quarter of their class.

As a citizen, I am appalled when "diversity" quickly translates into de facto segregation at student living facilities, campus gathering places, even graduation ceremonies. I oppose Law Review places allocated by race rather than by grades or research skills. I share with John McWhorter of the University of California a sense of horror at the mind-sets - victimization, self-separation, and anti-intellectualism - we are producing among the intended beneficiaries of race preferences.

All that said, I was not totally displeased by the Supreme Court decision permitting the University of Michigan to admit a "critical mass" of minority students. My reasons are threefold: California, Texas and Florida. I have seen the future and it does not work. Let me explain.

Through referendum, judicial decree or executive order, each of these jurisdictions was compelled to abandon race-conscious university admissions. At each state's most selective institutions, the first result was a sharp decline in the number of entering minorities. Particularly in California, the predicted process of "cascading" occurred, as students with less-impressive academic credentials found a better match at less-competitive institutions.

In educational terms, this is not a bad result. The discarded systems had employed naked discrimination to inflate the numbers of minority students. Minorities had been stigmatized as inferior students. They had flocked to less demanding majors. Disproportionately, they had left school before graduation.

Texas guaranteed university places to anyone graduating in the top 10 percent of her or his high school class. Florida tried race-conscious scholarships. UCLA Law School offered admission preferences to students electing to study Critical Race Theory. Cal threatened to abandon the SATs.

Minority enrollment rebounded dramatically, as would have happened at Michigan, too, despite the law school complaint that race-blind standards would cut minority enrollment from 14.5 to just 4 percent.

Eventually foes of race preferences would have faced a Hobson's choice: Accept the new practices. Battle the new evasions in the courts, case by controversial case. Or turn the issue into a bruising national political battle-mobilizing majority support against the minorities.

Against those choices, even a bad Supreme Court decision is to be preferred.

Robert Zelnick, an Emmy-Award-winning journalist, is a research fellow at the Hoover Institution and chairman of the Department of Journalism at Boston University.

Public Enemy No. 1

Ralph Nader

What's the most self-destructive thing that consumers carry around in their pockets? It's those little pieces of plastic - credit cards - that are becoming the greatest menace to the financial health of low-, moderate- and middle-income Americans.

There was a time when the "plastic money" was considered a convenience for consumers and a boon to the small merchants who couldn't afford to establish elaborate credit programs to compete with the national chains. Today, the credit-card industry has become a hungry monster that is devouring the hopes and dreams of low-, moderate- and middle-income families across the nation.

Credit-card companies are rapidly moving to the front of the pack of predatory lenders. They are targeting sub-prime audiences, the working poor, college students and people with blemished credit histories.

This segment of the unsecured credit market is a rich lode of fees - over-the-limit charges, late-payment fees, cash-advance fees. Desperate for any kind of credit, lower-income borrowers are willing to pay outlandish fees to establish an account. Deceptive offers of easy credit combined with the desperation of credit-starved consumers too often end up in foreclosures, bankruptcies and devastated families.

The "come on" is sometimes a promise of a relatively low interest rate on the outstanding balance each month. But, the "low rate" disappears quickly under the terms hidden in the fine print of the mandatory disclosures accompanying the credit card. A payment arriving a day late, or a charge that exceeds the credit limit by a few dollars, can trigger a 300 percent increase in the interest charges.

A 9.9 percent interest rate trumpeted prominently in the credit card advertisements can become overnight a costly 28 percent on outstanding balances. When cardholders reach their borrowing limit, the companies frequently offer to increase the limit for an additional fee, all the while pushing the cardholder deeper in debt with increasing fees and interest charges.

Dr. Robert Manning, author of "Credit Card Nation," who monitors the credit-card industry closely, says that the companies market the sub- prime borrowers because they are more likely to keep high balances on their accounts month after month, often paying only the minimum finance charges. In contrast, the wealthier cardholders pay off the balances each month and, as a result, pay the least in interest charges and fees.

In the back rooms of credit-card companies, Professor Manning says these more affluent quick-paying cardholders are referred to ironically as "deadbeats." Manning notes that the largest increase in consumer credit-card debt in recent years is among households with incomes of less than $10,000, according to the Survey of Consumer Finance conducted by the University of Michigan.

Some of the offers that fill mailboxes would make a common pickpocket blush. The First Premier Bank of Sioux Falls, S.D., recently sent out a massive mailing, telling recipients that they had been pre-approved for a 9.9 percent fixed rate gold Master Card. In the fine print of the disclosure form, the bank revealed that the credit would be limited initially to $250. From that sum, the bank would deduct an annual fee of $48, a "program" fee of $95, account set up fee of $29, and a monthly participation fee of $6. After the bank pockets these fees, the holder of the pre-approved card would have $72 available for credit.

Credit-card solicitations continue to grow. From 1997 to 2001, the mailings rose 66.7 percent from 3.5 billion in 1997 to 5 billion in 2001. Credit-card debt rose from $554 billion to $730 billion in the same period. Net revolving credit-card debt climbed from $51 billion in 1980 to more than $610 billion in 2002.

In addition to targeting the sub prime market, credit-card companies have been zeroing in on college students and, in some cases, even high school seniors.

Manning says college students are a lucrative market for the card companies because the students lack knowledge of personal finance and are largely free of consumer debt. Manning's research finds that three out of five college students had maxed out their credit cards during their freshman year. Three-fourths of the students, according to Manning, were using their student loans to pay for their credit cards.

The credit-card industry has become increasingly concentrated. In 1977 the top 50 banks controlled more than 80 percent of the credit-card market. Today, only 10 banks control more than 80 percent of the market. These banks and their credit-card affiliates wield heavy influence in the Congress, particularly in the House and Senate committees with jurisdiction over the financial industry. And this is an industry that dumps generous bags of cash in the campaigns of key politicians in a position to block any attempt to provide consumers protections against the gouging by the credit-card operatives.

MBNA, the nation's second-largest credit-card company, was the No. 1 contributor to President Bush's 2000 campaign and inaugural festivities. Not only the president, but both Democratic and Republican members of Congress, particularly those on the Senate and House Banking and Judiciary committees, have shared in the campaign largesse of the credit-card industry. A coalition of banks, automobile finance companies and credit-card companies distributed $20 million in individual, PAC and soft money to members of Congress in the 2002 election cycle.

The aggressive tactics of the industry and the reach into the lower-income market has created a few problems for the industry. Not the least of these is the fact that the deceptive practices and the gouging with high fees and unconscionable interest rates have destroyed many working families, forcing them into bankruptcy. The credit-card operators now are fearful that protections in the bankruptcy courts may prevent them from collecting all their ill-gotten gains.

As a result, the banks and credit-card companies are demanding that Congress change the bankruptcy laws, remove consumer protections and make certain that they will be able to collect every dime from the people they have pushed into bankruptcy. In effect, consumers would be placed in a virtual debtors prison and left with no chance to resume their lives as productive citizens. The bankruptcy courts would be converted into glorified debt-collection agencies.

The House of Representatives - which has become an easy rubber stamp for the banks and other corporate interests - has already agreed to the wipeout of bankruptcy protections. It is still in the Judiciary Committee in the Senate, but the heavy pressure is on to send this pro-bank, anti-consumer legislation to the president this session.

Congress should be concentrating its fire on the banks and credit-card companies that have lured so many hard-pressed low-income consumers into costly unmanageable credit-card debt. Instead of going after the perpetrators of the credit abuses, Congress, led by the dictatorial Texas representative, Tom DeLay, wants to punish the victims. In this Congress, the only thing that talks is money - money that is given with greedy expectations of legislative booty.

Ralph Nader is a consumer advocate and former Green Party presidential candidate.