

This Man Controls California

Ron Unz's Improbable Assault on the Powers That Be in California

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It's a glorious June morning in Palo Alto on a tree-lined street of ample but unremarkable homes, the kind that would cost \$150,000 in Wisconsin but start closer to \$1.5 million in fin de siècle Silicon Valley. Here, in a tiny second-floor office in his Spanish-style stucco, sits Ron Unz, theoretical physicist turned software entrepreneur turned political revolutionary. Last year, while Al Checchi and Jane Harman dropped \$55 million in failed gubernatorial bids whose only legacy was to make TV stations richer, Unz spent \$700,000 on Proposition 227 (English for the Children) and scrapped a failed system of bilingual education for 1.4 million California kids, almost certainly improving their life chances in the process. Instead of hiring the usual army of staff and consultants, Unz ran his campaign virtually by himself—at home, often in pajamas, with a handful of volunteers and a few paid staffers in Los Angeles, relying on his own mass faxes, e-mailings, and media appearances to get his message out. Now, buoyed by the way he was able to trump years of ineffectual bipartisan hand-wringing with one bold stroke, Unz is working 16 hours a day on his latest cause: an initiative for the March 2000 ballot that features the most ambitious campaign finance reform in the nation.

This isn't your usual picture of a Republican millionaire on a mission. Apart from his spartan office, Unz's house, where he has lived for six years, shows few signs of adult habitation. The huge living room contains not a stick of furniture. The fridge holds mostly Gatorade, muffins, and frozen snacks; Unz, a 37-year-old bachelor, eats half his meals at Burger King. He sleeps on a mattress on the floor. The bathrooms are dirty, and the dust is thick. There's no one who comes in to clean, no photos on display, and no escaping the thought that a well-heeled businessman has to have a screw loose to live this way. Unz demurs: he's too busy changing the world to hire a decorator and too indifferent to his surroundings to care. "I tend to be a very focused individual," he says.

Unz's focus has California's political establishment up in arms. It was bad enough in 1994, when Unz made an insurgent run against Pete Wilson in the GOP primary. Now, like Matt Drudge, who scooped and toyed with the national press from his one-bedroom hideout in Hollywood, Unz has figured out how to leverage his brains, cash, and modern office technology to wage a one-man guerrilla war against the status quo. It's a style of activism that would have been impossible even five years ago. A decade hence, Unz suggests, it may be commonplace.

Unz's latest initiative, inspired by the horrors he saw in the bilingual campaign, took shape through his unique brand of wonky shrewdness. For months Unz sounded out think-tank gurus, bureaucrats, and other good-government types on what ailed campaign finance. He mined dusty commission reports that had languished for years. He enlisted Bob Stern, a respected nonpartisan veteran of the reform wars, to draft his measure and got well-known Democrats (and California's lone Green Party legislator) to endorse it. Among other things, Unz's "California Voters Bill of Rights" includes voluntary spending limits accompanied by partial public financing, a ban on corporate giving to candidates, overnight Web-based disclosure, and reasonable contribution caps (e.g., \$5,000 for statewide races) that should survive a court challenge. "It's far wider-reaching than McCain-Feingold," says Trevor Potter, former chairman of the Federal Election Commission.

Then Unz tossed in a real zinger. He tied these reforms to another one that would take control of the state's post-2000 census redistricting away from Governor Gray Davis and the Democratic legislature,

giving it instead to a bipartisan commission of retired judges. This diabolical pairing has confounded everyone. Would Democrats cede control of redistricting to get the campaign fix of their dreams? Would Republicans swallow the public financing they loathe in order to avoid a partisan gerrymander that kills them in California and costs them their majority in the House?

“You get the feeling he takes some kind of glee when he thinks about the mischief he’s making,” says John Jacobs, a columnist for the *Sacramento Bee*. “He defies stereotype,” adds Jim Knox, executive director of California Common Cause. “His basic strategy was essentially brilliant.”

When I visit Unz in early June, he’s getting his plan on the ballot and urging Republicans to sign on. The first task is merely a matter of money, since the once-grassroots initiative process now relies mostly on paid signature-gathering firms. With a million dollars you can get anything before the voters. Unz is shrewdly “in the field” with two versions of his plan—one with the GOP-saving redistricting scheme, the other without. This lifts his leverage as he courts Republican leaders: he’d like to save the party, Unz can argue, but if they won’t play (or opt for a rival, purely partisan redistricting measure), he’ll go with their hated campaign finance fix alone.

As usual, Unz has been up since five a.m., reading three newspapers and scrolling others online. At six-thirty, he dons a Walkman with his favorite Neil Diamond tape for his mile-and-a-half constitutional to Burger King, where, over coffee, he scans three more papers from the out-of-town stand next door. Around eight he’s back at his desk, working the phones and the computer. He checks in with signature-gathering firms for the latest intelligence. He tells scrambling GOP leaders that his bipartisan plan is the only one that can pass. With his mouse perched atop an old cardboard box by his side, Unz electronically assembles useful press notices or drafts notes to explain away bad ones. He e-mails stuff to his Web guy in Minnesota for posting to his Voters Rights 2000 site.

Roughly twice a week (any more and people won’t read the stuff, he reasons), Unz bombards a few hundred key journalists, activists, and other political players with e-mailed packages; his blast-faxes reach 1,300. “A lot of what I do is being sort of the press person, the political strategist, and, more than anything, just the secretary,” he says. “When I’m actually meeting with somebody, hopefully they’ve spent months receiving the faxes and e-mails and maybe their views have already been shifted a little bit.” Near midnight, he’ll bunk down and then start again at dawn.

What turned a mild-mannered physicist who, not long ago, published academic articles with titles such as “Functional Measure in Kaluza-Klein Theories” into a tireless political operator who calls in “air strikes” from *Wall Street Journal* editorial writers to move his agenda? Has California’s crazy initiative process now given us a benevolent philosopher-king able to deliver citizens from the stasis of interest-group politics—or some mad political equivalent of Dr. No who’s turning California, and potentially the nation, into his policy plaything?

Ronald Keeva Unz was born out of wedlock in Los Angeles’s San Fernando Valley in 1961. Apart from passing on an aptitude for science, his father, now a professor of applied physics and electrical engineering at the University of Kansas, never became part of Unz’s life, seeing him only twice as a boy and then at his Harvard graduation in 1983. Politics was a common topic at home. Unz’s mother, a onetime English teacher who, her sister says, passed on to Ron the family’s “hereditary sloppiness,” was active in antiwar protests. She and Ron lived with his grandmother; they subsisted on welfare

throughout his childhood. Unz, reticent on these matters, offers only that being fatherless and on the dole were sources of “embarrassment and discomfort” growing up in North Hollywood.

Affirmation came at school. In second grade, Unz was tested as having a 214 IQ at a time when, as one of his former teachers recalls, the *Guinness Book of World Records* listed 200 as the highest on record. Programs for gifted kids followed. Unz eschewed girls, cars, and sports in favor of math and debate competitions. At 17, he won the prestigious national Westinghouse Science Talent Search for a paper on black holes.

At Harvard (which he attended thanks to scholarships and aid), Unz double-majored in theoretical physics and ancient history while indulging his growing interest in policy over dinner debates with friends. Though as a kid he’d gone door-to-door for George McGovern at his mother’s behest, Unz couldn’t stand Jimmy Carter and became one of the countless collegians drawn to the GOP by the Reagan magic. After a fellowship year at Cambridge, Unz was off to Stanford to pursue his Ph.D., a prelude to the academic career that his teachers and friends, not to mention Unz himself, assumed was his destiny.

Two things happened at Stanford to change that. First, Unz tried in his spare time to establish a special honors high school in Los Angeles to expand the junior high program he’d attended. His failure persuaded him that “the next time I try something like that, I’m going to at least have enough money that people will take me seriously, or I’ll have flexibility so I can spend time on it.”

At the same time, some of Unz’s Harvard buddies had gone to Wall Street, where the *Bonfire of the Vanities* era was in full swing. At their urging, Unz looked for a summer job and caught First Boston’s eye in part by noting his IQ on his resume. What Unz thought would be a brief summer hitch in 1987 turned into six years in New York, the abandonment of his Ph.D., and the conviction that he could earn and save enough to pursue his policy passions independently.

As with his subsequent political innovations, Unz’s success in the financial markets came from seeing early how new technologies could create valuable approaches that hadn’t been possible before. A self-taught programmer, Unz, then 26, wrote software that allowed cash flows from large pools of mortgages to be sliced up and profitably recast into new securities. These were the early days not only of such mortgage “securitization” but of desktop PCs powerful enough to permit such work to be done easily. Unz’s bosses at First Boston were thrilled. For Unz, the lightbulb went on: he could probably get rich if he perfected and sold such software on his own.

Unz left Manhattan for cheaper digs in Jackson Heights, Queens, founded Wall Street Analytics, and holed up to write code 16 hours a day. Despite a series of crises—including a clash with and buyout of his original partner and two years when the company tottered near failure after the mortgage market collapsed—Unz made the firm a success. In 1992, with his New York-banking customer base well established, he moved the company back to sunny Palo Alto.

Unz’s time in New York solidified his growing, if eclectic, conservatism. The city’s crime, chaos, and inept Dinkins administration soured Unz for good on welfare and identity politics. An early fan of Charles Murray’s anti-welfare book, *Losing Ground*, Unz now imbibed Thomas Sowell’s critiques of affirmative action and Mickey Kaus’s attacks on old-style welfare. Upon discovering *Commentary*, Unz was so intellectually smitten he ordered 15 years of back issues.

Life in Jackson Heights, a classic melting pot of Latinos, Asians, and Eastern European immigrants, also had an impact. “It was almost like stepping into a newsreel,” Unz recalls, “. . . [with] the elevated

train, all these peddlers on the street.” Unz admired their energy and how safe the neighborhood remained despite its relative poverty. He also sensed a looming backlash against immigrants, thanks to what he called “ethnic separatist” policies such as affirmative action and bilingual education.

Flush for the first time, Unz dipped into the policy arena. He called writer Peter Salins out of the blue and offered to fund a pro-immigration book that would expand on a piece Salins had written for *THE NEW REPUBLIC*. “It was funny,” Unz recalls, “because, when I contacted him, it took me the longest time to explain to him that I was interested in giving him money for the book because he ... thought I was asking *him* for money to do a book.” He gave money to conservative think tanks such as the Manhattan Institute and the Reason Foundation. But this new world was disappointing, and it opened Unz’s eyes to his potential comparative advantage. “I started meeting politicians and found they were incredibly mediocre,” Unz once told *The San Francisco Chronicle*. “Even the ones I agreed with.”

In California, Pete Wilson seemed to Unz to embody that mediocrity as he lit into immigrants in 1993 to boost his sagging ratings. Unz, 32, with no political base or electoral experience, thought about challenging the incumbent governor in the 1994 primary. Unz knew he had little chance to win, but he felt he could stop the GOP from appearing nativist and make his name in the process. He also had an opening, since Wilson had angered conservatives with a huge tax hike to plug the state’s budget gap during the recession.

Casting himself as the heir to Ronald Reagan, Unz put together a platform that stressed tax cuts, tort reform, and calls to end bilingual education and affirmative action. He bought two suits, spent \$2 million of his own cash, and emerged, improbably, with 34 percent of the vote.

Overnight, Unz was a player, a new and visible maverick. He angered party stalwarts by refusing to endorse Wilson after he lost. Then he used his new stature to help lead the opposition to the Wilson-backed Proposition 187, the divisive measure that would strip illegal immigrants of public services. Apart from the sweeping demagoguery that the measure fueled against even legal immigrants, Unz felt its main effect would be to throw hundreds of thousands of innocent kids out of school. To him, it reeked of totalitarian oppression, turning teachers into border cops and kids into snitches on their undocumented parents. Unz helped recruit Jack Kemp and William Bennett to oppose 187; when the measure passed (and headed for the courts), it was clear that Unz had helped divide the GOP.

By now, Unz had the bug—but he also had less cash. As the battle over Proposition 209’s ban on affirmative action geared up, Unz, who strongly supported the measure, gave just \$25,000. He cut back on his donations to conservative think tanks. While Unz says this was partly because he’d begun to question the efficacy of such giving, the truth is that Unz was not, and is not, as rich as many people think. Unz has been strategically coy in the past about his wealth, knowing there’s a mystique to the plutocrat in politics; it makes a big difference, after all, if foes fear he can plunk down \$10 million or \$20 million in support of his causes. After considerable probing and elliptical responses, Unz finally told me it was safe to put his millions today in the high single-digits. The \$2 million he spent running for governor in 1994 thus represented an outsized share—perhaps even the bulk—of his net worth at the time. Politics had become more than the ascetic Unz’s lone luxury: it was an obsession.

In early 1995, however, Unz needed to refill the coffers. He spent much of the next two years upgrading his firm’s software from DOS to Windows, a better platform for expansion into new applications. Unz kibitzed in debates over affirmative action, federal immigration law, and trial

lawyers' efforts to make high-tech firms easier to sue, but, basically, he stuck to business. Then, in late 1996, with his firm in better shape, Unz read in the *Los Angeles Times* about a group of immigrant Latino parents who were protesting a school in downtown Los Angeles because their children weren't being taught English.

Unz immersed himself in the bilingual education issue. He learned of Sacramento's deadlock over fixing a well-intended system that regularly kept immigrant kids trapped in non-English classes for years. He met with Alice Callaghan, a self-described "left of left" ex-nun and community organizer who had spearheaded the L.A. protests. Unz suggested an initiative: English for the Children was born. It would scrap endless bilingual education and replace it with one year of English immersion; parents wanting to keep kids in bilingual classes had to seek a waiver.

Unz figured he'd hire a consultant to run the campaign while he pitched in part-time. He soon became convinced, however, that the pros didn't grasp the nuances well enough to do it right. Unz handed his firm's day-to-day reins to a colleague and went into his usual around-the-clock overdrive. Tapping a vein of popular anger (even among many teachers) at a failed system, and despite being outspent and opposed by every major gubernatorial candidate, the measure passed a year ago with 61 percent of the vote.

What Unz saw during the fight inspired his current reform. "There's a tremendous difference between knowing abuses can happen in theory," he says, "and having them hit you in the face in your own campaign." Unz hadn't expected pro-bilingual forces to have much cash for TV ads, for example, when suddenly, about a month before the election, they started buying up tons of time. Unz couldn't tell where the money was coming from, since disclosure reports were required only every three months.

When the disclosure report was released, it turned out the bulk of the money was coming from A. Jerrold Perenchio, the billionaire chairman and CEO of Spanish-language network Univision—a man who stood to lose millions if kids learned English fast and changed the channel! Adding insult to injury, Univision had sponsored a gubernatorial debate during which each candidate (all of whom, save Checchi, counted Perenchio as a top donor) was asked to give a "simple and clear answer" on how they'd vote on 227. The resulting string of "No!"s were stitched together for a killer ad that, along with editorials Perenchio blasted four times daily on his own air, pushed Latino support for the measure down from 62 percent a month out to 37 percent on Election Day. (At the time, Univision denied that the moderator was seeking sound bites.)

The overnight disclosure requirements in Unz's "California Voters Bill of Rights" make it likelier that the press can expose such shenanigans. Unz's initiative also cracks down on "slate mailers"—a lucrative racket of official-looking but paid-for endorsement pamphlets that Unz refused to deal with (the mailers thereafter opposed him). Here, as with spokesmen who are paid to appear in campaign ads, Unz sensibly requires that the paid nature of any appearance or endorsement be prominently noted. His lawyers say this will pass First Amendment muster. "It just annoyed me a lot," Unz explains, "so I thought something has to be done about it."

"The GOP establishment ... [is] largely leery of Unz," says John Fund, a *Wall Street Journal* editorial writer. "Fascinated by what he's pulled off but standoffish." Fund, who calls Unz "remarkably persistent and imaginative," says the "not invented here" syndrome, plus the fact that Unz was an anti-Wilson insurgent when he first hit the elite's radar screen, go far to explain party wariness. Unz, for his part, views national GOP leaders as ineffective, saying they blew a historic opportunity after taking Congress in 1994. His dismay lingers. The first three times Unz went to Washington to discuss

his redistricting idea, for example, the California delegation wouldn't meet with him or return his calls, not, Unz thinks, out of some plot to shun him but because "they weren't really focused on it." "A little strange," he adds, "considering it's their jobs at stake."

Critics in both parties say that the stars were in rare alignment for Unz on bilingual education and that his triumph won't be repeated; in any event, others argue, Proposition 227's one-size-fits-all solution shows why ballot measures can't solve complex problems. "He's Exhibit A in what's wrong with the initiative process," says Bill Carrick, a prominent Democratic consultant.

But recent headlines across California suggest a different conclusion: "ENGLISH-ONLY TEACHING IS A SURPRISE HIT"; "ONE-LANGUAGE RULE PRODUCES WINNERS"; "CLASSES TAUGHT ONLY IN ENGLISH ARE DOING THE JOB." "Children are absorbing English at such a rapid rate," says a typical report, "that in many places it is the language of choice on the playground, at the lunch table, and in line for the bus." "Even some of us that have been really strong, strong advocates of bilingual education are pleasantly surprised," one teacher told the *Los Angeles Times*. Parents, meanwhile, have rendered their own verdict: fewer than ten percent of those with limited-English students in L.A. schools have sought waivers to return their kids to bilingual classes.

To be sure, many districts are dragging their feet. Yet the Oceanside District near San Diego, whose superintendent was a leading bilingual-education advocate, just became the first district to release standardized test scores since switching to English immersion. Scores have doubled and, in some cases, even tripled. As this issue of TNR went to press, statewide scores were about to be released, and an error in testing methods was under review. Still, English immersion appears likely to show improvements greater than those produced by California's popular (and costly) class-size reduction in early grades.

Over pizza in Los Angeles and Chinese food in Palo Alto, Unz talked about his approach to politics. Though his friends warned me not to be shocked by his appearance—"He's a guy who'll go to a fancy New York restaurant dressed not only in baggy trousers and a ratty old sweater but with a big, furry, geeky hat with earflaps that the Salvation Army would have rejected," one said—Unz is almost natty in a tweed blazer ("I had meetings") one day and "dresses up" in a polo shirt and khaki shorts on another. At 5'8" and 140 pounds, with a grad student's pallor and earnest intensity, Unz could slip quietly into the faculty lounge if he chose. He jabs at a listener with his left index finger to drive his points home and, while seeming to lack a lighter side, breaks into an endearingly vulnerable grin when something tickles him, as if the tightly wound physicist feels self-conscious about enjoying a moment's relief. At times like this, you feel almost sorry for Unz and the lonely vocation he's chosen. "His ideas are his family," says one friend. Unz says he intends to marry but hasn't had time. He speaks often, almost boastfully, of how hard he works, more like a man in his twenties. Like many supersmart achievers, there's an air of emotional incompleteness about Unz, as if the outsized growth of one set of muscles left no room for others to develop.

But, boy, can he talk. Unz is talking now about what he calls "diagonal" politics, a way of cutting across the usual partisan or interest-group divides. "There are all these entrenched issues where both sides have been fighting for years for millimeters of ground," Unz says.

"It's like trench warfare in the first World War. One advantage of the initiative process is [that] an initiative is a package, an unamendable package.... You take a mixture of the fondest dreams and the worst nightmares of both sides and you put them together in the same thing they have to vote up and

down on.... Many of those entrenched people on both sides ... can't decide really what stance they take on it because it's a mixture ... that crosses the ideological ... lines. That gives you a window of opportunity to capture the debate and to frame the issue in the free media without having the traditional players distort the message. And at that point sometimes you can generate enough momentum to push it through.

“The key thing that makes it work,” he continues, “is most ordinary people don't think in terms of those rigid boundaries.... They don't understand [the establishment view] that [these] ... things can't possibly go together.... I think it can be applied to a lot of other issues.”

Compelling as this is—maybe Unz has found a method to California's ballot madness after all!—there's often something superior in Unz's tone, an “aren't I clever?” smugness he can't quite conceal. “If I hadn't gotten involved in bilingual education,” Unz says matter-of-factly at one point, “probably nothing would have happened for the indefinite future.”

Outside familiar terrain, Unz is hardly omniscient. Ask him about health care, for example, and his first instinct is that you could offer basic “Chinese style” care to today's 43 million uninsured for \$1 billion a year. That's \$25 a head. Unz also seems blind to market forces that leave many working families in poverty, and thus he comes off as an unthinking critic of measures such as the Earned Income Tax Credit. Still, Unz's instincts are far more substantive than those of most who climb the greasy pole, and, as all who've worked with him attest, once he turns to an issue, he's a very quick study.

If Unz can stay on a roll, his initiatives could build a record of accomplishment useful in another gubernatorial or Senate race. Unz says he's likely to seek elected office again but has no specific timetable in mind. “There are a lot of things I see being broken in our society,” he says, “and it's a challenge to try to fix those broken things. You fix one of them, and then you go to another one and try to fix that.... It seems to me a good thing to do.”

One day last January, the 30-odd members of a newly appointed blue-ribbon commission on state finance shuffled to their seats in a Sacramento hearing room for their first meeting. The group's mission: find fresh answers for the woes that have plagued California's coffers since the property tax-cutting Proposition 13 mucked things up royally (and popularly) two decades ago. Around the room was a familiar roster drawn from the state's political and financial establishment—plus, to some mandarins' surprise, Ron Unz. Eyebrows were raised and glances exchanged, as if to say, according to one attendee, “Who's this pariah in our midst?”

It's an old debate. Walter Lippman said the problems of modern society were too complex for average citizens to play any role in governance; a cadre of elites was needed to manage affairs on behalf of the ignorant masses. John Dewey said faith in democracy meant exactly the opposite: public education could create Americans truly capable of choosing.

Ron Unz—and the creative way he's harnessing the initiative process—represents a new and necessary synthesis of this argument. He's one emerging answer to a central question facing today's political institutions: What happens when interest-group gridlock makes it next to impossible for elites to solve serious problems, while blocking average citizens from fixing things themselves? In Minnesota, this dilemma helped give us Jesse Ventura. In California, Unz is bringing the initiative movement full circle, from grassroots movements at century's dawn to special-interest takeover of a process meant to

curb them to a rich man's way of empowering voters. On bilingual education, and now perhaps on campaign finance, Unz is an unlikely new brand of populist, a lowly born aristocrat of talent teeing up fixes for the masses out of a sense of *nerd oblige*. Lippman would approve of his genius; Dewey would cheer his hyperdemocratic methods. Voters will have a chance to weigh in again soon enough.

It's unclear how far Unz's current model can go. True, Unz is showing how much political impact one can have by spending a relative pittance, so long as big-money opposition isn't drawn into the fray. Yet even Unz sees the need for elected officials to realize broader goals. And, except to the extent that they inspire copycat measures, initiatives can't take policy fixes national. Maybe a string of good-government coups at the state level will prompt new interest in national referenda; but at the bottom of that slippery slope lie instantaneous, Perot-style plebiscites on everything, the Frankenstein of democracy run amok. Even at the state level, there's a scary prospect: If someone less serious than Unz gets really good at this, who'll stop him when he one day pairs a sexy tax cut with a Singaporean anticrime plan that canes vandals and sends minor drug felons to the chair?

For now, however, back in the capitol hearing room, Sacramento's heavyweights better brace themselves. It never leaked, but, before Unz decided to go with campaign finance as his next big thing, he hoped to craft a grand cure for the biggest untouchable in California politics. Everyone knows Proposition 13 screwed up the state's finances, and everyone is afraid to touch it. Unz doped out a clever revenue-neutral initiative in which an income tax cut would serve as the political battering ram to enact a hike in business property valuations that experts have long viewed as Proposition 13's most glaring inequity. As Unz told me with pride, the measure would have been fairly (and "diagonally") painted both as "the son of Prop 13" and "the repeal of Prop 13." Thanks to some surprises in the way today's economic boom has affected tax receipts and property values, however, the numbers didn't work to make another perfect Unzian political molecule. Unz says that's bound to happen in a few years. He can wait.

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