

CALIFORNIA AT THE CROSSROADS



An Open Letter to Governor Davis, Candidates for Governor in the Recall Election and Members of the California Legislature

California's economy is in trouble. Every day, more companies announce they are laying off workers, moving out of state, or reducing benefits, wages or work hours. In less than three years, we've lost more than 300,000 high wage manufacturing jobs, many to neighboring states like Arizona, Utah, Nevada, and Texas.

California is vulnerable. Recruiters from other states and even other countries constantly approach our companies about moving our existing operations out of California, as well as locating new facilities in their respective locations.

They offer a business environment that is supportive of economic expansion. They offer an environment where business and jobs are welcome. California on the other hand, has become one of the worst places to do business not only in the United States, but also in the world.

The Milken Institute, a non-partisan think tank, reports that manufacturing costs in California were 32% higher than the national average and far higher than every neighboring state. It's no wonder good companies and good jobs are leaving California.

In fact, the Legislature appears to be headed in the wrong direction, with proposals to add even more regulations, new taxes, mandates and fees that will only push us further down the road to economic meltdown.

If you are truly interested in getting California back on track, here's what you need to do:

- First, do no more harm. Put a moratorium on new taxes, fees and regulatory mandates that damage our ability to do business in California. Reinstating the Manufacturers' Investment Tax Credit.
- Second, cut back the overall tax burden on business which, according to the Milken Institute, is now 24% higher than the U.S. average.
- Third, stop the practice of introducing sweeping new changes to California public policy in the last few days and hours of a legislative session, then passing them with little or no public scrutiny.

Governor Davis, candidates for Governor, Assembly and Senate Members, you have a choice. You can help us put California back on track, or continue on your current course to economic ruin.

We challenge the candidates for Governor to go on the record on these issues. We also call on the news media to ask these candidates where they stand on these issues.

Sincerely,

Dr. Craig R. Barrett, CEO
Intel

David Pottruck, President and CEO
Charles Schwab

Brian Halla, President and CEO
National Semiconductor

Carleton S. (Carly) Fiorina, Chairman and CEO
Hewlett-Packard Company

Mike Splinter, President and CEO
Applied Materials

George Samenuk, Chairman and CEO
Network Associates

Robert H. Curry, President and CEO
O'Connor Hospital

Dan Ryan, President and CEO
San Jose Jet Center

Stephen Dixon, CEO
San Jose Medical Center

Dr. James Woody, President
Roche Palo Alto

Len Perham, President and CEO
Clear Logic

Barry Cinnamon, President and CEO
Akeena Solar

John Little, President and CEO
Portal Software

Eduardo Llach, President and CEO
Cuica Technologies

Ken Schroeder, CEO
KLA Tencor

Roberta Garland, President
Garland Actuarials

Steve Kirsch, President and CEO
Propel

John Stringer, President and CEO
Wyse Technologies

Stan Leopard, CEO
The Joseki Group

Papken Der Torossian, Chairman
Therma-Wave

Boris Lipkin, President and CEO
Therma-Wave

Tony Ridder, Chairman and CEO
Knight Ridder

Linda Gold, President and CEO
M3iWorks

Fred Tubb, President and CEO
iControl

Hatch Graham, President and CEO
Bandwidth9

Thanh Nguyen, President
Paramit

David Lerner, President and CEO
Declaration Services

Rani Yadav-Ranjan, CEO and Founder
Construction Navigator

Joe Desmond, President and CEO
Infotility

Geoff Thomas, Executive Vice President
Analog Devices

Bob Dickinson, President and CEO
California Micro Devices

Bryan D. Stolle, Chairman and CEO
Agile Software

Vicente Wright, President and CEO
California Steel Industries, Inc.

Thomas H. Glanzmann, President
Baxter BioScience

Bruce R. Chizen, President and CEO
Adobe Systems

Eric Benhamou
Chairman
3Com and Palm Corporations

Jeffrey C. Smith
Chairman and CEO
Tumbleweed Communications Corp.

Stratton Sclavos
Chairman and CEO
VeriSign Inc.

Jack Stewart, President and CEO
California Manufacturers &
Technology Association

Larry McCarthy, President
California Taxpayers' Association (Cal-Tax)

John Sullivan, President
Civil Justice Association of California