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## **California Policy Options**

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Preface

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## **PREFACE**

# **THE FUTURE LOOKS LIKE CALIFORNIA: POLICY MAKING IN THE TWENTY-FIRST CENTURY**

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One of the first things a newcomer experiences in California is the power of statistics about the state to capture the imagination of the citizenry and policy makers alike. Newspapers and TV, elected officials and academics-- all confirm that California is big, important, dynamic, and troubled.

As a measure of big and important, we only have to look at the gross state product: California has the biggest economy of any state in the nation, and the eight largest economy in the world. As a measure of dynamic, we only have to note that the Los Angeles public schools educate a population of children who speak over 90 languages at home. As a measure of troubled, we are sobered when reminded, as Rick Brown tells us later in this volume, that 23% of the non-elderly population of California does not have health insurance, compared with 17% of the nation as a whole.

It is figures like these that define the typical way that California is seen to be a bellwether for the nation, even the world. The future will look like California in that California has an increasingly globalized economy, a multi-ethnic/multi-racial society, and growing household income and capital inequities.

While tremendously useful, this version of the way that California is the future is only the tip of the iceberg. For the rest of

my remarks I want to extend this analysis to show how--in terms of the problems of political capacity--California is also the future.

Let me preview my conclusions here. California is the future in terms of politics and policy making because it is ahead of the curve in bearing the brunt of the devolution of responsibilities formerly defined as national to states and sometimes localities. This problem is one of the increasing responsibilities of the twenty-first century swamping the political institutions invented in the seventeenth century--institutions that are, in addition, badly served by political parties invented in the nineteenth century.

Broadly conceived, there have been four eras of policy making in this century: the regulatory approach of the Progressive Era in the teens and twenties, the social safety net programs for manufacturing-based capitalism of the thirties, the cold-war nationalism of the fifties through seventies, and the devolutionary impulses of the last two decades. New approaches did not so much replace old ones as add a new layer of activity.

Imbedded in each of these eras is a different set of political and economic problems. In the regulatory era the problem was the social effects of highly concentrated capital. The insurance and welfare programs of the Great Depression addressed the personal risks that industrialization imposed on workers. The policies of cold war nationalism were predicated on bi-polar tensions rooted in the existence, indeed the continuing development, of weapons of world annihilation. The era of devolution springs in large part from the increasing dissatisfactions with the costs--in time, money, complexity, and anxiety--of the policies of the other eras.

The policy question that will dominate the next decade is whether the states and localities in the United States can handle the problems devolving to them from the federal government and arising to them from the resulting local changes.

It is useful to pause for a moment and ask how did this era of devolution come about. Devolution is an interesting political phenomenon, because unlike much of politics, the process has been both visible and announced. Driven by a firm belief in small government and private provision of goods and services, fiscal conservatives in both parties began to extend popular disaffection with government arising from Watergate and the War in Vietnam to budgetary issues. It is important to recognize that new left disaffection with government performance gave new credence to traditional right wing beliefs about small, locally-controlled government. And anti-government sentiment became ritualized into public discourse just as the media became nationalized in this country. (It is hard for us to remember, but the half-hour nightly television news is an invention of the mid-1960s, long before there was an hour of public television news or all-day cable network news programming.) Similarly, some of those favoring small government had a love-hate relationship with the era of big national deficits. They hated the fiscal imprudence of it but loved the thought of its inevitable long-term consequences in reducing the role of national government.

In addition to these general political trends three political events also propelled devolution. First, as Allen Schick the noted budget expert reports, the tax cut of 1982 cut revenues and taxes at the same time, but not in the right proportions, creating a big accelerator in the deficit equation. Second, in 1984 Walter Mondale tried the statesman-like approach to budgeting saying that if services were not cut, taxes would have to rise. The political cost of his honesty was not lost on future presidential candidates in both parties. The third event happened ten years later. In 1994, the Contract with America majority in the House of Representatives provided another accelerator to devolution through its remarkable refashioning of the Aid to Families with Dependent Children program into the Temporary Assistance for Needy Families block grant.

Why is California emblematic of the future in terms of political capacities in this era of devolution? Again the answers go beyond those political characteristics for which the state is famous. It

is not merely Proposition 13 and Proposition 218 which limit revenues and Proposition 140 which initiated term limits. Xandra Kayden's chapter speaks persuasively to how insufficient funds and inexperienced politicians can perturb the policy system. But it is important to see these limits on the political system in their national contexts as well as examples of the tradition of popular initiatives in California politics. They represent the increased ability of groups to make demands on the political system whose effects are to reduce the capacity of governments to resolve conflicts. Thirty years ago political analysts bemoaned the fact that many groups were systematically excluded from the political process. Now political analysts bemoan the fact that the mechanism for finding common ground are sorely taxed.

Interestingly, as the capacities of governments to solve problems has gone down the number of governments has gone up, even in California. The number of governments in America is one of the countries most important, and little discussed attributes, of American exceptionalism. Few people know that there are 85,006 governments in the United States--most of which have the ability to tax and spend. In the aggregate, the number is down from 50 years ago when the country had approximately 155,000 governments. Most of the decline came from the consolidation of school districts from 109,000 in 1942 to 14,000 in 1992. Over the same time period, however, the number of special districts has increased, from 8,000 in 1942 to 32,000 in 1992.

California is the future in number of governments as well. California has 4,393 governments, of which 2,797 are special districts. Moreover, California ranks fourth in the country in the number of governments and first in special districts. Across the country, special districts play two important roles. First, they provide specialized expertise, often being organized around water, fire, housing, community development or transportation. Second, they attempt to provide regionalism, but almost always by adding a government, not combining or removing one. The number of governments that need to be coordinated during devolution will be

one of the real challenges faced first by California and then by other states.

Is the future of political capacities in California and for states and localities unmitigatingly bleak. I am glad to say no. There are two national trends with strong California roots that do or could work to promote the political capacities in an era of localism. The first is the rise of public journalism, that effort to reduce the shrill voice of unlistening confrontation that characterizes so much political reporting. In this I would count not just the Bill Moyers of the world and their efforts to talk us through the elections in a civil fashion, but Rock the Vote, and the rise of thoughtful coverage of political topics on non-English language radio stations, a resource where California, again, is a national leader.

The second is the power of the digital information revolution to cut the work of government and ultimately save money. This observation is a particularly important bridge between the UCLA Business Forecast and the California Policy Options discussions. Electronic data management could revolutionize the routine tasks of registering a car, paying a traffic fine, updating public health records. And there is a market here. The public sector reminds me of the legal market about twenty years ago. Savvy business people gave law schools Lexus and Nexus legal search services at very reduced prices and created both the demand and the expertise for On-Line legal services in one move. So too, there is great unmet demand in the public sector for what electronic information processing can do. California is home to 35% of the nation's top electronic firms. Several experiments of this type are already underway in California and deserve our continued attention. In conclusion, I want to say that as much as I see real possibilities for strengthening public capacities in the information processing part of the electronic revolution, I have not focused on the typical town hall approach to the relationship between politics and the Internet, where citizens can immediately and directly respond to policy questions. Nothing could be worse in my view than multiple choice democracy, unmediated by discussions, give and take, learning and the exercise of judgment. It is just that

judgment which may be driven out by the pressures of unthoughtful devolution.