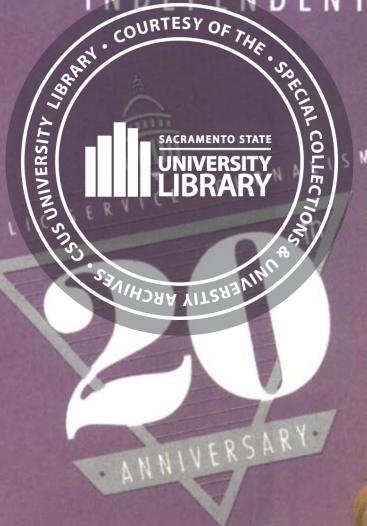


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INDEPENDENT ANALYSIS OF POLITICS AND GOVERNMENT



**California:
the next
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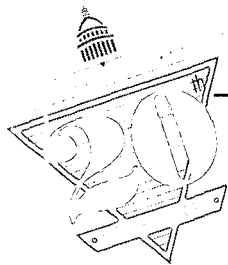
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California JOURNAL



With this issue, California Journal celebrates its 20th anniversary. To mark the occasion, the Journal asked 15 Californians to peer into the future for a look at their home state's next 20 years.

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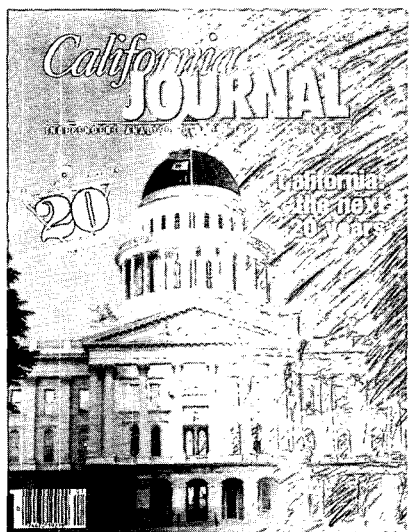
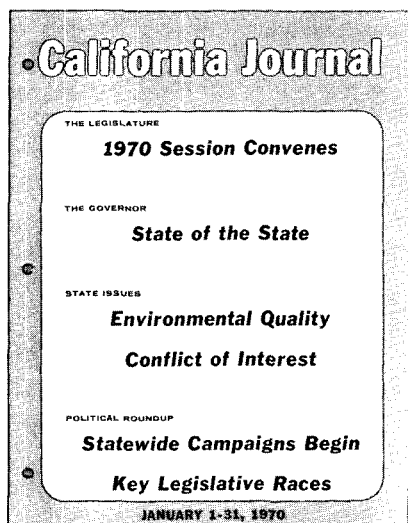
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Letter from the Publisher

Twenty years ago a bi-partisan group of legislative staff members launched a new form of public-service journalism for California; the first issue of *California Journal* was published in early 1970. Our editorial goal was to provide readable, nonpartisan information to the citizens of California about the issues, personalities and institutions that make up our governmental system. We believed that an informed electorate could participate more effectively in the process of self-government.

That philosophy still guides our work today.

California state and local governments have been relatively accessible to citizens ever since the Hiram Johnson reforms at the beginning of this century. At least the tools exist for such access. But all too often citizens relegate control of their state government to others, either through neglect or through acquiescence to narrow special interests which wield extraordinary power in the absence of countervailing pressure.

There are times when it appears that our government in Sacramento has little to commend it. Virtually every participant in the political process, for example, despises the excess of money that so often dominates decision-making and has become a tangled web of mutually beneficial financial transactions that all parties bemoan but from which none can be extricated.

On the other hand, we have seen numerous instances in the last 20 years where an individual, deeply concerned about a public problem and joined by others of like mind, has been successful in changing the direction of public policy for millions of Californians. Candy Lightner's crusade for stiffer drunk-driving legislation is but one instance of such success.

For 20 years *California Journal* has reported on efforts to address the problems of the nation's largest and most advanced state. We have provided a vehicle for concerned citizens to understand the process and participate in the making of policy (we have sold more than a million "Roster and Government Guides" with information on how to contact legislators and how the legislative process works). And we are read by, and influence, the state's leaders.

While we decry the numerous environmental and social problems that still plague us — one need cite only air pollution, discrimination, traffic congestion, the crisis in the classroom or drug problems to start the adrenaline pumping — who among us would prefer to live in New York or Illinois or Nevada? We have our problems, but we also have hope that we can solve them. This is the essence of the difference between California and the places so many of us have moved from.

And this is what makes *California Journal* so important. Some problems have been solved or significantly mitigated in the last 20 years — coastal protection, farm-labor relations and school-finance equalization, for example. Lord knows the list of issues to be addressed has not become shorter. But neither have we lost hope that informed citizens over time can address California's problems. And it is with such hope that we look forward to the next 20 years of *California Journal*.

We cannot let this occasion go by without recognizing those who have helped along the way: the co-founders; friends who lent us moral and financial support; foundations and corporations who supported us with grants in earlier years; our advertisers; the numerous business associates and suppliers; and our staff members who have devoted long hours at low pay to the venture. Without all of you we would not be here today.

Thomas R. Hoeber
Publisher



To preserve quality of life

By Edmund G. Brown

Reading through some old clippings to jog my memory for this article, I came across a quote I gave to Gladwin Hill of the *New York Times* in November 1959 — a year after I was elected governor for the first time: “My son asked me what I hoped to accomplish as governor. I told him, essentially, to make life more comfortable for people, as far as government can. I think that embraces everything from developing the water resources vital to California’s growth, to getting a man to work and back fifteen minutes earlier if it can be done through a state highway program.”

Looking back on that statement with 30 years of hindsight, would I change any of it? Probably not. Oh, I might say “getting a *person* to work” in light of the shifting sexual balance of the labor force, and “fifteen minutes earlier” certainly sounds like an impossible dream after trying to get in or out of downtown Los Angeles these days. But basically what I felt about the role of government still holds true for the California of 1990 — and of 2010. As I see it, the single greatest problem over the next 20 years will be keeping the quality of life in the state from deteriorating any further than it already has.

Water was on my mind (some opponents might say on my brain) when I took office, and it continues to be a most vital issue. Despite all the attention which my administration tried to give to it, the bond issue for the California Water Project passed by just 100,000 votes in 1960. Today, neither the public nor their elected officials think enough about the state’s ongoing water problems. What someone is going to have to decide to do is make the big agricultural landowners, who now get 85 percent of the state’s water, turn over some of their land for use by people instead of vegetables. There will be a lot of screaming, of course, but the state will just have to go ahead and condemn the land, pay a fair market price for it, and let the farmers move to Arizona or New Mexico. That land and water is just too valuable to use only for asparagus.

Expanding the University of California system was another high priority of mine, and that will also be important for the next two decades. The state will have to build at least two more UC schools to handle the growing wave of students who want and deserve that high level of education. And there will have to be an expansion of the rest of the college system as well, state and community, to serve those students who — for reasons of economics or just plain timing — can’t take on the challenge of a university. Most vital of all is more attention to keeping children in school longer at every level, starting

with junior high school. As the ethnic diversity of the state continues to change, so educators have to find new ways to motivate their students, to make them believe that continuing their education will improve their lives. I believe every youngster should spend at least some time in school until he or she

“Today, neither the public nor their elected officials think enough about ... water problems ... water is just too valuable to use only for asparagus.”

reaches the age of 18. There are far too many dropping out completely at the end of the eighth grade.

Public transportation systems such as San Francisco’s BART and Metrorail in Los Angeles were on the drawing boards or at least in the talking stages even when I was in office, and I still continue to support them. But I think that even the greatest proponents of public transport must now agree that they are not enough to keep our major cities from strangling to death in traffic. At one point, when the growth of downtown Los Angeles appeared to have leveled off, Metrorail might very well have eased the traffic problem on its own. But now, with property values soaring and a building boom moving office workers into hitherto empty areas like the space north of the Harbor Freeway, clearly a subway system alone isn’t going to be enough. There will have to be mandatory carpooling and more thought given to ways of limiting growth. The alternative will be a gridlock of epic proportions.

Will California finally get rid of the death penalty, which has done absolutely nothing to deter crime but which has caused costly and occasionally tragic delays in the legal system which it clogs up like an outdated and overused sewer? If you asked me to put money down on the chances of the death penalty being voted out of existence by the public in the next 20 years, I’d probably decline. Voting for the death penalty, even in the face of all the evidence which opponents present against it as immoral and ineffective, is just about the only way most people have of saying something about the crime-ridden society in which they live.

But I also believe that legislators, who know in their hearts how useless and costly the death penalty is, will find a way to either take it off the books or else defuse it so that it is no longer an issue, the way other states such as South Dakota have done. That state has had a death penalty since 1978, but

its lower courts have neatly managed to avoid the issue by the simple expedient of not once imposing a death sentence. Those courts seem satisfied with giving convicted murderers life sentences without the possibility of parole. So far, there has been no ground swell of indignation from the citizens who voted for capital punishment. I think the same thing might well work in California. But faced with almost 300 men now crowding Death Row — a figure that could easily grow to 500 and beyond by 2010 — it might take a couple of actual executions before the idea took root.

As for the problem of crime in general, I don't have any magic answers — just questions. How many teenagers have to die in gang-related shootings before a serious move is made to ban or limit the sale and ownership of handguns? One of the problems is that the public and their elected officials can't seem to think about more than one thing at a time. Abortion is the controversial issue of the day, and because of all the attention being given to it there doesn't appear to be time or room for the death penalty or gun control. The best suggestions I've heard recently about changing the way we

cope with crime come from a reform group called the Crime Victims' California Justice Committee. They advocate things like eliminating the post-indictment preliminary hearing, making lawyers who represent indigent defendants more financially responsible for unconscionable delays and finally by adopting the federal practice of the judges examining jurors — all of which will speed up the system and cause justice not only to be done but *appear* to be done.

Many of the students I talk to these days ask me if I think a Democrat can ever again be elected governor in California, I always tell them that I do — and I'm not just handing out moonshine. I think that the people of this state have always been basically non-partisan, despite recent victories by the other side. What the Democrats will have to do is put together new kinds of coalitions — social and economic as well as ethnic — as the size and shape of the electorate changes.

Last of all, I think there's a good chance that there will be another Democratic governor of California named Brown before 2010. And she'll do a damned good job — just like the other two. 🏛️

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— Dan Conrad and Diane Hedin (1977) on
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*Special thanks to The California Journal for its support for
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The Creative Society and a free people

By Ronald W. Reagan

T

he path of the future is shaped by our past and present. The world stage today presents the triumph of enduring ideas that I first brought to office in California and later in Washington. It is those ideas that will help mold the California of 2010.

When I became governor of California in 1967, I had a vision of the kind of government and state I wanted to work toward. I called that vision the "Creative Society." It stood in sharp contrast to the growing bureaucracy sought by many in Sacramento as well as in Washington in what they regarded as the "Great Society."

I felt that the growth of big government was bad for our state and for the nation. That constant government expansion ran counter to the wisdom of our Founding Fathers. America was launched on a belief in individual liberty, not the false promise of omnipotent government.

The Creative Society promised to turn loose the dynamic forces of free men and women to create, build and produce; it provided the framework to solve California's problems and bring out the full potential of its people. It stood for faith in the collective wisdom and genius of our citizens. This trust in the people, coupled with a deep belief in freedom, was the cornerstone of the Creative Society.

The principles of the Creative Society not only were my guide in Sacramento, but also in Washington. After eight years as governor and my time in the nation's capital, I am more convinced than ever of the overwhelming importance of these fundamental beliefs. The ability of a free people to build and achieve through voluntary cooperation will always out-pace command or totalitarian economies. Success after success among the nations of the world attest to the genius of the marketplace.

As we look around the world in 1990, we are witnessing many of the most startling changes in history. The gale force winds of freedom blowing across Europe have toppled the Berlin Wall and torn down the Iron Curtain. From Europe to Tiananmen Square, people everywhere yearn for the liberty and prosperity of the Creative Society. Liberty, in a way not seen since 1776, is again on the march.

In the past, and more so in the future, California will continue to hold a special place in the hearts of freedom-loving men and women around the globe. We symbolize the full flowering of democracy, the true trust of the everyday citizen. California's provision for direct democracy through the initiative process, ballot propositions, and recalls of government officials are but a dream to those suffering under the iron boot of repression.

The people of California have been in the forefront of efforts to redefine the role of government in our lives. The passage of Proposition 13 in 1978 was the lightning bolt that ignited the tax revolt not only in California but across the nation

as well. That revolt culminated in the passage of the 1981 tax cuts. Proposition 13 and the 1981 tax cuts have had a lasting impact. Since their enactment, more than 25 other nations have also lowered their tax rates.

This approach is rare in history. The spirit of Proposition 13 was a revolution not from the top down but from the bottom up. As a recurring theme in our history, once again the people led the charge and brought about needed change.

Implementing those principles led to an economic resurgence in California that demonstrates two important facts. First, the free marketplace of goods and services, as well as the free marketplace of ideas, is the wave of the future. Whether it is in the United States, Europe, Asia or even behind the Iron Curtain, the world has come to recognize that the key to prosperity lies in allowing individuals the freedom to use their talents to produce the goods and services that their fellow citizens desire. The second fact demonstrated by California's prosperity is that the global marketplace is filled with countless opportunities for all those with the drive, determination and energy to take advantage of them.

The stage is set for even greater opportunities and widely expanded world trade in the years ahead. The rising prosperity of the nations of the Pacific Rim, the United States-Canada Free Trade Agreement now in place, and the fast approaching Europe 1992 offers an outstanding opportunity for expanded trade and economic growth for California.

The coming economic integration of Europe in 1992 will create one of the biggest markets and opportunities for California goods. It will also lead to increased competition for our state's products in world markets. By creating a single European market with standardized policies, Europe 1992 will have the potential to speed innovation, improve efficiency, create new economies of scale, lower distribution costs and conform national business regulations.

Both this increased opportunity and competition is likely to last well into the next century. California exports to the European community currently amount to more than \$10 billion a year, making Europe our single largest market. Even in the face of increased competition, these exports are expected to grow to \$50 billion annually by the year 2010.

But by the turn of this century California's greatest trading partners will be the emerging nations of the Far East. California stands as a trading giant with open arms outstretched to the nation as a whole and to the countries of the Pacific Rim. We are destined to play a pivotal part in the skyrocketing growth of Japan, Taiwan, South Korea, Hong Kong, Singapore and Malaysia.

This expanding trade is one of the key elements in a prosperous future for California. Trade not only helps our state meet international competition but is vital in providing jobs for a rapidly expanding population. Trade directly or indirectly provides jobs for nearly a million Californians. With California's population growing at two-and-a-half times the national average, we cannot afford to ignore or take for

Ronald Reagan served as governor of California from 1967 to 1975 and as president of the United States from 1981 to 1989.

granted the opportunities posed by increased trade.

It is not a mistake today, nor will it be in the future, to call California the "Golden State." From a state founded by pioneers, prospectors, and '49ers, we have built an economy that is tied for the sixth largest in the world. The University of California has more Nobel Prize winners on its staff than any other institution of higher learning. But even in the midst of this economic success and great learning, we face many difficult and challenging problems.

Just as the dynamic forces of free enterprise are the foundation of our economic prosperity, so it is the private sector that may provide some of the most creative solutions to our current problems in the future. The challenges posed by congested transportation, environmental problems, and the need for improved education will frequently be met by the private sector and government working together. California's future landscape may well include many of the following developments that will help address some of our current problems:

- Rocket planes that will allow travelers to fly from Los Angeles to Tokyo in two hours.

- Bullet trains will run along the coastal corridor of our state at high rates of speed moving from San Diego to Los Angeles to San Francisco.

- Private toll roads will become commonplace to greatly expand our road network and ease traffic congestion.

- Satellite centers will provide decentralized, local workplaces made possible by the computer revolution.

These will help address the transportation problems and environmental concerns.

- Telecommuting will be common, allowing workers to do their jobs from home-based computer terminals. This will also help transportation and environmental problems.

- Tele-tutoring will allow children and adults to learn any number of subjects, from the most basic to the most advanced courses our educational system has to offer. This also will be done over home-based computer terminals. We will also be able to access any type of information stored in libraries through these terminals.

- Employee ownership of business will grow dramatically in the years ahead. This will provide California corporations with a new pool of capital that will strengthen their competitive position in the world marketplace.

- Privatization of many functions of government will play a significant role in keeping the size and cost of government under control. It will become a widely accepted approach to problem solving.

- Educational choice will become a principle honored in schools throughout our state. This element of competition among schools will significantly aid educational achievement.

These developments are at best seen only through a cloudy crystal ball. But they reflect what could be the bounty of progress that lays before us. Whatever the direction, California will surely be in the forefront of the next 20 years of progress.

In the decades ahead, America and the world will continue to look upon California as the land of opportunity. Last year 600,000 people came to our state. That migration will continue in the years to come. California's population will grow between 12 to 15 million people during the next 20 years. People are drawn to California by the tremendous opportunities that stem from our diverse and balanced economy. We are the leading state in the nation in agriculture, aerospace, entertainment and trade. Our state is home to one-third of America's high-tech companies. Silicon Valley alone has one-tenth of our country's high-tech businesses. There

are more scientists and engineers at work in California than in the next two states — New York and Texas — combined.

One of the strongest guarantees of a bright future for California is that people want to come here. From the South Vietnamese immigrant that graduates as the valedictorian of his high-school class to world-class scientists and those who just want to work hard to build a better life, California is the engine of their dreams, and the foundation of the future.

In the era to come, human capital, ability, drive and intelligence will be the cornerstone of success for our state. As George Gilder wrote in his recent book "Microcosm:" "The powers of mind are everywhere ascendant over the brute force of things. Today, the ascendant nations and corporations are masters not of land and material resources but of ideas and technologies." This new era will be dominated by the mind of men and women coupled with the new knowledge technology. California will be the growth center for human invention that transcends physical resources.

Just as the industrial revolution drew apart the family that was based around agriculture, so the new information technology will help work be based around the family. We will soon enter a period where mankind will have come full circle. California will be first in that revolution — a revolution driven, directed and created by the private sector to propel the mind of man to new levels of creativity.

In this new age, California will be a bridge to help free the mind and spirit of man.

California will continue to be the focus of the hopes and dreams of men and women across America and around the globe. That will especially be true during the coming 20 years of progress, development and growth. It will hold out for people everywhere what I've always liked to call "the magic of California." 

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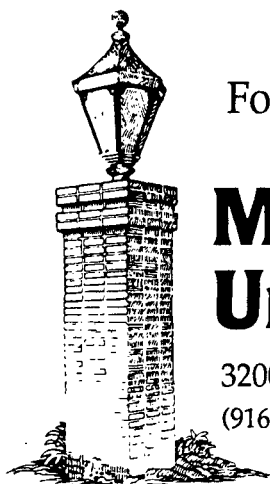
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***Perestroika* in California**

By Edmund G. Brown Jr.

T

he most exciting political phenomenon of our time is the sudden emergence of *perestroika* in Russia and Eastern Europe. *Perestroika*, or restructuring, is now changing the very way we conceive of the world. What we are witnessing is a shift in power that as recently as a year ago was unimaginable.

Who would have thought that the Politburo of the Communist Party in East Germany would resign *en masse*, or that Communist leaders in Czechoslovakia would lose power almost overnight? Unthinkable, yet there it is.

As one examines the conditions in California, one finds a very different context but one that has similar potential for unexpected and long-overdue change. I say that because our entire political process is suffering from the virtual disengagement of the majority of citizens, which my good friend, George Will, tells me stems from their evident contentment. I see it more as a deepening estrangement caused by a style of politics which is turning self-governing citizens into mere consumers of political mail and 30-second television spots.

We have lost the human touch. Whatever you say about the old political machine, it had a human touch. There was some personal contact, and it worked. People from down the street knocked on your door; they helped with a job; they helped you get a franchise, and all the other things that ultimately ended the political machine because it became so effective and then corrupt.

Today the corruption at the heart of our politics lies in the contradiction between the minute percentage of people actively involved and the vast sums of political money exacted from the relatively few. Inexorably, our own political *perestroika* will occur because people are sick and tired of the spectacle of their government apparently belonging to others over whom they feel no control or influence.

How can one build a democratic process on such systematic disconnection between the majority and their governing process?

Every now and then the tensions in a system get so bad that reform becomes inevitable and things change and you get restructuring — or *perestroika*, as we now call it. Historic, economic and psychological forces converge in ways that force change, even collapse. That's exactly what is happening to the Communist Party in Eastern Europe. As for our own political system, I wouldn't say it's collapsing, but it's definitely changing in unprecedented ways. Instability is growing and a general restructuring is not far off.

Edmund G. "Jerry" Brown Jr. served as governor of California from 1975 to 1983.

We see clearly the restructuring taking place in the business world where corporations are being bought out, merged, acquired, changed and sold off as never before. That's not just a product of smart people on Wall Street. It reflects a global change in how business adjusts to new forms of competition, to the fact that currency moves around the world at \$500 billion dollars a day, that high-speed transportation and new information technologies radically affect how we make things, how we sell them, and how we put them together in 10 different countries.

As I reflect on all of this, I see in our own politics a Republican Party which has deftly taken the specter of the Communist menace and used it to mobilize millions of people. If you have ever tried to raise government revenue, you have to stand in awe at the trillion dollars in defense spending that this fear generated.

H.L. Mencken defined politics as "the art of shooshing away hobgoblins," and the Republicans have had much better hobgoblins than have the Democrats. The result, of course, has been continuing electoral victories in the executive branch.

The Republicans have also used that other political hammer: crime. Republicans blame Democrats and promise that they are the only ones who can get rid of crime. Well, they did get rid of me and some of my judges. In fact, 60 percent of the judges now sitting in California have been appointed by our Republican governor, and the Supreme Court reflects his philosophy. Yet, people are more worried than ever about crime and drugs. Cheap cocaine has become so available that you would think it had been deregulated!

Where is the leadership that can say, "OK, the enemy isn't over there in Moscow? We've got some rot right here." Twenty-five percent of our kids are born into poverty. Crime is as bad as ever, even though we've thrown every prosecutor we could into the battle and put hundreds of them on the bench. The gridlock on the streets and highways is escalating. We're wrecking the environment. Forty percent of the kids in big cities are dropping out of school.

In our classrooms we're using medieval technology. One hour per week on the computer is what the best schools provide. This is like having kids use a pencil for an hour a week — as the computer rapidly becomes what the pencil once was.

We've got some problems, some real undertow that's pulling us down. But the question is: Can we mobilize this state to make use of the new "peace dividend" that is coming our way because of the dramatic changes in Russia and Eastern Europe? In other words, can we create our own

perestroika?

The break up of our conventional politics is apparent. It is evident in the proliferation of initiatives on the statewide ballot, and the extreme difficulty of creating a domestic agenda that can persuade a majority of voters. That's why it's so easy to blame Democrats for crime or beat up on the Russians — it diverts attention from the intractable problems.

What confronts us is not a lack of money or brains but rather a lack of belief that we can make a dent on crime, on the environment or in the education of our young. There is a high level of disbelief, and in an environment of disbelief people grasp for technique — for some way to manipulate what is, rather than trying to create what isn't. What "isn't" is a state of California with leadership that can actually do something about education, crime, the environment and transportation.

Unless we can find ways to actively involve the citizens in taking greater control of politics and the financing of campaigns, we will not reverse the deepening cynicism. The political process will continue to disengage people by treating them as customers of spectacle.

Here is the challenge: to create concrete opportunities in politics, in campaigns and fund raising that will enable a critical mass of people to play a vital role in the governing process and thereby turn the alienation into ownership of both the problems and the tough solutions required of us. The adversary is not a distant nation or a sullen underclass, it is ourselves as long as we continue on our self-defeating path of systematic non-participation.

When we see what Gorbachev can do, when we see what the people of Eastern Europe have already accomplished, that should give us confidence. That's the lesson of *perestroika*. No matter how impossible things look, the solu-

tion lies not in tired ideas or old techniques. What we need are leaders who can get citizens back into governing and actually experiencing that they can make a difference, whether it's with their taxes, their volunteer time or with the party of their choice.

We are the people of the country that invented freedom and modern democracy. When we see people sacrificing so much in Communist countries for what we already have, that must inspire us, because we have what they only dream about. Those struggling in Eastern Europe have no experience of democracy. They don't know what political consultants do. They don't know how to do a computer mailing. They don't know the mechanics of what it is to run a free society. But we who do have the obligation — the heroic opportunity — of justifying what it is they've been sacrificing for. We are practicing what the world is in labor to attain and create. And that's our high calling in California: to use our resources to enable people to become citizens in the fullest sense of the word and advance an agenda that truly prepares our state for decades to come.

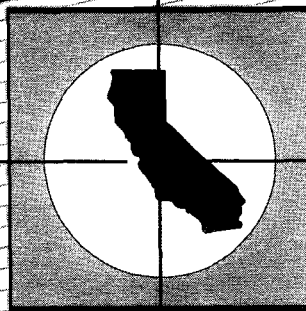
Our peace dividend is coming over the next five years. How we use it and how we mobilize the necessary leadership will depend on enough people understanding that, yes, we can overcome the paralysis. Yes, we can change the depressing fact that one out of 10 babies born in California is born to a mother who is abusing drugs. Yes, we can stop wrecking the environment. Yes, we can educate all our people. And yes, we can figure out a way to get people from their homes to their jobs and back without polluting the air and wasting hours in their cars.

It's all possible. Neither money nor technology holds us back — only insufficient faith in our own capacity to lead and accomplish what needs to be done. 🏠

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A beacon of hope

By George Deukmejian

S

ince the days of the Gold Rush, California has been synonymous with adventure, opportunity, prosperity and vision. It has been a land of dreamers and doers, and a beacon of hope for millions of people from throughout the world seeking a better life.

The California experience in 1990 offers many of the same opportunities that have long distinguished our state as a leadership state — a growing economy, quality education, one of the world's best systems of public infrastructure, a productive workforce and unmatched natural resources.

But California in 1990 also faces many challenges. Our population is growing by more than 650,000 people a year. That's as if California were growing a new South Dakota or Delaware in a single year. More jobs are being created but, increasingly, these are jobs requiring advanced skills, training and education. More people in our state also means new demands on our transportation system, our existing school facilities and our housing market.

How do we, as elected officials, business and academic leaders and concerned citizens address these needs? And how do we preserve the precious California dream for future generations?

The question of where California will be in 20 years is an important one. That is why, two years ago, I asked some of our state's leading business and educational leaders to try and answer it.

Their report, entitled, "Vision: California 2010," paints a vivid picture of what California can be in the new century. And it offers us a road map of how we can get there.

California in the year 2010 will be very different from the state we know today. We will have nine million more people — a one-third increase in population. This growth will add 7.8 million motorists to our roads, swell the school population by 1.2 million students, increase the retirement community by 1.7 million and require 3.3 million new homes. Our population as a whole will be older, and today's ethnic minorities will together become the new majority.

The economic competition we face will become increasingly global in nature. Not only will our markets be chal-

lenged by other nations, but so will our technological leadership. Anticipated changes in federal policies, such as a reduction in defense spending, will create further pressures on existing job-creating industries.

As Californians, we are rightfully proud of what we have accomplished in the past. But if we rest on our laurels, we will most certainly lose our leadership. The public and private sectors of California must work together to change difficult challenges into golden opportunities.

Our challenge is to continue with a common-sense, efficient government, while providing the increased services that will be needed for our growing population. The Vision 2010 report outlines an "achievable vision" — not a vision built on outlandish social engineering or expensive government subsidies, but a vision that harnesses our tremendous strengths as one of the world's largest economic powers and our strategic location on the Pacific Rim.

This achievable vision sees an economically competitive California in an increasingly international economy; one that remains on the cutting edge of new technology and innovation; and one that successfully integrates immigrants and minority residents into the mainstream of society.

The report lays out the achievable vision in many specific vital areas. In transportation, the report warns us that if present trends continue, traffic congestion will increase by 15 percent per year over the next 10 years. Freeway congestion will increase five-fold by 2010, resulting in a reduction of average speed from 35 to 19 miles per hour. Californians, who already lose 400,000 hours daily due to regular traffic slowdowns, would be in danger of losing not just more hours on our highways, but their jobs and quality of life as well.

To avoid this gloomy scenario, the report recommends that we use our existing transportation network more efficiently, increase funding, ensure adequate maintenance and adopt more flexible transportation planning and management.

Based on these recommendations, our administration took the initiative and acted. Through a series of Transportation Summit meetings with key legislative and private sector leaders, we fashioned a long-term plan to help relieve traffic gridlock and unlock the true potential of our economy.

This plan, the Transportation Congestion Relief and

Spending Limitation Act of 1990, will put California ahead of other states in our funding and our approach to improving the state's roads, highways and mass-transit systems. It will raise an additional \$18.5 billion over the next 10 years to continue the aggressive transportation improvement program we have implemented during the last seven years. These funds will be used to expand our rail and mass transit services, upgrade our urban and rural road system and increase the efficiency of our state transportation department.

The 2010 report recommends that revenues to pay for better transportation come from gas taxes and user fees because they encourage more efficient use of our transportation system. For this reason, our plan asks voters to pass measures on next June's ballot to increase commercial truck weight fees, to raise the gas tax by nine cents a gallon over five years and to pass a bond measure for mass transit.

In addition to transportation, the 2010 report also lays out an achievable vision on education. Today's students must acquire the knowledge and skills to become part of tomorrow's well-trained and productive work force. Our administration has set the course for attaining this achievable vision by making education our top budget priority, and by launching an ambitious program of classroom reform.

We have increased public school (K-12) funding 92 percent over the past seven years, while student enrollment has only gone up 17 percent. Also, to attract our best minds to teaching, California now ranks first in the nation for salaries for beginning teachers.

In addition, we realized that in order to have first rate education, we must have first-rate educational facilities. We have embarked on an ambitious capital outlay program for K-12 and higher education that has totaled nearly \$6 billion since our administration took office.

Besides education and transportation, we have gone far in setting the course for achieving our vision in many other areas. In environmental protection we now have the top-ranked state environmental program in the country. In turning scientific research into desirable products for the marketplace, we have instituted a competitive technology program. And, in cementing California's leading role in the international economy, we have opened four state overseas trade and investment offices, with a fifth to open next year.

It should be noted that the success of our economic and governmental programs has been made possible because of our willingness to invest in the public facilities needed to handle our state's growth and expansion. From 1982 through 1988, I have supported virtually all of the \$8.9 billion in bond measures that California voters have approved for capital outlay projects ranging from water projects to housing, libraries to schools, and parks to prisons. In fact, in our eight budgets, infrastructure spending totals nearly \$37 billion.

While all this money has been well spent, I have been especially pleased by the great progress we have made in our prison construction program. Because of the many tough anti-crime laws I have signed, California's inmate population has risen to more than 84,000. In response to this growth, we have completed 14 major new prison projects that have added more than 25,500 prison beds to our correctional system. This has ensured that criminals will spend their sentences behind bars and not out in our neighborhoods.

Our building programs have been matched by our efforts to come up with innovative solutions to difficult problems. For example, in 1985 California instituted a historic new welfare program called GAIN (Greater Avenues for Independence). GAIN provides able-bodied welfare recipients with a mandatory program that offers a broad range of em-

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JANUARY 18, 1990

**Who Represents Us in Sacramento
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Columnist, The Sacramento Bee

BRUCE CAIN, Associate Director, Institute for
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JACKIE SPEIEL, Assemblywoman, D-19,
San Mateo

LINDA WONG, Executive Director,
California Tomorrow

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FEBRUARY 1, 1990

**Are Political Parties Doing
Their Job and What is That Job?**

Moderator: **ROLLIN POST**
KRON-TV, San Francisco

CATHY CALFO, Executive Director, California
Democratic Party

KAY LAWSON, Professor, Political Science,
San Francisco State University

BOB NAYLOR, Former Chairman, California
Republican Party

CLINT REILLY, Political Campaign Consultant

FORUM III

FEBRUARY 15, 1990

**Is Reform Legislation
the Answer?**

Moderator: **MARK BARABAK**
Political Writer, San Francisco Chronicle

JOAQUIN G. AVILA, Attorney, Mexican American
Legal Defense & Education Fund (MALDEF)

SHERRY BEBITCH JEFFE, Senior Associate,
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ployment and supportive services. Today, GAIN assists 306,000 welfare recipients, and was a model for the national welfare reform program enacted last year.

One of the greatest challenges that will face communities throughout the nation in the coming years is how to dispose of the growing amounts of trash and garbage that consumers, businesses and agriculture produces. In California we've shown the vision to construct a plan to solve this problem before it becomes a crisis.

In 1989 we won passage of a plan which will reduce the amount of waste going to landfills by 25 percent by 1995 and by 50 percent by the year 2000. We will accomplish this achievable vision by reducing the overpackaging of products, recycling, developing new markets for recycled products and enforcing tough environmental regulations.

By making California a more enjoyable place to live, we have increased our state's attractiveness as a destination for tourists. Since 1984 we have invested \$34 million in an aggressive campaign to promote tourism. This investment has paid off handsomely. Today California is the most popular state for travel by U.S. residents, with tourism supporting half a million jobs in our state.

How will we continue to achieve our goals? Some would say that the only way to ensure California's greatness in the years ahead is by picking the pocket of taxpayers to pay for massive new government programs.

But California's problem is not a lack of revenues. This year's budget totaled nearly \$50 billion — double the size of the budget just seven years ago. And this has happened without an increase in taxes. In fact, California has gone from having the third-highest local and state tax-burden in the nation, to an average tax-burden state. Yet state revenues have risen 52 percent, allowing the state to increase its spending on vital programs like health and welfare, education and public safety.

Today California continues to enjoy excellent fiscal health. Wall Street gives its highest rating — Triple A — to our state's bonds. Our powerful economy has created 2.7 million new jobs for our people, cutting the unemployment rate to less than half of what it was when I took office.

In a free society, excellence is not measured by the growth of a budget, the size of a bureaucracy or a tax increase. Excellence is achieved by preserving the opportunity for people to soar as high as their talents and determination will take them. To do that, people need a government that cares about education, jobs, public safety and, most important, the people it serves.

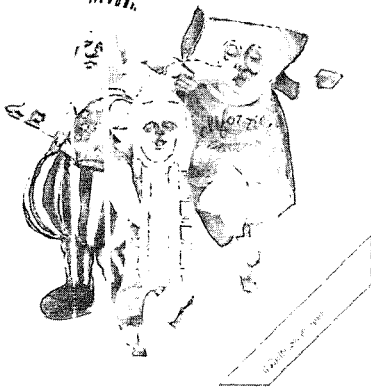
In 20 years California will continue to enjoy the highest standard of living and quality of life in the nation and the world. Our research centers and industries will be fueling the world's economy with a stream of innovations and inventions. In addition, literacy will improve dramatically, poverty will decline, businesses will flourish and our environment will become cleaner.

This is an achievable vision. Through the actions taken by the Legislature and our administration, California seems headed toward an even better future. Where government action is required, we must act effectively and efficiently to meet our responsibilities. But we must always be mindful that it is the hard-working citizen and the productive business sector that are the true source of our prosperity.

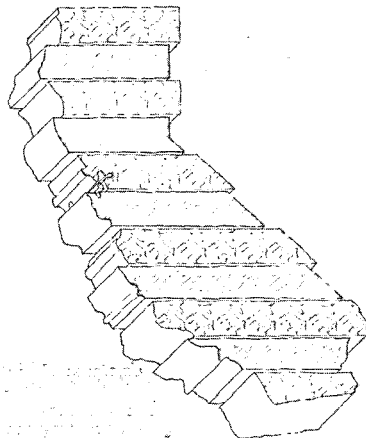
It's been said, "We go eastward to realize history. But we go westward into the future, with a spirit of enterprise and adventure."

California can lead our nation into the future if we act with boldness, and if we recognize that government alone cannot build the future. Only the great people of California can do that. 🏛️

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25
Walters
1990-1991

Politics and government: Riding the cyclical wave

By Dan Walters

There is a certain cyclic nature to state politics, at least superficially.

At a given moment in California's history, Democrats may enjoy dominance but just a few years later the Republicans may have supplanted them in the affections of voters.

One is tempted, therefore, to predict the political situation much as some meteorologists forecast the weather or some financial gurus look at the stock market, as something that can be measured and quantified in fairly precise terms and therefore predicted with a degree of mathematical certainty.

But, as with either the weather or the stock market, trends do not occur in a vacuum. There are reasons why droughts and storms occur, why stock prices rise and fall and why political attitudes switch from one party to another. A more sophisticated approach to any cyclic activity is to study

the real-world conditions that foretell changes, be they the temperature of ocean currents, changes in industrial productivity or, in the case of politics, social evolution.

The political orientation of a society is the end product of the socioeconomic and demographic changes that have occurred within that society. That's been the recent history of California and that's the best method of forecasting what will occur within the reasonably near future, the next generation or so.

In sociopolitical terms, California is in the third phase of the third wave.

The agrarian, semi-rural California of the late 19th and early 20th centuries produced correspondingly rural-oriented politics. The turn-of-the-century battles between farmers and the Southern Pacific Railroad, which resulted in the Hiram Johnson-led reform movement, typified the politics of the era.

Likewise, the social upheaval of the Great Depression gave birth to more confrontational politics such as the battle over the so-called "Townsend Plan," while Cold War ex-

Dan Walters is a political columnist for The Sacramento Bee and author of the book, "The New California."

tremism had its counterpart in the state.

As California's population began to swell with waves of emigrants from other states during and after World War II, the political climate underwent a fundamental change. The newcomers, a young and upwardly mobile group with high ambitions for themselves and their families, provided the base for an expansionist phase in California politics.

The two decades that followed World War II saw an historic surge of building highways, schools, libraries, recreational facilities, water systems and other infrastructure improvements needed to serve an expanding population, as well as the taxes to pay for them.

The era also saw California shift from political dominance by Republicans to that of Democrats, highlighted by the 1958 election of Pat Brown as governor, Clair Engle as U.S. senator and strengthened Democratic majorities in the Legislature. The heavy industrial development that California had experienced during the war and postwar years had created a new industrial middle class that traditionally is the backbone of the Democratic Party.

By the mid-1960s, industrialism was on the wane, soon to be replaced by a hybrid post-industrial economy. Population growth was slowing and middle-class voters were reacting to the social upheaval of the period by turning right. The Democratic Party began to suffer, even though it would enjoy another spike of popularity in the mid-1970s in the aftermath of the Watergate scandal. Ronald Reagan's 1966 election as governor and new GOP strength in the Legislature were harbingers of a beginning change in the political weather.

By the late 1970s, the shift to a post-industrial economy was well under way, the blue-collar middle class was fading and the electorate was beginning to age dramatically. From the nadir of the mid-1970s, when scarcely 30 percent of California voters called themselves Republicans, the GOP began to surge.

The passage of Proposition 13 in 1978 signaled the onset of a new era in California politics. Expansionism was out and self-protection was in. An aging, overwhelmingly White and mostly affluent electorate — the overclass — was beginning to erect legal barriers to protect its socioeconomic position against what it saw as governmental excess on behalf of a non-White, relatively poor but fast-growing underclass.

The social change that had occurred in California two generations earlier had manifested itself in political evolution. But the social and demographic change that was occurring in California during the 1980s was creating a backlash of self-protectionism which manifested itself in developments as otherwise diverse as the slow-growth movement and the voting of liberal justices off of the Supreme Court.

The most successful politicians and political causes of the 1980s have been those which appeal to self-protective instincts in a society that has grown more complex even as it grows more rapidly in absolute terms.

In partisan terms, this self-protective trend has mostly benefitted Republicans as GOP candidates have drummed hard on opposition to taxes and crime. Republican voter registration is up 10 percentage points from the mid-1970's low (once non-existent "dead-wood" is eliminated from registration rolls), while Democratic registration has fallen by 10 points. Even more dramatically, party identification in statewide preference polls has gone from a nearly 2-1 edge for the Democrats to virtual parity at about 45 percent each.

Republicans have won seven of the past nine top-of-the ticket contests for president, governor and U.S. senator and have virtual parity in total legislative and congressional votes despite Democratic gerrymandering of districts.

As Democratic Party registration continues to drift downward, the GOP seems poised on the brink of turning social change — or, more accurately, the reaction to the change — into political dominance in the 1990s and beyond.

But caveats abound.

One senses that there's a lot of potential but still-untapped political emotion in California. Congestion, environmental degradation and drug-driven gang warfare have produced a climate of uncertainty. Polls indicate that a rising number of Californians see the quality of their lives diminishing and are anxious about the future.

The two major variable factors in the political forecast for California are whether that still-vague sense of disenchantment will be exploited by either party or any candidate for high office and whether the surging numbers of Asian and Hispanic immigrants will become a political force.

These two factors are, quite obviously, interrelated since the first is, at least in part, a product of the second.

California's immensely diverse so-

ciety, perhaps the most complex mankind has ever experienced, seems to be drifting into a form of tribalization. That is, we are seeing ourselves less and less as parts of an homogeneous whole and more and more as members of certain social and/or economic classes with the interclass connectors shrinking.

Anglo vs. non-Anglo, English speakers vs. non-English speakers, homeowners vs. renters and/or the homeless, parents vs. the childless, the employed vs. the jobless, the haves vs. the have-nots, environmental protectionists vs. economic developers — the socioeconomic boundaries are being drawn, the middle is shrinking and the struggles are being translated into political terms.

The specifics may be taxes, crime, bilingual education, welfare reform or dozens of other issues, but the underlying theme is one of inter-class friction, and political leaders seem unable to find a consensus on which action can be based.

Today, voters overwhelmingly represent the overclass — 85 percent Anglo, two-thirds with above-median incomes and post-high school educations and half over 50 years old.

As long as the characteristic gap between voters and the larger society continues to widen, Republicans probably will continue to gain strength while the Democrats will continue to lose.

In overall terms, the Republican Party has been edging a bit to the left during the 1980s, becoming more centrist as it expands. Right-wing elements are losing strength within the party, which is bad news for the Democrats.

The Democratic Party, meanwhile, has been drifting, unable to stop the hemorrhage of middle-class white voters to the opposition although as yet incapable of organizing the unorganized, non-Anglos and the economically dispossessed.

When Jerry Brown became state Democratic Party chairman in 1989, he promised, in effect, to nudge the party to the left in a vast grassroots organizational effort. It's too soon to tell whether that strategy will pay off; in the short run, it may cost the Democrats. But in the longer run it may be the only realistic hope for the Democrats to stop their erosion of strength.

California is ripe for a man (or woman) on horseback, someone who can exploit the latent feelings of discontent and foreboding that have taken root in the state. But the current crop of politicians, who collectively cannot generate enough charisma to fire up a

light bulb, is unequipped for the job of semi-demaagogue. Political leadership, at least in terms of setting the policy agenda, has shifted from those who hold office to a new crop of initiative entrepreneurs who bypass the traditional policy-setting apparatus altogether. The governor and the Legislature have become reactive at best and irrelevant at worst.

Unless someone emerges to capture the imagination and move the state in some new direction, the most likely prospect is for a continued downward drift for the Democrats during the 1990s, with the distinct possibility of the Republicans becoming dominant if they can get a fair shake on the post-1990 census reapportionment of legislative and congressional seats, if they show at least a modicum of leadership on pressing public policy issues and if — and a big if — they continue to move towards the center and don't shoot themselves in the foot over abortion or some other hot-button issue.

Beyond 2000, the picture becomes cloudier.

At some point, obviously, the looming numerical dominance of non-Anglos will translate itself into a changing electorate, but it could be well beyond 2010 before that occurs. And by then, their socioeconomic position may have changed so much that they could not be automatically counted as Democratic voters. One respected poll of non-voting Californians, in fact, indicates that they favor Republican positions more than voters do.

The agenda of pressing policy issues, meanwhile, will grow longer as the state's population continues to expand (by about 6 million per decade) and grow more diverse. And the decentralization of policy-making as exemplified by the rise of initiatives, coupled with the stratification of the larger society, could evolve into a breakup of the monopoly that the two major parties have had on politics. California could, with a change in the structure of government, become a multi-party state.

But the overriding question about California politics in the next generation is not so much whether Republicans or Democrats dominate, but whether any party, or government itself, can function effectively in a fast-changing social environment. The threat is that the state's current crisis of governance will become a permanent condition and politics will be a sideshow rather than a vehicle for social action. In that sense, California is a living laboratory for the American system of government. 🏛️

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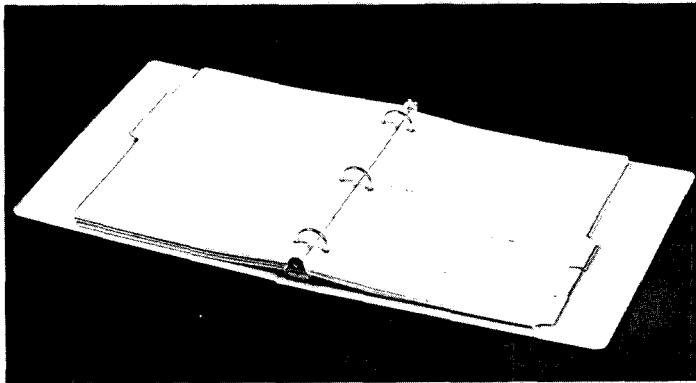


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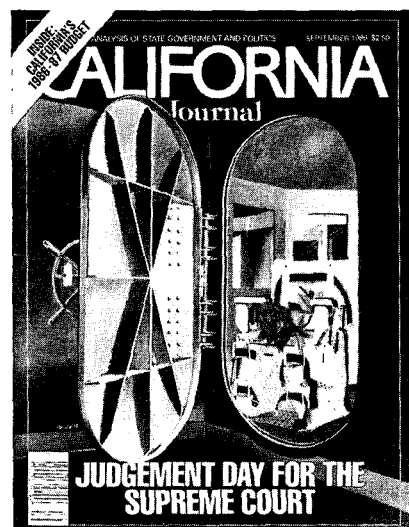
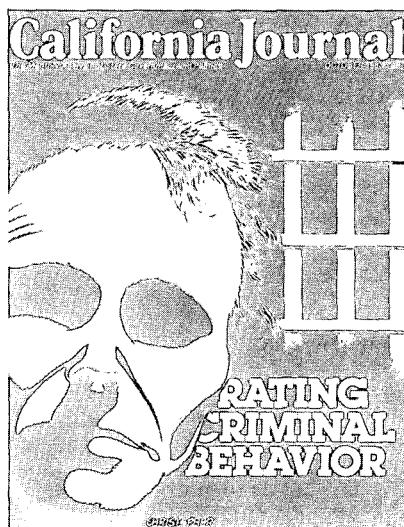
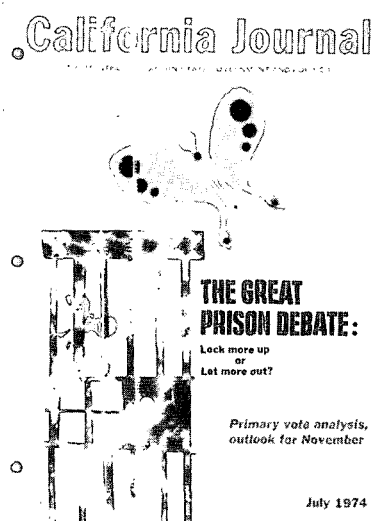


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Law and order: Criminal behavior pegged to drug abuse

By Steven White

Crime and punishment in the year 2010? If the year 2010 sounds far off and in the distant future, consider that it is only 20 years in front of us — as far ahead of us as 1970 is behind us. Since that's a short reach, we ought to have some clear and sharp ideas about what will be happening. But we don't. Take, for instance, the volume of crime. Will California have more or less of it in the year 2010?

Some crime pundits are forecasting that the next 20 years will be much like the 1980s: a crime rate slowly declining because of an aging population (most crime, especially violent crime, is committed by young males) and a relatively stable social system.

Steven White, a former deputy attorney general, is district attorney for Sacramento County.

But others are not so sure. They believe that the next 20 years will be more like the 1970s, a relatively high-crime era. They expect to see heavier immigration of a young population producing larger-than-average families. California's population would be significantly younger than the nation's generally. This, coupled with increasing economic polarization, could make for less stability and more crime.

The difference between these two predictions is substantial. If the 1980s is our model, we would get a crime rate in the year 2010 of about 2700 crimes per 100,000 population. If 2010 were to track the 1970s, we would see about 5200 crimes per 100,000.

I tend toward the more optimistic view, but not because I expect things to remain as they have during the 1980s. My reasoning pivots on the most publicized aspect of crime in the United States today: the sale and use of drugs. We'll see

over the next 20 years a lessening of our drug problem and a consequent reduction in the enormous magnitude of drug-related crime.

Few people seem to appreciate the immensity of the burden drugs impose upon our law-enforcement system. In Sacramento, we estimate that about 60 percent of our workload is drug-driven. I doubt that it's much different in any other metropolitan county. (Drug-driven crimes divide into four categories; drug crimes themselves, like manufacturing and trafficking in drugs; crimes committed to finance the habit, such as burglary, robbery, and auto theft; violent crimes committed by those under the influence, such as murder and rape; and violent crimes resulting from competition among drug dealers, such as murder and assault.)

Why believe that the drug problem is likely to abate? First, and most important, a tremendous anti-drug educational effort has engaged our schools and families and social leaders during recent years. According to research by the California Attorney General's office, the effort may be working. Drug use among young people apparently is declining. Provided that these efforts are not relaxed in any way (indeed, they might become much more vigorous, particularly if the role of television is expanded) there is no reason for that trend to change.

Another factor, of lesser impact, is that we're showing no mercy to drug dealers, traffickers and manufacturers. We spend a great deal of time and money catching them, and today we send them to prison. This at least has a marginally salutary effect.

Of course, educational efforts and stiffer penalties will not rid us of the problem altogether. Unfortunately, the more important of the two — educational efforts — works best with people in the mainstream of life. It doesn't work nearly as well with the growing underclass, with people whose lives are lived desperately, who are totally excluded from the culture the rest of us live in.

As a result, the drug problem is expected to continue in rapacious severity at the poorer end of the social structure. When it comes to drug use, what we're likely to see is an economic demarcation line. Those above the line will use drugs less; those below will continue as now, and may fall even further into the chasm cut by drugs.

If this prediction is wrong — if the drug problem doesn't show an overall decline, and perhaps even worsens — then we can expect to see increasing pressure for the legalization of drugs. Even today, I hear more and more talk suggesting support for this idea. These suggestions come from bedrock citizens; from people who would never have supported this proposition in the past.

The thesis advanced is that legalization would reduce the kinds of crime people turn to in order to get the money for drugs. The responding argument is that, by legalizing, we would create a state-sanctioned social class of zombies (because drugs would be so easy to get); and that it is morally wrong to stand aside while millions upon millions of our citizenry elect to burn their lives away with toxic drugs.

Experience elsewhere demonstrates that with legalization drug use would rise substantially. Some potential addicts will not turn to drugs simply because drugs are illegal; they don't succumb to toxic drugs because, collectively, we have concluded that such drugs are so dangerous and so harmful their non-medical use must be prohibited. If we legalize them, more will try them, more will be addicted, and the moral dimension of the problem — people ruining their lives and the lives of others — will worsen. That robberies,

burglaries, and car thefts would be reduced can be tenably argued. Does the trade-off make sense? If, with our current laws, the rate of drug-driven crimes does not turn downward, the thesis of those who urge this trade-off will have increasing popular appeal.

But there's more to crime and punishment than crime rates and drugs. There's technology. It's always safe, of course, to predict advances in technology. Science has been marching in that direction since the 16th Century, and there's no reason to think it will stop. Indeed, given the logarithmic acceleration of this march, 2010 should be a huge technological leap from today. Police work will get its share of new technology and gadgetry.

Some of these scientific developments will trip on the same kinds of problems that their predecessors meet with today. For instance, the California Highway Patrol recently abandoned plans to use small hand-held devices at sobriety checkpoints to check motorists' breath for alcohol. Many felt these devices would violate constitutional rules against illegal searches and seizures, and in any case were an over-reaching tool for the police.

But apart from the constitutional questions that such devices raise, there are questions of necessity and utility. Some of this technology is over-kill. For example, one of the problems police don't have is figuring out whether someone has been drinking.

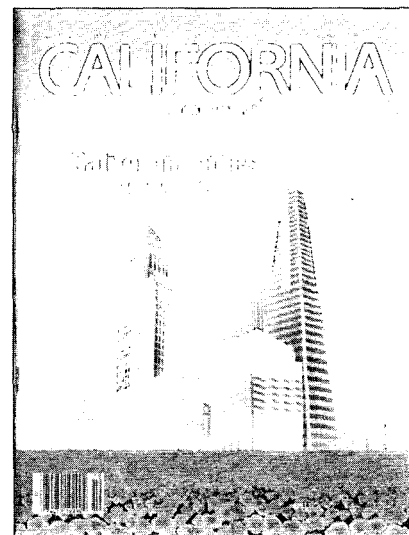
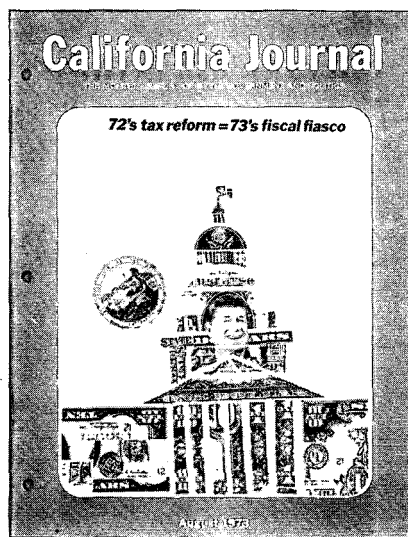
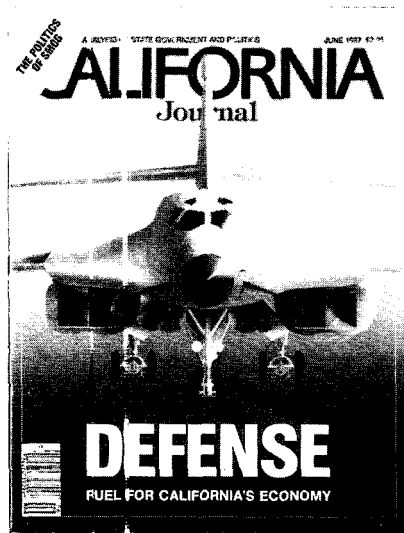
However, there are areas that clearly warrant a continued push in technology. In the years ahead law-enforcement will be doing more and more with DNA — the basic building material of genes. The DNA in each of us is like fingerprints — unique to ourselves. Since genetic markers appear in virtually every cell of the body, police need only a hair follicle, a semen stain or a spot of blood to place a suspect at a crime scene.

One technological advance I envision is in the ability to gain information from smaller and smaller samples. Because each of us constantly sloughs off cells, our presence is recorded wherever we go, and some of our cells remain behind when we have left. We will see some impressive technology allowing us to recover more evidence than today we can't even find — to pick up specific cells at a crime scene — even though we don't find a hair follicle, see a semen stain or discover a spot of blood. But what if there are no suspects?

What if an elderly woman is killed during a burglary of her home and we recover the genetic clue — but we don't know from whom it came? Just finding cells of the killer's skin in scrapings from the underside of the victim's fingernails will take us nowhere unless we can match the recovered DNA against a known sample. Without a suspect in mind we will need a DNA data bank and a computer to sift through millions of entries. Otherwise we will never find the match. Already steps are underway to establish such a DNA bank. But how extensive should that bank be? Should it be limited to those convicted of violent crimes? Should it be a larger group? If so, what limits should we impose?

These questions promote both constitutional and political questions. How much should government know about the DNA of the governed? Should every baby's blood be typed for DNA and the result retained by computer for a human lifetime? Unquestionably this would help us identify criminals, dead bodies, comatose accident victims, missing children, and so on. These are among the many questions spawned by advances in the application of DNA law-enforcement technology — questions pressing for answers in the next 20 years.

And, finally, the safest prediction concerning crime in 2010: It will still touch the lives of virtually everyone. 🏠



The economy: Gateway to the Pacific

By Tony Quinn

California: Wholly-owned subsidiary of Japan.
California: America's Third-World state

A description of California's future? Some people think so. The most salient difference between California in 1990 and the California of 1970 is a sense that we are losing our destiny, that we are being overrun by foreign money and foreign nationals.

It's a legitimate concern, but it's also the narrow focus of a much larger story. California's future is being shaped by personal decisions made hundreds of times a day somewhere across the globe.

A Soviet Jew, exit visa in hand, boards the plane in Moscow destined for Tel Aviv. In Frankfurt, putting aside pangs of conscience, he changes his ticket — for a flight to San Francisco.

The best and brightest of a Guatemalan village can take it no more. He starts his trek north, and doesn't stop until San Diego.

The Japanese banker, high in his tower above the glittering lights of Tokyo, spins a globe looking for the best place to

invest his millions. His finger stops on Los Angeles.

In 1849 and a century later following World War II, the world rushed to California. Once again the world is rushing in, and California finds itself at the center of one of the greatest migrations of money and people in history. In 1986 and 1987 our population grew by 1.3 million people — the largest two-year gain in our history.

Half of these people, if demographers are to be believed, are immigrants from other nations, their emigration driven by events like the collapse of Latin American economies and uncertain political situations at home.

It isn't over. The Tiananmen massacre, El Salvador's civil war, worries about Hong Kong will all be reflected in California's population gains in the 1990s.

Why do they come here? Consider these facts: Since the end of the 1982 recession we have created 2.3 million new jobs, more than all of western Europe. Our gross state product has grown by 40 percent to more than \$600 billion. That growth alone is equivalent to the entire economy of Australia or Spain.

The very dynamic of this state draws people. California is now a major manufacturing state. That wasn't true 20 years ago, even though we had more blue collar industries then. But American manufacturing is no longer driven by tradition-

The author is director of public affairs for Braun and Company, a business public relations company. He has written extensively on California demographics and politics.

al heavy industries, most of which cannot compete internationally.

California's growth industries in this decade, and for the foreseeable future, are those that compete in global markets. In recent years, the fastest manufacturing growth has come in high-technology industries such as electronics, California's bread-and-butter industry.

In the 1990s and into the next century, the information-age industries will be the fastest producers of economic wealth. Superconductors, lasers, gene manipulation, fiber optics and technologies with names we don't even know will continue to butter California's bread.

It is not so much a matter of absorbing new technologies. "We are trying to absorb multiple technologies at once," says Paul Saffo of Menlo Park's Institute for the Future.

California's strength has been a networking of these multiple technologies. We account for a third of the nation's high-technology companies. Our 5500 electronics and computer firms produced \$63.5 billion in goods and services last year.

Electronic goods accounted for \$3.6 billion of California's \$27 billion export market, according to a study by the California Department of Commerce. Electrical components find a market overseas not open to other American products.

Because we succeed where much of the rest of America fails, we are less fearful of international commerce than other states. Protectionism is not welcome here; we pride ourselves in being more cosmopolitan. This includes our attitude toward Asian investment, particularly Japanese.

Accommodation of diverse cultures is a requirement for future economic success. The Asian presence here goes back decades, as does California's presence in Asia.

And, remarkably, it is just beginning. The twin phenomena of foreign investment and foreign immigration will do more to shape California's economy over the next two decades than anything else.

For one thing, they will help make Los Angeles America's most important city. It is already the nation's most culturally diverse. In the next decade Los Angeles County will lead the country in job growth, adding some 800,000 new jobs, many filled by new arrivals.

Guess which county will be number two? Orange County, with 620,000

new jobs. San Diego and Santa Clara Counties will be numbers six and seven. On the other hand, Cook County, Illinois, and Suffolk and Nassau Counties, New York, will be numbers 10, 16 and 30.

Around the turn of the century, Los Angeles County's population will exceed the five boroughs of New York. In the first decade of the 21st Century, assets of California financial institutions will exceed those of New York's banks.

"Hundreds of years ago Venice dominated the Mediterranean, and then finance moved to Amsterdam and Antwerp, and then London was the commercial center of the world. Then with the opening of the New World, finance came to New York. But with the opening of the Pacific Rim, I see a definite shift to Los Angeles. By the year 2000, L.A. could be the leading financial center of the world," says Bank of America's James Miscoll.

In this decade, asset growth of California banks has far outraced that of New York banks, and California banking has taken on a distinctively international flavor.

With five of California's top ten banks and control of a quarter of the state's banking assets, Japan has become the major foreign player in California banking — a position held by the British until this decade.

But the Japanese banking presence is also just part of a much larger picture. Since American sailors first put to sea our economy has revolved around the world of the North Atlantic: the great commercial centers of Europe and the cities of America's eastern seaboard.

But in this decade, that has changed. We now do more trade across the Pacific than the Atlantic. Japan is the new economic giant of the world, hotly pursued by the various Tigers of the Pacific: South Korea, Taiwan, Hong Kong, Singapore.

For the newly wealthy of the world, the sun rises in the west; America's day begins along its Pacific shore. And California is the beachhead from which, like it or not, Asians and Europeans are stamping an international character on the American economy.

Nothing will be more striking in the next 20 years than the impact of international commerce. Like almost everything else, the future happens here first, and the international stamp is already very visible here in California.

One of our two remaining automobile plants is a joint venture involving General Motors and Toyota. Both of our two remaining steel operations involve

foreign companies. The state's only cotton mill is Japanese-owned.

And then there is the wine industry. Sip a fine cabernet from such ancient California vineyards as Almaden, Beaulieu, Inglenook or Christian Brothers and you're drinking foreign-owned wine. Each is British owned. For nearly two decades Switzerland's Nestle has owned Beringer Brothers. California's oldest winery, Buena Vista, is German-owned.

In all, some 64 California wineries are foreign-owned, mostly by Europeans. There's an important lesson here. For all the xenophobia about Japan, Europeans are the bigger players in California foreign investments. Canada, in fact, is the biggest single investor, followed by Japan and Britain.

Those foreign investors are putting international capital behind California production. It is important to remember that the British aren't taking their vineyards off to London, nor are the Japanese moving their hotels and office buildings to Tokyo. In fact, about 50 percent of these new foreign-created jobs are in the manufacturing sector. That's a far higher percentage than exists in the state's workforce as a whole, which has about 20 percent of its employees in manufacturing. These foreign investors actually employ a larger percentage of Californians in manufacturing operations than the workforce as a whole.

Nevertheless, the role of foreign investment, and foreign immigration, will be dominant political and economic issues in California in the 1990s and beyond. Although foreign money accounts for less than 10 percent of investments in this state, it shows up in dramatic and sometimes painful ways. One might have thought our cultural birthright was up for grabs when Sony bought Columbia Pictures.

Yet the reality of the 1990s is that American industry cannot survive unless it can compete globally, and California, as the most international of America's continental states, cannot help but be a major player.

As long as America remains a debtor nation, we will draw foreign capital here, and more of it will land in California than anywhere else. But foreign capital, like domestic capital, does not operate in a vacuum. Most Japanese automobile companies placed their design centers in California because, in their view, California sets the style for the rest of the nation.

The auto industry is a good laboratory for future economic study. In this

decade Detroit has experienced a renaissance, because American car makers found it necessary to compete with Asian and European models to survive. The result has been a better American product.

That's likely to be even more the case tomorrow. The electronic gadgets and gizmos that will light up the dashboard panels of tomorrow's cars will represent the efforts of more than one nation. It may well be impossible in a few years to find a car entirely made in one country.

California is better integrated into the international economy, and thus should play the major role in reshaping a global market economy.

However, demographic trends may exert counter pressures. In 2010, according to the California Economic Development Corporation's "Vision 2010" study, California will have a population of almost 40 million, and almost all this growth will be found among non-anglo whites.

At the same time, our population overall will rapidly age, with the greatest percentage gains among those over the age of 65.

Retired people have far different priorities than working people, often

exhibited by resistance to growth and change. Can the political will be found to finance the educational and infrastructure commitments needed in a state inhabited by millions more people?

Over the short run California may actually experience a labor shortage, or at least a shortage of adequately trained workers, as larger and larger shares of the population reach retirement years throughout the 1990s. This will probably help us weather the coming defense industry downturn, but it could also cost us some basic industries that won't be around when we need them.

In the first decade of the 21st Century, today's immigrant population, with its younger families, may well flood the labor market. Our immigrant population comes in two distinct forms: low skilled workers, mostly from Latin America; and highly educated immigrants, mostly from Asia.

Nearly 44 percent of adult Asian immigrants hold college degrees, compared with just 16 percent of the general adult population, according to Joel Kotkin, in his new book, *The Third Century*.

Does this suggest a two-tiered economy in the next century, with highly educated whites and Asians domi-

nating information-age industries while everyone else works in "third world" style manufacturing? Some people see the outlines of this today in the growth of apparel, hotel and restaurant jobs filled by immigrant laborers, especially in Southern California.

Yet other evidence suggests that Hispanic immigrants are moving into the middle class in the second and third generation no differently than earlier European immigrants did. Others note that capital flowing into older urban areas through Asian immigration is reinvigorating inner city neighborhoods. "They look at opportunities with fresh eyes," notes a First Interstate Bank executive explaining his bank's new branches in immigrant areas.

"Vision 2010" holds that we must build "an economically competitive state in an increasingly international economy, one that remains on the cutting edge of new technology and innovation, and one that successfully assimilates immigrants into the mainstream of society."

We will have the opportunity to achieve all this in the context of a multicultural, multiracial society located at the heart of a Pacific-oriented global economy. It should be fun. 

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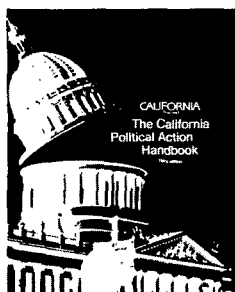
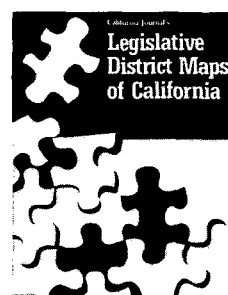
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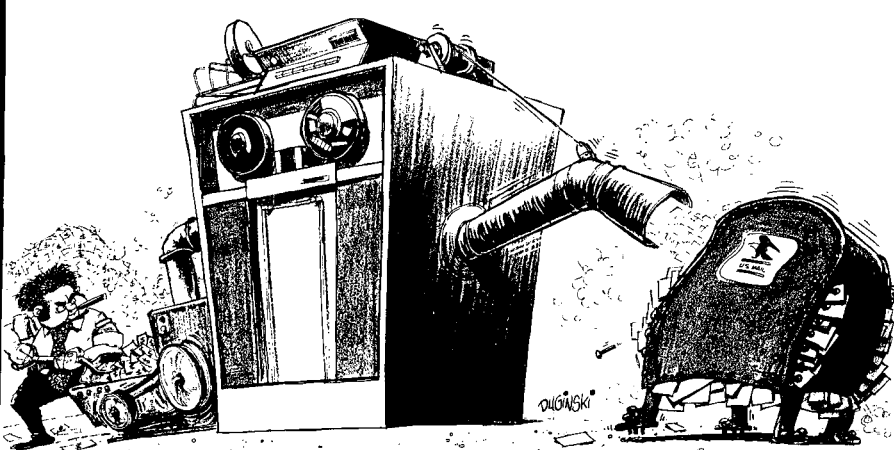
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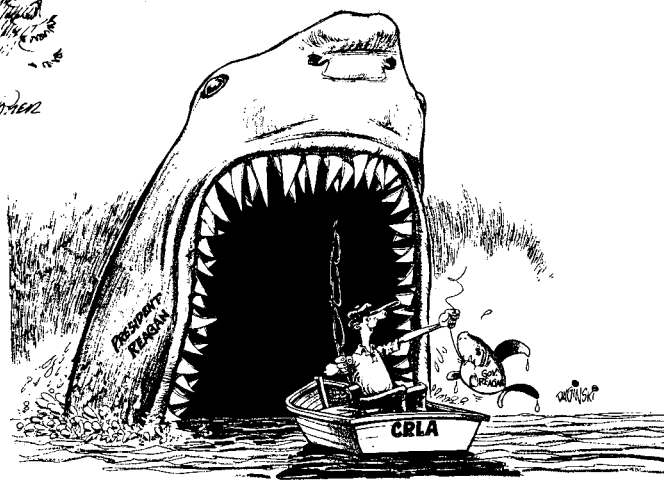
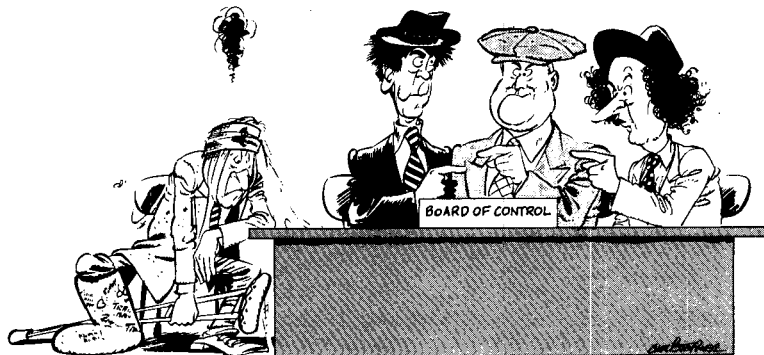
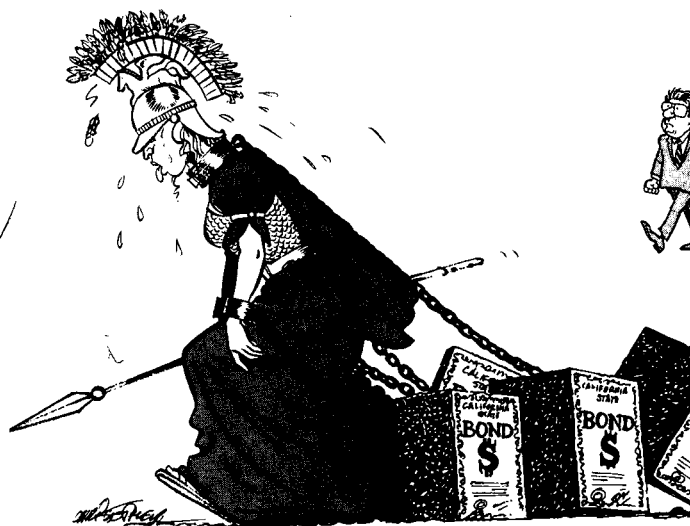
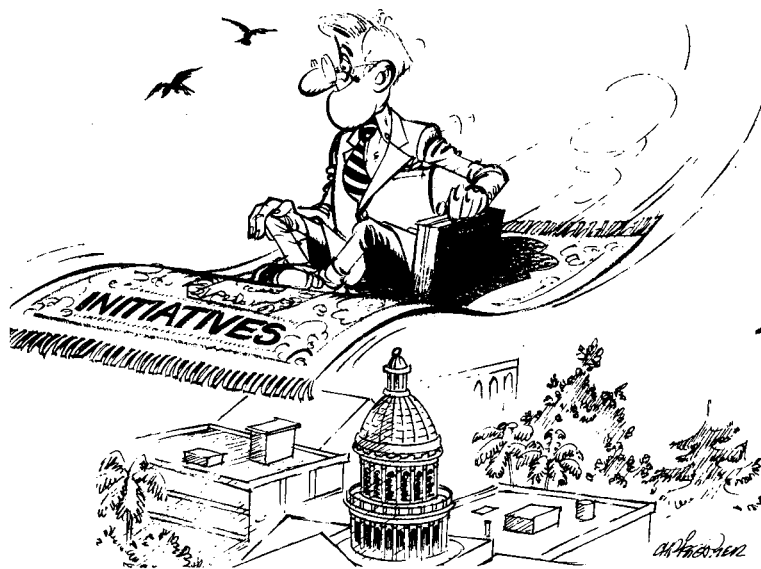
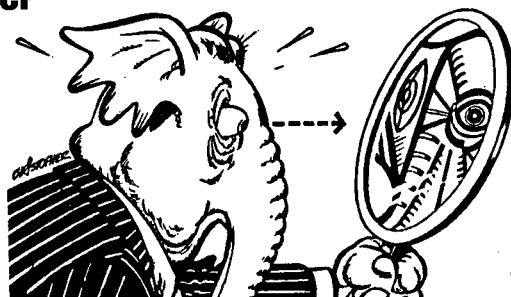
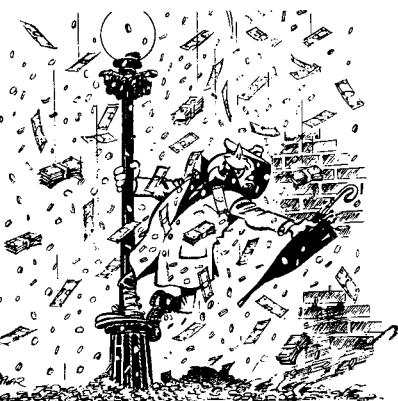
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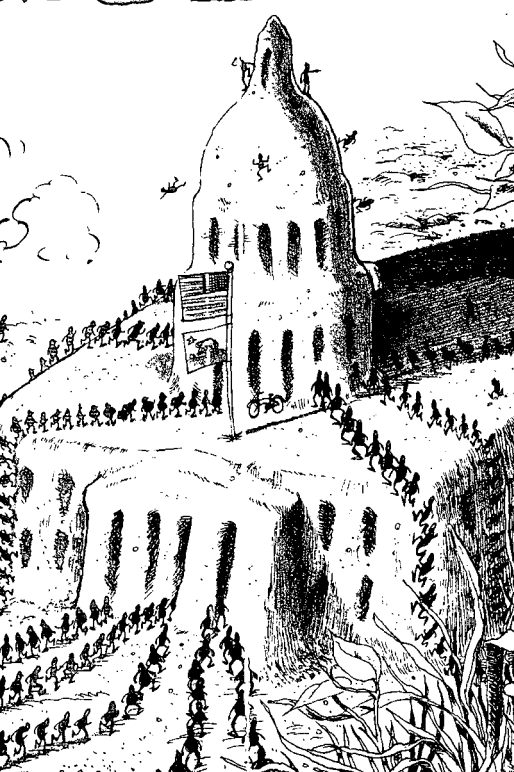
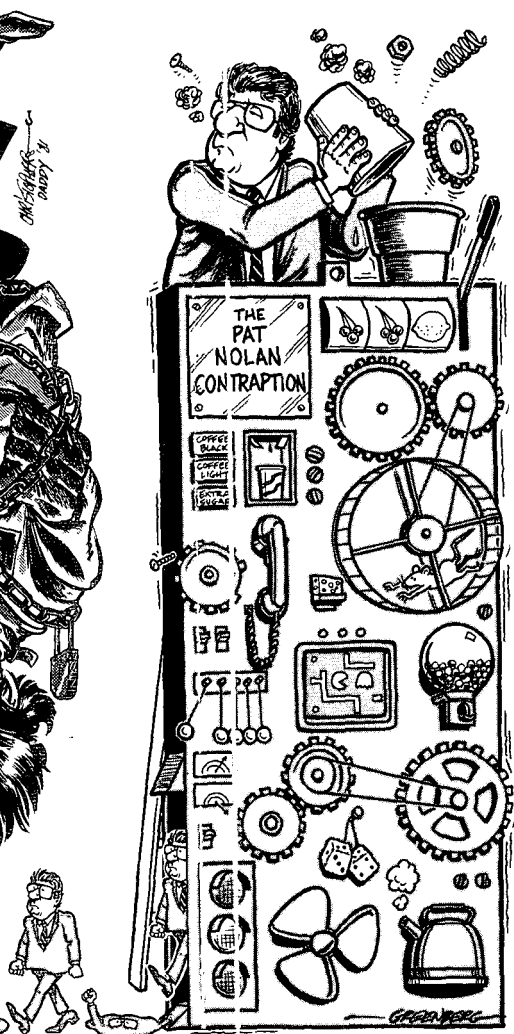
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California Journal's California

By Thomas Hoeber





"Knowledge will forever govern ignorance. And a people who mean to be their own governors, must arm themselves with the power knowledge gives."

James Madison
Quoted in *California Journal*
Volume 1, Number 1

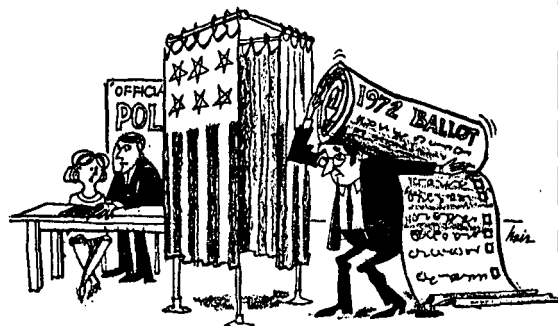
FIRST FIVE YEARS 1970-1974

It is axiomatic that California is a place of rapid growth and change, a maxim documented clearly by glancing through 20 years of *California Journal*.

In 1970 Ronald Reagan was re-elected to a second term as governor, defeating former Assembly Speaker (and later state Treasurer) Jesse M. Unruh by a half-million votes. One issue in the campaign was whether to build the Peripheral Canal. That same election brought a newcomer with a familiar name to the musty office of Secretary of State: Edmund G. (Jerry) Brown. And a story in the *Journal* was headlined "New Political Tools: Computers Control All Campaign Phases." It described an innovation that seems as ordinary today as a telephone, but in 1970 the widespread use of personal micro computers was still some years off.

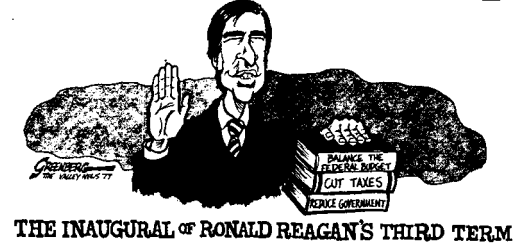
But the more things change, the more they stay the same. An article in the December 1970 issue described the exorbitantly high cost of campaigning: \$26 million had been spent on campaigns for *all* offices on the state ballot that year. Imagine, an average of \$50,000 was spent on each Assembly race!

The first issue of *California Journal* was published on February 6, 1970. It was 32 pages long, two-color and very, very serious, with no graphics or by-lined stories or even white space to rest the eyes. The co-founders were a bi-partisan group of former legislative staff members who left the Capitol nest to launch a new form of public-service journalism for California. Most have gone on to careers in other fields: Jud Clark is president of Information for Public Affairs — the leading national legislative bill-tracking service with which another co-founder, Mike Wenstrum, is also affiliated in its Colorado office. Vic Fazio has gone on to fame and sometimes infamy in Congress. Jerry Evans has a new art gallery at Lake Tahoe and continues consulting on state issues. Bill Geyer has a large, successful lobbying practice, specializing in environmental and agricultural areas.





GREAT MOMENTS IN CALIFORNIA HISTORY:



And Tom Hoeber carries on as publisher of the *Journal*.

In 1971 California's Legislature was rated best in the nation on the basis of an exhaustive study by the Citizens Conference on State Legislatures. That same year, Democrats regained control of the Assembly and elected Bob Moretti speaker to replace Republican Bob Monagan who had served two years. It was also the year the Supreme Court handed down *Serrano v. Priest*, requiring equalization of school-district funding ability. *Serrano* is a ruling which may not be fully implemented today, although substantial progress has been made. Also in 1971 the *Journal* became a non-profit organization, a status it was to maintain until 1986. Major financing for the magazine's ensuing growth came from the Ford Foundation, the Michael J. Connell Foundation and others.

In 1972 the Coastal Conservation Act — Proposition 20 — was passed and, despite conflicts that remain to this day, precipitated an unprecedented effort to protect one of California's greatest resources. Also, voters used the ballot to reinstate the death penalty, which had been ruled invalid by the courts. Nearly 18 years later, because of appeals and court delays, California has yet to execute a felon sentenced to death. 1972 was also the year in which heated debate took place as to whether to make legislative committee votes public, a matter we now take for granted.

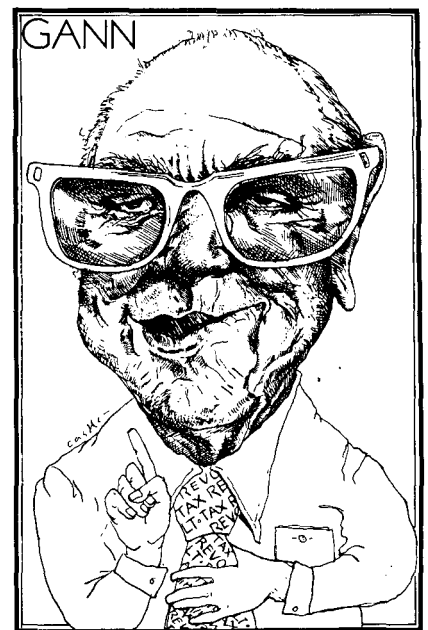
Governor Reagan spearheaded a drive to place a state-spending limit (Proposition 1) on a special-election ballot in 1973. Although his proposal was defeated, it did not die and was eventually passed in November 1979 as Proposition 4 — the Gann spending limit. There also was much discussion of the appropriate state response to the "energy crisis."

The Political Reform Act (Proposition 9) was passed in June of 1974 and served as the springboard for Secretary of State Jerry Brown's successful run for governor in November of that year. Brown narrowly defeated his less-known Republican opponent, Houston B. Flournoy. Ronald Reagan retired to write newsletters and give speeches. The state population reached 21 million — one million more Californians than in 1970. And *California Journal* was five years old and had a paid circulation of 7373.

The Brown Years

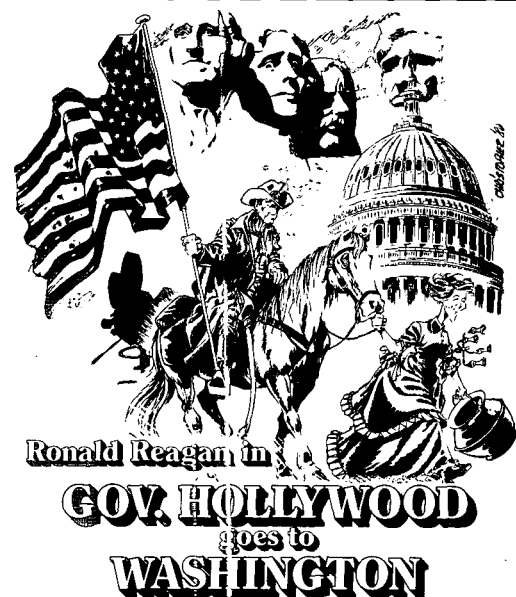
1975-1982

Jerry Brown took office in January



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Music by PAT BOONE
Understudy: MIKE CURB



1975 during a time of unprecedented prosperity in California, a time that led one Eastern observer to conclude it was practically impossible to be a bad governor. The state treasury was bulging with what Jesse Unruh later referred to as an "obscene surplus." But there were still problems to be addressed, including the long-festering conflict between farmers and their employees. It was one problem Brown attacked head-on, and his efforts led to the passage of the Agricultural Labor Relations Act. In that year the restoration of the earthquake-unsafe Capitol building was begun with a budget of \$40 million.

The next year — 1976 — saw two Californians run for president: former Governor Reagan and incumbent Governor Brown, neither successfully. And legislation passed in 1974 to create a "911" emergency-telephone system was finally funded; until then a single emergency number was available only in a few small localities. This was the year that saw the first woman, Democrat Rose Ann Vuich of Dinuba, elected to the state Senate and the first semanticist, Republican S.I. Hayakawa, elected to the U.S. Senate. *California Journal* circulation passed 10,000.

Rose Bird, the first female cabinet member, became the first woman on the state Supreme Court when she was appointed chief justice in 1977. Red-lining practices in the insurance industry was a major policy issue debated in the Legislature.

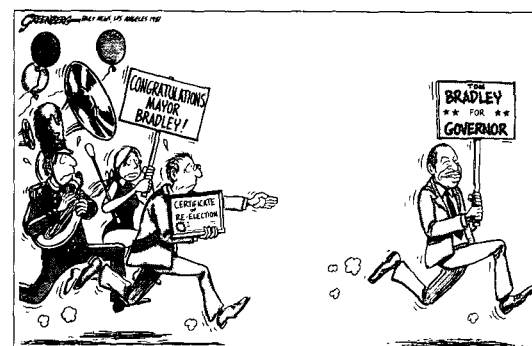
Election year 1978 was highlighted by perhaps the most far-reaching ballot measure in history: Proposition 13, the Jarvis-Gann Property Tax Reduction. Aside from its fiscal effects, Proposition 13 initiated a new era of government-by-ballot-proposition that still dominates the state today. Republican State Senator George Deukmejian was elected attorney general, Jerry Brown was elected to a second term and Rose Bird narrowly survived her confirmation election by getting 52 percent of the vote. "Proposition 13 babies" gave Republicans a big gain in the Assembly. And the year ended in tragedy with the assassination in late November of Mayor George Moscone and Supervisor Harvey Milk in San Francisco by former Supervisor Dan White.

The Gann Spending Limit was passed in 1979, which proved to have significant effect on state spending practices nearly a decade later. That year, the *Journal* published the first story about picturesque B.T. Collins, then recently promoted to head the California Conservation Corps and soon to be Brown's chief of staff. Collins is now



"Your ship, Captain."

SCOTT STAMIS - THE REGISTER



THE PERILS OF ADRIANA

Who's right in the great highway controversy?





chief assistant to state Treasurer Tom Hayes.

California Journal celebrated its 10th Anniversary in 1980. Reagan and Brown ran for president again; one of them won, and people on the East Coast began taking California politics a lot more seriously. The year was also marked by the incredibly bitter battle between Democrats Howard Berman and Leo McCarthy for speaker of the Assembly, a battle that ultimately led to the rise of Willie Brown who captured the job with the aid of Republicans. Less dramatically, David Roberti was elected president pro tempore of the Senate.

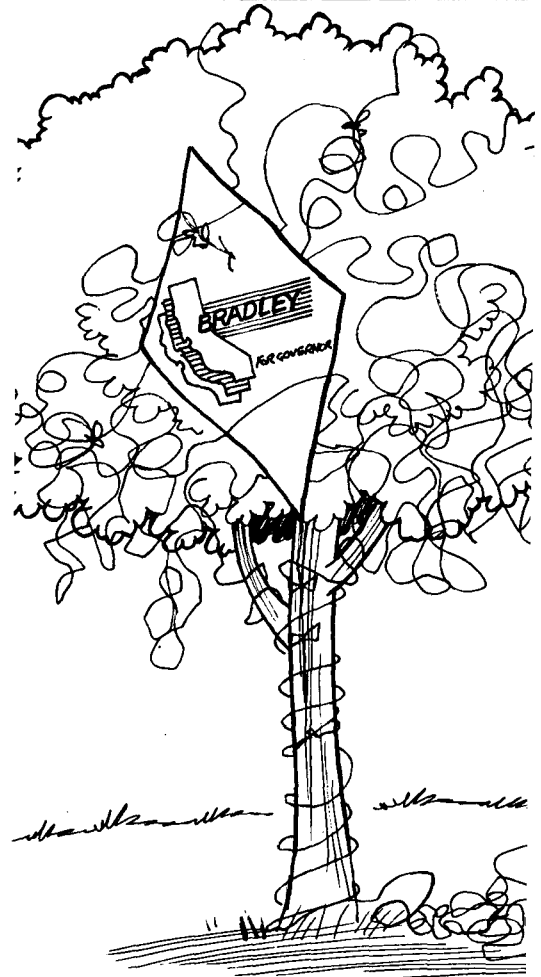
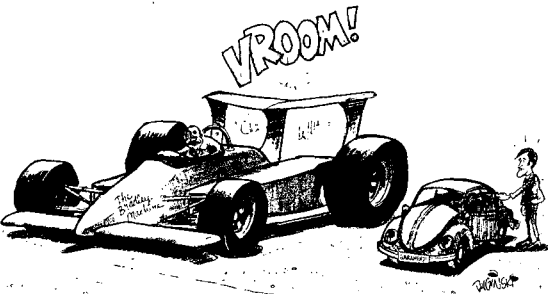
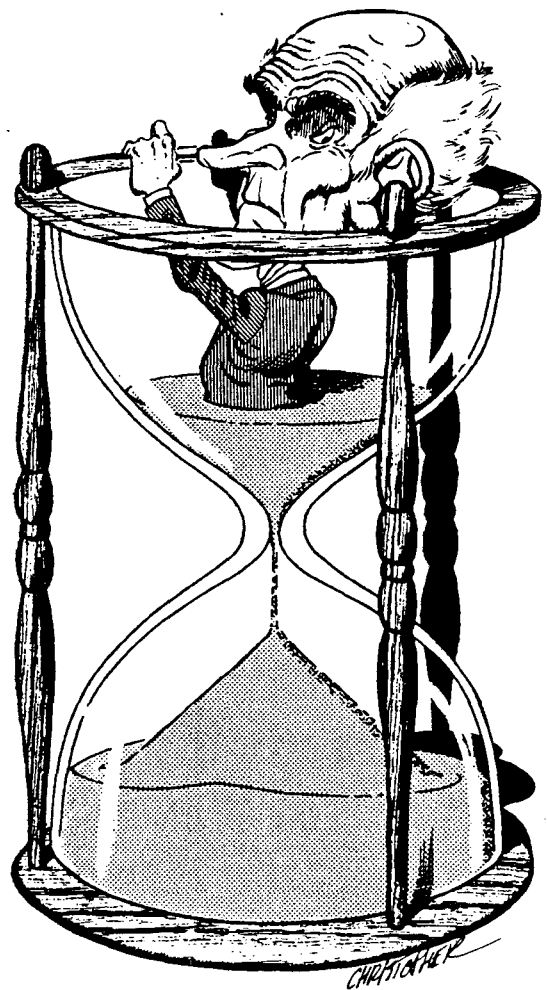
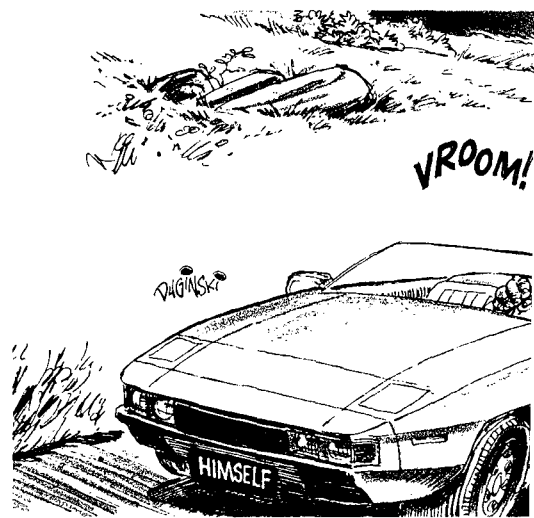
The two big issues of 1981 were law-and-order and the Mediterranean fruit fly. Both are with us at the end of the decade as well. The first reapportionment for the decade of the '80s was passed by the Democrat-dominated Legislature. "Candy Lightner Laws" were passed greatly strengthening the state's drunken-driving penalties. And *California Journal* moved to the Capitol Avenue offices it now occupies.

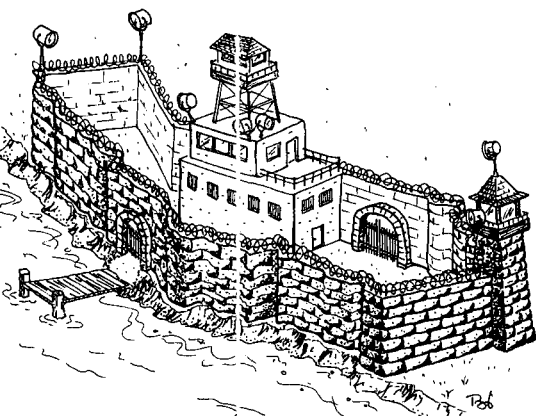
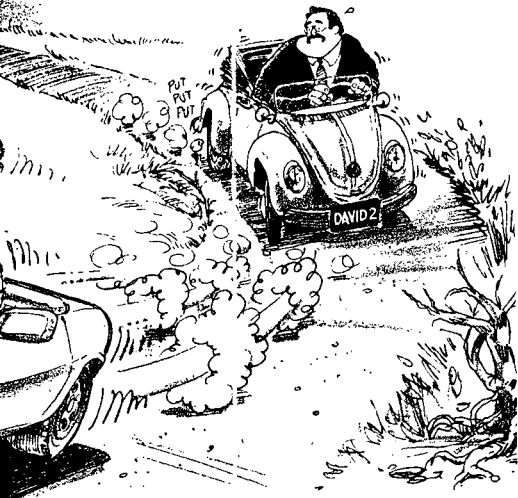
The last year of Jerry Brown's two terms as governor — 1982 — saw the re-opening of the restored Capitol building. The project, which began during Brown's first year in office, cost \$68 million. The Democratic reapportionment was voted down in a rare referendum on the June ballot. The Democrats then passed another plan, just about as bad for Republicans as the first one, and Brown approved it during his last days in office. The November ballot saw George Deukmejian defeat Tom Bradley for governor by less than 1 percent, while San Diego Mayor Pete Wilson defeated Jerry Brown for the U.S. Senate. And *California Journal* carried its first paid ads.

The Deukmejian Years 1983-1989

George Deukmejian came into the governorship with a \$1.5 billion deficit and an ironclad promise not to raise taxes. With two gimmicks called "deficit roll-over" and "loophole closing," powerful use of the blue-pencil veto, and a little bit of economic luck, he managed in 1983 and 1984 to eliminate the deficit and balance the budget. *California Journal* launched its sister newsletter, *Newsfile*.

Los Angeles hosted the Olympic Games in 1984 to rave reviews: It was a financial and logistic *tour de force*. Proposition 24 on the June ballot was another Gann anti-government measure, this time aimed at the Legislature. It passed with 53 percent of the vote but ultimately had almost no effect as court





decisions gutted most of the organizational provisions and circumvention eliminated the fiscal effect.

The breaking scandal over fireworks magnate Patrick Moriarty hung over the Capitol in 1985. Tom Bradley was elected to a record fourth term as mayor of Los Angeles. Late in the year Roger Hedgecock resigned as mayor of San Diego after conviction for perjury and conspiracy to violate election laws. The *Journal* was 15 years old, and published its first full-color cover.

The campaign to oust Rose Bird from the state Supreme Court dominated state politics in 1986 until she was removed from office by a two-thirds majority, bringing down two of her colleagues with her. Meanwhile, George Deukmejian was reelected to a second term, defeating Tom Bradley by 1.7 million votes. Alan Cranston narrowly defeated Ed Zschau for U.S. Senate to begin his third six-year term. And an English-only ballot measure was approved by 73 percent of the vote, producing no visible result to this day. 1986 was a big year for *California Journal* as well. We published our largest issue (64 pages) ever, until the issue you are now reading, and we returned to our original for-profit legal status after 15 years as a non-profit.

Jesse M. Unruh, "a political giant" passed away in 1987. Democratic Assemblyman Art Agnos was elected mayor of San Francisco. And for the first time since it was passed in 1979, the Gann spending limit kicked in to restrict the size of the state budget.

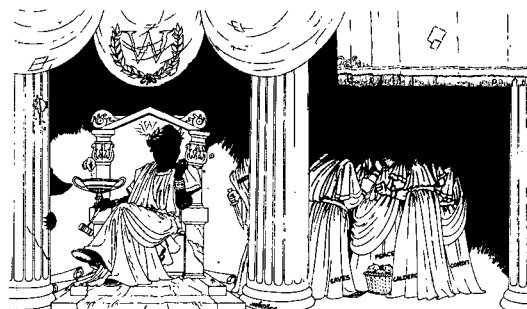
The Legislature was paralyzed in 1988 by the internecine war precipitated by the Gang of Five, dissident Democrats who joined with Republicans on some issues to frustrate Willie Brown's leadership. Brown celebrated the occasion of having served as speaker of the Assembly longer than anyone in history and the *Journal* published another story on his "crumbling" speakership. Most of the state's policymaking was at the ballot box: Two measures were passed to reform campaign financing; one added \$.25 a pack to the cigarette tax; numerous insurance-reform measures were proposed and one was passed; and education forged a huge exclusion for itself from the Gann spending limit. And Pete Wilson was reelected U.S. Senator over Lieutenant Governor Leo McCarthy. The Capitol itself was rocked by scandal when the FBI culminated a four-year investigation by raiding legislative offices. As a result, state Senator Joe Montoya and his chief aide were indicted on charges of extorting cam-





paign contributions and honoraria in connection with the investigation.

Issues reemerged as a matter for legislative attention in 1989 as the Gang of Five faded. A ban on assault rifles was passed, and abortion took center-stage as a political issue. George Deukmejian ended speculation that he would run for a third term as governor by announcing that he would retire at the end of his current term. His old Democratic foe, Tom Bradley, scared off nearly all potential challengers to win a fifth term as mayor of Los Angeles, only to be plagued by charges of ethics violations soon after the election. Jerry Brown reemerged from political obscurity to chair the Democratic Party. And *California Journal* completed 20 years of publication. 



California Journal Growth Index

	Journal Circulation December	1st Class Postage Stamp	Average Cost of Assembly Seat - \$	State Budget (\$Billions) July	Journal Sub- script. Price December	State Pop- ulation (millions) July	Women in Legislature January
1970	2,041	.06	49,557	6.6	15.00	20.0	3
1971	2,517	.08	—	6.7	15.00	20.3	3
1972	2,967	.08	71,093	7.4	15.00	20.6	3
1973	4,555	.08	—	9.3	15.00	20.7	2
1974	7,373	.10	60,369	10.3	15.00	21.9	2
1975	9,912	.13	—	11.5	15.00	21.6	2
1976	14,013	.13	124,875	12.6	15.00	21.9	3
1977	16,154	.13	—	14.0	18.00	22.4	6
1978	16,927	.15	185,375	18.7	18.00	22.8	6
1979	16,467	.15	—	21.5	18.00	23.3	11
1980	18,891	.15	335,625	24.5	18.00	23.8	11
1981	20,392	.18	—	25.0	18.00	24.3	12
1982	19,643	.18	400,875	25.3	22.00	24.8	12
1983	19,235	.18	—	26.8	22.00	25.3	14
1984	18,329	.18	384,375	31.0	22.00	25.8	14
1985	17,677	.22	—	35.0	24.95	26.4	15
1986	19,635	.22	510,875	38.1	24.95	27.0	15
1987	17,878	.22	—	40.5	27.50	27.7	15
1988	18,673	.25	714,750	43.9	32.00	28.3	17
1989	N/A	.25	—	46.0	32.00	N/A	18



Agriculture: Will the cornucopia run dry?

By Jerome B. Siebert

Think of California agriculture, and a cornucopia comes to mind — a huge cornucopia pouring forth grains, fruits and nuts from every corner of the state: potatoes from Tulare; barley, safflower, wheat, alfalfa, cotton, beans, corns and oats from the San Joaquin Valley; sugar beets, clover, rice, pears, almonds, tomatoes and melons from the Sacramento Valley; asparagus, broccoli, carrots, cantaloupes, cucumbers and cabbage from the Imperial Valley; artichokes, brussel sprouts and peas from the Santa Cruz coast; lettuce from Fremont; garlic from Gilroy; apples from Sebastopol and Watsonville; apricots from San Benito County; cherries from the Central Valley; plums from Fresno; grapes from the Napa and Sonoma valleys; pistachios from Madera County; avocados from San Diego County; navel oranges from Tulare County; lemons from Ventura; grapefruit from Riverside; milk and dairy products and poultry and beef and raisins and dates and cut flowers and roses and flower seeds and persimmons and black walnuts and sweet corn and peppers and strawberries and boysenberries and celery and cauliflower and yams and on

Jerome Siebert is an agricultural economist at the University of California, Berkeley.

and on and on.

California is this nation's agricultural giant and a dynamic economic force in world farming. Although Californians work but 3 percent of U.S. farmland, they produce more than 50 percent of the country's fruits, nuts and vegetables — a success attributed to a blend of climate, water, soils, and innovative technology and management techniques. As a result, California produces high-value cash crops which poured \$16.6 billion worth of gross farm income into the state's economy in 1988.

But if the present seems bright and filled with promise, California agriculture must cross some formidable minefields if it is to maintain its preeminent position over the next 20 years: stiffer global competition, water-supply controversies, environmental and food-safety concerns, farm-labor disputes, and the increasing loss of productive farm land to development.

The statistics of California agriculture are staggering: 84,000 farms employing more than 400,000 workers, producing over 250 crops and commodities on 31.6 million acres, 8.5 million acres under irrigation. Agriculture uses about 85 percent of the water supplies in California. Nearly half of

Continued on next page

gross farm income comes from fruit, nut, and vegetable crops, although the leading individual commodities are milk and cream (\$2.08 billion) and cattle and calves (\$1.61 billion). California exported nearly \$4 billion worth of agricultural products in 1988, up from \$3.3 billion in 1987. Unlike many states, California receives few federal crop subsidies — \$280 million in 1988, or less than 2 percent of the state's gross farm income. There are other federal payments, however, including often controversial water subsidies, export assistance and school-lunch programs.

California agriculture currently is healthy and vigorous. But there are pitfalls ahead.

For one, California's export markets are influenced by economic forces and conditions all over the world. Government actions concerning inflation, interest and exchange rates, and monetary and fiscal policies affect the earning power of California farms. For instance, high inflation and interest rates in the late 1970s, coupled with a rise in the value of the dollar, forced many farmers to curtail exports during the 1980s. The process did not reverse itself until lower interest rates and a weakened U.S. dollar made California products more competitive during the mid-1980s.

Currently, many world governments use production and marketing subsidies to promote industries that compete with U.S. agricultural products both in export and in domestic markets. In many cases, the subsidies are coupled with import barriers that restrict entry of U.S. products. The U.S. has proposed doing away with trade-distorting subsidies and barriers, a posture that poses both opportunities and problems for California agriculture. On one hand, easing trade barriers by restrictive countries means greater export opportunity. However, reducing U.S. barriers means increased competitive pressures for some domestic products.

World markets are also changing. More countries are looking to compete in world markets with products rather than raw materials, particularly those countries with relatively inexpensive labor supplies. These countries want to produce and market "Wheaties" rather than just grow wheat. For California agriculture, this means that product marketing becomes as important as production when it comes to decision-making.

California has always maintained a huge edge over the rest of the world in agricultural technology and manage-

ment. This has resulted in the superior quality of California products. But the state's edge will be challenged over the next 20 years by ever-improving commodities from other countries. Technology itself has become international. The field was once dominated by California, with its university research and an active and viable private research-and-development sector. But other countries have caught up and, in some cases, surpassed California in developing state-of-the-art technology.

The University of California, well known for basic research, is placing an increasing priority on biotechnology. However, there is a growing gap in applications research-and-development essential to continued leadership in technology. A fierce struggle is going on worldwide for control of technology, particularly among multinational corporations that see it as a way of controlling markets.

Significant changes have taken place in the structure of the world's food industry. The number of domestic food-processing companies has steadily declined since the late 1940s, with the survivors growing even larger. This trend is nowhere more evident than in the California canning industry. Those survivors tend to be multinational corporations with a global rather than domestic outlook. In other words, they will seek products and materials from sources where the quantity, quality, price, and market delivery meet their specifications, regardless of country of origin.

Water provides another potential problem for California agriculture. Water is its lifeblood. Agriculture now uses about 85 percent of the state's available water supplies. With the state's population expected to grow by a third over the next 20 years, and with little chance to develop additional water supplies, agricultural water provides an inviting target for reallocation to industrial and municipal uses.

Agriculture often is accused of wasting water, and critics contend that more water supplies could be made available for culinary use if agriculture would grow crops that require less water and switch to more efficient irrigation methods. But farmers tend to grow certain crops because they are profitable, not because they are water-efficient. And the shift to more-efficient irrigation, like the drip method, is limited by a crop's water requirements and the kind of soil used to grow it. For example, some crops and soils require a leaching of salts beyond the root zone that can only be accomplished with fur-

row irrigation, which is less efficient compared to drip irrigation. Conversion to drip or sprinkler irrigation also is costly and requires higher levels of energy.

Water conservation, however, is tied to water cost. Compared to urban areas, many rural irrigation districts sell water below what it actually costs to deliver it. They are able to do this because of government subsidies. Critics charge that agricultural interests would practice water conservation if the price they paid more accurately reflected the cost of delivering the water. Agricultural water has been getting more expensive of late, leading to some conservation measures like sprinkler and drip irrigation, return-flow systems to reuse waste water, and improved irrigation management systems to better coordinate water use with weather conditions and plant stress.

California's supremacy also may be threatened as prime agricultural land is forced out of production. One problem is poor drainage. Many soils must adequately drain to avoid build-up of damaging salts. For example, a drain in the San Joaquin Valley was only partially built due to environmental concerns, with the result that some land is irrigated with water containing high levels of salts. As a result, "perched" water tables are building up into the root zones of many crops, threatening to take more than one million acres out of production.

Land development also threatens California's supply of prime agricultural land as the state's population expands. About 44,000 acres of land are being lost to urbanization each year, much of it prime growing land. If this trend continues, another one million acres of land could be lost during the next 20 years.

Environmental concerns will also impact heavily on agriculture during the next 20 years. California agriculture is a heavy user of chemicals. These chemicals increase efficiency by controlling pests and diseases. They also enhance quality. But the industry is under increased pressure to rely less on chemicals. This pressure is manifested through environmental, labor and food health-and-safety regulations. Officials worry about the presence of chemical residue in water supplies, in food, and in places where agricultural workers toil. As a result, the industry can look forward to more restrictive regulations and policies to control the use of chemicals.

California agriculture is already

heavily regulated. Many chemicals are banned, with increasing restrictions on the use of those that are not prohibited. The banned chemicals are not being replaced, as companies find the cost of developing new, safer chemicals prohibitive.

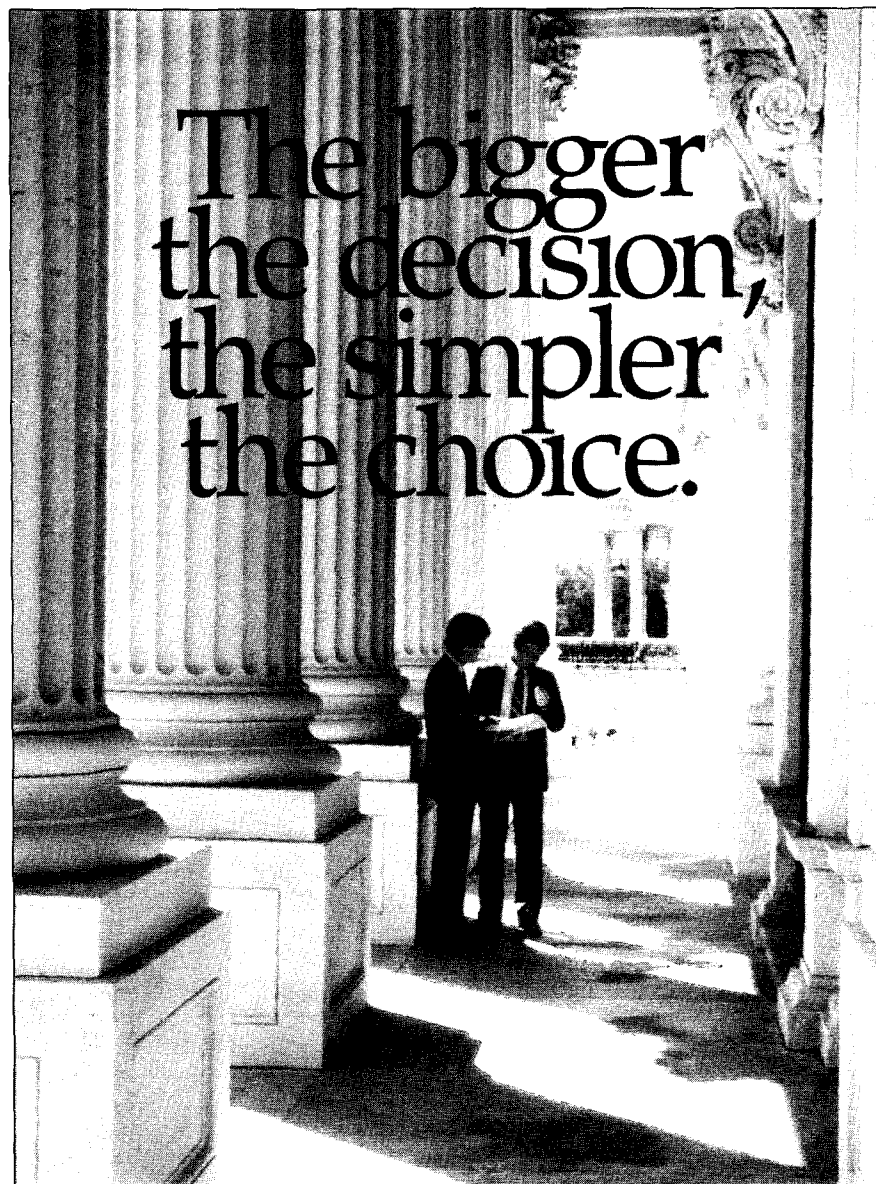
In order to reduce its dependence on chemicals, the agriculture industry is using biotechnological research to develop pest- and disease-resistant crops. Research is also being targeted at the development of environmentally acceptable compounds and, in some cases, natural predators for pests. Unless feasible alternatives are found, however, costs will increase and California agriculture will become less competitive in the world marketplace.

California agriculture also is highly dependent on labor, which accounts for about 25 percent of overall farm-production costs. Thus, the industry must not only be concerned with adequate labor supplies but with the cost of labor as it relates to overall production costs. In relation to competing countries, California's labor costs are substantially higher.

Regulations governing farm labor have also changed. The Immigration Reform and Control Act of 1986 (IRCA) placed new rules on the availability of farm labor. While adequate labor now exists, it is expected that the historical transition from farm jobs to urban jobs will continue, and new immigration laws may affect how much future labor is available and, more important, when it is available; in other words, at harvest-time.

As a result, it is assumed that higher economic incentives will be needed to keep workers interested in farm labor; namely, higher wages and improved benefits. Since labor costs are already high in California compared to its worldwide competitors, the costs must be offset by increased efficiency. Agriculture must also provide a workplace that is conducive to retaining farm laborers.

California agriculture is a dynamic industry. But critical issues and problems challenge its world leadership position. There are, however, bright possibilities. California agriculture sits in the middle of a rapidly growing market, both in its home state and across the United States. In addition, it is on the doorstep of the largest potential market in the world: the Pacific Rim. Finally, its great historic strengths remain unchanged — its ability to quickly adopt new technologies to fit changing circumstances and its high level of management skills. 

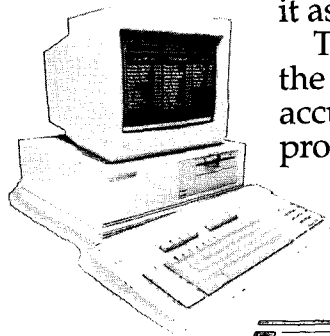


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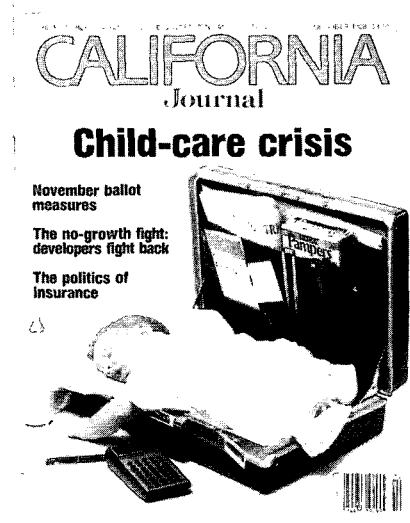
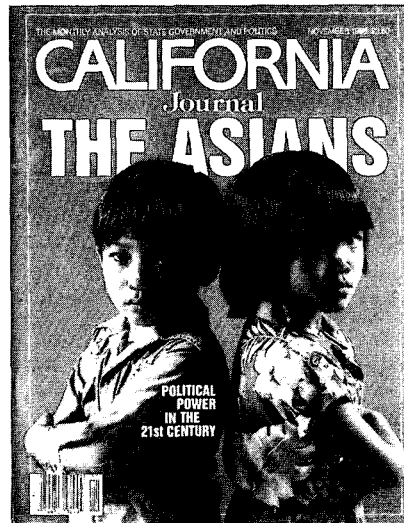
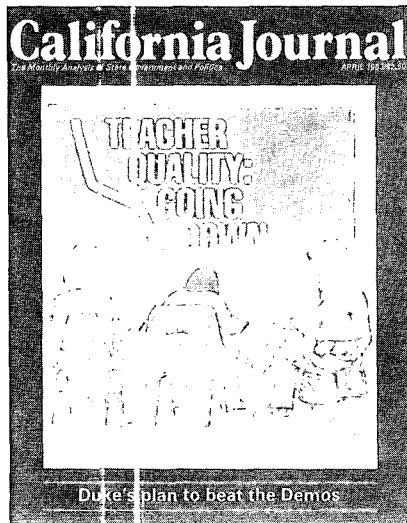
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Children: Little help for the innocents

By Karen Smith Thiel

Tiffany is a 9-month-old baby girl whose 17-year-old mother has just left the baby's father because he threatened them with a knife. Jason, age 9, and Crystal, age 7, walk home from school and wait for their single-parent mom to come home from her job with the state. Ben dropped out of school in the 10th grade because he was more into crack than learning. What these children have in common is that, despite the multitude of programs that California administers, these kids have received no state-sponsored aid.

Within the next generation, California's current population of children will grow from 8 million to more than 11 million. The demographic trends tell us more and more of these children are at risk: increasing numbers of minority youth; decreasing numbers of two-parent families; and soaring numbers of children who can be categorized as poor or "near poor." These trends all point to serious problems facing California's children.

These children face trouble from the womb all the way

through adolescence. Many fail to receive adequate prenatal care, well-baby care or nutrition. Child care is not widely available. Many kids are poorly prepared for schools that may not be prepared for them. Early problems lead to later problems. As they grow up there are the additional hurdles of adolescent pregnancy, substance abuse, dropping out of school and violent juvenile crime.

If California as a state is to meet the challenge of providing for these children as they grow from infancy through childhood and adolescence to enter young adulthood, policy priorities need to be set and the current jumble of programs will need to be streamlined.

The sheer number of children in need of services and the ethnic diversity of those children complicates analysis of the children's services delivery system in California. One in four Californians under the age of six lives in poverty, emergency responses to child abuse have increased over 100 percent since 1985 and foster-care caseloads have increased over 50 percent. California ranks seventeenth among the states in infant mortality, second in the rate of adolescent pregnancy and first in the rate of juvenile incarceration.

The ethnic composition of the population under age 19 represents the forefront of a "growth in minorities" pattern

Karen Smith Thiel is a research assistant professor in the School of Social Work at the University of Southern California.

which will reshape the education, health and social-service delivery systems of the state. Ethnic minorities comprised one-quarter of California's children in 1970. Today, more than half the state's children are minorities, which are projected to make up over two-thirds of that population by 2020 when Latinos alone will represent almost half of the state's children.

The Little Hoover Commission has described the current children's service system as one "in a state of utter confusion and disarray" administered by "a hodgepodge of state and local agencies that are unable to effectively serve the growing numbers of youth in need of services".

There is no one department or office within state government with responsibility for children's services as is the case with the other end of the age spectrum. Although California has unified services to seniors within the Department of Aging, there is no corresponding department of children and youth. With no centralized administrative structure to oversee children's services, it is virtually impossible to conduct needs assessments, to achieve an unduplicated count of the number of clients served in any one service category or to construct anything resembling a children's program budget.

California's children are not alone. They are growing up along with millions of other children in a country with no explicit family or children's policy. The United States is the only industrialized country without a parental-leave policy or a comprehensive prenatal and well-baby health program. Again this year Congress was unable to pass major child-care legislation.

The lack of a comprehensive children's services system has led to an under-emphasis on prevention and early intervention. Experts agree that this policy-making in a vacuum leads only to more serious problems later on. The Ford Foundation in its recent examination of social-welfare policy, notes that everything we know about child development tells us that the first few years of life shapes lifelong mental, emotional and physical abilities. An investment in prenatal care, nutrition programs, preschool programs, day care and child-welfare services has long-term payoffs for children, adolescents and adults.

Although California has developed successful prevention and early intervention programs (for instance, The Early Intervention for School Success Program, The Adolescent Family Life Program, The School Community Primary Prevention Program) as the experts have advised, it hasn't followed through on those successes. There has not been the commitment of a significant dollar investment in any of these programs to reach a large enough portion of the children's population in need of services. It appears that even more cost-effective prevention programs seem too expensive in the state's current fiscal situation of cutbacks and limits.

Over the past 20 years children's advocates have called for a comprehensive, coordinated children's services system in California. There seems to be a consensus that the appropriate children's policy is one in which the multiple needs of children, particularly those of children identified as being at risk, are met in a coordinated mode of service delivery under the administration of one office or department. Emergent consensus on the overall policy direction, however, may break down when it comes to agreement on the specifics of the program.

California has been impeded in its effort to design a comprehensive children's services system by a lack of information on the needs of children, by turf battles among individual service sectors and by a lack of top-down leadership.

The necessary information on the socio-demographic and service needs of California's children is now available.

Policy Analysis for California Education's (PACE) "Conditions of Children in California," a report released in March 1989, presents the fullest picture to date of the lives of California's children. Based on the premise that "structural tinkering without a comprehensive examination of children's lives yields little beyond bureaucratic reshuffling," the PACE report gives a detailed analysis of a broad spectrum of services to children.

Michael Kirst, the lead author of the report (see story, page 49), notes, "With the publication of this report, which represents the work of California's leading experts in the area of children and youth, we can now begin to develop programs which accurately reflect the multiple service needs of children."

The fragmented nature of the children's services system also has given rise to a number of "turf" battles. As in other states, children's services in California evolved as a set of policy responses to perceived social problems such as poverty, abandonment, or abuse and neglect. More recently, the state has designed programs to deal with latchkey children, pregnant adolescents and homeless youth. Each of these programs has its own set of clients, service providers and issue areas or turf.

It can be very difficult to go beyond an overall policy consensus and begin working with competing constituency groups to develop an actual program. Steve Thompson, director of the Assembly Office of Research says, "The turf battle around children's programs in consolidating them into a more effective single program effort is a little bit like the problems of uniting 14th Century Italy." New players are emerging who stress a unified system that emphasizes prevention and early intervention. Children Now, a broad advocacy group, is one organization taking the lead in this effort.

Whether California has the top-down political leadership to accomplish this task is another question. During the 1989 legislative session two bills (SB 260 by Democratic state Senator Art Torres and SB 997 by Democratic state Senator Robert Presley) addressed the issue of the coordination of children's services. However, each encountered strong administrative opposition; one bill remained in committee and the second survived only as a watered-down version in which counties were given the authority to establish interagency children's services coordination councils.

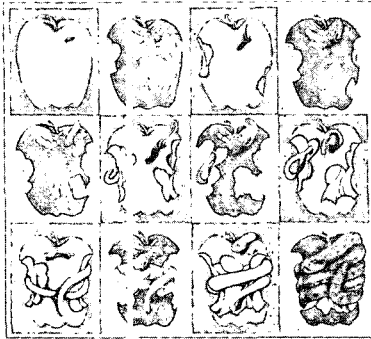
Where leadership has emerged in other states through cooperative efforts between the governor's office and the legislature, statewide efforts have rapidly been put in place. Arizona has established an Office of Children, and Minnesota is moving forward a legislative program known as the Youth Initiative.

The momentum in California seems to be building. Recently, gubernatorial candidate and U.S. Senator Pete Wilson, addressing the California School Boards Association, called for the appointment of a cabinet-level secretary of child development and services. Assembly Speaker Willie Brown is preparing to introduce a major bill in which consolidation of children's services at the local school site can be demonstrated.

California's children are our future. The child growing up amid poverty, domestic violence and drugs today is the worker and parent of the 21st Century. California as a state has the capacity to design a comprehensive service system to meet the needs of its children. Whether California makes a major investment in prevention and early intervention, builds a program consensus between constituencies and exercises the political leadership to accomplish this goal remains the uncompleted task of the 20th Century. 🏠

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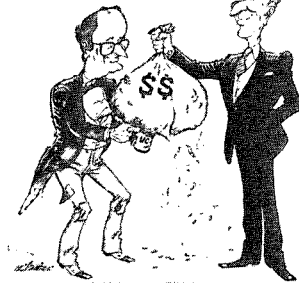
WHAT'S GOING WITH OUR SCHOOLS?
WHAT CAN WE DO TO IMPROVE THEM?



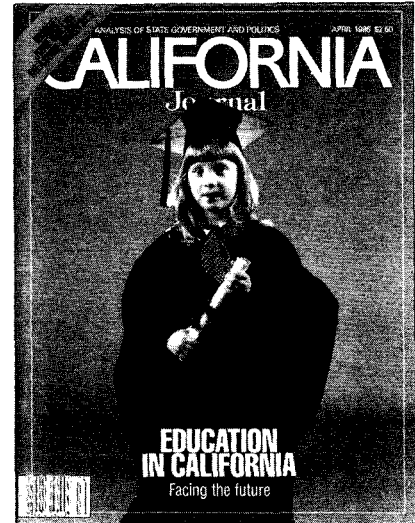
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Education: The solution to California's problems

By Michael Kirst

Major issues in education policy are determined by societal events external to the educational system. For example, Russia's launching of Sputnik in 1956, ahead of the U.S. space effort, galvanized passage of the federal National Defense Education Act. The civil rights movement and President Lyndon Johnson's "War on Poverty" caused a focus on the education of disadvantaged children. The more recent concern about international competition spawned the report *A Nation At Risk* and a focus on higher academic standards, graduation requirements and teacher quality.

In addition, when the ideological pendulum swings right (as it did in 1957 and 1983), federal and state policies concentrate on excellence in education with special attention to science, math, foreign languages, and "academic rigor." When the pendulum swings left (1932 and 1964), educational concerns concentrate on the lower end of the achievement band, and on minority issues. Consequently, predicting major trends in education policy is dependent at least in part on the ability to predict major societal events and

ideological shifts, and their impacts on education policy.

California's tax revolt of the 1970s cut property taxes in half and transformed California public education into a state-centralized finance system. Cutbacks in school functions resulted and, at the start of the 1980s, it appeared that education would remain a low-priority issue for years to come. However, the 1981-83 recession created unforeseen concern about U.S. international economic competitiveness, and competition with Japanese automakers replaced Sputnik as the specter of U.S. education decline. These factors led to a related concern about the ability of the public education system to produce adequately skilled workers. Education quickly became the top priority issue in many states, and education spending nationally increased 17 percent after inflation from 1983 to 1988. California participated in these efforts with passage of a reform measure (SB 813) in 1983, which briefly reversed several years of declining expenditures (after inflation) and included over 60 separate "reforms."

With these caveats in mind, we can make some inferences about California's future based on what we know about the future conditions of our children and current national trends in education. The 1989 PACE study, *The Conditions of Children in California*, uncovered both positive and negative trends. Most startling are the speed and degree of change in

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children's conditions. A majority of California's children are healthier, wealthier, and better educated than at any time in our history. However, some of the trends that bode least well for children have accelerated the most rapidly in the prior decade. California, once a leader among states in devising public policy for children and solutions to deal with rapid growth and changing children's demographics, has lost that edge. And the state currently has no mechanism for a comprehensive overhaul of children's policies.

Solving children's problems is complicated in California by the awesome numbers involved. In 1988, 7.3 million children lived here. By the year 2000 this number will rise by 20 percent to 8.7 million children. Stated another way, one out of eight children in the United States will live in California.

The sheer number of children has an obvious impact on schools. By 1995 California's school enrollment will equal the total enrollment of this nation's 24 smallest states. State enrollment is currently growing by more than 150,000 pupils per year, more than the total enrollment of eight other states. Financing enrollment growth and cost-of-living adjustments alone will carve an additional \$26 billion out of the state's budget in the next 10 years (about an 8 percent annual growth rate).

Solving children's problems is made even more difficult by California's unprecedented cultural, geographic and economic diversity. California has only 11 percent of the nation's population, but receives 29 percent of the nation's legal immigrants and about half of the illegal immigrants. One out of six California school children speak a language other than English at home. A majority of California's children are minorities, with Asians and Latinos the fastest-growing groups. By the year 2000, 42 percent of California's children

will be Anglo, 13 percent Asian, 36 percent Latino, and 9 percent Black.

The gap between the White and non-White population (with the exception of Asians) is very large in terms of family resources for investment in children. White children as a whole are better off economically than at any time in history. But with growth in the minority population, the number of children in poverty in California (21 percent) doubled in the two decades between 1969 and 1989.

Changing family structures and work patterns add still more complexities. Although at any particular point 75 percent of children live in two-parent families (including step-parents), nearly half of all California children will live for some time in single-parent families. Changes in female work patterns are creating demands for new services. By the year 2000 about 60 percent of California's school children will live in families in which both parents work full time.

These trends suggest several policy implications:

1. Future enrollment growth and inflation make it unlikely that education spending can increase fast enough to provide substantial improvement in school resources even though California already has the second largest class sizes in the U.S. Proposition 98, which was hailed as education's saving grace, only provided 1.8 percent in real growth (after inflation) from 1988 to 1990, and this may be Proposition 98's most positive two-year impact. School construction will continue to be a major problem in California for the next decade since few localities can obtain the two-thirds vote necessary to pass local construction bonds. State bond funds historically lag behind pupil growth and, by the Fall of 1989, the state building fund was exhausted. Enrollment in private schools is steady and is not expected to increase enough to offset the rapid growth in the public sector. There will continue to be a shortage of qualified teachers in math and science — a shortage that has persisted for decades.

2. The growth of minorities and immigrants will make bilingual education a prominent issue, but state bilingual policy is politically stalemated and leaves most decisions to localities. The most rapid growth in pupils is within the groups that historically have had high dropout rates (low income minorities), so dropout-prevention strategies will be critical. Growth in the minority population will increase the existing mismatch between the ethnic and racial backgrounds of the state's teachers, who are 82 percent White, while the pupils are 58 percent non-White.

3. Early childhood programs and child care will be major priorities and will compete with K-12 schooling for funds. California has the largest state child-care program, but it covers only 25 percent of the low-income population who need and want such care.

Conflicting trends make it difficult to project the educational attainment of California pupils. For example, the increase in the proportion of low-income and Latino children suggests that overall attainment will go down. About 87 percent of Latino high school graduates do not qualify for admission to the University of California or California State University systems, compared to 50 percent of Asians and 68 percent of Anglos. Latino dropout rates are 31 percent compared to 22 percent for all California pupils. But the state has increased curricular standards and tests, with a particular focus on more complex skills such as synthesis, analysis, problem-solving and expository writing. This should have some achievement payoff, but it may primarily help the upper ranges of the achievement band. The state's anti-dropout programs are small scale and contain no coherent strategy for lowering the current 22 percent dropout rate.

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The major state education issue will continue to be money, with school interest groups stressing that California ranks below the national average in per-pupil spending. But the rapid enrollment growth will make it very difficult to improve that ranking. A proposal slated for the June ballot would amend Proposition 98 in some fundamental ways (see *CJ*, August 1989), and cut back on education's current share of state revenue over the Gann spending limit. A crucial change would be a Constitutional amendment of Proposition 13, the 1978 measure limiting local property taxes, that would allow local school districts to increase property taxes for current operations. This would also help reduce the current pattern of centralized fiscal and policy control from Sacramento. However, Proposition 13 remains popular with the voters.

A key assumption underlying California policy from 1983-1989 has been a basic reliance on school intensification that assumes education does not need to be fundamentally restructured. Intensification assumes that more time on more difficult academic content is beneficial, and all students can meet the increased academic expectations. In 1983 California increased its graduation requirements and required more academic courses for admission to UC and CSU. There is no consensus, however, on the next stage of California reform such as increased parental choice among public schools, decentralization of decision-making to the individual school level, teacher evaluation by other teachers rather than administrators, merit pay, or a much longer school year.

The 1989 state budget debate focused on redistributing education funds from cities to suburbs, with scant concern about reforming the system. A likely reform is a "controlled choice" bill that would be restricted to areas where student movement would not create more racial imbalance. Parents could choose which public school they want their child to attend within their current school district or in another nearby district. This choice would probably be exercised by no more than 3 percent of parents, and would be greatly restricted by lack of space for new pupils.

A potentially important development is increased teacher control of school policies: a prominent part of Los Angeles and San Francisco 1989 teacher contracts. For example, teacher unions want more influence over curriculum, budget allocations, and in-service training to adapt programs to particular school-site environments. This concept is spreading as a priority for teacher negotiations across the state and could be important in larger districts. But 390 of California's 1026 school districts have an enrollment of less than 1000 students, so decentralization is not a major issue in many localities.

Organized teachers are the most powerful education lobby, and their contributions to state political campaigns rank among the 10 highest groups. But the effect of the teacher-union lobby primarily has been to prevent erosion of past legislative gains rather than to pass a positive program. This has been true for more than a decade and no change is likely soon. In 1988, however, legislative frustration caused teacher unions to sponsor Proposition 98 to guarantee education a larger share of the state budget. The California Teachers Association raised over \$7 million for this initiative and will probably oppose its modification on the 1990 June ballot. In sum, big breakthroughs in teacher political power are more likely through the initiative route than via legislation.

The future of education also will depend on improving children's services because the schools cannot improve educational attainment alone. Most discussion has focused so far on problem prevention for ages 0 to 5 through improved

prenatal, health and child-care programs. Children's services issues involve addressing both inadequate funding and organizational inefficiency. Funding issues are of particular concern because the sector of government financially least able to deliver services is currently the one required to serve the neediest children. Financially most secure are city governments, which have the fewest children's service requirements placed on them. County governments are in the most precarious financial shape, yet are responsible for servicing the most needy children such as abused, delinquent and unhealthy youth.

Inefficiency and ineffectiveness often seem the rule in children's services, with lack of communication among service providers and little or no interagency cooperation. In California over 160 state programs residing in 35 agencies and seven departments serve children. Gubernatorial candidate Pete Wilson has proposed a new cabinet secretary for child development and services that would coordinate county and local social and child services with a health-watch program in each California school. School staffs, juvenile justice officials, and mental-health professionals, for example, rarely talk to one another and coordinate their services for the same child.

California policymakers and the public seem dissatisfied with the educational system, yet the California economy has grown at a very robust rate. The educational system has been contributing to this economic success, but its challenges to provide educational quality are growing. Increasingly, schools must meet the needs of children with backgrounds and experiences they were not set up to serve and historically have not served well. Education must be part of a complete overhaul of the entire system for delivering children's services. 

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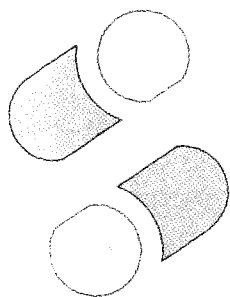
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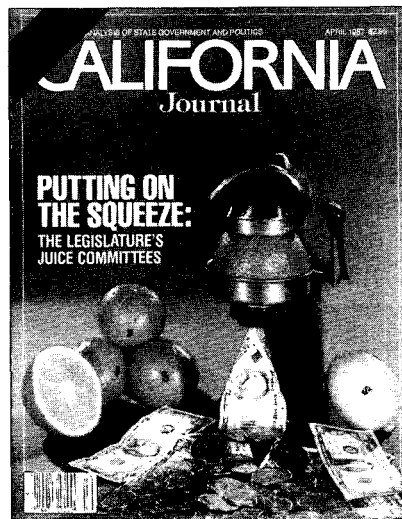
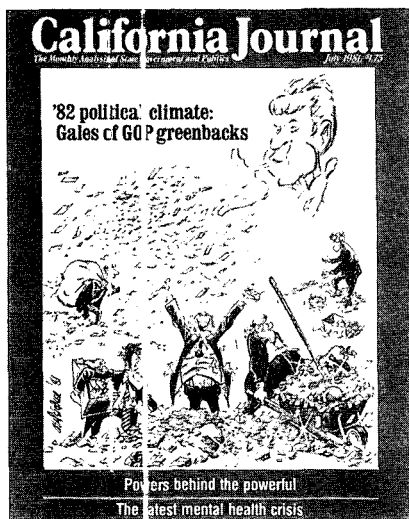
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Elections: Voting in the 21st Century

By Robert Stern

It is Election Day, Sunday, November 7, 2010. You are anxious to vote and to find out the winner of the governor's race. You turn on your television and carefully scan your televised sample ballot. You note that you must choose candidates running for 15 statewide offices including insurance commissioner, environmental commissioner, transportation commissioner, political-reform commissioner, drug commissioner, savings-and-loan commissioner and family commissioner.

You need to know more about the contenders for transportation czar before you can vote for one of them. You press the interactive TV remote control and ask for a taped message from the candidates about high-speed train service from San

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Francisco to Los Angeles. One candidate's 60-second message is persuasive, and you decide to vote for her.

Twenty-two initiatives and 33 legislative ballot measures await your decision to vote "yes" or "no." You are familiar with some of them, but you want to know who is backing one in particular. You press your control, and up-to-date campaign statements appear on your screen. You note that a number of environmentalists have contributed to the "yes" side on one measure and several oil companies have given \$300 million to the "no" forces.

You are curious about the cost of one of the measures. You ask for the fiscal analysis done by the Department of Finance. On your screen appears the director of the department who explains the fiscal impact using three-dimensional charts and video images. The opponents in a separate taped message dispute the analysis and run clips from their own economic expert, a former legislative analyst.

You are now ready to vote. You have applied for a television absentee ballot which allows you to vote from your liv-

ing room using your television set. The actual ballot appears on your screen with a list of candidates, including their pictures.

After you vote, you await the results all of which are tabulated on the screen by nine o'clock in the evening. You are curious about who is controlling the one-house Legislature. You ask for a breakdown of the three parties represented. You learn that the new Green Party has gained sufficient seats to become the party that can swing enough votes to choose the speaker.

On the California Channel, the state's answer to C-SPAN, you choose to watch victory speeches from candidates who have won new seats in San Diego and Sacramento. You are also able to ask for vote tallies in the Bay Area Region where a former legislator is running for regional supervisor, a position which pays considerably more.

If you think this look into the crystal ball is pretty farfetched, you may be correct. After all, when one recalls campaigns 20 years ago in 1970, few dramatic changes have occurred. But technology is moving so rapidly these days that one person I asked to peer into her crystal ball told me: "It is too early to predict the future; call me in a few years and I will be able to help you."

Twenty years ago, I predicted that cable television would allow a candidate vying for the Assembly to run a commercial on a popular show like "60 Minutes" and have it shown only to potential voters in his or her district. The cable system could make money by selling other Assembly candidates time to run their commercials in the same slot. Candidates would be charged only the cost of transmitting the signal to their constituents, plus 10 percent, so everyone benefits.

Cable television, however, has taken 20 years to become established. Few examples exist of candidates taking advantage of this new technology. In 1986 candidates running for Irvine City Council bought ads on ESPN and MTV which were shown only on the Irvine cable system. These commercials cost peanuts but were probably watched by a small minority of voters. And yet, as more and more people become cable subscribers, this type of advertising will become much more prevalent.

As videotapes become cheaper to produce, candidates will use tapes as a form of door-to-door precinct walking. Anna Eschoo, a 1988 candidate for Congress in the Palo Alto area, distributed videotapes to thousands of voters. Unfortunately, the quality of the tapes was substandard. (My tape self-destructed in my tape player, almost destroying my machine.) In order to reach those voters who have little interest in elections, candidates may soon be able to insert their political spots at the beginning of the movies that we rent on our VOD (Video on Demand) home-entertainment system; in exchange for the luxury of picking our movies at home without having to go to the local video store, we will be stuck with commercials at the beginning of the movies.

Even though television will play a major role in campaigns at all levels, the direct-mail brochure and the slate mailer will still be around. The direct-mail piece will be even more targeted than it is today, with computers being used to determine the interests of each cluster of recipients. But even without the use of powerful computer programs, the direct-mail brochure was sophisticated 20 years ago.

In 1972 Democrat Howard Berman's campaign for the Assembly used voter profiles to determine who received mail from certain people. For example, Italian voters were mailed campaign literature from then-Speaker Bob Moretti. Imagine the dismay of the Berman campaign when a person of Irish

descent asked why he received the Moretti mailing. After intense questioning, it was discovered — much to the relief of the Berman campaign manager — that the Irish supporter was married to someone who had been born in Rome, Italy. The Berman campaign had entered into their data base not only each person whose name was Italian but also each person's birthplace.

Much more data will be available to the Bermans of the 21st Century. Some people fear that by 2010 a direct-mail specialist would be able to enter a person's Social Security number and everything about that person's life — from birth to death — will pop up on the computer screen.

By the year 2010 campaign-finance laws will be dramatically different from today's laws. Candidates will be strictly limited in how much they may spend on campaigns. Most candidates will opt for matching public funds, just as every major presidential candidate (other than John Connally) has accepted public funds and expenditure ceilings since 1976. Independent expenditure committees and wealthy candidates will be limited in how much they can spend on campaigns, thanks to an amendment to the United States Constitution.

If campaign-finance laws have not been adopted, however, campaign costs will be off the charts. Twenty years ago an expensive legislative campaign would have cost a candidate no more than \$100,000. In 1988 competitive campaigns cost legislative candidates at least \$1 million and up to \$2 million. In 2010, unless there are spending ceilings, campaign costs will be at least \$5 million for a legislative seat and, in some instances, as much as \$10 million where a wealthy challenger is attempting to oust a entrenched but vulnerable incumbent.

Will campaign consultants still be as powerful? One consultant I interviewed said: "Either we will be gods or no one will need us." A former local public official predicted that political lawyers will be the most important professionals in campaigns. He hadn't yet seen "Back to the Future — Part II" where, in the year 2015, lawyers do not exist and justice is much speedier.

Many believe that the professional pollster will play the most important role in future campaigns. In fact, Professor Tracy Westen of the USC Annenberg School of Communications worries that polling might become so sophisticated that each election year we could literally select one person most typical of the entire electorate and have that person vote for all of us. It would save a lot of money and hassle for everyone; and since voter turnout is declining each year anyway, having one person vote for all of us might be the nightmarish but logical extension of current trends.

Ballot measures will continue to be an important part of elections. The number of initiatives may increase so dramatically that the state may choose to profit from the circulation of these measures. Since a 1988 United States Supreme Court decision prohibited states from banning the use of paid circulators, and since it is clear that an initiative can nearly always qualify for the ballot as long as the proponents have enough money to pay circulators, the state may offer sponsors an alternative. Instead of buying their way onto the ballot by hiring circulators, proponents could be given the option to pay the state an equivalent amount (say, \$1 million), and the measure will be placed on the ballot automatically.

Many people are afraid of the future. It is my judgment, however, that if many of the above predictions do *not* come true, elections in the year 2010 will be as disillusioning as the ones we suffer through today. The future has to be brighter than the present. 🏛️

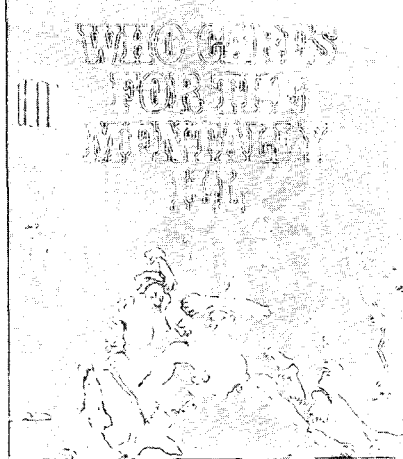
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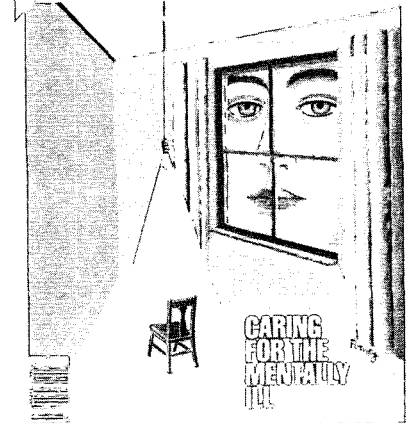


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Health: A prescription for equity

By Dr. Kenneth Kizer

Over the course of the 20th Century, the United States has made great strides in improving public health and making available personal health-care services. California and the rest of America are now served by one of the most modern health-care systems in the world, delivering quality care to a majority of its citizens in a pluralistic system of private non-profit and for-profit entities, and various federal, state and local government-funded programs. There are strengths in the system's diversity, but there are also intrinsic weaknesses and limitations. Indeed, as the 1990s draw to a close, recent changes in

the financing and organization of health-care services are producing far-reaching effects, and efforts to provide readily accessible, high-quality health care are falling short of general expectations.

An increasing number of serious problems in providing indigent care, emergency and trauma care, and prenatal and obstetrical care, as well as growing difficulties in addressing the needs of the elderly, persons with AIDS, the mentally ill and developmentally disabled, and alcohol and drug-dependent persons, to name some, are visible manifestations of an ailing system of providing health-care services. In fact, the current collage of public and private health-care programs is leaving millions of persons with no or limited access to quality health care and, therefore, placing them at increased risk for numerous health problems, and in need of high-cost tertiary medical care — much of which is preventable.

We are now confronted with an ironic paradox in health care. That is, while many persons receive the most advanced,

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most sophisticated and best medical care available any place in the world, a large and growing number of people go unattended, having no or inadequate access to even the most basic of health-care services. This paradox of medical want amidst medical plenty is particularly American and has been exacerbated in recent years by certain budget reconciliation measures and other public-policy directives.

The most pressing problem now confronting health-care policymakers is how to balance the ostensibly contradictory demands of controlling rampaging costs while, at the same time, assuring adequate access to quality services. As a result, health care is now at a critical crossroad.

Despite increasing calls for publicly funded national health insurance and other federal remedies for health-care problems in recent years, the need to reduce the federal budget deficit, preoccupation with other recently passed federal health-care legislation and, to date, the lack of national political will or consensus about major health-care system reform, all militate against the likelihood of major federal action to revamp the health-care system any time soon. Indeed, in the near term, substantive efforts to resolve health-care problems are most likely to occur at the state level, with states fashioning solutions that are fiscally, socially and politically suited to their particular populations.

California has led the nation in addressing some health-care problems, and because of its size and tremendous social, environmental and economic diversity, has the potential to significantly shape the future national debate in this regard. Developments of the late 1980s serve as the groundwork for widespread restructuring of the health-care system in California, but it is impossible, at present, to predict exactly what the outcome will be in California or elsewhere. And if history is a reliable indicator of future action, it is likely that revamping the health-care system will occur incrementally over several years.

To get a view of what the health-care system may look like 20 years from now, and to chart a course in this regard, one must first understand the major forces that have led up to the present paradox in health care.

Underlying the cost control-access-quality health-care dilemma are five key forces. These interrelated and powerful forces must be understood if a long-term equitable solution to health-care problems is to be achieved in the future.

- First, there are increasing budget restraints on government. Whether directly or indirectly due to the federal budget deficit, the state appropriations limit (Proposition 4, 1979), limitations on local-government revenue generation (Proposition 13, 1978), or just voter reluctance — real or perceived — to raise taxes to fund health-care and other human-service programs, the net effect is the same: Government, the largest purchaser of health-care services, no longer has the resources to pay for health-care programs the way it did in the 1960s and 1970s, assuming no major changes in other federal or state government spending priorities.

- The number of uninsured or underinsured people in the U.S. is increasing. This trend is a reflection, among other things, of the shift to a service-based economy and the proliferation of small businesses.

An estimated five million-plus people in California, and well over 30 million nationally, have no health-care insurance of any type. Far more lack comprehensive health insurance. Overall, at present, about 40 percent of the population us either uninsured or underinsured.

While some of the uninsured, about 25 percent, are truly indigent, the majority of today's medically poor are em-

ployed, working part time or for small businesses that increasingly do not provide health insurance as an employment benefit. This situation is especially acute in California and will worsen in the future without government intervention.

- California's demographics — as well as America's — are changing. Most important from the health-care perspective is the growing number of elderly, especially the very old over the age of 85, and the continuing influx of immigrants, since both groups are disproportionate users of government-funded health-care programs.

California is the preferred destination for nearly half of all refugees legally allowed to enter the U.S. Since 1980 over a quarter of all legal immigrants into the United States have ended up in California, or nearly two million people.

Similarly, California's current population of 4.3 million seniors will nearly double during the next two decades. The rapid growth of the aging population, and its increasing minority composition, will have major impacts on health and human-service programs in the 21st Century, and this will be especially problematic if anticipated changes in California's workforce composition occur in the next two decades.

- For the past two decades, health-care-cost inflation has substantially exceeded the rate of inflation in other sectors of the economy. In recent years, the medical-care price index has risen about twice the rate of the consumer-price index, with the disparity being even greater in years past. In the late 1980s increases in health-care costs to consumers and the business community soared at 20 percent or more a year.

The reasons for the continuing disproportionate inflation of health-care costs are complex. Important among the reasons are duplication and overuse of services resulting from historically open-ended third-party reimbursement; new medical technologies, some of which have been inadequately evaluated before widespread use; unnecessary hospital construction; excess and fragmented medical specialization; medical liability concerns; and inefficient and inequitable cross-subsidization of health-care costs. Many of these problems are still prevalent, and it would be naive to think that health-care costs will do anything but continue to escalate faster than the rest of the economy for the foreseeable future.

- Medicine today has an unprecedented ability to treat disease and disability. Scientific advances resulting from new insights into human biology and pathology have resulted in dramatic medical breakthroughs and offer even more exciting prospects for therapeutic and preventive interventions in the future. Indeed, there appears to be no limit to the degree to which medical technology can improve human life.

In doing more, however, we also are spending more, both for the new technologies and for the care of persons whose previously untreatable diseases are now treatable. Continued technological developments and foreseeable breakthroughs in genetic engineering and other treatment methods indicate that this trend will continue — and probably accelerate — in the years ahead.

In view of the complexity and enormity of the issues, no single approach can be expected to adequately resolve all of today's health-care problems. Instead, a multi-dimensional approach needs to be pursued involving, at a minimum, the following five elements:

- *Priorities.* Setting priorities is essential to the management of any activity in which resources are scarce relative to demand. However, establishment of health-care priorities has never occurred in a systematic way in the U.S., nor has a

national health-care strategy ever been promulgated. We spend billions of dollars for high tech, last ditch efforts to prolong the life of terminally ill persons by days or weeks, yet underfund low-cost primary care that could prevent a lifetime of illness or disability.

In response to the growing realization that we cannot, and should not, provide every health-care service that is technologically feasible just because it is available, the need to set priorities for our limited health-care resources has become increasingly recognized. Preferably, this would occur within the context of setting a national health agenda, although this is unlikely to occur in the near future. In the absence of such, California and other states need to pursue such action. To date, Oregon has been in the vanguard of attempting to do this.

Health care priorities need to be openly debated, although such a debate will present many dilemmas — medical, philosophical and political — and is likely to generate much controversy. Nonetheless, substantive dialogue in this regard is overdue, since the sensible and sensitive setting of priorities will require time and widespread involvement of health-care professionals, government and business leaders, clergy and lay persons.

It would not be surprising for the outcome of such debate to be a consensus that access to certain services — or at least those provided out of public monies — should be universal, while provision of other services should be made in accordance with available resources. For example, there are compelling reasons why prenatal care, children's services, and emergency and trauma care should be universally available. Likewise, there are many good reasons why we should assure access to basic primary care, skilled nursing and home care, rehabilitation and some other services. Funda-

mental to this discussion is the establishment of a workable definition of "basic health care."

In the absence of forthright priority setting and public policy development in this regard, health-care priorities will be set de facto, but not necessarily in a medically sound or otherwise rational manner — and often at the expense of those fragile persons having the least voice in the system.

Actions to substantially expand prenatal and obstetrical care in California in the last three years have resulted in significant improvements in this regard, although we still have a way to go to get to universal prenatal care. (In view of these changes, it is of interest that in 1988 California's infant mortality rate dropped to its lowest ever — a rate of 8.6 infant deaths per 1000 live births — which was also the lowest rate of the 10 largest states.)

- *Cost.* The cost-effectiveness of the existing health-care delivery system has to be improved. The percent of America's GNP spent on health care has risen from about 2 percent to over 11 percent in the past 40 years. We spend more per capita on health care than any other nation, with health-care spending now exceeding half-a-trillion dollars a year — more than the entire economic output of all but four nations in the world. The federal Health Care Financing Administration estimates that health care will be a \$1.4 trillion annual enterprise by the year 2000, or approximately 15 percent of GNP, and there is little reason to doubt that it will reach this level — and probably exceed it in the early 21st Century.

The health-care industry is now the fastest growing and one of the most dynamic segments of our economy. It is the third largest private employer in the U.S. No longer is health care the cottage industry that it was in the mid 1900s. Instead,

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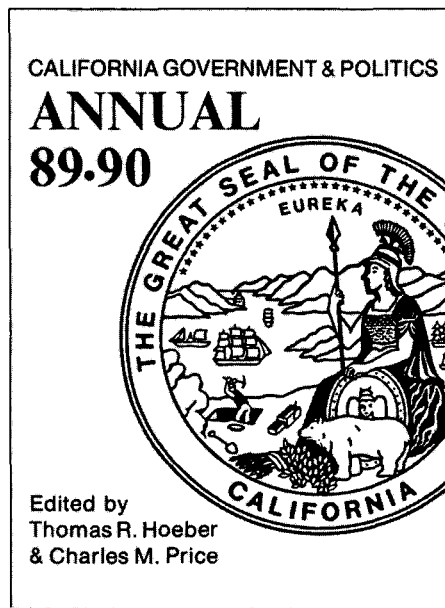
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California Government and Politics Annual, 1989-90

Thomas R. Hoeber and Charles M. Price

California Journal's California Government and Politics Annual has become a standard resource book for college and university courses in state and local government. It is also a valuable tool for individuals seeking an overview of the California system of government and current political issues.

The 1989-90 edition contains chapters on the various branches of government plus lobbying, parties and politics, the press, direct democracy, local government, and current issues. The 128-page, large-format book is edited by Thomas R. Hoeber of the *California Journal* and Charles M. Price, political science professor at Chico State University and author of several books on state and local government. The price: \$7.95 plus tax.



health care is a modern-day industrial colossus.

Putting aside the debate about what percent of GNP should be spent for health care, there are more important questions that should be asked: Are our health-care dollars being spent wisely? Are we getting the most we can for all the money we spend?

A review of some basic public-health indicators raises concern in this regard. For example, the U.S. infant mortality rate has consistently ranked significantly behind many countries which spend between 6 and 8 percent of their GNP on health care. (The U.S. now ranks 17th in the world in infant mortality — at 9.9 infant deaths per 1000 live births — and 21st in mortality of children under five.) Likewise, our overall longevity is no better than England, Canada, West Germany, Japan and many other countries that spend proportionately much less on health care.

Recent studies by the Rand Corporation and others further underscore these concerns. For example, well-designed studies have found that 56 percent of cardiac pacemakers, 44 percent of coronary artery bypass graft operations, 64 percent of carotid endarterectomy surgeries, 24

percent of angiographies, and 21 percent of pediatric hospital days were for equivocal or inappropriate reasons. Other studies have found excessive utilization of laboratory test and other diagnostic procedures, as well as significant variation in the rates of commonly performed surgeries for nonclinical reasons.

The data clearly indicate that more cost-effective utilization of health-care services should be a high priority for system-wide reform, with expansion of managed care and other alternative health-care delivery systems being the most viable options at present.

Interestingly, while nearly a third of Californians now receive their health care through various managed health-care plans, with their numbers steadily rising, less than 10 percent of Medi-Cal beneficiaries are so served. Efforts to achieve greater equity in this regard have been unsuccessful for various reasons.

- *Health insurance.* In view of the present seemingly immutable government spending constraints, continuing health-care cost escalation, and the improbability of any type of universal nation health insurance being enacted soon, it seems evident that greater health-care spending in the future must come from employers and individuals. The most viable way of achieving this is to increase the availability of private health insurance.

There are many ways of increasing the availability of private health insurance, including establishing catastrophic-care pools, mandating employment-linked insurance, creating small employer group-insurance pools, granting tax credits to small employers who provide health insurance, and subsidizing insurance premiums with public funds, to name some of the alternatives.

None of these approaches is sufficient to do the job alone. Instead, multiple approaches need to be pursued concomitantly. The recently implemented Medi-Cal Health Insurance Payment Program and enactment of AB 350 and SB 1207 in the last legislative session are notable steps in this direction.

The challenge of increasing the availability of health insurance is to fashion insurance options that encourage both cost-effective and compassionate delivery of services, and to distribute the financial burden equitably, without undermining the viability of small businesses. If appropriately developed, such options would take a substantial burden off future state and county budgets and also provide an opportunity to negotiate appropriate systemic reforms.

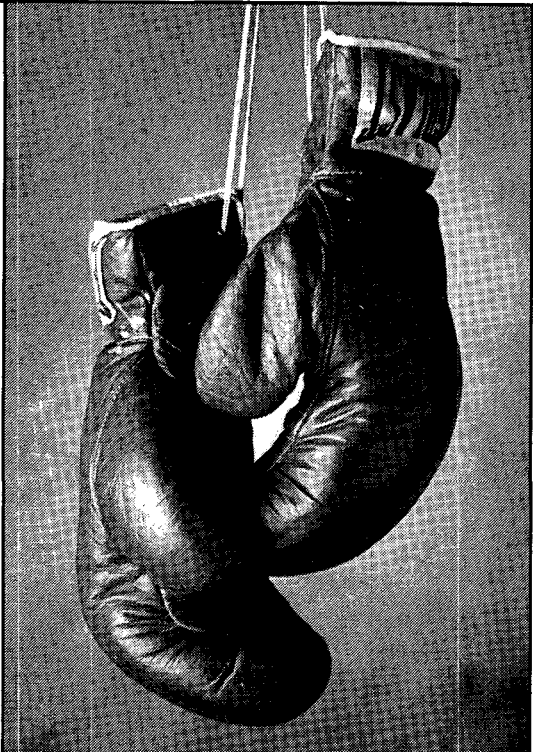
- *Prevention programs.* It has become clear in recent years that a number of health promotion and disease prevention programs make good fiscal sense, as well as good medical sense. These programs need to be supported with both public financing, when needed, and with appropriate legislative mandates and administrative policies.

A few examples of prevention programs that should be strongly supported are prenatal care, childhood vaccinations, genetic-disease screening, family planning, diabetes and pregnancy management, and school or worksite-based substance-abuse intervention and rehabilitation.

Again, California has taken notable steps in this area by substantially expanding Medi-Cal eligibility for prenatal care and by implementing the Comprehensive Perinatal Services, Diabetes and Pregnancy, and Adolescent Family Life programs. Similarly, the Drug-and-Alcohol-Exposed Women and Infants pilot projects, the statutory requirement that health insurance cover mammograms, and the "5-a-Day" Nutrition and Cancer Prevention Program are good examples of actions in this area.

- *Funding.* Recent public-opinion surveys indicate a

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high degree of support for government-funded health-care programs but significantly less support for general tax increases of the size needed to pay for such services. In contrast, there seems to be considerable public support for nontraditional or special-purpose funding ("user fees") for health-care programs. Insofar as additional health-care dollars are needed, new non-general fund sources of health-care funds should be evaluated.

Again, there are many potential sources of new funds, including surcharges on traffic violations or the sale of handguns (for trauma care), assessments on net hospital revenues or health insurance premiums, and "sin taxes" (assessments on tobacco or alcohol production), to name some of the options.

The potential public acceptance of the latter was well demonstrated by the overwhelming passage of Proposition 99, the Tobacco Tax Initiative, in November 1988. Measures such as SB 12 in 1987 and SB 612 in 1988, both of which provide funding for emergency medical services, are further examples of what can be done along these lines.

Good health is a necessary prerequisite for people to lead normal and productive lives, and assuring the availability of basic health care to its citizens is widely regarded as a vital service of any civilized society. However, as we enter the 1990s and begin to look to where we will be in the 21st Century, increasingly severe problems in assuring the availability and provision of health care are evident in California and throughout America. These problems must be resolved. In doing so, however, we need a strategy that recognizes the plurality of our health-care system and, at least at present, the lack of widespread desire to change this. It is highly unlikely that any single measure can be sufficient by itself. Thus, a multidimensional approach such as outlined here is needed.

The health-care paradox of the late 1980s poses great challenges for the 1990s and presents great opportunities to achieve equity in the 21st Century. The stage is set for substantive restructuring of the health-care system, and it is likely that the 1990s will be a decisive decade in health care. However, the political uncertainties that surround health care at this time preclude a clear vision of what form such change will take. Achievement of equity, though, will require strong political leadership and consensus development, for resolution of the health-care paradox is basically political, not medical. 🏛️

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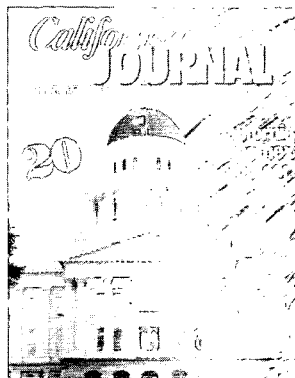
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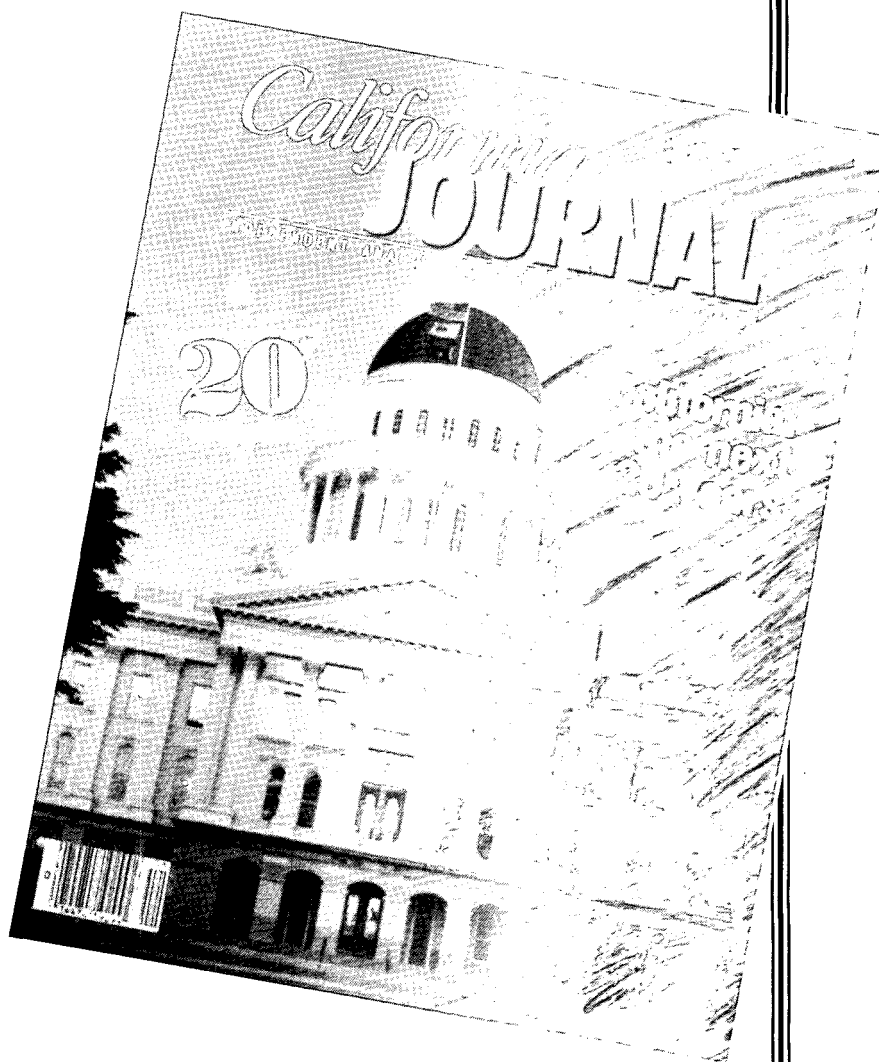
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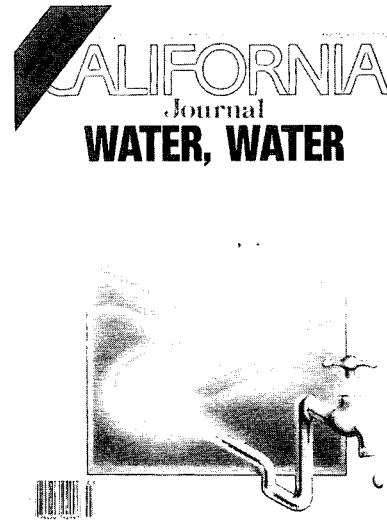
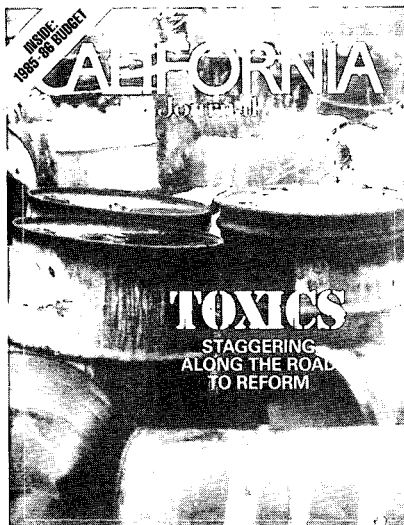
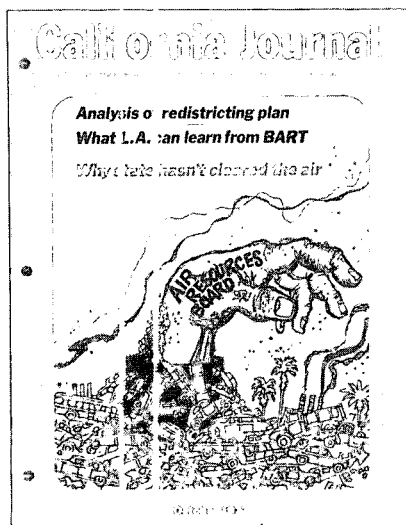


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Environment: Running to stay in place

By Tom Harris

Twenty years ago Lake Erie was declared drain dead, choked by phosphate-laden sewage; firemen from Ohio were called to extinguish a raging inferno that turned out to be the Cuyahoga River and the Club of Rome issued the first of its signal reports on the earth's rapidly dwindling resources.

Earth Day hadn't happened. There was no National Environmental Policy Act to unmask ecologically destructive projects. No one had the Environmental Protection Agency to kick around, and there was no such thing as a hazardous-waste or a superfund site.

So much for the good old days.

Welcome, California, to the 1990s where the air is often unhealthy to breathe, once-vast underground reservoirs of clean water have been depleted, degraded, or both, and a growing flood tide of new residents — rapidly approaching a yearly gain of one million per year — has lent new meaning to the word "congestion."

And that may be the good news.

As Californians head into a new and unsettling span al-

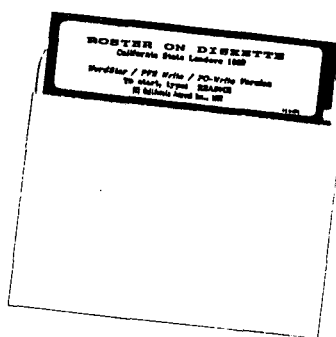
Tom Harris is an environmental writer for The Sacramento Bee.

ready dubbed "the Decade of the Environment," they and others on Spaceship Earth confront problems that pale polluted streams and crowded freeways. The challenge is to keep the very planet itself from being converted into an uninhabitable greenhouse and its citizens, no longer shielded by a gauze-like filter of high-altitude ozone, from being skin-fried by ultraviolet rays.

"The Nineties will only truly be the decade of the environment if people wake up to the fact that we have major, long-standing environmental problems," says Gerald Meral, executive director of the statewide Planning and Conservation League and a former deputy director of the state Department of Water Resources. "If the last two decades haven't accomplished much else, at least they have helped develop a wider consensus that we have problems that go well beyond the local or regional boundaries."

That may be the most important gain we have made. It is critical that people are beginning to see the planetary implications of largely unbridled growth and consumption. That is a very long way from being jolted out of the tree-hugging brand of conservation practiced in the late 1960s by campaigns to fill much of San Francisco Bay and by the black death of the Santa Barbara oil spill. Those two sentinel events

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generally are credited with jump-starting the modern-day activism that yanked the rest of the nation — and a good part of the world — into environmental awareness.

Environmental leaders differ only slightly in their views of how dim the future may be unless there are fundamental changes in the way that citizens, commerce and industry function. But there is no dispute at all, however, that growth is the biggest obstacle to success. Already hurtling toward 30 million residents, the Golden State's population will be nudging 40 million by the time the next decade milepost is reached.

Gains in water pollution from more than \$5 billion in expenditures to upgrade community sewage-treatment plants are being eroded steadily as growth overloads existing capacity of the cleansing systems and begins to degrade treatment efficiency.

In air pollution, gently-sloping trend lines that charted slow but steady improvements through most of the 1970s and '80s are beginning to flatten out and head gradually back upward in both the smog-choked Los Angeles Basin and the comparatively cleaner San Francisco Bay Area. Ambient air standards set by the federal Clean Air Act may be virtually unattainable — even if they are postponed and moderated for a fifth time early in the 1990s, as most observers expect.

Not just California's major metropolitan areas are at risk for a smoggy future. The congested Los Angeles, San Diego and Bay Area metroplexes have surpassed the density saturation point, and the combination of overcrowding and stunning property-value escalation is driving thousands into distant suburbs in search of more affordable housing and more breathable air.

The inland valleys are the only places left for escape, and they are filling so rapidly — with both people and smog — that some predict a dire air-quality future for the greatest valley of them all: the state's 400-mile-long Central Valley that stretches from Redding to Bakersfield.

Air pollution officers in Bakersfield, Fresno and Sacramento reach the same conclusion: Everything they can do, short of building a wall around themselves to keep newcomers out, will not stop pollution trend lines from inching further and further away from compliance with federal standards.

Nowhere is that more evident than in Sacramento, where increasing attention to ride-sharing, better land-use planning and getting people out of their

cars and into an improving light-rail and bus system is being offset by longer and more-congested commutes.

"We have made inroads," claims Norm Covell, former head of the Sacramento County Air Pollution Control District and now chief of a revamped environmental agency. "But it is like climbing a greased pole. We do all this work and then have the VMT (vehicle miles traveled) increase 40 percent."

Covell has reason to worry. Sacramento has the dubious distinction of outstripping the state's already rapidly escalating average for total daily vehicle miles driven — outstripping that average by 70 percent. The number already is approaching 20 million miles a day in Sacramento and is projected to soar beyond 32 million by the year 2000. Fears are well-grounded of what that and other sources of growth-spawned pollution will do to the Central Valley.

A little-known national study nearly 30 years ago found that the mountain-ringed basin and its persistent periods of stagnant Summer and Fall air, during rice-burning season, predispose it to become one of the country's most seriously polluted regions. All it lacks are enough people, cars and industry. Even the Los Angeles Basin has a lower potential, according to the study.

On the wildlife front, the picture is not nearly so grim, although it is still challenging.

Despite continuing pressure from increasing water withdrawals for thirsty farms and cities, an unusual coalition of hunters, birders and preservationists has launched an ambitious wetlands acquisition program to reverse nearly a century of habitat loss. Such uncommon allies as Ducks Unlimited, The Nature Conservancy, National Audubon Society, Defenders of Wildlife, the National Rifle Association, the Sierra Club and others have raised millions of dollars to buy tens of thousands of acres of prime wetlands, and their water rights.

Under the umbrella of the North American Waterfowl Management Plan — recently signed and funded by President George Bush — these organizations have purchased key parcels along the Feather, Sacramento, San Joaquin and Consumnes rivers to create pockets of prime waterfowl habitat linked by riparian corridors to and along what is left of the once-vast riverside forests.

"I'm an eternal optimist," says Glenn Olsen, Western regional vice president of Audubon and one of the prime movers behind the wetlands-acquisition program. "There is no place with more diversity, beauty or biologi-

cal value than the Central Valley, and we are coming into a great time for wetlands conservation here.

"We are arresting the decline and turning the corner toward restoration," added Olsen. "Hopefully, 50 years from now, great skeins of geese still will be flying south through the valley, and people will view what we have done as a second great era of wetlands protection comparable to that accomplished by President Teddy Roosevelt. From 1905 to 1910 he established both national wildlife-refuge and national-forest systems; a fantastic accomplishment."

But the shadow of growth hangs over that initiative, as well.

"If we don't do it now, we won't get it done in the future," warns Olsen. "The urgency of the population crunch is here. When we go to 40 million people, these places [acquisition targets] won't be here. It will be wall-to-wall houses unless we design a system of comprehensive protection now, and implement it."

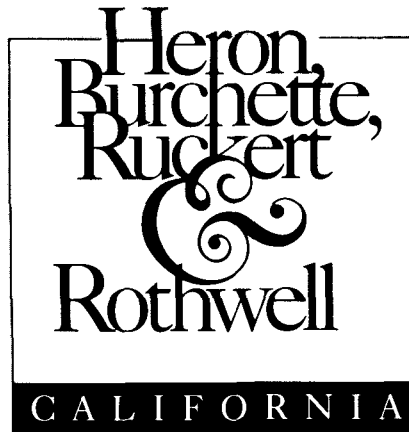
Significant strides forward have been made in preservation of water-related recreation and wildlife values. Nowhere is that more evident than at Mono Lake, the ancient High Sierra miniature sea that once faced biological strangulation at the hands of the Los Angeles Department of Water and Power.

Legal challenges raised during the early 1970s by Audubon and the Mono Lake Committee have paid off in a long string of victories, from the U.S. Supreme Court on down. In December 1989, as that legal pattern continued in El Dorado County Superior Court, Los Angeles had to drastically curtail its 100,000 acre feet-per-year diversions — nearly four-fifths of the entire Mono Basin drainage — to assure that the lake level would fall no further.

The public-trust doctrine — that lakes and streams, and the biological and recreational values they support, belong to the public — paved the way for those legal victories and became a pivotal precedent in statewide water issues. Subsequent court actions imposed that doctrine on the way the state managed fishing, boating and wildlife values of San Francisco Bay and the Sacramento-San Joaquin Delta.

All this has forced a shattering truth on California's once all-powerful water lobby. The state-granted water diversion permits and licenses it once viewed as inviolable are now open to public-trust review and revision. Another key watershed decision was one upholding 50-year-old fish-and-game laws that require releases from all dams to

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support downstream fisheries. Together, they give sportsmen and conservationists a powerful trump card in negotiations for more balance in future water development and use in California.

"We were David taking on Goliath, and our views were considered off-the-wall when we launched the Mono Lake challenge," says Olsen. "We were not even on the playing field then. But that whole issue has turned around. Now, Los Angeles is on the outside for not protecting the lake and its resources, and the environmental viewpoint is seen by the public, and the courts, as being the mainstream viewpoint. That is the major change of the Eighties. We are on the way now, but much remains to be done."

The economy may hold the key to how much is done in environmental restoration.

"The Eighties, with their sustained economic growth, allowed greater attention to the environment," says Gerald Meral, who helped win passage from a supportive public for more than \$800 million worth of bond issues for park, open space, wetlands and endangered species protection and preservation. "But if the Nineties bring a severe economic slowdown, the same people

could very well go back to their personal needs and not support these kinds of environmental initiatives."

Meral cites accomplishments in solid-waste management and progress in development of alternative energy programs as cause for hope in the decades ahead. But he balances that view with skepticism about progress solving hazardous-waste and fisheries problems and dealing with the challenges of growth.

"The past 20 years have been just a beginning," says Meral. "The problems are still with us. The valley could become one of the most polluted air basins in the country. Our fisheries definitely are much worse off than a decade ago, though there is significant recent recognition and commitment to change that, and we still are at the bottom of the trough on toxic wastes.

"It is going to take a long time and a lot of dedicated, consistent effort by everyone to get better," Meral added. "Frankly, if we are able to just keep this avalanche of growth from making things worse, that will be a significant accomplishment. I know that just holding the line doesn't sound very appealing, but even that will take the very best we can give." 

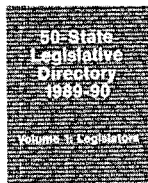
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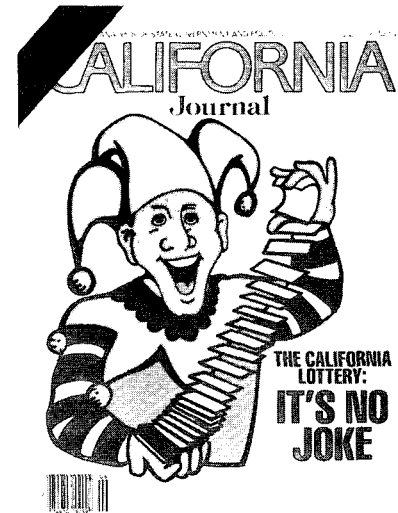
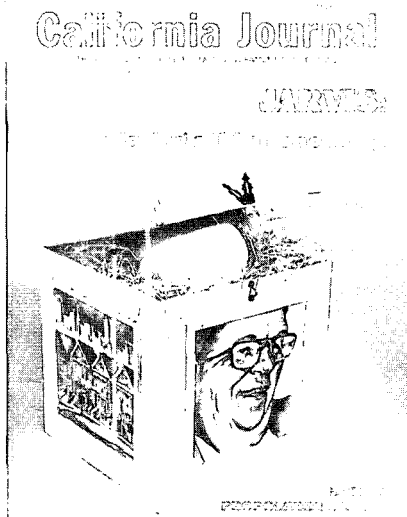
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Government finance: Caught in a vise-like box

By John J. Kirlin

California policy-makers enter the 1990s under tightening fiscal constraints, yet demands for expanded or new governmental activities continue. The result is considerable stress, seen both within governments as they wrestle with budgets and among governments as they compete for revenues. Almost desperate efforts to somehow establish a more tolerable set of fiscal alternatives are being mounted. These efforts are unlikely to be successful; the 1990s will be another decade of fiscal constraint.

Five factors form a vise-like box constraining revenues available to California governments:

- *Proposition 13*, Article XIII A (1978), a \$7 billion one-time reduction in the property tax which also limited property tax growth thereafter. These effects were aggravated by the state government's response to that proposition: increasing transfers to K-12 education; gradually cutting state payment

for state-county services in health and welfare; setting cities free to survive on their own fiscally; and protecting core state expenditures. The results were to shift available revenues to the state government and its favored areas of expenditure.

- *Proposition 4*, Article XIII B (1979), which ratchets down total government spending relative to total economic activity in the state. The California Taxpayers Association estimates allowable spending will decrease from \$5.85 per \$100 of personal income in 1978-79 to an inflation-adjusted \$4.96 in 1993-94.

- *Indexing the state personal income tax* in 1982, with the result that collections from this important revenue source no longer increase much faster than the growth in personal income.

- *Decreased transfers to local governments* from the national government (from 21 percent of local-government revenues in 1978 to 12 percent in 1986); transfers to the state declined from 20 to 19 percent of general-fund revenues.

- *Taxpayer resistance* to substantial increases in taxes, especially general taxes.

If the five "sides" just described represent the outer lim-

John J. Kirlin is Emery E. Olson professor of public-private entrepreneurship at the University of Southern California's School of Public Administration in Sacramento.

its of fiscal choices, additional pressure arises from "within the box." This internal pressure arises from increases in costs for existing programs, expansions or other "improvements" of existing programs, and efforts to undertake wholly new programs.

While many argue that increased revenues are needed for the public sector, there is also evidence to suggest that substantially increased revenues will not be forthcoming. Part of the evidence is seen in the behavior of politicians, most of whom assiduously avoid advocating increasing taxes. Additional state revenues may be raised under the cover of language other than taxes, particularly of conformity with changes in national tax policy. In some cases, the amounts of revenue so generated can be substantial, even growing to over \$1 billion annually. Tax increases for specific purposes have proven more palatable, especially where the purpose appears urgent and is clearly defined. Local governments have sometimes been successful using this strategy, and the 13-month, one-quarter-cent increase in sales taxes for earthquake relief is a state example.

Another part of the evidence regarding the enduring nature of fiscal limits is found in the situation of other governments around the world. Virtually all industrialized nations, including France, Sweden, Japan, Australia, the Soviet Union, England and Italy, among others, are experiencing fiscal stress. The most common cause appears to be growing expenditures for welfare-state programs designed with no concern for expenditure levels colliding with demands to restructure economies in the face of global competition.

Even more compelling evidence of the high probability of continued fiscal constraint is found in the personal eco-

nomic situations of citizens. Ultimately, public revenues must be obtained from individuals and, if the economic situation of individuals is stressed, they are less likely to support increased revenues for government.

Measured in 1984 dollars, real per-worker income in California peaked in 1972, at \$33,989. It nearly reached that level again in 1976 (\$33,552), slid downward 10 percent to \$30,741 in 1982, and had risen in the present economic expansion to \$32,636 in 1987, the last data available. The 1987 level is still 4 percent below the 1972 high, and roughly equivalent to 1969 levels.

Among factors contributing to this decline were the entry of many baby boomers and women into the labor force; as their job skills increase, they should earn more. More important, however, appears to be the shift in the structure of employment, with higher-paying manufacturing jobs becoming a smaller proportion of total employment. Wages in the services and trade sectors which employ increasing proportions of the labor force are substantially lower than those in manufacturing.

Equally important for personal budgets, the prices of houses, health care, and automobile purchase and operation have increased while workers' incomes fell. These three items of private expenditure provide a proxy for access to a middle-class lifestyle. In this regard, the evidence is most sobering regarding purchase of a single-family house.

In the late 1960s and early 1970s, the median price of a resale single-family residence was equivalent to two years' average income for a worker. By 1978 it took three years and three months income for the same purchase, and it took three years and seven months in 1987. In reality, the increased price discrepancy is much greater because higher housing

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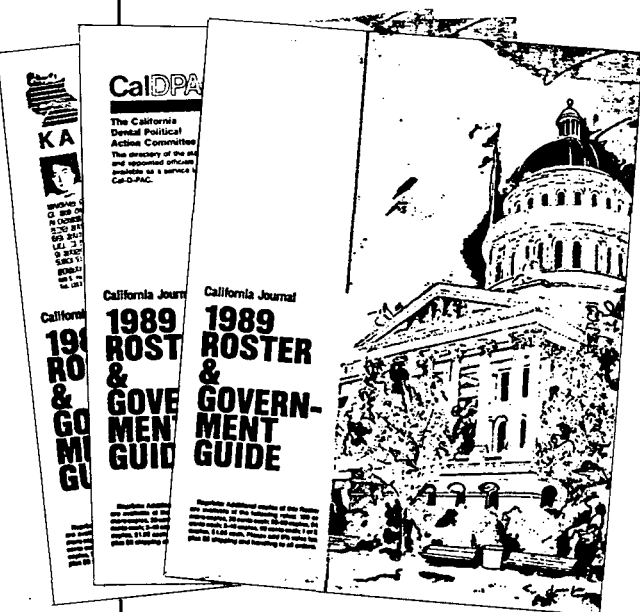
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prices require higher mortgages (with greater total interest payments over the life of a loan), higher insurance premiums and higher property taxes for purchasers.

Medical costs have accelerated much faster than general prices in the recent past. For the nation as a whole, they increased 41 percent from 1982 to 1987, 2.3 times as fast as increases in the general consumer price index and half again as fast as increases in California average worker incomes.

Ownership and operation costs of a mid-size automobile as calculated by Hertz (national data) increased 109 percent from 1978 to 1987, over a third more rapidly than increases in average worker incomes in California.

California policy makers are pursuing five different strategies to break the vise of fiscal constraint, all by increasing revenues available for public purposes:

- *Public-private* partnerships, public entrepreneurship and better management of public assets are all efforts to gain increased effect from public powers, usually in partnership with the private sector. These efforts are most advanced among local governments, although CalTrans has begun selling, leasing and jointly developing excess lands.

- *Targeted taxes*, for example, county-option sales-tax increases for transportation system improvements, now passed by voters in 16 counties. Again, these actions are most common among local governments.

- *Relieve the Gann limit*, as proposed for the state government in SCA 1, which will be voted on in June 1990.

- *Advantage-one interest*, as in voter-approved Proposition 98, which guarantees K-14 education a base percentage of state expenditures and directs revenues in excess of the Gann limit predominantly to schools, where they become part of a permanent base for future expenditures. This measure is so disastrous for all other public expenditures in California and so insensitive to the incomes of citizens that it must ultimately be repealed.

- *Punitive taxation*, as in initiatives to tax a disliked product, activity or class of property, then directing the proceeds to specified purposes (for instance, initiatives relating to tobacco products, alcoholic beverages or business property). "Good" uses of the revenues raised are usually sought, and the advocates of these expenditures have commonly framed these initiatives, qualified them, and campaigned for their passage.

The low probabilities that these strategies will individually, or together, make dramatically more revenues available to California governments must be recognized. They do not have the potential to return California to the status of a high taxation, high expenditure state it enjoyed in the 1960s and 1970s.

Fiscal constraints appear likely to persist into the next century. California policy makers and program advocates must discover approaches to meeting needs within tighter fiscal limits than they would prefer.

It is likely that modest relaxation of one or another of the five limits identified above will occur. If the economy continues to expand, worker incomes may rise sufficiently so that they will support a broader increase in revenues for California governments. But it is very unlikely that sufficient relaxation in fiscal constraints will occur to satisfy many, let alone all, of the claimants for new or increased expenditures.

As a consequence, California policy-makers should focus increasingly on more effective management of the fiscal resources now available. Limited savings may be found in improved management of programs. More hope lies in changing the ways in which present policy objectives are sought, seeking the same goals with different strategies, or

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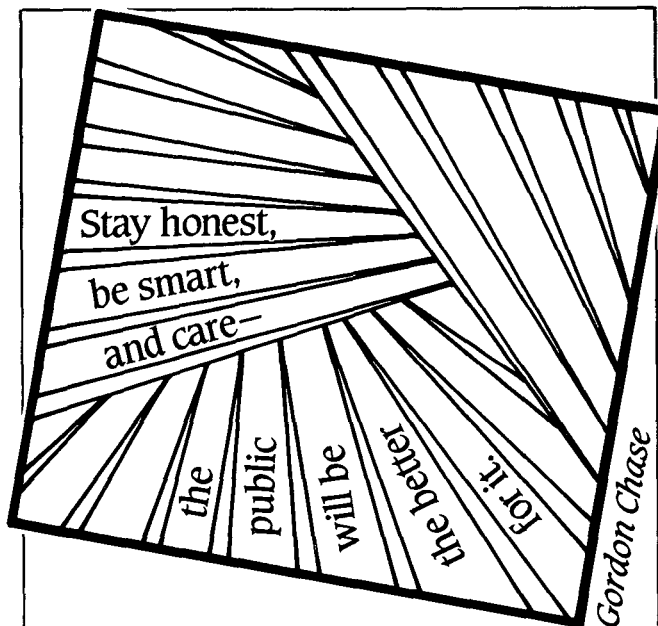
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different methods of financing.

One starting point would be to thoroughly examine three areas of extensive state policy and expenditure — transportation, water and public higher education. It is widely believed that the large investments made in these areas, particularly during the administration of Governor Pat Brown, had a very positive effect on the development of the California economy.

That belief need not be challenged. What must be examined is a fundamental premise underlying these systems: that each could be provided in whatever amount desired to any Californian, with most of the funding coming from broad-based taxes and little from direct charges to those using the systems. In each case, individuals benefit greatly from the public expenditure but pay little for those benefits. A system of fees and charges would provide money to cover an increased portion of the costs of providing these services. Such a system would also provide more accurate information to both citizens and policymakers about the costs and benefits of these services. Demand for the services would be 'managed' better by the need for payment.

These fundamental changes in the premises underlying existing policies will not be easy to achieve. The affected interests are powerful and subsidies to the middle and upper classes are difficult to terminate. But action at this scale is needed if the state policy apparatus is to move beyond complaints that insufficient revenues are available.

California's citizens have struggled for 15 years with decreased incomes and increased pressures on their budgets. Californians now need sensible, effective governance, not squabbling by entrenched program advocates whose vision is limited to their fiefdom and with limited understanding or sympathy for those in whose name they govern. 🏛️

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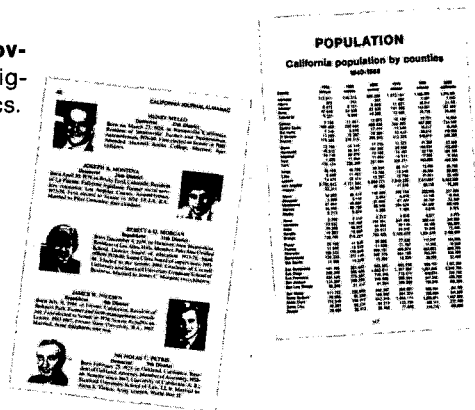
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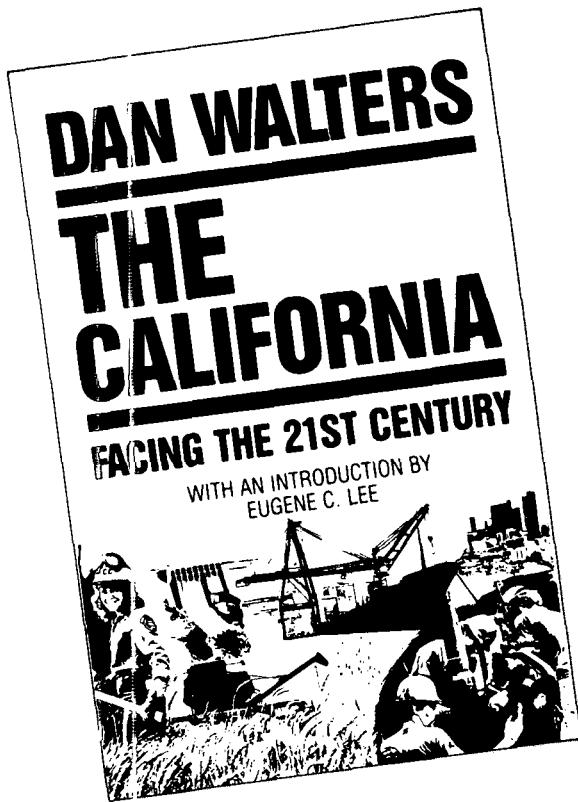
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WASHINGTON PERSPECTIVE

By LARRY LIEBERT

Moving toward the center

Twenty years from now, some things will be the same for California's delegation in Congress. The state will doubtless still have the largest House delegation at the Capitol, somewhere between today's 45 members and 60.

SOME THINGS WILL BE DIFFERENT. Surely, the delegation will become more reflective of the state's diversity. There will be more than today's meager representation of two women and three Hispanics. The Asian representatives may reflect newer waves of Vietnamese and Cambodian immigration, not just Chinese and Japanese ancestry.

Certainly, most of the individuals now representing California will be gone in 20 years. Some will be called to the heavenly caucus rooms, to put it euphemistically. Some will seek, and maybe achieve, higher office.

Many state Democrats assume that Representative Vic Fazio, a Sacramento Democrat and up-and-comer in the House hierarchy, will be Speaker of the House sometime in the 1990s. Some Republicans think Representative Jerry Lewis of Redlands might be House Republican leader some day.

Some Democratic House members like Mel Levine and Barbara Boxer and Republicans like William Thomas can easily imagine themselves capping a distinguished career in the U.S. Senate at about the time the *California Journal* will be marking its 40th anniversary. Senator Pete Wilson probably can see himself as a distinguished ex-governor and ex-president by then.

Beyond that, however, the crystal ball is so murky that not even a wiping with Windex will help. California's future role in Washington depends on an unfathomable meshing of issues and people.

In order to cope with the still amorphous issues of the '90s and beyond, the state's congressional delegation is seeking a way to look beyond each year's agenda of pork-barrel legislation of interest to California. That is why members of both parties are backing a drive to raise \$350,000 or more in corporate contributions to start what they call the California Institute.

"We need a think tank very badly," said Representative Don Edwards, a San Jose Democrat who is dean of the delegation. "It's going to have to be a lot more than just pork. The decisions made by the federal government have so much to do with whether or not we have a viable state."

Although Edwards describes the California Institute as a place where strategy can be mapped to improve public education and rebuild crumbling highways, it will also have the less lofty goal of winning high-tech federal projects that have

gone to other states in recent years.

The next time the federal government goes fishing for a state where it will build a superatom-smasher or a research lab to design computer chips, the California Institute may be available to write the state's bid.

Determining the people who will be part of the state's congressional delegation in 20 years is an even trickier matter. To a large extent, that will be decided by reapportionment. The once-a-decade census that will be conducted this year will give California five to seven more seats in the House, mirroring the state's ever-increasing share of the national population. The reapportionment struggle that will follow the census will determine whether Democratic dominance of the congressional delegation will be reversed — or firmly locked in, perhaps for the next 20 years or more. The assumption is that Democrats, controlling the state Legislature that redraws congressional and legislative boundaries, are hellbent to repeat the shameless gerrymandering that was engineered by the late Representative Phillip Burton of San Francisco after the 1980 census. It turned an evenly split California House delegation into the 27-18 model of Democratic dominance that exists today.

Lately, however, the Democrats are all sweetness, light and conciliation when they discuss the blood sport of reapportionment. Edwards insists the reapportionment debate can somehow be conducted in the bipartisan spirit that Californians in Congress demonstrated in winning aid for their state after the Bay Area earthquake.

"We are going to work with the Republicans for a fair reapportionment; we have a bipartisan attitude now," said Edwards. "I'd be very happy with three or four [of seven new seats]. It hasn't been very healthy at all to have several million dollars worth of lawsuits and the hostility that we had seven or eight years ago."

But Representative William Thomas, a Bakersfield Republican, is having none of that. To begin with, Thomas said Republicans deserve all but one or two of the new California seats because population growth is concentrated in Republican suburbs. And Thomas says the Democrats are purring about cooperation only to undercut two Republican-backed measures for the June 1990 ballot that would reform the reapportionment process.

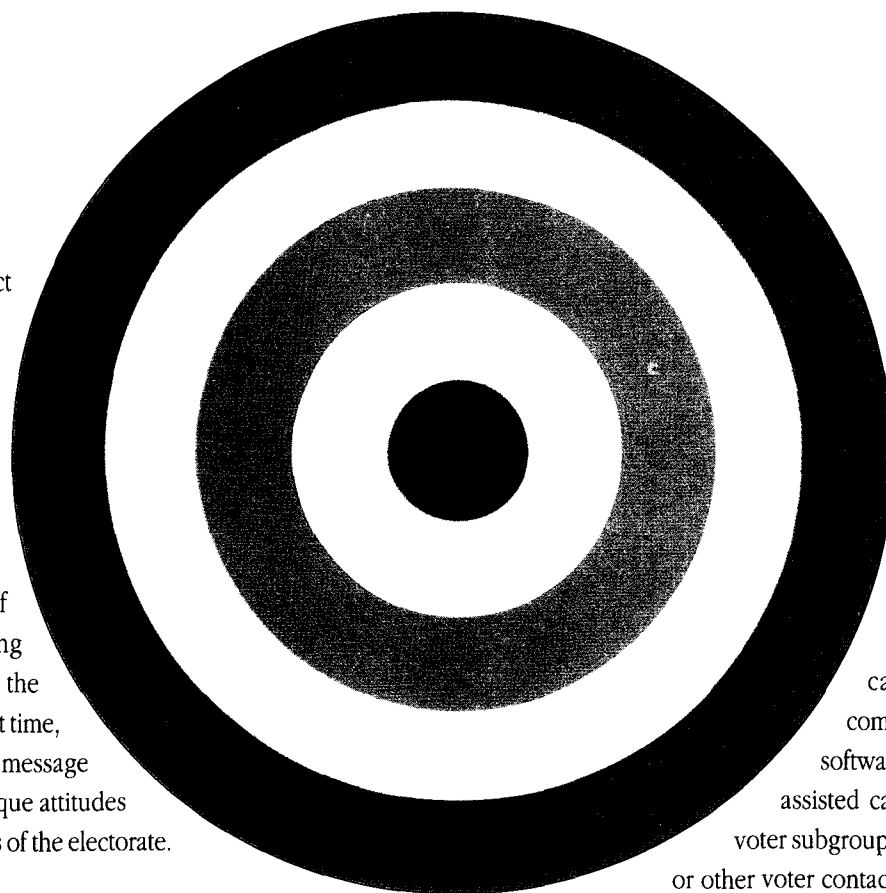
"A SMART THIEF KNOWS when he's taken enough," Thomas scoffed. "What they're trying to do is solidify the stolen seats from the last time. We want a fundamental change in the process, and not just for the new seats. There will be the beginning of a reapportionment revolution."

Thomas argues that reapportionment reform will mean more closely contested congressional races, with less extreme ideologues of the left and right winning election. That, he said, would mean a less polarized, more effective California delegation 20 years from now.

Larry Liebert is Washington bureau chief of the San Francisco Chronicle.

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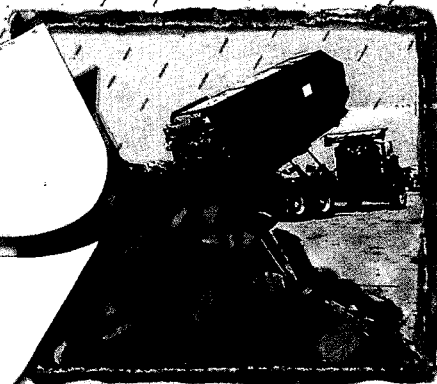
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