Golden State

By Nikil Saval

The death foretold in the early months of the economic crisis was that of high finance. It has turned out instead to be California's. Like the larger recession, the crack-up of the country's wealthiest, most populous state has been long in the making. After many years of disguising its financial frailty with housing booms, California seems poised to collapse. The new governor, an old hand brought in like Cincinnatus to save the republic from danger, is currently confronting partisan gridlock in the state legislature over tax increases necessary to boost revenues. The state's education system, once the envy of nations, drowns its students in tuition bills; the public employees' pension fund, long used as an excuse to deny wage increases in favor of benefits to come, reneges on old promises; voters sick of legislative inaction (approval percentages are creeping toward single digits) voice hollow threats to legislators long settled into gerrymandered districts. The few remaining newspapers can't afford to tell anyone what's going on: they're too poor.

Yet, flitting through this long slow disaster was the sense that the financial demise offered an opportunity; that what was left of the state could be reclaimed. While Gov. Arnold Schwarzenegger and the legislature both were considered by many to be disgraceful failures, wary and disenchanted citizens held both 2010 gubernatorial candidates in low esteem. No one had much faith that any elected official, individually or collectively—regardless of party affiliation—could or would do anything of selfless beneficence, free of special interest allegiances or the basest kind of political calculation, to help correct the moribund nature of the state's financial situation. Power, at least a little of it, might be left lying in the streets. Who would pick it up? The usual wealthy interests, no doubt—those who could afford to capitalize on others' financial distress, and those who could spend enough to push through balefully crafted ballot initiatives. The fragments of California's once-famed left were resolved to try as well. However, by largely grouping behind former (and, as of January, current) Gov. Jerry Brown, they inadvertently resurrected a Janus-faced past: the frivolously rich California that prevailed when Brown originally took office in 1975, and the frivolously insolvent state that dominated when he left. California under Brown's first tenure suffered a bifurcation point, and recalling what led to it and where we've come from since may yet help us understand the state's current crisis.

In 1949, journalist Carey McWilliams called California "the great exception" among states: no textbook or precedent existed to explain its monstrous growth, its powerful labor movement, its superb educational system, or its abundance-creating, superexploitative farm system. "California has not grown or evolved so much as it has been hurtled forward, rocket-fashion, by a series of chain-reaction explosions," he wrote. Every discovery or forward movement in California, such as the Gold Rush, historically seemed to coincide magically with national developments that turned it from a local incident into an "explosion." The Gold Rush, for example, took place precisely when advances in transportation made a real "rush" of people possible, and with no prior claimants to the land, a "truly amazing democracy in production" prevailed. This had its terrible consequences: the Native American population in California, larger than elsewhere in the West, was exterminated with unprecedented speed. For better and for worse, the early Californians displayed an omnipotent confidence that, McWilliams suggested, could only be compared to a kind of gambling:

> To understand the spirit of California, one really needs a sociology of what is called "good luck." … Californians have traditionally been reckless and self-confident gamblers; they have never hesitated to make high wagers against heavy odds and, on more than one occasion, have staked the future of the state on a throw of the dice, a turn of the cards.

California's reputation for being irredeemably liberal began to take hold in the '60s, when three groups, all in frequent conflict with each other, held sway over the image of the state: liberal administrators, students and labor. The last of these, relatively powerful ever since the Gold Rush, had developed its strength to the point that corporations tended to submit to its demands, and often suffered grievously when they did not. Professional administrators and politicians meanwhile sought to expand the public realm in prosperous California by any means necessary: agriculture would be heavily industrialized to feed the poor with cheap produce; under the auspices of a "master plan" for education, universities would be turned into tuition-free "multiversities"; cities would have their slums cleared for arenas, entertainment complexes, and mega-housing projects. Students, many of whom had served as Freedom Riders in the South, first demanded free speech rights, and then used these rights to demand others.

People moved to California in droves to join armaments industries; by the early '60s, it had surpassed New York as the country's most populous state. Gov. Pat Brown (1959–1967—Jerry Brown's father) was given to peaks of liberal fervor, and on occasion he would enumerate all the state projects he planned to complete: "We'll build the water project, and we'll build new universities and new state colleges and new community colleges, and elementary schools, too. We've got plenty of money and we've got to do it." Optimism raged like an epidemic. California, journalist Peter Schrag wrote, "bought and developed thousands of acres of new parklands, nurtured public institutions that were unmatched anywhere on earth, and never thought that it had to make tough fiscal choices." Meanwhile, the hippies in the north and the film industry in the south cemented the "out-there" reputation of the Left Coast, a phrase popularized in the '70s.

Yet extraordinary and inimitable as California was supposed to be, it was equally supposed that the rest of the country would soon model itself after the state—the rule, rather than the exception. Boom cities like Houston and Atlanta would look less like Boston and New York and more like Los Angeles; public universities would successfully compete with Harvard and Yale for talent as Berkeley did with Stanford; farming would resemble the "factories in the fields" in the San Joaquin Valley. The left, too, would find its models in California, whether among the love-ins in San Francisco or the student tables at Berkeley. In all these respects, California was the harbinger of whatever utopian future the United States had in store: every outsider's casual dismissal of its strangeness concealed a desire that the rest of the country might turn out to be, one day, just as strange.

All the conditions that nurtured a powerful left in California have virtually disappeared. Today, the educational plans of the '60s administrators read like fables, while California's legendary liberal consensus has unraveled to the extent that no Orange County conservative would identify with the Ronald Reagan who, as governor, signed into law the largest tax increase in California's history. The collapse of California's educational system is the sign of the state's collapse more generally. Currently, California has an official unemployment rate of 11.7 percent (as high as 12.5 percent in rural California, according to the last available figure from 2009), and a budget deficit—even after two years of savage cuts—of $10.8 billion, with no easy solution to either problem in sight.

Fiscal crises, due to a careless article of the state's 1879 constitution that until recently required a two-thirds majority for the passage of any budget, are familiar to Californians, but the current situation transcends all that. A crisis at least suggests a possible transformation; California's problems seem terminal. Confidence—the attitude my shallow, beaming state supposedly lacks least—has all but disappeared. People have finally begun to believe in "bad luck." California remains a harbinger for the country, only now it has come to represent not progress and creativity but social immobility, ecological catastrophe, and legislative hopelessness.

California's problems have long been foreseen; only the will to face them honestly has been lacking. For one thing, the state, especially in the south, is running out of water. The Colorado River has been dammed and sucked out, and as the effects of climate change mount it yields ever less. The water problem is part of a larger demographic problem: too many people have moved into California, a place that, given its resource constraints, its seismic instability, and its tendency toward massive brush fires, is not amenable to having been so densely settled. The right manipulates this situation to the utmost, distracting people from these ineluctable problems with the specters of undocumented immigrants and public pension costs. The tactic does double duty: it creates a dynamic of "us vs. them" that makes people more unwilling to fork over tax dollars for public welfare, while painting the hapless left, itself only partly concerned with demographics and natural resources, as having little interest in and no solution for true issues.

Gov. Jerry Brown is troublingly familiar: governor from 1975 to 1983, mayor of Oakland from 1998 to 2006, and then the state's attorney general. Residents of Oakland recall Brown's mayoral tenure as one in which he shed the dreamy liberal image he had acquired as governor and embraced "realism" in urban policy as he unsuccessfully tried to remake Oakland in the image of the richer city across the bay. He encouraged the expansion of charter schools, enlargement of a seemingly unhinged police department, and speculative real estate development of the most reckless kind—most notably, the "Uptown Project," a mixed-use complex of luxury condos that was intended to attract wealthy white residents to a majority black community. The promise of these development schemes didn't last beyond the collapse of the dot-com bubble.

But Brown's most telling and permanent misstep was his failure in his first term as governor to combat the unsustainable rise of property taxes, which led to the creation and passage of Proposition 13 in 1978. Property values in California, assessed every two to three years by county officials, rose to colossally high levels in the mid-'70s, as millions of people bought and built homes in the expanding suburbs and exurbs. The corresponding tax rates, set by the municipality (not the county) in which the property was located, rose as well. Homeowners feared that their tax burdens would render them unable to afford their mortgage payments. Prop 13 ("The People's Initiative to Limit Property Taxation") was created by the hard-right Jarvis-Gann Taxpayer Association to exploit this specific dilemma in order to curb the growth of the California government. It rolled back property values to pre-1975 levels, allowed a maximum 2 percent yearly increase for inflation, and prohibited re-assessments except in the case of property transfer or resale, while instituting a two-thirds majority requirement for raising other kinds of taxes. The night the bill passed (by a huge margin), Jarvis celebrated it as a populist victory that heralded a general revolt. "Excessive taxation," he said at the time, "leads to bankruptcy or dictatorship."

Instead, it was Prop 13—a starkly ideological response to a real dilemma—that brought California near bankruptcy and instituted the budget crisis as a permanent structural problem. Almost immediately after it passed, all summer school classes were eliminated. Eventually thousands of state employees were laid off, and the state's infrastructure began a slow decline. The decrease in state revenues was exacerbated in the '80s when the Reagan administration cut federal funding to the states, and subsequent Republican governors (notably George Deukmejian, Pete Wilson, and Schwarzenegger) set about dismantling California's once impressive public services.

There also were two less obvious, though no less momentous, consequences of Prop 13. One was the rapid increase in direct democracy initiatives, many of them conservative in intent, backed by wealthy entities and posing, like Prop 13, as "populist" circumventions of the supposedly out-of-touch legislature. Since 1978, voters have passed laws imposing legislative term limits, forbidding undocumented residents access to social services, instituting stricter sentencing laws for repeat offenders (the "three strikes" law), curbing bilingual education, and stripping same-sex couples of the right to marry. Twenty-two initiatives appeared in the 1970s; there were 45 in the 1980s, 62 in the 1990s, and 94 in the last decade. Such a "plebiscitary" democracy not only tends to favor rich special-interest groups (such as insurance companies, banks, oil refineries, utilities, realtors' associations, and trial lawyers) who can afford the campaigns. It also makes private the act of voting on legislation. Because no one knows which item you check off in the polling booth, no one can hold you—unlike an elected representative—accountable for your vote.

The other consequence of Prop 13 was the extravagant growth of the California prison system. The prison fix made its first appearance during Jerry Brown's difficult second term. As disappearing revenues destroyed his plans for growing the state, and with the state's crime rate at an all-time high, Brown decided to replace two of the state's legendary prisons, San Quentin and Folsom. His twin aims were to humanize these famously violent places for incarceration (in response to the antiprison activism of the 1970s) and to defuse the Republican strategy of using crime as a campaign issue. As it happened, neither worked.

Moreover, in 1976, the legislature passed the Uniform Determinate Sentencing Act, which excised the explicit goal of rehabilitation (replaced by "incapacitation") from the law, while mandating longer sentences for certain felonies. Most important, the California Public Works Board developed a new instrument for financing prison construction, called lease revenue bonds (LRBs). Unlike traditional general obligation bonds, which required approval by popular referendum and thus were legally backed by the state, LRBs were backed by a revenue stream supposedly produced by the project itself, in the form of rent paid by the developer. In other words, they had only the implicit backing of California's full faith and credit, and they cost the state more to issue because of the higher risk of nonpayment.

The notion that "crime" was a permanent problem served to make prison building irresistible. Beginning in 1982, 23 maximum-security prisons were built, at about $300 million each. By 2000, the prison population had increased by 500 percent. Prisons were shilled as job creators. Community colleges located near prison facilities, their tuitions already climbing higher than many could afford, began to offer prison-guard training degrees. The guards had a powerful union, and so those joining their ranks enjoy possibly the most secure career path in the state. Education increasingly resembled the prison system: it too relied on LRBs to finance endless expansion and construction. When Governor Schwarzenegger suggested that as a solution to the budget crisis, California should privatize its prison system, students in the increasingly privatized education system recognized the bitter parallel.

No amount of political nostalgia can bring us back to California's happy days—times, we should not forget, of tremendous class and racial struggle, educational turmoil, and violent wars abroad. Come to think of it, that sounds a lot like today—only with less money. And the money remains the key. California's future will rest in the hands of its voters, its 17-million-strong shadow legislature, who will determine whether the state and its programs are worthy of investment, or whether they should be driven into the ground. The signals thus far have been equivocal: Proposition 25, approved last November, decreased the required budget approval vote from two thirds to a simple majority, much to the jubilation of the Democrats, who have a substantial bicameral grip. Yet the two-thirds requirement for raising taxes enacted by Proposition 13 continues to guarantee the severely outmanned Republicans continued grid-lock. Political parties, however, are not the same as politics. On the right, the Tea Party has displayed amply, in the way the antiwar left once did in California, how mass mobilization can drive political discussion. If the levels of discontent in California ever coalesce into a meaningful political expression, we will see it first in the crowds on the streets, in the placards and leaflets that advertise the way forward for a state that may still point the way forward for us all.

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