

California: America's First Failed State

In the latest Intelligence Squared US debate, the audience agreed that the Golden State has lost its luster.

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Jan 26, 2010

Sometime last summer—around the time California's budget crisis led it to begin paying state workers in scrip—a meme took off in the media, that of California as a "failed state." Of course, it is nothing like the textbook definition of a failed state, a nation whose central government does not possess a monopoly on military force within its borders. But it was a humbling comedown for the Golden State to bear the stigma of the lowest credit rating in the nation, with a government virtually immobilized by its experiment with direct democracy, staggering under the incompatible demands of decades of citizen ballot initiatives.

The latest Intelligence Squared US debate at New York University focused on the proposition: "California Is the First Failed State." Arguing for the proposition were Andreas Kluth, the California correspondent for *The Economist*; Bobby Shriver, a Santa Monica city councilman, activist and brother-in-law of California Gov. Arnold Schwarzenegger; and Sharon Waxman, journalist and founder of TheWrap.com. On the other side were former California Gov. Gray Davis, who lost his job in a recall referendum in 2003; Van Jones, a human-rights and environmental activist; and Lawrence O'Donnell Jr., a television writer and producer and MSNBC senior political analyst. The moderator was ABC correspondent John Donvan. Edited excerpts:

Kluth: If a state can no longer address or solve the problems it faces, then it has failed. California easily meets that criterion. Prisons: California has the worst recidivism rate in the country. Water: it's an infrastructure and a climate issue but it's also a governance issue. Education: California built the best public university system in the country, which it is currently dismantling because it is now a failed state. Budgets: a state is supposed to have a budget, to pass it on time, and California never does. That started well before the recession. Our opponents may argue that as soon as there's a recovery these problems will recede. It's not true. Warren Buffett says it's only when the tide goes out that you learn who's swimming naked. California has been undressing since the 1970s...since the infamous Proposition 13. This is something called direct democracy that the founders of the nation were very afraid of. Twenty-four states have [citizen] initiatives. Only one does not allow its legislature to amend initiatives that its voters have passed, no matter how insane. In only one state do the inmates run the asylum.

Davis: Let me acknowledge there are problems in Sacramento. But the shortcomings of our elected officials should not detract from the creative contributions of our 37 million citizens. Our [gross domestic product] is \$1.9 trillion, the eighth largest in the world, larger than Russia, India, or Canada. With all of its problems it still managed to nurture some of the most innovative companies in the world: Google, Apple, Hewlett-Packard, MySpace, Facebook, Twitter, YouTube, Cisco, Intel, Disney, eBay, and many others. California is all about change: it likes to get there first, and it frequently does. It was the first state to regulate greenhouse gases, to allow full-scale stem-cell research, to establish renewable energy portfolio standards. Our electricity growth has been nada, zero, over 30 years as we became the largest state in America.

Waxman: Let's start with the area I know best, that I deal with every day, Hollywood, a symbol to the world of California's industry, creativity, prosperity, and the values of American culture. Here's the only problem with that. Hollywood's not in Hollywood anymore. It's gone to New Mexico, Arizona, New York, Vancouver, and London. *Avatar*, the movie breaking all box-office records, was filmed in New Zealand, and *Twilight* was filmed in Vancouver. Film production is down to half what it was in California in 1996.

One of my big observations about California, after having lived around the world for much of my adult life, is that there isn't a sense of connectedness, of community. In California we live largely in gated communities, we live in isolation. You can go to a place like Koreatown which has the largest ethnic community of Koreans outside Korea: 800,000 people. That community feels extremely Korean, connected to the country of their ancestors. I don't think they feel Californian. And I think that's true of many of the ethnic groups that have come to live in enclaves in California, and I see that as a failure of the state to create a sense of identity.

Jones: What our [opponents] haven't told you is that every single one of the problems, structural and otherwise, they have pointed to, have solutions, and the solutions are on the way. We are the biggest state, we have some of the biggest problems and we also have the largest number of problem solvers. To say that California is a failed state is different from saying it has some failings.

Shriver: I want to point out that the answers are on the way, they are not here now. In local government, where I serve, things are bad. In Santa Monica, our redevelopment agency had a budget this year of \$30 million—the state took \$22 million of that. How can you work on that basis?

There is no art education in the state in the public schools. We are the last among all the 50 states. We are below Guam in arts education.

In Los Angeles, we have the biggest homeless population in America, 80,000-plus people. In little old Santa Monica, a man burnt to death in a dumpster, a homeless man. And a senior official of the state said to me, Bob, why are you so hopped up about this homeless thing? I said, I'm afraid my mom, God rest her soul, is going to hear that a homeless guy burnt to death in a dumpster in my jurisdiction, and she would be enraged.

The L.A. County Jail is the largest mental-health facility in the world. If you went there you would be sickened. You can't have that many homeless people, you can't have that underfunding of education and say that the state has created a culture of political compassion.

O'Donnell: As we sit here in the lower end of Manhattan, is it conceivable that a homeless person has died in gruesome circumstances in this ZIP code? Ever? Or, maybe, how often? The delicious irony of having this debate in this state. Today's *New York Times* has one in a seemingly endless editorial series called "The Failed State." It stars, as usual: Albany.

I worked with Sen. [Daniel Patrick] Moynihan. We discovered that New York sends more money to the federal government than it gets back, hence all of its budget problems. Well, the problem is much worse in California. California gets 79 cents back for every dollar it sends to the federal government. So the reason you don't have 40 other so-called failed states is that California tax money is paying for Alabama, it's paying to keep Alaska running, it's paying to keep Arkansas afloat.

There are 43 states that have cut their enacted budgets for 2009. Tomorrow's newspaper will reveal that the governor's latest idea—New York's governor—is the largest cut in school aid in more than two decades. And in searching for new areas of revenue, the brilliant idea that your governor in New York is proposing is to legalize Ultimate Fighting. Congratulations.

Donvan: A question to the team that is arguing that California is the first failed state. You have been arguing primarily that this is a political failure, and the other team is listing successes in innovation, in technology, in the environment. Andreas [Kluth], what's wrong with that argument?

Kluth: Let's take a larger period of history, a few hundred years. The most elegant leather shoes come from a town near Bologna in northern Italy. The best violins come from another town in northern Italy. It's been that way for hundreds of years. Would you make the case that in postwar Europe Italy was not a failed state within the European Union because they had a great shoe industry and a great violin industry?

Davis: But the state is not an abstraction. It is the sum total of the energy and the innovation of 37 million people. It is an exciting place to live because when we have problems we say we're going to figure it out, we're going to do something different.

As in all Intelligence Squared US debates, the audience was polled twice, before and after the debate, and the side that swung the most votes to its side was declared the winner. Before the debate, 31 percent of the audience agreed that California was the first failed state, 25 percent disagreed, and 44 percent was undecided. At the end, the vote was 58 percent agreeing, 37 percent disagreeing, and 5 percent undecided.

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