

## INTRODUCTION

California has served multiple purposes as model and antimodel for the nation and sometimes the world. A half century ago its universities, freeways, water systems, and parks made the state an exemplar of enlightened government and progressive public services that became the envy of the industrialized world. Twenty years later it became ground zero for the national tax revolt and later for the campaigns against illegal immigration and affirmative action. Since then it has been dismissed as too liberal, too absorbed by its own insular concerns—gays, identity politics, environmentalism—too brown and Asian, too dominated by immigrants to remain the national trendsetter it was once supposed to be. Conversely it has been celebrated, for similar reasons, as the source of a new New Deal, the place where those immigrants were becoming the base of a revived and politically effective labor movement and were ushering in a new era of progressive politics. Until the 1992 election, California was seen as moderately (and more or less safely) Republican. After 1998, when Gray Davis became the first Democrat to win a gubernatorial election in twenty years, and particularly after 2002, when Democrats captured every statewide office, it was regarded as safely (and more or less indefinitely) Democratic.

Less than a year later, the widely disliked Davis was gone, removed in a historically unprecedented recall—only one other U.S. governor

had ever been recalled, and that was in North Dakota in 1921—and replaced by Republican Arnold Schwarzenegger, an Austrian-born body-builder/actor who had no experience in politics and had rarely voted before he entered the sometimes goofy 135-candidate race to succeed him. The election brought countless consultants, scholars, and journalists to California, many of them from abroad, who wondered what was going on: Was this yet another turn in California's ever unpredictable hyperdemocracy? Was it "circus democracy," as one Berkeley professor called it? What did it portend for other nations, some of which were just taking their first steps into democracy, or for those who, like the Dutch, were themselves contemplating wider latitude for voter referenda?

But all that attention, revealing as some of it was about the state's cultural, economic, and political importance and power, also ignored and maybe concealed the bigger California story and its potential as either an example or a harbinger for the nation and perhaps much of the world. The key element in that story is immigration and the huge array of questions it raises about the future. Shortly before the 2000 census was taken, California became the first large majority-minority state in the country. Anglo whites, while still constituting the largest single group of residents, were just another minority and within a generation would no longer be even the largest minority. And, provided that all the ethnic categories do not become hopelessly blurred by intermarriage and self-redefinition, by mid-century Latinos will become the state's absolute majority. And since California is only the first of many such states—in 2005 Texas also became a majority-minority state—and since the population of the nation itself was rapidly becoming increasingly Latinized, California's willingness and ability to accommodate its new residents, and their ability to assimilate to *it*, could well be important, and perhaps definitive, indicators for the nation.

The most obvious of those immigration-related questions, and maybe the most crucial, is how immigration, and especially Latino immigration, is changing California and affecting its willingness to invest in itself, as it did so lavishly and enthusiastically in the generation after World War II. Now that the state's future depends in large measure on the children

of Mexicans, Salvadorans, Filipinos, Indians, Koreans, and Pakistanis, are the voters, who remain disproportionately Anglo white, willing to provide the schools, universities, and other services that they provided when the beneficiaries were the children of Iowans, Kansans, and Nebraskans? How much has changed—and why and how—since the voters and the beneficiaries of the programs they are voting on lived in the same house or in the homes of similar kinds of families, spoke the same language, and looked pretty much alike? Is it an ethnic issue at all or something relatively more benign? The contemporary debate is generally framed as one that's just about illegal immigrants, and for many Americans it probably is only that. But there is a powerful tendency on both sides to broaden the issue to all immigration and assimilation. Can the nation's new immigrants be assimilated in the same way that European immigrants were a century ago? And that question brings a long list of others in its wake. What about preservation of language and culture? Melting pot or mosaic or fruit salad?

In the past thirty years, the period of the great spike in non-European immigration, Californians have increasingly relied on direct democracy—the voter initiative process particularly—to set state policy on everything from tax limitations and prison sentencing to affirmative action, gay marriage, and medical marijuana. Direct democracy, not representative democracy, now lies at the core of California government.<sup>1</sup>

The Davis recall was part of that, as is Governor Arnold Schwarzenegger's unprecedented use of voter initiatives in the governing process itself, creating what one scholar called a new “hybrid democracy.” The result, and maybe the cause as well, has been the gradual replacement of the traditional communitarian ethic, in which all citizens shared the costs of public goods, by a proliferating market ethic that seeks to put an increasing share of the cost of public services—park fees; university tuition; roads, schools, sewers, and other infrastructure needed for new housing developments—on those who use or buy them. Similarly, the state's property tax structure, also created by voter initiative, taxes new owners of homes far more than their neighbors who've been there longer. In

both cases, new residents pay proportionately more than their predecessors did a half century ago. To what extent are those two sets of developments—on the one hand, the rise in non-European immigration, on the other, the growth of the market ethic and the share of public services borne by the new kids on the block—related and, if so, how?

The Schwarzenegger victory, a victory in an election with 135 candidates that, despite its resemblance to a sort of electoral Oklahoma land rush, had three or four other plausible contenders, was impressive. It immediately prompted speculation about whether President George W. Bush, who lost California to Al Gore by 1.2 million votes in 2000, might be able to carry the state in 2004. That, in turn, opened not only the possibility that Republicans could own the White House for another generation but also that key members of the overwhelmingly Democratic California legislature might themselves be vulnerable. Schwarzenegger, playing both good and bad cop with the Democrats in struggles over the state budget, workers' compensation, driver's licenses for illegal immigrants, and other issues, certainly thought so. Others, including Republican senator Orrin Hatch of Utah, began a push to amend the U.S. Constitution in the (unlikely) event that Schwarzenegger could someday be elected president.

At the time of the California gubernatorial election, some scholars were even asking whether the recall set in motion an unprecedented populist fervor that would trigger state and local recalls across the nation wherever state constitutions allowed them. Was this another 1978, when the tax revolt that began in California rolled across the nation, shaping U.S. politics ever after? More positively, would the recall and the intense interest that it created, or that Schwarzenegger created, reenergize an apathetic public—bring them back to the voting booth and to a new political engagement? Was the recall the end of the old order in California's politics and perhaps in the nation's? California, caught between its unwillingness to raise taxes and its demand for the kind of services its people had once taken for granted, had run up multi-billion-dollar deficits, deficits so large that its bonds had been downgraded to just above junk status. Schwarzenegger promised to restore the old grandeur

without raising taxes—indeed the first thing he did was to cut them by another \$4 billion—but beyond promising “action, action, action,” he never said how.

Even before he took office, Schwarzenegger warned that he would go to the shopping malls and the right-wing radio talk shows that had been so important in the campaign against Davis, and into the districts of recalcitrant legislators, whose collective approval ratings—at 19 percent—were even lower than Davis’s had been, to urge his admirers to remind those legislators just who had won the election. In effect, he set out to do something that even Ronald Reagan had been unable to do, and which, probably, as a man already well past his movie fame, Reagan had been in no position to do: convert his Hollywood celebrity, the star power that brought the admirers and the cameras to any place there might be an Arnold sighting, into effective political power.

But beneath the singular event of the Davis recall and Schwarzenegger ascendancy, far more important things were taking place. In the preceding forty years, immigration, the global economy, and high technology had created a new California whose population, culture, economy, politics, and government were likely to have even more profound consequences for the nation and perhaps the world than Hollywood or Silicon Valley or tax revolts had in the recent past, or than the gold rush had in the distant past. In 2004, one of every eight Americans—some 36 million people—lived in California. The state, as its politicians constantly pointed out, had the world’s fifth-largest economy (or perhaps the sixth, depending on how France was doing in any given year) and had become a state-nation with a population larger than that of Canada, and larger than that of Denmark, Sweden, Norway, and the Netherlands combined. By 2025, when it will have close to 50 million people, it will be larger than all but three or four western European countries.

Those factors alone—all predictions of the state’s irrelevance notwithstanding—almost insured that, for better or worse, California would remain the nation’s, and perhaps the world’s, great political and social laboratory, the site of the ultimate test of whether a society so large and

diverse could successfully integrate that diversity into an effective modern democracy in a postindustrial age. No nation had ever tried anything like it. California was a force, an indicator that, because of its sheer size alone, was impossible to disregard. The institutions of direct democracy that had brought the Davis recall, and which Schwarzenegger was trying to forge into an unprecedented instrument of governance, were themselves crucial in the context of the broader mistrust of representative government, the growing national backlash against immigration, and the growing orthodoxy of no-new-taxes.

No one can predict precisely what will emerge in California, much less the nature of its long-term effect on the nation. But the elements of that new entity are in place:

- The effect of Latino and Asian immigration. In 2005, more than 26 percent of Californians were foreign-born, the highest percentage in modern history. Since the early 1960s, when California, with some 17 million people, overtook New York to become the nation's most populous state, California's population has doubled in size. Of those additional 17–18 million people, nearly 80 percent are Latino or Asian, in part an unexpected consequence of the 1965 act of Congress abolishing national-origins immigration quotas, and in part an unintended consequence of more recent immigration policies. In recent years, more native-born Americans have moved out of California than have moved in from other states. In 2004, California became the first major state to graduate more blacks and Latinos than Anglo whites from its high schools.
- The globalization of California's economy and culture, some of it, like the continuing reliance on cheap Latino labor, long familiar, some altogether unprecedented. Among its elements: the dependence of Latin American and Caribbean economies on remittances from immigrant workers in the United States, remittances that in many countries constitute the largest source of foreign

revenues; the financial, technical, and entrepreneurial relationships between Indian engineers and computer experts in this country and schools and new enterprises in India; the open intervention of the Mexican government in domestic U.S. politics and its encouragement of Mexican identity for Mexicans living in the United States; and the offshoring to India, China, and other parts of Asia of an increasing number of technical jobs. California grew great, in significant part, with the boom in high-tech and other skilled industries but now faces the challenge of competing with increasingly sophisticated foreign operations and of accommodating a large, unskilled immigrant population, a prospect that will generate particularly difficult problems. And given the rapid dispersion of those immigrants, it won't be California's problem alone.

- The growing reliance of California voters on direct democracy in the governance of the state, and, less noticed but not trivial, the growing use of the initiative in local growth and planning decisions. Notwithstanding the fact that 35 percent of California residents are Latino and another 12 percent are Asian, only 14 percent of the voters are Latino; nearly 70 percent are non-Hispanic whites. The most reliable forecasts indicate that, while the percentage of Latino and (to a lesser degree) Asian voters will gradually increase, they will remain a minority for at least another generation. But because California's politically gerrymandered legislative districts are equalized by population, not by voters, the legislature's ethnic makeup more closely reflects the population than the voters as a whole, who (now with the strong involvement of the governor) use the tools of direct democracy to trump the legislature on major issues. In surveys asking voters which they trust more—the initiative or the governor and legislature—direct democracy wins by a wide margin. But given the impulsive nature of the electorate and the ad hoc structure of the

process, the same voters who pass a measure seeking to end bilingual education one year and banning gay marriage in another will also approve initiatives to permit the medical use of marijuana, raise the minimum wage, mandate treatment rather than prison for small-time drug offenders, and pass massive bond issues to fund stem cell research.

- The instability of the state's fiscal and governmental systems, with their Rube Goldberg-like structures—partly the consequence of California's major initiatives—and the dysfunctionality and nonaccountability of the state's elected state and local governments. That in turn exacerbates the distrust of governmental institutions, the legislature particularly, and brings yet more ballot measures. As in Congress, the creation of politically safe districts either through bipartisan agreement, as in California, or through the exercise of raw partisan muscle, as in Texas, has effectively moved the choice of congressional and state legislative representatives into the primaries, where the most extreme partisans of the respective parties make the decisions. And it is those partisans to whom candidates appeal and who produce legislatures in which there are few moderates. Most of those who come to Sacramento from those gerrymandered districts have relatively few incentives to compromise and lots of rewards for posturing and resistance. Combine that with California's tight legislative term limits and the constitutional provision requiring a two-thirds majority in each house of the legislature to approve a budget or state tax increases and you have a formula for fiscal gridlock. Further confounding that is the question of whether California, in view of its sheer size and its deep divisions—regional, economic, and social—is one state at all.

- The national antitax orthodoxy, now driven by the militant and increasingly powerful Club for Growth and Grover Norquist's Americans for Tax Reform and the erosion of political certainties

dating back to the 1930s, to the point where even Social Security has become a debatable issue. In effect, what was first sparked by California's Proposition 13 in 1978–79 and more recently reenergized by the Republican Party's ascendancy both in Washington and in most of the major states has now come back in its more blatant “starve the beast” version. (In California in 2002 and 2003, GOP legislative leaders, picking up the message from Norquist and Steve Moore of the Club for Growth, were warning that any GOP caucus member voting for a tax increase would be targeted for defeat in the primaries. Subsequently Schwarzenegger himself spoke of his vehement opposition to feeding “the monster.”)<sup>2</sup> Unless that mood changes, both in California and at the national level, the deficits produced by heavy tax cuts and the lack of fiscal discipline will spawn even more severe fiscal difficulties likely to force still greater long-term reductions in public services and infrastructure.

For most of the generation since 1980, Democrats held majorities in the California legislature. The state constitution, however, requires a two-thirds majority in each house of the legislature to enact a budget, raise taxes, or approve any other spending measure, which gave Republicans an effective veto even when there was a Democratic governor and thus allowed them to exercise decisive fiscal power. In 2003, as California, one of a long list of states with major budget problems, sank into a multi-billion-dollar deficit, Norquist told *New York Times* reporter David Firestone that he'd like to see some state go bankrupt to set “a bad example.” Polls indicated that Californians would be prepared to support some tax increases for designated purposes, but in 2003–04 voters in Alabama, Oregon, and other states overwhelmingly rejected such proposals. And they did so despite the warnings of political and business leaders—subsequently realized—that failure to increase revenues would result in substantial cuts in education and other crucial services.<sup>3</sup> Underlying the success of the Norquist strategy, at both the state and national

levels, was what Larry Bartels, a Princeton political scientist, called “un-enlightened self-interest,” the inability of voters to understand the effect of hefty tax cutting, particularly for the wealthy, on the public services and quality of life that they take for granted.<sup>4</sup> By 2005, Washington’s phase-out of the federal estate tax, part of which had gone indirectly to the state, was already costing California \$1 billion a year.<sup>5</sup>

All these things impinge on one another in complex ways, especially considering the state’s sheer size—its geography, population, and economy—as well as the diversity of its regions, native cultures, tongues, and economic interest groups; the extremes of exurban wealth and urban and rural poverty, especially in the Central Valley; and the state’s twelve or fourteen television markets. Is California, finally, really one state? What beliefs or institutional structures hold it together? And (a recurring question) is it governable at all? Historically, it was thought to be divided between the water-rich north and the semiarid south. But for the past generation, California’s emerging politics have more obviously divided the state along a line that, like the nation’s sharp political divisions, runs north and south, between the “blue” (liberal) coast and the “red” (conservative) inland. Those divisions are at bottom as much cultural as anything else—on issues of faith, family, and values; on guns and gays, affirmative action and abortion; on NASCAR dads and soccer moms, what pollster Stanley Greenberg called the “F-You Boys” against “the Super Educated women.”<sup>6</sup>

Few Californians would fail to recognize the fact that the growing presence of Latinos is having significant effects on communities, on politics, on ethnic relations, and, just possibly, in shaping the future of those cultural politics. That increased presence is reflected in the size and power of the legislature’s Latino caucus, which in 2005 included 29 of the 120 members of the state senate and assembly, meaning there are proportionately more elected Latinos in the capitol than there are in the electorate as a whole, among them Assembly Speaker Fabian Nunez, the third Latino Assembly Speaker in less than a decade, and including Lieutenant Governor Cruz Bustamante, California’s first Latino official to

win a statewide election since the nineteenth century. The Latino caucus was a major force in changing the admission process of the University of California to reduce its reliance on grades and tests, on which minorities as a group don't do well, and to place greater emphasis on "comprehensive review," which looks at each applicant's complete academic record, plus handicaps overcome, community service, and overall potential as a member of the community. The caucus was also instrumental in passing the bill in 2003 that would have given illegal immigrants the right to obtain California driver's licenses and which became a major factor in the recall of Gray Davis.

Inevitably, the growing political heft of California Latinos has simultaneously reduced the relative political visibility and power of California's African Americans—historically, and in many places still, *the* American minority. There are still a handful of blacks in elective California offices, but their numbers will almost certainly shrink as previously black districts become increasingly Latino or Asian. In Los Angeles, Representative Diane Watson's congressional district, once overwhelmingly black, has so many Koreans that she now deals with issues on the Korean peninsula that her predecessor never thought about when he was first elected a generation ago. In 2004, California also saw the election of the first Vietnamese American legislator in American history.

Conversely, there's the ongoing ambivalence about, and recurring backlash against, immigrants, and especially illegal immigrants, evidenced by ballot measures in California and other states—none with much practical effect—declaring English to be the state's official language; by California's vote for Proposition 187 in 1994, which sought to deny schooling and all other services to illegal immigrants and their children (most of which was declared unconstitutional by a federal court); and by the vehement reaction against the driver's license bill, which was repealed after the recall. In 2004, the Republican contender Bill Jones, unsuccessfully trying to beat incumbent Barbara Boxer in a race for the U.S. Senate, ran on a strong immigration-control platform. At the same time, conservatives were preparing a constitutional amendment that

would forever prohibit undocumented immigrants from getting driver's licenses and would deny services to illegal aliens—a vaguely similar initiative was passed in Arizona in 2004. A few months later, Congress passed a bill, also triggered by the controversy in California, that in the name of national security seeks to bar any state from issuing driver's licenses, as a dozen or so states still do, to undocumented residents. The House also passed legislation to authorize bounty hunters to find aliens who had eluded deportation orders.

Beneath those immediate issues, there are deeper questions: How do the immigration ledgers balance? How crucial are immigrant workers to the economy? How much do those with limited education, most of them Latino, depress wages for other low-wage American workers—African Americans in particular—who, contrary to the frequent argument, might take many of the affected low-skill jobs if the wages were high enough? What's the effect of immigrants on population density, especially in big cities like Los Angeles, and on pollution, health, and other social conditions there? At what point do immigrants contribute more to the economy and to federal tax revenues (and ultimately to the states) than they cost in public services? A large share of the taxes paid by illegal immigrants goes to the federal Social Security Trust Fund. Because they'll never collect benefits, they're already subsidizing it to the tune of many billions of dollars. On the other hand, are states and local governments burdened unfairly? To what extent does the backlash, particularly against illegal immigrants and what some of the more vehement anti-immigrant voices call “Mexifornia,” contribute to the voters' unwillingness to tax themselves for quality schools and other high levels of public services?

Those services are increasingly perceived to be going primarily to “them” by at least some, perhaps many, of the non-Hispanic white voters who are likely to dominate the California electorate for at least another generation, but who—because they're richer, older, and have fewer children—are far less dependent on the state and local public services than are immigrants and their children. Such issues in turn raise difficult questions about immigrant assimilation and political participation. Does

the new generation of immigrants behave as its European predecessors did on the East Coast and in the Midwest a century ago? What does assimilation mean in the new context and, given the fear of some immigrants and some scholars that many children in the second generation assimilate *down* into everything from high-fat and high-sugar diets to drugs and gangs, to what norm are they assimilating?

The proximity of Mexico and—despite the frequent invocations of the virtues of diversity—the concentration of Spanish-speaking immigrants in Southern California, the Central Valley, and the Southwest generally, reinforce the belief among California conservatives and among many anti-immigration activists that Hispanics, with their own newspapers, two major Spanish-language television channels, and countless radio stations, churches, and other cultural institutions, as well as an internal economy that requires little English, sustain a Spanish-speaking culture that resists full assimilation. That belief has been reinforced by campaigns of some Hispanic activists for a multiculturalism that encourages the retention of Latino culture and Spanish language in the schools. Immigration opponents also contend that, unlike in New York or Boston in the years between 1860 and 1920, where immigrants of so many different backgrounds and languages were crammed together that at least rudimentary English became a high priority, the new immigrants in the Southwest are overwhelmingly Spanish-speaking and thus have less need for English or assimilation. Of the legal Mexican immigrants admitted in 1982, 22 percent had become American citizens by 1997; for immigrants from the Caribbean, it was 40 percent; for Asians it was over 50 percent.<sup>7</sup>

The fact that the country succeeded in assimilating millions of immigrants from southern and eastern Europe in the first half of the last century, when an industrial economy had ample numbers of reasonably well-paid low-skill jobs but virtually no public welfare system, and when (after the immigration acts of the 1920s) new immigration was highly restricted, might thus not be an entirely accurate indicator of future success or of public willingness to make the effort. What seems obvious is

that the warmth of the country's welcome, while varying with the state of the economy, tends in general to be inversely proportional to the numbers, and especially to the number of aliens, that are to be welcomed. A variety of studies of other societies also indicate that, the greater a society's ethnic diversity, the lower its investment in schooling and other public goods.

Nonetheless, nearly every survey also indicates that, for today's immigrants, learning English, and learning it quickly, is as great a priority as it ever was. Of native-born Latinos, only 4 percent are Spanish-dominant. Immigrants—Latinos, Asians, Europeans—are forming businesses and buying homes at high rates, and the rate of intermarriage between Anglos and Latinos, and between whites and Asians, is at an all-time high and rising rapidly.

Third-generation Latinos still appear to lag behind their peers in rates of college attendance and graduation, a fact that will be of increasing concern for California and, ultimately, for the nation, although even those data are complicated and uncertain.<sup>8</sup> Yet despite residual resistance among some rural immigrants to higher education for daughters whose labor is wanted for the household (as was the case for some southern European households a half century ago), the demand for good schooling (and complaints about the lack of it) and university access for their children appears to be as intense among most immigrants as it is anywhere else: 82 percent of California Latinos and 83 percent of immigrants say they hope their children will finish college; many expect them to go to graduate school.<sup>9</sup> Already a significant majority of California's high school graduates belong to ethnic minority groups, and this proportion will continue to grow through the coming decade. This not only raises the stakes for California's economy and society but also increases the likelihood that the second generation will assimilate, though perhaps in unprecedented ways. Steve Levy, who runs the Center for the Continuing Study of the California Economy, pointed out that fears of—and resistance to—immigrants will decline as the sheer “physicality” in

dress, language, and attitudes of the second generation merges with the mainstream.

In many respects, all residents of the state—those whose forebears came on wagons across the plains, the great waves of former GIs who came during and soon after World War II, the most recent arrivals from refugee camps in Southeast Asia—are now immigrants in the emerging society that California has become. As Joan Didion pointed out, it has always been one of the elements of California’s political culture for each generation to regard each successive generation as despoilers of the pure California into which it was born or to which it emigrated.<sup>10</sup>

The stories of California’s nativism and xenophobia, often tightly linked to the state’s progressivism, are familiar—the rampant bias against the Chinese in San Francisco in the last years of the nineteenth century, the alien land acts, the attacks on Okies and Mexicans in the 1930s, the support for the internment of Japanese-Americans after Pearl Harbor, the latter-day anti-immigrant initiatives. But as minorities become majorities, and as globalization becomes an incontrovertible fact socially and economically, the norms of assimilation—indeed its very meaning—have changed. It’s not simply that Americans have all learned to eat burritos and dim sum, or that within the next thirty years nearly half the country’s Latinos (assuming that this is the way they choose to identify themselves) will be the children of mixed marriages, but that the classic influence of immigrant groups on mainstream culture will be amplified by the sheer power of numbers.

California, as Carey McWilliams said a half century ago, is “the great exception.”<sup>11</sup> But in its high-tech economy, its lifestyles, its politics, and its Hollywood-influenced images of the good life, the state has also been the national model and worldwide magnet that it became even before the great rush of new migrants during and after World War II. Some of the very things recently cited as evidence of California’s “left-out coast” irrelevance are also things that link the state so powerfully to a rapidly globalizing world: those economic connections with China and South

Asia; the state's emergent de facto bilingualism; and, through its diverse population and languages, its strong social and cultural commonality with Latin America and the Pacific Rim countries. It may be correct, as one British observer said, that California, perhaps because of its distance from New York and Washington, was less passionate about the war in Iraq, but in those respects also it was more global and perhaps more cosmopolitan than the rest of the country.

Ultimately, all these questions point to a central dilemma: the growing gap between the fundamentals of the twenty-first-century global economy to which California is so inextricably linked and the residual principles of nineteenth-century institutions of nationality, citizenship, and government. As Bruce Cain, director of the Institute of Governmental Studies at the University of California, Berkeley, pointed out, it's not likely that there'll ever be another period of immigration as low as the forty-year period after 1924, when Congress enacted the nation's tight national-origins-based immigration restrictions. Nor is it likely that the nature of new technologies and markets will ever again permit any major protectionist measures. A great many of the tensions in California, especially those regarding immigration control, job protection, and economic development, arise in that gap between the new realities and the old institutions and attitudes.

Many scholars contend that, despite the shortage of the well-paying factory jobs that helped earlier generations of newcomers into the middle class, succeeding generations of Latinos and Asians will become part of the American mainstream, just as all other immigrants have, either in California or in Arkansas or in Iowa or in any of the other states to which many of California's "West Coast Ellis Island" emigrants eventually move.<sup>12</sup> But given the economic and cultural globalism and, in California's case, the emergence of the transnational entity—a controversial word—straddling the Mexican border, that mainstream may be different from the traditional American pattern. California's gap between those in the top 10 percent of the income scale and the bottom 10 percent is wider than the national average, which is itself far greater than it was a gener-

ation ago and far wider than it is in any other modern nation. There exists at least a strong possibility that the economy will not generate enough high-wage jobs even for those with college training. Thus, conventional assimilation may become still more difficult and the possibilities for tension between haves and have-nots proportionately greater.

Those economic realities combine powerfully and sometimes explosively with California's political demographics, with the dysfunctional structure and endemic distrust of government, with the state's fiscal deficits, with the broader antitax mood, and with the pervasive market ethic in public services. Together they could well presage further deterioration in those services and in the communitarian principles that would generate support for them. That process—what I called “Mississippification” in a previous book—has been in place in California at least since the beginning of the tax revolt in 1978. Even during the boom years of the late 1990s, when the state's revenues rose sharply along with the spike in capital gains and other stock-bubble income, California did not manage to restructure its tangled fiscal system or restore taxes and other funding for schools and other essential services to the high levels of the decades after World War II—a period that even California's conservatives now evoke as the state's golden age.

Many center-conservatives, people like Bill Hauck, the veteran political operative who heads the California Business Roundtable and who has been deeply involved in a long string of high-level governmental reform efforts, believe this pattern won't change until the growth in state spending is constitutionally limited and until the legislature is reformed by changing the reapportionment process to create more competitive districts and instituting an open primary in which voters can choose among candidates of any party. Some of these ideas became elements of what the media called Arnold Schwarzenegger's “bold” second-year agenda. Such reforms, in the view of their sponsors, would produce more moderate and politically accountable candidates—people, in Hauck's words, “who are [in Sacramento] to solve problems, not just fuck around.”<sup>13</sup>

But that's hardly all of it. Can public confidence ever be fully restored

from the top down, or must it be built from the bottom up? Can it be done without first revitalizing the authority of local government, much of which was enervated and in some respects destroyed by the nearly absolute prohibition on local property tax increases and by the supermajority-vote requirements for other local tax or fee increases brought by Proposition 13 and its successors? That task of revitalization is further complicated by California's shrinking sense of community—by, on the one hand, the withdrawal of a large and growing number of residents into gated privatized residential enclaves and by, on the other hand, the global economic and social relationships in which growing numbers of “resident expatriates” with dual loyalties and, perhaps, dual citizenship now live. Many of the Indians and Taiwanese in the Silicon Valley have closer connections with Mumbai or Taipei than they do with the Mexican immigrants working in the kitchens down the street, who, in turn, are more closely linked to relatives in their native villages.

Making the task of restoring social morale in a single society still more difficult are California's seven thousand overlapping and sometimes conflicting jurisdictions: cities, counties, school districts, community college districts, water districts, fire districts, park districts, irrigation districts, mosquito abatement districts, public utility districts, each with its elected directors, supervisors, and other officials, a hyperdemocracy that, even without local and state ballot measures, confounds the most diligent citizen. It's hardly surprising, then, that the political structure, combined with a host of other governmental reforms of the past generation, has eroded accountability, distorted local growth and planning policies, and disconnected citizens from their local governments. (Most Californians believe that their property tax, now controlled by the governor and legislature, who allocate it according to their own priorities and snatch some of it when things get tight, still goes to local government.) The system is so convoluted that even the most involved voters (or journalists for that matter) don't really understand how the place works. Worse, there's a marked absence of the kind of strong civic leadership that has been crucial in other states. There is no effective California civic establishment,

and hasn't been for thirty years. That, too, may be connected with California's mutable, diverse society.

In his first state of the state speech, Schwarzenegger promised not to simply move the "boxes" of government around but to "blow them up." And as some of his critics said, maybe it takes someone who doesn't really understand the magnitude of the problem to even try solving it. In Schwarzenegger's first months in office, there was a temporary sense—particularly among legislative Democrats—that the new governor, a social liberal who prides himself on his ability to sell anything (including, as he says, his really bad movies), and who, more than anything, seems to like being a deal maker, had shown more promise in mitigating Sacramento's partisanship than any of them had expected. But the mood didn't last long. Within a year, the governor, facing resistance in the legislature, was referring to Democrats as "girlie men," to his opponents as "special interests," and to three independently elected state officials—the treasurer, the attorney general, and the state superintendent of schools, all Democrats—who were campaigning against his second-year program, as the "three stooges."

Given California's monstrous continuing deficit and Schwarzenegger's own reliance on budget fudges and gimmicks not so different from those of his predecessors, it was always unlikely that even his "bold" proposals would work any quick changes in undoing California's divisions and its fundamental governmental problems. Indeed, some were more likely to compound them. The state's long-term debt and the nation's well-organized tax resistance made it more likely that the state would be unable, or unwilling, to finance the generous public services—high-quality schools and low-cost public universities, major expansions of public transit and other infrastructure, decent support for the arts and libraries, accessible health care for all low-income people—that Californians more or less took for granted forty years ago and that the new Californians now required.

This book is divided into five parts that try to address the questions facing the state and, in many of their implications, the country as a whole.

The first deals with the seismic changes in the state's population, economy, and circumstances, particularly in the years since California became the nation's first large majority-minority state. The second part is a compressed history of California politics and government in the half century after World War II: its great boom, progressivism, and public optimism in the generation after the war; and the gradual, and sometimes dramatic, erosion of that optimism that began in the mid-1970s and continues to this day.<sup>14</sup> The third part briefly tells the story of the recall and its possible significance for larger state issues. The fourth examines the first years of the Schwarzenegger era, including the "bold" and potentially divisive reforms of his second-year agenda. The final part is an attempt to look at how all these parts of the California puzzle and dilemma could, or might, be reassembled and, more important, a look at the question of whether, given the combination of California and national circumstances—demographic, economic, political—it's even possible. Can any state with California's global connections and environment build a successful society on the fragile, institutional base that California—and perhaps the nation—began the new millennium with? If not, what would it take to make it possible?

Robert Reich, secretary of labor in the first Clinton administration, talked about "snapping" in times of severe economic gaps and social dislocation. The choice, he said, is between snapping back with fundamental reforms, as in the Progressive era and the New Deal, and "snapping apart" into a segmented, resentful, defensive, and mutually distrustful Balkanized society.<sup>15</sup> The story in this book is incomplete, as all stories about democracy necessarily are. But it does, I hope, point to possibilities and alternatives, and it lists ideas and options.

There are all manner of projections about the effects of globalization that will become apparent during the coming generation, effects on the nation and more particularly on California, whose economy has been driven by the same high-skill technologies and industries now growing so rapidly in the Far East. But there is no question that to remain competitive and to support its dependent population—the retired, the

young—California will have to rely heavily on the productivity of its immigrants and their children. “Providing sufficient human capital, rather than more physical capital,” said David Lyon, the president of the Public Policy Institute of California, in the introduction to a sweeping set of projections of California’s future, “could well be California’s biggest challenge in the year 2025 and beyond.”<sup>16</sup>

People like pollster Stanley Greenberg, who worked for Bill Clinton and a host of other political leaders in the United States and abroad, believe that Clinton, among others, persuaded the country that diversity is a source of national strength. And with the passage of time, Greenberg argued, the idea of equal opportunity has become more than just a euphemism for favoring blacks. On that score, it’s encouraging that some demographic projections show that immigration has reached a plateau and that the percentage of newcomers—those here less than ten years—is declining. This will mean that, as one study showed, “the upward trend in poverty will be reversed.” There is, as Hauck said, “a reservoir of optimism—reserves of intelligence, innovation and creativity. . . . People don’t want government to fail.” The state, said Mark Baldassare, the survey director of the Public Policy Institute of California, is at a critical stage but not yet in a crisis.<sup>17</sup>

But none of those things are certainties. The only reasonably sure thing is that something altogether new is emerging in California—the outcome of an intense and very fundamental demographic, political, and social process likely to define citizenship and community differently from what they were perceived to be in the gung ho 1950s and 1960s. The result may be no less creative, even visionary. But it will be a test for a nation, much of which is not so different, only a generation or two behind, and for a world that has never seen anything like it. We are, to repeat, all immigrants in this new society.