THE BUSINESS PERSPECTIVE:

Sacramento is Broken—The Bond Fiasco Proves It

Much more went down in flames last week than Gov. Schwarzenegger’s proposals to place an infrastructure bond on the June ballot. Also shattered was any shred of confidence that Sacramento can accomplish anything important within a reasonable time frame. That may sound harsh, but sometimes the truth hurts.

And the excuse that the Governor was being too over-reaching in his proposals is a weak one, given the fact that his original proposals from January for over $200 billion in bonds were significantly watered down—and even those limited bonds could not get legislative approval.

It had nothing to do with the moving parts of the bond. It had nothing to do with the price tag. There has been plenty of discussion about the bonds, and plenty of time to settle those matters. It came down, as all things seem to in that town, to a fight over political power, politics and credit. What our state needs, in the way of a better transportation system, stronger levees, schools, parks, housing, and other infrastructure was lost in the battle. Ultimately, California is the loser.

Now I am not saying that a delay in the bond issue from June to November is catastrophic. What a few more months when we have waited more than a generation to begin reinvesting in our infrastructure? The problem is that politics will get even more intense as November approaches, with a hotly contested gubernatorial election on the ballot. If the legislature gets anything meaningful done between now and then, it will be a miracle.

As for the infrastructure bond, maybe we can learn something from Congress. Years ago when Congress could not bite the bullet on the thankless task of deciding which military bases to close, it wisely created the Base Closure and Realignment Commission. That Commission made its recommendations to Congress and the President, which could either give it an up or down vote. No changes. No political pork. It worked so well in 1995 that they did it again last year.

So, let’s create a commission and ask them to craft a bond. Recruit the best people from finance, public works, and related areas. Place them beyond political lobbying because they don’t need contributions. Ask them to craft the best plan they can. Vote it up or down.

The results could be no worse than what we have now.

Unfortunately, the outcome on the infrastructure bond is similar to the outcomes we have seen in most other major issues Sacramento has tried to address in recent years. Look how long it took to get workers compensation legislation to fix a broken system. Consider the years of inaction on finance reform—and even now, we have put off the day of reckoning to the future.

The answer is always the same. Stalemate. Delay.

Half-baked solutions. Compromises that please interest groups that make large campaign contributions.

It’s a mess.

When Governor Schwarzenegger came into office he proposed to "blow up the boxes." He put forth bold proposals to reorganize government. Since then proposals have been made to reform the way legislative districts are drawn, to take the politics out of the process. Reform-minded people have pushed the open primary. But nothing has been done, because the system is fixed against change. Incumbents rule and any change could hurt them, so nothing happens.

Voters want tangible solutions, not politics as usual. I have been told that legislators are numb to these realities—that they get tired of hearing about it. I know many of them, and they are good people—

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but they must get tired of going to the Capitol every day and not being able to get meaningful things done. I know that if I had to go to work every day to a dysfunctional situation and could not move meaningful work forward, I would get tired and frustrated. But at some point the bosses (the voters, in this case) need to say enough is enough—get the job done.

It really is time to blow up the boxes.

And that’s The Business Perspective.

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