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Facing America's
Challenges: What the
Federal Government
Can Learn from the
States

*By George Deukmejian
Governor of California*



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FACING AMERICA'S CHALLENGES: WHAT THE FEDERAL GOVERNMENT CAN LEARN FROM THE STATES

by George Deukmejian

Shortly after I became Governor nearly five years ago, I made a speech to some business leaders in New York. I outlined a detailed agenda designed to assure them that California was once again open for business. After my speech, one member of the audience said, "That was a fine presentation Governor, but all you really had to do was stand up and say, 'I am not Jerry Brown.'"

Well, as easy as that might have been, my goal has been not only to correct the unwise policies of the past, but to implement some common sense changes in California's approach to government and public policy. I am proud to say that California no longer leads the nation in expensive new spending programs, regulatory mania, high taxes, welfare dependency, and criminal leniency. We have prevailed over those who measure progress by the growth of spending in government. We measure progress today by the growth of opportunities for people.

The whole world is up in arms over deficits. Five years ago, California had a \$1.5 billion deficit, which I inherited. We have paid off the deficit, balanced our budget five years in a row, and established a prudent reserve for economic uncertainties, all without raising taxes. This year we are returning \$1.1 billion in tax rebates, and next year 70 percent of our income tax payers will have their taxes reduced.

Two Million New Jobs. Five years ago, our economy was sidelined and uncompetitive. Today, California is again a champ in the global economy. We are opening markets through aggressive efforts to expand exports. We are not attempting to close markets by joining the cry for protectionism. Over two million new jobs have been created, cutting our unemployment rate from 11 percent down to 6 percent, and we just passed Great Britain to become the sixth largest economic power on earth.

Five years ago, our welfare system was a hopeless mess of waste and dependency. Since then, we passed the nation's largest mandatory workfare program, and we are cracking down hard on parents who legally owe child support.

Five years ago, our education system was rapidly declining in quality. Since then, we have reordered the spending priorities of government away from programs that perpetuate dependency and toward programs, such as education, that promote opportunity. More important, we have enacted reforms designed to get the drugs and delinquency out of our schools and put the basics back in.

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He spoke at The Heritage Foundation on November 17, 1987.

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And five years ago, California had a judiciary that, in the pursuit of procedural perfection, bent over backwards on behalf of criminals at the expense of public safety. Today, California is no longer soft on crime. I have appointed over 500 common sense new judges, including a new majority to the California Supreme Court, and over 100,000 convicted criminals are behind bars.

Agenda of Opportunity. This is the agenda that the people of California have asked us to implement, and I believe our experience can be instructive at the national level. That brings me to a critical issue facing those of us who want to ensure that we elect a President in 1988 who will carry out an agenda of opportunity. California commands 47 electoral votes in the presidential sweepstakes, and it is safe to say that no Republican can win the presidency without winning California. So what must the successful candidate do in order to win California?

The current federal deficit is a disgrace. Everyone acknowledges that. There was a time when a candidate could get into a lot of trouble for talking too specifically about spending reductions. I believe that is changing. I see increasing respect among voters for public officials and candidates who have the courage to "just say no."

We have a federal deficit today, not because taxes are too low, but because spending is too high. In California and, I believe, across the nation, citizens may not be clamoring for tax cuts, but I see no evidence that they are begging for tax increases. The successful candidate in 1988 will be the one who demonstrates the courage and the common sense to tackle the budget deficit by tackling government spending, not by sapping growth and destroying jobs through major tax hikes.

It is not that difficult. Governors all over the country have been operating their states with balanced budgets, primarily because state law requires it and because many Governors have a powerful weapon called the line-item veto. We need these same provisions at the national level.

2,000 Vetos. How many state budgets do you think would be balanced today if it were not for the existence of these tools? The line-item veto and balanced budget requirements have been proved to work over and over again. Some have suggested that, even with those measures, it is politically impossible to cut the deficit by reducing spending. Yet, since I have been Governor, I have used my veto authority more than 2,000 times for a total savings of \$4.3 billion. Rather than boot me out of office, California voters reelected me by a substantial margin. If citizens believe that you are being fair, consistent, and responsible, they will put aside their unhappiness on a few specific issues and respect the strong leadership that is required to put government's fiscal house in order.

Just as a tax increase is the wrong answer to the budget deficit, so is protectionism the wrong answer to the trade deficit. We need a competitiveness campaign in America which calls on workers and businesses to improve product quality and increase overseas markets.

In California, one out of every ten jobs depends on trade. As such, protectionism will not sell well in our state. Market closing measures, including

some provisions of the trade legislation now under consideration in Congress, would be devastating. The winning candidate will not be the one who blames the competition, but the one who shows us how to beat the competition and to bring more jobs and prosperity home to America.

Eliminate Waste, Not Strength. A prosperous economy and a common sense government must go hand in hand with a strong national defense. One of President Reagan's most valuable achievements has been to put the backbone back into our defense and foreign policies, and the winning candidate will be the one who builds on the Reagan legacy. Control of the deficit demands close scrutiny of the defense budget. Yet in addressing our fiscal problems, we must never forget that ultimately the freedom of the United States depends on our ability to defend ourselves and our allies. A strong defense requires personnel, equipment, determination, and money. Waste must be eliminated, but strength must not.

Yet American strength must count for more than just military might. We must make our children strong as well. Reforming education to provide our children with enlightened minds and drug-free lives should be America's top domestic concern, bar none.

40 Percent Dropout Rate. Nationwide, one in four students never graduates from high school. According to one estimate, the dropout rate will reach 40 percent by the end of the century. Even worse, it has been estimated that nearly 25 percent of all high school students use drugs and alcohol on a regular basis. This, too, is a profound threat to our national security. For many of those who stay in school, we must question the quality of their education. One recent survey found that two-thirds of the high school students questioned did not know when the Civil War was fought, and half could not identify Winston Churchill.

As Secretary of Education William Bennett has stated, schools need more than simply a bigger budget. In California and in other states, there are some truly outstanding, high performance schools. Many of these schools are getting the same amount of money, and sometimes less money, per student than other schools in the same district. Yet their students are getting better grades, and more of them are going on to college. I have appointed a Commission on Educational Quality in our state to clearly identify the methods used successfully in these high performance schools and devise a plan to apply them statewide. Rather than focus solely on money, it is time for the education establishment to make quality the top priority in schools across our country.

Law and Order. Finally, citizens are fed up with the violence and lawlessness in our society. In California we took our case for tougher laws like the death penalty and the need for common sense judges directly to the people. The people responded by enacting a death penalty initiative and by removing three members of the California Supreme Court. And citizens throughout the land are crying out for greater protection against drugs, crime, and violence, and our would-be President must recognize this paramount concern.

Ladies and gentlemen, as our great President enters the final year of his term, we can be thankful that he has provided our nation with such bold, visionary

leadership, and has restored the can-do confidence that is so uniquely American. It is essential not only that we preserve the Reagan legacy but that we build upon it.

I cannot speak for the country as a whole, but I can tell you that the issues I have discussed--fiscal responsibility without tax increases, more jobs, open trade, a strong defense, education reform, and greater public safety--these are the top priorities of Californians, and they will support a presidential candidate who offers strong leadership and common sense solutions.

Principled, Common Sense Leadership. We face in the coming year a period of great national reckoning. Will America continue its principled advocacy of freedom and democracy abroad, backed up by a strong national defense? Or will we once again apologize for the strength of the United States and compromise our principles? Will America continue to foster greater economic opportunities for the individual by holding down taxes, resisting protectionism, and turning back the tide of federal red ink? Or will we once again punish workers and businesses for government's mess by busting the budget and raising taxes? Will we blame our competitors for our economic frustrations, and in the process, destroy American jobs by closing American markets?

The Heritage Foundation has already made valuable contributions to public policy and to the intellectual life of our nation. Now, let us work harder than ever to ensure that Americans choose the right response to these critical questions. If we stick together, take nothing for granted, and take our case for principled, common sense leadership directly to the people, then I know the whole country can succeed, just as we have in California.

