TRYING OUT THE FUTURE

by Ted K. Bradshaw

The most significant economic event in California history was not the Gold Rush or the coming of the railroad. It was World War II. In 1940, the federal government spent a mere $728 million in California, much of it simply to relieve economic hardship caused by the lingering Great Depression. But after the Japanese attack on Pearl Harbor in December 1941, California became a vast staging area for the Pacific war zone, with San Diego and San Francisco as ports of embarkation. The climate proved ideal for testing airplanes and training troops. The state's fledgling aircraft and shipbuilding industries moved quickly to a war footing.

By the time the Japanese surrendered in August 1945, Washington had pumped $35 *billion* into California. Its economy had suddenly become "modern." Federal outlays for defense-related construction and manufacturing accounted for about one-half of California's total personal income. The state's aviation industry, which claimed 60 percent of these wartime expenditures, emerged pre-eminent in the world. (Douglas, Lockheed, North American, Northrop, and Convair all located their main plants in California.) Moreover, millions of American servicemen had moved through California on their way to Australia, the central Pacific, and the Philippines; smitten, many returned to stay at war's end.

The momentum acquired during World War II was sustained in part by this postwar influx of manpower (California's population climbed from 7 to 15 million between 1940 and 1960), in part by U.S. rearmament during the Cold War and two more Pacific wars—Korea and Vietnam. Following the Soviet launching of Sputnik I in 1957, California also played a vital role in the quickening space race, as "aviation" became "aerospace." By 1963, 40 percent of the total U.S. space and defense work force was concentrated in five California industrial centers: Los Angeles, Sacramento, San Bernardino/ Riverside, San Diego, and San Jose. If ever there was a military-industrial complex, it was here.

During the two decades following World War II, 6 out of every 10 jobs created in California could trace their paternity directly to Washington. Of the $10 billion in research and devel-

opment (R&D) contracts let by the federal government in 1963, for example, 40 percent went to California manufacturers, universities, or private think tanks like the RAND (the name comes from "R an[d] D") Corporation. During the late 1960s, the University of California, the California Institute of Technology, and Stanford University together garnered 1 out of every 5 federal defense research contracts awarded to U.S. universities. For a time, research personnel at the University of California outnumbered teaching faculty.

Could the aerospace/defense boom last forever? By the mid-1960s, local businessmen and politicians had in fact begun to worry—properly so—that California had put all its eggs in a single basket. One client (Washington) was essentially buying and paying for one major family of California products (high-technology hardware). Journalist Christopher Rand, reporting from Los Angeles in 1966, sensed "a feeling of cutback" in the air. There is, he wrote, "from time to time, inevitably, talk about what would happen in the event of serious reductions in the defense and space programs. How to convert, and to what, in the face of such cutbacks, has been a big question, and some high-grade talent has been devoted to answering it."

Shifting Gears

Even before the domestic aerospace industry slumped during the early 1970s, California's most sophisticated industries had begun diversifying both their products and their markets. Aerospace companies sought a growing share of the international demand for commercial and military aircraft. Think tanks started looking at such issues as transportation and waste disposal. Electronics firms slowly weaned themselves from dependence on the Pentagon. There was, they all realized, a big civilian market out there. Today, the state's high technology exports, from Northrop "Freedom Fighter" jets to pocket calculators, find their way to a broad international market. California's flexibility has surprised the experts and defied the doomsayers.

The economic history of California during the past three decades is beginning to receive serious attention from scholars, who are intrigued by its implications for the United States as a whole. While the state is isolated from the rest of the nation geographically, and to some extent psychologically, by deserts, forests, and mountain ranges (the state's most permeable border seems to be with Mexico), many social scientists are attempting to isolate California analytically — viewing the state, for pur-

poses of comparison, as if it were an independent country. By doing so, they have thrown several features into sharp relief.

First, California, unlike New York or Illinois, has received since World War II a massive amount of economic "foreign aid" from Washington. No less important, most of it has gone into research and high technology industry, not into subsidies for municipal government or welfare. Washington helped underwrite California's postwar economic expansion as surely as it did Japan's or West Germany's. California, as a result, became the fastest growing industrial area in the world. Were the state a sovereign nation, its GNP today would rank eighth, behind Canada's but ahead of Italy's.

Breaking Away

Second, because California's rapid economic development occurred when it did—and not, say, 50 years earlier—California didn't really need to move heavily into steel, automaking, or textiles. It could "import" these items (duty-free) from the older industrial states. So California's entrepreneurs invested instead in what became the most sophisticated, fastest growing, and flexible sector of the U.S. economy—high technology.

What makes the California experience especially interesting is that the state has transformed itself from a sparsely populated frontier into the world's premier technological society in the space of a century, with most of the advance coming during the past 30 years.* California, it seems, has become a kind of giant laboratory where historic processes have been speeded up, as in time-lapse photography. In this sense, the state has been likened by several scholars to a crystal ball in which the rest of the industrialized world may glimpse the promise and the pitfalls of a "postindustrial" future.

The postindustrial thesis, commonly associated with Harvard sociologist Daniel Bell, holds that a major break with "traditional" industrial society is at hand, as fundamental as the Western world's 19th-century shift from an agrarian to an in-

*I use "most" advisedly. Even during the 19th century, California was at the forefront of several high-technology industries. Between 1850 and 1900, sales of sophisticated, California-manufactured mining equipment exceeded in value all the gold mined in the state during the same period.

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dustrial economy. "If the dominant figures of the past hundred years have been the entrepreneur, the businessman, and the industrial executive," Bell wrote in 1973, "the 'new men' are the scientists, the mathematicians, the economists, and the engineers of computer technology."*

The essential components of postindustrial society are these:

¶ An increasing reliance on high-technology manufacturing based on scientific knowledge rather than on mechanical trial-and-error or "Yankee ingenuity."

¶ Heightened productivity in industry and agriculture, freeing farm and factory workers for new jobs in an expanding "service sector."

¶ Increasing reliance on universities and other "knowledge industries" as generators of a valuable and replenishable kind of raw material: research.

¶ The application of "intellectual technologies" to government and policymaking.

Bell's characterization of postindustrial society is at times ambiguous; nowhere does he define matters with precision. But he unambiguously proclaims the United States to be the first such society.

Still, there is much variety. Pennsylvania, Michigan, and Ohio, for example, are traditional manufacturing states that have not reached the postindustrial threshold. Nebraska, New Mexico, and Wyoming lag even further behind. But when one looks at certain rough indicators — proportion of white collar employment, size of service sector, education of labor force, percentage of professionals and technicians, comprehensiveness of social welfare services, propensity of local governments to innovate—a handful of states appear at least to be on the road to a postindustrial future. California, New York, Massachusetts, Connecticut, Utah, and Alaska, for example, rank above the national average in all six indicators.

California does not come out No. 1 on any *single* indicator; cumulatively, however, it is the postindustrial state par excellence, ranking higher overall than any other state.

High technology: As noted above, it began with aircraft, and the aerospace industry remains of critical importance to California, which is currently home to 30 percent (21,000) of all U.S. aeronautical engineers. But aerospace, strictly defined, is not the fastest growing component in California's booming "high-tech" sector. These days, that distinction goes to electronics.

*See Daniel Bell, *The Coming of Post-Industrial Society*, New York: Basic, 1973.

The electronics industry has been well established in California since 1917, when Magnavox opened a small loudspeaker factory in Oakland. During the late 1930s and throughout the '40s, small firms began springing up around Stanford University. In 1938, for example, two young Stanford graduates, William R. Hewlett and David Packard, with the encouragement of the university's dean of engineering, founded Hewlett-Packard, which is now a leading electronics manufacturer.

The electronics business took off in the 1950s, stimulated by defense contracts and, just as important, by the development of transistors and, more recently, of microprocessors. Once the garden of the San Francisco Bay Area, Santa Clara County was transformed into "Silicon Valley"—the reference is to integrated circuits printed on silicon crystals—planted with companies like Intel and Memorex. The county boasts one of the most attractive job markets in the United States, and its per capita income ($26,690 in 1979) is the highest in the state.

What is unique about such high-technology industries is that they are knowledge-intensive. Here, the cost of a product—a silicon "chip," a communications satellite, a ballistic missile guidance system—primarily reflects the cost of designing it, not the cost of producing it. The result is rapid price deflation after mass-market items like digital watches first hit the market—up to 20 to 30 percent per year.*

A second consequence of California's industrial concentration in high technology ventures is energy efficiency. As motorists, California's industrialists may be gas guzzlers, but as businessmen they produce more per unit of energy than does the nation as a whole. Data for 1972 show that California produced an average $158 "value" (price minus materials cost) per thousand kilowatt hours of energy (equivalent) used for heat and manufacture, versus $94 nationwide.

Services: To Daniel Bell, one hallmark of a postindustrial society is that more than half of all workers are employed in service industries. The United States reached that crossover point in 1956. California reached it in 1910. Today, more than 70 percent of employed Californians work in the service sector, from amusement parks and fast-food restaurants to banks, com-

*To a great extent, even agriculture in the state fits this high-technology pattern. California is the nation's No. 1 farm state, with sales approaching $12 billion in 1979. Fertile land, irrigation, and a benevolent climate are not the only reasons. Just as important is the massive agricultural research effort that has pointed California farmers toward high-profit specialty crops—grapes, nuts, artichokes, etc. Winemaking in the state is now a science, not an art; there is no such thing as a "bad year" any more. The tomato-picking machine was developed by California scientists, who then bred a thick-skinned tomato that the machine wouldn't damage.

puterized data firms, law offices, and universities. Though technically "white collar," not all service jobs are glamorous or well-paying. The average salary for Californians working in service industries was $16,905 in 1979, about $2,000 less than their counterparts in manufacturing.

The growth of the service sector has not meant a shift away from manufacturing—the term "postindustrial" is misleading in this respect. In both California and the United States as a whole, manufacturing employment, as a percentage of the labor force, has actually been more or less constant since 1910, at about 30 percent. The shift has come at the expense of "primary" industries—mining, forestry, and, especially, agriculture.

A "Technocratic" Society?

The professions have been big gainers. Between 1960 and 1970, the overall California labor force grew by some 22 percent. Employment in the professions—medicine, law, education, accounting—grew more than three times as fast. The story is the same with the public sector. State and local governments today employ 1.4 million people—about one out of every seven employed Californians.

The knowledge industry: The keys to a high-technology, professional-service future are scientific research, mass university education, and professional retraining. I have already noted the central role of R&D in California's economy. R&D, one might say, is "human capital–intensive"; it depends on a first-rate educational system. California set a high standard with its 1960 Master Plan for Higher Education—a comprehensive blueprint that guided the state's university system as enrollment climbed to more than 1.3 million in the mid-1970s.* College is available to virtually any Californian who chooses to attend—in practice, 80 percent of the state's high school graduates.

Some 2.2 million Californians have college degrees; 32,000 have Ph.D.s in the science and engineering fields alone. Californians stay in school longer than do students in every state except, surprisingly, Utah. Degree programs aside, some 3.5 million Californians participate in some kind of part-time

*The Master Plan established a three-tiered higher education system and provided for the apportionment of graduating high-school seniors among them roughly according to class rank. Community colleges, offering an associate B.A. degree, make up the bottom tier. In the middle are the state colleges and universities, which may award the B.A. and M.A. degrees. The University of California, at the top, offers B.A.s, M.A.s, and Ph.D.s, and is the prime conductor of academic and scientific research. The system is not as rigid as it looks on paper. State colleges, for example, may award a Ph.D. in conjunction with the University of California. To give "late-starters" a second chance, students meeting certain requirements may "graduate" from a lower tier into the one above.

educational venture every year, be it for job training, self-improvement, or mere fun. Institutionally, California boasts 104 community colleges, 19 state universities, 9 branches of the flagship University of California system, and 84 private colleges and universities.

Government: Bell's final contention is that state and local governments will increasingly come to rely on a "new class" of technocrats familiar with such methods of "scientific" administration as Program Planning Budget Systems—PPBS, to initiates—and econometric modeling. California again appears to be a case in point, and not merely because a California engineer, William Henry Smyth, coined the word "technocracy" in 1919.

Going Solar

The state's county and city governments have more computers than do non-California governments, introduced them sooner, and, on average, employ 48 technicians per city or county to run them—double the national average. One-sixth of all "planners" working in the United States are employed by various public agencies in California. The state legislature (40 Senators, 80 Assemblymen), ranked as the "most professional" in the nation, relies on a highly trained, 2,000-member staff and a vast army of contract consultants, Washington-style.

California is also unique among large industrial states in allowing grass-roots "initiatives" to be placed on the ballot. Proposition 13, which cut local property taxes by more than half after its passage in 1978, is the best known of the nearly 160 initiatives placed before voters since Progressive Governor Hiram Johnson inaugurated the practice in 1911.*

In certain key respects, then, California seems to have fulfilled all the predictions about the postindustrial society to come. Bell's book, of course, is seven years old, and the future, as Frenchman Paul Valéry reminded us, is never what it used to be. Without looking too hard, one can find developments in California that anticipate a very different kind of future. The state is full of perplexing contradictions. As author Carey McWilliams observed in 1949, "in California, everything seems to be reversed, to occur out of the natural state of events, to be upside down or lopsided."

Thus, while California has the highest concentration of high technology in the world, it is the center of the ecology and anti-

*The latest California initiative to attract national attention was Proposition 9—labeled Jaws II by critics—which proposed to halve state income taxes. The initiative was handily defeated on June 3, 1980.

technology movements. California has some of the oldest and strongest environmental organizations in the country, the largest of them being the Sierra Club founded by naturalist John Muir in 1892. (More places in California are named after Muir than after any other person.)

The 1,330 organizations entered in the *California Environmental Directory* do more than spout slogans. A popular referendum in 1972, for example, created a Coastal Zone Commission to curb helter-skelter development of California's scenic shoreline. Restrictions on automobile emissions are so stringent —far stricter than federal standards—that auto manufacturers around the world must install extra pollution control equipment if they want a piece of the $7.3 billion a year in California auto sales. And, by a 1976 act of the state legislature, new construction of nuclear power plants has been banned until satisfactory nuclear waste disposal methods are developed.

For reasons of both climate and inclination, California has also become *the* solar state, with 42 percent of total U.S. solar collector capacity. There were 30,000 solar installations in California in 1978—home water and swimming pool heaters, primarily—and an estimated 50,000 were added in 1979. California's 55 percent state income tax credit for solar home installations is the highest such credit in the country. Indeed, most of the "alternative energy" incentives embodied in Congress's National Energy Act of 1978 were already state law in California.

Bureaucracy and Magnetic Tape

The nature of state government in postindustrial California also seems to be evolving somewhat differently than anticipated. A decade ago, postindustrialists assumed that technocratic "rationality" was the wave of the future. Each government agency, it was thought, would have its own narrowly defined mission with its own staff of trained specialists: waste, overlap, and confusion would be eliminated. Problems would be attacked—and vanquished—one by one. Scientific administration, aided by technology, would be victorious.

In fact, as political scientist Kenneth Kraemer has pointed out, "there is little to suggest that advanced industrialism carries with it superior and effective technological resolution of society's problems." Kraemer found, for example, that despite a near-total reliance on computers in the daily operations of California governments, local bureaucrats report few cost savings. Nor has bureaucratic efficiency been notably enhanced.

CALIFORNIA'S AVANT-GARDE POLITICS

California has long been in the forefront of America's technological development. Because rapid change is an inherently turbulent process, argues Berkeley political scientist Todd La Porte, the state has produced a "politics of psychic reassurance" characterized by leaders who offer not solutions but "moods."

While its politicians, from Earl Warren to Jerry Brown, have captured the national limelight, California has quietly developed a solidly competent government, with a civil service, a state legislature, and a state supreme court all widely acknowledged to be among the best in the country. One possible reason: The special structure of the state's political system, established by Governor Hiram Johnson after he took office in 1910.

To break the Southern Pacific Railroad's strangle hold on the state government — the company at one time owned 10 percent of the state's land and nearly all of its legislators—Johnson and his fellow Progressives tried to separate politics from government. Local elections and offices were made nonpartisan; the introduction of direct primaries for state and local offices further weakened political parties. (Today, party affiliation becomes crucial to the state's politicians only when they have risen to national prominence and must work with non-Californians, whether in Congress or on the presidential campaign trail.) Most importantly, Californians were given three ways to override their elected representatives: the initiative (to enact laws); the referendum (to annul laws); and the recall (to remove elected officials from office).

The Progressives' reforms left a political vacuum. In the absence of party controls, primaries were wide-open affairs. Anybody could run —and did. In 1934, socialist author Upton Sinclair *(The Jungle)* campaigned on a program to End Poverty In California (EPIC) and captured the Democratic nomination for governor.

The strong Republican response changed America's politics. Led by Louis B. Mayer, head of the Metro-Goldwyn-Mayer movie studio, California's Republicans threw $10 million into an elaborate drive

In a sense, California has become too big and diverse for "scientific" government. The state's water system, for example, is stretched to the limit, owing to the simple fact that most of California's rain falls in the north while most of its people live in the south. But every new aqueduct into thirsty Los Angeles creates disgruntled farmers and angry environmentalists hundreds of miles away. California society, in short, is not a piece of machinery where one can simply isolate a defective part and replace it. It is more like a spider's web. Toying with any one

run by a new firm named Campaigns, Inc. After beating Sinclair, Clem Whitaker and Leone Baxter of Campaigns, Inc., went on to handle some 70 California campaigns, including Warren's first run for governor (1942) and the northern California end of Richard Nixon's 1960 presidential race. Their tactics became a model for imitators elsewhere.

In California, such campaign management firms filled the political void created by weak parties, by the frequent use of referendums and initiatives, and by immigration from other states. (The decisive margin in California's elections often lay with new voters, virtual strangers to the state.) Today dozens of political management organizations boost both candidates and ballot proposals. In 1978, Proposition 13 drew two firms, Butcher-Forde (supporting) and Winner/Wagner (opposing). Some political consultants specialize in collecting the signatures required to place a proposal before California's voters. "If you give me $500,000," one professional told author Gladwin Hill, "I'll guarantee to get on the ballot a measure to execute the governor by Christmas."

But the prime task of campaign management, in a state without grassroots party organizations, is using the media. The 30-second television spot conveying not a philosophy but an "image" or an emotion—anger, say, or hope or nostalgia—holds a paramount place in election strategy. Somewhat more than most Americans, Californians seem to vote for those who do well on the tube: actors who act like politicians, such as former Governor Reagan and former Senator George Murphy, and politicians who look like actors, such as former Senator John Tunney.

The California campaign management firms, together with a galaxy of political exotics such as the John Birch Society and the Minutemen (on the extreme right) and the Black Panthers and Tom Hayden's nonviolent California Campaign for Economic Democracy (on the far left), create an illusion of political fervor. But the statistics suggest that, with their vigorous economy and able civil service, many Californians simply don't worry much about government. Though its people are unusually well-educated, the state's voter turnout ranked 34th in the nation in the 1976 presidential election.

strand—water, land, energy—disturbs all of the others.

In recent years, California has been moving toward creation of flexible new public agencies to manage overlap and complexity. These agencies (e.g., the Energy Resources Conservation and Development Commission, the Criminal Justice Planning Office) differ markedly from older ones (e.g., the Hospital for the Insane, the Board of Medical Examiners). They have no popular constituency but are designed primarily to work with other federal and state agencies, multinational corporations, nonprofit

interest groups, even foreign governments. They do not themselves provide a "service" but operate *between* government entities that do. And they have broad powers to coordinate what might otherwise turn out to be conflicting activities. In effect, these new agencies are an exercise in "preventive government."

Postindustrial theorists also assumed that a postindustrial society would tend toward homogenity. Widespread affluence, media saturation, and the consumer ethic, they contended, would eventually lead to a convergence of attitudes and lifestyles.

The California experience suggests that the opposite may be the case. The diversity of California encompasses fundamentalist sects and mystical cults, self-awareness centers and philanthropic movements, the John Birch Society and the Symbionese Liberation Army. Similar movements are now found everywhere, of course, but in California they seem to emerge fully grown, *en masse,* and are accepted into the normal life of the state.

An Ethnic Salad

Numbers are hard to pin down, but an examination of several published lists of "alternative" and "fringe" organizations yields some suggestive information. For example, Mark Satin's *New Age Politics* (1978) contains a list of periodicals dealing with alternative approaches to social, political, and economic issues (e.g., *CoEvolution Quarterly*, *The Journal of Transpersonal Psychology*). One third of them are published in California. According to the *Spiritual Community Guide* (1978), some 42 percent of all "spiritual growth centers" (Kailas Shugendo and Brotherhood of the Sun, for example) are located in the state.

Some groups have coalesced for political reasons—for reasons of both common sense and sensibility. The homosexual community in San Francisco, estimated to include 20 percent of the city's voters, claims to have played a pivotal role in the 1979 election of Mayor Diane Feinstein. Other politically active groups include the disabled in Berkeley, the elderly throughout the state, and the ethnic communities of Chinese Americans, Mexican Americans, and others.

California is among the most ethnically diverse states in the Union: 16 percent of the state's population is Hispanic, another 8 percent is black, and 4 percent is Asian. Apart from Japanese, Chinese, and Filipinos, there are currently some 200,000 Koreans in the Los Angeles area alone, a 500 percent increase since 1976. About half of the 250,000 Indochinese refugees admitted to

the United States since 1975 reside in California. Former Lieutenant Governor Mervin Dymally has predicted that, by 1990, the state's "minority" population will exceed 50 percent of the total, making California the nation's first "Third World" state. The prediction is highly questionable, but the trend is clear.*

What is notable about California's ethnic and racial minorities, as well as its "alternative lifestyle" groups, is that they are resisting "assimilation" and striving, with some success, to promote their own various cultures. No one has told them that, in the postindustrial era, they are supposed to hand over power to the technocrats.

Heading for the Hills

Postindustrialism is closely associated with urbanization, and California, not surprisingly, is the most urban state in the nation, with more than 90 percent of its citizens living in towns and cities. But even that is changing. Between 1970 and 1976, California's rural areas grew three times as fast as urban areas; during the same period, 47 cities in the Greater Los Angeles area (including L.A.) and 22 cities in the San Francisco Bay Area (including San Francisco) *lost* population. This is not just a matter of "suburbanization"; in fact, thousands of Californians are leapfrogging the suburbs to settle down in faraway and (for the moment) less congested mountain counties.

Postindustrialism itself is one factor: It enables many people who wish to live in small towns to do so. Electronics manufacturing, for example, can take place almost anywhere, since the products are usually lightweight and making them requires no rail connections and comparatively little water or electric power. Service industries like data-processing or banking may conduct much of their business by telephone, from any place. (I know of one anesthesiologist in Ukiah, 120 miles north of San Francisco, who maintains a toll-free "800" number and earns a living by dispensing specialized technical information to other doctors over the phone.) Government services—and em-

*Minority groups are not spread evenly throughout the state. One out of every four Los Angeles residents, for example, is Hispanic; 18 percent are black, and 6 percent are Asian. San Francisco has many fewer Hispanics (only 14 percent of the city's population), somewhat fewer blacks (13 percent), and far more Asians (16 percent). In economic terms, California's minority groups have fared no worse than minorities elsewhere, but their status relative to the overall high level of prosperity in the state makes their situation particularly distressing. A postindustrial society does not improve *everyone's* lot, just as it does not transform *every* sector of the economy; in a sense, it may even depend on a large underclass. The mechanization of agriculture, for example, has not eliminated the need for armies of Mexican farm workers, many of whom are now permanent residents of the state.

ployment—have expanded in all parts of California. With the expansion of the community colleges, higher education is within commuting distance of virtually everyone. In California, people no longer need to live in cities to have many of the economic or cultural advantages of urban living.

California is in a transition period between a dynamic present and several possible futures: among them, the postindustrial society of the theorists and the "small is beautiful" world of the dreamers. For the moment, however, the state appears to be in an eclectic sort of limbo, uncertain which way to go but still convinced that others will follow.

Anthropologists have identified a phenomenon called "the law of the retarding lead," which holds that the most advanced countries have the greatest difficulty adapting to changing conditions. As their economies become established and sophisticated, as their social systems harden, as their citizens come to have an increasing stake in the status quo, developed regions lose the competitive advantage of flexibility. Progress, so to speak, seeks a vacuum.

The notion is pertinent to California, and not only because population and industry are shifting steadily—and innovatively—to the state's less-developed rural areas. For a century, California as a whole has been in the avant-garde. Increasingly, it is less so. California's rate of population growth is slowing. The population is becoming more "settled." High-technology companies are not abandoning California, but they are *expanding* in such less-developed states as Arizona, New Mexico, Colorado, Vermont. In all of these places, the rate of in-migration is high and climbing, and R&D and electronics are among the big growth industries. Their per capita incomes are rising at an accelerating rate, faster than California's. In 20 years, perhaps, they will face the dilemmas California confronts now.

Will California then still point the way?