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**Lessons From a Comeback**

**By PAUL KRUGMAN**

Modern movement conservatism, which transformed the G.O.P. from the moderate party of Dwight Eisenhower into the radical right-wing organization we see today, was largely born in California. The Golden State, even more than the South, created today's religious conservatism; it elected Ronald Reagan governor; it's where the tax revolt of the 1970s began. But that was then. In the decades since, the state has grown ever more liberal, thanks in large part to an ever-growing nonwhite share of the electorate.

As a result, the reign of the Governor aside, California has been solidly Democratic since the late 1990s. And ever since the political balance shifted, conservatives have declared the state doomed. Their specifics keep changing, but the moral is always the same: liberal do-gooders are bringing California to its knees.

A dozen years ago, the state was supposedly doomed by all its environmentalists. You see, the eco-freaks were blocking power plants, and the result was crippling blackouts and soaring power prices. "The country's showcase state," gloated The Wall Street Journal, "has come to look like a hapless banana republic."

But a funny thing happened on the road to collapse: it turned out that the main culprit in the electricity crisis was deregulation, which opened the door for ruthless market manipulation. When the market manipulation went away, so did the blackouts.

Undeterred, a few years later conservatives found another line of attack. This time they said that liberal big spending and overpaid public employees were bringing on collapse.

And the state has indeed spent the past few years facing a severe fiscal crunch. When the national housing bubble burst, California was hit especially hard, and the combined effects of the plunge in home prices and the economic downturn led to sharply reduced revenue. Once more there were gleeful pronouncements of imminent doom: California, declared one pundit after another, is America's Greece.

Again, however, reports of the state's demise proved premature. Unemployment in California remains high, but it's coming down — and there's a projected budget surplus, in part because the implosion of the state's Republican Party finally gave Democrats a big enough political advantage to push through some desperately needed tax increases. Far from presiding over a Greek-style crisis, Gov. Jerry Brown is proclaiming a comeback.

Needless to say, the usual suspects are still predicting doom — this time from the very tax hikes that are closing the budget gap, which they say will cause millionaires and businesses to flee the state.

Well, maybe — but serious studies have found very little evidence either that tax hikes cause lots of wealthy people to move or that state taxes have any significant impact on growth.

So what do we learn from this history of doom deferred?

I'm not suggesting everything in California is just fine. Unemployment — especially long-term unemployment — remains very high. California's longer-term economic growth has slowed, too, mainly because the state's limited supply of buildable land means high housing prices, bringing an era of rapid population growth to an end. (Did you know that metropolitan Los Angeles has a higher population density than metropolitan New York?) Last but not least, decades of political paralysis have degraded the state's once-superb public education system. So there are plenty of problems.

The point, however, is that these problems bear no resemblance to the death-by-liberalism story line the California-bashers keep peddling. California isn't a state in which liberals have run wild; it's a state where a liberal majority has been effectively hamstrung by a fanatical conservative minority that, thanks to supermajority rules, has been able to block effective policy-making.

And that's where things get really interesting — because the era of hamstrung government seems to be coming to an end. Over the years, California's Republicans moved right as the state moved left, yet retained political relevance thanks to their blocking power. But at this point the state's G.O.P. has fallen below critical mass, losing even its power to obstruct — and this has left Mr. Brown free to push an agenda of tax hikes and infrastructure spending that sounds remarkably like the kind of thing California used to do before the rise of the radical right.

And if this agenda is successful, it will have national implications. After all, California's political story — in which a radicalized G.O.P. fell increasingly out of touch with an increasingly diverse and socially liberal electorate, and eventually found itself marginalized — is arguably playing out with a lag on the national scene too.

So is California still the place where the future happens first? Stay tuned.

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