



WILL FLORIDA JOIN THE LIST OF 'FAILED STATES'?

BY J. ROBERT McCLURE

Two years ago, in the cover story for the Winter 2008 edition of this *Journal*, JMI pondered whether Florida would follow California into an economic version of Death Valley. At this printing, the world's eighth largest economy has gone to Washington in search of a multi-billion-dollar bailout.

In the two years since our prescient observation regarding the "Golden State," that concern has become more urgent as the national economy crashed and California sank ever deeper into fiscal disaster and political dysfunction.

As *Washington Post* columnist David Ignatius recently noted, "Gov. Arnold Schwarzenegger

labored mightily in 2009 to close a \$60-billion budget deficit ... but at year's end ... was still looking at a combined \$21-billion deficit."

Yet California is hardly alone among the 50 states, only the largest. Mr. Ignatius, for instance, noted that "Wisconsin's budget shortfalls have grown in every year but one since 1999, and its deficit per capita is four times that of California."

Then there's New York, where the fiscal situation is so dire (a projected \$9-billion deficit and a dysfunctional legislature unable to resolve it) that the *New York Times*' Dec. 30 editorial on these problems ran under the succinct but apt headline "Failed

State,” despite Governor David Paterson’s recent proposal to raise 17 different kinds of taxes.

In the noted British magazine *The Economist*, the July 11-17 edition’s cover featured a clever cartoon of a beach scene. In it, an exuberant, boot-clad Texan hoisting a Jet-Ski is heading for the waves while a disconsolate Californian holding a battered surfboard is emerging from the water with a demonic-looking crab clinging to the back of his baggy shorts. The caption: “America’s Future: California v. Texas.”

That California is in trouble is not exactly breaking news. In recent years Americans have been “voting with their feet,” fleeing that state’s rising taxes and declining quality of life. As *The Economist* put it, “High taxes, coupled with intrusive regulation of business and ‘greenery’ taken to silly extremes, have gradually strangled what was once America’s most dynamic state economy.”

Meanwhile, Texas has consistently led the nation in population growth in recent years. Indeed, the Lone Star State can expect to gain three additional congressmen (and three more electoral votes) as a result of the redistricting following the 2010 U.S. Census. (Florida, incidentally, can expect to gain only one additional congressional seat.) Moreover, the Texas economy is one of the only

relative “bright spots” in the entire country.

Granted, *The Economist* wisely cautions that “There is no perfect model of government: it is America’s genius to have 50 public-policy laboratories competing to find out what works best.”

This notion—that the individual states can serve as “Laboratories of Democracy”—returned to prominence following the publication of David Osborne’s influential 1988 book with that title. By pointing out the value of allowing states to experiment with different policies, as opposed to a one-size-fits-all Washington model, his book was a tonic for the nation’s body politic after decades of federal encroachments on what ought to be the states’ turf.

Significantly, the foreword for Osborne’s book was written by Bill Clinton, then the Governor of Arkansas. To his credit, when he became President, Mr. Clinton—having served as a governor—was more deferential to the states than most of the recent presidents of his party.

So was the U.S. Supreme Court, thanks largely to the conservative philosophy of the justices appointed by another former governor, Ronald Reagan. A tenuous majority of the high court even rediscovered the long-ignored Tenth Amendment of the U.S. Constitution.



The Tenth Amendment’s wording is clear enough: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

Yet the degree to which this valuable component of the Bill of Rights has been overlooked or ignored is evident from a simple Google search. “First Amendment” yields 1.8 million mentions, “Second Amendment” 364,000, and even “Fifth Amendment” yields 185,000. Meanwhile, “Tenth Amendment” can muster only 105,000 mentions.

Expect this situation to change as Florida and other states challenge the current attempted expansion of the federal government’s authority over healthcare, an issue discussed in more detail in Christie Herrera’s article in this *Journal*.

The current healthcare legislation is a federal power grab on a scale not seen since the early days of FDR’s “New Deal,” when the U.S. Supreme Court’s “nine old men” had to step in and slap down some of FDR’s more extreme usurpations.

Indeed, Florida Attorney General Bill McCollum commendably is joining with attorneys general from other states to challenge several patently unconstitutional provisions in U.S. Senate’s version of healthcare “reform.”

Meanwhile, the jury is still out as to whether Florida—at the end of the decade ahead—will be prospering like Texas or foundering like California, Wisconsin, New York, and other states where government evidently

exists primarily for the benefit of the governing, and onerous taxes and regulations consistently drive away the most productive citizens, harming the economy and eroding the quality of life.

Indeed, in Florida there are several troubling trends and worrisome threats—the full impact of the class-size amendment, the danger posed by the Hometown Democracy Amendment scam, the constant pressure to raise taxes and expand the scope of government, California-style attacks on individual and corporate philanthropy, and the judicial branch of government’s recent incursions into political and policy decisions best reserved for the more representative legislative and executive branches.

Yet Florida has shown in its recent past that it can be the state that values limited government, individual liberty, free markets, and personal responsibility. In fact, Florida’s economy recovered much more quickly than those of other states after the 2001 recession, primarily because it was a state that prioritized those values.

Let’s do it again because it always works. Meanwhile, rest assured that the James Madison Institute’s scholars are monitoring the troubling trends and preparing the “intellectual ammunition” that can empower Florida’s policymakers and citizens to resist the false choice of more and more spending. The battle will continue. Stay tuned. ∞

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