



# THE PUBLIC SECTOR

## Governing in the space between

by Jon Holtzman

Effective local governance is another victim of the increasingly polarized world of politics. On one side, strains of the Tea Party refrain that government *is* the problem can be heard everywhere. On the other side, more progressive constituents are generally unwilling to lift a finger to save government as it drowns in structural deficits.

Yet, I believe folks of most political stripes rely on and appreciate the kind of direct services local government provides. Traditionally, conservatives have supported police and fire services, roads, and public infrastructure. And try closing a local library or park sometime, and see the broad cross-section of the populace that protests.

Unfortunately, many who support government services seem unwilling to press for meaningful measures to address increasing employment costs, such as pensions and retiree medical programs. Worse, they fail to focus on the need for *effective* government. As a result, those of us who are strong proponents of the role of local government are selling a product that the public sees as flawed. It's reminiscent of the old Catskills joke about the two ladies at lunch. One says: "The food here is awful." The other agrees: "Yeah, and the portions are so small!" As government shrinks because costs outstrip revenue growth, services decline and everyone complains, even the folks who claim to want to do away with government.

Recent votes on state and local tax measures in California suggest that voters are often willing to do their part to save essential services and education. But our leaders need a bipartisan employer-employee effort to ensure that government is, at a minimum, effective and sustainable. On the Democratic side, there must be recognition that government is important only because it *serves* people—it isn't an end unto itself. Democrats need to focus on getting government out of its current financial mess and recognizing that public support for taxation is contingent on keeping employee compensation within the norms of the community in which they work. Republicans, on the other hand, need to recognize that while their constituents vocally criticize big government, they are the first to complain when it isn't there for them.

For the most part, effective governing is lost in the space between the parties. Republicans hate government but rely on its services. Democrats like government but seem unwilling to confront the causes of its dysfunctionality.

There are encouraging signs. Some leaders in the Democratic Party who have become big-city mayors, such as Rahm Emanuel, appear clear-eyed on the subject. Public support for Republicans like Chris Christie, who are focused on delivering real services to the public, seems robust.

There are two missing pieces. The first is creating a better dialogue with public-sector unions. Many of these unions are genuinely concerned about the future of government, both philosophically and because they know workers' jobs are on the line. But they are understandably defensive. Public employees have taken a very public beating over the last couple of years. And although their wages and benefits are certainly the product of years of bargaining demands, *no one* understood the risks posed by public pensions and retiree medical plans when they were initially offered (or even as recently as the beginning of the new millennium, when they were significantly improved). Civil service systems were conceived for a noble purpose but don't function well in practice. And, of course, public management agreed to many of the things we now regret.

The second missing piece is the courts. California courts have made it clear that they are fiercely protective of "vested" rights. So be it. But our public-sector bargaining system evolved long after the seminal vesting cases were decided. For current employees, it simply doesn't make sense to view bargaining as a one-way street. If that turns out to be the law, sadly, public employees will face many more years of takeaways and layoffs because public revenues simply cannot rise quickly enough to preserve both government benefits and government jobs at current levels.



Government has important work to do.

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