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CAPITAL IDEAS

MAY 2021

California's Past, Even if Not Perfect, Set Up Its Prosperous Future

BY KERRY JACKSON

Even before it was a state, California was the New World's new world. Everything that the Western Hemisphere promised was condensed and amplified in what became the 31st state. Not only was it arguably the greatest land of opportunity in human history, but rather than having exhausted itself as many other centers of prosperity had, it has continued to renew its fortunes over and over, turning away only in recent years from the path that produced unprecedented abundance.

At the roughly the same time, the milestones of California history, its mission era, the gold rush, even the explosion of Silicon Valley, have been attacked as sources of injustice, environmental degradation, and inequity. Yet all were important pieces of what California, and America, is today. Whatever their faults, the periods of human progress they kicked off have far outweighed any damage they left behind.

The Spanish first sailed up the American West Coast in the mid-16th century, claiming California as a territory. It wasn't until the late 18th century, though, that Spain began to establish its missionary presence. The purpose was of course to convert the native population to Catholicism.¹ As it turned out, however, there was a secondary effect. The mission era, lasting from 1769 until roughly 1833, produced an economic boom.

The missions were typically established by a pair of priests, a few soldiers, and natives from Baja California, Dr. Lynne Doti, professor emerita of economics, explained in a 2019 Chapman University economics paper. The pioneers had limited resources for starting an economy, only "themselves, a few animals and a nearby source of water." But with the help of locals who joined the community and performed "the work necessary to create a strong economy," the missions became "almost entirely self-sufficient, and offered reliable supplies of food, clothing and housing to the inhabitants" after "only a few years." While many missions were often located in a

largely barren land, they nevertheless produced “thousands of livestock, vast fields of grain, olive and citrus orchards, vineyards, and many other food crops.”²

By 1790, Doti continues, the populations of some missions exceeded 1,000, “including a handful of priests and soldiers.” Even though “many negative aspects of mission life” had to be endured, “virtually all the coastal Native Californians willingly joined the missions and stayed. Their continually increasing skills and trade with military outposts and passing ships created the economic success of the missions.”³

University of Texas historian H. W. Brands has noted that a willingness to take risks “sank roots very early in the California consciousness.”⁴ The legacy of the mission era indicates those roots were established early in the state’s history.

Though the Spanish have been condemned by some as conquerors intent on subjugating the native population, Doti says that this is simply not the case. Spain sought “a presence to ward off settlements of other nations, and wanted to Christianize and make Spaniards of the Native Californians.” The Spanish wanted to build communities by attracting “workers from among the local populations.”⁵

“Contemporary observations charge” that the natives were abused during the mission period. Yet, says Doti, “there is no proof of systematic or deliberate cruelty.”⁶ Economic historian Marie Duggan of Keene State University in New Hampshire argues that the natives willingly adopted mission life in large numbers because of its benefits, including “clothing, agricultural harvests, religious ceremony, [and] political protection from the rest of the imperialist group.”⁷

After Mexico revolted against the Spanish government in the early 19th century, the mission period closed. But less than three decades later, sawmill operator James W. Marshall found gold in the American River in the Sacramento Valley. That was in 1848. By the end of the next year, according to the Census Bureau, the population was soaring. In the 10 years after 1850, the state’s population grew “from 92,597 to 379,994 – a 310 percent increase!”⁸

By the time the gold rush peaked in 1852, \$2 billion worth of gold had been extracted. The bonanza accelerated California’s development in ways little else could. Because “newcomers often wanted to keep in touch with family,” new communication and transportation systems – roads, bridges, railways, steamships – were built to “help them bridge the distance,” say Norwich University researchers.⁹ Even the Panama Canal, so important to global commerce, has a strong connection to California. More than a half century before it opened, rather than make the cross-country trip or sail around the cape of South America, fortune seekers from the East Coast would take ships to Panama, cross the isthmus, and then sail on to San Francisco on their way to gold country. Eventually a rail line was laid down across Panama to ease travel between the oceans. When the canal was built in the early 20th century, its path closely followed the route of that railroad.¹⁰

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The search for gold set off “an explosion in manufacturing,” as well as rapid advancements in agriculture. Merchants became wealthy, some founding national and international enterprises such as Levi Strauss, Armour Foods, and Wells Fargo.¹¹ In the words of historian Gerald D. Nash, the gold rush was “a veritable revolution” which “served as a multiplier – an event that accelerated a chain of interrelated consequences, all of which accelerated economic growth.” Nash explained: “In both state and nation it spurred the creation of thousands of new businesses, banks, and financial institutions,” spawning “a wide range of entrepreneurial activities.” And it “led thousands of individuals in California and elsewhere to embark on new business ventures, in manufacturing as well as service industries.”¹²

The California dream, spun from the gold-rush mindset, was stoked again in 1938 – the year after the Golden Gate Bridge was completed – this time not in a river but in a rented Palo Alto garage. There, Bill Hewlett and Dave Packard started the mail-order business that would become computer giant Hewlett-Packard (which has since left California for Texas).¹³ That garage, at 367 Addison Avenue, a mile from the Stanford campus,¹⁴ where the pair built their first oscilloscope, is recognized as the birthplace of Silicon Valley.

One wonders: Without this development, would California’s economy be the fifth-largest in the world, as it is today?¹⁵ (If Silicon Valley were a country, it would have the second-highest GDP on earth,¹⁶ its total economic output greater than that of Finland.¹⁷) Though it was a little more than five years ago when Pepperdine Dean Carson Bruno wrote that “removing the Silicon Valley-Bay Area region would lead to devastating results for California’s labor market health,” and “taking the region out would also significantly (and negatively) impact California’s economic health,”¹⁸ he could have typed out that passage in most any era following the tech explosion, and he would have been absolutely correct.

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While more than three dozen Fortune 1000 companies are based in Silicon Valley, and half the world’s tech billionaires live there,¹⁹ the affluence that Silicon Valley produces has not been confined to California. As John Doerr, venture capitalist and one-time Intel engineer, tells it, by the end of the 1980s, the *world* had seen and benefited from “the largest legal creation of wealth on the planet.”²⁰ And then it increased. Last fall, California venture capitalist Michael Gibson wrote in *City Journal* that “the wealth generated by tech companies in the 2010s makes the 1980s look tame.”²¹

Just as they did during the gold rush, local merchants have prospered from the tech expansion. Silicon Valley real-estate developers grew “fabulously wealthy.”²² So did venture capitalists, who in the beginning were merely “engineers, or they were operators in companies,” and not at all rich to start with, says Margaret O’Mara,²³ who wrote *The Code: Silicon Valley and the Remaking of America*.

But well-compensated everyday workers in the industry have done more than just wet their beaks in the rich waters over the decades. The number of those enjoying the benefits has grown steadily: A little more than 60 years ago, there were only about 18,000 high-tech jobs in the valley. By

1971, the number had reached roughly 117,000. In 1990, nearly 268,000 were employed in the technology field, and then, from just 1992 to 1999, Silicon Valley tech companies added another 230,000 jobs.²⁴

Not surprisingly, nor coincidentally, many are better off than they would have been had Silicon Valley never emerged as it has. It is one of the wealthiest regions in the world.²⁵ The Silicon Valley Institute for Regional Studies reports that the median annual household income in the region in 2019 was nearly \$135,000, more than twice the U.S. median income and far higher than the California median of \$80,440.²⁶

For all its success, Silicon Valley has been vilified from all sides, for many reasons. Some of the criticism is deserved. It is an almost unimaginably expensive place to live, though that's not entirely of its own making. And it has chosen sides politically. Not all are comfortable with the way technology has disrupted society.

But its beneficial impact, locally, regionally, nationally, and globally, can't be denied. Technology has improved lives. Information is instantly accessible worldwide. Computing has upgraded our national security. The successes in the valley, even though the failure rate of start-ups exceeds 90 percent,²⁷ has inspired entrepreneurs over the world in both tech and unrelated enterprises.

“The U.S. would be an intensely poor place with a stock market a fraction of its present size without the innovations crafted by northern Californians,” says John Tamny, vice president of FreedomWorks. “It’s uncomfortable to imagine a U.S. without Silicon Valley. Life would be much less prosperous, convenient, and certainly not as healthy.”²⁸

The missionaries who cultivated community and civilization, the fortune-seekers of the gold rush who set off a boom like no other, the offbeat entrepreneurs of Silicon Valley, even the pioneers of film industry, shaped a state whose impact has touched all but a few. To imagine a country and a world without the dynamism and optimism that built California is to imagine a lesser place than the one we live in.

Of course, California is not for everyone. It has its flaws, its idiosyncrasies, its conceits. It's also suffering from lousy public-policy trends over the last two decades that threaten to reverse its many achievements. But on balance, it's been far more help than harm throughout its history.

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ENDNOTES

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