

# Impact

150

Summer 2018

A Pacific Research Institute Publication

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## CALIFORNIA ON THE BRINK

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*PRI's Tim Anaya (r) interviews NFIB's John Kabateck (l) for the PRI podcast.*

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- Democratic Assemblyman and Education Committee Chair **Patrick O'Donnell** (D-Long Beach)
- **Tom Rogan**, *Washington Examiner* columnist and "McLaughlin Group" host
- **Michael Ramirez**, Pulitzer Prize-winning political cartoonist
- **Charles Kesler**, Professor at Claremont McKenna College and Editor of the *Claremont Review of Books*
- **John Tamny**, Managing Editor at RealClearMarkets and Political Economy Editor at *Forbes*



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## IMPACT MAGAZINE | SUMMER 2018

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Dana Beigel - Designer  
Rowena Itchon - Assistant Editor

# PRI

# Letter from the President



**D**ear Friends,  
I've been thinking a lot about principles recently. With the way things shift and change in politics and policy these days, one can easily lose sight of the why in the name of the what. The why is this: PRI advances free-market policy solutions that champion freedom, opportunity, and personal responsibility, because we know that these policies work better to solve the pressing challenges we face and to help individuals from all walks of life achieve their full potential. Once we've established the why—and only then—can we meaningfully and coherently achieve the what.

As you'll see in the pages that follow, we're doing plenty to address the what. On pages 5-7, you'll learn a bit more about my recent work in health care policy, including my latest Encounter Broadside, *The False Promise of Single-Payer Health Care*, published this April. Then, you can read about my stellar colleague Lance Izumi, Koret Senior Fellow in Education Studies and Senior Director of PRI's Center for Education, and his new book, *An American Education Agenda*. This ambitious work, the culmination of Lance's decades of experience in education policy, outlines 15 policy recommendations for reform at the federal, state, and local levels.

After these spotlights on health care and education, you'll find a selection of op-eds written by PRI scholars in leading state and national news outlets, as well as updates about legislative briefings, partner events, and other innovative research coming out of PRI's trusted policy centers. From public pension reform and poverty alleviation to California's business climate and occupational licensure reform, I can assure you that PRI's scholars are addressing today's pressing challenges by offering common-sense, actionable solutions—solutions that PRI makes sure are heard where they're needed most.

I hope you'll see that at the core of each what—all the ways we're making an impact in California and across the nation—is our underlying why. Our work is firmly rooted in a set of values—the defining principles of freedom, opportunity, and personal responsibility—and these values guide everything we do. As a friend of PRI's, you stand for these values as well. Together, let's redouble our efforts to champion these shared principles in California and beyond. Thank you for your generous support of our work.

Sincerely,

*Sally*  
Sally C. Pipes  
President, CEO, and  
Thomas W. Smith Fellow in Health Care Policy

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**THE  
FALSE PROMISE**

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**OF  
SINGLE-PAYER  
HEALTH CARE**

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**SALLY G. PIPES**



**ENCOUNTER No 55  
BROADSIDE**

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# Encounter Books Releases **The False Promise of Single-Payer Health Care** by Sally C. Pipes

**A**s the political drumbeat for single-payer health care rises in Sacramento, other states around the country, and in Washington, DC, Encounter Books has released a new book by PRI President, CEO, and Thomas W. Smith Fellow in Health Care Policy Sally C. Pipes that makes the case for why single-payer health care would be a disaster for all Americans.

In *The False Promise of Single-Payer Health Care*, Pipes makes the case against single-payer by offering evidence of its devastating effects on patients in Canada, the United Kingdom, and even the United States.

You'll learn:

- What “single-payer” *really* means;
- That if single-payer were to take hold in the U.S., private insurance coverage would be outlawed;
- That 160 million people - roughly half the population - would lose their private employer-based coverage;
- About the single-payer nightmares in the UK and Canada;
- That the supposedly “free” care offered by countries like Canada comes at an extremely high cost;
- About “illegal” private clinics in Canada where one alone performs 60,000 surgeries per year on patients who choose to pay for their own care; and
- That the Canadian single-payer system doesn't cover dental care, vision care, long-term care, or prescription drugs as many of the current proposals in the U.S. cover.

**Pipes' latest book comes at a time when the political forces pushing single-payer health care are gaining support.**

Pipes says that, “As I know first-hand from my native Canada, single-payer health care would be a disaster for American health care – threatening quality care for patients and leading to long waiting lists for care, rationed care, and massive taxes. My new book exposes the false promise of single-payer and gives those fighting to preserve market-based health care the facts and anecdotes they need to win the debate.”

Her latest book comes at a time when the political forces pushing single-payer health care are gaining support. As a recent *Harvard Political Review* article noted, “Five years ago, a single-payer or Medicare for All model in the U.S. was considered a pipe dream by all but the most progressive voters. Today, half of all Americans, almost two-thirds of Democrats, 15 U.S. Democratic Senators, and the majority of Democratic House members support the plan. Although the idea is young, it has taken a long and arduous political path to popularity.”

An article from the American Action Forum headed by former Congressional Budget Office director Douglas Holtz-Eakin notes that, “progressive politicians and advocacy groups have made a single-payer health care system a major policy objective for the next two to four years.” The book is part of PRI’s ongoing effort to educate the American people on the dangers of a complete government takeover of our health care system.

“Now more than ever, Americans must set aside the rosy promises and see for themselves what a single-payer health care system would mean for them and their families if enacted,” Pipes said.

*The False Promise of Single-Payer Health Care* is available for purchase at Amazon.com and through other book retailers.

## Sally C. Pipes Receives Honorary Degree from Pepperdine University

Pacific Research Institute President and CEO Sally C. Pipes delivered this year’s commencement address to the graduates of the Pepperdine University School of Public Policy. At the event on April 20, she received an **honorary doctor of humane letters degree**, the university’s highest honor, in recognition of her many years of leadership in the health care policy arena.



At the ceremony, **Pepperdine University President and CEO Andrew K. Benton** praised Pipes’ commitment to researching and promoting market-based solutions to the nation’s health care challenges:

*Because of your dedication to the free-market principles to which our school of public policy devotedly subscribes, and because of your sincere desire to see all America’s people well served by the health care institutions on which they depend, and because of the fact that your work furthers the civil exchange of ideas and viewpoints that is a model for our own debates and discussions here at Pepperdine University.*

**PRI Board Chairman Clark S. Judge** said in a statement:

*It goes without saying that this honor was also a tribute to PRI and everyone who makes the Institute’s work possible. I know that we all join in extending to Sally a hearty congratulations.*

Visit [www.pacificresearch.org](http://www.pacificresearch.org) to read a copy of Pipes’ speech and watch a video of her remarks.



# VA Health Care Is a Cautionary Tale Against Medicare-For-All

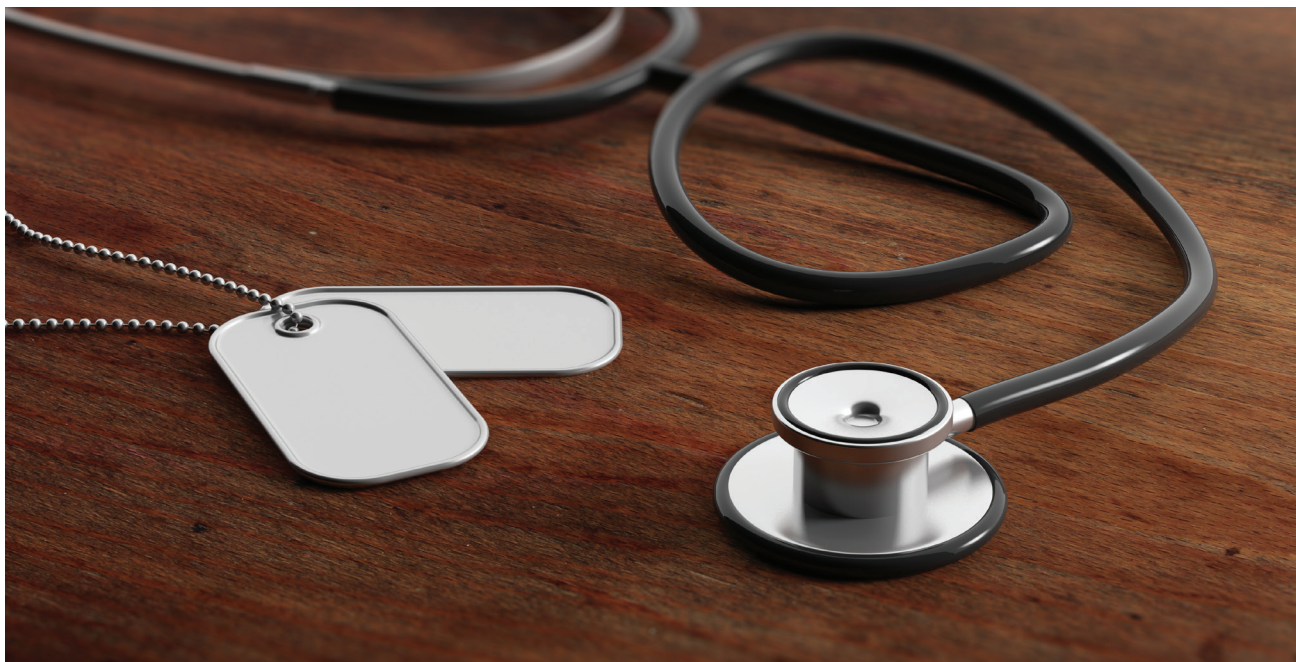
BY SALLY PIPES

Originally published in the *Houston Chronicle*

**A**rmy veteran Glenford Turner lived for nearly four years with a piece of razor-sharp metal in his abdomen. The object wasn't shrapnel from the battlefield — it was a scalpel he alleges was left inside him during a 2013 surgery at a Connecticut Veterans Affairs hospital. Turner's story, revealed in a federal lawsuit filed in January, is just one of many public humiliations for the VA's scandal-plagued health system. It's also a tragic illustration of what happens when government bureaucrats are charged with administering health care for millions of people.

Instead of recognizing the agency's incompetence as a cautionary tale, progressives led by Sen. Bernie Sanders are eager to expand this broken health care model to the entire country, in the form of "Medicare for all." But as Turner's saga demonstrates, sweeping all Americans into a single, government-run health care program would be nothing short of a public health disaster.

The VA health system has been a national embarrassment for decades. The agency has a long history of endangering veterans' lives by forcing them to wait for necessary treatment. In 2015 alone, more than 200 patients died waiting for care at a VA hospital in Phoenix, according to a recent report from the agency's inspector general. Such life-threatening treatment delays are common at facilities around the country. In December, a veteran suffering from high blood pressure and headaches languished for hours at a VA emergency room in Memphis. That patient was near death before finally being seen by doctors.



Even Turner was forced to wait nearly a month to have the scalp removed from his abdomen after it was discovered by doctors. Sadly, VA workers are often more eager to cover up these delays than reduce or eliminate them. In a now-infamous 2014 scandal, employees at more than 100 VA facilities were caught falsifying wait time data to hide the extent of the problem.

The massive public outcry that followed was not enough to make the agency change its ways. A recent analysis of dozens of VA hospitals in North Carolina and Virginia found that 36 percent of patients seeking primary and mental health care had to wait longer than a month for an appointment — far more than the 10 percent the VA officially reported.

## As the VA's litany of failures demonstrates, the federal government is not equipped to run our nation's health care system.

Patients who endure these prolonged delays are often subject to grotesque medical incompetence once they do get treatment. Last September, employees at the Memphis VA hospital inadvertently lodged a piece of plastic packaging in one veteran's artery. The error wasn't discovered until three weeks later — at which point the patient's leg had to be amputated.

Unfortunately, such horror stories are exactly what we should expect from single-payer health care systems like the VA, given their track record elsewhere. The United Kingdom's National Health Service has made long wait times and rationing the norm for British patients. Earlier this year, the NHS canceled roughly 55,000 surgeries because of



a shortage of resources during this winter's flu season. In recent months, an estimated 100,000 patients waited in ambulances for 30 minutes or more before being let into emergency rooms. Accident and emergency departments are supposed to see 95 percent of patients within four hours. They haven't met that target since 2017. Rather than fix this state of affairs, the NHS announced this month that it would just scrap the target wait times—and revisit the issue in April 2019.

In February, thousands of Britons took to the streets in London to protest the crisis facing the NHS. They called for “more staff, more beds, more funds”—all of which are scarce in any government-run system. Remarkably, Sanders and his progressive allies believe that government-run health care is exactly what our nation needs. Recently, the Vermont socialist stumped for his Medicare for All proposal during an internet town hall event that drew more than 1 million viewers.

As the VA's litany of failures demonstrates, the federal government is not equipped to run our nation's health care system. Single-payer would extract ever-increasing sums from taxpayers to pay for long waits, rationed care and subpar health outcomes.





# PRI Files *Amicus* Brief in Closely Watched Pension Reform Case

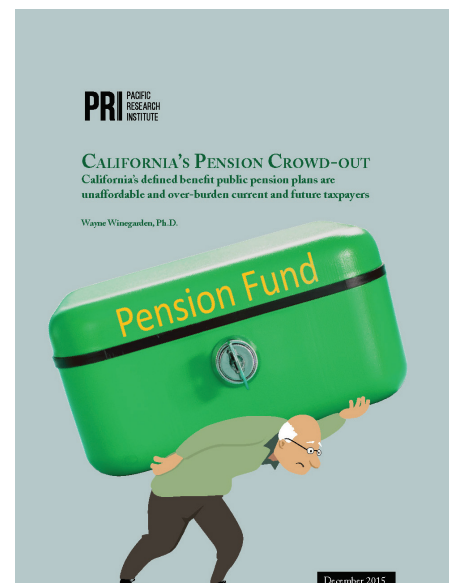
**P**RI recently filed an *amicus* brief before the California Supreme Court in a closely-watched case that challenges the ability of state and local governments to adjust future pension benefits for current workers.

*Cal Fire Local 2881 v. CalPERS and the State of California*, challenges a pension reform law proposed by Gov. Jerry Brown's administration and signed into law in 2012. The Governor's plan altered pension formulas for newly-hired state workers and made modest changes to current pensions, such as outlawing the employee's ability to purchase "airtime." Airtime lets government workers buy additional years of service credit for their pensions for years they haven't worked.

The union challenging the case argues that the 2012 law violates the so-called "California Rule," which supposedly requires reductions in pensions to be offset by other comparable pension benefits. This has made it virtually impossible for state and local governments to modify pension benefits for future services performed by current employees. Gov. Brown argued in a legal brief in the case that the 2012 law is important because, "at stake was the public's trust in the government's prudent use of limited taxpayer funds."

PRI argued in its filing that a ruling in the case against the State of California would hinder the Legislature's ability in the future to exercise its constitutional authority to address the state's massive unfunded pension liabilities and control the State's budget.

According to PRI's 2016 study *California's Pension Crowd Out*, covering the state's estimated \$170 billion plus pension debt exclusively through tax increases would require an annual \$28.3 billion tax increase over 30 years.





# AN AMERICAN EDUCATION AGENDA

Top 15 Recommendations for  
Improving K-12 Education

LANCE IZUMI

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**PRI** PACIFIC  
RESEARCH  
INSTITUTE

Lance Izumi  
Releases  
An American  
Education  
Agenda





Just before National School Choice Week, PRI released Lance Izumi's latest book, *An American Education Agenda*. It offers 15 policy recommendations for education reform at the federal, state, and local levels.

Izumi says, "A new Administration in Washington and a new California governor on the horizon presents a good opportunity to see what areas of American education need the greatest reform. *An American Education Agenda* offers policymakers concrete reforms they can adopt today to ensure every student learns in a safe and nurturing environment and is well-prepared to meet the changing demands of the 21st century workforce."

At the federal level, Izumi recommends that U.S. Education Secretary Betsy DeVos restructure the U.S. Department of Education to reduce the number of programs for which it is responsible, and the appointment of an independent task force to review the effectiveness of federal education programs.

Among the state and local recommendations in *An American Education Agenda*:

- Repealing the controversial Common Core education standards and replacing them with rigorous, high-quality, pre-Common Core standards as models for new standards;
- Implementing private school choice programs such as state education savings accounts, and repealing restrictive laws that impede the expansion of school choice;
- Reforming state teacher layoff policies so they are based on teacher quality rather than seniority; and
- Ensuring safe campus learning environments by repealing anti-suspension laws that endanger student safety and adopting policies that guarantee significant consequences for violence and criminal activity by students.

Promoting school choice is another key component of *An American Education Agenda*. PRI held a Sacramento celebration of National School Choice Week in January featuring Izumi speaking about what California can do to expand school choice and discussing recommendations from his book.

The event was recognized as one of the National School Choice Week "Spotlight Events" across the country. A bipartisan crowd of 40 people attended the event, including Assembly Education Committee Member Kevin Kiley, R-Roseville and Democrat and Republican legislative staffers.

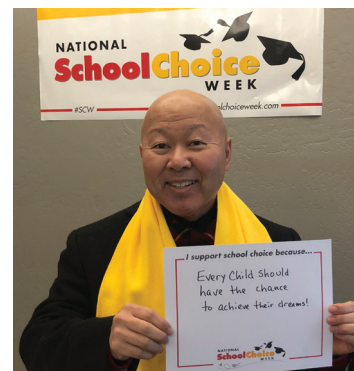
You can download a copy of *An American Education Agenda* and watch a video of Lance's talk at [www.pacificresearch.org](http://www.pacificresearch.org).



Lance with Former Congressman Bill Thomas



Lance with Bakersfield Mayor Karen Goh



Lance Izumi shows why school choice is so important for students and parents.



# Is Blue State California's Agenda America's Future?

BY KERRY JACKSON

**A**n article that posits California as the model for the country's future recently picked up some traffic, thanks to an affirming tweet from Twitter CEO Jack Dorsey, who called it a "great read." We'd say it's more of a "must read," because it shows the rest of the country what policies it needs to reject to avoid falling into the California trap.

There are two overarching messages from "The Great Lesson of California in America's New Civil War." The first is its advocacy of California's failing Blue State policies and the "great lesson" they provide for an America that needs to be pulled "out of the political mess we're in." Second, it supports a one-party state, because "at this juncture in our history, there's no way that a bipartisan path provides the way forward."

In other words, ideas that aren't considered "progressive" are not welcome, and it follows that neither are those who hold them. Dissenters in one-party states are marginalized, at best, and persecuted in the most extreme cases. This is not the way forward but a return to a primitive form of government.



The article, published in late January, is the fourth in a “California Is The Future” series published by Medium, a social journalism website. It outlines “an in-depth look at how the blue state today is inventing the political future that will come to all America in the next 15 years.” According to authors Peter Leyden, a tech media CEO, and Ruy Teixeira from the left-wing Center for American Progress, “the 21st-century hit California first, and the innovative state adapted early and has pioneered a promising new way forward.”

A couple of reactions materialize quickly. One, the authors live in a platinum bubble protected from the hardships that Blue State policies produce. Two, this article, buoyed by Dorsey’s tweet, needs a thorough Fisking.

Let’s start with the claim that “California Democrats actually cared about average citizens, embraced the inevitable diversity of 21st-century society, weren’t afraid of real innovation, and were ready to start solving the many challenges of our time, including climate change.”

In truth, California’s many challenges have been made worse by Sacramento’s Blue State agenda. A solvable housing crisis created by shortsighted public policy continues to plague the state’s 99 percent. Diversity isn’t extended to thought, speech, nor politics in a state that’s so thoroughly dominated by one way of thinking. Meanwhile, the business climate is so toxic that companies are fleeing at alarming rates, and the efforts to harness climate change, an existential threat in the minds of true believers, will make lives harder for most in the state while achieving little if anything at all.

Let’s move on the assertion that Republican ideas must be snuffed out because “since 1980, their policies have engorged the rich while flatlining the incomes of the majority of Americans.” The only “evidence” they offer to support this claim is “last December’s tax overhaul, which ultimately bestows 83 percent of the benefits over time to the top 1 percent.” But tax cuts are not benefits. They are an expression of increased liberty, and have not caused the “flatlining” of any incomes -- how could they?

## **The economy is booming for a few while public policies continue to increase the cost of living, keep the poor mired in their poverty, and squeeze the middle class.**

The cuts appear skewed toward the rich only because it is the rich who are sending nearly all the income tax payments to Washington. Under the Trump cuts, the top 20 percent will pay 87 percent of all federal income taxes, up three percentage points from the previous year, while the top 1 percent have been paying about 40 percent. Meanwhile, the bottom 40 percent “collectively” pay zero income tax, according to Brian Reidl of the Manhattan Institute.

While ignoring California’s own tax burden, among the most oppressive, and most broken, in the country, the authors fail to mention that the top 0.1 percent, the richest of the rich, will see their average tax bill grow by \$387,610 under the Trump tax cuts. This figure comes not from a conservative group, but from the Tax Policy Center, which is closer to the left than the middle.

Later, Leyden and Teixeira write, “California was a model of governmental dysfunction in the 1990–2005 period, with Democrats and Republicans at each other’s throats and little being accomplished.” But it’s those checks and balances that keep one party from executing the tyranny of the majority, and they are clearly inconvenient

to those who wish to consolidate political power. In one-party systems, the majority doesn't govern, it rules.

Leyden and Teixeira look fondly at the 1930s, when “the Democratic Party won and dominated American politics for” about 50 years. This overlooks the reality that the welfare state took root in this period. The result has been restrained economic prosperity, generational dependence on government and poverty made worse. They ignore the fact that California, with its generous anti-poverty programs, has the highest poverty rate in the country.

Leyden and Teixeira also celebrate California's climbing minimum wage, which will put people out of work; the budget-busting, behind-schedule, and wholly unjustified high-speed rail; and the job-killing Global Warming Solutions Act, that won't make a bit of difference in the world's temperature.

They further claim that “California is thriving right now, the economy is booming,” and “state government budgets are setting aside surpluses.” We admit some are thriving, but many aren't. The state makes up about 12 percent of the population, yet it is home to one in three welfare recipients. The economy is booming for a few while public policies continue to increase the cost of living, keep the poor mired in their poverty, and squeeze the middle class. The surpluses, which lawmakers will find a way to spend, are further confirmation that residents are overtaxed.

Yes, life in the Golden State is beautiful for a few. But it can be a nightmare for the majority that doesn't live in the coastal bubble. If California “provides a playbook for America's new way forward,” this country is in deep trouble. Forward is not the way it will be moving.



**LISTEN TO OUR PODCAST WITH KERRY JACKSON  
TALKING ABOUT HIS STUDY *GOOD INTENTIONS* ON  
[WWW.PACIFICRESEARCH.ORG](http://WWW.PACIFICRESEARCH.ORG)**

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LISTEN TO MICHELE STEEB OF  
SAINT JOHN'S PROGRAM FOR REAL CHANGE**



# PRI Explores How Free-Market Solutions Can Better Lift Californians Out of Poverty

**P**RI's latest "California Ideas in Action" brief explores California's efforts to fight poverty in the Golden State. *Good Intentions*, authored by PRI Center for California Reform fellow Kerry Jackson, evaluates state government anti-poverty programs for their effectiveness in lifting people out of poverty.

Citing successful examples from other states, Jackson makes several reform recommendations to state policymakers to improve the effectiveness of these programs, including removing incentives against work and adopting policies to encourage more job opportunities in poor communities.

Jackson also makes the case that private charities and non-profits are doing a much more effective job in California in turning around the lives of those who are in need. He profiles several organizations that can hopefully be replicated in other communities, including Saint John's Program for Real Change in Sacramento, Working Wardrobes in Orange County, and Solutions for Change in Vista.



When released in January, *Good Intentions* sparked a national media debate over why blue California – one of the wealthiest states in the country – was also America's poverty capital. A *City Journal* op-ed by

**CAUSES OF POVERTY IN CALIFORNIA**

- Perverse Incentives of Anti-Welfare Programs
- State Housing Crisis
- Poor Jobs Climate
- High Energy Costs
- Expensive Tax Burden

Jackson exploring some of the findings of his brief was also published in the *Los Angeles Times* and *The Bakersfield Californian*. Jonah Goldberg wrote a column highlighting Jackson's work in *Good Intentions*, which appeared in newspapers across the country. *Good Intentions* was also cited in the *San Francisco Chronicle*, *National Review*, *AEIdeas*, *RealClearPolitics*, *RealClearMarkets*, *American Thinker*, *Hot Air*, *Red State*, and *PJ Media*, among other publications.

Jackson also was a guest on numerous talk radio programs to discuss his findings, including the nationally-syndicated "Lars Larson Show", the popular "McIntyre in the Morning" program on KABC Radio in Los Angeles, KSRO in Santa Rosa, and the Sound of Hope radio network, which provides Chinese-language programming across California.

# What Executives in High-Demand Industries Are Saying About Moving to California

BY KERRY JACKSON

*(Originally published in PRI's Capital Ideas, March 2018)*

California has a deserved reputation for losing businesses to states where companies believe their commercial prospects are more promising. At the same time, businesses that stay are too often reluctant to expand in-state while many outside are unwilling to relocate or extend their operations into California.

Executives know a hostile business climate when they see one. The Pacific Research Institute recently released a survey of 200 corporate executives whose businesses were considering, or in the past had considered, establishing, or expanding operations in the state. Their responses won't surprise anyone who's been paying attention.

Nearly nine of 10 (88 percent) said the that steep cost of housing and, commercial and industrial real estate, was a significant barrier. One executive suggested policymakers "make the housing affordable" while another was concerned that "construction workers cannot afford housing" because there's "no low-cost housing" available. A third cited the "cost of housing" as "a big factor in California."

## WHAT THEY ARE SAYING . . . SURVEY RESPONDERS IN THEIR OWN WORDS

### What makes California an attractive state to locate or expand for companies like yours?

"A lot of high educational institutions in California that would be ideal for our company."

"California is a big high-tech hub and there is a skilled workforce there."

"California lifestyle is nice. The weather and the people too."

"Can't think of any."

"California is the last place we want to move to. We turn down work all the time."

### What makes California an unattractive state to locate or expand for companies like yours?

"Environmental and governmental regulations, employment market, ability to find and train employees."

"Expensive and lots of traffic."

"The infrastructure is horrible and the cost of travel is higher than any other state."

"Workers comp requirements are high. Insurance liability is way too high."

"Every single thing you can imagine. The red tape and bureaucracy."

### What can California decision-makers do to make California a more attractive place to locate in or expand?

"Focus on streamlining regulations and reducing the corporate tax rate."

"Less legislation that is negative to business owners, less environmental restriction, convert to a right-to-work state."

"Make the housing affordable and improve public transportation."

"Lower the taxes for companies that are small or medium-size that need help getting on their feet. The commute is tough."





“The housing cost is so ridiculous out here,” said yet another, “that manufacturers cannot afford to pay employees what it’d take for them to be able to live out here.”

The housing crisis is just one of many problems California policymakers are refusing to address in any serious way. Another institutional defect they have neglected to correct is the heavy burden that’s been piled up on the backs of businesses. It’s a failure noticed across the country. More than seven in 10 executives said that California’s briar patch of steep corporate taxes (which will more than double if a proposed amendment is added to the California Constitution), hyper regulation, and antibusiness labor law is too costly.

When asked why California is an unattractive option for relocation and expansion, responses ranged from “regulations are the No. 1 concern” to “we are a highly regulated company when we do business there” to a complaint about the state’s “repressive tax system and excessive regulations.” One executive even suggested that policymakers “dump about half” of the regulations on the books and cut tax rates by 50 percent to make the state a more appealing destination. The executives don’t want to be bullied by lawmakers and bureaucrats who try “to run our businesses for us,” and rather they “be more understanding of the business and commerce side of things.”

The quality of California schools were still another matter. Almost 63 percent said improvements in education and workers’ skills would affect their decisions regarding California.

“Public education as a whole needs a complete overhaul,” according to one executive, while another believes “California’s educational system is awful.”

“You can find Ph.D. scientists and engineers,” he continued. “However, if you are looking for an individual with a two-year/four-year degree,” the pool of available candidates shrinks.

Some executives were alarmed about the quality of education their children would receive if they relocated their families in California.

## **The housing crisis is just one of many problems California policymakers are refusing to address in any serious way.**

“I don’t want my kids to be stupid,” said one.

The uneasiness, though crudely expressed, is legitimate. While not all California schools are underperforming, multiple reports from independent organizations show that too many of the state’s public schools are, at best, providing mediocre educations, and, at worst, failing students. The poor state of education would be greatly improved by increasing school choice, an option that even a large majority of parents in deep-blue California want.



**LISTEN TO OUR  
PODCAST WITH  
KERRY JACKSON  
SPEAKING ABOUT THE  
LATEST SURVEY ON  
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**Pacific Research Institute Survey**  
Why California's Most Coveted Industries  
Aren't Coming to the Golden State



Bear in mind that these executives represent the class of businesses that policymakers say they want to attract. They're not from smokestack industries, chemical companies or other "old economy" sectors. These executives work for research-and-development enterprises, technology firms, clean-tech interests, and green-energy companies.

Their perception of California, though, is a state that's closed for business, that's put out the "Unwelcome" mat for companies that have thought about relocating or expanding here. And they are far from being alone. *Chief Executive* magazine, which surveys "hundreds of CEOs," ranked California the worst state in which to do business in 2017, exactly

where the state has been placed every year of the 13 that the magazine has published the list.

By the time the eighth *Chief Executive* survey was compiled in 2012, the magazine said that California had fallen "deeper into the ninth circle of business hell." Dante listed only nine circles in "Inferno," so where is California today? Has it found a level of misery so deep that it's occupied only by Third World nations? We're not there yet. But we can see it from where we are.

*Download a copy of the survey results at [www.pacificresearch.org](http://www.pacificresearch.org).*

**PRI IMPACT BY THE NUMBERS—2018 YEAR TO DATE**

**213** OP-EDS

**73** RADIO & TV APPEARANCES

**11** EVENTS





# Are California's Poor Losing Out In State's Drive For Clean Energy Future? BY WAYNE WINEGARDEN

*Originally published in Orange County Register, March 2018*

California policymakers have been on overdrive in recent years pursuing a clean energy future for the Golden State.

State policymakers have enacted scores of government mandates and programs to push employers and individuals to reduce emissions, including unrealistic renewable energy mandates, cap-and-trade, and its embrace of high-speed rail.

Many of these initiatives have been advanced by California's political elite and appear to benefit only upper-income households. Meanwhile, poor, and working-class Californians are the big losers from these well-meaning policies.

Take the Obama-era Clean Power Plan. A report I released in 2016 found that, if implemented, the big government policies in that plan would have increased energy poverty in California, and nationwide. Not satisfied because the EPA has repealed the CPP, California is now suing to have it reinstated.

## State policymakers have enacted scores of government mandates and programs to push employers and individuals to reduce emissions, including unrealistic renewable energy mandates, cap-and-trade, and its embrace of high-speed rail.

The latest example is the push by Gov. Jerry Brown and some California lawmakers to move state drivers into more expensive electric cars, or zero emission vehicles.

**99%** OF THE TOTAL ELECTRIC CAR TAX CREDITS ARE CLAIMED BY HOUSEHOLDS WITH \$50K+ INCOMES.

READ THE NEW STUDY  
"COSTLY SUBSIDIES FOR THE RICH" BY WAYNE WINEGARDEN

One lawmaker, San Francisco Democrat Phil Ting, has proposed legislation this year to outlaw the sale of traditional, gas powered cars in California by 2040. This would be a big lift, as electric cars are just 0.5 percent of America's car market today.

Such a plan would hurt the poorest Californians, as the average price of the 10 electric cars with the longest range is nearly \$42,000 – significantly higher than the average price of a traditional car at \$34,000, or a compact car at \$20,000.

California and many states also offer government-funded subsidies to encourage motorists to replace their gas guzzlers with electric cars. Another \$140 million was appropriated as part of the 2017-18 budget for state subsidies.

When you combine federal, state, and local subsidies, electric car buyers could be subsidized by as much as \$15,000 when they buy a new Tesla or Nissan Leaf.

But are these generous subsidies – paid for by all taxpayers – helping the poorest Californians who can least afford to buy a costly electric car?

The answer is no. In fact, taxpayer-funded electric car subsidies have become another giveaway to the wealthy.

In my new Pacific Research Institute study, "Costly Subsidies for the Rich," I found that 79 percent of tax credits for electric car subsidies were claimed by households with incomes greater than \$100,000 per year. Add in households making more than \$50,000 per year and the figure jumps to 99 percent.



With such startling figures, taxpayers should be asking elected officials what benefit is the average Californian getting from electric car subsidies?

Make no mistake – there’s nothing wrong with electric cars – they may well be the technology of the future. Tesla, Nissan, Chevrolet, and many other car manufacturers are producing some cool and well-built cars.

But government playing car salesman hurts the poor and undermines other potential low-emission technologies.

If Gov. Brown and lawmakers really want to plan for a future with lower-emission cars, they should embrace the power of the free-market and remove the government-imposed barriers that make it so costly to build cars in California and drive up sticker prices.

There is an opportunity cost when government spends significant sums on things like electric car subsidies. California officials would be wise to move to a future where electric cars can be made cheaply and efficiently in the Golden State – and government lets Californians keep more of what they earned to spend as they wish.

Only then – with more money in their pockets and more affordable electric cars in showrooms – will poor and working-class Californians consider buying one the next time they are in the market for a car.

*Download a copy of the study at [www.pacificresearch.org](http://www.pacificresearch.org).*

## Government playing car salesman hurts the poor and undermines other potential low-emission technologies.



**WATCH OUR ANIMATED VIDEO:**  
Electric Vehicle Subsidies Hurt the Poor and Benefit the Rich

**LISTEN TO OUR PODCAST WITH WAYNE WINEGARDEN SPEAKING ABOUT COSTLY ELECTRIC CAR INITIATIVES**

[www.pacificresearch.org](http://www.pacificresearch.org)





# PRI Holds Annual Legislative Day at State Capitol



In March, PRI's team came to Sacramento for our annual "PRI Legislative Day".

This year, we were pleased to meet with Assembly Republican Leader Brian Dahle, Assembly Republican Floor Leader Marie Waldron, Senators Mike Morrell and Scott Wilk, and Assemblymembers Melissa Melendez, Kevin Kiley, Tom Lackey, and Chad Mayes.

During our meetings, we promoted our recent California work on poverty in the Golden State, electric car subsidies, pension reform, and health care. A common theme from our meetings is that single-payer discussion continues to dominate the discussion. Legislators were eager to hear PRI's ideas for free-market health alternatives and are looking forward to reading Sally Pipes' new book, *The False Promise of Single-Payer Health Care*.

Our day in Sacramento shows that PRI's work on California issues truly embodies our motto of "Ideas in Action."



*Top: Lance Izumi, Sally C. Pipes, Assembly Republican Leader Brian Dahle, Rowena Itchon, Tim Anaya; Middle: Tim Anaya, Assemblywoman Marie Waldron, Lance Izumi, Rowena Itchon, Sally C. Pipes; Bottom: Tim Anaya, Lance Izumi, Sally Pipes, Assemblyman Tom Lackey, Rowena Itchon*

## California's Prescription Drug Challenge Focus of PRI-Manhattan Institute Event

One of the hottest issues in Sacramento during the 2017 legislative session was prescription drug pricing. Lawmakers pushed misguided measures, such as "drug transparency" legislation, to address rising drug prices.

PRI partnered with the Manhattan Institute to explore California's drug pricing challenge at a luncheon in Sacramento. Moderated by former Capitol journalist Marcey Brightwell, panelists included PRI's Sally Pipes, Dr. Tom Coburn, former United States Senator from Oklahoma and currently the Nick Ohnell Fellow at the Manhattan Institute, and Brett Johnson with the California Life Sciences Association.

Pipes and Coburn discussed how transparency legislation, price controls, and single-payer health care threaten investment in vital new cures and puts jobs at risk. They promoted free-market alternatives that would preserve patient access to affordable drugs without hurting the economy or discouraging innovation.

To watch the panel discussion online, visit [www.pacificresearch.org](http://www.pacificresearch.org).



# Reducing the Burden from Occupational Licensing Regulations Will Help Consumers

Originally published on Forbes.com **WAYNE WINEGARDEN**

**A**s President Reagan famously noted, “The most terrifying words in the English language are: I’m from the government and I’m here to help.” The expanding reach of occupational licensing regulations exemplify this maxim.

People in a growing number of occupations now require the permission of the government to work in their chosen profession. Data from the Bureau of Labor Statistics (BLS) illustrate that 60 years ago about 1-in-20 jobs required an occupational license; today more than 1-in-4 do.

Ostensibly, occupational licensing regulations exist to protect consumers. Specifically, proponents of occupational licensing regulations assert that it is difficult for many consumers to recognize when a professional is qualified to provide the service he or she is selling, and when he/she is unqualified. Occupational licensing regulations create a standard that supposedly solves this problem.

*Download a copy of the study  
‘Breaking Down Barriers’ at  
[www.pacificresearch.org](http://www.pacificresearch.org).*





Service professionals are conveying that they have the requisite qualifications by having the proper state licensing. All too often, the licensing requirements are an obstacle for qualified professionals to compete in these industries, rather than a quality signal to consumers, because the costs to obtain an occupational license are not insignificant.

According to a 2017 study by the Institute for Justice, the average fee to obtain a license is \$267, however the fees for some licenses can exceed \$1,000 (e.g. the average fees to become a licensed interior designer or midwife). But, the actual license fees can often pale in comparison to the education and experience requirements, which average one year, but can require nearly three years for an HVAC contractor, four years for an athletic trainer, and six years for an interior designer.

The consequences from costly licensing requirements are higher costs, and fewer choices, for consumers; and, less economic opportunity for service providers. Perhaps worst of all, the service providers with the lowest income are disproportionately harmed because they are less likely to have the ability to devote the time and money necessary to obtain the licenses.

For many professions, such as interior designers, it is difficult to justify why occupational licenses are necessary at all. For other professions, the issue is more complex. In these instances, enabling licensing reciprocity across the states can help reduce these costs.

The insurance adjuster profession exemplifies the potential benefits from licensing reciprocity. Insurance adjusters are responsible for investigating insurance claims, inspecting the damage, and determining payments to policyholders. In 34 states, insurance adjusters must obtain a state license to practice – even if he/she is licensed elsewhere. While several states will recognize licenses from other states (e.g. reciprocity), the reciprocity is

not pervasive; and where it exists, adjusters must still comply with all the license application procedures.

Making matters worse, the costly obstacles created by state-based occupational licenses hinders the insurance market from operating seamlessly across the country. The problems created by Hurricanes Harvey and Irma, as well as the wildfires in California, exemplify the adverse consequences that result.

Following Hurricane Harvey's devastation of Texas (as well as nearby states such as Arkansas and Louisiana), Hurricane Irma thrashed Florida. Around the same time, California then faced one of the costliest wildfire seasons in 2017. Consequently, the demand for insurance adjusters in these locations spiked. Consumers suffered, however, because the national supply of insurance adjusters could not effectively respond to the local surge in demand – the occupational licensing regulations fueled costly delays for consumers

who were trying to receive the insurance benefits they were entitled.

These delays illustrate that consumers are best served when insurance adjusters can seamlessly work across state lines. State-based occupational licensing regulations, coupled with the lack of effective reciprocity, obstructs the market from working efficiently, imposing unnecessary delays and costs on consumers. Effective reciprocity will create a more flexible supply of insurance claims adjusters that will promote a more efficient insurance market on both a day-to-day basis, and in response to the sudden increase in demand following large natural disasters.

There are many reasons to reduce the number of occupations that require state licensing. When these regulations are deemed necessary, however, reforms should reduce the adverse impact these regulations have on an efficient and competitive market. As the insurance claims adjusters example illustrates, licensing reciprocity across the states is an effective means to reduce these burdens.

**While several states will recognize licenses from other states (e.g. reciprocity), the reciprocity is not pervasive.**

# EVENTS

## August 2017

“What Trump is Doing to Rebuild the American Economy”

**Reception and discussion with Stephen Moore**

San Francisco, CA

“Depolarizing Politics”

Young Leaders Circle joint event with America’s Future Foundation and the Charles Koch Institute  
San Francisco, CA

Book Launch party for

*The Corrupt Classroom*

Sacramento, CA

## September 2017

“Exploring California’s Housing Future”

Young Leaders Circle Event

San Francisco, CA

“Give Me Liberty or Give Me Debt”

**Luncheon with Deroy Murdock**

Joint event with Federalist Society

San Francisco, CA

Fourth Annual Villa Taverna Dinner

**Speaker: Victor Davis Hanson**

San Francisco, CA

## October 2017

“California’s Public Pension Time Bomb”

Young Leaders Circle Event

San Francisco, CA

## November 2017

2017 Annual Gala Dinner

with Peter Thiel

San Francisco, CA

“One Year Away:

A 2018 Election Preview”

Young Leaders Circle Event

San Francisco, CA

“California’s Drug Pricing Challenge”

Luncheon and Panel - Joint event with

Manhattan Institute

Speakers: **Sen. Tom Coburn (Ret)**,

Manhattan Institute;

**Sally C. Pipes**, PRI President,

CEO & Thomas W. Smith Fellow

in Health Care Policy; **Brett Johnson**,

CA Life Sciences Association; **Marcey**

**Brightwell**, Brightwell Strategies

(Moderator)

Sacramento, CA

## December 2017

Holiday Reception

Joint event of the Sir Antony Fisher

Freedom Society and

Young Leaders Circle

**Guest Speaker: Pulitzer Prize Winning**

**Political Cartoonist Michael Ramirez**

San Francisco, CA

## January 2018

“How Publishers Made a Mess of the

Internet and How They Will Rise Again.”

Young Leaders Circle Event

**Speaker: Ned Desmond**,

COO of TechCrunch

San Francisco, CA

“What Can California Do to Expand

School Choice?” - 2018 Sacramento

Lunchtime Lecture Series Event

**Lecture by Lance Izumi** on

*An American Education Agenda*

during National School Choice Week

Sacramento, CA

## February 2018

Social Mixer: Young Leaders Circle Event

San Francisco, CA

## March 2018

State Capitol Reception

**Featuring Sally C. Pipes**

Following PRI’s “Legislative Day”

at the State Capitol

Sacramento, CA

“How Campus Victimology is Remaking the ‘Real World’” Luncheon and Q&A

**Speakers: Heather Mac Donald**,

Manhattan Institute and

**Dr. Steven Hayward**, PRI Senior Fellow

(Moderator)

San Francisco, CA

“Electric Vehicle Subsidies for the Rich”

Young Leaders Circle Event

San Francisco, CA

“The Trump Administration: The First

Year and What Lies Ahead”

Luncheon and Discussion

**Speaker: Professor Charles Kesler**,

Claremont Institute

Newport Beach, CA

## April 2018

Book Signing Reception for *The False*

*Promise of Single-Payer Health Care*

**Featuring Sally C. Pipes**

San Francisco, CA



# 2017 ANNUAL SIR ANTONY FISHER GALA WITH PETER THIEL



## YOUNG LEADERS CIRCLE EVENTS



## CHARLES KESLER LUNCH



## DEROY MURDOCK LUNCH



## SACRAMENTO EVENTS







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## About Pacific Research Institute

For 39 years, the Pacific Research Institute has championed freedom, opportunity, and personal responsibility by advancing free-market policy solutions. PRI provides practical solutions for policy issues that impact the daily lives of all Americans, and demonstrates why the free market is more effective than the government at providing the important results we all seek: good schools, quality health care, a clean environment, and a robust economy.

Founded in 1979 and based in San Francisco, PRI is a non-profit, non-partisan organization supported by private contributions. Its activities include publications, public events, videos, media commentary, including op-eds, radio and television interviews, as well as article citations, community leadership, invited legislative testimony, *amicus* briefs, social media campaigns, and academic outreach.

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