

Insight

Opinion, Editorials and more

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California's future:
Time to view
the Bay Area
as a city-state
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FROM THE COVER

CALIFORNIA'S ECONOMIC FUTURE

A powerful Bay Area city-state could

Discussion: Where is the state going?

Staying competitive in a flat world

What: A discussion of big-picture trends in California over the next 20 to 30 years.

Who: Laura Tyson, member of President Obama's economy recovery advisory board; Paul Saffo, futurist; Nancy Pfund, managing partner at DBL Investors; Robert Klein, governing board chair of the California Institute for Regenerative Medicine; Robert Hertzberg, former Assembly speaker; Sydnie Kohara, KPIX TV news anchor.

Where: Commonwealth Club of California, 595 Market St., 2nd floor, San Francisco

When: 6 p.m., Tuesday, preceded by a networking reception at 5:15 p.m.

Cost: \$12 (members); \$20 (non-members); \$7 (students). To buy tickets, call (415) 595-6705 or register at www.commonwealthclub.org.

By Paul Saffo

It is July and once again California has no budget. The Legislature is gridlocked and the governor is wrestling with state Controller John Chiang in a reprise of his annual minimum-wage stunt. In short, Sacramento is fiddling its tired old tune while California's economy crumbles.

It is clear that Sacramento can't solve California's problems. It is also clear that California's voters are unwilling to force real change, preferring merely to add to the state's thicket of ruinous, gridlock-inducing initiatives. Meanwhile, the mess in Sacramento is threatening the Bay Area's economic future.

That is why the Bay Area needs to start thinking like a city-state. In an age when nations have become so large that their citizens no longer identify with distant governments, city-states are political units large enough to have a global economic impact but small enough for even the most casual citizen to understand the relationships that make their city-state work. Politicians are local and thus more inclined to pragmatism and constructive action. Businesses understand that their fortunes are tied to the success of the local community. This balance between effect and size and the tendency toward social cohesion make contemporary city-states like Singapore and Hong Kong bright spots in an uncertain global economy.

The Bay Area has all the qualities of a successful city-state. Consider geography: The Bay Area isn't an island like Singapore but, like Hong Kong, it is defined by a central bay and bordered by mountains. There are no "Welcome to the Bay Area" signs on our highways, yet we all know where we leave the rest of California and enter the Bay Area.

Successful city-states have outsize economies compared to their neighbors'. If the Bay Area were to secede from California, it would instantly become the world's 25th largest economy, ahead of Austria, Taiwan, Greece and Denmark.

City-states have global business reputations. Singapore is synonymous with pragmatic corruption-free business; Hong Kong is famous for its trading savvy.

The Bay Area is the gl... entrepreneurship, a fa... President Dmitry Med... Silicon Valley in search... has launched industric... and digital media to bi... fast-growing compani... United States.

City-states have dist... at once diverse and soc... sense of self-identity. F... Bay to Breakers or the... People's Republic of B... to explain to outsiders... cial. This cohesion can... tant common ground, ... nia as the Bay Area fa... challenges.

City-states have pra... matism grows up from... sionmakers witness th... sions in their own bac... in considerable pain, b... facing up to their prob...



Save itself from Sacramento's morass

global model for innovation and
 ct underscored by Russian
 vedev's recent pilgrimage to
 of new ideas. The Bay Area
 es from personal computing
 otech, and is home to more
 es than anywhere else in the

inct identities. The Bay Area is
 ially cohesive, with a strong
 Residents may joke about the
 latest resolution passed by the
 erkeley, but they are also quick
 why the Bay Area is so spe-
 be the basis of an all-impor-
 missing elsewhere in Califor-
 es up to the coming economic

gmatic governments. Prag-
 the local level, where deci-
 e consequences of their deci-
 kyards. Bay Area cities may be
 ut cities like San Jose started
 lems years before Sacramento

got serious, and towns like San Carlos have been
 proactive in attempts to re-engineer services (the city
 recently outsourced its police department). The Bay
 Area might not resemble Singapore with its highly
 disciplined government ministries, but our local gov-
 ernmental bodies have shown remarkable foresight
 in creating regional bodies like BART, the Metropol-
 itan Transportation Commission, the Association of
 Bay Area Governments and the Bay Area Air Quality
 Management District to achieve pragmatic long-term
 goals. City-states also have awkward relationships
 with their neighbors. Malaysia still resents Singa-
 pore's independence and success, and Hong Kong
 citizens regularly oppose policies imposed on it by
 Beijing's central government. The Bay Area hasn't
 experienced this sort of tension with Sacramento, or
 other California regions, but it is time to do so. Ten-
 sion would signal that the Bay Area is finally acting
 as a single body when it comes to looking out for its
 vital interests.

As a city-state, the Bay Area needs to remind our
 representatives in Sacramento that they represent us,
 not the entire state, much less a political party. Our
 local politicians also need to make themselves heard
 directly in Sacramento and Washington as Bay Area

voices and not merely as representatives of local cit-
 ies. And Bay Area business, academic and cultural
 leaders need to do the same.

This sounds like a recipe for regional selfishness,
 but it also could be what breaks California's ruinous
 political gridlock and rescues the Golden State's
 economy. A sudden outbreak of city-state pragmat-
 ism might shock Sacramento out of its ideological
 deadlock and into a serious exploration of how to
 effect essential but unpopular solutions — from ser-
 vice cuts and tax increases to a rewriting of our state
 Constitution.

And if the rest of the state doesn't come to its sens-
 es, perhaps the Bay Area should follow Singapore's
 example in 1965 and threaten to secede. If we stopped
 tax payments to Sacramento and embargoed the ex-
 port of iPhones, the rest of California would beg us to
 return — and on our own terms.

*Paul Saffo is managing director of foresight at Discern,
 an institutional investment research firm in San
 Francisco. The opinions expressed are his own. Send your
 feedback to us through our online form at
 SFGate.com/chronicle/submissions/#1.*

The case for a city-state

The Bay Area economy
 dwarfs those of most
 nations. Here are the
 numbers:

Annual GDP: \$420 billion

Ranking: 25th largest
 economy, ahead of Austria,
 Taiwan, Greece and Den-
 mark.

Per capita GDP: \$60,667,
 is higher than any other
 region of California and
 would rank among the top
 five countries in the world
 — ahead of the United
 States and Singapore.

Corporate headquarters:
 7 percent of Fortune's
 Global 500 companies are
 here, second only to New
 York.

*Source: Bay Area Economic Institute,
 World Bank, Fortune*



Frederic Larson / The Chronicle 2008