



Written by [Bruce Walker](#) on October 13, 2010

California Looks at Selling State Property to Pay Bills

California's state and local governments are going broke. Public employees unions have demanded compensation and pension plans that are unsustainable. Politicians have shown incredibly little courage in confronting a very real collapse of confidence in the governments of California.

Apparently, in the past, something inspired the illusion that California could defy the laws of economics. Surely part of that inspiration has been the astronomical rise in property values over the last several decades. Until this decade, California had been gaining congressional seats (showing a proportional rise in California's share of the national population), and there appeared no end in sight.



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Now that economic reality is slapping Californians in the face, one solution that has been offered to ameliorate the current crisis has been [to sell 20 government buildings](#) and then lease the buildings back from the investors. Governor Schwarzenegger has said that this will also relieve the state of the costs of upkeep for the buildings, as well as bring in about \$2 billion to the state coffers. As a long-term solution, this plan seems to have one obvious hole: Today the state owns these buildings and it has no rent obligation, but after the buildings are sold, then the state will need to rent office space indefinitely.

Two different groups — Beacon Economics and the nonpartisan legislative analyst's office — project that the long-term effect will be to increase the cost to the state. The Beacon Economics estimate was paid for by the Service Employees International Union.

Considering this glaring problem, the ideal solution, given the bloated nature of state government in California, would be to privatize many government activities and simply end government activities in many of the buildings before selling them to the private sector. A transfer of jobs and operations from the public to the private sector would complement the transfer of the facilities in which the work takes place. That sort of truly imaginative and bold answer to California's fiscal woes would also do much to increase confidence in bonds issued by state and local governments that would, in turn, reduce the interest rates on bonds issued and help create a positive snowball effect (rather than the negative snowball that has almost overtaken the state.)

California ought to be what it once was: a land blessed by God with mountains, beaches, rich farmlands, and wonderful climate. Only men who have asked for everything from government could have torn down this lovely, bountiful land and turned it into a place filled with uncertainty and failure. Maybe the sale of government property will be a hint to reduce government, more than just as an owner of real estate. If so, then the venture will reap rewards far greater than Governor Schwarzenegger would likely have imagined.



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