



Strauss pictured during his interview at The Caucus headquarters in Harrisburg last week.

BLAINE T. SHAHAN FOR THE CAUCUS

# DEMOCRACY, SMALL 'D'

## Pennsylvania's institutions are old and very difficult to change. Robert Strauss thinks this is a big problem

» BRAD BUMSTED + PAULA KNUDSEN

**R**eporters for The Caucus sat down in their Harrisburg office with Robert Strauss, a professor of economics and public policy at Carnegie Mellon University.

Strauss has provided research and analysis to both state and federal agencies, including during the administrations of Presidents Richard Nixon, Gerald Ford and Jimmy Carter.

Strauss was the director of research for the Pennsylvania Tax Commission from 1979 to 1981. He also served as an appointed member of the Pennsylvania Local Tax Reform Commission, advising Governor Robert P. Casey on local tax reform.

In addition to tax and economic issues, Strauss has conducted research for the Pennsylvania State Board of Education.

**THE CAUCUS:** You teach economics to college students. If you were doing Pennsylvania Economics 101 and explaining what had to happen to fix this state, do you have an answer?

**STRAUSS:** ...The first observation that I have is that there is a system that is self-adapting. So if you reform something over here, you'll have problems over there. It's like trying to pick up

mercury on the floor. ... So, I'm a fan of not electing judges. I'm a fan of prohibiting indirect self-dealing of school board members. I'm a fan of campaign-finance reform ...Howard Baker had a sentence for the feds. "No candidate for federal or state office may directly or indirectly take money except from a person to support his campaign for office." There's no PAC money, there's no corporate money. The other proviso is that the person must be a voter in that district.

**THE CAUCUS:** Does that model exist?  
**STRAUSS:** Certainly not at the federal level. It would change everything. But then you'd have to have public support of campaigns, free TV. ... there are mechanisms for what it takes to get on the ballot and so forth.

**THE CAUCUS:** Doesn't that run contrary to the U.S. Supreme Court decision?

**STRAUSS:** You're saying, is that an attempt to override Citizens United? Do I believe that Congress can regulate the manner in which a federal election is run? Yes. Would it go to the Supreme Court? Maybe. Is it worth a full public discussion? Yeah. Look at (Sen. Pat) Toomey's race. The number I recall reading is \$150 million.

**THE CAUCUS:** Why do you think not electing judges helps reform Pennsylvania?

**STRAUSS:** ...First, the election of a judge is a partisan act and the presumption of a sitting judge is that he or she is nonpartisan. There's a couple of pieces to reforming the judiciary.



## THE INTERVIEW

The first is not electing them and second is paying them so that they're above reproach.

**THE CAUCUS:** To get all that done in Pennsylvania you need to do what?

**STRAUSS:** Well, I ask myself the following question: "Are people angry?" I think the answer is yes. Were they angry enough in Pennsylvania to vote for a president whose policies and persona and the like they might not endorse but they wanted to something different? They believed and do believe that he understands how we've moved away from our fundamental democratic principles and values. So the question then becomes, if people are angry, and they're willing to support political candidates, how are we going to see a different set of choices than before? And the answer is several fold. And President Trump was brilliant in using social media. Because he got, by some estimates, a couple billion dollars in free advertising. ...By the same token, the technology of free advertising through social media should encourage more people to run for office.

**THE CAUCUS:** Why aren't more people running for office? Or are they?

**STRAUSS:** We're in a transition and it's going to take some time, but I think it's imaginable that the market for people is going to get organized. We all have cellphones. We get free apps. There's going to be, I believe, in the next couple of years the development of apps for people who want to run for office. Then all of the paperwork is just signed, and so you go up to somebody and instead of asking them to sign, you use a barcode. ...to get people sufficient numbers to vote to get on a ballot. The technology could surprise a lot of people. ... The point is once there is technological innovation to reduce the barriers to run for office, it's going to spread all over the country in ways that are hard to understand in terms of our well defined political parties. And the president in the way he got his votes, he has shaken up the traditional sources of Republican or Democratic party support. ...

**THE CAUCUS:** Why did you say just before we started that Pennsylvania is like a third-world country?

**STRAUSS:** We have a democracy with a small "d" and we have a set of institutions that are extremely old and very difficult to change. And as a consequence, other states to the west who joined the union are more modern. And we just have not kept up.

**THE CAUCUS:** They tend to be more reform-minded?

**STRAUSS:** Yeah, and they've identified errors in institutional design in the East. New York, New Jersey, Pennsylvania are all known to be more complicated, more ethically challenged.

**THE CAUCUS:** Why?

**STRAUSS:** Now we're not growing. We had a commodity boom in natural gas, Marcellus clay. We have not taken advantage of it, broadly speaking, in terms of the indirect business access and use. And we're losing population. That's the biggest news story of all in my judgment. People are talking with their feet.

**THE CAUCUS:** And to add to that, we had dozens of corruption cases including the most corrupt case of judges in the country.

**STRAUSS:** Cash for Kids. I'm not

convinced, institutionally, the structure that led to that or allowed it has been corrected. Statewide. I think it could happen again.

**THE CAUCUS:** Why?

**STRAUSS:** We don't have the legal safeguards to prevent it. We have a weak set of laws compared to newer, younger states. It's very hard to change anything. If you ask what's the legislature, governor spend all their time on? It's two things. Putzing around and trying to get a budget passed, and reacting to what's happening to the federal government. So the notion of planning, monitoring, managing — I mean, I teach that in the classroom, but that's not the way things work here.

**THE CAUCUS:** Would it be better if we went to a two-year budget?

**STRAUSS:** Well, it would be. But the question then becomes, are you going to extend the House to a four-year cycle? Because it is very hard to get results. ... I've actually done some unpublished research that shows a two-year budget, your borrowing rates are lower and it's a little more forgiving.

**THE CAUCUS:** Does zero-based budgeting work differently in the government context than the private business context?

**STRAUSS:** In a business context a businessman has money coming in the door for the sale of goods and services and will shift around what they're doing to maximize their profits. Government can't necessarily see the same kind of incentive results. Because a lot of what we do in government, or what we enjoy as citizens, can't be priced individually. And it shouldn't be. For example, if you want to price people out of going to museums, you can. If you want to price people out of using the public roads, you can. It'll cost money. But the question arises: What kind of a community, a region, a state, do you want? If you want to price education and charge tuition, you can do that instead of property taxes. There's lots of ways to garner funds. And they'll have some beneficial and some not-so-beneficial effects. Government services, by and large, just don't admit of the same kind of pricing and signaling back to the government, except for elections, that you can see in the private sector. Frankly, if there are things that the private sector model works for in government, then the government shouldn't be doing the business. It's that simple.

**THE CAUCUS:** Florida has a two-month legislative session. Is that a better model than year-round?

**STRAUSS:** ...What that results in is the executive branch having more authority than the legislative branch. Because things still have to be monitored or managed so you don't have the oversight process. Right now we're going to have a situation this spring and summer and into the fall and it's going to be a combination of what happened in '91 when the economy went sour and there was a budget crisis and the constitutional convention in Philadelphia eons ago where people just sat and stared at each other. Nobody disputes the numbers now. See, that's the thing that the IFO did.

**THE CAUCUS:** Should people dispute the numbers?

**STRAUSS:** Before then there were arguments. Governors being partisan, the House or the Senate caucus - whoever was in charge - was spending their efforts on finagling to position politically. But now there is general agreement that we're close to a billion in the hole for this fiscal year that ends June 30 of 2017 and next year we're looking at a \$2 billion problem. And what nobody wants to talk about yet in the (budget) hearings ...is what's the Plan A, B, C, D given what could happen in Congress with Medicaid. You're talking about if Medicaid expansion states are really not held harmless and after the push and shove is over, we decide as a state to pick it up, you're talking about real money. I hope the appropriations committees ask the secretaries of Health and Aging, "What are our options?"

**THE CAUCUS:** The pension crisis still isn't fixed. Do you think they'll address it, and if they don't, what will it take to get them to address it?

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**ROBERT STRAUSS**  
ON GOVERNMENT IN PENNSYLVANIA

**STRAUSS:** Ultimately, Brad, there is something called capital market discipline. Our borrowing rates go up, or if the bond market just really says, "Forget it, we don't think you're there." I mean, Illinois is finally starting to make some decisions. We are, I think, economically in sort of a parallel situation, sort of a moribund economy. I mean, the thing about California is it tends to grow. We're not growing. We're losing population, so if we can't borrow at reasonable interest rates that's a problem.

**THE CAUCUS:** Our bond ratings have slipped. Do you think that if this is not fixed, that at any point they get whacked?

**STRAUSS:** Revenues are growing at less than 1 percent. The population is starting to decline. ... There are no good choices anymore. When you're looking at \$3 billion (in deficit), you can't say that there's a quick fix. I mean, somebody was floating marijuana. If we legalize prostitution, I think maybe we'd have a shot.

**The Caucus:** Prostitution and marijuana?  
**STRAUSS:** Well, and harder drugs. Let's go whole hog.

**THE CAUCUS:** Is this being tongue in cheek?

**STRAUSS:** Yeah, I find it all morally repugnant.