

Megatrends shape state policies

BY KEON S. CHI

We are living in a rapidly changing world. What is adequate today might not be sufficient tomorrow. Now more than ever, state policy-makers need to track the major forces that have the potential to change state priorities and operations.

Shifting demographics

State leaders need to consider the impact that demographic shifts will have on their states, regions and communities. They need to ask whether the nation will continue its trend toward a more populous, diverse and graying society. They need to consider whether population growth will continue in the Southern and Western regions of the country at the expense of the Eastern and Midwestern regions. Also undecided is whether the Hispanic population will remain the largest ethnic minority group in most states. States might need to plan for the number of people who are 65 and older to double by 2010 and for an increase in the median age of Americans to 50 in the next three decades.

Shifting demographics will affect policy in areas such as job creation, education, health care, social services, public safety, criminal justice and retirement systems.

The economy and politics

In addition to demographic shifts, states also need to consider potential radical changes in the direction of the so-called new economy, which is characterized by computers and other information technologies. What would states do if there were periods of “deflation” marked by excess supply, falling prices and unpredictable stock performance?

Changes in the nature of the economy will impact the labor force and state finances. States might want to prepare for revenue shortfalls arising from a variety of circumstances. These include a sudden economic downturn, a massive cut in federal income tax, or loss of sales and use taxes if electronic commerce grows without a means to collect such taxes. States might have to reduce programs to curb spending. In a budget crunch, would a state stop offering business incentives as a job-creation tool?

Democratic and Republican presidents have launched different federalism initiatives in years past. It has yet to be seen whether President Bush’s “new federalism” initiative will streamline the process of granting waivers from federal regulations and provide states with more flexibility

and authority. Will there be more federal pre-emption or fewer federal mandates?

Changes in the institution of state government also are of concern. For example, will more states adopt a limit on the number of terms legislators can serve? As a result of legislative term limits, states might consider whether governors will become more powerful decision-makers. Other trends they might want to monitor include campaign finance, redistricting, election reforms and voter attitudes toward state policy-makers.



State leaders need to keep an eye on the big picture.

Science and the world

Developments in science will shape state policies in areas such as the human genome, natural-gas generated power sources replacing electricity, robots, DNA as evidence in courts and tissue engineering, or the growing of human organs, skin and cartilage.

In the technology area, electronic government is the wave of the future. Challenging questions are: Will legislatures be able to meet challenges of the 21st century without transforming themselves to e-government?

Will executive-branch agencies process public-service requests over the Internet 24 hours a day? Will the use of sophisticated information technology change the way lawmakers enact legislation and serve their constituents? Will courts use technology to better handle caseloads?

Finally, state leaders need to closely monitor developments worldwide. Examples of global dynamics that affect states include population growth, a widening gap between rich and poor countries, environmental deterioration, depletion of energy and natural resources, and AIDS and other epidemic diseases.

What happens in political, economic and military fields worldwide might interest many state leaders. Is it possible, for example, that emerging regional political and economic blocs could replace the current nation-state system? There is the question of whether multinational corporations and nongovernmental organizations will replace much of what governments are doing now. Will states be engaged in more direct international transactions — trade, tourism and partnerships — with other countries? What is the possibility of a cyber war among nation-states or with international terrorists? Any number of global developments could greatly affect state governments.

CSG is well positioned to assist state leaders across the nation in monitoring these trends by acting as scout, interpreter and guide into the future.

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