

*Bill Watkins*

*August 17, 2009*

Two Los Angeles Times articles today highlight California's problems. One article discusses the falloff of activity at the Los Angeles and Long Beach ports (<http://tiny.cc/eFHbx>). The other discusses the expected closing of California's last auto plant (<http://tiny.cc/ini6Z>).

Some would argue that these events reflect the worldwide economic decline and have little to do with California. Certainly, auto sales are down everywhere, and many plants are closing. Similarly, trade is down, and most, perhaps all, ports are seeing less traffic.

California should be a better competitor. California's location gives the State's ports a natural advantage. Snow is not going to block rail delivery from Southern California, and we have excellent rail infrastructure. Ports in Oregon, Washington, and Canada cannot say this. But, California has not invested in Port infrastructure. We cannot, or will not, take the largest container vessels or tankers. The strategy in a down market should be to increase market share. We will probably be losing market share for a decade.

California represents a huge market for cars, and our location on the Pacific Rim makes the State a logical place for Japanese and Korean plants. If the State was competitive, we would expect to see at least a few plants. Instead, we will soon see zero plants.

Everyone is concerned about California's budget, but no one seems to be concerned about California's long-run recovery. We need a realistic economic development plan that restores California's competitive position.