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Growing the Los Angeles Economy

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GROWING THE L.A. ECONOMY

UCLA Lewis Center

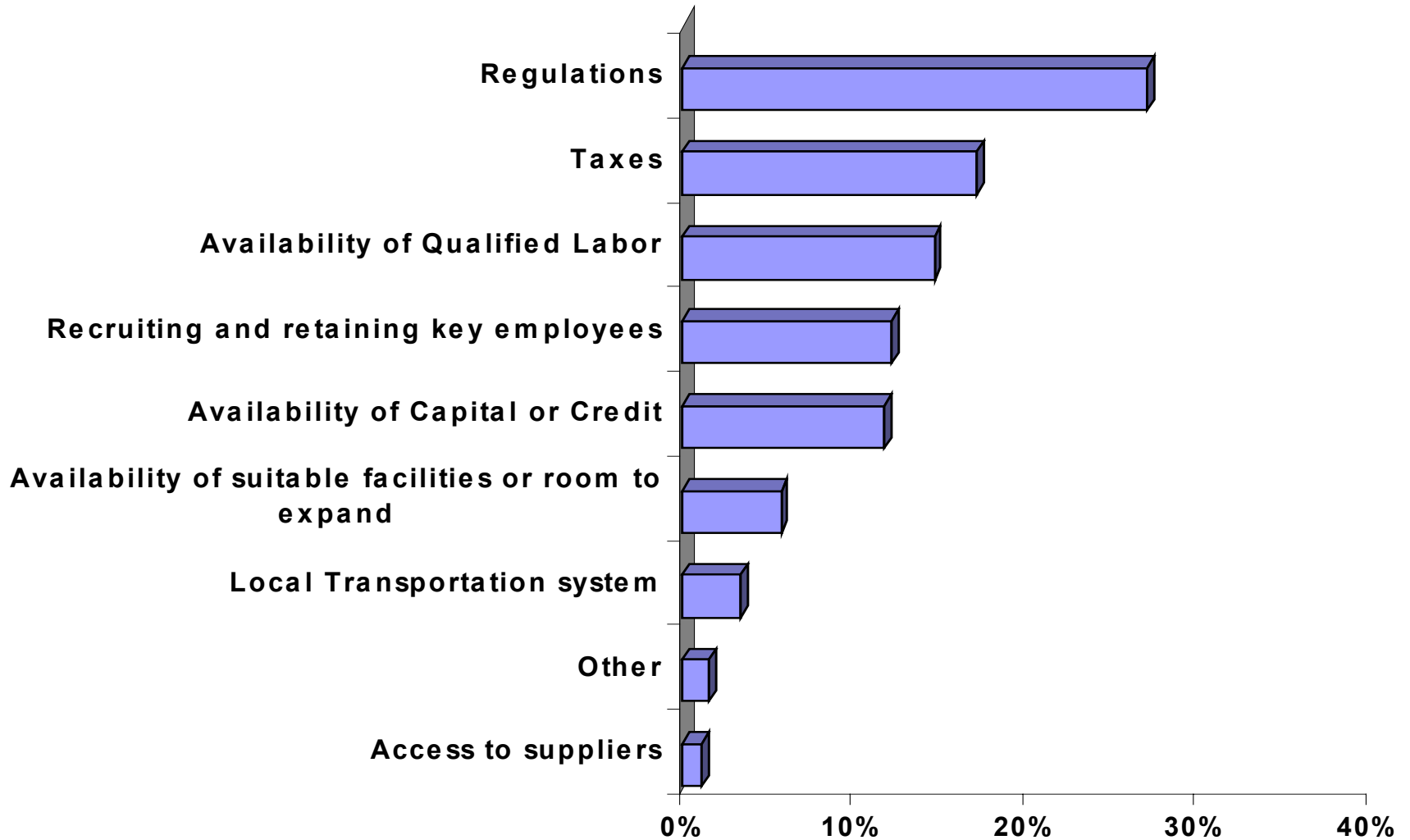
Jack Kyser

LAEDC Chief Economist

November 19, 2003

**What's on the mind
of business?**

MOST CRITICAL BARRIER TO EXPANSION

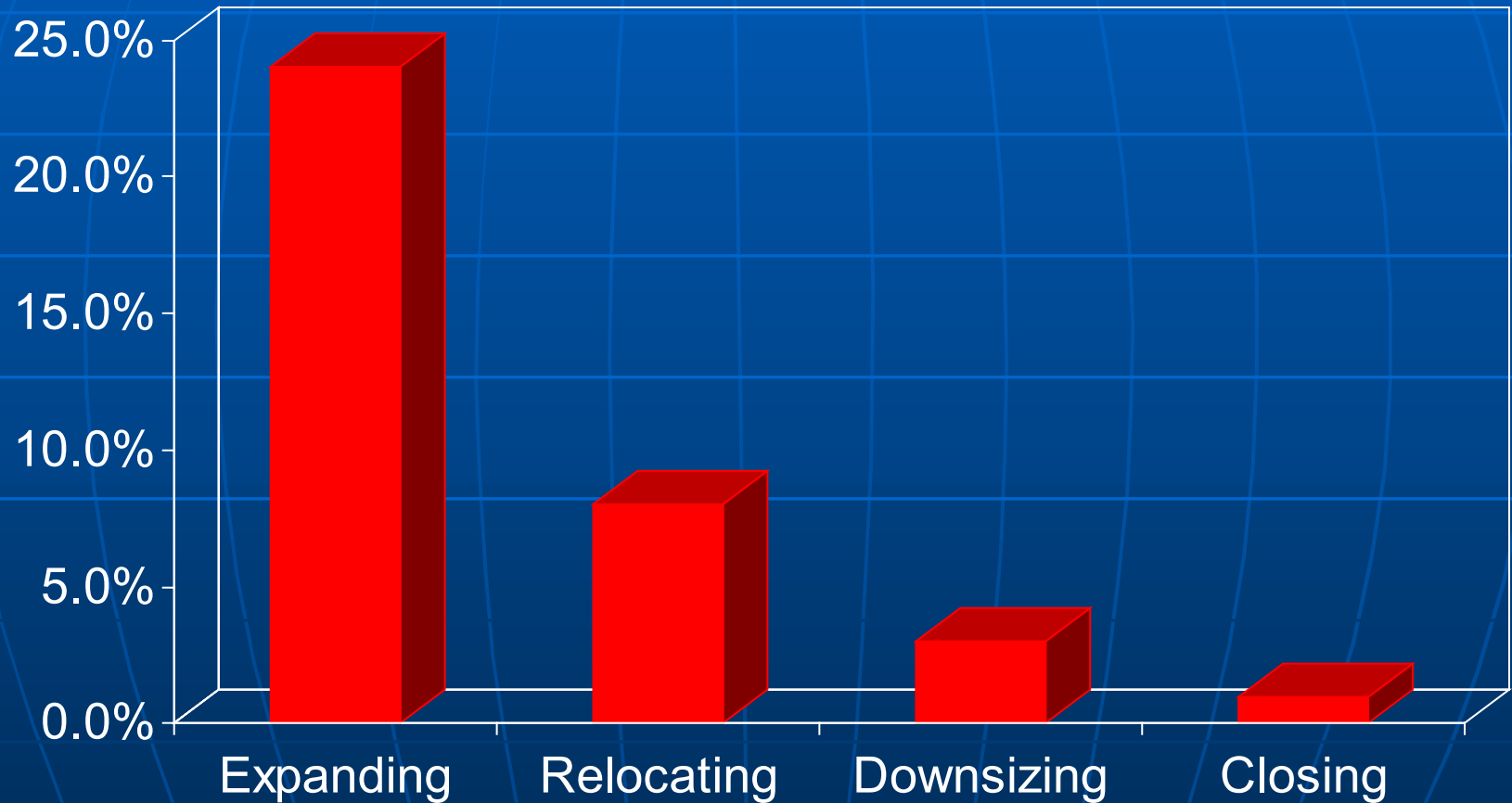


OCCUPATIONAL GROUPS DIFFICULT TO HIRE



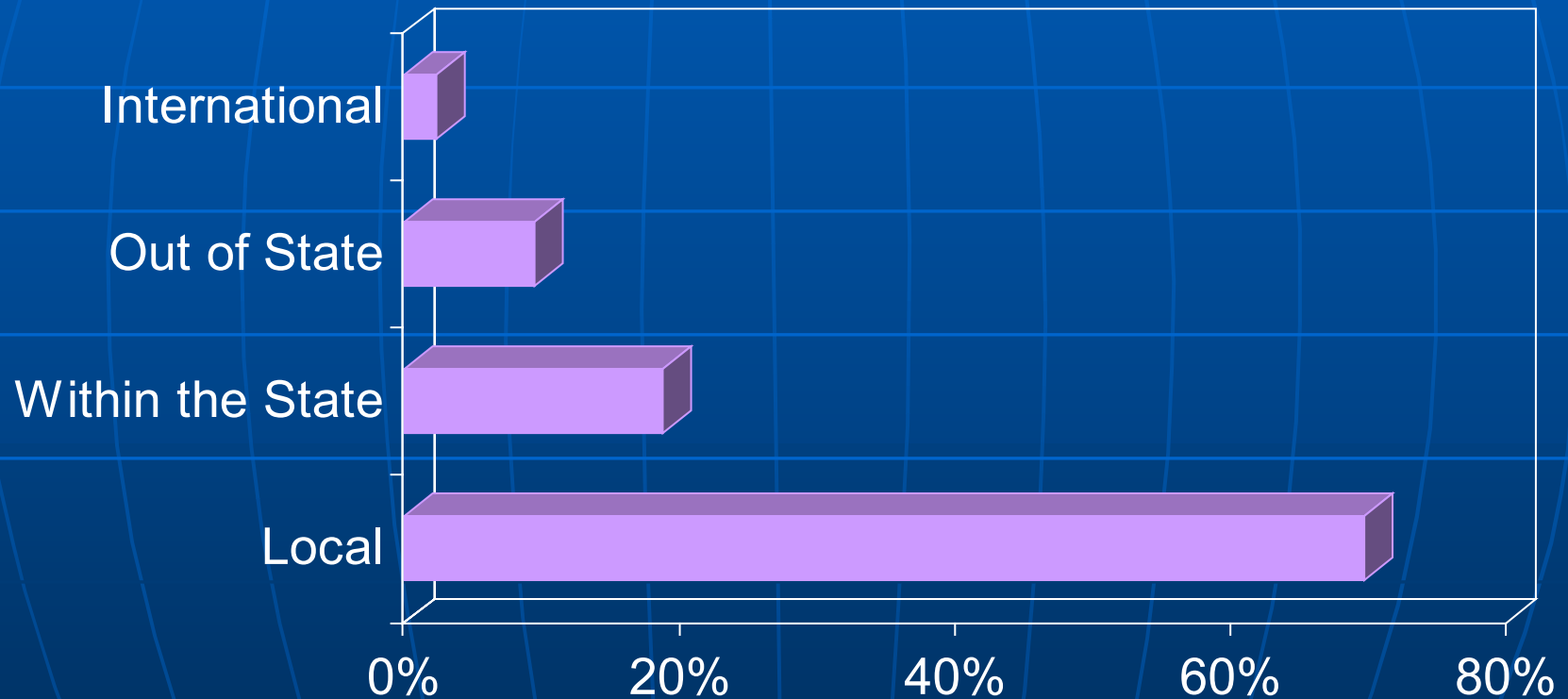
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PROPORTION OF BUSINESSES EXPANDING OR RELOCATING



Source: NCBER

SCOPE OF RELOCATION



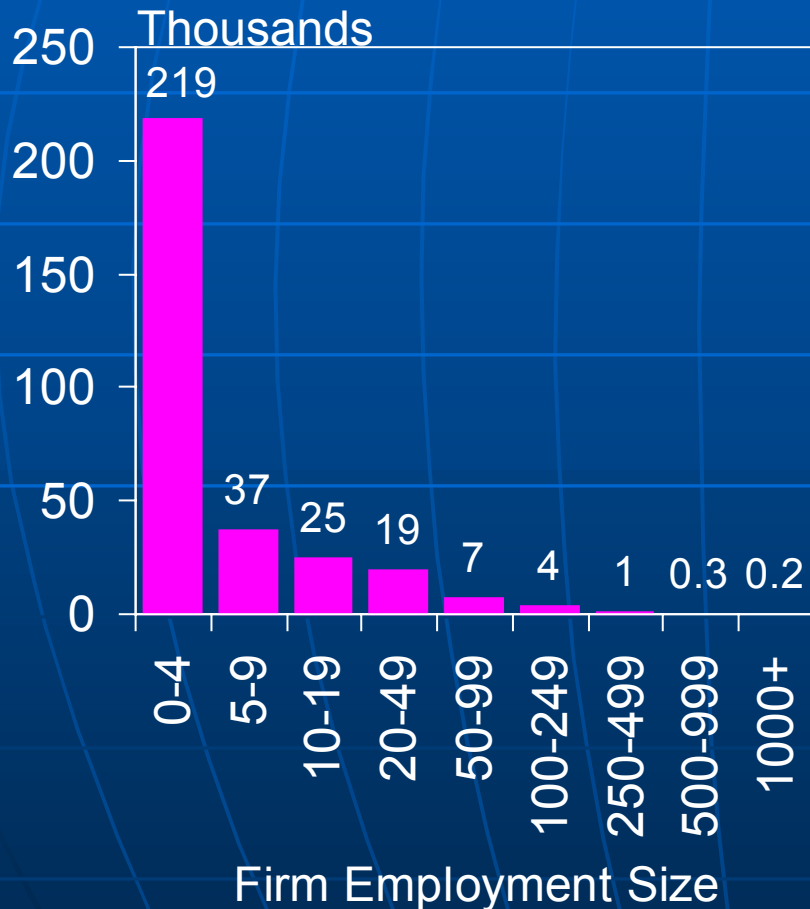
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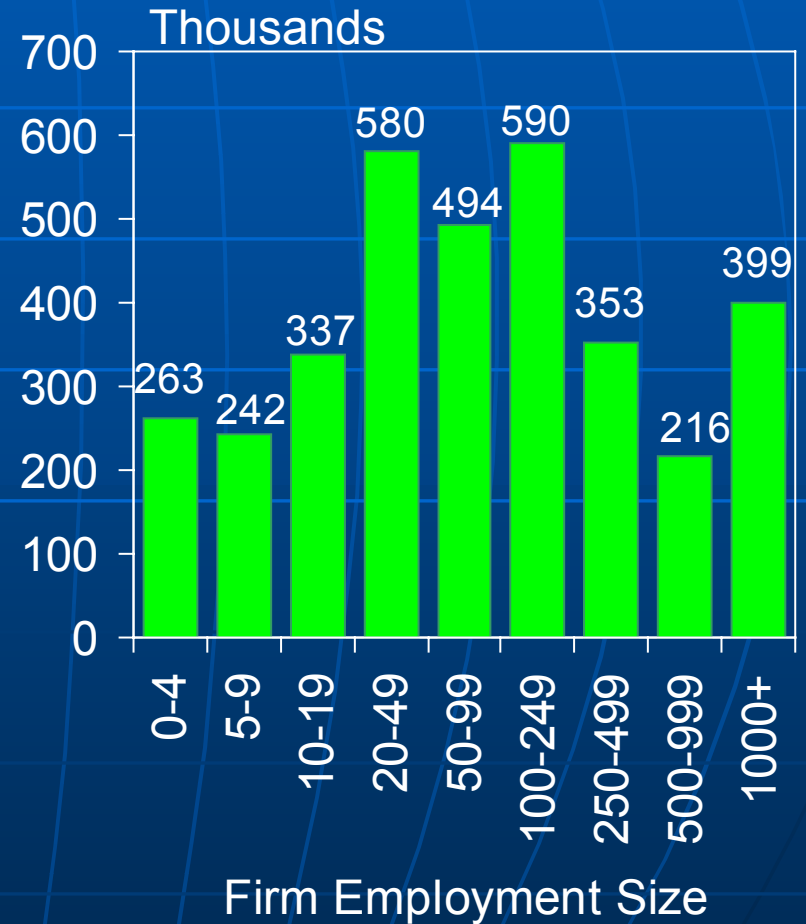
**What is our
economic base?**

BUSINESS SIZE DISTRIBUTION IN LOS ANGELES COUNTY

By Firm Employment Size



By Total Employment by firm Size



ECONOMIC BASE OF SO. CALIFORNIA

(Annual avg. nonfarm employment, 000; 2002)

	<u>Industry/County</u>	<u>LA Co.</u>	<u>Orange</u>	<u>Riv-SB</u>	<u>Ventura</u>	<u>5-County</u>
1	Tourism	255.7	116.3	79.9	16.1	468.0
	Direct International Trade	286.0	---	---	---	443.4
	Wholesale Trade/Logistics	195.3	79.5	32.3	12.2	319.3
2	Technology	170.8	89.5	11.7	16.2	288.2
	Professional Business Svcs.	173.1	68.8	19.2	10.5	271.6
1	Motion Picture/TV Prod.	226.6	3.9	0.7	1.0	232.2
2	Health Services/Biomedical	135.9	47.7	34.9	9.0	227.5
	Financial Services	101.8	47.9	16.4	4.5	170.6
1	Apparel/Textiles Design, Mfg. & Wholesaling	125.1	18.1	3.5	2.1	148.8
	Agric./Food Products Mfg.	72.1	18.3	30.5	24.7	145.6
	Fabricated Metal Products	70.2	30.1	19.4	4.0	123.7
1	Furniture Mfgr & Whlsle.	42.4	12.2	11.7	1.1	67.4
2	Auto Parts Mfg. & Whlsle.	30.9	15.1	14.3	1.5	61.8
	U.S. Department of Defense	3.6	1.3	5.4	7.5	17.8
	Jewelry Mfg. & Whlsle.	10.6	0.9	0.0	0.0	11.5
	Petroleum Prod. & Refining	6.8	0.4	0.3	0.2	7.7
1	Toy Mfg. & Whlsle.	5.4	0.9	0.2	0.0	6.5

HURDLES TO CRAFTING A STRATEGY

- **Hostile state business environment**
- **A large & growing low-skilled workforce**
- **Re-training displaced manufacturing workers**
- **Lack of land, especially industrial sites**
- **Term limits for state & local offices hinders development of any “vision”**
- **Most state-level elected officials have no private sector experience**
- **No dominant media voice**
- **Balkanized mindset of L.A. County**
- **Image of Los Angeles in rest of U.S.**

BUSINESS ISSUES

- **SB-2 Mandated health care**
- **Paid family leave (effective 1/1/04)**
- **923 “E-Waste” bill Sher (waiting to be signed)**
- **Hike in contribution to U/E fund**

CAN'T FORGET:

- **Affordable housing**
- **Education K-12**
- **Transportation infrastructure**
- **Environmental needs**

HOW TO START?

- **Top down...start at the state level?**
- **Bottom up...select industries with immediate opportunities?**

OVERALL STRATEGY

- ✓ **Making the case for L.A. as a North American base of operations for growing businesses and economies in the Pacific Rim & Europe.**
- ✓ **Industry-based technical training for non-college bound students in K-12 & community colleges.**

A Sample Strategy

INTERNATIONAL TRADE

- Find industry “leaders” to talk about benefits of industry, and help to mold a “global view.”
Result: Head-off unfavorable regulation of industry.
- Do an impact analysis of international trade -- benefits to local workers, business and governments.
Result: Help firms take advantage of unrecognized opportunities.
- Support MTA as they focus on goods movement.
Result: Reduce traffic congestion for all and improve air quality.

TOURISM

- Work with sectors of industry to promote the idea that tourism is a serious “business.”

Result: More focused approach will attract more visitors and their wallets to County.

- Work with MTA & Metrolink on making the transit system more accessible to both business and casual travelers.

Result: Make Los Angeles more user friendly to visitors (reduce fear of having to drive in L.A.)

Who's in charge?



*Los Angeles County
Economic Development
Corporation*

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