

Summary

Type of infrastructure

Transportation

Education

Water

Electrical power

Telecommunications

Policy concerns

Lost current productivity

Risk of future diminished productivity

Political factors may dominate outcomes

Assuring competition brings lower prices

Ensuring Californians can use technology

Telecommunications: A Regulated Private Sector Revolution

Technology

Potential applications

Airwaves

Video, audio transmission

Cable

Video, audio, data transmission and reception

Satellite

Video, audio, data transmission

Wired phone

Video, audio, data transmission and reception

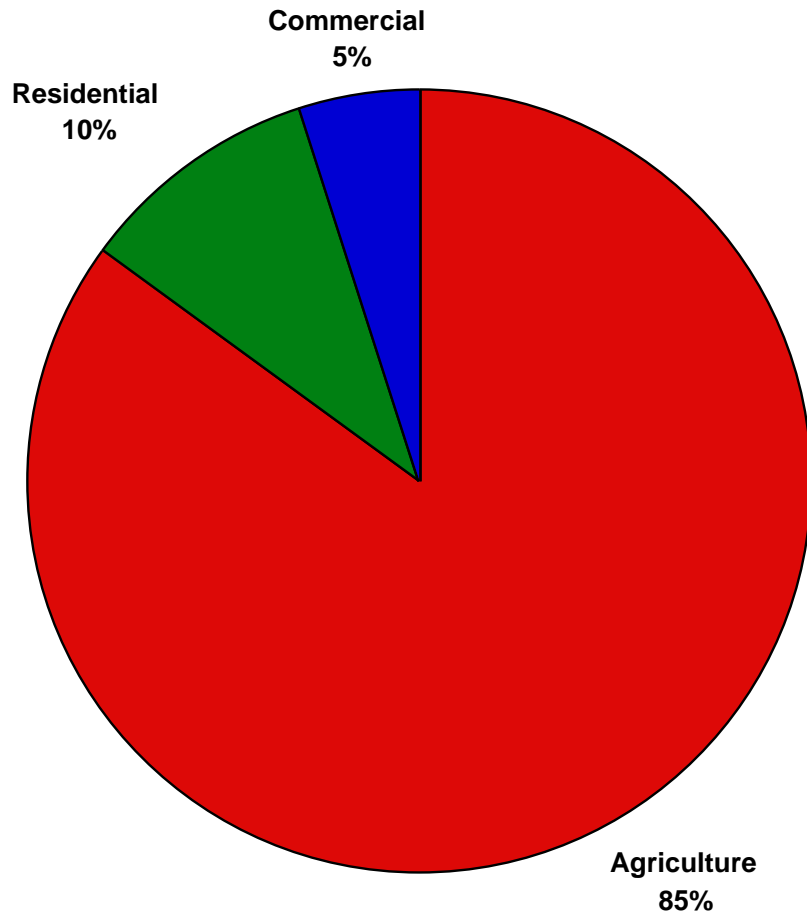
Cellular

Audio, data transmission and reception

Electric Power Is At Crossroads

- **Excess capacity**
- **Deregulation**
- **Increased competition**
- **Potential for lower prices**

Water Is Still Available, But



Issues

- Allocation
- Distribution
- Ground water substitution
- Recycled water

Education Not Meeting California's Needs

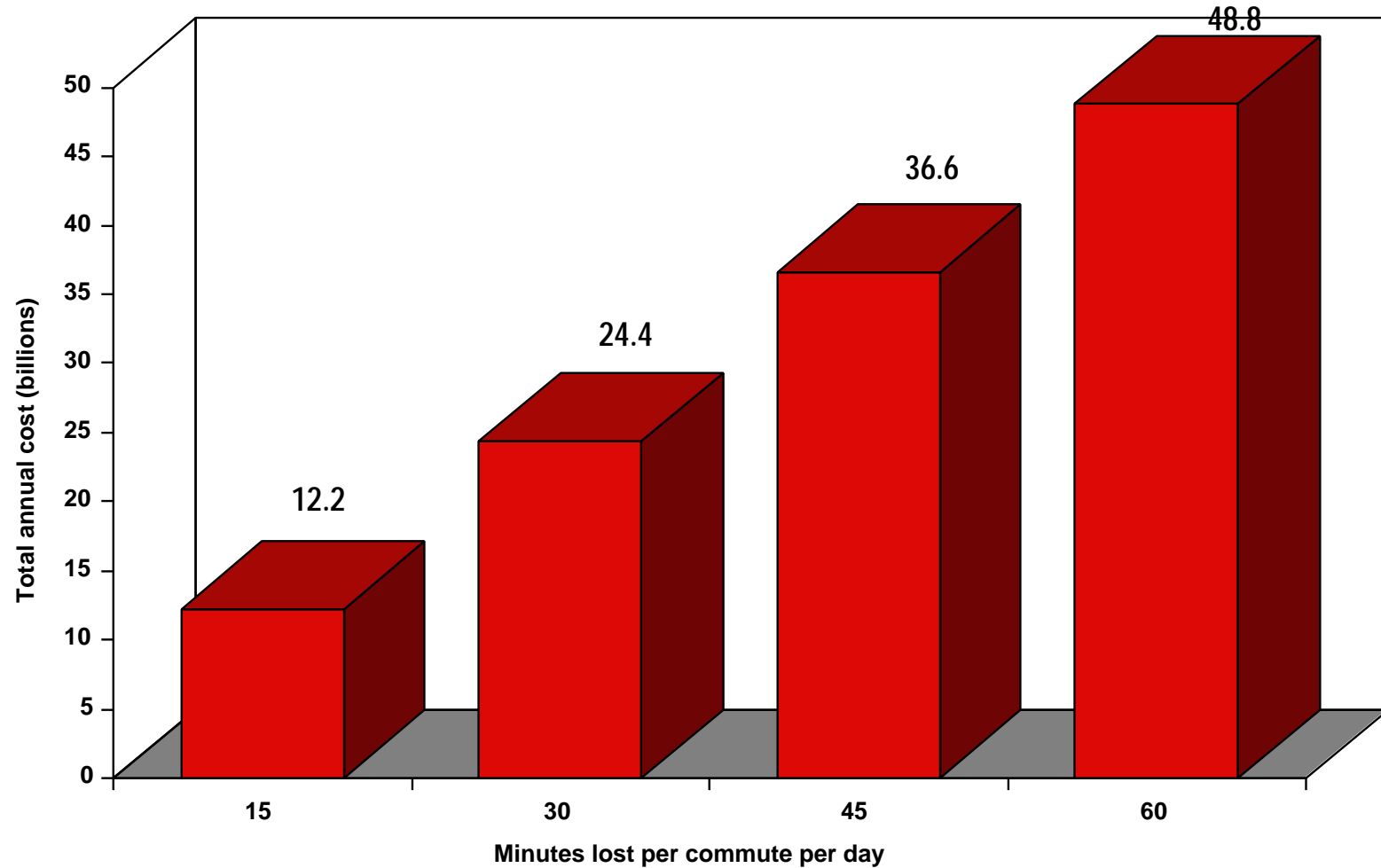
Funding

-12 ↔
community colleges ↓
state universities ↓
University of California ↓

Preparation Needed for:

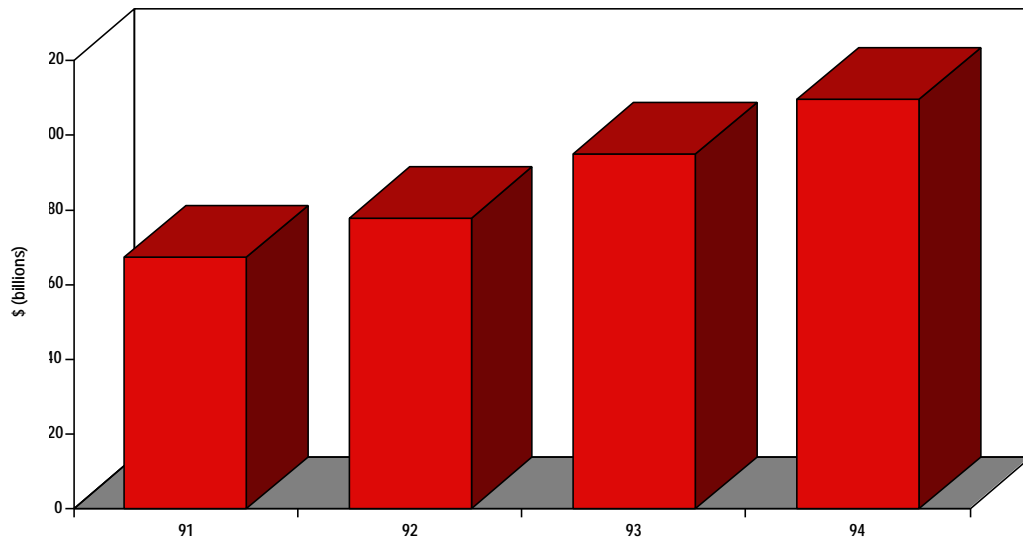
- Increased global competition
- Changing technology
- Large income disparity
- Workforce diversity

Transportation Inadequacies Are Costly to Californ

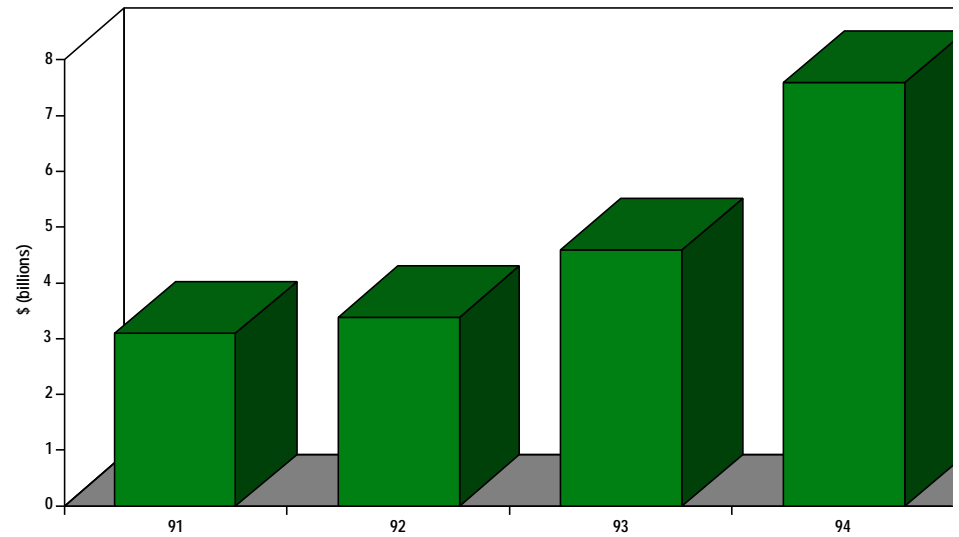


Performance of Top 100 Silicon Valley Firms Is Improving

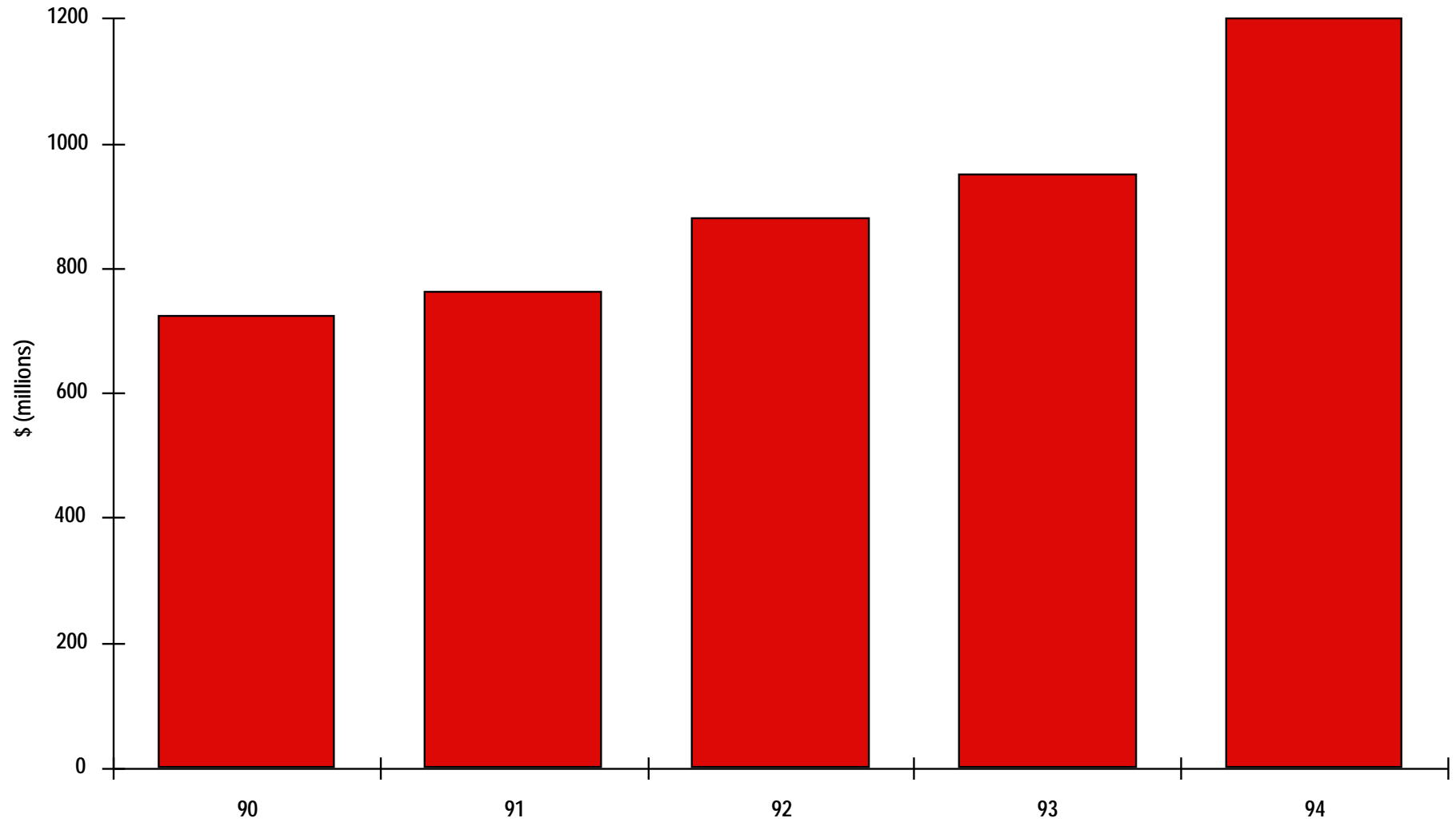
Sales



Profits



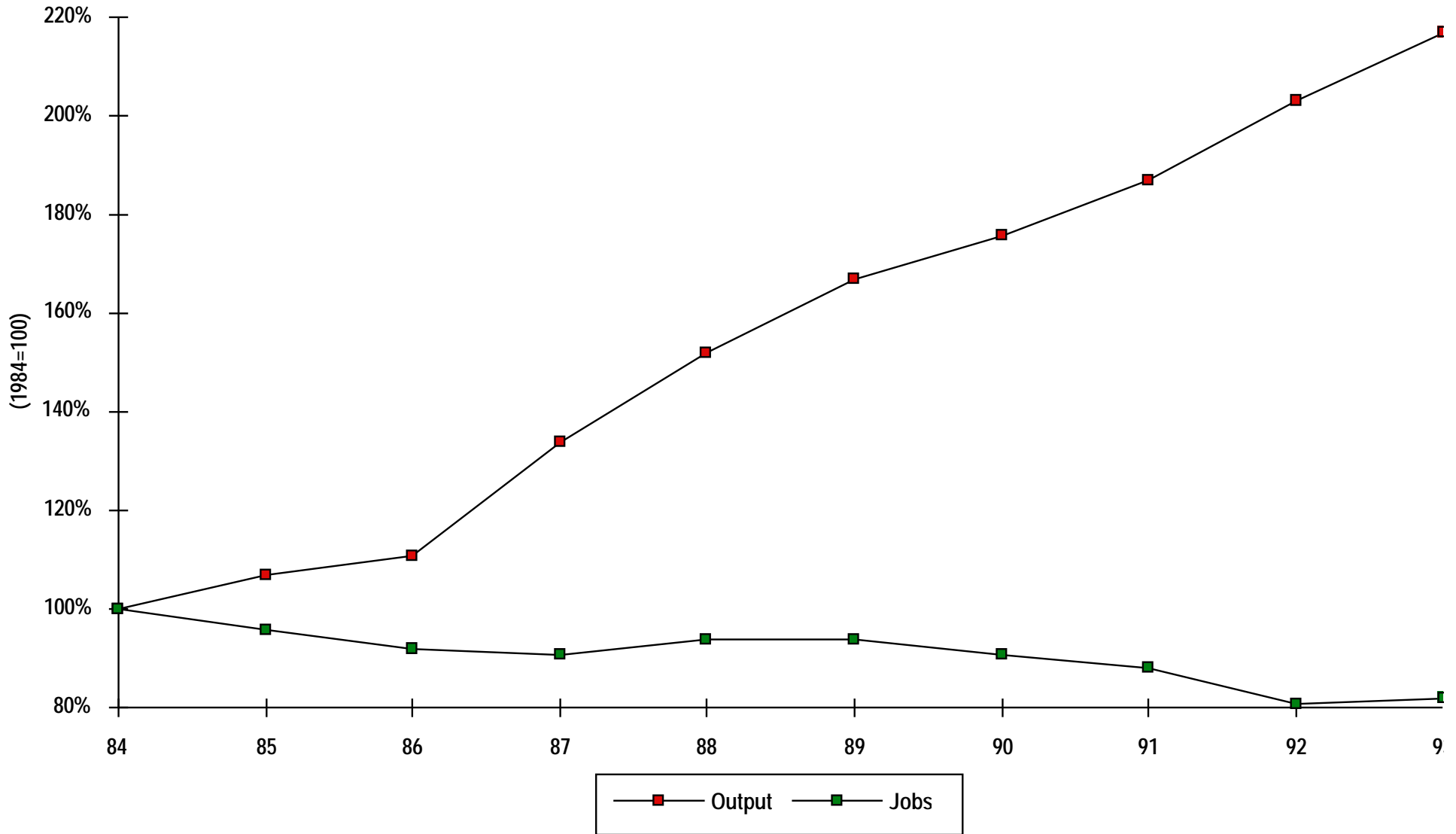
Silicon Valley Venture Capital Funding Continues to Climb



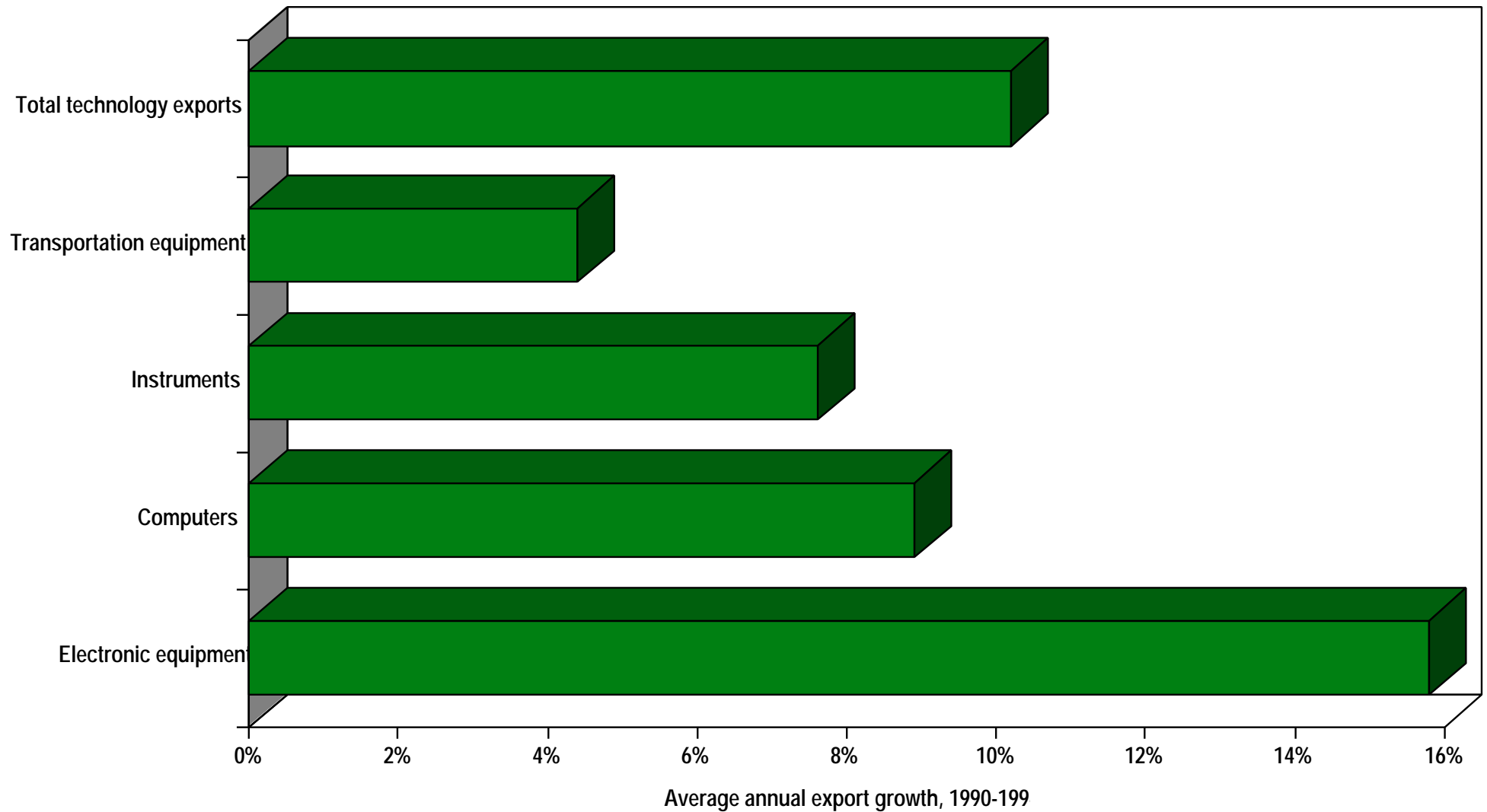
Federal Policies Support Trade and Technology

- Trade market expansion
- Intellectual property right protection
- Basic science support
- Using California's technology base to meet national security goals
- Public-private partnerships for precompetitive R&D

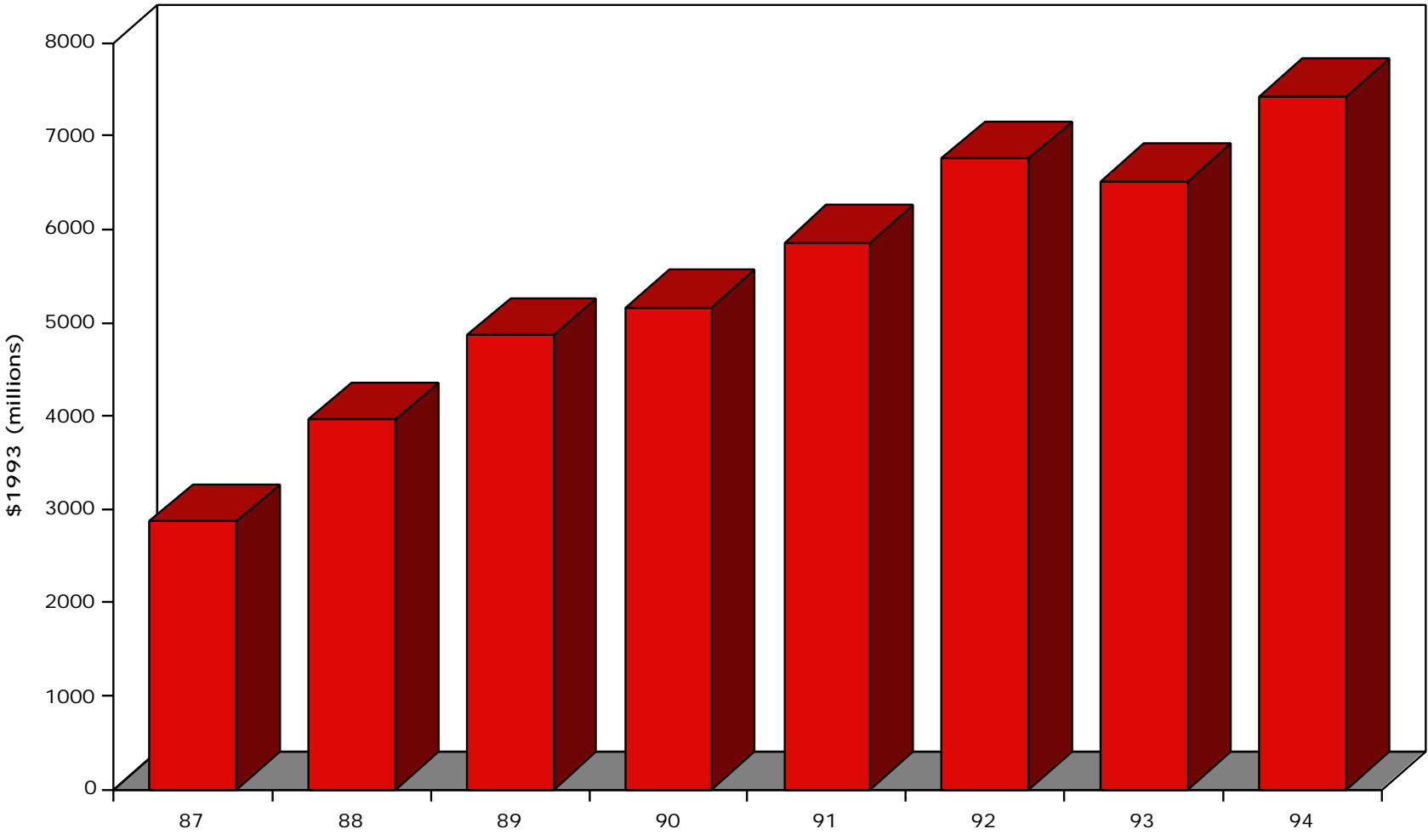
Silicon Valley Technology Output Is Growing, But Jobs Are Not



Technology Exports Dominate Trade Growth



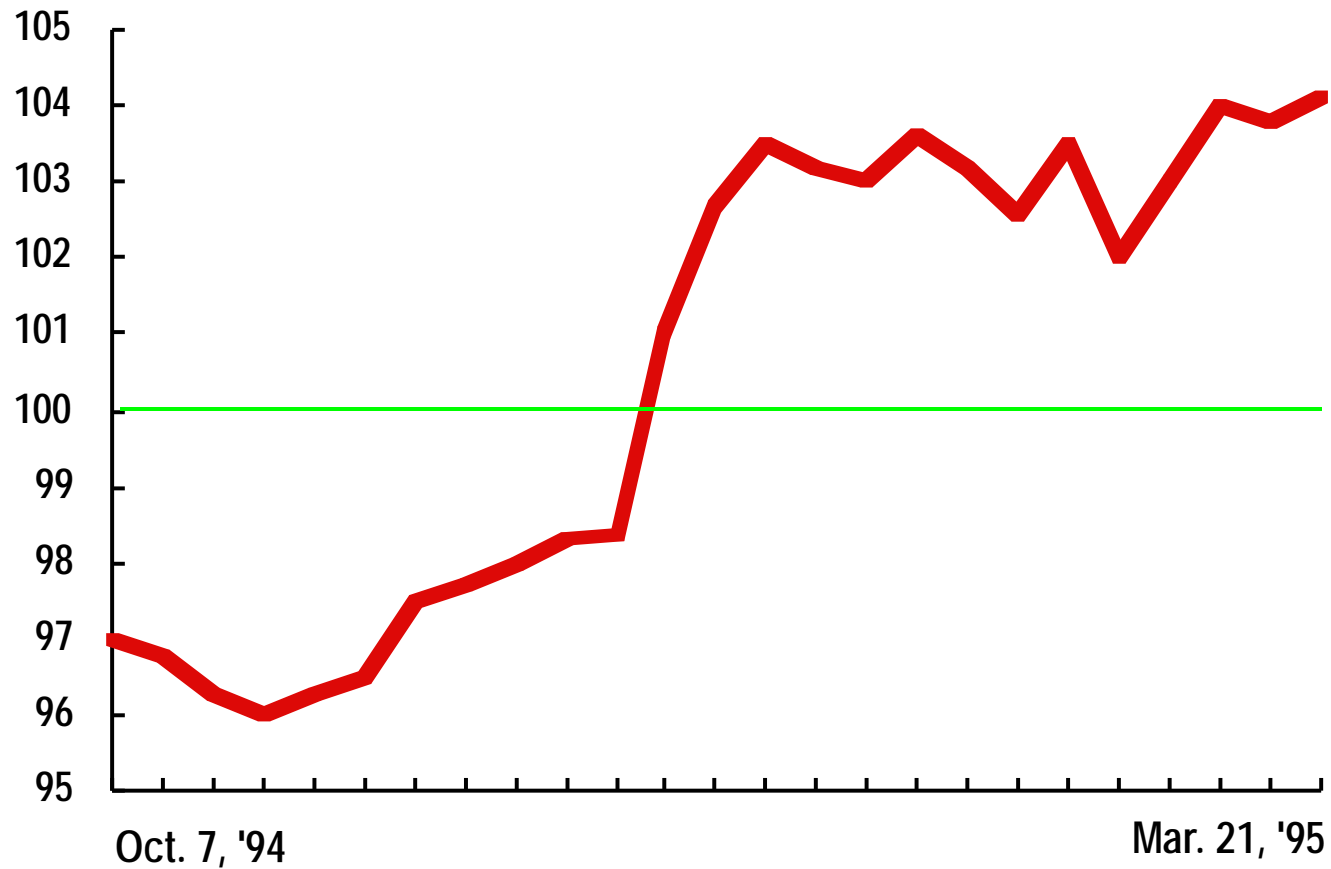
California Exports to Mexico Surged Until Late 1994



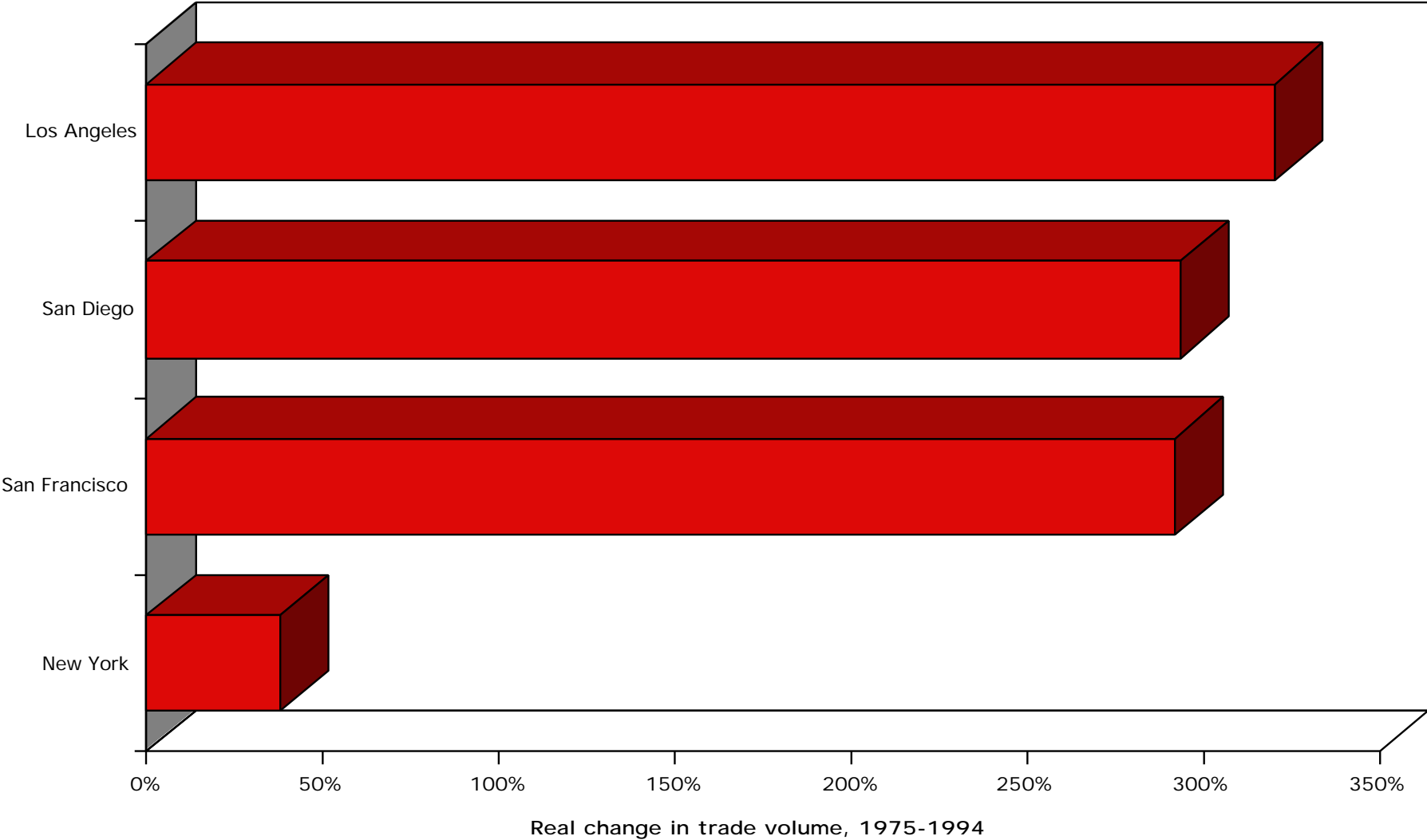
Source: MISER

Trade Weighted Dollar Shows Appreciation

Feb. 1, 1994 = 100, OECD Except Turkey, Iceland, and Austria

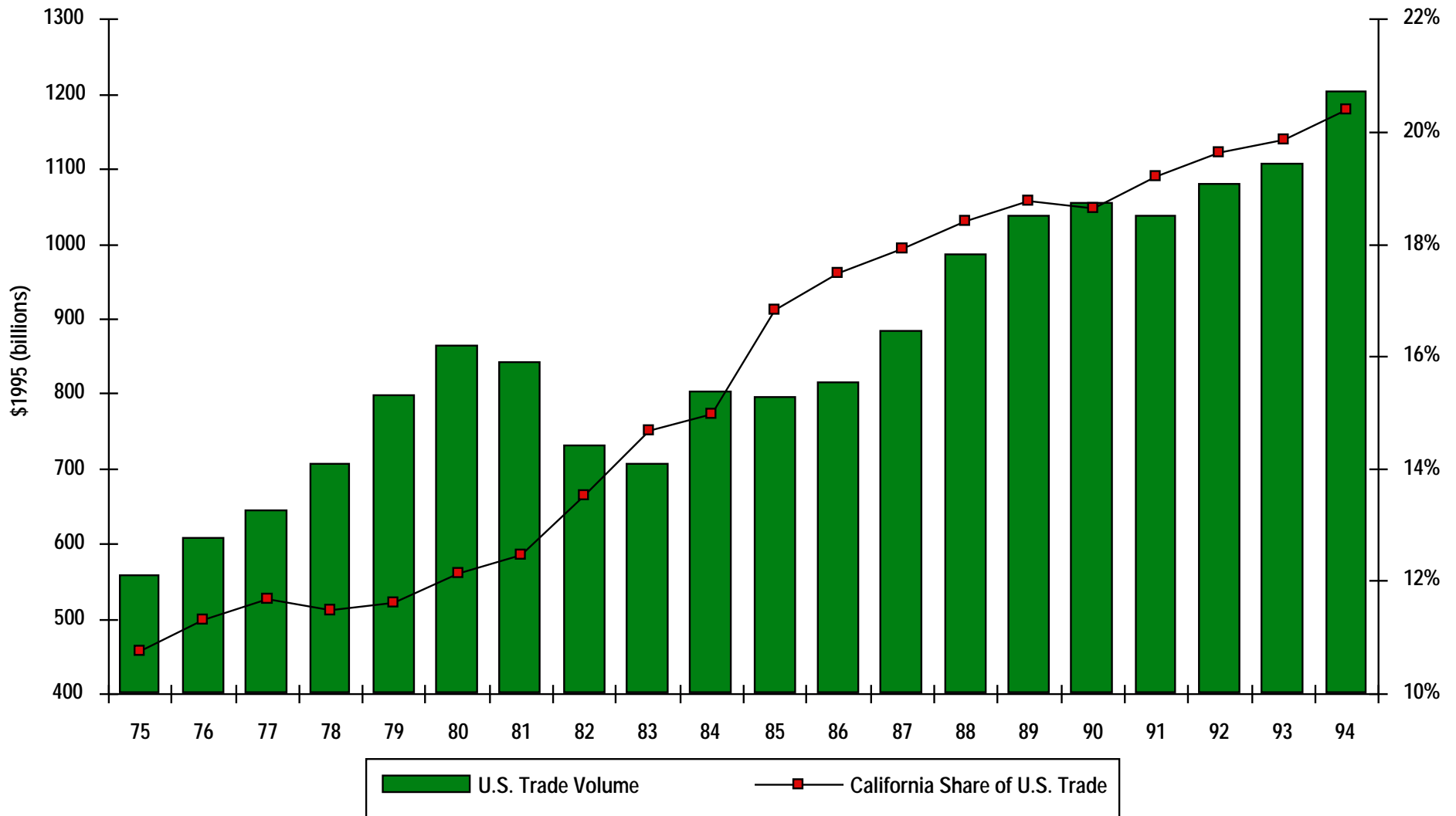


Strong Trade Growth From All California Ports



source: U.S. Department of Commerce

California Share of U.S. Trade Is Growing



Economic Forecasts Suggest Continued Growth

Annual % Change

	1995	1996
Current \$ Personal Income	6.3	5.7
Retail Sales	6.7	5.7
Non-Ag. Employment	1.9	2.0
Population Growth	1.3	1.4
Housing Permits	23.9	17.0

Winter Storms Damaged California's Agricultural Industry

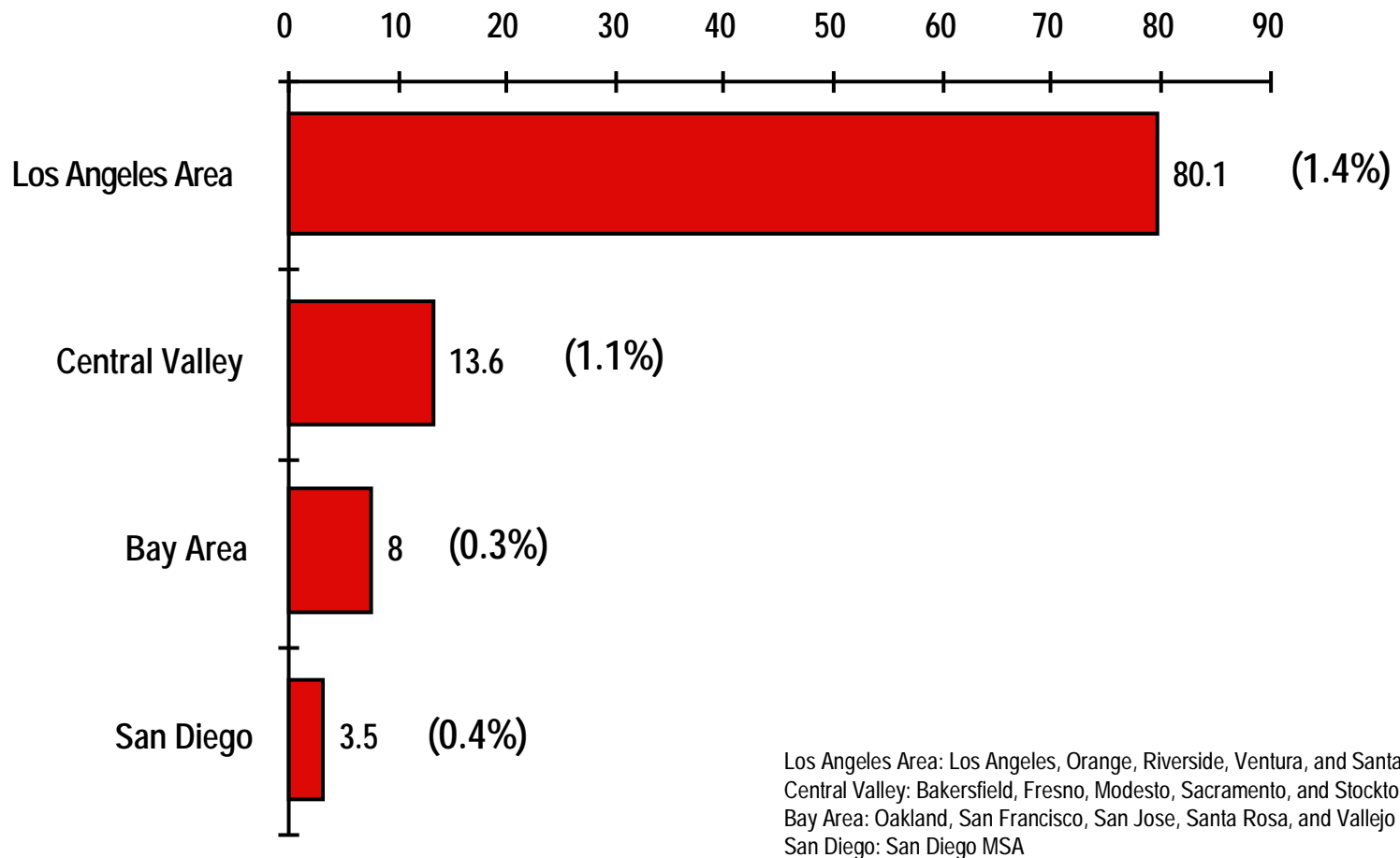
Total	\$666 million
Almonds	\$208.4 million
Strawberries	\$63.1 million
Plums/prunes	\$53.9 million
Lettuce	\$40.6 million
Winegrapes	\$20.1 million
Apricots	\$19.5 million

\$666 million losses represent 3.3% of California's \$20 billion agricultural industry

Source: California Department of Food and Agriculture

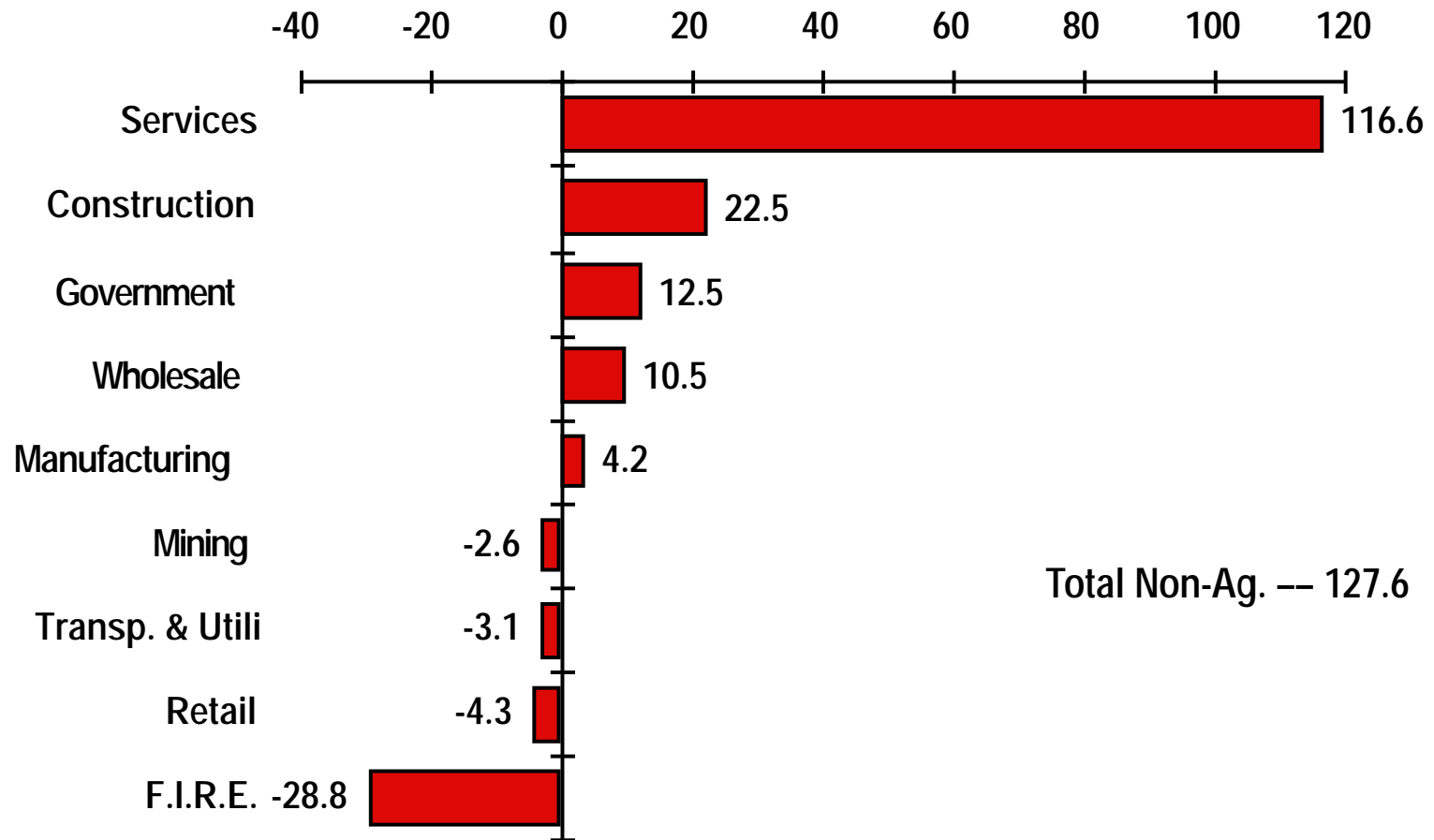
Los Angeles Area Jobs Rebound After Years Of Losses

Non-ag. Employment Level Change (000), Feb. '94 - Feb. '95



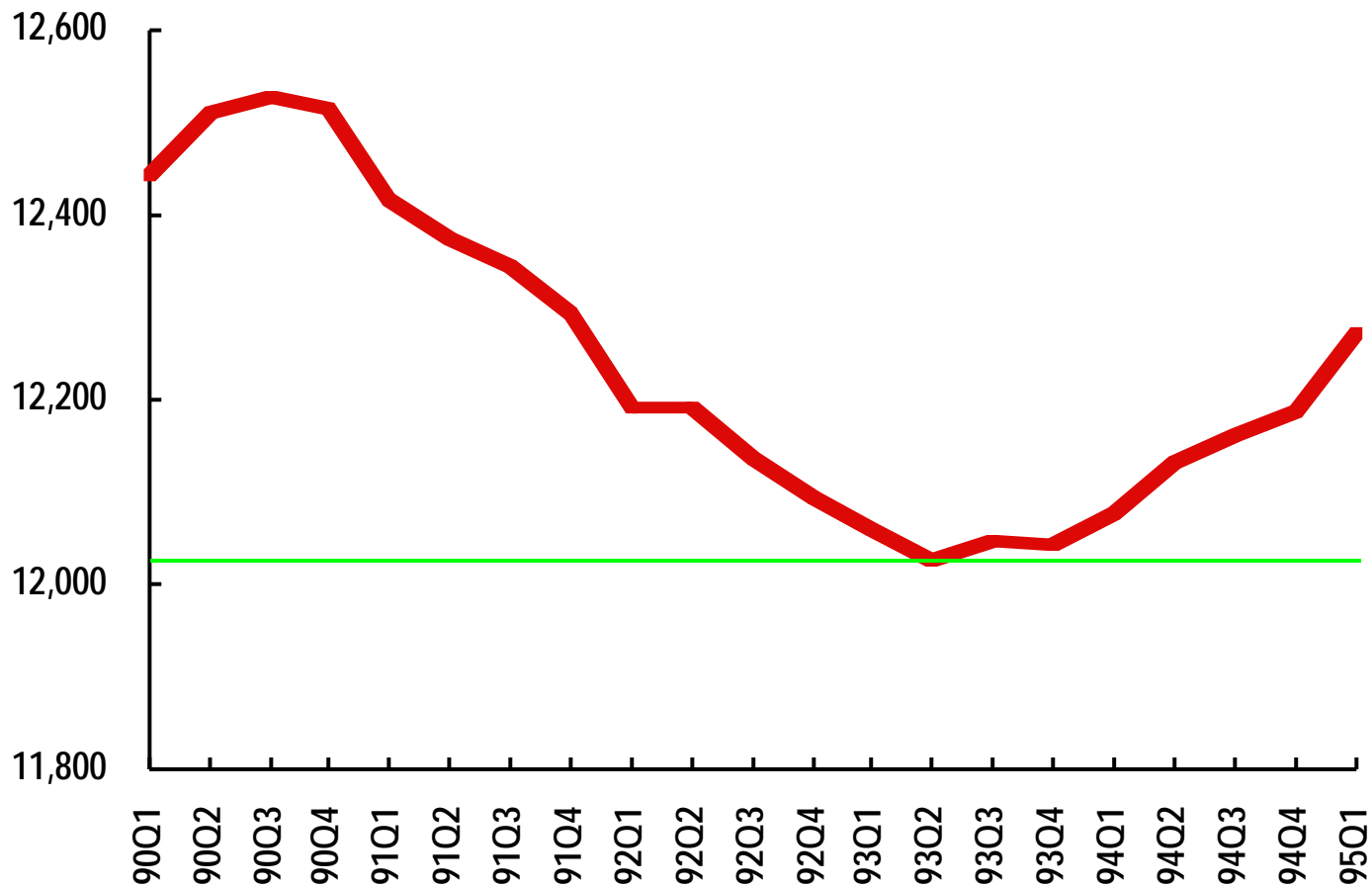
Most Job Growth Is Occurring In Services

Non-Ag. Employment Change (000) by Industry, March 1994 - March 1995



The Recovery in California Continues

Non-Ag. Employment Level (000), 1st Quarter, 1990 – 1st Quarter, 1995



Outline

- Overview
- Trade
- Technology
- Infrastructure

**Economic Update
from
Economic Advisory Council
of the California Institute**

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