CCSCE
Center for Continuing Study of the California Economy
Numbers in the News
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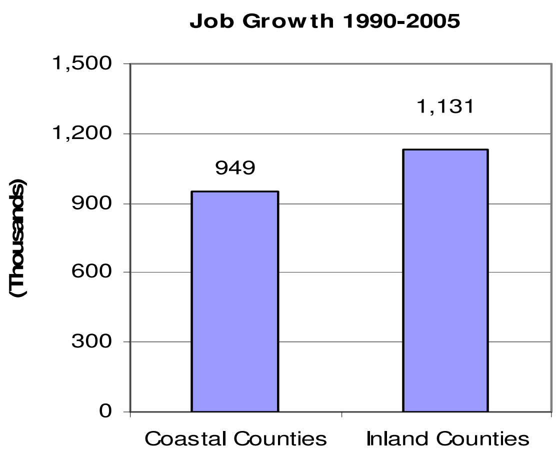
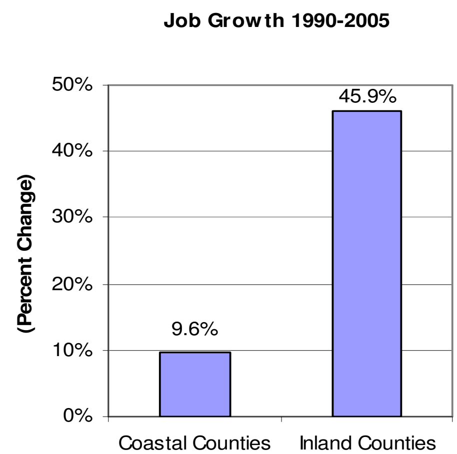
The Future of the California Economy is On the Coast

The California Budget Project (www.cbp.org) reports that California jobs have shifted inland over the past 15 years. The data used by CBP is accurate as is their conclusion that much of the job growth has been the result of population shifts toward inland counties. The implication that inland counties face challenges in responding to rapid growth is also accurate.

The CBP tabulation of California Employment Development Department data for non-farm wage and salary jobs is summarized below.



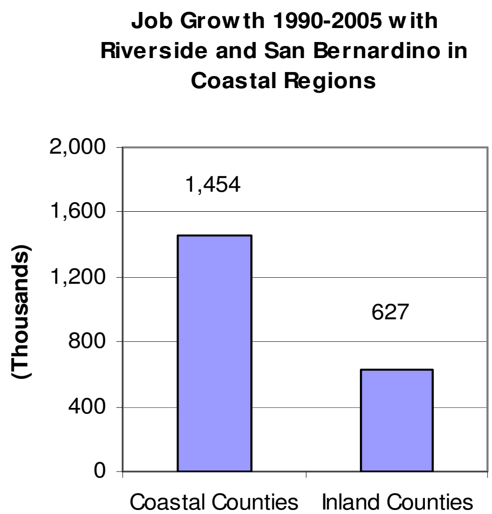


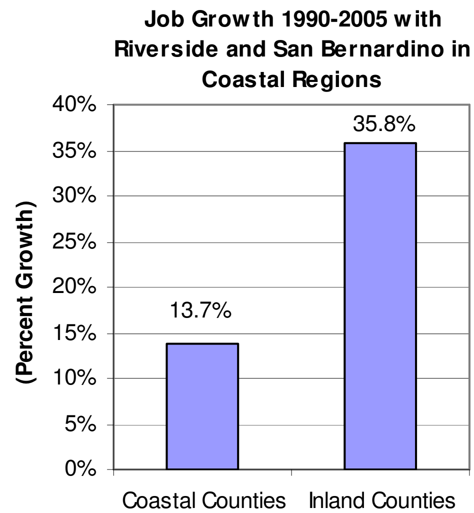
However, the results are much less dramatic if two counties—Riverside and San Bernardino are classified as counties within the Los Angeles coastal region. There are solid economic reasons for identifying the Inland Empire counties -- Riverside and San Bernardino-- with the Southern California regional economy.

Many residents moved to the Inland Empire from Los Angeles and Orange counties but commute to jobs outside of the Inland Empire. Much of the Inland Empire job growth is related to the region's economic clout and particularly to the Long Beach-San Pedro port complex (the nation's largest port complex), which is located in Los Angeles County.

Treating Riverside and San Bernardino counties the same as counties in the Sacramento or San Joaquin Valley economic regions overlooks their strong connection to the Southern California economy. The CBP report correctly includes counties like Alameda and Contra Costa, which have no coastal borders as counties within the Bay Area coastal region.

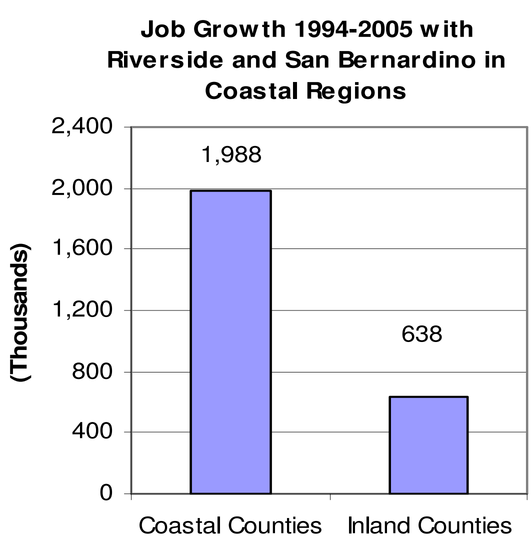
Here is what the same data look like with Riverside and San Bernardino counties included within coastal regions.

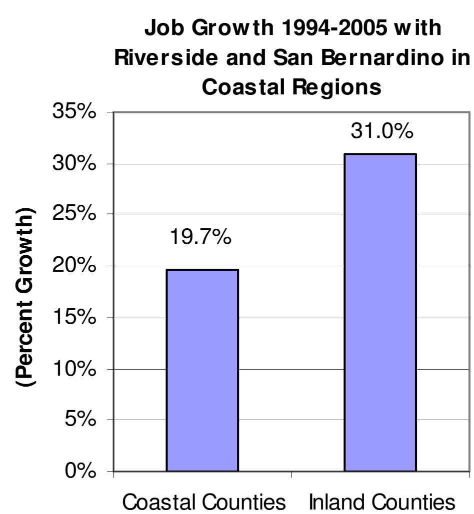




It is still true that job growth in inland counties was much higher than growth in coastal counties measured in percentage terms. **But now the data show that 70% of California's job growth occurred in coastal regions.**

The comparisons are also sensitive to the chosen time period. If the comparisons examine a more recent time period beginning in 1994 after the sharp aerospace-led downturn in Southern California, the coastal versus inland comparison looks even closer. **For the period from 1994 through 2005 the coastal regions accounted for 75% of California's job growth.** Still, the inland county job totals grew at a faster rate than coastal county jobs.





Why Does it Matter How the Coastal Regions are Doing?

Without diminishing the rapid growth of inland regions California, it is important to acknowledge the continuing importance of the three large coastal regions—Southern California, the Bay Area and San Diego—that account for 75% of the state's economy.

There are many dimensions of regional economic strategy development in Southern California that require including Riverside and San Bernardino counties as critical parts of the regional economy. While these counties are developing many county-specific initiatives, it is helpful in broader policy discussions to remember that they are connected to what goes on in the rest of the region.

Most of the exciting new industries in California are developing in the coastal regions. Technology, foreign trade, Internet-related activities, California's preeminence as a design center and the entertainment complex are primarily coastal region economic engines.

Most of California's residents live in the coastal regions and most of the state's growth will take place there. Even some of the growth in the inland regions, particularly adjacent to the Bay Area, is the result of job growth on the coast.

The inland regions may have the fastest growth but the future of the California economy will be written on the coast.

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