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## California: An American State on the Global Stage

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### THEME 3: *Networks of Economy & Trade*

“California is not just another state” according to Lord James Bryce who, in the late 1880s, argued that California, as a state was “the most striking in the whole Union, and has more than any other, the character of a great country, capable of standing alone in the world”. He went on to suggest that California was unique on various measures, but mainly its “location, half a continent removed from the rest of American civilization...an outpost of the Pacific...a staging ground for the resettlement of the final third of the continent, the mountain and Pacific West. Using Bryce, Gregory goes on to argue that the state’s mission has now changed as it “is no longer peripheral” due to the “Global economic shifts and the massive internal redistribution of peoples industries, and public policy priorities since World War II [that] have turned the United States into a bi-polar nation. California is the capital of the newer America that faces west and south towards Asia and Latin America” (Gregory, 1). Thus, it would seem that, from the beginning, California was a global state – though by accident as much as by design.

The idea of ‘globalization’ is now a mainstay of academic debate. While economists insist they were the first to identify and even to quantify this process or force, it quickly became clear that no area of private or public life – or academic pursuit or political policy - was immune to the growing extensity, intensity and velocity of global interactions and the deepening impact of such interactions around the world. Thus, the question of its nature as historical phenomenon, a specific type of change relevant to a time and place, or an overarching world view has generated countless articles in both the academic and popular press as the boundaries between domestic matters and global affairs so obviously became blurred.

Whatever its contested elements, at its most basic, the term captures the perception that there is a broadening, deepening and speeding up of world-wide interconnectedness in all aspects of life, from the cultural to the criminal, the political to the environmental – with California possible uniquely positioned at the nexus of these systems and structures. As Gerald Nash points out, historians have consistently and continue to tell California’s story as one “conceived in the context of worldwide exploration” and, that by “pointing to the multicultural foundations of the state”, multiple historians of the state “were responding not only to the psychological needs of their own generation, but reflecting a broad view that placed the subject in a national and international framework”. (Nash, 1981)

*Theme 3: Networks of Economy and Trade* seeks to address that complex array of factors and features of California’s role and approach to the world as both an actor in, and an acted upon site of all the networks at work in the state. Jaishankar Raman (Chancellor’s Office) lays out the foundations of the state’s role as a powerhouse and offers copious evidence that California has been, and continues to be, worthy of its high rank among the world’s economies. Meanwhile Xiaoye She (San Marcos) illustrates the specific California ‘turn’ towards Asia by examining the links between the Pacific West and the economies of the East. Economists clearly have a significant role in the understanding of globalization and California’s position in those processes. However, *csuglobal* begins from the widest interpretation of globalization and opens the conversation not only to the economists who have made huge contributions to our understanding of this phenomenon, but to anyone who seeks to explore the impact not only of the economic questions but the stretching and deepening impact of all our increasingly global interactions.

*csuglobal* is an online journal focused on California’s engagement in the world. The online academic journal invites submissions from faculty, staff, and students on the theme ‘Networks of Economy and Trade’ through interdisciplinary lens. Submission topics include, but are not limited to:

- The impact of a technology driven state economy and the role of lower cost global technology competitors. What role does education play in enhancing California’s global competitiveness? Is there access to equitable and affordable education for all in

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California to compete with a mobile global workforce?

- The environmental impact of economic growth as it pertains to coastal economies, energy production and consumption.
- The use of natural resources in the development of the state, such as land and water, creates significant opportunities but also presents challenges. How does California maintain its global competitive edge in agriculture while facing increasing pressure on the use of land and water internally? The high cost of housing impacts the decisions of companies to stay or locate in California. What impact does the cost of real estate have on high growth regions internationally?
- California is exposed to the threat of natural disasters such as earthquakes, forest fires, droughts and landslides. The economic impact of such disasters is quite significant and has long term effects on the health of the economy. How does disaster preparedness compare across nations and what is the economic cost incurred by nations to achieve this?
- Income inequality in California is very high, what challenges does this present to the state to maintain a global competitive edge? How do public policy and state support systems mitigate the income gap? What are the challenges in using fiscal policy solutions?
- Migration has transformed not only the state's economy but also its culture and identities. For instance, what economic and cultural impacts have been brought by migrants from Asia and Latin America? How to analyze, compare, and identify similarities and differences in patterns of migration and their local impacts?
- Other potential areas could include but are not limited to, global political economy and its role in international business in sectors vital to California's interests.

We also encourage interdisciplinary research submissions to incorporate the other broad themes of the journal: Society Culture and Identity; Institutions, Structures, and Power; Scientific Essentials and Sustainable Environments.

*Dr. Alison R. Holmes, Managing Editor*

## **California: An American State on the Global Stage**

The United States is the largest economy in the world. It has occupied this position for over a century and until recently there was not even a close second in the world GDP ranking. Within the US, California is at the top of the list for a variety of measures. California is the most populous state in the union. According to the 2020 census, California is home to nearly 39 million people. This reflects a gain of nearly two million people from the previous census data. It is also a majority minority state according to the latest census figures and nearly a quarter of its people are foreign born. California also has the largest percentage of naturalized US citizens, nearly 55 percent (data.census.gov).

California is also the state with the highest Gross Domestic Product (GDP) in the country. In 2021, California produced more output than all the Great Lakes states combined. Nearly 1 in every 7 dollars of output produced in the US came from California (globoledge.msu.edu). The state has thus forged an identity of being truly global. In this article, I will examine the factors that make California an international powerhouse.

California, due to its location, has been a global state with trade of goods and mobility of people as part of its history from the beginning. The state has been viewed as the gateway to the West and an entry point for people and commerce to flow from Asia, Central and South America and even Europe and Africa. In the 20<sup>th</sup> century, the population of California grew by double digits in each decade with a smaller increase in the population between 2010-2020. More than 39 million people reside in California making it the most populous state in the union. Currently nearly 1 in 8 Americans lives in California. Nearly two-thirds of Californians have some college education or a degree. These demographic factors present ideal conditions for a vibrant economy that is globally minded. The immigrant population makes a significant contribution to the state's economy by paying taxes (\$130 billion), over 800,000 immigrant entrepreneurs generate \$24 billion in income for the state resulting in thousands of jobs created for the states

residents (newamericaneconomy.org). Like its population, California has the largest economy in the US with a state Gross Domestic Product of \$3.37 trillion. World Bank data shows that California is the fifth largest economy in the world, with only the US, China, Japan and Germany ahead of it. By some estimates, California is likely to surpass Germany to become the fourth largest economy in the world. This is a remarkable achievement for a state that has only 39 million people.

The state's economy is vibrant and diverse with many sectors contributing to its overall GDP. In 2020, the service industries (which include Finance, insurance, Professional and Business services, Trade, Transportation) contributed nearly 48 percent of the state GDP valued at \$1.4 trillion. Manufacturing output contributed nearly \$356 billion, the Information sector added \$317 billion, and the agriculture sector contributed \$46.8 billion. The state also saw a significant share of income generated from the entertainment and tourism sector, amounting to over \$100 billion (bea.gov).

While the agriculture sector's share of the state income is only about 1.5 percent, it represents output on a wide range of products. California is the leading producer of agricultural products in the nation and leads the nation in the production of 75 different varieties of fruits and vegetables. Indeed, it is the sole producer (99 percent) of the following products, Almonds, Figs, Kiwis, Plums, Pistachios, Olives, Artichoke, Nectarines and Celery. Its total output is double the amount of the second highest producer in the nation. The state is also the largest exporter of agricultural products from the US, valued at over \$20 billion (cdfa.ca.gov). California is also home to the headquarters of 55 of the fortune 500 companies with revenue of \$1.5 trillion. 25 of these companies were started by immigrants or their children, with sales totaling \$1.1 trillion. Many of these companies are in the technology sector where California has been at the forefront for decades. The natural abundance, diverse population, favorable geography, world class universities, and a progressive political climate create ideal conditions for a truly global California.

In 2021, California's total trade was \$648 billion with exports totaling \$174 billion and imports of \$474 billion. Ten percent of all US exports originate from California, and it ranks second in overall exports in the nation (trade.gov). The state's global competitive advantage resulted in California receiving the largest share of Foreign Direct Investment in the country. Over 18,000 foreign owned enterprises are located in California employing 700,000 people and generating \$64 billion in wages (ibisworld.com).

California has established its identity as an international state. The success of the state is not limited to its economy, it has enriched its cultural heritage, its culinary scene and made it a leader in creating cutting edge technology. The state is a leader in setting global environmental standards and in moving the needle towards sustainable growth.

**Jaishankar Raman**

## Notes

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