

## **KC Fiscal Focus: Lt. Governor Gavin Newsom Proposes Ambitious Agenda to Promote Economic Growth and Competitiveness in California**

**By David Kersten, August 1, 2011**

On Friday July 28, 2011 Lt. Governor Gavin Newsom unveiled an [Economic Growth and Competitiveness Agenda for California](#) that proposes an ambitious economic growth and competitiveness agenda for the Golden State.

“This document, and the actions it calls for outlines how we can retake control and drive forward again, moving California back into the lead on sustainable growth and real job creation—regaining our leadership role as America’s opportunity capitol,” said Lt. Governor Newsom.

To release the agenda, Newsom was joined by more than 200 business, labor, education and government leaders at an event held at Wyse Technology in San Jose, California. The full report is available by [clicking here](#).

Newsom said both CEO Magazine and Forbes list California as among the worst places to do business and “even if that isn’t the truth, perception becomes reality.”

Newsom said his trip to Texas to investigate their economic development program showed him that they have a much different attitude towards job creation characterized by “what can we do to help?”—an attitude that is not exhibited in California.

“We need to get back into the manufacturing game,” Newsom said, noting that California is one of only three states that taxes manufacturing equipment.

“We have been stuck in the old ways of doing things,” Newsom said, adding that the state currently has “no trade strategy, no exports strategy, and no organized economic development team” which has lead to “pretty paltry results” on job creation.

Newsom said he is lobbying the federal government to get a patent office located in California as part of his desire to implement a new place-based economic development strategy.

Another major proposal forwarded by Newsom calls for the establishment of a new state economic development agency to coordinate the 36 state agencies that currently participate in state economic development. He said that Assembly Speaker John Perez has introduced a bill to create the agency.

Carl Guardino, president and CEO of the Silicon Valley Leadership Group, said Newsom’s plan represents the state’s first-ever jobs and competitiveness strategy that was put together in large part by engaging CEOs and business executives.

In developing the agenda, Newsom enlisted the support of some influential groups and people including Governor Jerry Brown, the Silicon Valley Leadership Group, the Brookings-Rockefeller Project on State and Metropolitan Innovation, the McKinsey Global Institute, the California Business Roundtable, and the California Labor Federation, among others.

Newsom also hosted a panel discussion that included a vibrant discussion from CEOs and economic development leaders.

The report proposes a number of common sense ideas and includes a timeline for implementing various pieces of the agenda.

Newsom said he also plans on making recommendations within 120 days for legislation to redirect existing state resources to job creation.

Newsom stressed that the report is only the beginning and seeks to kick off a dialogue in which the report will function as an 'organic' document that will be continually updated.

The agenda presented focuses on eight pillars "that are essential in delivering the Next Economy." These include: embracing exports as the core focus of an economic development strategy, reinvigorating manufacturing, driving innovation, accelerating the clean economy, building infrastructure, collaborating with regions and metropolitan areas, and streamlining the state's clusters of agencies, commissions, offices and entities engaged in economic development.

The panels of California CEOs also provided input on how to create jobs and economic development in the state. The suggestions included: lowering costs of doing business, regulatory reform, incentives to purchase California items, the enactment of a sales tax exemption for the purchase of manufacturing equipment, a complete overhaul of the state's education system, improving graduation rates of students in science and engineering, consistent funding for the state's community colleges and universities, and changing the state's eight-hour overtime rule back to a forty-hour per week rule to allow for additional labor market flexibility.

Newsom said he would need the participation of CEOs to get his proposals implemented.

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