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### From NBLC's President & CEO



*Numerous people have observed that the recovery is “stuck in the mud.” What is really muddy is the understanding of how to measure the real progress of the new American economy. The old ways of tracking how we were doing economically as a country and as individuals are often no longer appropriate and/or informative. The transformation of the economy on several levels demands that we find better ways to measure what is happening and what it means to our economic competitiveness. In this issue, we look at the ways that the American economy is pulling itself out of the mud, how statistics and indicators can mislead, and why America is the Comeback Kid!*

*Cynthia Murray*

### SAVE THE DATE – November 2, 2012

*NBLC Signature Event:* Leaders of the North Bay Annual Luncheon, Embassy Suites, San Rafael  
11:30 a.m. – 1:30 p.m.

### America: The Comeback Kid!

The July 14, 2012, issue of *The Economist* provides great fodder for the view that things are much better than they appear. In “Comeback Kid: America’s economy is once again reinventing itself,” it says, “America’s economy is certainly in a tender state. But the pessimism of the presidential slanging-match misses something vital. Led by its inventive private sector, the economy is remaking itself. Old weaknesses



are being remedied and new strengths discovered, with an agility that has much to teach stagnant Europe and dirigiste Asia. In the past three years that repair has proceeded fast. America’s houses are now among the world’s most undervalued: 19% below fair value, according to our house-price index. And because the Treasury and other regulators, unlike their euro-zone counterparts, chose to confront the rot in their financial system quickly, American banks have had to write off debts and raise equity faster than their peers. American capital ratios are among the world’s highest. And consumers have cut back, too: debts are now 114% of income.”

The article goes on to stress that new strengths have also been found. “One is a more dynamic export sector. The weaker dollar helps explain why the trade deficit has shrunk from 6% of GDP in 2006 to about

4% today. But other, more permanent, shifts—especially the growth of a consuming class in emerging markets—augur well. On the campaign trail, both parties attack China as a currency-fiddling, rule-breaking supplier of cheap imports. But a richer China has become the third-largest market for America’s exports, up 53% since 2007.”

It also details how American exporters are changing. Beyond the familiar products are a “boom, too, in high-value services (architecture, engineering and finance) and a growing ‘app economy,’ nurtured by Facebook, Apple and Google, which employs more than 300,000 people; its games, virtual merchandise and so on sell effortlessly across borders. Constrained by weakness at home and in Europe, even small companies are seeking a toehold in emerging markets. American manufacturers are recapturing some markets once lost to imports, and pioneering new processes such as 3D printing.”

America is the world’s third-largest oil producer. And cheaper homegrown energy has reduced oil imports with “net imports of oil this year are on track to be the lowest since 1995, and America should eventually become a net exporter of gas.” In addition, America leads in shale gas production whose development was financed by the Federal government and unfettered like in Europe with restrictive environmental regulations and “limited property rights.” The article claims, “In America shale has already lowered consumers’ energy bills and, by displacing coal, carbon emissions. In future, it will give a spur to the domestic manufacture of anything needing large amounts of energy.”

It concludes that “America’s work-out is not finished. Even when the results are more visible, it will leave many problems unsolved. Because the companies leading the process are so productive, they pay high wages but do not employ many people. They may thus do little to reduce unemployment, while aggravating inequality. Yet this is still a more balanced and sustainable basis for growth than what America had before—and a far better platform for prosperity than unreformed, elderly Europe.”

It also advises that our next president should first focus on keeping these economic engines going and not succumb to actions that would “discourage domestic investment and production” of this cheaper energy. The article points out, “A braver Mr. Obama would expedite approval of gas exports. For his part, Mr. Romney should back off his promise to brand China a currency manipulator, an invitation to a trade war.”

Second, it urges (as do we all!) that “the next president should fix America’s ramshackle public services. Even the most productive start-ups cannot help an economy held back by dilapidated roads, the world’s most expensive health system, underachieving union-dominated schools and a Byzantine immigration system that deprives companies of the world’s best talent. Focus on those things and you will be surprised what America’s private sector can do for itself.”

## San Rafael Students Graduate from NBLC Algebra Academy

Twenty-four students from Davidson Middle School, San Rafael, graduated from NBLC’s Algebra Academy in a ceremony held at the Marin County Civic Center on June 29. The students, all English language-learners, completed the three-week program held at host worksites where they received real-world applications for algebra. Algebra is a key skill needed to become college and career ready.

Our thanks to the hosts including Kaiser Permanente, Central Marin Sanitation Agency, Marin Sanitary Service, Marin County Public

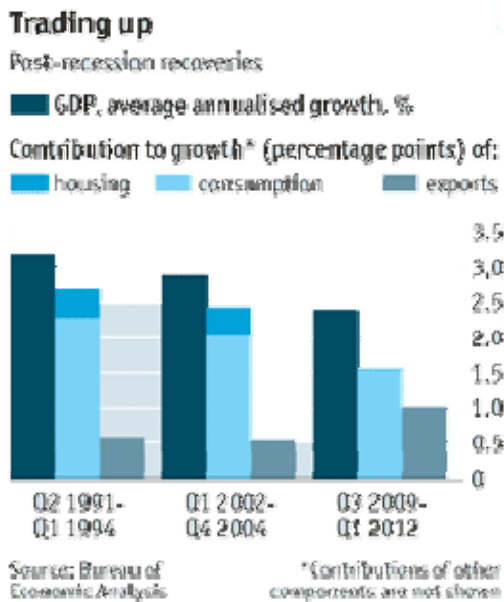


Works, Cultural Center of Marin, Redwood Credit Union and Marin County Sheriff's Department. We also appreciate our partner, San Rafael City Schools, especially teacher, Karen Junker. NBLC also thanks our sponsors: PG&E, Lucasfilm Ltd., Ghilotti Construction Company, BioMarin Pharmaceutical Inc., Kaiser Permanente, Redwood Credit Union, Buck Institute for Research on Aging and American Council of Engineering Companies.

Congratulations to the graduating students for a job well done! For more information on the NBLC Algebra Academy public/.private partnership program or to become a host organization or sponsor, please contact [stanner@northbayleadership.org](mailto:stanner@northbayleadership.org).

### Key to U.S. Success: Increase Exports + Fix Immigration = Create new Jobs

Another article in the same issue of the Economist (Points of light: Amid the gloom there are unexpected signs of boom, especially in energy, The Economist, July 14, 2012) delves deeper into the export growth we have experienced. With the shift from a consumer-focused economy to a "more outward-looking one, what businesses sell, and how and where, will change too. And all sectors will be affected: services, manufacturing and commodities. This is most obvious in the geographical pattern of American exports. Sales to traditional markets in the OECD, a rich-world club, have risen 20% since the end of 2007. But they have risen 51% to Latin America and 53% to China, which is now America's third-largest market after Canada and Mexico. For services, exports to Brazil, India and China nearly doubled between 2006 and 2010. This trend has been pushed on by digital technology, which makes effortless the sale of many services across borders."



The retreat of American manufacturing is reversing for many reasons. Auto sales have rebounded, housing starts are up. "Meanwhile, a falling dollar and restrained pay-scales in America have combined with rising wages in China to make outsourcing less attractive. A few companies have even brought jobs back to America. Manufacturing employment has risen steadily for two years now."

The bright light is smaller companies moving into the export market. "With a big prod from the federal Export-Import Bank, more are trying to sell goods overseas. According to the Census Bureau, 293,000 companies exported in 2010, up 19% from 2006. Small companies (with fewer than 500 employees) accounted for 34% of exports in 2010, up from 29% in 2006." That bodes well for the North Bay manufacturers.

The article reveals that "the biggest impact of the shale-gas boom will be felt downstream. Surging gas

prices in the early 2000s prompted petrochemical manufacturers to move capacity from America to the Middle East, contributing to the loss of roughly 140,000 jobs in the American industry, according to the American Chemistry Council (ACC). The ACC has counted \$30 billion-worth of new investments that will boost ethylene capacity by a third. It reckons this could generate, at a conservative estimate, 17,000 permanent jobs directly and many more indirectly. Such jobs pay well: new hires generally start at around \$50,000 and, with overtime, could earn up to \$100,000."

And if we really want to spur job creation, let's fix immigration. Here are some of the ways immigrants have boosted our economy (from Ten Ways Immigrants Help Build and Strengthen Our Economy, *By Jason Furman, Principal Deputy Director of the National Economic Council, and Danielle Gray, Deputy Director of the National Economic Council.*)

1. **Immigrants start businesses.** According to the Small Business Administration, immigrants are 30 percent more likely to start a business in the United States than non-immigrants, and 18 percent of all small business owners in the United States are immigrants.
2. **Immigrant-owned businesses create jobs for American workers.** According to the Fiscal Policy Institute, small businesses owned by immigrants employed an estimated 4.7 million people in 2007, and according to the latest estimates, these small businesses generated more than \$776 billion annually.
3. **Immigrants are also more likely to create their own jobs.** According the U.S. Department of Labor, 7.5 percent of the foreign born are self-employed compared to 6.6 percent among the native-born.
4. **Immigrants develop cutting-edge technologies and companies.** According to the National Venture Capital Association, immigrants have started 25 percent of public U.S. companies that were backed by venture capital investors. This list includes Google, eBay, Yahoo!, Sun Microsystems, and Intel.
5. **Immigrants are our engineers, scientists, and innovators.** According to the Census Bureau, despite making up only 16 percent of the resident population holding a bachelor's degree or higher, immigrants represent 33 percent of engineers, 27 percent of mathematicians, statisticians, and computer scientist, and 24 percent of physical scientists. Additionally, according to the Partnership for a New American Economy, in 2011, foreign-born inventors were credited with contributing to more than 75 percent of patents issued to the top 10 patent-producing universities.
6. **Immigration boosts earning for American workers.** Increased immigration to the United States has increased the earnings of Americans with more than a high school degree. Between 1990 and 2004, increased immigration was correlated with increasing earnings of Americans by 0.7 percent and is expected to contribute to an increase of 1.8 percent over the long-term, according to a study by the University of California at Davis.
7. **Comprehensive immigration reform would create jobs.** Comprehensive immigration reform could support and create up to 900,000 new jobs within three years of reform from the increase in consumer spending, according to the Center for American Progress.

### Entrepreneurs: Try Co-Working for Greater Success – Creativity Loves Company

Co-working is the rage among entrepreneurs who get that they will have a greater chance of their start-up company succeeding if they work in a stimulating environment with other innovative, risk takers. A new opportunity to launch your new idea exists at the North Bay iHub in Rohnert Park. The new co-working space provides all any entrepreneur needs to get started, such as video conferencing equipment, conference rooms, WIFI, mailboxes, lounge, events and more.



At the iHub, you will be joining a community of interesting, creative people just like you! Co-working allows the individual entrepreneur, freelancer, or commuter to get out of their home office or local coffee house, and into a professional workplace fully furnished and supplied with office equipment, security, parking, etc. with no need to shell out expensive deposits. There are a variety of monthly memberships available that give you a choice of what works best for you. And take advantage of the special 10% discount after 6 months of consecutive payment! For more information, go to <http://northbayihub.org/co-working>.

## MEMBERS IN THE NEWS

### **Basin Street Properties' Redwood Business Center Nears Full Occupancy with Two Tenant Expansions**

Basin Street Properties, a prominent Northern California and Northern Nevada real estate investor of commercial and mixed-use properties, announces two tenant expansions in its Redwood Business Center. Longtime tenants Cyan and Keller Williams Realty, Inc. collectively added 8,700 square feet to their leases, bringing the 58,300-square-foot building, located at 1383 North McDowell Blvd., to 98 percent occupancy.

### **Autodesk expands in Marin**

After vacating some headquarters space in Marin over the past several years, software maker Autodesk Inc. (NYSE: ADSK) is regaining some of its local presence.

### **Buck Institute Featured on CBS Sunday Morning**

Buck faculty Gordon Lithgow joins a group of prestigious scientists interviewed by correspondent Barry Petersen in a CBS Sunday Morning cover story which aired July 8. The piece focused on longevity research, the secrets of the long-lived and efforts to give people extra years of good health.

### **St. Joseph Health appoints new President**

St. Joseph Health named a new executive Tuesday to oversee its two hospitals and other operations in Sonoma County. Todd Salnas, executive vice president and chief operating officer, has been promoted to the role of president of St. Joseph Health Sonoma County, the second-largest private employer in the county.

### **Agilent Technologies Inc. donates \$100,000 to Colorado fire effort**

The Agilent Technologies Foundation has donated \$100,000 to the American Red Cross in response to the Waldo Canyon fire in Colorado and pledged to match employee gifts to the effort up to \$50,000.

**Read more online at [www.northbayleadership.org/news](http://www.northbayleadership.org/news)**



### **Who We Are**

Twenty one years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes over 43 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 / E-mail [info@northbayleadership.org](mailto:info@northbayleadership.org)

**[www.northbayleadership.org](http://www.northbayleadership.org)**