

INFRASTRUCTURE, GOVERNANCE AND THE LOS ANGELES GATEWAY

In *Globalizing L.A.: Trade, Infrastructure and Regional Development* (2004), Steven Erie, Professor of Political Science at the University of California, analyzes the reasons for Los Angeles' startling economic growth and current challenges. Erie argues that effective local governance of the construction and management of trade infrastructure has been a catalytic yet unappreciated factor in the transformation of LA into North America's gateway to the Pacific.

In GDP rankings the Los Angeles Metropolitan Area ranks ninth in the world, one place behind Canada. At the turn of the millennium fourteen percent of US global merchandise trade passed through Los Angeles as compared with twelve percent through New York. More containers pass through LA's ports than any city in the world other than Hong Kong and Singapore. Southern California has also become a centre of service exports, higher education, immigration, high levels of foreign direct investment and the entertainment industry. The region's three ports, two railway carriers, highways and six airports dwarf west coast rivals in total capacity. In 2001, the \$2 billion Alameda Corridor was completed as a 20-mile expressway for trains and trucks shuttling cargo between the port and major transcontinental rail facilities.

Scholars tend to explain LA's success with economic arguments. The 'Los Angeles School' views the city as the meeting place of all things capitalist. For this group of planners, geographers, sociologists, and historians, based primarily at UCLA, the most notable of which are Allan Scott and Edward Soja (1996), LA embodies a city that has been remolded by a multi-faceted global restructuring process. The 'New Boosters,' of whom Joel Kotkin (2001) is perhaps the most well known, emphasize the dynamism of globally connected local entrepreneurs, especially immigrant entrepreneurs.

Erie's explanation for LA's success is more than economic. For him, the key to Los Angeles's growth has been its ability to construct and effectively manage large-scale and superior trade infrastructure. The author argues that what local governments do to provide and manage trade infrastructure (e.g. ports, railways and airports) fundamentally matters to their global competitiveness. Yet local governments also need to balance economic imperatives with community and environmental concerns. Much of the book is concerned with the battles of the 1990s between powerful NIMBY ('not in my backyard') driven community groups and environmental regulators with developers and businesses. For Erie the resolution of these tensions requires more effective and innovative urban governance.

Erie explains LA's growth through an analysis of the historical interaction between local government, business and infrastructure construction. In the 1870s LA's poor harbour was paradoxically chosen as a railway hub because the Southern Pacific Railroad considered near-by San Diego's magnificent harbour as a competitive threat to its port installations in San Francisco. Between 1880 and 1906 the business community, particularly the Southern Pacific Railroad, dominated the local state apparatus and promoted laissez-faire growth. In 1907 however, the city officially founded the port and created, amongst other agencies, the Los Angeles Board of Harbor Commissioners.

Such bodies managed a wide range of port and airport installations and were led by a 'visionary breed of public entrepreneurs.' Their expansive policies were endorsed and legitimized by a series of low turnout local elections, which often involved the co-opting of city employees. Local government remained closely allied to business throughout the twentieth century. What has been termed a 'developmental state' or 'frontier statism' emerged; an effective alliance between an autonomous state bureaucracy, voters and business which was prepared to make major investments in trade infrastructure (e.g. port and airport installations) for long-term economic gain.

More recently the Mayor and City Council have gained increasing control over the management of infrastructure installations such as the port and airport. There is now a central city government which controls a number of quasi-independent agencies reporting to the Mayor; including the Port of Los Angeles, World Airports Authority (LAX, Ontario, Palmdale), Alameda Corridor Transportation Authority and the Department of Water & Power. Existing governance arrangements promote long-term capital investment, trade, and job growth by preventing undue local political interference.

LA's strong local government allied with business and the electorate has been able to take advantage of a number of opportunities such as proximity to the Panama Canal, Naval investment, trade with a growing East Asian market and with NAFTA partners, and in the case of Long Beach, the discovery of oil. Local government also effectively lobbied federal and state governments. Washington became a particularly important financier of infrastructure development, especially during World War Two. LA has also been able to overcome a number of challenges. The city even managed to emerge from the Great Depression with strengthened harbour installations. Since 1990 challenges have included: military spending cutbacks which hurt the important arms industry of the region; stringent federal air quality and emissions controls; the threat of secession of various sectors of the city; competition from east coast ports for Asian shipping; and the ten day lock out of port workers in 2002.

What does the future hold for LA? The central challenges for LA range from; growing environmental stress and environmental regulations; to slumps in domestic and Asian demand since September 11th; to security requirements and border slow downs; to sharp income disparities. For Erie, however, the Achilles Heel of the Los Angeles economy is its airport. The new economy depends on more than the much-heralded telecommunications, but also on high capacity gateway airports. LA's trade pre-eminence does not currently extend to airborne commerce. Only twelve percent of US airborne trade in 2001 passed through LA as compared to twenty four percent through New York. The author claims that regional competitors such as Phoenix or Las Vegas will fill the short fall in air traffic and Los Angeles will begin to lose its place in the global economy. Erie therefore argues that the proposals made by Mayor Hahn that stress airport security and modernization must be accompanied by expansion.

Erie is unequivocal: as it has done since the late nineteenth century Los Angeles will have to continue to build infrastructure to compete in the global economy. There are a number of implications for the Canadian context:

- Los Angeles may in some respects be an example for Pacific and Atlantic cities which aim to transform themselves into gateway ports.
- Infrastructure makes a crucial contribution to the economic development of a port.

- Today, high airport capacity is particularly important for global competitiveness.
- Good governance facilitates economic development by increasing the global competitiveness of infrastructure. Good governance involves relatively autonomous but coordinated government agencies that work in partnership with business and the community. Good governance, infrastructure development and economic growth are therefore closely related.
- Los Angeles faces a number of acute social, economic, environmental and political challenges in the future.

References

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