



“Moving Forward” Jobs in the Goods Movement Sector

**Jon
Haveman**
Principal

BEACON *Economics*

Outline

- Trade magnitudes
- Impacts of port activity
- Conventional Wisdom v. Reality
on the jobs front
- Summary



BEACON *Economics*

Waterborne Goods Movement is Important in California

- **Bay Area:**
 - \$46 B in 2006 (M exceeds X 3-1)
 - 81 B lbs in 2006
- **Southern California**
 - \$325 B in 2006 (M exceeds X 6-1)
 - 283 B lbs in 2006



BEACON Economics

California's Major Ports (2006)

Port	Value		Volume		Containers	
	(\$B)	U.S. Rank	(lbs B)	U.S. Rank	Million TEUs	U.S. Rank
Los Angeles	226	1	171	3	8.5	1
Long Beach	79	4	77	10	7.3	2
Oakland	34	11	37	26	2.4	4
Hueneme	7	33	3	80	--	--
Sacramento	0.2	98	1.1	103	--	--



BEACON Economics

How important is port activity?

Benefits	Costs
Employment	Pollution
Tax Revenue	Congestion
Profits	Infrastructure
Increased Competition	Land Use
	Aesthetics
	Security



Ports and Employment

- Goods movement seen as wave of employment future
 - Logistics jobs taking over for manuf as source of good jobs for unskilled workers
- Conventional wisdom:
 - Port activity increases employment
 - Port activity creates good jobs
 - High wages
 - Upward mobility



Questions Remain Regarding Employment Effects

- Wages
- Upward mobility
- Quantity



BEACON Economics

Wages: Means v. Medians

- MEAN wages for logistics: \$47,000
- MEDIAN wages for logistics: \$32,000
- Bottom quartile: \$18,000
- It is in this bottom quartile that most of the unskilled workers would be employed



BEACON Economics

Upward Mobility

- No evidence that these jobs provide more upward mobility than other jobs
- Better paying jobs in this sector increasingly require a college education (Sales)
- Entry level jobs opportunities estimated to outnumber upper tier jobs
 - By 18 to 1 over the next 6 years



Quantity of Employment

- Very little evidence
 - LA area does not have a disproportionately high number of logistics jobs
- LAEDC Estimate of 450,000 jobs
 - In a region of 8 million workers (5%)



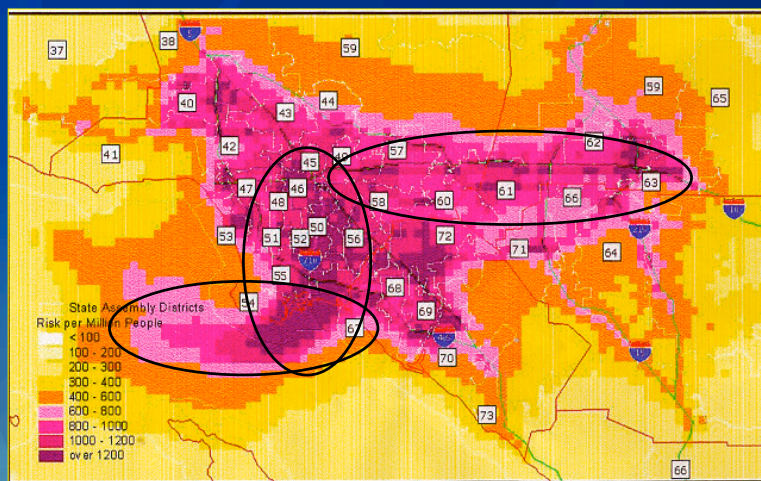
Could be Questioned as A Regional Employment Strategy

- Quantities are not very large
- Quality, given worker characteristics, is questionable
- *These jobs have a large footprint!*



BEACON Economics

LA's Pollution Problem: The Ports are Major Contributors



Increased Cancer Risk per Million people from to Diesel Emissions

BEACON Economics

LA's Congestion Problem: I-710 w/ and w/o Port Traffic



An Average Day



A Day During the Port Closure: '03

BEACON Economics

Land Use

- Ports:
 - Waterfront property
- Warehousing/distribution centers:
 - Remarkably few jobs per sq ft
- Truck traffic:
 - Widening the 710 in LA from 6-14 lanes

BEACON Economics

Aesthetics

- Ports tend to reduce the desirability of surrounding neighborhoods
 - Equipment storage: mountains of containers
 - Port footprint
 - Cranes at the end of the road where there was open water
 - Pier 400 – changed blue water view of San Pedro hills to blue crane view



BEACON Economics

Summary

- The conventional wisdom is highly suspect
- These jobs appear to be quite expensive
- May exacerbate, not solve, the problem of unskilled workers



BEACON Economics

Beacon Economics is an independent consulting firm providing a variety of economic support services to clients across the western United States.

Our Services Include:

- Custom Presentations for Public and Private Events
- Litigation Support and Damage Estimation
- Regional Economic Outlooks and Conferences
- Market Analysis and Forecasts
- Cost-Benefit Analyses
- Public Policy and Development Studies

For more information

Go to:

www.BeaconEcon.com

E-mail:

Jon@BeaconEcon.com

Call:

[415-457-6006](tel:415-457-6006)



*Jon Haveman and
Chris Thornberg*



BEACON *Economics*