

Testimony for hearing on HB 5523

By Dave Porter

For the Public Testimony session on 4/4/13

Staffing for Exports in the Governor's Office

Chairpersons Representative Smith and Senator Steiner Hayward, and members of the Ways and Means Subcommittee on General Government.:

Please fund one person in the Governor's Office to coordinate a high-level, high-priority, and strategic effort across diplomatic, educational and economic development domains to increase the export of Oregon goods and services.

Oregon does not have a coordinated, high-priority, diplomatic, educational and economic development effort targeted at increasing the export of Oregon's good and services. This is no minor issue. Now and in the future, Oregon's best economic development opportunities are and will be to sell more goods and services abroad. That is where the large and growing markets are and will be. Much more could be done. Change is needed. Leadership has been lacking from the Governor and the Governor's Office. Yes, there are some trade delegations from Oregon going abroad (including some with the Governor), some staff and financial support in Business Oregon, and some transportation and port infrastructure projects related to international trade. And yes, there are diplomatic efforts to manage the many foreign delegations coming to Oregon for trade and other reasons. But these efforts do not have the priority, nor the financial support, nor the coordination, nor the strategic aggressiveness needed for Oregon to maximize its exports.

And, while the Governor's Office is in the midst of substantial educational reforms efforts, none of those efforts are directed at creating an Oregon workforce that can design, develop and sell goods and services in those large, rapidly growing foreign markets. Oregon is not doing enough to promote and teach the foreign languages, like Mandarin, spoken in these foreign markets. It is not sending enough students to study abroad in these foreign markets. In its higher education schools of education, Oregon is not training enough of the foreign language immersion teachers which Oregon's K-12 education system needs, nor is it providing the educational leadership Oregon's K-12 system needs to transition to many, many more foreign language immersion programs. Oregon needs to educate its next generations for exports and there is no leadership coming from the Governor's Office.

GLOBAL TRENDS 2030:
ALTERNATIVE
WORLDS
a publication of the National Intelligence Council



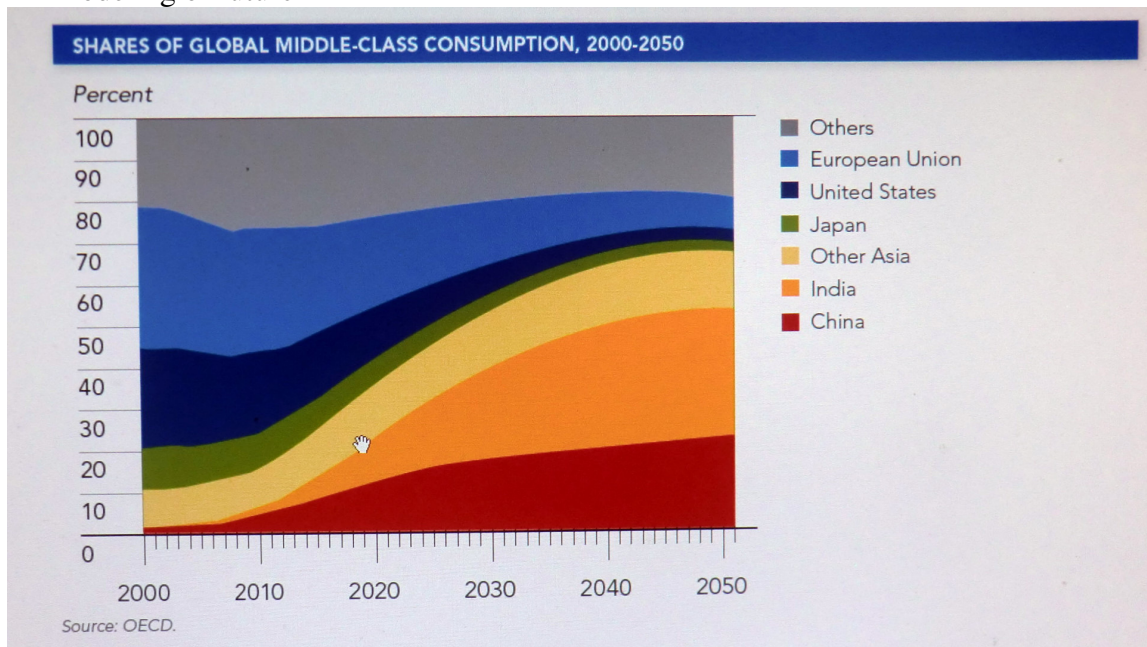
As background on the changing global economy to which the Governor's Office needs to respond, consider the following: In December 2012, the U.S. government's National Intelligence Council (associated with the Office of the Director of National Intelligence) published its report "Global Trends 2030: Alternative Worlds." It documents the growth and importance of foreign markets and middle class consumers abroad.

From the report (page 3):

“Middle classes most everywhere in the developing world are poised to expand substantially in terms of both absolute numbers and the percentage of the population that can claim middle-class status during the next 15-20 years. Even the more conservative models see a rise in the global total of those living in the middle class from the current 1 billion so to over 2 billion people. Others see even more substantial rises with, for example, the global middle class reaching 3 billion people by 2030. All the analyses we reviewed suggest that the growth of the middle class will occur in Asia, with India somewhat ahead of China over the long term. According to the Asian Development Bank, if China “achieves the new plan target of increasing household expenditures at least as rapidly as GDP, the size of its middle class will explode” with “75 percent of China’s population enjoying middle-class standards and \$2/day poverty will be substantially wiped out.” Goldman Sachs in its study of the global middle class underlined that even not counting China and India, “new [middle class] entrants would still be larger than the world has seen for many decades.”

And:

“The health of the global economy will be increasingly linked to how well the developing world does—more so than the traditional West. The developing world already provides more than 50 percent of global growth and 40 percent of global investment. Its contribution to global investment growth is more than 70 percent. China’s contribution is now one and a half times the size of the US contribution. In the World Bank’s baseline modeling of future



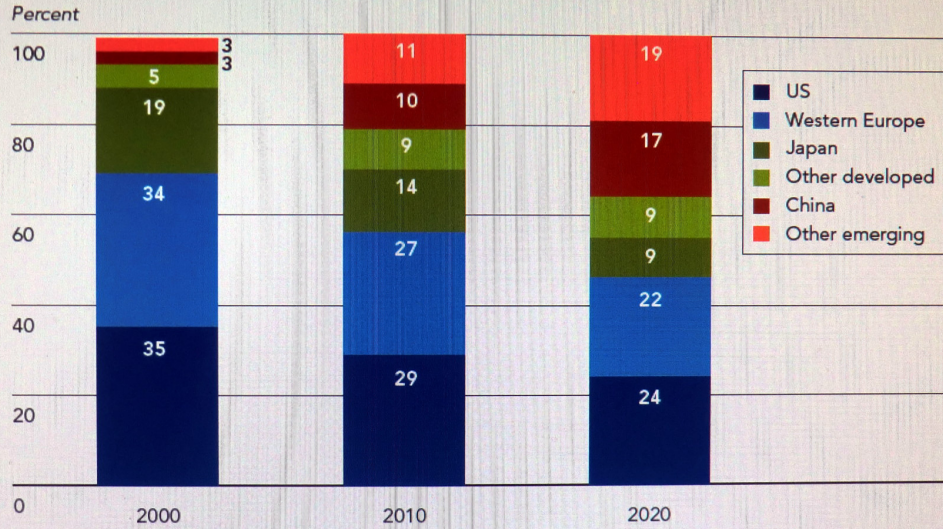
economic multipolarity, China—despite a slowing of its economic growth—will contribute about one-third of global growth by 2025, far more than any other economy. The world economy no longer depends on US consumers but on investment growth in emerging countries.”

And:

“In light of these trends, emerging market demand for infrastructure, housing, property,

EMERGING MARKETS' SHARE OF FINANCIAL ASSETS, 2000-2020

By 2020, emerging markets' share of financial assets is projected to almost double.^a



^a Assumes consensus GDP forecasts for individual countries and that emerging markets' currencies appreciate vis-à-vis the US dollar.

Source: McKinsey Global Institute, *The Emerging Equity Gap: Growth And Stability In The New Investor Landscape* (2011).

and manufacturing plants and equipment will raise global investment to levels not seen in four decades. Emerging market countries, with their faster growth rates and higher saving rates, will become the most important source of global finance, nearly doubling their share of the world's financial assets during the next decade or so.”

Our next generations will live in a very different global economy. Oregon needs to adapt. The Governor's Office needs to adapt and provide the leadership for Oregon to grow its exports now and in the future. So, again, please fund one person in the Governor's Office to coordinate a high-level, high-priority, and strategic effort across diplomatic, educational and economic development domains to increase the export of Oregon goods and services.

Thank you.

Sincerely – Dave Porter
1113 SE Cora Street, Portland, OR 97202

PS: The introduction to the NIC's "Global Trends 2030: Alternative Worlds" reads:

Introduction

The backdrop for *A Tale of Two Cities* was the French revolution and dawn of the industrial Age. **We are living through a similar transformative period in which the breadth and scope of possible developments—both good and bad—are equal to if not greater than the aftermath of the political and economic revolutions of the late 18th century.**

“It was the best of times, it was the worst of times.... it was the spring of hope, it was the winter of despair.... we were all going direct to Heaven, we were all going direct the other way” - Charles Dickens, *A Tale of Two Cities*