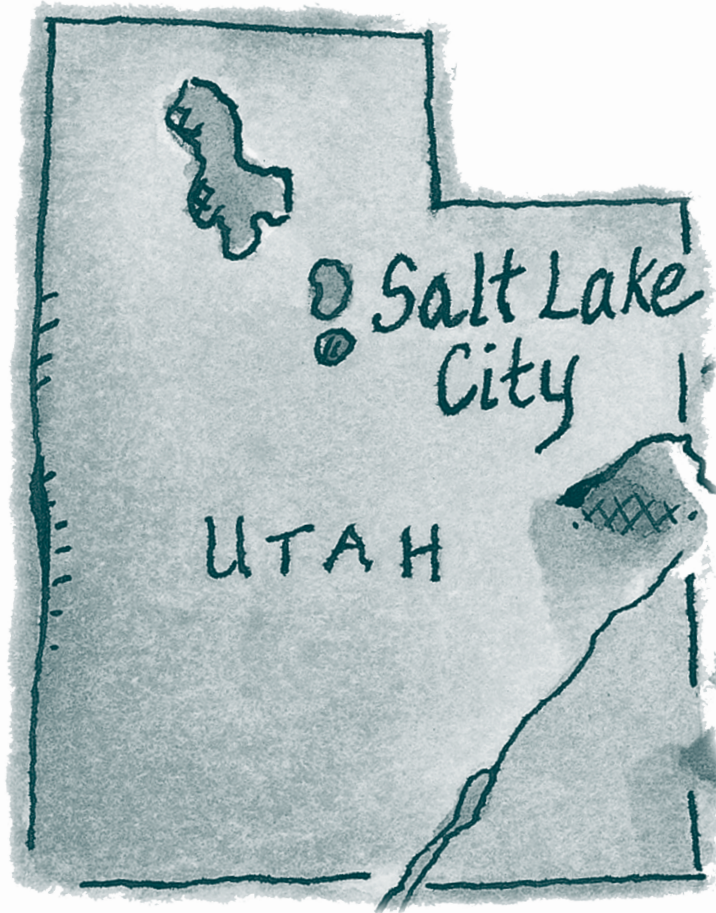


# MAPPING GLOBALIZATION ALONG THE WASATCH FRONT



by  
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Graduate Student in Public Policy, Brigham Young University  
with  
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JANUARY 2002



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The Pacific Council on International Policy aims to promote better understanding and more effective action, by private and public sector leaders alike, in addressing a rapidly changing world. It brings together leaders from diverse communities across the western United States and around the Pacific Rim. Its focus is the interaction of global trends and local effects as national borders become more porous, traditional concepts of “public” and “private” blur, and what constitutes “policy” itself is changing.



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PACIFIC COUNCIL ON INTERNATIONAL POLICY

*THE WESTERN PARTNER OF THE COUNCIL ON FOREIGN RELATIONS*



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## SUMMARY

The Wasatch Front of Utah—a four-county area with Salt Lake City as the hub—is not typical of urban areas elsewhere in the U.S. West that are strongly integrated into the global economy. It is located far inland, away from the seaports and international airports that facilitate world trade. It remains predominantly white, while coastal cities grow increasingly international with an influx of immigrants from Latin America and Asia, many of whom maintain commercial ties with their homeland.

Yet the Front has benefited greatly from globalization. This report examines the forces driving the landlocked region's integration with the rest of the world and looks at what yet needs to be done to maximize the benefits globalization can offer. Among the findings:

***The Mormon Church has had a dramatic impact on the globalization of the Wasatch Front.***

Because Utah is predominantly Mormon and many young men serve in church missions abroad, about 30 percent of U.S.-born adult males in the state speak a second language and have lived overseas. This language expertise and overseas experience have attracted many large companies to move to the Wasatch Front and have helped local companies build foreign networks. This global networking can be expanded further. On the negative side, the network can seem exclusive to outsiders—and occasionally is.

***The 2002 Winter Olympics provides a unique opportunity for the Front to develop business relations with the rest of the world.***

State economic development officials are using the 2002 Winter Olympics to bring together business people from around the world to meet with their counterparts along the Front. More than one-fourth of the 84 participating countries plan to set up hospitality centers in the Salt Lake City area that will bring together their business representatives with counterparts in Utah. The Front also has used the Olympics to upgrade infrastructure that should make the region more attractive to investors.

***Salt Lake City, the hub of the Wasatch Front, lags some other inland cities in developing international programs and infrastructure for international trade.***

Salt Lake City lacks the large international airport and non-stop overseas flights that service some other cities, Denver being a good example. Salt Lake City also has not adequately studied the range of options available for promoting itself globally, such as teaming up with other Western cities to encourage tourism.

***Wasatch Front governments need to provide better regional planning and better educational opportunities to achieve the maximum benefit from globalization.***

Better regional planning for economic development, environmental and energy concerns, transportation, and affordable housing should boost foreign investment and make the region even more attractive to export-oriented companies, particularly those involved in information technology. In education, foreign-language training should begin as early as the fifth grade in public schools and appropriations to allow increased university graduates in technical fields such as engineering and computer science should be a priority.





## PREFACE

The first in a series of papers from a major Pacific Council project, Mapping the Local Implications of Globalization, looked at the San Diego-Tijuana region. Written by Richard Feinberg, it is entitled *San Diego, Baja California and Globalization: Coming From Behind*. This second paper looks at a very different region, Utah's Wasatch Front. It is inland, not on the Pacific coast, and it lacks a major international corporation like Microsoft or QUALCOMM.

While flows of migrants from Mexico to San Diego are changing the face of "San Tijuana," the Wasatch Front remains predominantly white. While international trade, especially in the form of the exports of northern Mexico's *maquiladora* processing plants, is a notable feature of globalization in the San Diego region, the Front is much less prominent as an exporter. Indeed, a third of its exports are traditional products, primarily copper and steel, not high tech.

Yet globalization is a fact of life for the Front as well. It is using the 2002 Olympics as a kind of coming-out party, to revamp its infrastructure and to raise its global profile. And like other regions the project has examined—Seattle, Silicon Valley and the Bay Area, and Los Angeles—the Front worries about the adequacy of its infrastructure and its institutions for making the most of the global economy.

The dominance of the Mormon Church, to which upwards of two-thirds of the region's people belong, makes the Front unique among the regions we have examined. Because so many young Mormons go on religious missions abroad, it is estimated that nearly one-third of the native-born males in the Front speak a foreign language—a kind of "cosmopolitan capacity" for the region that is not captured in the usual statistics. While other regions bemoan the lack of institutions that can take a region-wide perspective, the Church constitutes a powerful network in the region and beyond—although one that sometimes can appear clannish and inward-looking to outsiders.

The project reflects the Pacific Council's natural preoccupation with the interplay of the local and the global, especially in the American West. Its premise is that today's global economy is striking if not necessarily unprecedented; the global economy is a fact, not a policy. By breaking down barriers of time, distance, and national borders, it has the potential to make people better off. The issues we are examining are how the global economy is manifested in particular city-regions, and how much and in what ways those regions can act to shape their engagement with the global economy.

We express our appreciation to the Ford Foundation for making this important initiative possible, and we are grateful to our colleagues and fellow authors from the project—Sarah Bachman, Richard Feinberg, Xandra Kayden, and Frederick Morris. Raelyn Campbell did her usual superb job of pulling things together.

We would welcome comments from readers. We can be reached at [gregt@rand.org](mailto:gregt@rand.org), and [mparks@usc.edu](mailto:mparks@usc.edu).

Gregory F. Treverton  
Senior Fellow  
December 2001

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## MAPPING GLOBALIZATION

Other papers in the “mapping globalization” project examine the largest metropolitan areas along the U.S. Pacific Coast—Los Angeles, Silicon Valley and the San Francisco Bay Area, Seattle, and San Diego<sup>1</sup>—which have benefited from their position as “gateway” cities rich in ethnic diversity and transportation links to the Pacific Rim.

This paper looks at the impact of globalization and the growing interconnectedness of nations and peoples<sup>2</sup> on a much smaller metropolitan area located in one of the most isolated and landlocked spots in the continental United States—the Wasatch Front communities nestled along the Rocky Mountains. Although this four-county portion of Utah around Salt Lake City is far from a coastal “gateway” city, it nonetheless has surprisingly robust links to the global economy, in large part because the dominant Mormon Church aggressively sends missionaries to all corners of the world, where they hone foreign-language skills and make connections that can become valuable for subsequent business ventures. Leaders in the region also hope that hosting the 2002 Winter Olympics will further boost their globalization efforts.

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## GLOBALIZATION AND THE WASATCH FRONT

A half-dozen years of unprecedented prosperity for the United States were coming to an end even before the terrorist attacks of September 11. Nonetheless, trillions of dollars of wealth were added to U.S. households, and 23 million net new jobs were created after 1993. The international movement of goods, services, capital, technology, and people stands at record levels, and the integration of global markets has had a worldwide effect somewhat analogous to the effect the completion of the transcontinental railroad had on the U.S. economy over 130 years ago.

In 2000, exports of goods and services by American-based companies exceeded \$1 trillion for the first time. More than 12 million jobs are tied to these exports, including one in five in the manufacturing sector.<sup>3</sup> Furthermore, crops from one of every three acres planted by farmers in the United States are destined for overseas markets. More than 6 million Americans now work for foreign-owned companies on U.S. soil, and these corporations account for about 30 percent of U.S. imports and 25 percent of exports.<sup>4</sup>

Federal estimates suggest that 108,000 jobs in Utah are linked to the international economy, representing 10 percent of the active work force. Other ways of calculating the linkage of local employment to the international economy would increase this total by at least 50 percent, not to mention the broader, indirect economic impact.

Exports of business services from Wasatch Front companies could add 20,000 more jobs, and the transshipment of goods and services to other parts of the United States, from which they are eventually transported overseas, could increase the total by another 20,000. Some imports also provide jobs in Utah—for instance, for people who sell and service Toyotas, Hondas, or BMWs, or those who sell clothing at retail stores, most of which is made totally or in part abroad. Utah is also heavily dependent on employment in the defense sector, with many of these jobs linked to the relative stability or

instability in the world around us. Adding all these together, and considering the multiplier effect of suppliers, retailers, transporters, and workers in the agricultural sector, would bring the total number of jobs linked to the global economy to anywhere from 170,000 to 200,000.

Indirectly, very few jobs along the Wasatch Front are insulated from international developments. Even the local hairdresser or dry cleaner can be affected by an economic downturn abroad that would then negatively impact Utah's economy, causing local consumers to rein in their discretionary spending. Moreover, with import penetration at record levels in the United States, almost every good made or service developed along the Wasatch Front faces direct competition either domestically or internationally. Indeed, suppliers outside the Front have been given an extra advantage because they can now be in contact with local consumers or potential customers in almost the twinkling of an eye via cyberspace.

## THE WASATCH FRONT: YESTERDAY AND TODAY

Hundreds of years ago, the Ute, Goshute, Shoshone, and a few other tribes inhabited parts of the area near the Great Salt Lake. Jim Bridger may have been the first person of European descent to set eyes on the Great Salt Lake in 1824, almost 50 years after the 13 Atlantic Coast colonies had declared their independence from Britain.<sup>5</sup> When the Mormon pioneers entered the Salt Lake valley under the leadership of Brigham Young in July 1847, they were seeking refuge, attempting to put more than 1,000 miles between them and the persistent persecution they had encountered in Illinois and earlier in Missouri.

Indeed, their trek westward represented a deliberate exodus from the United States to a largely unexplored wilderness that was then controlled by the government of Mexico. This isolation was relatively short-lived, however, as the United States seized control of half of Mexico, including the vast Utah territory. A generation later, in 1869, the last spike of America's new transcontinental railroad was hammered into the ground at Promontory Point, only a short distance from where the Mormons had initially entered the valley of the Great Salt Lake.

Figure 1  
The Wasatch Front



Counties		Cities	
Salt Lake County	898,000	Salt Lake City	182,000
Utah County	369,000	West Valley City	109,000
Davis County	239,000	Provo	105,000
Weber County	<u>197,000</u>	Sandy	88,000
Total	1,703,000	Orem	84,000
% of Utah's population	76%	Ogden	77,000

The Wasatch Front today comprises four counties—Salt Lake, Utah, Davis, and Weber. It has a combined population of 1.7 million and represents the nation's 27th largest metropolitan area after Kansas City.<sup>6</sup> Salt Lake City, with a relatively modest population base of 181,700, is the hub; Ogden is the major city to the north and Provo the major urban area to the south (Figure I).<sup>7</sup>

Although the Wasatch Front is one of America's smaller metropolitan areas, it appears to be in relatively good shape to confront the challenges of globalization and the so-called New Economy. It has been growing rapidly, with the Provo-Orem area ranking 10th and Salt Lake City-Ogden 39th in the country in population growth during the 1990s. Furthermore, Utah led the nation in the percentage increase in the state's gross product from 1994 through 1998, growing at twice the national rate (Table 1).

*Places Rated Almanac* named the Salt Lake City-Ogden metro area in 1999 as the best place to live in North America. *Money* magazine labeled Salt Lake City as the most livable city in the West in December 2000; in the same month *Inc.* magazine ranked the Salt Lake City-Provo area as the second leading region for entrepreneurial business. Dun & Bradstreet and *Business Start-Ups* magazine have jointly identified the area as the third leading high-tech hot spot and the region ranked second in the nation for new information technology jobs as a percentage of all jobs created in 1999. In a study released in April 2001, the Washington, D.C.-based Progressive Policy Institute ranked the Wasatch Front ninth among the largest 50 metropolitan areas for its ability to adapt to the high-tech new economy, placing it ahead of New York City, Los Angeles, and many other major metro areas. The methodology used by the institute included a specific set of indicators linked to globalization.<sup>8</sup> Reliastar's 2000 ratings of the 125 largest cities in the United States considered the Salt Lake City-Ogden metro area the 13th best place to earn and save money but ranked it only 107th in job quality, with average earnings of little more than \$25,000 per job<sup>9</sup> (Table 2).

Table 1  
Utah's Gross State Product by Industry  
(\$ millions, 1997)

Agriculture and forestry	1,224
Mining	1,654
Construction	3,132
Manufacturing	8,601
Transportation, communications, and utilities	4,709
Wholesale trade	3,383
Retail trade	5,791
Finance, insurance, and real estate	9,119
Services	10,735
Government	7,682

Source: U.S. Bureau of Economic Analysis.

Table 2  
Information Technology 2000 Wage Survey (Median Annual Salaries)

Occupation	Salt Lake City	San Jose	New York City	Dallas/Ft. Worth	Seattle	Phoenix
Object-oriented programmer/analyst	\$62,100	\$83,500	\$73,000	\$67,600	\$66,700	\$66,500
Database analyst	\$67,400	\$113,500	\$89,000	\$74,100	\$73,100	\$67,400
Systems analyst	\$68,600	\$75,900	\$72,100	\$72,100	\$70,200	\$68,100
LAN administrator	\$57,600	\$66,300	\$74,000	\$66,900	\$65,800	\$56,900
PC software Specialist	\$38,800	\$58,700	\$60,000	\$46,700	\$44,900	\$44,700
Software engineer	\$64,500	\$79,600	\$65,500	\$68,400	\$63,700	\$64,600
Internet project manager	\$89,300	\$98,700	\$110,000	\$92,500	\$82,600	\$85,900
Web developer	\$63,200	\$92,100	\$90,000	\$65,000	\$67,900	\$69,800
Web programmer	\$59,800	\$74,600	\$85,000	\$74,700	\$60,600	\$70,400
Webmaster	\$65,700	\$67,200	\$78,500	\$64,900	\$58,300	\$63,600
MIS director-medium sized shop	\$98,500	\$120,500	\$92,000	\$120,800	\$98,500	\$134,600
Mainframe programmer/analyst	\$54,700	\$57,700	\$66,000	\$57,900	\$57,800	\$60,700

Source: Kforce.com, 2000 salary information.

The Wasatch Front has a “city-state” economy that dominates Utah on many dimensions.

The Wasatch Front has a “city-state” economy that dominates Utah on many dimensions.<sup>10</sup> Over 76 percent of the entire population of the state lives along the Front. Economically, the region’s importance is even more pronounced, with 83 percent of the state’s personal income and almost 86 percent of payroll wages concentrated along the Front.<sup>11</sup> The state has benefited from having the second-lowest poverty rate in the nation throughout the latter part of the 1990s: In March 2001, the Salt Lake City-Ogden unemployment rate stood at a very low 3.5 percent, and Utah County’s rate was only 2.8 percent.

Demographically, the Wasatch Front has the youngest population base in the nation and the largest families. It also has the youngest work force nationally, one that is growing at twice the national rate and is expected to expand by 60 percent over the next two decades. The percentage of the adult population in the work force is also well above the national average, at 72 percent of those over 16 versus 67 percent nationally.

About 6 percent of the Front’s population—little more than half of the nation-wide percentage of 10.3 percent—is foreign born. At the beginning of the 1990s about 120,000 residents spoke a language other than English at home. The state still ranks as the 13th “whitest” according to *USA Today’s* diversity index. On the diversity scale, Utah is accorded a score of 27, meaning that there is a 27 percent chance that if one were to pick two people at random statewide, they would be from different races. However, this score is up from 13 in 1980 and 16.6 in 1990.<sup>12</sup>

The Hispanic population in the Wasatch Front more than doubled during the 1990s but still accounts for only 7 percent of the Front’s population (compared with 13 percent nationally). African-Americans account for 1.1 percent (12.3 percent): American Indians and Alaska Natives, 0.8 percent (0.9 percent); and Asians and Pacific Islanders, 2.8 percent (3.7 percent)<sup>13</sup> (Table 3). Although Utah’s residents are still mostly Caucasian, there has been a rapid acceleration in the diversity of the Wasatch Front’s population, and more than 44 percent of the children currently enrolled in the Salt Lake City school district are members of ethnic minority communities.<sup>14</sup>

Table 3  
Wasatch Front Ethnic Diversity, July 1999

County	Hispanic	African-American	Native American	Asian & Pacific Islander
Salt Lake	75,345	9,863	7,726	31,645
Utah	16,269	654	2,580	6,953
Davis	13,697	3,591	1,455	5,774
Weber	19,046	3,954	1,481	3,656
Total	124,357	18,062	13,242	48,028
% of Wasatch Front population	7.3%	1.1%	0.8%	2.8%
% of U.S. population *	12.5%	12.3%	0.9%	3.7%
Minorities as % of Wasatch Front population:			12.0%	
These minorities as a % of U.S. population:			29.4%	

\* 2000 Census data  
Source: U.S. Census Bureau

The Wasatch Front also stands out because of the dominance of one religious group, the Church of Jesus Christ of Latter-day Saints, colloquially referred to as the Mormon Church. In 1990, 64 percent of all the residents of Salt Lake and Weber counties identified themselves as Mormons, as did 74 percent of the residents in Davis County and 90 percent in Utah County.<sup>15</sup> Salt Lake City is also the world headquarters for the Mormon Church, and in the late 1940s a

majority of the 1 million members of the church resided in Utah. In contrast, a majority of the 11 million members of the church today live outside the United States.

The church has always stressed the importance of education, which may be why the region ranks near the top of the nation in literacy and educational attainment rates, in spite of having the largest class sizes from kindergarten through high school. *Expansion Management* magazine ranks more than 1,500 school districts across the country on how well they are preparing students to be a part of the work force, and most of the school districts along the Wasatch Front rank in the top third, with the Provo district ranking in the top 15 percent.<sup>16</sup> One-quarter of all adults in Utah possess at least a bachelor's degree, and the Front ranks number one in the nation in the percentage of households with computers, with more than two-thirds having desktops or laptops.<sup>17</sup> Approximately 80 percent of Front households also have access to high-speed Internet services, far higher than the 55 percent for the state as a whole.

Many in the Wasatch Front may worry about the region's ability to compete against large U.S.-based and foreign-based corporations, but in fact the Front and Utah are very competitive. The Wasatch Front does not have a huge locally based corporation in the same league as Microsoft in Seattle, Intel and Cisco in the Bay Area, QUALCOMM in San Diego, or the entertainment giants in Los Angeles (Table 4). Nevertheless, out of approximately 200 nation-states in the world today, the Wasatch Front—with \$50 billion in annual production of goods and services—would rank as the 48th largest “national” economy, just ahead of Hungary.

Table 4  
 Wasatch Front's Largest Private Employers, 2000

Company	No. of Employees (full-time)	Industry	Location
Intermountain Health Care	14,800	Health care/service	Salt Lake City
University of Utah	10,940	University	Salt Lake City
Convergys Corp.	8,700	Business services	Ogden
Brigham Young University	8,254	University	Provo
Zions Bancorporation	7,820	Financial institution	Salt Lake City
Autoliv ASP, Inc.	7,000	Manufacturing	Ogden
Smith's Food & Drug	5,500	Grocery store	Salt Lake City
Delta Airlines	4,712	Airline	Salt Lake City
Wal-Mart District Office	4,500	Retail/distribution	Sandy
IOMEGA Corporation	4,500	Computer software	Roy
Discover Card	4,200	Financial services	Salt Lake City
Franklin Covey	4,165	Day planners	Salt Lake City
ICON Health and Fitness, Inc.	4,000	Health and fitness	Salt Lake City
Deseret Management	3,950	Retail	Salt Lake City
University Hospitals and Clinics	3,871	Medical	Salt Lake City
First Security Corporation	3,500	Financial institution	Salt Lake City
IHC LDS Hospital	3,500	Medical	Salt Lake City
United Parcel Service	3,000	Delivery/mail service	Salt Lake City
Thiokol	3,000	Aerospace	Salt Lake County
Alcoa, Inc.	3,000	Aluminum manuf.	Salt Lake County

Source: The Utah Major Employers Guide, 1999-2000.

## THE GOVERNMENT ROLE

The Wasatch Front has ceded primacy to the state government in promoting international trade, investment, and tourism.

While many local governments in the United States are engaged internationally, the Wasatch Front has ceded primacy to the state government in promoting international trade, investment, and tourism. The major local governments do have small business development offices, and many maintain “sister city” programs with selected municipalities around the world. The Utah Valley Economic Development Association (UVEDA) is actively involved on a county-wide basis in the southern part of the Wasatch Front, and the privately run Economic Development Corporation of Utah considers the entire Wasatch Front to be its priority area. Some regional government groups—for instance, the Wasatch Front Regional Council and the Mountainland Association of Governments—also look at special issues such as transportation and environmental quality, with transportation planning by far the most successful on a region-wide basis. Nonetheless, the Wasatch Front is not in the same league with the

Silicon Valley Partnership or the Greater Seattle Trade Alliance in terms of effective regional planning and public-private partnerships.

Indeed, the Salt Lake City government is content for the moment to defer to state agencies in developing international linkages, with the notable exception of the 2002 Winter Olympics and Paralympics for handicapped athletes. This stance contrasts with that of Denver, which Salt Lake City often views as its friendly rival in the intermountain West. The international programs of the two cities are light years apart. Denver maintains its own trade office in London and was the first U.S. city to open a trade office in China. It has been successful in convincing foreign carriers to schedule nonstop service from Britain and Germany to Denver and hopes to convince a Chinese airline to do the same from Shanghai or Beijing. Denver’s airport is also one of the largest and most modern in all of North America. Salt Lake City’s airport is functional but is at least a few years away from securing nonstop flights across the Atlantic or the Pacific, even though the airport built a customs facility for such flights several years ago.

To be sure, Denver is three times larger than Salt Lake City (555,000 versus 181,700), and the Denver metropolitan area has about 800,000 more people than does the Wasatch Front, so Denver should be able to be more active internationally. Municipal leaders in Salt Lake City also hope to avoid duplicating services already offered by the state government, knowing full well that state activities will mostly benefit the Wasatch Front anyway. That is also an issue for Denver, which is Colorado’s capital, and some state and city international activities may already overlap. Nevertheless, the Salt Lake City government has not adequately studied the range of options available to it to promote the city globally, whether in terms of sponsoring overseas trade and investment missions, hosting foreign trade delegations, or providing a user-friendly Website that targets an international clientele. The lack of regional cooperation among county and municipal governments along the Wasatch Front concerning economic development and quality-of-life issues is also frustrating, though not so different from what is the case in most other metro areas around the country.<sup>18</sup>



In any event, the state of Utah is leading the way in promoting international competitiveness along the Wasatch Front, and has actually been quite activist for such a conservative state. The International Business Development Office (IBD), which is part of the Utah Division of Business and Economic Development, has on retainer “consultants” in 24 countries that represent more than 80 percent of the world’s population, including the first consultant to represent any U.S. state in India (Table 5). These consultants are paid on the basis of business opportunities they generate for Utah-based companies or their ability to attract foreign direct investment into the state. This network of consultants is the largest of any U.S. state.

Table 5  
Utah’s International Office  
Representatives

Argentina	Italy
Austria	Japan
Australia	Korea
Belgium	Mexico
Brazil	Netherlands
Canada	Philippines
Chile	Singapore
China	South Africa
Germany	Sweden
France	Thailand
India	Taiwan
Israel	United Kingdom

Utah regards this strategy as far better than the much more expensive bricks-and-mortar strategy of states such as California, which operate their own facilities overseas, often staffing them with state government employees or even making quasi-patronage appointments of friends of the governor or other political leaders.<sup>19</sup> Utah, of course, takes the risk that some consultants will perform poorly or that the very best will be hired away by bigger states or even private companies willing to provide better incentive packages. Indeed, some states have already hired away a few of Utah’s most productive consultants.

The IBD sponsors “how to export” seminars for local companies on a regular basis and facilitates participation by local companies in trade shows and trade missions that span the globe. More than 1,500 Utah companies have participated in IBD export seminars and 150 in international trade shows. In 2000 alone, the IBD produced and notarized over 5,000 Certificates of Free Sale directed at foreign governments on behalf of Utah companies. Those certificates, which many countries require before U.S. companies can export products to them, have been especially important for Utah’s growing health-supplement industry in its efforts to increase export sales. The IBD also hosted nearly 60 foreign trade delegations during 2001 and participates annually in 25 international trade shows.

## THE FRONT’S TRADING ABROAD

About 1,200 companies in Utah exported \$3.6 billion in merchandise goods in 1999, making Utah the 35th largest exporter among states, about in line with its rank of 34th in population and 35th in gross domestic product.<sup>20</sup> Over 91 percent of all Utah merchandise exports originated in companies located along the Wasatch Front, and the state’s only Foreign Trade Zone is situated next to the Salt Lake City International Airport. The U.S. Department of Commerce estimates that 61,400 Utah manufacturing jobs were dependent on exports in 1997, but this figure may be significantly underestimated. As with other city-regions in the project, the statistics for manufacturing exports exclude business services such as software, an area of particular strength for Wasatch Front companies. In addition, various Front goods and services are shipped to Pacific and Atlantic Coast airports and seaports, and then sent overseas; again, these shipments are not credited as Utah exports. Moreover, component parts made in Utah and then placed in finished products elsewhere in the United States before being exported abroad are also not counted.

Figure 2  
Utah's Top Dozen Export Partners, 1999

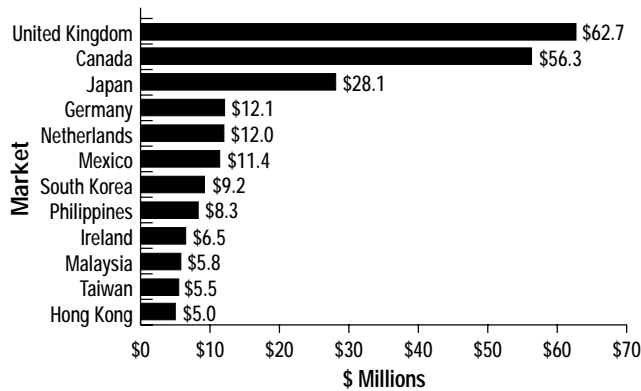


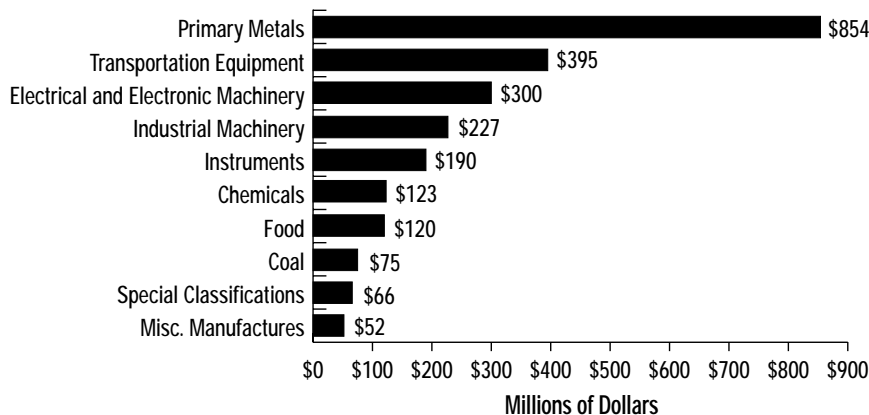
Table 6  
Destinations of Wasatch Front's Merchandise Exports,  
1993-1999  
(\$ thousands)

	1993	1999	% Change 1993-1999
Canada	313,169	508,283	62
Mexico	27,825	99,643	258
Central America & Caribbean	6,318	14,179	124
South America	34,097	82,146	141
Europe	590,621	1,093,947	85
Asia	809,729	667,554	-18
Africa	7,869	12,028	53
Near East	13,748	28,078	104
Australia	28,895	38,134	32
Rest of world	0	0	
World	1,831,272	2,544,081	39

Source: Exporter Location Series, U.S. Census Bureau.

Despite this significant underestimation of its export activity, the Wasatch Front still ranks among the top 20 percent of merchandise exporters in metropolitan areas and was listed 49th among 253 metro areas in 1999.<sup>21</sup> In spite of Utah's strong desire to be a leader in the New Economy, almost one-third of its merchandise exports consist of copper and steel, and exports in this sector have been stagnant since the mid-1990s. In particular, the state has been hurt by the slow growth in demand in many Asian economies, and its overall growth in exports over the past eight years has ranked only 42nd among the 50 states (Figure 2 and Table 6).<sup>22</sup> During the 1993-1999 period, Salt Lake City-Ogden ranked 64th among 253 metro areas in percentage increase in exports, and Provo-Orem only 145th.<sup>23</sup> Transportation equipment (15 percent of total merchandise exports), electronic equipment (11.5 percent), instruments (7 percent), chemicals (5 percent), processed food (4.5 percent), and coal are also significant exports for Utah, with the value-added products being overwhelmingly fabricated by companies along the Wasatch Front (Figure 3).

Figure 3  
Utah's Merchandise Exports by Selected Industry  
(Year-to-date, third quarter, 1999)



Source: U.S. Bureau of the Census, Massachusetts Institute for Social and Economic Research.

Examples of Wasatch Front companies and their international reach include the following:

- **Autoliv**, a Swedish-controlled company, is the worldwide leader in the production of airbags and other automotive safety equipment. After merging with a local company, it has become one of Utah's largest employers with almost 6,000 employees. It exports a good share of what it produces along the northern Wasatch Front and is also engaged in a variety of joint-venture activities in 30 different countries. With North American headquarters located in Ogden, Autoliv is the only Utah-based company found on *Fortune's* listing of the 500 largest corporations in America.<sup>24</sup>
- **Nu Skin**, a maker and distributor of personal care products, was founded in Provo in 1984. Today, 85 percent of its total revenues is derived from sales in Asia. It was especially hard hit by the Asian economic downturn and unfavorable exchange rate fluctuations.
- **Huntsman Chemical**, which has its world headquarters in Salt Lake City, is North America's largest privately held chemical company with over \$8 billion in annual revenues. It makes polymers, polyurethanes, tioxides, surfactants, and gas-treating products that most Utahns have never heard of. Nevertheless, a good part of the company's overall revenues is generated from exports and foreign-based production, with 16,000 employees scattered among Huntsman facilities in 43 countries.
- **Novell**, which creates software for networking, was incorporated in 1983. Its executive offices are located in Provo. Approximately 40 percent of its 5,000 employees are located along the Wasatch Front, but it also has operations in Ireland and India. It maintains 34 U.S. and 73 international sales offices and shipped more than 1 million new NetWare servers worldwide during 2000. In that year, 43 percent of its \$1.16 billion in revenues came from exports and 37 percent of its total work force was stationed overseas.
- **Evans & Sutherland** is headquartered in a research park close to the University of Utah. An important part of its total revenue base is linked to selling simulators and other high-tech products abroad. The company has about 900 employees in the United States and several foreign countries.
- **ALPNET** provides multilingual information management solutions for companies around the world. Its global-translation services are used in many countries, and its 650 employees are distributed between the local headquarters, various U.S. cities, and ten overseas offices.
- **FMC Jetway** is one of the world's leaders in providing passenger boarding bridges between planes and terminals; its major manufacturing facility for such bridges is in Ogden. Jetway is currently providing aviation-related ground equipment to over 180 airports in 25 countries, and it has 650 employees.
- **Corel's** world headquarters is in Ottawa, Ontario, but it maintains a large software development and marketing office in Orem. A few years ago, Corel purchased WordPerfect, which was originally founded by two Brigham Young University professors. A significant percentage of Corel's total software production is shipped outside North America.

- **Myriad Genetics** is also based in the research park close to the University of Utah. It has recently completed mapping the 50,000 genes that comprise the rice genome. Since rice represents the largest commercial crop in the world, Myriad Genetics hopes to develop new crop varieties that will be used globally.

In 2000, roughly 2,500 high-tech companies did business along the Wasatch Front, and Intel's decision to construct a \$500 million research park in Riverton was considered a key to the region's future economic competitiveness. This park may eventually attract 8,000 employees and is expected to conduct leading-edge research.<sup>25</sup> Micron, 3Com, Fairchild Semiconductor, and Gateway are among the high-tech firms that have set up subsidiaries in Utah. The Economic Development Corporation of Utah has created the Utah-Silicon Valley Alliance, which is mainly composed of Northern Californians having close church, university, family, or skiing ties to Utah. Utah can provide low-cost housing and land, a pool of tech-savvy researchers, a relatively young and disciplined work force, three research universities, an overall high quality of life, and short flights between Salt Lake City and Silicon Valley that take less time than some commutes within the Valley. It also boasts a major modernization of the transportation infrastructure along the Wasatch Front in preparation for the 2002 Winter Olympic Games and 400 miles of new fiber-optic cable lines.

## FOREIGN INVESTMENT IN THE FRONT

The U.S. Department of Commerce estimates that 34,600 Utahns worked for foreign-owned, non-banking establishments in 1998; Table 7 provides a listing of foreign-owned companies and products that are prominent along the Wasatch Front. The state government actively recruits foreign direct investment, although most such investment occurs in the form of mergers and acquisitions and not greenfield investments. Specific targets are foreign investors who once attended school in Utah, are active members of the Church of Jesus Christ of Latter-day Saints, or who have vacationed or attended conventions in Utah. The Winter Olympics will be used as a special opportunity to mix sport with discussions about investment, trade opportunities, and potential joint ventures with Wasatch Front-based companies.

Table 7  
Foreign Investment in Utah Companies

<b>Australia</b>	ICIS Itochu Kasumi Group Kintetsu World Express (U.S.A.) Inc. Komatsu Equipment Company Mitsubishi Murata Automatic Systems ICIS Kintetsu World Express (U.S.A.) Inc.
<b>Austria</b>	
Artma Biomedical (facility in Utah) Wintersteiger	
<b>Canada</b>	<b>Switzerland</b>
Aero Tech Manufacturing Elk Meadows Ski & Summer Resort Granville Constructors, Inc. Kinross Gold Corp. Sierra Forest Products, Inc. Trillium USA Inc. United Alaska Fuels Corp. Wesbild Orem Inc. WordPerfect	Garaventa / Ctec, Inc. Nestle Foods / Stouffer's Frozen Foods
<b>France</b>	<b>Sweden</b>
Motel 6 Teleperformance USA, Inc. Dannan	Autoliv Christensen Products Mack Trucks Inc.Sederholm, Tsue & Associates
<b>Germany</b>	<b>Taiwan</b>
Barnes & Noble Consolidation Coal Company International Freight Transport Kassbohrer of North America, Inc. Kuehne & Nagel, Inc. Local Carbon Fresenius Zeszh	Angela Auto Soft Bartclay Compeq International Damus Simmons Excell
<b>Hong Kong</b>	<b>United Kingdom</b>
Coca-Cola Bottling (Swire Pacific Holdings, Inc.) UP International	Baskin-Robbins Burger King Evans & Sutherland Holiday Inn Johnson Matthey Jostens Learning Corp. Kennecott Lucus Western Inc. McGregor Sea & Air Service PacifiCorp Rio Tinto Standard Optical Eyeworld
<b>Japan</b>	
Daifuku USA FCC Construction Exports of Utah	

Source: Utah International Business Development Office.

As elsewhere, the state and local governments are prepared to offer the same range of tax and research and development incentives to foreign-owned companies as they do to domestic-owned companies. The Office of Technology Development's Utah Centers of Excellence Program provides start-up companies with financial support. Through 2000, these centers leveraged \$32 million of state funds with non-state matching funds of \$345 million, creating in the process 126 high-tech companies and facilitating the signing of 173 license agreements between businesses and local universities. Myriad Genetics and Sonic Innovations are among the companies that got their start through this program, and several have significant participation by foreign investors.

The overall goal is to create globally competitive high-tech companies, especially in biotechnology (which has a cluster of companies near the University of Utah), software, and computer and Internet-related applications. Less than a decade ago, Utah was widely considered to be among the top three states for software innovation, but this ranking has slipped as software makers in other states have gained ground and some Utah companies have stumbled. The Front also has a dearth of banking, accounting, financial, and legal firms with strong expertise in high-tech and export marketing. Even though venture capital funding increased dramatically from an annual rate of \$74 million in 1997 to \$594 million through November 2000, it remains a pittance compared to what is invested in various other parts of the country, especially Silicon Valley.<sup>26</sup> Utah ranks only 22nd among states in terms of venture capital as a percentage of GDP and was rated only 29th among 50 large metropolitan areas in the Progressive Policy Institute study, a low ranking that surprised the authors of that study.<sup>27</sup>

Foreign portfolio investment along the Front is also important. Japanese funding was crucial in the construction of the Delta Center, the home of the Utah Jazz and the major center for indoor activities during the 2002 Olympics. A significant number of high-tech companies, especially Myriad Genetics, have also benefited substantially from Japanese and other foreign investment, some in the form of loans and others in the form of equity purchases.

## FOREIGN TOURISM AND FOREIGN STUDENTS

The U.S. Department of Commerce estimates that 391,000 foreigners visited Utah in 1999, ranking it 16th among all states, and that 122,000 visited Salt Lake City, ranking 47th among major cities.<sup>28</sup> The Utah Division of Travel Development, however, has far higher figures; an estimated 700,000 foreign visitors in 1999 and 750,000 in 2000, representing about 4 percent of total nonresident visitations<sup>29</sup> (Table 8). Obviously, this major discrepancy indicates another area, along with export activity, where state and federal officials need to work together to produce more accurate estimates. Spending by foreign visitors within Utah was roughly \$220 million in 2000, helping to generate about 7,000 direct jobs and 5,000 indirect jobs in travel and tourism-related industries. Tourism in general is one of the top five industries in Utah and is responsible for about 8 percent of the gross state product.<sup>30</sup>

Table 8  
Utah Travel Profile

Category	1993	1994	1995	1996	1997	1998	1999 (e)
Total spending by tourists and travelers (billions)	\$3.3	\$3.4	\$3.6	\$3.8	\$4.0	\$4.1	\$4.2
Total number of foreign and domestic visits (millions)	15.0	15.2	16.1	17.0	17.4	17.8	18.2
Number of domestic visitors	14.3	14.5	15.3	16.1	16.7	17.2	17.5
Number of foreign visitors	0.70	0.72	0.76	0.88	0.72	0.64	0.70
Total travel and recreation-related employment	91,000	96,000	100,000	107,000	112,000	117,000	119,500
Direct travel and recreation-related employment	51,000	54,000	56,000	60,000	62,500	65,500	67,000
Indirect travel and recreation-related employment	40,000	42,000	44,000	47,000	49,500	51,500	52,500
Percent of all Utah non-agricultural jobs	11.2%	11.1%	11.0%	11.2%	11.2%	11.4%	11.4%
Total state and local taxes generated by travel spending (millions)	\$260	\$268	\$284	\$304	\$320	\$328	\$336
State government portion	\$192	\$198	\$210	\$225	\$237	\$243	\$249
Local government portion	\$68	\$70	\$74	\$79	\$83	\$85	\$87
Total National Park recreation visits (millions)	5	5	5	6	6	5	6
Total skier visits (millions)	3	3	3	3	3	3	3
Taxable room rents (millions)	\$365	\$405	\$460	\$513	\$558	\$581	\$610
Hotel/motel occupancy rates (statewide)	71.9%	73.7%	73.5%	73.1%	68.0%	63.0%	61.5%

(e) = estimate

Source: Estimates based on information from U.S. Department of Commerce, Tourism Industries (Washington D.C.), Utah State Tax Commission, Utah Department of Transportation, National Park Service, Ski Utah, and Rocky Mountain Lodging Report.

Because fewer than 2 percent of the 50 million foreigners who visit the United States annually actually set foot in Utah, a great deal of potential exists for more overseas visitors. Eleven of Utah's 14 ski resorts are situated along the Wasatch Front and within an hour's drive of Salt Lake City, and the state boasts that it has over 500 inches of soft powder falling on these resorts each year—a claim that will certainly be tested at the 2002 Winter Games in February. A successful Olympics should result in increased traffic to these resorts, and Salt Lake City has been preparing for this augmentation by adding almost 2,000 new hotel rooms since 1994, for a total of more than 8,000 in 2001.

Tourism prospects are also rosy because Utah has five of the crown jewels of the U.S. national park system—Zion, Bryce Canyon, Arches, Capitol Reef, and Canyonlands. Other tourist sites include historic Temple Square, the global headquarters of the Church of Jesus Christ of Latter-day Saints, the world's premier genealogical library, pioneer and ancient Native American sites, the Great Salt Lake and the Bonneville Salt Flats, biking and hiking trails near Moab, first-class river rafting, and majestic mountains. In addition, the 10-day Sundance Film Festival held each January ranks as one of the world's top five film events and garners immense national and international publicity. A major expansion of the Salt Palace Convention Center, completed in 1996, enhances the Wasatch Front's chances of hosting regional, national, and international conferences and conventions.

The Wasatch Front's public and private university and college system is another asset. During the 1999-2000 academic year, over 4,800 foreign students were enrolled full-time in institutions of higher learning along the Front; Brigham Young University hosted more than 1,900 and the University of Utah almost 1,700.<sup>31</sup> Slightly fewer than 1 percent of foreign students attending universities in the United States were enrolled in Wasatch Front schools.

## THE 2002 WINTER OLYMPICS AND PARALYMPICS

In many ways, the 2002 Winter Olympics and Paralympics is a coming-out party for Utah, the goal being to put the state, and particularly the Wasatch Front, on the world's map, much as Calgary attempted to do when it hosted the 1988 Winter Olympics. In studying the Calgary games, Salt Lake City and Utah officials came to the conclusion that the Olympics had led to neither a boom-bust cycle nor long-term problems. Alluding to the Olympic symbol, they say their goal is to "convert rings into links."

State economic development officials have attended the past few Olympics, where they found that foreigners tend to spend time with people from their own countries. Utah and Salt Lake City officials hope these visitors will meet with their local business counterparts in Utah, bolstering the notion that "friends tend to trade with friends." To this end, 23 of the 84 countries expected to compete in the Olympics, including Japan, China, Germany and France, have agreed to set up hospitality centers to promote such exchanges. State officials will also promote "shared events" with representatives of several countries, hoping to solidify ties that will endure for years. An example of a shared event would be bringing together representatives from an Olympic country and immigrants to Utah from that country who maintain strong family ties with their motherland.

Using the Olympics as a vehicle to put Utah on the world map should pay other dividends as well because few foreigners have even heard of Utah and even fewer have an accurate image of what is occurring within the state. In surveys carried out in the spring of 1999, only 8 per cent of respondents in France, Germany, Italy, the Netherlands, and the United Kingdom recognized Utah as a state in the American West. The top three terms associated with Utah by those who had heard of the state were "the LDS/Mormon Church," "desert," and "mountains." Other responses included "genealogy," "polygamy," "Bible Belt," "cheesy Americans," and "the Osmonds."<sup>32</sup>

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It literally took decades for Utah to garner support from the International Olympic Committee (IOC) to host the Games, and the final decision was tainted by special favors dispensed to some of the voting members of the committee—an unsavory practice which, alas, was not unknown in earlier bids submitted by other host cities. Salt Lake City was first chosen as the U.S. candidate city for the Winter Olympics in January 1966, but it did not secure the official IOC bid until June 1995. Table 9 illustrates some of the details about the Salt Lake City Olympic Games and what is anticipated in terms of financial expenditures and revenues. In total, the Games are expected to generate about \$2.8 billion in economic output and sales.<sup>33</sup>

TABLE 9  
Estimated Olympic Visitor Spending  
(\$, 2000)

Net ticket capacity	1,600,000
Percent of tickets sold to visitors	84%
Public tickets sold to visitors	1,350,000
Tickets purchased per visitor day	1.1
Visitor days	1,190,000
Number of days during Olympics	17
Visitors per day during Olympics	70,000
Net increase in visitors per day during Olympics	50,000
Average length of stay (1)	7.7 nights
Number of visitors (1)	230,000
Spending per visitor day	\$ 292.67
Total visitor spending	\$ 348,275,582
Less:	
Portion created outside Utah	\$ 116,857,338
Total in-state visitor spending	\$ 231,418,245
Less:	
Displaced in-state visitor spending	\$ 114,846,955
Net in-state visitor spending	\$ 116,571,290

(1) In this analysis, data regarding the average length of stay and number of visitors are not used to calculate visitor spending. They are included here to help with data coordination and were estimated by the Utah Travel Council based on this work and actual data from Calgary, Nagano, and Atlanta.

Sources: Governor's Office of Planning and Budget; Salt Lake Organizing Committee.



## THE INFRASTRUCTURE DIMENSION

Sponsorship of the Games has already provided the Front a major windfall in the form of dramatic improvements in infrastructure.

Sponsorship of the Games has already provided a major windfall in the form of dramatic improvements in the Front's infrastructure, with roughly \$375 million of the bill footed by the federal government. The major freeway corridor has been expanded to as many as five lanes going each direction. Salt Lake City can now make a plausible claim to being considered the "crossroads of the West." Interstate 80, which extends from New York City to San Francisco, and Interstate 15, which runs from the Canadian border to Los Angeles, converge in Salt Lake City, and they have been modernized and expanded locally at a total cost of over \$1.5 billion. This expansion should alleviate some of the congestion that has built up over the past decade and make it more attractive for companies to service other parts of the West, including Western Canada and Mexico, from a Wasatch Front base of operations.<sup>34</sup>

A light-rail system is also operational from downtown Salt Lake City to suburban Sandy and is to be expanded in various parts of the valley, including a link from the airport to downtown and from downtown to the University of Utah and its research parks. About 20,000 people already use the system on weekdays and even more ride it on weekends. Olympic-related expenses and overall infrastructure improvements will cost local taxpayers about one-half billion dollars.<sup>35</sup> The voters of Salt Lake City helped their own cause by approving a transit tax in November 2000, which will add to and modernize the local mass-transit system. The Utah Transit Authority has also purchased the Union Pacific's rights-of-way from Brigham City in the far northern portion of the Wasatch Front to Payson in the far southern corridor, allowing the eventual establishment of a long-range commuter rail system throughout the region.<sup>36</sup>

Foreign visitors arriving for the Olympics will find that the overall infrastructure along the Wasatch Front is very good, but they may also find unsightly smog inversions in the valley. The smog is due to the heavy use of cars, trucks, and SUVs in a valley that is over 4,000 feet high, surrounded by mountains, and subject to periodic stagnant air.

About 1,700 miles of railroad tracks have been built in Utah, and they converge in the Salt Lake City-Ogden area. Union Pacific and Southern Pacific provide two-day service from the Wasatch Front for passenger and freight transportation to 90 percent of the Western United States, including the major sea ports along the Pacific Coast. The 2,500 trucking firms that serve Utah can also offer one- or two-day service to any point in the West.

The airport is the 23rd busiest in the United States and the 48th busiest in the world in terms of passenger traffic, 29th and 62nd, respectively, for total cargo traffic, and 30th and 36th, respectively, for total movement of aircraft.<sup>37</sup> It is conveniently located near downtown Salt Lake City but still has adequate room to add terminals, runways, and cargo facilities, with \$1.2 billion in expansion activity already in progress. The cargo facilities at the airport are considered adequate, and companies along the Wasatch Front can easily transport many shipments to this facility within one hour. However, because of the Front's relatively small business community, the airport has attracted little in the way of wide-body lift capacity for cargo shipments. This means that heavier or bulkier shipments are generally carried by truck or rail to the Los Angeles International Airport for air transport across the Pacific, and to Chicago's O'Hare Airport for air transport across the Atlantic.

Salt Lake City lags both neighboring Denver and Las Vegas in attracting international air passengers as a percentage of total passenger traffic.

Overseas tourist visits to the Wasatch Front would receive a boost if nonstop flights were available at the airport, especially from Europe and Asia. The airport has undergone a major expansion and is a far cry from the early 1980s, when Western Airlines was the primary carrier. The airport is now Delta Air Lines' third largest hub, Delta having acquired Western almost two decades ago. Eleven airlines have flights at the airport, with Southwest Airlines playing a pivotal role in keeping down airfares to the destinations it serves.

Nonetheless, Delta and its affiliate, SkyWest, account for 75 percent of the total passenger volume. Although 20 million passengers pass through the airport annually, this is actually slightly lower than a few years ago when airlines were filling planes with heavily discounted fares. The "international" in the airport's name means that it has customs facilities to clear passengers from abroad, but those facilities are used for only three to four charter flights per week from Mexico. The three international linkages on regularly scheduled airlines are Vancouver, Calgary, and Edmonton, and passengers from these cities pre-clear customs before departing Canada.

Salt Lake City lags both neighboring Denver and Las Vegas in attracting international air passengers as a percentage of total passenger traffic. Las Vegas has built a large international terminal in anticipation of regularly scheduled nonstop flights from abroad. The Las Vegas Convention and Visitors Authority operates bureaus in Britain, Germany, Japan, South Korea, and Australia, paid for by local sales taxes and hotel contributions. These offices help arrange tours to Las Vegas and initially relied on nonstop charter flights to get the passengers to the city. Recently, Las Vegas has succeeded in securing a few regularly scheduled nonstop flights and anticipates continued expansion in the years ahead.

Las Vegas has also teamed up with San Diego and Phoenix to promote international tourism to these three cities. Although this effort is still modest, Salt Lake City could definitely benefit from linking up with other major cities in the West. For the foreseeable future, overseas visitors will have to stop at one or two airports along the way before finally landing in Salt Lake City. Many others will begin their tours elsewhere in the United States and will reach the Wasatch Front via rented cars, buses, or trains.

## THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

The church's impact on the globalization of the Wasatch Front is dramatic. Between 1850 and 1990, more than 200,000 Mormon immigrants resettled in Utah even though members had been encouraged since the 1890s to stay at home and strengthen the church locally. In 1947, overall membership surpassed 1 million, with the vast majority residing in the Rocky Mountain region of the U.S. West. In February 1996, church membership outside the United States surpassed American membership for the first time, and September 2000 marked the first time that a majority of the members spoke as their mother tongue a language other than English. Among the more than 11 million members worldwide, 5.4 million speak English, 3.2 million Spanish, and over 3.3 million a myriad of other languages. Although the church leadership is still predominantly from the United States, it is gradually diversifying to reflect the international nature of the church's adherents.

Brigham Young University  
leads the nation in the  
number of foreign  
languages taught.

Over 60,000 missionaries are currently serving in more than 330 mission districts around the world—mostly young people aged 19 to 22 who are donating from 18 to 24 months in church service. Approximately 14,000 missionaries are sent abroad from Utah, many assigned to non-English-speaking countries. Prior to leaving for countries where English is not the first language, these young people are sent to the church-run Missionary Training Center (MTC) in Provo, where they undergo two months of intensive language training. In 2000, 48 different languages were taught at the MTC.

Because Utah is predominantly Mormon and many young men in the state have served full-time church missions, approximately 30 percent of U.S.-born adult males in Utah speak a second language and have had experience abroad. This proportion is unparalleled in the nation as a whole.<sup>38</sup> Brigham Young University leads the nation in the number of foreign languages taught (60) with about 25 offered each semester. This emphasis on language along the Wasatch Front contrasts markedly with the relative dearth of training across the United States. Roughly one-half of the State Department's diplomatic postings are filled by people lacking the necessary language skills, and the FBI finds it hard to recruit qualified language translators. U.S. intelligence agencies are scrambling to find enough people with security clearances to translate from Arabic, Korean, Macedonian, Pashtu, and other exotic languages.<sup>39</sup>

About 6,000 of the church's volunteers are special-service missionaries—doctors, nurses, construction workers, and agricultural specialists—who often work in developing countries on humanitarian projects. The church has provided tens of millions of dollars in disaster-relief funds to developing countries, often in collaboration with Catholic relief agencies, the Red Cross, and other international groups. During the 1990s, the church also shipped more than 27,000 tons of clothing, 16,000 tons of food, and 3,000 tons of medical and educational supplies and equipment to 146 developing countries.<sup>40</sup> In addition, church leaders have mandated that the Ezra Taft Benson Agriculture and Food Institute at Brigham Young University assume a major international role in raising the quality of life in developing nations through improved nutrition and the introduction of more effective agricultural practices. The Institute currently spearheads small-scale food-growing projects in Bolivia, Ecuador, Guatemala, and Mexico, using specially adapted tractors, solar-powered water pumps and grain grinders, and wind-driven water pumps.

In April 2001, the church announced a new program that could have major implications for

The church's high-profile emphasis on educational attainment and a strong work ethic are helping to attract new domestic and foreign-based companies.

Utah's linkages to the rest of the world. During the period of the "gathering to Zion" in the second half of the 19th Century, a Perpetual Emigration Fund was established to provide loans to members in the British Isles and continental Europe who wanted to move from their home countries to Utah. Once these immigrants had settled in Utah and began to make some money, they were expected to repay the loans so that other members waiting to come to the United States could take advantage of the fund. This revolving fund helped 30,000 immigrants travel to the Rocky Mountains from 1849 through 1887, representing about 36 percent of all the church members who immigrated during that period. By 1870, more than 35 percent of all Utah residents were foreign born, and two decades later immigrants and their children constituted about two-thirds of Utah's total population.

Now, a Perpetual Education Fund is to be established along many of the same principles. Donations will be made by church members in developed countries; once several million dollars have been raised, loans at very low interest rates will be made to young church members in Latin America, Asia, the Pacific, and Africa for local schooling. The target group is young men and women who have served church missions but then go back home to what has often been referred to as "disaster, hunger, and unemployment." For example, almost 40 percent of the native-born Mormon missionaries in Brazil have had very limited schooling, and few have studied beyond the primary level. These young people will be encouraged to enroll in technical schools, colleges, or universities in their native lands, with the loan going directly to these educational institutions to cover educational and related expenses.

Once these young people have completed their education and secured gainful employment, they will be expected to pay back their loans over a number of years so that new loans can be offered to other young adults in the developing world. Warner Woodworth, a management professor at Brigham Young University, has described the new fund as a "global investment to educate the have-nots. We are investing in human capital. That's something the World Bank and the United Nations are talking about, but no one has tried."<sup>41</sup> If the program proves successful, it could serve as a useful model for other groups and would represent a tangible transfer of private assets from the developed to developing world, helping raise educational and training levels in a large number of nations.

The church's high-profile emphasis on educational attainment and a strong work ethic are helping to attract new domestic and foreign-based companies to establish operations along the Wasatch Front. The language skills and overseas experience of its members in Utah are also tremendous assets and have enticed several businesses—American Express, Nu Skin personal care products, and Strategis among them—to locate facilities along the Wasatch Front in order to take advantage of multilingual personnel. Delta Air Lines and about 60 other companies also have established call centers in the state, partially because of its multilingual population.

In many cases, Mormons who have served missions abroad have returned and parlayed their international experience into business opportunities. Huntsman Chemical, a home-grown company that now has networks around the world, is the best example.

On the other hand, the church's peculiar tenet cautioning members to abstain from alcohol, tobacco, tea, and coffee, combined with the proselytizing fervor of many members and the close-knit nature of local church congregations, may cause at least a few foreign companies to shy away from Utah.

## THE STRUGGLERS

Sociologist Saskia Sassen has argued persuasively that in an era of globalization, U.S. metropolitan areas represent “a new geography of centrality and marginality.”<sup>42</sup> Most of the successful companies and highest-paid workers are situated in U.S. cities, yet some of the most dispossessed people in the nation are to be found only a few blocks from these centers of prestige and dynamism. For example, 44 percent of New York City families have virtually no assets, more than three times the national average.<sup>43</sup> Although Salt Lake City has one of the more vibrant downtown corridors among mid-sized municipalities, there are notable sections along Main Street that are closed or even boarded up.<sup>44</sup> As in other regions the project has examined, some of the strugglers are the relatively uneducated, recent immigrants who do not speak English, some minority group members, some women, and some who are simply homeless. These strugglers gather in the sections of the city that were left behind during a period of great prosperity for the nation in general and the Wasatch Front in particular.

Perhaps the best example of a company that might be considered a victim of globalization is Geneva Steel. Once by far the largest industrial employer in Utah County, the company in recent years has had to lay off thousands of employees and endure a period of Chapter 11 bankruptcy restructuring. Ironically, the plant was built in the first place because of a perceived global threat. President Franklin D. Roosevelt ordered its construction in 1941, and it was placed in the Rocky Mountains to be far away from potential enemy attack. The plant represented one of the federal government’s largest wartime construction projects, requiring 10,000 men and women to work around the clock to finish it. In 1946, U.S. Steel, which had run the plant during World War II, purchased it from the federal government and ran it until it was sold to a local family, the Cannons, in the late 1980s. The plant did well for a number of years, and Geneva’s executives still insist that they can compete on a level playing field. However, the world has a dramatic oversupply of steel capacity. Today, Geneva Steel has only a fraction of the work force of a decade ago, and its future viability remains in question.

What can be done to assist the employees of Geneva, blue-collar workers in general, or other workers who may be involved in relatively labor-intensive industries? Education and training are the keys to future success as more people move up the skill ladder. Now, at the beginning of the 21st century, lifelong learning and training are far more than a cliché. Economist Joseph Schumpeter’s notion of creative destruction, Microsoft Chairman Bill Gates’ notion of punctuated chaos, and futurist Jeremy Rifkin’s notion of “learning, unlearning, and relearning” will become more and more relevant in the coming years.

Although the federal government will play a key role in determining overall competitiveness goals and fiscal policies, much of the burden for success and failure will fall upon state and local governments. These non-central governments will bear a great deal of responsibility for developing the most important natural resource of all, human capital. They will largely determine the efficacy of education from kindergarten through college then on to lifelong learning and training opportunities. They will also be responsible for developing infrastructure, taxation regimes, and a regulatory climate that will permit the private sector to prosper and still maintain a high quality of life and equitable standards for all residents, whether rich or poor.

Over the past half-decade, the Wasatch Front governments have not had to strain to help those who may have fallen by the wayside as a result of globalization, the information-technology revolution, and increasing urbanization. Up until the terrorist attack on September 11, 2001, the unemployment rate hovered near record lows, and those workers laid off by companies that had not fared well in a period of globalization were usually able to secure employment elsewhere along the Front at wages and fringe benefits comparable to what they had received previously. In the case of Geneva Steel, of course, this was not always possible because wages and benefits given to senior workers were often in the \$25-per-hour range and these wages have been difficult to duplicate within the region.

But as the global economy turns downward, challenges are already at hand or on the horizon for the Front's governments. The Front may see another period of out-migration like those that have occurred so painfully several times over the past half-century. Even today, a fair number of men and women along the Front are working full time but are taking home wages below the poverty level of about \$17,000 per year for a family of four. Others are without health-care benefits or have great difficulty securing affordable housing. For jobs lost because of import competition, local governments can help affected workers take full advantage of funds and retraining benefits available under the federal government's special NAFTA and general trade-adjustment assistance programs.

Moreover, religious and civic groups are important in the process of helping to provide basic needs and even job-placement services to those who are out of work and are struggling to make ends meet. The Mormon Church is famous for taking care of its own.

Above all, however, the private sector will create almost all of the new jobs along the Wasatch Front over the next several decades. The efforts of state and local governments are commendable, but most of the new job opportunities will derive from the expansion of existing businesses or the creation of new local enterprises. This is where the modernization of the Front's infrastructure, improvements in local schooling, regulatory and taxation adjustments, and other related issues are so critical and where local governments have such an important role to play. But the crucial actors will be businesses themselves, seeking advantages from North American integration and beyond.

## LOOKING TO THE FUTURE

Whether welcomed or not, globalization has penetrated the Wasatch Front, and its impact will intensify over the next several decades. Those who protested against the proposed Free Trade Area of the Americas in Quebec City, and earlier against the World Trade Organization in Seattle, believe that globalization is doing more harm than good and hope to return to the days when nations placed significant barriers in the way of trade, investment, and immigration flows. While the Summit of the Americas was under way in Quebec City, journalist Tom Friedman traveled to Africa and poignantly expressed the fallacy of some of the protestors' assertions: "While the protestors in Quebec were busy denouncing globalization in the name of Africans and the world's poor, Africans themselves will tell you that their problem with globalization is not that they are getting too much of it, but too little."<sup>45</sup>

The Wasatch Front has seen the alternative to globalization, and it was not attractive. In 1930, the U.S. Congress passed the Smoot-Hawley Tariff Act. Smoot was a senator from Utah who wanted to protect sugar, and Hawley was a representative from Oregon who wanted to protect lumber. By the time the legislation had meandered through Congress, scores of amendments had been added by other members, resulting in the most protectionist piece of legislation in modern U.S. history. The average tariff was raised to 59 percent, and the act succeeded in diminishing the flow of imports from abroad. Unfortunately, other nations retaliated by imposing their own barriers, and soon two decades of growth in international commerce were lost, followed by the loss of two decades of growth in the American standard of living. The result was a spiraling unemployment rate that reached 25 percent during the depths of the Depression. Ironically, sugar and lumber are still protected today by U.S. legislation, but trade liberalization has occurred in most other sectors.

Without a doubt, the Wasatch Front would be better off trying to enhance the positive features of globalization instead of withdrawing into a protectionist shell.

• **For governments, that means, first, better regional planning for economic development, environmental and energy concerns, transportation and affordable housing.** As in other city-regions the project has examined, regional institutions and cooperation are still weak. Second, better cooperation is needed among federal, state, and local governments. That is necessary to deal with the international agreements that sometimes tie the hands of regional leaders, to prevent needless duplication of state and local activities, and to avoid the impression that the United States speaks with "many voices" on certain key foreign policy issues.<sup>46</sup>

Certainly, better links between the public and private sectors are imperative. For instance, Israel has used such links to emulate the triumphs of Silicon Valley. The country took advantage of targeted government spending in the high-tech area, the arrival of well-educated Jews from the former Soviet Union, and extensive networking among individual Jews and Jewish organizations. In his book, *Tribes*, Joel Kotkin identifies the major "global tribes" in the world today as Jews, Chinese, Palestinians, Armenians, and, potentially, Mormons. Kotkin argues that these tribes tend to stick together, no matter where they might wind up in the world, and that they maintain strong personal networks.<sup>47</sup> The Wasatch Front could easily follow Israel's example.

- **Global networking among the Mormon business community is a natural for the Wasatch Front and should expand beyond the numerous management societies established by the Business School at Brigham Young University.** Such networking might have a potential pool of 30,000 business executives and entrepreneurs around the world and could lead to joint ventures, export arrangements, executive exchanges, sharing of new technologies, internship opportunities, and the development of venture capital funds. This is a comparative advantage uniquely held by the Wasatch Front.

- **Each major city in the region could also do an inventory of its international assets.** In order to strategize for the future, it is necessary to have a good idea of local strengths and weaknesses. Charlotte, North Carolina, took an inventory a few years ago and found literally hundreds of companies that were foreign-owned and hundreds more engaged in export activity. Such an inventory could include companies that export, foreign-owned enterprises, firms that cater to foreign visitors, international civic groups such as Rotary and Elks, and ethnic associations. A few cities around the country have also set up mayor's international cabinets to provide periodic advice to municipal leaders on issues touching upon the global economy and its effects on the local population. Above all, each city and the Wasatch Front as a city-region should develop strategic plans for coping with globalization over the near and long term, with Salt Lake City in particular continuing to look at ways to create a vibrant downtown corridor while at the same time seeking to establish and expand linkages abroad.<sup>48</sup>

- **State and local government leaders and school boards must also tackle the issue of providing better educational opportunities for the Front's young people.** Having a high-school requirement of at least two years of foreign language training sets Utah apart from most other states, but it would be advantageous to have exposure to foreign languages begin as early as the fifth grade in public schools. Utah intends to double the number of its university graduates in engineering, computer science, and related technical fields within five years, and to triple the number within eight years—although new appropriations for this task will have to be forthcoming.

Private-sector and research groups also have a significant role to play. The World Trade Association of Utah, the Centers for International Business Education and Research (CIBER) at the University of Utah and Brigham Young University, the Bureau of Economic and Business Research at the University of Utah, the Economic Development Corporation of Utah, and the Utah Valley Economic Development Association are among the groups helping to educate local businesses and residents about the challenges and opportunities found in an increasingly interdependent global economy. Many other groups need to participate in order to increase the richness and diversity of discussion on this issue, which will affect almost every resident along the Wasatch Front.

- **Above all, both public and private-sector leaders cannot be complacent about the future of the Wasatch Front.** Some metro areas that did very well during the industrial phase of development such as Detroit, Newark, and St. Louis have fared poorly in the transition to the New Economy. Twenty years ago, San Francisco was the largest employment center in the Bay Area, whereas today Silicon Valley and the East Bay have twice as many jobs as San Francisco.<sup>49</sup> This period of globalization and creative destruction affects not only businesses and workers, but communities as well, with some doing much better than others. The best watchword for success continues to be: "Think globally and act locally."



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## ENDNOTES

1. These rankings are based on the U.S. Census 2000.
2. See David Held, Anthony McGrew, David Goldblatt, and Jonathan Perraton, *Global Transformations* (Stanford: Stanford University Press, 1999), p 2. According to these authors, "Globalization may be thought of initially as the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual."
3. International Trade Administration, U.S. Department of Commerce, "U.S. Jobs from Exports: A 1997 Benchmark Study of Employment Generated by Exports of Manufactured Goods," 2001, and Office of the U.S. Trade Representative, "USTR 2001 Trade Policy Agenda and 2000 Annual Report," 6 March 2001.
4. There is at least an overlap of 1 million jobs between exporters and foreign-owned companies.
5. Padre Silvestre Velez de Escalante first traveled through parts of the Great Basin region in 1776. The international roots of the early explorers to the region are illustrated by the travels of Etienne Provost, a French Canadian *coureur de bois* who met up with Peter Skene Ogden, a fur trader employed by Great Britain's Hudson Bay Company, near the Great Salt Lake in 1825. Modern-day Provo is named after the French Canadian trapper, and Ogden bears the name of the mountain man employed by the British company.
6. The Census Bureau actually divides the Wasatch Front into two metropolitan statistical areas (MSA): The Salt Lake City-Ogden MSA has 1.34 million people and ranked 36th largest in the United States in 2000; the Provo-Orem MSA has 369,000 people and ranked 112th. In comparison, other major metropolitan areas in the Mountain West are significantly larger: The Phoenix-Mesa metro area is ranked 14th nationally with 3.25 million people; Denver 19th, with 2.58 million people; and Las Vegas 32nd, with 1.56 million.
7. Among cities, Salt Lake City ranks only 113th in the United States, and Provo ranks 223rd. In contrast, Phoenix is now the 6th largest city in the nation; Denver ranks 25th; and Las Vegas 32nd.
8. Robert D. Atkinson and Paul D. Gottlieb, *The Metropolitan New Economy Index* (Washington, D.C.: Progressive Policy Institute, 2001). The top ten cities are San Francisco, Austin, Seattle, Raleigh-Durham, San Diego, Washington, D.C., Denver, Boston, Salt Lake City, and Minneapolis.
9. Ross C. "Rocky" Anderson, Mayor of Salt Lake City, "State of the City" address, 9 January 2001.
10. Kenichi Ohmae uses the term *region state* to describe areas most suited to compete effectively in a "borderless economy." Ohmae described such an area as developing around a regional economic center with a population of a few million up to 10 million or even 20 million. See his book, *The End of the Nation State* (New York: Free Press, 1995), 143.
11. The Economic Development Corporation of Utah estimates that over 57,000 businesses exist along the Wasatch Front.
12. *Deseret News*, 15 April 2001.
13. The national estimates may differ somewhat because 5.5 percent of the total U.S. population has not been placed within any of the designated categories used in this study.
14. Anderson, "State of the City."
15. According to the 2000 edition of the *Encyclopedia Americana*, the only other state that approaches Utah in the one-religion domination is Rhode Island, where 64 percent of the residents identify themselves as Catholic.
16. Economic Development Corporation of Utah news release, December 1999.
17. Based on a U.S. Department of Commerce survey published in the *Deseret News*, 17 October 2000.
18. These findings are from John Kincaid, *American Cities in the Global Economy: A Survey of Municipalities on Activities and Attitudes* (Washington, D.C.: National League of Cities, 1997), pp. 2-3.

19. The patronage issue surfaced in the transition from the Wilson to the Davis governorships in California and was once a big issue when the province of Ontario operated almost 20 offices abroad.
20. International Trade Administration, U.S. Department of Commerce, and Utah Division of Business and Economic Development.
21. International Trade Administration and Exporter Location Series, U.S. Census Bureau.
22. International Trade Administration, U.S. Department of Commerce.
23. International Trade Administration, "Export Sales of U.S. Metropolitan Areas, 1993-1999," at <http://www.lita.doc.gov/TSFrameset.html>.
24. *Fortune*, 16 April 2001, F1-F20.
25. Utah County alone has about 450 high-tech companies that generated almost \$2.7 billion in revenues in 2000. See the Utah Valley Economic Development Association (UVEDA), *2001 High-Tech Directory*, January 2001.
26. W. Brett Graham, Matthew J. Hawkins, and Jason B. Reading, *The Utah Venture Report*, January 2001.
27. Robert D. Atkinson expressed his dismay with the Wasatch Front's low ranking on venture capital in an interview with the *Deseret News*, 19 April 2001.
28. Tourism Industries, International Trade Administration, U.S. Department of Commerce.
29. Utah Division of Travel Development, "Quick Facts About Utah Tourism."
30. Jan Crispin-Little, "Tourism Jobs and Wages in Utah: A Quantitative and Qualitative Analysis," *Utah Economic and Business Review*, March/April 2000, p. 2.
31. In addition, in 1999-2000 Salt Lake Community College had 420 foreign students; Utah Valley State College, 345; Weber State University, 250; LDS Business College, 162; and Westminster College, 70. These figures were compiled by the Institute for International Education.
32. *Provo Daily Herald*, 21 October 1999. The survey was conducted by researchers at the University of Utah and Vrije University in Amsterdam; 2,563 people responded. The data were gathered between March and June 1999, several months after the initial publicity concerning the bribery scandal linked to Utah's bid for the Olympic Games.
33. Governor's Office of Planning and Budget, *2002 Olympic Winter Games: Economic, Demographic and Fiscal Impacts*, November 2000.
34. The Texas Transportation Institute has ranked the Salt Lake metro area as the 41st most congested in the United States, much improved from the ranking of 26th in 1995. In addition, the 2001 report of the Institute has not yet taken into account the major improvements made along I-15 and the construction of the light-rail system. See *Deseret News*, 8 May 2001.
35. *Deseret News*, 1 April 2001, and *Salt Lake Tribune*, 11 April 2001.
36. *Deseret News*, 13 April 2001.
37. Year 2000 statistics compiled by the Geneva-based Airports Council International at <http://www.airports.org/traffic/passengers.html>.
38. This estimate is made by Dan Mabey. See the *Deseret News*, 29 March 1996.
39. *New York Times*, 16 April 2001.
40. Speech by Joseph P. Wirthlin at the April 1999 General Conference of the Church of Jesus Christ of Latter-day Saints.
41. *Salt Lake Tribune*, 7 April 2001.

42. Saskia Sassen, *Globalization and Its Discontents* (New York: New Press, 1998), p. xxv.
43. Joel Kotkin, *The New Geography* (New York: Random House, 2000), p. 23.
44. Anderson, "State of the City."
45. *New York Times*, 24 April 2001.
46. Earl H. Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations Press, 1998). A good case study of potential intergovernmental difficulties is found in the sanctions that Massachusetts imposed on companies doing business with Myanmar (Burma).
47. Joel Kotkin, *Tribes* (New York: Random House, 1993), pp. 246-255.
48. Harvard's Edward L. Glaeser emphasizes that modern cities are shifting from manufacturing and production centers to "consumer" cities where the emphasis is placed on safe streets, good schools, diverse cultural offerings, and businesses linked to the international economy. Cities with highly educated residents, such as Columbus, Ohio (the home of Ohio State University) also seemed to do much better during the 1990s than cities where education levels were relatively low, such as St. Louis. See *New York Times*, 7 May 2001.
49. Kotkin, *The New Geography*, pp. 9, 75.

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