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California's Foreign Relations

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Claremont McKenna College

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submitted to
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and
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by
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Abstract

Globalization has significantly increased the number of stakeholders in transnational issues in recent decades. The typical list of the new players in global affairs often includes non-state actors like non-governmental organizations, multinational corporations, and international organizations. Sub-national governments, however, have been given relatively little attention even though they, too, have a significant interest and ability to shape the increasing flow of capital, goods, services, people, and ideas that has so profoundly influenced the global political economy in recent decades. California, arguably the most significant among sub-national governments – its economy would be seventh or eighth in the world at \$2.2 trillion annually, it engages in over \$570 billion in merchandise trade, and has a population of nearly 40 million, out of which over 10 million are immigrants – is also one of the most active in transnational issues. The state government has opened and closed dozens trade offices abroad since the 1960s. It set up a multi-billion dollar carbon cap-and-trade system jointly with the Canadian provinces of Québec and Ontario under Assembly Bill 32, one of the most significant pieces of climate change legislation to date. California’s educational, technological, and media hubs – its public and private universities, Silicon Valley, and Hollywood – draw some of the best and brightest from around the world. California also has a long history of involvement in transnational issues. State efforts to undermine growing Chinese then Japanese “menace” immigrant populations from the mid-19th through the mid-20th centuries influenced United States foreign policy.

This thesis first takes a look at the federalism and international relations issues faced by California as it plays a greater role in transnational issues. Then, it examines the main actors and institutions, and the issues at play. The states have some leeway under the Constitution and contemporary political order to use their domestic powers to influence global issues, whether through climate legislation, public pension divestment, or non-binding “Memoranda of Understanding” with foreign governments. Such behavior, while less significant than national policy, can fill gaps in national policy, promote policy change, and deepen global ties, promoting a more complex interdependence among nations. California can also exert a moral, soft power influence in leading by example. The structures promoting California’s growing role in transnational issues are poorly organized. If the Golden State is to better leverage its political, economic, and moral authority internationally, it would do well to more explicitly develop a unified vision for its role in the world.

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Chapter 1

Introduction

The nation-state as an institution has been undermined more in the past few decades than at any point since the beginning of the Westphalian system. Non-state actors do not dominate by any means, but they hold too important a role in global affairs to be ignored. Non-state actors have asserted themselves in transnational issues ranging from trade and investment to the environment and education, among others. Non-state actors step in to supplement the real or perceived weaknesses or absences of nation-states on issues with particular relevance to them, often developing issue-oriented networks and creating, as a result, a sort of global civil society.¹ Among non-state actors, sub-national governments have been given less attention as compared to multinational corporations, international organizations, and non-governmental organizations;

¹ The World Health Organization provides a strong definition at: "Civil Society," World Health Organization, accessed April 25, 2015, <http://www.who.int/trade/glossary/story006/en/>. Professor Manuel Castells offers an interesting take on the concept of global civil society. See: Manuel Castells, "The New Public Sphere: Global Civil Society, Communication Networks, and Global Governance," *The Annals of the American Academy* 616 (March 2008): 78-93, accessed April 25, 2015, <http://annenberg.usc.edu/Faculty/Communication%20and%20Journalism/~media/78.ashx>.

but they, like the other non-state actors, are playing an increasingly important role in global affairs. America has seen such trends play out in its own federal system. Under its Constitution, the United States leaves many more aspects of sovereignty to subnational governmental units – the states and, at their discretion, the counties, parishes, cities, water districts, school districts, and other bodies within them – as compared to other national governments.

California, America’s more populous and economically productive state, is by virtue of its prodigious natural and human resources that are so deeply connected to the world economy, a uniquely serious player among sub-national governments. If it were a country, California would rank as either the seventh or

California Gross State Product (GSP) Compared to the Top Ten Countries by Gross Domestic Product (GDP), 1983 vs. 2013 (in Billions of US Dollars)²			
1983 Ranking	GDP/GSP	2013 Rankings	GDP/GSP
United States	\$3,229	United States	\$16,768
U.S.S.R	\$1,397	China	\$9,240
Japan	\$1,236	Japan	\$4,920
West Germany	\$916	Germany	\$3,730
France	\$835	France	\$2,806
United Kingdom	\$639	United Kingdom	\$2,678
Italy	\$547	Brazil	\$2,246
California	\$392	California	\$2,246
China	\$340	Italy	\$2,149
Canada	\$320	Russia	\$2,097
Brazil	\$220	India	\$1,875

² Dollar values not adjusted for inflation. California Department of Economic and Business Development, *An Investment Guide to California* (Sacramento, CA: California Department of Economic and Business Development, 1983), 3; “GDP (Current US\$),” The World Bank, accessed April 24, 2015, http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?order=wbapi_data_value_2013+wbapi_data_value+wbapi_data_value-last&sort=desc; *Widespread but Slower Growth in 2013: Advance 2013 and Revised 1997–2012 Statistics of GDP by State* (Washington, D.C.: U.S. Bureau of Economic Analysis, June 11, 2014), 6, accessed April 24, 2015, https://www.bea.gov/newsreleases/regional/gdp_state/2014/pdf/gsp0614.pdf.

eighth largest in the world of 2013, just as it would have 30 years prior (see above). Californians make up roughly one eighth of the population of the United States. Out of 435 U.S. House Members, 53 are Californians. A weak attempt by California to influence a transnational issue can be immensely more effective than the total power of many national governments. California is a prime example to study in order to better understand the increased role of sub-national governments in foreign policy issues from perspectives including federalism studies, international relations, international political economy, public administration, and policy analysis. California's history also provides interesting lessons for modern observers. An early center of populist progressive politics, one hundred years ago, California was a hotbed of anti-immigrant, anti-foreign investment sentiments. But today, California has embraced its cosmopolitan qualities. More than a quarter of Californians are immigrants. The state engages in over half a trillion dollars in merchandise trade annually. California's educational, technological, and media hubs – public and private universities, Silicon Valley, and Hollywood – draw some of the best and brightest from around the world to California. In turn, these institutions use the great talent at their disposal to produce a profound instance that extends well beyond the America's borders.

California's domestic policies necessarily have global implications. As best they could, America's Founding Fathers predicted and, to an extent, feared the potential role of states in transnational issues. The Constitution reserves many foreign policy powers completely to the federal government, or leaves their

division to the discretion of congress. The balance of foreign affairs powers within the American system leans heavily toward national powers, but not without some leeway for the states, which they have exploited in recent decades. Several Supreme Court cases have tested the federal-state divide. The current state of affairs suggests a greater role for states is possible, depending on national priorities. Chapter 2 deals specifically with the federalism issues raised by a greater role for California on the world stage.

International relations scholars have adapted significantly to the changing dynamics of power and influence in recent decades; but they could explore sub-national governments' behavior in greater depth. Sub-national governments do not possess military forces, and they obviously do not represent whole nations; but those weaknesses can also be strengths. Without the ability to withhold or extend military aggression or protection as part of its relations with foreign governments, California must operate on a basis of military neutrality and focus instead on the strengths or weaknesses of its economic, educational, or other positions. Two different frameworks that are more commonly accepted by liberal theorists can be used to explain California's potential role in global affairs. A greater role for sub-national governments like California on a select range of foreign policy matters could go a long way to make global interdependence a bit more complex, to rework Joseph Nye and Robert Keohane's term that describes the complex web of interrelations that have emerged in the process globalization. California can also play a significant role in global affairs without actively performing a foreign policy. It can do so by burnishing its "soft power," to use

Nye's term. California can serve as a model, an example for nations and other subnational governments to emulate, as it has attempted to do with a variety of issues, particularly with climate change. Chapter 3 focuses on the international relations issues California among other subnational governments will have to navigate if it is to play a larger role in foreign relations.

A strength and weakness of the structures promoting California's growing role in transnational issues are their lack of organization. Hence, this thesis is about California's foreign relations as opposed to its foreign policy. Chapter 4 addresses the wide variety of governmental and non-governmental actors that represent the state's global interests in some capacity, generally in a narrow capacity. The most important bodies in terms of the state's role in transnational issues tend to be those with the most power in any case: the governor and the legislature. The governor, personally and through many executive agencies like the Governor's Office of Business and Economic Development (GO-Biz) and the California Environmental Protection Agency (CalEPA), can wield considerable clout on transnational issues, if he so chooses. The legislature can support or stymie gubernatorial policy ambitions. It can also play a role in relations directly, as well as providing policy ideas of its own that a governor can support or oppose. Groups outside of government like the California Chamber of Commerce and California-based think tanks provide research and advocacy on a variety of state policy issues with transnational significance. A variety of other agencies and organizations play their own parts in engaging California with the outside

world, but usually in much narrower capacities, focused on one or a few narrow policy issues.

An issue-oriented approach is also important in order to better observe the systemic interrelations of various policies, the diverse actors involved, and the broad import of policy on transnational issues. The issues in California state policy with the greatest transnational significance are economic: trade, foreign direct investment, and tourism. Immigration, environmental issues and energy, education, national defense, and crime, drugs, and border relations are also important, despite the fact that these are traditionally perceived to be either national or local policy concerns. By looking at the issues, as is done in Chapter 5, the great variety of stakeholders involved and the high level of the stakes at play demonstrate that, whatever one's opinion of globalization, its effects are real, and the variables at play are perhaps broader than normally understood. Just as national governments and supranational bodies have rightly paid attention to and engaged in global affairs, so should sub-national governments because they, like the others, are obligated to represent the interests of their constituents.

While the purpose of this thesis is not on prescription, it is clear that if California is to become more effective, it will probably need to become better organized in its foreign relations activities. The benefits of the diffuse nature of California's foreign policy-making include its ability to engage with a great array of interests and its adaptability in response to changing conditions. However, the lack of unification and consistency may inhibit the state from efficiently

marshaling its resources and weakens the predictability of policy to some extent. The state has a tendency to abruptly open or close, and rename or repurpose the various agencies and offices that engage in issues with foreign policy components. Several governors' offices have issued various statements over the years regarding their strategies on transnational issues, and the legislature has held dozens of hearings in recent decades regarding California's role in international issues. But a single person or agency dedicated to the international portfolio and accountable for its successes or errors would introduce at least a greater level of consistency and transparency, and perhaps more coherence and competence to the state's posture on policies with foreign significance. While the state can do a great deal of foreign affairs activity through the various relevant agencies, a lack of uniform oversight as exists in the currently fragmented state of California's foreign relations could conceivably lead to the state taking actions inconsistent with official interpretations of the Constitution or policy objectives.

Hopefully, a better understanding of some of the forces at play in California's foreign relations today and through the state's history will illuminate possible paths for future policymaking.

Chapter 2

California's Foreign Relations and Federalism Issues

In September 2006, California Governor Arnold Schwarzenegger signed Assembly Bill (AB) 2941 into law. Drafted in response to the genocide in Darfur, AB 2941 “would prohibit the Public Employees’ Retirement System and the California State Teachers’ Retirement System from investing public employee retirement funds in a company with active business operations in Sudan.”¹ During the signing ceremony, Schwarzenegger said that after his experience growing up in postwar Europe, “It has become clear to me that we cannot turn a blind eye to any genocide.”² The governor and legislature’s aim to end genocide was noble. But was it sound? What does the Constitution say about the powers of the states in America’s federal system with regard to foreign affairs? Was the law constitutional? What right does California have to represent its interests abroad?

¹ California State Legislature, Assembly, *Assembly Bill No. 2941*, Signed by Governor Arnold Schwarzenegger September 25, 2006, accessed October 21, 2014, http://leginfo.public.ca.gov/pub/05-06/bill/asm/ab_2901-2950/ab_2941_bill_20060925_chaptered.pdf.

² Michael R. Blood, “Schwarzenegger Signs Sudan Divest Bill,” *Washington Post*, September 25, 2006, accessed April 18, 2015, <http://www.washingtonpost.com/wp-dyn/content/article/2006/09/25/AR2006092500765.html>.

Do California's domestic responsibilities necessitate action on transnational issues? Would a greater role for California in foreign affairs be beneficial or detrimental to our constitutional system? Is an increased role for the subnational governments in foreign affairs inevitable due to larger political and economic trends?

Constitutional Constraints

The obvious place to start in examining the extent to which California can engage in foreign policymaking is the U.S. Constitution. Article I, Section 10 specifically enumerates the foreign policy-related rights that remain with the states.³ It clearly begins: "No state shall enter into any Treaty, Alliance, or Confederation." Regarding tariffs, no state could, "without the Consent of the Congress, lay any Imposts or Duties on Imports or Exports" beyond minimal fees covering inspection. Even then, all such impost or duties would be "subject to the Revision and Controul of the Congress." If the small allowed tariffs exceed the cost of inspection, then the Constitution mandates that the excess funds must be turned over to the federal government.

More broadly regarding foreign relations, Section 10 concludes: "No State shall, without the Consent of Congress, lay any Duty of Tonnage, Keep Troops, or Ships of War in time of Peace, enter into any Agreement or Compact with another State, or with a foreign Power, or engage in War, unless actually invaded, or in such imminent Danger as will not admit of delay." Under the

³ See the full text of Article I, Section 10 in Appendix A

Constitution, the states have no right to undertake substantive foreign policy actions unless they are given the “Consent of Congress.” While they can never join “any Treaty, Alliance, or Confederation,” they can enter into an “Agreement or Compact” on issues with a foreign power, so long as congress allows it.

For all that the states could and should do, the authors of the *Federalist Papers*, in representing the Constitution to the people of New York, made it clear throughout that the federal government must be the main actor in foreign affairs. In Federalist 42, James Madison declared: “if we are to be one nation in any respect, it clearly ought to be in respect to other nations.”⁴ The foreign affairs role was largely centralized under the prior Articles of Confederation – defense expenditures were commonly funded and Congress had the sole responsibility to deal with issues of war and peace, except in emergencies.⁵ Nonetheless, it was still under the structure of a “firm league of friendship” between strong states, resulting in a system of governance more geared toward more “common defense” and weak political-economic union to ensure “the security of their liberties” than an active, unified foreign policy effort.⁶ In response to a real or potential event, Madison also makes clear in Federalist 42 that under the Constitution, unlike the Articles of Confederation, states would not be allowed to “substantially frustrat[e]” treaties through state-level regulations.⁷

⁴ James Madison, “No. 42: The Powers Conferred by the Constitution Further Considered,” in *The Federalist Papers*, ed. Clinton Rossiter (New York: Signet Classic, 2003), 260.

⁵ U.S. Articles of Confederation, art. 9, sec. 1.

⁶ U.S. Articles of Confederation, art. 3.

⁷ Madison, “No. 42: The Powers Conferred by the Constitution Further Considered,” 261.

In Federalist 44, Madison directly addresses Article 1, Section 10 of the Constitution. The continuation of a prohibition against states entering into treaties, alliances, and confederations was done “for reasons which need no explanation,” while the right to issue prohibition on letters of marque (licenses for privateering) during war was withdrawn from the states due to “the advantage of uniformity in all points which relate to foreign powers; and of immediate responsibility to the nation in all those for whose conduct the nation itself is to be responsible.”⁸ While a strong federal role in foreign affairs seems natural today, the federalists wanted to make its importance clear in the early days of the republic.

The Constitution did build a role for state governments in setting the groundwork for, if not in making foreign policy. In Federalist 45, Madison emphasized that “each of the principal branches of the federal government will owe its existence more or less to the favor of the State governments, and must consequently feel a dependence, which is much more likely to beget a disposition too obsequious than too overbearing towards them.”⁹ The 17th Amendment, by instituting the direct election of Senators, undermined the Founders’ vision of state governments’ ability to influence federal policy, including with regard to foreign relations, somewhat but not completely. As was predicted in the *Federalist Papers*, the pool of candidates for federal office is

⁸ Madison, “No. 44: Restrictions on the Authority of the Several States,” in *The Federalist Papers*, ed. Clinton Rossiter (New York: Signet Classic, 2003), 277.

⁹ Madison, “No. 45: The Alleged Danger from the Powers of the Union to the State Governments Considered,” in *The Federalist Papers*, ed. Clinton Rossiter (New York: Signet Classic, 2003), 288.

often drawn from state government, providing the national legislature with a strong appreciation for state concerns. In the 114th Congress, 45 Senators and 223 House members, meaning nearly half of Congress, have state legislative experience.¹⁰ John Jay asserted in Federalist 3 that this distillation of talent and knowledge would benefit America's foreign policy. The "administration, the political counsels, and the judicial decisions of the national government will be more wise, systematical, and judicious than those of individual States, and consequentially more satisfactory with respect to other nations" because they are performed by the "best men" from each.¹¹

In the years since the Constitution was ratified, the courts have been a major center for delineating the division of responsibilities and rights between the states and the federal government.

Court Cases

Several court cases over the past century helped demarcate the divide between state and federal roles in foreign affairs. Generally, the states are disallowed from engaging in issues the congress or executive have taken up, especially if the state action would directly contradict federal policy.

Property rights have been a highly contentious issue over the past century. States have used property rights to advance a variety of agendas. One

¹⁰ "Former State Legislators in the 114th Congress," National Conference of State Legislatures, last modified January 21, 2014, accessed April 25, 2015, http://www.ncsl.org/Portals/1/Documents/statefed/FSL_114th_1-21-15.pdf.

¹¹ John Jay, "No. 3: The Same Subject Continued," in *The Federalist Papers*, ed. Clinton Rossiter (New York: Signet Classic, 2003), 37.

of the most aggressive instances was in California's restriction of land ownership rights to ward off the "Japanese menace." The California Alien Land Laws of 1913 (a statute passed by the legislature) and of 1920 (an early progressive era ballot proposition that tightened the first law) denied the immigrants ineligible for citizenship right to own or lease land, except when such a constriction went against federal treaty provisions.¹² Aimed specifically at Japanese immigrants, who did not have citizen ship rights, the law mainly had an effect on agricultural property rights because of treaty provisions regarding residential and business property.¹³ The U.S. Supreme Court upheld the law in *Porterfield v. Webb* (1923) on the grounds that it did not violate the equal protection clause of the 14th Amendment, likening the California Alien Land Law to the Washington Alien Land Law, which the Court upheld in *Terrace v. Thompson* (1923).¹⁴ In *Oyama v. California* (1948), the Court ruled that the application of the Alien Land Law in one specific case was unconstitutional but upheld the law as a whole.¹⁵ Concurring opinions from Justice Black and Justice Murphy voiced opposition to the California Alien Land Law under the U.S. Constitution and with reference to the United Nations Charter.¹⁶ Murphy used the most aggressive language against the law, calling it "nothing more than an outright racial discrimination" and

¹² Edwin E. Ferguson, "The California Alien Land Law and the Fourteenth Amendment," *California Law Review* 35, no. 1 (March 1947): 61, accessed April 25, 2015, <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=3652&context=californialawreview>.

¹³ *Ibid*, 67.

¹⁴ *Porterfield v. Webb*, 263 U.S. 225 (1923). <http://supreme.justia.com/cases/federal/us/263/225/case.html> (accessed April 25, 2015).

¹⁵ *Oyama v. California*, 332 U.S. 633 (1948). <https://supreme.justia.com/cases/federal/us/332/633/case.html> (accessed April 25, 2015).

¹⁶ *Ibid*.

“racism in one of its most malignant forms.”¹⁷ The California Supreme Court finally ruled the Alien Land Law unconstitutional on 14th Amendment grounds in *Sei Fujii v. State of California* (1952), nearly 40 years after its passage.¹⁸ The decision of the court, written by Chief Justice Phil Gibson, argued that the law was “obviously designed and administered as an instrument for effectuating racial discrimination, and the most searching examination discloses no circumstances justifying classification on that basis.”¹⁹

While it did not directly involve California, *Zschernig v Miller* (1968) is an important case in that it provides ammunition to those who want to narrow the contours of state policy boundaries on foreign affairs. The U.S. Supreme Court ruled in this case that an Oregon statute regarding certain inheritance rights invalid because state “regulations must give way if they impair the effective exercise of the Nation's foreign policy.”²⁰ Oregon’s law “illustrate[d] the dangers which are involved if each State, speaking through its probate courts, is permitted to establish its own foreign policy.”²¹ Justice Harlan concurred in judgment but disagreed strongly on the foreign policy grounds of the court’s decision. He argued that “ in the absence of a conflicting federal policy or violation of the express mandates of the Constitution, the States may legislate in areas of their

¹⁷ Ibid.

¹⁸ *Sei Fujii v. State of California*, 38 Cal.2d 718 (1952).
<http://law.justia.com/cases/california/supreme-court/2d/38/718.html> (accessed April 25, 2015).

¹⁹ Ibid.

²⁰ *Zschernig v. Miller*, 389 U.S. 429 (1968).
<https://supreme.justia.com/cases/federal/us/389/429/case.html> (accessed April 25, 2015).

²¹ Ibid.

traditional competence even though their statutes may have an incidental effect on foreign relations,” a view that has held up in recent years.²²

In *American Insurance Association v. Garamendi* (2003), the U.S. Supreme Court found that California’s Holocaust Victim Insurance Relief Act of 1999, which required relevant insurance companies doing business in California to provide the state with information about their dealings in Europe from 1920 to 1945 in order to help the state’s remaining Holocaust survivors, was preempted by federal policy.²³ The court focused in on two criteria: whether congress acted on an issue (it had not in this case, but in keeping with *Haig v Agee* (1981), “congressional silence is not to be equated with congressional disapproval”) and whether the president acted on his independent foreign policy authority, which the court deemed to be the case.²⁴ The court said that California’s law could not hold since the state “seeks to use an iron fist where the President has consistently chosen kid gloves.”²⁵ Citing language from *Crosby v. National Foreign Trade Council* (2000), the court argued that “[t]he question relevant to preemption in this case is conflict, and the evidence here is ‘more than sufficient to demonstrate that the state Act stands in the way of [the President's] diplomatic objectives.’”²⁶ Interestingly, Justices Scalia, Thomas, and Stevens joined Justice Ginsburg’s dissent. She argued in favor of the California law. “[N]o executive agreement or other formal expression of foreign policy disapproves state

²² Ibid.

²³ *American Ins. Assn. v. Garamendi*, 539 U.S. 396 (2003).

<https://supreme.justia.com/cases/federal/us/539/396/case.html> (accessed April 25, 2015).

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

disclosure laws like the HVIRA. Absent a clear statement aimed at disclosure requirements by the 'one voice' to which courts properly defer in matters of foreign affairs, I would leave intact California's enactment."²⁷

While there is a mixture in terms of judicial interpretation of specific statutes, the U.S. Supreme Court has allowed for some state involvement in transnational issues, so long as it conforms to the requirements of Article 1, Section 10 and all other provisions of the Constitution, federal law, and executive policy.

California's Constitutions

California's constitutions are also worth addressing for their foreign affairs relevance, especially as it concerns the treatment of immigrants in California. The state has had two constitutions in its history. The first, from 1849, supported the rights of non-native residents. Section 17 of Article I, the Constitution's Declaration of Rights, guaranteed that "Foreigners who are, or who may hereafter become bona fide residents if this State, shall enjoy the same rights in respect to the possession, enjoyment, and inheritance of property, as native born citizens."²⁸ Its successor, the current California Constitution, was much less neutral in its treatment of alien residents.

The California Constitution of 1879 devoted an entire article to ensure discrimination against Chinese residents in response to the perceived "Chinese

²⁷ Ibid.

²⁸ California Constitution of 1849, art. 1, sec. 17.
<https://www.sos.ca.gov/archives/collections/1849/full-text.htm> (accessed April 25, 2015).

menace,” the predecessor to the “Japanese menace.” The first section of Article 19 allowed the California State Legislature to pass whatever law necessary to defend against the “burdens and evils arising from the presence of aliens.”²⁹ The second banned all corporations operating under California law from employing, directly or indirectly, “any Chinese or Mongolian.”³⁰ The third section banned the state and local governments in California from employing Chinese, except in the case of criminal punishment.³¹ Finally, the fourth section of Article 19 of the 1879 constitution should be presented in full.³²

The presence of foreigners ineligible to become citizens of the United States is declared to be dangerous to the well-being of the State, and the Legislature shall discourage their immigration by all the means within its power. Asiatic coolieism is a form of human slavery, and is forever prohibited in this State, and all contracts for coolie labor shall be void. All companies or corporations, whether formed in this country or any foreign country, for the importation of such labor, shall be subject to such penalties as the Legislature may prescribe. The Legislature shall delegate all necessary power to the incorporated cities and towns of this State for the removal of Chinese without the limits of such cities and towns, or for their location within prescribed portions of those limits, and it shall also

²⁹ See Appendix C for the full text of Article 19 of the 1879 Constitution. Direct link: *The Statutes of California Passed at the Twenty-Third Session of the Legislature, 1880*. (Sacramento, CA: J.D. Young, Supt. State Printing, 1880), xli, accessed April 25, 2015, <https://www.sos.ca.gov/archives/collections/1879/archive/1879-constitution.pdf>.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

provide the necessary legislation to prohibit the introduction into this State of Chinese after the adoption of this Constitution. This section shall be enforced by appropriate legislation.

How was such obviously racist and overtly discriminatory language possible? Anti-Chinese sentiment had been building for decades prior to 1879. Drawn by the prospect of work supporting the gold rush, railroad expansion, and other opportunities, by 1860, four in ten California residents were foreign born, and of those four, one was Chinese.³³ In his 1862 inaugural address, Governor Leland Stanford bemoaned “the settlement among us of an inferior race,” the “dregs” Asia.³⁴ He said “the presence of numbers among us of a degraded and distinct people must exercise a deleterious influence upon the superior race,” and that he would do what he could to promote “the repression of the immigration of the Asiatic races.”³⁵ A participant in the constitutional convention said that Anti-Chinese sentiment was one of the two main reasons (the other being taxes) that the convention was held.³⁶ By the time the California Constitution of 1879 was being drafted, labor unions and politicians opposed to Chinese competition and residence in California formed the Working Men’s Party of California, which sent 51 out of the 152 delegates to convention.³⁷ California’s Constitution of 1879 is

³³ Abraham F. Lowenthal, *Global California: Rising to the Cosmopolitan Challenge* (Stanford, CA: Stanford University Press, 2009), 16.

³⁴ Leland Stanford, “Inaugural Address” (transcript, Sacramento, CA, January 10, 1862), accessed April 25, 2015, <http://governors.library.ca.gov/addresses/08-Stanford.html>.

³⁵ *Ibid.*

³⁶ Noel Sargent, “California Constitutional Convention of 1878-9,” *California Law Review* 6, no. 1 (November 1917): 1-22, accessed April 25, 2015, <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=4066&context=californialawreview>.

³⁷ Ferguson, 62.

considered responsible for spurring the federal government to enact Chinese Exclusion Act of 1882, even if Article 19 was clearly unconstitutional, and was thus one of the first California state policies that caused the federal government to take foreign policy action.³⁸

Conclusion

California has clearly engaged in a great variety of legal exchanges with the federal government under the U.S. and California Constitutions, but what is the takeaway? How much leeway does the state have in performing foreign relations or domestic policy with great transnational significance?

Brigham Young Professor Earl Fry argues that nowadays, especially in areas of trade, state governments have leeway in promoting their interests. Article I, Section 10 of the Constitution does say that the states can enter into agreements with foreign governments so long as they get Congress's approval. Nowadays, writes Fry, "congressional silence... [is] generally considered as tacit approval of such activities" and the Constitution's Tenth Amendment would bolster such claims.³⁹

Professor John Kincaid writes that with the "vague" wording from the U.S. Constitution and the complications brought about by the Tenth Amendment, "authority for state and local international activity has rested largely on constitutional interpretation, political practice, historical tradition, and

³⁸ Ferguson, 63; Lowenthal, 16.

³⁹ Earl H. Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations Press, 1998), 92.

intergovernmental comity.”⁴⁰ Kincaid calls the current status of the federal-state relationship “co-operative dual federalism,” where states specialize in a few international issues where it makes the most sense to do so and the federal government neither strongly supports nor opposes the states’ actions.⁴¹

Georgetown Professor John M. Kline suggests that the United States is developing a “new federalism” as globalization unfolds, creating a shift that is “not really an expansion of state powers into the foreign policy area,” but instead an issue where “foreign policy,” particularly economic policy, “was growing into areas of traditional state prerogatives.”⁴² With the “national government’s legal supremacy... clear,” the foundation for state government influence in United States foreign policy lies predominantly in the political process.⁴³

Professors Douglas A. Kysar of Yale and Bernadette A. Meyler of Cornell argue in their analysis of California’s climate change policy that the state’s role might be best seen as “a form of state disobedience” because state leaders are engaging in an “inspire-and-lead strategy,” one that engages in behavior that is irrational on an individual basis but inspires “collective rationality in an inverse manner to the classic tragedy of the commons scenario.”⁴⁴ There are clearly a

⁴⁰ John Kincaid, “The International Competence of US States and Their Local Governments,” in *Paradiplomacy in Action: The Foreign Relations of Subnational Governments*, ed. Francisco Aldecoa and Michael Keating (Portland, OR: Frank Cass, 1999), 111-12.

⁴¹ *Ibid.*, 132.

⁴² John M. Kline, “A New Federalism for United States Foreign Policy,” *International Journal* 41, no. 3 (Summer, 1986): 507-08, accessed February 10, 2014, <http://www.jstor.org/stable/40202390>.

⁴³ *Ibid.*, 528-29.

⁴⁴ Douglas A. Kysar and Bernadette A. Meyler, “Like a Nation State,” *UCLA Law Review* 55 (2008): 1672-73, accessed April 20, 2015, http://digitalcommons.law.yale.edu/cgi/viewcontent.cgi?article=1373&context=fss_papers.

great variety of ways one can look at the shifting ground on states' roles in foreign policy issues.

Now, let us return to the Sudan question. Could California legally take a stand on genocide in Sudan and pass a divestment bill in response? Certainly. In the Sudan case, Congress even lent its explicit consent to measures like California's. In 2007, a year after the California divestment law was signed into law, the U.S. House and Senate passed bills that specifically *allowed* such divestments to occur and added a ban on federal government contracts with companies that did business in Sudan.⁴⁵ If the federal powers condone or do not oppose state foreign relations activity, if such activity does not directly contradict existing law or policy, and if they keep to issues that are already considered to be within in the purview of the states, then state foreign policy efforts are considered constitutional.

In the future, a president and congress could do more to lay out an explicit role for states in foreign affairs, either by empowering or diminishing their role in policy. Whatever the federal government's pronouncements, representatives of California, in or outside of the state government, will nonetheless continue to promote for California's interests through state policymaking in Sacramento and lobbying federal officials in Washington, D.C.

⁴⁵ Samuel Lucas McMillan, *The Involvement of State Governments in US Foreign Relations* (New York: Palmgrave Macmillan, 2012), 72.

Chapter 3

California's Foreign Relations and International Relations Theory

The modern Westphalian international system is built around the sovereignty of nation-states and treats them as the only significant actors in the international system. Nation-states negotiate and sign treaties, issue passports, dispatch diplomats, raise armies, declare war, and make peace.

But do they hold all the power?

Since the mid-20th century, as globalization and other forces have taken hold, the dynamics of the international system are changing. Nation-states are still the main forces, but there are plenty of powerful non-state actors that are more influential than United Nations member states. And they often have a material interest in the affairs of other states or sub-national governments.

Which is more influential in 2015, California or Cambodia? Which was more important in 2001, al Qaeda or Andorra?

Nowadays, many international relations theorists accept that there are influential actors on the international stage other than nation-states: sub-state governments, multinational corporations (MNC's), non-governmental

organizations (NGO's), international organizations (IO's), religious groups, terrorist groups, and other actors play varied roles in shaping world events.¹ While cities are gaining further recognition, government entities that are in the space between cities and nation-states, whether they are counties, parishes, federal states, or other entities, often do not get the same kind of attention from foreign policy and international relations thinkers. Moisés Naím, the former editor at *Foreign Policy* magazine, argues in *The End of Power* that “barriers to power have weakened at a very fast pace” over the past thirty years and existing powers are now “more easily undermined, overwhelmed, and circumvented” by other actors including these sub-state governments.² But by and large, government entities in that awkward space get short shrift. Sub-national governments generate significant international attention when they consider secession, as with Scotland, Québec, or Catalonia; or when they successfully secede, as in the case of Kosovo or South Sudan, at which point the issue becomes transition and international recognition. Sub-national governments can be quite significant players in international politics in the course of everyday governance.

From one country to another, the role of sub-national governments can vary greatly. The United States, which went from a collection of colonies to its first founding as a confederation of states before taking its current form under the U.S. Constitution, has relatively strong states bound by an even stronger federal

¹ Earl H. Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations Press, 1998), 13-14.

² Moisés Naím, *The End of Power* (New York: Basic Books, 2013), 10, 95-97.

government. Because no other sub-national government in the United States or elsewhere in the world is as influential, California merits further examination.

Liberal-leaning political scientists should jump at the chance to add sub-national governments to the study of international politics. As the world becomes more interconnected and interdependent, having even more stakeholders at the table in promoting trade, investment, migration, educational exchanges, and other programs should only strengthen the bonds that such activities forge and ultimately deepen and enhance peace between nations. In addition to such relatively tangible considerations, California also has a reservoir full of soft power that should be the envy of countries the world over.

Global Interdependence

In the early 1970s, Harvard Professors Robert O. Keohane and Joseph S. Nye put forward a theory of “complex interdependence” in *Power and Interdependence*.³ They argue that “the power of nations... has become more elusive.”⁴ They cite Henry Kissinger who argued in 1975 that “we are entering a new era... the world has become interdependent in economics, in communications, in human aspirations.”⁵ Kissinger said that “the problems of energy, resources, environment, population, the uses of space and the seas, now rank with the questions of military security, ideology, and territorial rivalry

³ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, 2nd ed. (New York: HarperCollins Publishers, 1989).

⁴ Ibid, 3.

⁵ Henry Kissinger, “A New National Partnership” (Text from The Department of State *Bulletin* of lecture, Los Angeles World Affairs Council, Los Angeles, CA, January 24, 1975), accessed December 7, 2014, <http://www.fordlibrarymuseum.gov/library/document/dosb/1860.pdf#page=3>.

which have traditionally made up the diplomatic agenda.”⁶ In this new era of interdependence, “the very basis of America’s strength—its economic vitality—is inextricably tied to the world’s economic well-being.”⁷ What Kissinger, Keohane, and Nye saw as interdependence we might now call the effects of globalization. It is a system where “actors other than states participate directly in world politics, in which a clear hierarchy of issues does not exist, and in which force is an ineffective instrument of policy.”⁸ Such a system can be applied directly to California, a non-state actor with a variety of interests that cannot be placed in a hierarchy without the capacity to use force. They argued that viewing world events through such this prism would not always be effective but might be more effective given the changing nature of the world, where multinational corporations and international organizations would have a greater stake in the world and play a greater role in influencing international relations and world events.⁹

As globalization brings the world together through an increase in the movement of goods, services, people, and ideas; and a greater number of multinational corporations with more money at stake, and more employees working in and traveling between more countries, international events more often have local significance and vice versa. Global common goods such as the air we breathe and the fish in the ocean also require greater combined effort to avoid the classic “tragedy of the commons.”

⁶ Ibid.

⁷ Ibid.

⁸ Keohane and Nye, 24.

⁹ Ibid, 34-35.

With trade up from 40.49 percent of global GDP in 1992 to 60.66 percent in 2012, even marginal changes in trade volume, whether driven by markets or government policy, can have great effects on sub-national governments and regions.¹⁰ Even a relatively moderate exposure to a sliver of global trade can be significant in absolute terms. If the United States imposes an embargo on Vietnam, then that jeopardizes not only the domestic Vietnamese economy but also aspects of the California economy. In 2013, California exported over \$1.1 billion in merchandise to Vietnam, about a dozen times more than it did in 2000.¹¹ While \$1.1 billion is a drop in the bucket for California as a whole, that can be crucial for the California industries that export to Vietnam and to the Vietnamese who count on their ability to import those goods from California. To get a sense of the widespread nature of the growth in exports, Vietnam is only one of 27 nations that saw quadruple digit percentage growth in imports from California between 2000 and 2013.¹² All but Lithuania are from the developing world. California's economy benefits tremendously from the development of these poorer nations, which conceivably benefit from trading with the Golden State. As trade between two areas increases in volume, their relationship increases in importance.

Trade agreements can significantly impact the local economies of federal states, especially large ones like California. In 2013, California exported nearly

¹⁰ *World Trade (% of GDP)* (World Trade Integrated Solution (The World Bank)), accessed April 25, 2015, <http://wits.worldbank.org/CountryProfile/Country/WLD/StartYear/1989/EndYear/1993/Indicator/NE-TRD-GNFS-ZS>.

¹¹ Data from the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce, accessed via <http://tse.export.gov/TSE/TSEReports.aspx?DATA=SED> on November 28, 2014.

¹² *Ibid.*

\$24 billion in goods to Mexico and \$19 billion worth of goods to Canada, which together account for nearly a quarter of California's \$168 billion in exports for 2013.¹³ Even a moderate effect from the North American Free Trade Agreement (NAFTA) between the U.S., Canada, and Mexico could have a substantial effect in California's economy, jobs, and culture.

Historically, California has reacted negatively to trade liberalization. When Governor Jerry Brown ran for president in 1992, after having served his first two terms as California's governor, he was known for opposing NAFTA. As with many issues during his second two terms, Governor Brown has moderated if not eliminated his opposition to NAFTA. In July 2014, he signed an agreement with the Mexican government, praised NAFTA, and promoted deeper cooperation between Mexico and California on economic, cultural, and education issues.¹⁴ If Governor Brown were elected president 1992, his experiences at the state level up to that point would have informed his actions as president and he likely would have held up or killed NAFTA. If Brown were elected president in 2016, after such a different experience in his third and fourth terms as California's governor, he might well promote trade liberalization.

Agreements that relate to the state's interests are signed not only by the federal government with other governments, but also between the State of California and foreign governments. Of course, these are limited in their effects, but even a symbolic gesture can have real consequences. A common device

¹³ Ibid.

¹⁴ David Siders, "In Mexico, a 'new Jerry Brown' On Free Trade," *Sacramento Bee*, July 30, 2014, accessed July 30, 2014, <http://www.sacbee.com/news/politics-government/capitol-alert/article2605276.html>.

used between the State of California and foreign governments is the “Memorandum of Understanding” (MOU). In July 2014, Governor Brown signed two such memoranda with the Mexican government, one on trade and investment, and another on climate change and the environment.¹⁵ During his 2013 trip to China, Brown signed memoranda of understanding not only with the national government, but also with the government of the Guangdong Province, China’s most populous and wealthiest province, on trade, investment, and climate change.¹⁶ Brown has signed fifteen MOUs with foreign governments during his third and fourth terms, including with national or subnational governments in China, Israel, Japan, Mexico, and Peru.¹⁷ After the expansion of international trade and investment of the past several decades, political leaders are eager to bring the rewards of trade to their constituents.

As there are more and more issues where California’s interests have global implications, expect to see California’s representatives look for ways to actively promote the state’s interests abroad. At the same time, another theory in

¹⁵ “Memorandum of Understanding to Enhance Cooperation On Climate Change and the Environment between the State of California of the United States of America and the Ministry of Environment and Natural Resources and the National Forestry Commission of the United Mexican States,” Office of Governor Edmund G. Brown Jr., July 28, 2014, accessed December 7, 2014, http://gov.ca.gov/docs/7.28_Climate_MOU_Eng.pdf. “Memorandum of Understanding for Strengthening Trade and Investment Cooperation between the Ministry of Economy of the United Mexican States and the Government of the State of California of the United States of America,” Office of Governor Edmund G. Brown Jr., July 30, 2014, accessed July 30, 2014, http://gov.ca.gov/docs/7.30.14_trade_mou_eng.pdf.

¹⁶ “Governor Brown and Ministry of Commerce Partner to Boost Bilateral Trade and Investment,” Office of Governor Edmund G. Brown Jr., April 9, 2013, accessed December 7, 2014, <http://gov.ca.gov/news.php?id=17988>. “Governor Brown Commits to Expanding Cooperation On Trade, Investment and Climate Change with China’s Largest Provincial Economy,” Office of Governor Edmund G. Brown Jr., April 15, 2013, accessed December 7, 2014, <http://gov.ca.gov/news.php?id=17999>.

¹⁷ See Appendix D for sample Memorandums of Understanding; “California’s Memorandum’s of Understanding,” Governor’s Office of Business and Economic Development, accessed April 25, 2015, <http://www.business.ca.gov/International/MOUs.aspx>.

international relations proposes that California can promote its interests abroad if it leads by example, showing its policies to be good on their own merits or by virtue of their connection to the Golden State.

California's Soft Power

Professor Joseph Nye is famous for inventing the concept of “soft power” and explaining it through a multitude of articles, speeches, and books. In *Soft Power: The Means to Success in World Politics*, Nye describes soft power as the power that “co-opts people rather than coerces them” as hard power does through carrots and sticks.¹⁸ It’s “the ability to attract, and attraction often leads to acquiescence.”¹⁹ When applied to nation-states, Nye describes it as the ability of “a country to obtain the outcomes it wants in world politics because other countries—admiring its values, emulating its example, aspiring to its level of prosperity and openness—want to follow it.”²⁰ Under Nye’s definition, what territory has more soft power per capita than California? While the term “soft power” is usually applied to countries, California has its own soft power resources. While soft power is meant to be unforced, California’s leaders are aware of their international visibility. If the state effectively leverages these resources, California can lead others toward its more ideal future.

Hollywood. Silicon Valley. Disneyland. Yosemite. Beaches. The Golden Gate Bridge. The Redwoods. Death Valley. Ronald Reagan. Arnold

¹⁸ Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004), 5.

¹⁹ *Ibid*, 6.

²⁰ *Ibid*, 5.

Schwarzenegger. Whatever the reality is today, California's decades-long reputation as a center of culture, technology, wealth, innovation, progress, and natural beauty precedes it. California is a mythical place in an age when few exist. The myth of California can influence how other actors on the world stage perceive and interact with, and perhaps, imitate the Golden State.

One way to gauge California's attractiveness is through tourism. California received some 15.6 million international visitors in 2013, with 7.4 million from Mexico, 1.5 million from Canada, and 6.6 million from overseas.²¹ California's tourism figures put it in a respectable position as compared to national tourist destinations. California ranks above Korea, Switzerland, and Greece, and just behind Canada.²² In light California's distance from Europe and Asia, California's tourism figures are quite strong.

California's brand is further bolstered by its position as a commercial center. Not only are California's large companies powerful economic entities, but they also have significant appeal of their own, and several of them have a distinct link to California in the public consciousness.

Apple, the most valuable company in the world, is not just headquartered in California. It is identified with the state. Apple's market capitalization – the value of the company based on its stock value – reached \$700 billion in

²¹ "California Statistics," Visit California, accessed December 7, 2014, <http://industry.visitcalifornia.com/Find-Research/California-Statistics-Trends/>.

²² "International Tourism, Number of Arrivals," The World Bank, accessed December 7, 2014, http://data.worldbank.org/indicator/ST.INT.ARVL?order=wbapi_data_value_2012+wbapi_data_value+wbapi_data_value-last&sort=desc.

November 2014.²³ If Apple were a country with a \$700 billion gross domestic product, it would be the 20th largest in the world, between Switzerland and Saudi Arabia.²⁴ On the back of its phones, tablets, and computers (Apple has sold 800 million devices that run its iOS mobile operating system since 2007),²⁵ the company emphasizes that while its goods are “Assembled in China,” they are “Designed by Apple in California.” Its latest desktop operating systems are named after California landmarks, with the first one named “Mavericks,” a place known for high-quality surfing in Northern California and its second, “Yosemite,” after the world-famous national park. California imparts a certain value onto Apple’s products that Apple is more than eager to emphasize. Such a connection with Apple redounds onto California’s reputation. Apple has contributed a tremendous benefit to California’s brand, and brought in legions of the world’s smartest people to California to contribute to its growth and success. In so doing, Apple has strengthened California’s soft power while strengthening itself and through taxes and population growth, California, economically.

Another Silicon Valley company, Google, also both represents the draw of California and has added to its allure. Founded by Larry Page and Sergey Brin, an immigrant from the Soviet Union, Google is one of the greatest centers of innovation in the world. Originally an internet search company, Google is now a

²³ Maureen Farrell, “Apple’s Market Cap Tops \$700 Billion,” *Wall Street Journal*, November 25, 2014, accessed December 7, 2014, <http://blogs.wsj.com/moneybeat/2014/11/25/apples-market-cap-tops-700-billion/>.

²⁴ Paul Vigna, “How Big Is Apple’s Market Cap? Nation-State Big,” *Wall Street Journal*, November 25, 2014, accessed December 7, 2014, <http://blogs.wsj.com/moneybeat/2014/11/25/how-big-is-apples-market-cap-nation-state-big/?KEYWORDS=apple+700+billion>.

²⁵ Nathan Ingraham, “Apple Has Sold More Than 800 Million iOS Devices, 130 Million New iOS Users in the Last Year,” *Verge*, June 2, 2014, accessed December 7, 2014, <http://www.theverge.com/2014/6/2/5772344/apple-wwdc-2014-stats-update>.

center of all sorts of developments. Billions of people worldwide use Google Maps, Android, Gmail, YouTube, Chrome, and many more products. It was on Google's YouTube where Psy, a Korean pop star, rose to global fame and scored over two billion hits on his music video, another sign of just how widely globalization has been manifested. Through its Google X research lab, Google has developed many a project including Project Loon, which has generated buzz about its plan to provide "balloon-powered internet for everyone."²⁶ Google has also been a leader in autonomous cars for years, and now self-driving cars are at the cusp of going mainstream.²⁷ And then there's Google Glass and many other projects with wide appeal, with more surely on the way. California companies such as Apple and Google, Tesla, Facebook, and Walt Disney all add to California's soft power.

In California we also find a thriving set of universities, including Stanford University, the Claremont Colleges, the University of California system, the California Institute of Technology (Cal Tech), and the University of Southern California. California's world-renown institutions of higher education are the source of many of its greatest companies, started by students during or after their studies. These universities have also brought tens if not hundreds of thousands of foreign students through California, promoting not only America but also

²⁶ "Loon for All - Project Loon," Google, accessed December 7, 2014, <http://www.google.com/loon/>.

²⁷ John Markoff, "Smarter Than You Think: Google Cars Drive Themselves, in Traffic," *New York Times*, October 9, 2010, accessed December 7, 2014, http://www.nytimes.com/2010/10/10/science/10google.html?pagewanted=all&_r=0.

California in the process. Many of them bring word of California home or end up settling in California and distinguish themselves.

How might California leverage its soft power resources?

Current policy suggests that California's main aim is to lead by example. Part of the problem with soft power is that it is not instrumental. You cannot force another state to act through soft power. Force is inherently an act of hard power. But, California can use its position of high esteem to motivate others to follow its lead.

On environmental issues in particular, California can set an example for the world. It cannot sign a document that would bind Mexico to cut greenhouse gas emissions, but it can join a carbon trading system with Québec and Ontario, showing the way for other sub-national governments or countries seeking to reduce their carbon footprint.

Conclusion

California has a unique position in our changing, ever-more connected world. Not only is it large, populous, and rich, but it is also highly respected the world over, providing it with greater soft power resources than most nations. It is a center of centers, whether it is culture, technology, agriculture, education, or environmental activism, California has worked to assert itself at the cutting edge. If California maintains its strengths, it can continue to be a golden state on a hill, a beacon of progress and of promise for the world. There is an old saying that

“As goes California, so goes the nation.” Perhaps the saying of the 21st Century will be: “As goes California, so goes the world.”

Chapter 4

California's Foreign Relations Edifice: Actors and Institutions

California has not one but several foreign policies. As California's population, economy, and bureaucracy have grown, and as the process of globalization has widened and deepened since the Second World War, more and more California-based interests are realizing they have a greater stake in more international issues. While nation-states are the most powerful players on the international stage, they are hardly the only players promoting their interests. Even within a government, there is substantial variance among actors, driven by ideological, functional, or other differences. In California, the legislature and governor are often at odds with each other and other entities on issues of policy and power. While most international relations theory and practice centers on unitary nation-states, that understanding does not fully capture reality. Not only is there a division between branches at the national level, there is also one between levels of government. Whether they are cities or federal states, sub-national governments have played an increased role in promoting their interests

in the post-war global political scene, with the explicit or tacit support of national governments.

Statewide actors can make use of a variety of tools to promote California's interests globally. From memoranda of understanding to trade offices to conferences to junkets to educational exchanges, there are a variety of mechanisms to promote California's interests and their own on issues of global significance.

The state government, led by the governor, legislature, and executive agencies, takes the lead in California's foreign relations. Non-governmental entities, especially the California Chamber of Commerce, other business interests, and think tanks groups seek to promote California's interests either directly through their own activities or by leveraging their influence to promote state policies that hold international significance. These non-governmental actors realize that they can often have the greatest effect by influencing the governor and the state legislature, who themselves seek to increase their power and influence by influencing national officials and the public sentiment.

These actors, whether state or non-state, often try to build institutions that lock in and reinforce their desired changes, sometimes even linking California state policies with those of foreign national and sub-national governments. Such institutions are often transient, and variably effective, but with California's constitutionally limited space for performing foreign policy activity, such institutions are often the best and only option for those who wish to develop substantive, lasting policy achievements.

The Governor

There is no greater figure in promoting the state's transnational interests than the governor. From legislation to appointments to executive actions to the bully pulpit and more, governors have a significant number of levers to influence California's foreign relations. And they often do, particularly for political reasons.

Narrator: "They keep coming, two million illegal immigrants in California. The federal government won't stop them at the border yet requires us to pay billions to take care of them. Governor Pete Wilson sent the National Guard to help the border patrol, but that's not all...

Wilson: I'm suing to force the federal government to control the border, and I'm working to deny state services to illegal immigrants. Enough is enough."¹

In his 1994 reelection campaign, Governor Pete Wilson staked out a position firmly in opposition to illegal immigration and illegal immigrants' use of state services. While immigration is a national issue, it can have an enormous impact on state and local government policy, particularly when it comes to services like welfare and education. Proposition 187, which sought to deny services to illegal immigrants, passed with 59 percent of the vote and helped the election some Republicans, but is commonly understood as a political failure in the long term.²

¹ "Pete Wilson 1994 campaign ad on illegal immigration" (video), 1994, accessed February 28, 2015, <https://www.youtube.com/watch?v=ILlzzs2HHgY>.

² Scott Shafer, "Political Effects Linger 20 Years After Prop. 187 Targeted Illegal Immigration," *KQED News*, November 4, 2014, 1, accessed February 28,

The proposition's effect was nullified as it was largely found unconstitutional in federal courts, and politically, it is often seen as an issue that led many Latinos to not only leave Republican Party but also become politically mobilized.³ Whatever its effect, the intent of Proposition 187 and Wilson's larger campaign was to make use of a national policy issue with international ramifications, the rights of foreign citizens in American territory, to advance state policy aims.

When Arnold Schwarzenegger, the Austrian immigrant bodybuilder-turned-international movie star, became California's governor, he reached to the limits of California's foreign relations powers. He went far. As the 2006 election neared, the Republican governor and his Democratic opponent pivoted from state issues to international issues to bolster their support among California voters.

After his conservative ballot measures failed spectacularly in a 2005 special election, Governor Schwarzenegger reinvented himself. He refocused on international policy, the cornerstone of which was Assembly Bill (AB) 32, an ambitious environmental measure that the governor championed and signed. As with many other parts of Schwarzenegger's life, the signing ceremony for AB 32 was quite the spectacle. With the city of San Francisco as his backdrop, Schwarzenegger, surrounded by local and state elected officials and flags from around the world, declared that AB 32 would "change the course of history."⁴

2015, <http://ww2.kqed.org/news/2014/11/04/political-effects-linger-20-years-after-prop-187-targeted-illegal-immigration>.

³ Ibid.

⁴ Mark Martin, "State's War On Warming: Governor Signs Measure to Cap Greenhouse Gas Emissions -- Sweeping Changes Predicted in Industries and Life in Cities," *San Francisco*

Tony Blair, the Prime Minister of the United Kingdom, was brought into the festivities via a satellite link to pay homage to Schwarzenegger for “showing brilliant leadership that will inspire people around the world.”⁵ Democratic Assembly Speaker Fabian Núñez lauded the legislation in both English and Spanish, to reach both English and Spanish-language media.⁶ That afternoon, Schwarzenegger repeated his performance in Los Angeles.⁷

A month later, while in New York for a re-election fundraiser hosted by Mayor Michael Bloomberg, the Governor announced his plan to link California’s carbon trading scheme with programs in Northeastern states and the European Union, demonstrating his global ambitions for AB 32.⁸ Schwarzenegger’s program fizzled out, but other linkage efforts are in the works. They are addressed later in this chapter. While in New York, the governor also irked many, including Speaker Núñez, by announcing an executive order that would alter some of the implementation of AB 32, giving more oversight power to the secretary of California’s Environmental Protection Agency, as opposed to the agency’s Air Resources Board, giving the governor more power.⁹ The connection between policy and politics is just as strong with environmental issues as with others. The Governor signed AB 32 in September and announced his executive

Chronicle, September 28, 2006, accessed January 12, 2015, <http://www.sfgate.com/green/article/State-s-war-on-warming-Governor-signs-measure-2487887.php#photo-2459917>.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Mark Martin, “Núñez Slams Governor On Emission Law,” *San Francisco Chronicle*, October 17, 2006, accessed January 13, 2015, <http://www.sfgate.com/green/article/SACRAMENTO-N-ez-slams-governor-on-emission-2485726.php>.

⁹ Ibid.

order in October knowing his reelection was in November. At a time when President George W. Bush and Republicans generally opposed climate legislation, his high-profile work promoting AB 32 and his broader environmental agenda showed that while he was a Republican, he was a different kind of Republican. The *San Francisco Chronicle* described his efforts on global warming as “a centerpiece of his re-election agenda.”¹⁰

Environmental regulation was not the only international issue in California’s 2006 gubernatorial election. So was genocide. As veteran reporter Carla Marinucci lead into her article on the issue, “California's gubernatorial candidates have begun to look beyond state boundaries to international issues that will fire up voters.”¹¹ Flanked by actors George Clooney and Don Cheadle, former U.S. Secretary of State George Shultz, and others, Governor Schwarzenegger proclaimed that “we cannot turn a blind eye to genocide.”¹² California’s response to the genocide in Sudan: AB 2941 and AB 2179, which would respectively ban California’s state pension systems from investing in companies that did business in Sudan and allow the University of California to divest from Sudan.¹³ Schwarzenegger reportedly stole the issue from his Democratic opponent, California State Treasurer Phil Angelides, who, without the

¹⁰ Ibid.

¹¹ Carla Marinucci, “Schwarzenegger Upstaging Angelides On Sudan Genocide Fight / Activist Actors Back Governor's Support of Divestment Bills,” *San Francisco Chronicle*, September 26, 2006, accessed October 21, 2014, <http://www.sfgate.com/politics/article/Schwarzenegger-upstaging-Angelides-on-Sudan-2469097.php>.

¹² Ibid.

¹³ Ibid.

governor's bully pulpit, could only issue a statement supporting the anti-genocide legislation.¹⁴

Angelides tried to introduce another international issue, the Iraq war, which by 2006 was unpopular with voters. Like Wilson, Angelides noted the governor's official role as commander-in-chief of the state's National Guard forces and public figure. Angelides pledged he would "do whatever I can to bring our National Guard units home," from "mobiliz[ing] governors from across this nation" to "walk[ing] the halls of Congress," maneuvers that might be politically effective, but which are not legally effective.¹⁵ Schwarzenegger resoundingly defeated Angelides, with 55.9 per cent to 39.0 per cent of the vote, and a margin of nearly 1.5 million votes.¹⁶

Emphasizing international issues makes sense politically, even if it can be somewhat disingenuous. The significant drop off in voting between presidential and midterm elections, or within elections as offices goes "down-ballot" suggests that voters are more aware of and feel more of a desire to play a role in deciding national and foreign policy than state and local policy. By internationalizing the governor's race, Schwarzenegger and Angelides must have thought they could turn out even more voters than would normally vote in a midterm election and provide a basis for new voters to join their camp.

After he was re-elected, Governor Schwarzenegger went truly global in his policy agenda. In 2007, he spoke to the United Nations General Assembly at a

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ "Governor [2006 Election Results]," California Secretary of State, accessed January 17, 2015, <http://elections.cdn.sos.ca.gov/sov/2006-general/gov.pdf>.

United Nations conference on global warming, urging both developed and developing nations to take aggressive action on climate change.

Schwarzenegger cited his own work as an example for others to follow:

"California is moving the United States beyond debate and doubt to action."¹⁷ He asked the United Nations "to push its members to action also."¹⁸ Ineligible for re-election due to term limits, a UN appearance by Schwarzenegger would also serve as an opportunity to develop his global credibility and policy reputation or brand on environmental issues. For Schwarzenegger, California was the ideal example for the world to follow.

As a former governor, Schwarzenegger has been promoting his policy agenda and personal legacy, while still performing in movie roles. In 2014, Schwarzenegger convened an international conference of his own in Paris, the World Summit of Regions for Climate, one year in advance of a U.N. climate conference, in order to promote his own climate policy solutions at the 2015 U.N. conference.¹⁹ He not only celebrated his own efforts in California, but specifically advocated for "the regional approach, [and] the subnational approach... because we in California have been very successful without the help of the national government."²⁰ Since national governments have failed to come to any significant climate agreement since the Kyoto Protocol, which itself was highly ineffective,

¹⁷ Jeff Mason, "Schwarzenegger Urges U.n. to Move On Climate Change," *Reuters*, September 24, 2007, accessed January 13, 2015, <http://www.reuters.com/article/2007/09/24/us-climate-un-schwarzenegger-idUSN2323848320070924>.

¹⁸ Ibid.

¹⁹ Lisa Bryant, "Schwarzenegger Pushes for Action at Paris Climate Meeting," *Voice of America News*, October 11, 2014, accessed January 18, 2015, <http://www.voanews.com/content/climate-change-paris-schwarzenegger-california/2480722.html>.

²⁰ Ibid.

Schwarzenegger is again treating California as the prototype for other climate change experiments. According to Schwarzenegger's approach, regional agreements among state or sub-national governments, or even unilateral sub-national government actions, are worth pursuing in order to put a dent in climate change and change the political climate on climate. He so strongly believes in the sub-national approach that that he founded R20 Regions of Climate Action. According to its mission, the group aims to "help sub-national governments around the world to develop low-carbon and climate resilient economic development projects."²¹ R20 organized the 2014 World Summit of Regions for Climate.

Schwarzenegger has also developed another entity to promote his brand and his policy interests from during and after his time in the governor's office: the USC Schwarzenegger Institute for State and Global Policy.²² The Institute appears to be intended to both highlight the governor's legacy and promote his agenda. Its webpage on energy and the environment is almost entirely devoted to touting his achievements during his tenure as governor.²³

While Governor Schwarzenegger was particularly interested in using the office as a platform to build his statewide, national, and international reputation and achieving policy objectives, his successor (and predecessor), Governor Jerry Brown, has taken a less muscular though consistent approach to foreign

²¹ "R20 Mission," R20 Regions of Climate Action, accessed January 18, 2015, <http://regions20.org/about/mission>.

²² "About the Institute," USC Schwarzenegger Institute, accessed January 18, 2015, <http://www.schwarzeneggerinstitute.com/about-the-institute>.

²³ "Energy," USC Schwarzenegger Institute, accessed January 18, 2015, <http://www.schwarzeneggerinstitute.com/policy-areas/energy-and-the-environment>.

relations in his third and fourth terms as governor. After the state's trade offices located abroad were defunded in 2003, the governor's office became the only serious governmental entity performing foreign relations activity on a regular basis. As the state reasserts its foreign presence, Brown is injecting his own personality and a refreshed ideological perspective into the state's foreign relations.

Brown's views on trade have shifted across the past four decades. In his first tenure as governor, from 1975 to 1983, Brown supported a "common market" with Mexico and Canada.²⁴ By his third run at the presidency, in 1992, Brown was an outspoken opponent of the North American Free Trade Agreement. And by his third term as governor, Brown had warmed up to trade. While he now gives qualified support to free trade, he is certainly seeking to promote California's trade opportunities abroad in his own, idiosyncratic way. While the governor thinks a trade office in China would be beneficial, he thinks that a similar office in Mexico would not. For more on trade policy see the section on Trade Offices.

Brown has worked to build lasting sub-national institutions of the type championed by Schwarzenegger, especially on issues of climate. Such institutions are founded on documents called Memorandums of Understanding (MOUs), which are non-binding agreements with foreign governments on a variety of issues, though with a heavy emphasis on climate, trade, and

²⁴ David Siders, "In Mexico, a 'new Jerry Brown' Comes Around to Free Trade," *Sacramento Bee*, July 30, 2014, accessed February 28, 2015, <http://www.sacbee.com/news/politics-government/article2605362.html>.

investment. Memorandums of Understanding are one of the major devices in the governor's toolkit to achieve written agreement with other nations.

Memorandums of Understanding

While they are not legally binding documents, MOUs are politically effective on the parties in that they would lose face at home and abroad if they reneged. California's record of MOUs pales in comparison with national-level diplomatic activity, but nonetheless the agreements that are developed do have a certain weight to them, perhaps enhanced by their rarity.

Former Governor Schwarzenegger's website features a page on "Promoting California Abroad," which highlights MOUs he signed with Israel's tourism minister and the President of Chile as among his foreign policy achievements.²⁵

One event where Schwarzenegger was active in signing Memorandums of Understanding was at the Governor's Global Climate Summit in 2010. There, he signed a MOU on climate change and tropical forests with the Governors of Acre, Brazil and Chiapas, Mexico.²⁶ Conference attendees included British Prime Minister David Cameron; the Prince of Wales; Harrison Ford; Deepak Chopra; regional leaders from states and provinces in Australia, Brazil, Canada, China, Ecuador, European Union, Japan, Mexico, Morocco, Netherlands, Nigeria, Philippines, Qatar, Rwanda, South Korea, Ukraine and the United States; and

²⁵ "Promoting California Abroad," Arnold Schwarzenegger, accessed January 17, 2015, <http://www.schwarzenegger.com/issues/milestone/promoting-california-abroad>.

²⁶ "Schwarzenegger Forges Global Climate Action Coalition with Regional Leaders," *Environmental News Service*, November 16, 2010, accessed January 17, 2015, <http://www.ens-newswire.com/ens/nov2010/2010-11-16-01.html>.

representatives of BMW and Chevron, Cisco Systems, Frito-Lay, the International Chamber of Commerce, the World Bank and the Asian Development Bank.²⁷

Governor Brown, who has been in office since 2011, has signed fifteen Memorandums of Understanding with national or subnational governments in China, Israel, Japan, Mexico, and Peru.²⁸ He has assigned the Governor's Office of Business and Economic Development (GO-Biz) as the agency responsible for implementation of these agreements.²⁹ In 2013, Brown signed a MOU with China's main climate official that aimed to promote cooperation on a variety of climate issues including reducing greenhouse gas emissions.³⁰ Brown explained that he saw "the partnership between China, between provinces in China, and the state of California as a catalyst and as a lever to change policies in the United States and ultimately change policies throughout the world."³¹ With an issue like climate change, which is truly global in scale, activist governors can work on addressing the issue through a number of avenues, but they are limited by not only national constitutional concerns, but by politics within their state.

²⁷ Ibid.

²⁸ "California's Memorandum's of Understanding," Governor's Office of Business and Economic Development, accessed March 1, 2015, <http://www.business.ca.gov/International/MOUs.aspx>.

²⁹ Ibid.

³⁰ "Photo Release: Governor Brown Expands Partnership with China to Combat Climate Change," Office of Governor Edmund G. Brown Jr., September 13, 2013, accessed January 17, 2015, <http://gov.ca.gov/news.php?id=18205>.

³¹ Ibid.

The Legislature

While the governor has his own power, most significant policies require the support of the legislature, and the legislature itself is also the source of many policies. While the governor holds executive power, the legislature holds the purse strings and writes the laws. The California State Senate informally serves in a similar capacity as its national counterpart, taking the lead on foreign policy legislation and hosting visiting foreign dignitaries.³²

As with the governor, legislators have to consider political ramifications of their actions as they work to promote their vision of the state's interests. One of the most significant issues is economic policy. Trade, while it was once seen as a mixed bag, has become a more or less consensus issue as a system that promotes domestic interests. As trade has deepened and widened over the last half century, it is significant enough where now even state legislators are thinking about how to promote trade in their capacities. As California Senate Republican Leader Bob Huff said in an interview with the author, "Why wouldn't I try to set up an export market in Taiwan or China if I can rather than let Nevada do it? So it's all about jobs here."³³

Early in 2014, Senators Huff and Lou Correa introduced SB 928, which would have created an international trade and investment office representing California's interests in Mexico since, according to Senator Correa's office, twenty three states and three cities have trade offices in Mexico, while California

³² California Senate Republican Leader Bob Huff, interviewed by author, Brea, CA, January 23, 2015.

³³ Ibid.

does not.³⁴ Before the bill's final passage in both houses on a bipartisan basis, 78 to 1 in the Assembly and 33 to 7 in the Senate, Governor Jerry Brown went on a trade mission to Mexico. Brown's agenda resembled what a president or secretary of state would discuss on such a trip: immigration, trade, university exchanges, tourism, and, as Brown put it, "pushing an intelligent climate change agenda."³⁵ After he returned to California, the legislature put AB 928 on his desk, and Brown vetoed it, writing in his veto message, "We are working directly with the Mexican government and the business community on increasing bilateral trade and other initiatives. I am not convinced we need a legislatively-mandated trade office to continue our growing partnership with Mexico."³⁶ Brown directly acknowledged the direct relationship between his office and that of the Mexican government, and apparently wanted to keep that relationship more tightly under the control of his office.

Senator Huff fully recognized the constraints imposed by the Constitution and federal policy, but he also saw room for sub-national governments to contribute to supranational issues. Huff's arguments for his beliefs regarding state foreign policy were strongly influenced by classically liberal thought. He

³⁴ Beth Hummel and Paul Somerhausen, *Senate Bill 928 (Correa/Huff): California Trade Office in Mexico* (Sacramento, CA: The Offices of California State Senators Lou Correa and Bob Huff, Year Unknown), accessed April 18, 2015, http://consulmex.sre.gob.mx/sacramento/images/stories/pdf_files/Politicos/transportecomercioeinfrasestructura/sb928correacaliforniatradeofficeinmexico.pdf.

³⁵ Judy Lin, "California Governor Kicks Off Mexico Trade Mission," *Associated Press via Yahoo News*, July 27, 2014, accessed April 18, 2015, <http://news.yahoo.com/california-governor-kicks-off-mexico-trade-mission-195221757.html>.

³⁶ See full veto message in Appendix B; California State Legislature, Senate, *SB-928 International Trade and Investment Office: Mexico*, Vetoed by Governor Jerry Brown September 28, 2014, accessed April 18, 2015, http://leginfo.legislature.ca.gov:80/faces/billNavClient.xhtml?bill_id=201320140SB928.

lauded President Eisenhower for starting American involvement in sister city programs, which “recognized that a lot of wars were fought because of ignorance of other people” and sought to cultivate “people to people contact and relationships” in order to promote peace.³⁷ As a Diamond Bar city councilman, Huff helped set up sister city relationships with cities in Taiwan and China, which he thought would be a “valuable program, even if there isn’t anything economic” that comes of it.³⁸

As with any government with divided powers, the governor and legislature’s visions for the state often diverge. Since the governor is one person and the legislature is made up of 120 who share their power, the former has more flexibility and authority to act outside of legislation and implement his vision, or stop theirs. One instance of divergence between the legislature and governor is on the importance of a trade office in Mexico. For more on the trade office controversy, see the trade office section below.

The legislature maintains several bodies specifically devoted to foreign relations issues including the Senate Office of International Relations, the California Foreign Relations Foundation, and committees on foreign relations and relations with California’s neighbor, Mexico.

Senate Office of International Relations

The Senate Office of International Relations (SOIR) assists the Senate on diplomatic protocol, performs research, interacts with California’s 140 Consulates

³⁷ Ibid.

³⁸ Ibid.

General, and more generally helps with promoting strong economic and diplomatic relations between California and the rest of the world.³⁹ The SOIR also tends to California's 26 sister state relationships, which are designated by joint resolutions from the Senate and Assembly.⁴⁰

California International Relations Foundation

The SOIR is also responsible for staffing the California International Relations Foundation (CIRF), a 501(c)(3) non-profit foundation that the Senate founded in order to be able to accept private funding to support its "productive exchanges" with foreign governments.⁴¹ As Senator Huff put it, the CIRF provides

...a mechanism outside of the general fund that can pay for receptions or recognition, because whenever we go to another country, the government hosts us. Whether it's just coffee or cookies, there's expenses associated with it... so that gives us a mechanism [to] reciprocate without hitting the general fund, so that doesn't create a voter backlash.⁴²

The CIRF's board of directors consists of leaders from some of California's most powerful companies and organizations, including Toyota, the California Hospital

³⁹ "Welcome to the Senate Office of International Relations," Senate Office of International Relations, accessed January 10, 2015, <http://soir.senate.ca.gov/home>. "Description of Duties," Senate Office of International Relations, accessed January 10, 2015, <http://soir.senate.ca.gov/duties>.

⁴⁰ "California's Sister State Relationships," Senate Office of International Relations, accessed January 10, 2015, <http://soir.senate.ca.gov/sisterstates>.

⁴¹ "California International Relations Foundation," Senate Office of International Relations, accessed January 11, 2015, <http://soir.senate.ca.gov/cirf>.

⁴² Bob Huff, interview, January 23, 2015.

Association, the California State University, Pfizer, Chevron, the California Chamber of Commerce, and the Japanese Chamber of Commerce of Northern California.⁴³

Assembly Committees on International Relations

Over the years, the Assembly has opened, closed, or renamed various committees dealing with foreign relations. Often committees split jurisdiction over these issues. For instance, from 1997 to 2000, the Assembly International Trade and Development Committee split responsibility for foreign-related issues with the Utilities and Commerce Committee.⁴⁴ On the Senate side, the Banking and Commerce Committee was renamed the Banking, Commerce and International Trade Committee in 1991 and kept foreign relations issues as part of its agenda through at least 2004, even featuring subcommittees on the Americas, Asia Trade and Commerce, and California-European Trade Development.⁴⁵

Today, the Senate Business, Professions and Economic Development Committee claims jurisdiction over international trade.⁴⁶ The Senate Select Committee on California-Mexico Cooperation provides special attention to

⁴³ "Board of Directors - California International Relations Foundation," Senate Office of International Relations, accessed January 11, 2015, <http://soir.senate.ca.gov/cirfdirectors>.

⁴⁴ "Assembly Daily Journal," California Legislature 1997-98 Regular Session, February 6, 1997, accessed March 1, 2015, <http://clerk.assembly.ca.gov/sites/clerk.assembly.ca.gov/files/aj020697.pdf>, 252-255; Heesook Nam, "Inventory of the Assembly International Trade and Development Committee Records," Online Archive of California, accessed March 1, 2015, <http://pdf.oac.cdlib.org/pdf/csa/aintrdevc.pdf>, 2-3.

⁴⁵ Kim Mitchell, "Inventory of the California State Senate Banking, Commerce and International Trade Committee Records," California State Archives, accessed March 1, 2015, <http://pdf.oac.cdlib.org/pdf/csa/scbank.pdf>, 2-3.

⁴⁶ "Description and Jurisdiction of Committee," Senate Business, Professions and Economic Development Committee, accessed March 1, 2015, <http://sbp.senate.ca.gov/descriptionandjurisdictionofcommittee>.

relations with California's neighbor, Mexico. In the Assembly, which has a greater number of committees, a variety claim jurisdiction over international issues. The Committee on Jobs, Economic Development, and the Economy claims a primary role in foreign affairs, with issues spanning from international trade to California's overseas trade offices to foreign investment to sister state agreements.⁴⁷ Other committees with jurisdiction over international issues include the Committee on Arts, Entertainment, Sports, Tourism and Internet Media; the Committee on Utilities and Commerce; the Select Committee on Asia/California Trade and Investment Promotion; and the Select Committee on California-México Bi-National Affairs. Committees are particularly interesting for their public hearings and town hall meetings on issues with international significance. They often probe state bureaucrats, experts, and academics on not only generic policy issues but also the divide between state and federal rights and obligations on foreign relations issues and narrow state issues that become implicated in national treaties, laws, or executive actions.⁴⁸

Executive Departments

Office of the Attorney General

The Attorney General can exert influence beyond California's borders. The office is often a stepping stone to higher office, and while there are foreign

⁴⁷ "Welcome to the Committee on Jobs, Economic Development, and the Economy," California State Assembly Committee on Jobs, Economic Development, and the Economy, accessed March 1, 2015, <http://ajed.assembly.ca.gov/>.

⁴⁸ The bibliography features a wide selection of Senate and Assembly hearing transcripts.

affairs-related duties in the job description, attorneys general, like governors, can use their public profiles to promote their own political profiles.

Kamala Harris, California's current Attorney General, is running to replace Barbara Boxer in the U.S. Senate.⁴⁹ Like Governors Schwarzenegger and Brown, Harris has given particular attention to global and regional transnational issues. Her campaign regularly features human trafficking, cyber-security, and international gang crime as the three issues she has successfully tackled during her tenure as Attorney General.⁵⁰ Harris, California's highest ranking law enforcement officer, has consistently made special note of her efforts against transnational gangs and human trafficking, two interconnected issues of law and order. In 2012, the Attorney General's office published a lengthy report on "The State of Human Trafficking in California," a follow-up to a 2007 report, "Human Trafficking in California."⁵¹ In a public letter posted online, Harris calls human trafficking the next frontier for transnational and domestic gangs that had previously focused on drugs and guns, and mentions tunnels under the

⁴⁹ David Knowles, "Kamala Harris Set to Run for Barbara Boxer's Senate Seat," *Bloomberg Politics*, January 12, 2015, accessed January 12, 2015, <http://www.bloomberg.com/politics/articles/2015-01-13/kamala-harris-set-to-run-for-barbara-boxers-senate-seat>.

⁵⁰ Michael Finnegan, "Loretta Sanchez Tests Senate Race Attack on Kamala Harris," *Los Angeles Times*, April 21, 2015, accessed April 25, 2015, <http://www.latimes.com/local/political/la-me-pc-loretta-sanchez-senate-race-kamala-harris-20150420-story.html>.

⁵¹ The California Attorney General's Human Trafficking Work Group, *The State of Human Trafficking in California* (California Department of Justice, 2012), accessed January 19, 2015, <http://oag.ca.gov/sites/all/files/agweb/pdfs/ht/human-trafficking-2012.pdf?>; California Alliance to Combat Trafficking and Slavery Task Force, *Human Trafficking in California* (California Attorney General's Office, October 2007), accessed January 19, 2015, <http://web.law.columbia.edu/sites/default/files/microsites/career-services/Human%20Trafficking%20in%20California%20Report.pdf>.

California-Mexico border and sophisticated gang-run commercial sex rings.⁵² The Attorney General's website contains a page on transnational gangs featuring two dozen press releases that emphasize efforts made by her office to crack down on these gangs.⁵³

Office of California-Mexico Bilateral Relations

As with legislators, bureaucrats have set up their own bodies to focus on issues arising from California's border with Mexico. The Office of California-Mexico Bilateral Relations is a part of the California Department of Justice. It is essentially the state of California's center for coordinating relations between California and Mexico on law enforcement and legal issues.⁵⁴

Foreign Prosecutions and Law Enforcement Unit

Sub-national governments are sometimes responsible for implementing international treaties and agreements signed by their national governments. The Foreign Prosecutions and Law Enforcement Unit (FPLEU), part of the California Department of Justice, is responsible for ensuring California's full compliance under the Hague Convention in cases of international child abduction. It works to ensure the recovery and return of abducted children.⁵⁵ It also focuses on tracking down Mexican or American nationals who commit crimes in California then flee to

⁵² Kamala D. Harris "Human Trafficking," State of California Department of Justice, Office of the Attorney General, accessed January 12, 2015, <http://oag.ca.gov/human-trafficking>.

⁵³ "Fighting Against Transnational Gangs," State of California Department of Justice, Office of the Attorney General, accessed January 12, 2015, <http://oag.ca.gov/transnational-gangs>.

⁵⁴ "Office of California-Mexico Bilateral Relations," State of California Department of Justice, Office of the Attorney General, accessed January 19, 2015, <http://oag.ca.gov/ca-mexico>.

⁵⁵ Ibid.

Mexico. The office also facilitates other forms of assistance under the Mutual Legal Assistance and Cooperation Treaty.⁵⁶

California Environmental Protection Agency

California's Environmental Protection Agency, CalEPA, interprets, implements, and enforces the Golden State's muscular climate legislation. CalEPA was founded in 1991 under Governor Pete Wilson, but traces its legacy back to 1975, when Jerry Brown in his first term created a cabinet-level Secretary of Environmental Affairs, a position which his successor, George Deukmejian, also filled.⁵⁷ CalEPA's Air Resources Board (ARB) is responsible for implementing the most significant piece of climate legislation in California, and perhaps American history, AB 32, the Global Warming Solutions Act of 2006.⁵⁸ Some parts of AB 32, particularly the cap and trade program implemented by the ARB, allow, for transnational cooperation and linkage. California's cap and trade program is currently being implemented through the Western Climate Initiative.

The Western Climate Initiative

Western Climate Initiative (WCI) is a key case of transnational sub-national government diplomacy. The WCI is the regional organization through which California is implementing its own carbon cap and trade program in the

⁵⁶ "Foreign Prosecutions and Law Enforcement Unit (FPLEU)," State of California Department of Justice, Office of the Attorney General, accessed January 11, 2015, <http://oag.ca.gov/bi/fpleu>.

⁵⁷ "The History of the California Environmental Protection Agency," CalEPA, last updated December 10, 2014, accessed March 1, 2015, <http://www.calepa.ca.gov/About/History01/>.

⁵⁸ "Assembly Bill 32 Overview," California Environmental Protection Agency, Air Resources Board, last modified August 5, 2014, accessed January 12, 2015, <http://www.arb.ca.gov/cc/ab32/ab32.htm>.

absence of national legislation.⁵⁹ Originally, the American states California, Arizona, Montana, New Mexico, Oregon, Utah, and Washington, and the Canadian provinces of British Columbia, Manitoba, Ontario, and Québec signed on to the Western Climate Initiative, but since the program began, economic constraints have prompted the other American states to drop out.⁶⁰

A sign of the trouble with garnering enough political will and support for climate action, although there were eleven original signatories, as of 2014, only Québec and California were ready to proceed with carbon auctions. In April 2015, Ontario announced it would join the cap-and-trade system.⁶¹ California and Québec's (and soon Ontario's) auctions are performed by the Western Climate Initiative, Incorporated, a non-profit corporation jointly funded by the California Air Resources Board and the Québec province.⁶² The first joint California-Québec auction occurred on November 19, 2014, the culmination of a years-long process at harmonizing Californian and Québécois regulations and markets.⁶³ California and Québec continue to seek new partners for the Western Climate Initiative, targeting states in New England and the Western United States, as well as

⁵⁹ "Participation in the Western Climate Initiative," California Environmental Protection Agency, Air Resources Board, last modified June 11, 2014, accessed January 12, 2015, <http://www.arb.ca.gov/cc/capandtrade/wci/agreement.htm>.

⁶⁰ *2014 Business Issues and Legislative Guide: Solutions for a Strong California* (Sacramento, CA: California Chamber of Commerce, 2014), 36.

⁶¹ Timothy Cama, "Ontario Plans Cap-and-Trade System," *The Hill*, April 3, 2015, accessed April 25, 2015, <http://thehill.com/policy/energy-environment/237815-ontario-plans-cap-and-trade-system>.

⁶² "Participation in the Western Climate Initiative," California Environmental Protection Agency, Air Resources Board.

⁶³ "The Québec Cap and Trade System for Greenhouse Gas Emissions Allowances," Développement durable, Environnement et Lutte contre les changements climatiques, accessed January 12, 2015, <http://www.mddelcc.gouv.qc.ca/changements/carbone/Systeme-plafonnement-droits-GES-en.htm>; "Auction and Reserve Sale Information," California Environmental Protection Agency, Air Resources Board, last modified January 12, 2015, accessed January 12, 2015, <http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>.

several Canadian provinces, in order to make the WCI more efficient and effective.⁶⁴ Even though it is founded on a non-binding Memorandum of Understanding, the California-Québec cap and trade program has significant real-world effect. The state's cap-and-trade system will likely bring in between \$1.7 billion and \$7.7 billion by June 30, 2016.⁶⁵

Pacific Coast Action Plan on Climate and Energy

One device toward promoting this climate change agenda is led under the Pacific Coast Action Plan on Climate and Energy. The Pacific Coast Action Plan on Climate and Energy, a legally non-binding "action plan" between the governments of British Columbia, California, Oregon, and Washington formed in October 2013, seeks to combine the resources of these contiguous three American states and Canadian province to fight climate change.⁶⁶

The Pacific Coast Action Plan on Climate and Energy serves as the successor to the Pacific Coast Collaborative, a similar agreement from 2008.⁶⁷

⁶⁴ Frederic Tomesco and Lynn Doan, "California, Quebec Seek Partners to Grow Carbon Market," *Bloomberg*, September 24, 2014, accessed January 12, 2015, <http://www.bloomberg.com/news/2014-09-24/quebec-california-seeking-to-boost-size-of-carbon-market.html>.

⁶⁵ Chris Megerian, "Polluter fees in California could boost state budget, analysts say," *Los Angeles Times*, February 19, 2015, accessed March 1, 2015, <http://www.latimes.com/local/political/la-me-pc-california-cap-and-trade-revenue-20150219-story.html>.

⁶⁶ Edmund G Brown Jr. et al., "Pacific Coast Action Plan On Climate and Energy," October 28, 2013, accessed January 12, 2015, <http://www.pacificcoastcollaborative.org/Documents/Pacific%20Coast%20Climate%20Action%20Plan.pdf>.

⁶⁷ "Pacific Coast Collaborative," accessed January 12, 2015, <http://www.pacificcoastcollaborative.org/Pages/Welcome.aspx>.

Alaska was a part of the Collaborative but chose not to join the new action plan.⁶⁸ Together, the members of the pact would form the fifth largest economy in the world, with a GDP of \$2.8 trillion, but members are looking for yet more members to join their effort.⁶⁹ Considering the reduction in the number of states actively involved in the Western Climate Initiative plummeted from eleven to three and the loss of Alaska in the Collaborative, expanding such agreements, even though they are non-binding, would be a hard sell.

Nonetheless, the remaining members try. In December 2014, a little over a year after their initial partnership, the governors and premiers of these sub-state governments, Jerry Brown of California, Christy Clark of British Columbia, Jay Inslee of Washington, and John Kitzhaber of Oregon co-authored an op-ed in the *Los Angeles Times*. In it, they wrote that their Action Plan “represents a regionwide commitment to air quality, clean fuels, carbon pricing, and clean-energy jobs” and serves as a model ahead of the 2015 climate meeting in Paris.⁷⁰

⁶⁸ David. R. Baker, “3 States, Province Sign West Coast Climate Pact,” *San Francisco Chronicle*, March 25, 2014, accessed January 12, 2015, <http://www.sfgate.com/science/article/3-states-province-sign-West-Coast-climate-pact-4934319.php>.

⁶⁹ Ibid.

⁷⁰ Edmund G Brown Jr. et al., “A Pacific Coast Model for Addressing Climate Change,” *Los Angeles Times*, December 11, 2014, accessed January 16, 2015, <http://www.latimes.com/opinion/op-ed/la-oe-1212-brown-west-coast-climate-change-plan-20141212-story.html>.

California-Mexico Border Relations Council

The California-Mexico Border Relations Council, founded in 2006, is the body responsible for coordinating with Mexico on border issues.⁷¹ The Council is led by the Secretary for Environmental Protection.⁷²

The Governor's Office of Business and Economic Development

The Governor's Office of Business and Economic Development (GoBIZ) coordinates the Governor's economic policy, including on transnational issues. In February 2014, GoBIZ released an "International Trade and Investment Strategy" report for California as required under the California International Trade and Investment Act of 2006.⁷³

One of GoBIZ's current functions is as the designated body responsible for managing California's trade offices located overseas.

Office of Business and Industrial Development, Department of Economic and Business Development

Founded in January 1978, the Office of Business and Industrial Development at the Department of Economic and Business Development worked to attract investors to California and to ease business interactions with the state

⁷¹ "Welcome to the California-Mexico Border Relations Council," CalEPA, last updated October 15, 2014, accessed March 1, 2015, <http://www.calepa.ca.gov/border/cmbrcl/>.

⁷² Ibid.

⁷³ *State of California International Trade and Investment Strategy* (Sacramento, CA: Governor's Office of Business and Economic Development, February 2014), accessed April 25, 2015, <http://www.business.ca.gov/Portals/0/AdditionalResources/Reports/February%202014.GO.Biz%20CA%20Intl%20Trade%20Strategy.FINAL.pdf>.

government.⁷⁴ Part of its role was in organizing the information necessary for businesses to invest in California with a pro-California spin in order to attract capital, through reports like 1983's *An Investment Guide to California*.

The California State World Trade Commission

Established in 1983, the California State World Trade Commission (CSWTC) was tasked with promoting the state's engagement in the international economy through trade development, export finance services, trade policy formulation, and research.⁷⁵

For instance, it brought together officials from the U.S. and Japanese governments to lower Japanese barriers to California cherry exports, boosting state exports by an estimated \$3.3 million annually.⁷⁶ In 1989, it ran two export programs. The first, the Office of Export Development, introduced California businesses to the world market through trade shows, referrals of foreign inquiries, and the development of a catalogue.⁷⁷ The other program, the California Export Finance Office, packaged loan guarantees of up to \$411,000 for small and medium-sized exporters.⁷⁸

⁷⁴ California Department of Economic and Business Development, *An Investment Guide to California* (Sacramento, CA: California Department of Economic and Business Development, 1983).

⁷⁵ Yvonne D'Angela, *California, Canada and Free Trade: A Guidebook for California Business* (Sacramento, CA: California State World Trade Commission, 1989), 2.

⁷⁶ Nancy Yoshihara, "State Cherry Exports to Japan Get Boost," *Los Angeles Times*, December 8, 1986, accessed April 24, 2015, http://articles.latimes.com/1986-12-08/business/fi-1778_1_california-cherries.

⁷⁷ Nancy Yoshihara, "Export Resources," *Los Angeles Times*, September 11, 1989, accessed April 24, 2015, http://articles.latimes.com/1989-09-11/business/fi-1541_1_international-trade.

⁷⁸ Ibid.

Foreign Trade Zones

In 1983, California had only four Foreign Trade Zones, in San Francisco, San Jose, Oakland, and Long Beach (opened in 1982).⁷⁹ As described in state-produced promotional materials, they are “designated and controlled area[s] for the storing, sorting, packaging, or manipulation of goods” that “encourage and facilitate international commerce” by making it so “foreign goods or materials brought into a zone and ultimately shipped to a third country, either in their original or completely altered condition, are not subject to custom duties or federal excise taxes” and “are usually not chargeable against quotas.”⁸⁰ The emphasis with FTZs is on “export processing or manufacturing operations in which high duty foreign components and materials are needed to make the end product competitive in foreign markets.”⁸¹ California currently has 17 FTZs, located throughout the state.⁸²

Trade Offices

The second half of the twentieth century saw a proliferation in state-level efforts at promoting international trade and economic development, especially through state offices located abroad. Such offices often serve as “matchmakers” between home-state and foreign businesses by providing information, fostering introductions, translating documents, explaining and working through foreign

⁷⁹ California Department of Economic and Business Development, 24.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² “Foreign Trade Zones,” California Department of Economic and Business Development, accessed April 22, 2015, <https://www.business.ca.gov/LinkClick.aspx?fileticket=b7wA5YbVC-4%3D&tabid=247>.

regulations, and promoting the value of doing business in the American state to foreign companies.⁸³ The first such office was New York State's, which opened in 1953.⁸⁴ California's interest in and support for foreign trade offices has been variable since its program began. California had offices running in Mexico, Japan, and Germany, under the California World Trade Authority Coordinating Council in the 1960s, but they were closed in 1967.⁸⁵ While trade offices were few and far between in the 1950s through mid-70s, by the 1980s, nearly every state had its own trade office. Only ten states did not have a trade office by 1980, and the 40 that did operated 66 such offices among them.⁸⁶ The most recent data available, compiled by Professor Samuel Lucas McMillan of Lander University, shows that US states' international offices had reached new heights in the early 21st Century. In 2006, 44 states operated offices located abroad, which is equal to the number in 1990, but whereas in 1990 there were only 158 offices open, that number had increased to 235 by 2006.⁸⁷ The peak number of total offices appears to have been in 2001, when there were 264 such offices open abroad, including California's.⁸⁸ The height reached at the start of the new millennium was not to last, as with the bursting of the "dot com" boom, many

⁸³ California Senate Republican Leader Bob Huff, interviewed by author, Brea, CA, January 23, 2015; Kimberly Kindy, "Trade Secrets," *Orange County Register*, May 25, 2003, accessed February 3, 2015, <http://www.lexisnexis.com/lxacui2api/api/version1/getDocCui?lni=48TH-FYC0-00YV-D45B&csi=152786&hl=t&hv=t&hnsd=f&hns=t&hgn=t&oc=00240&perma=true>.

⁸⁴ Samuel Lucas McMillan, *The Involvement of State Governments in Us Foreign Relations* (New York: Palgrave Macmillan, 2012), 79.

⁸⁵ McMillan, 83, 214.

⁸⁶ McMillan, 81.

⁸⁷ McMillan, 81.

⁸⁸ McMillan, 81.

states, including California, cut funding to their international trade promotion efforts, dropping that total to 220 by 2004.⁸⁹

From 1987, when it reentered the ranks of states with foreign trade offices after a two decades' absence, California opened and operated several trade offices around the globe.⁹⁰ Governor George Deukmejian personally opened the state's first two new offices, in Tokyo and London, which were launched under his initiative as he was concurrently considering running for president.⁹¹ A year earlier, the state became the first to hire a full-time trade representative in Washington, D.C.⁹² Former Assembly speaker Robert T. Monagan, who was appointed by Governor Deukmejian to run the California World Trade Commission, voiced many of the questions at play as Deukmejian reinvigorated California's trade-promotion efforts to the *Los Angeles Times*:

We're still trying to figure out what (California's) role is in all this.

Why should a state have a 'World Trade Commission'?

...We're still just a state, not a nation. But foreign business leaders come to California and want to deal with us as if we were a nation.

Our government's not structured to deal with that. So we're trying to get California to respond as a sort of semi-nation state.⁹³

While Deukmejian initiated a strong rollout for the state's trade-promotion efforts, future efforts were not so consistent.

⁸⁹ McMillan, 81.

⁹⁰ McMillan, 82.

⁹¹ George Skelton, "Governor Off on Trade Mission to Europe," *Los Angeles Times*, April 8, 1987, accessed April 24, 2015, http://articles.latimes.com/1987-04-08/news/mn-215_1_trade-mission.

⁹² Ibid.

⁹³ Ibid.

Funding for trade-promotion efforts continued to be variable after Deukmejian's start. The golden state cut its international trade budget nearly in half between 1990 and 1994.⁹⁴ Then, by 1999, the state had allocated \$6.4 million in funding for 15 such offices, in Frankfurt, Hong Kong, Jerusalem, Tokyo, Mexico City, Johannesburg, Taipei, London, Korea, Shanghai, Calgary, the Philippines, India, Singapore, and Buenos Aires.⁹⁵ The state legislature then cut funding for the state's twelve remaining offices in 2003 during the state budget crisis.⁹⁶ Funding for foreign trade offices was cut in response to negative results from research on their effectiveness. A 1999 report from the California Research Bureau that suggested that "most trade offices have been established based on a varying mix of quantitative and qualitative factors related to political issues and constituency requests, rather than being guided by a comprehensive state trade policy."⁹⁷

An exhaustive 2003 investigation by *Orange County Register* also tarnished the trade offices' record with key stakeholders in and out of government. It found that trade offices "often submit false or distorted accounts of success" in order to inflate their apparent effectiveness, to the tune of at least \$44.2 million in twelve months across 2000 and 2001, when it claimed credit for \$200 million in exports and \$231 million in foreign investment in California.⁹⁸ The

⁹⁴ Ibid, 83.

⁹⁵ Gus Koehler, *California Trade Policy* (Sacramento, CA: California Research Bureau, November 1999), 49, accessed January 11, 2015, <http://www.library.ca.gov/crb/99/12/99-013.pdf>.

⁹⁶ Marc Lifsher, "California Trade Office to Reopen in China," *Los Angeles Times*, September 12, 2012, accessed January 10, 2015, <http://articles.latimes.com/2012/sep/12/business/la-fi-trade-offices-20120912>; McMillan, 83.

⁹⁷ Koehler, 50.

⁹⁸ Kindy.

report led to Senator Dean Florez, Chairman of the Senate's banking and commerce committee, among others, to call for their closure.⁹⁹ Senate Leader John Burton told the *Register* that governors like trade offices because they are like "mini-embassies and want them as political plums for their friends."¹⁰⁰

California's final trade office, in Armenia, which represented 0.02% of California's total exports, closed in 2006 after the legislature refused to reauthorize it, lending support to the notion that trade offices served purposes other than trade.¹⁰¹

After a decade in which California lacked a major presence abroad, in 2012, Governor Brown traveled to China to open a trade office in Shanghai.¹⁰² This time, the office is to be funded not by taxpayers but by \$1 million in private funding organized by the Bay Area Council, a non-profit that represents business interests in the San Francisco Bay Area.¹⁰³ With the passage of AB 2012, now the governor, through the Governor's Office of Business and Economic Development (GO-Biz), rather than the Business, Transportation and Housing Agency, runs the state's trade policy and trade offices.¹⁰⁴

In the past, California operated a trade office in Mexico, which, like China and unlike Armenia, is one of California's largest trading partners. In 2014, Senators Bob Huff and Lou Correa proposed SB 928, which would have opened a trade and investment office in Mexico modeled on the state's Shanghai office. It passed with unanimous, bipartisan support in both houses of the legislature, but

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ Lifsher.

¹⁰² Lifsher.

¹⁰³ Lifsher.

¹⁰⁴ Lifsher.

Governor Brown vetoed the bill. Brown referred to a recent trade mission to Mexico City and visit by the Mexican President to Sacramento in his veto statement.¹⁰⁵ Brown emphasized that in his view, existing channels were sufficient and he was “not convinced we need a legislatively-mandated trade office to continue our growing partnership with Mexico.”¹⁰⁶ Brown is not the first governor to be suspicious of trade offices. The 1999 report also suggested that “Both the Deukmejian and the early Wilson administrations resisted some legislative proposals to create new offices.”¹⁰⁷

Whatever the value of trade offices and other official efforts, the state government is not the only entity promoting California’s interests.

The California Chamber of Commerce

The California Chamber of Commerce (CalChamber) is one of the more assertive non-governmental organizations seeking to influence state policy, including with regard to foreign affairs. It has its own International Trade Department led by the Chamber’s Vice President of International Affairs, currently Susanne Stirling. Other issues that the Chamber is engaged with, such as energy, immigration, and environment, also have international ramifications.

In its 2014 Business Issues and Legislative Guide, a 170-page book distributed to business and political interests throughout the state, a good deal of

¹⁰⁵ Bob Huff and Lou Correa, *SB-928 International Trade and Investment Office: Mexico.*, California State Legislature, Introduced January 29, 2014, accessed January 9, 2015, via California Legislative Info,

http://leginfo.legislature.ca.gov:80/faces/billNavClient.xhtml?bill_id=201320140SB928.

¹⁰⁶ Ibid.

¹⁰⁷ Koehler, 50.

the content is related to California's foreign policy and CalChamber's designs on influencing it. The Chamber's official take on foreign trade, distilled into one sentence, was repeated nearly verbatim at least eight times in the Guide:

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California Business.¹⁰⁸

CalChamber is an advocacy group. By making its positions on issues of state and national importance public, the Chamber signals the policies it expects state and federal lawmakers and other officials to support. As with other players in foreign affairs, CalChamber is particularly interested in trade, the most important international issue for California businesses. While it recognizes that "trade is a nationally determined policy issue, its impact on California is immense."¹⁰⁹ A strong proponent of trade liberalization, CalChamber voices its support for a raft of free trade agreements including regional agreements such as the North American Free Trade Agreement (NAFTA), Transatlantic Trade and Investment Partnership (TTIP), and Trans-Pacific Partnership (TPP), as well as bilateral agreements ranging from the U.S.-Korea Free Trade Agreement to the U.S.-Oman Free Trade Agreement.¹¹⁰ While the State of California itself cannot sign

¹⁰⁸ *2014 Business Issues and Legislative Guide: Solutions for a Strong California* (Sacramento, CA: California Chamber of Commerce, 2014), quote from page 114, also see pages 19, 98, 110, 112, 115, 117, 151.

¹⁰⁹ *Ibid*, 91.

¹¹⁰ *Ibid*, 91-98.

these treaties, promoting free trade among the state's 53 House members, two senators, and 120 state legislators, some of whom will be federal lawmakers faced with the choice of funding or confirming future treaty obligations, serves the interests of the Chamber's members. The same goes for other issues, like immigration or climate change, which are principally federal issues with significant effect on California and its economy.

If CalChamber were all bark and no bite, few would care about its policy recommendations. Fortunately for CalChamber's members, its recommendations do have bite. In a 2010 report, California's Fair Political Practices Commission, the state's political regulator and enforcer, unveiled fifteen special interest groups that spent \$1 billion altogether to influence California voters and public officials over the preceding decade. While its contribution was comparatively small, at \$39 million, CalChamber was nonetheless a significant player in state politics.¹¹¹ Furthermore, the Chamber represents a broader set of interests than any of the other top 15 spenders, from the California Teachers Association to the Morongo Band of Mission Indians to AT&T, so it is more broadly engaged in state politics. CalChamber's strength is enhanced by its network of local chambers, which regularly publish and promote its policy positions. CalChamber advocacy can also lead its member businesses and organizations to engage in their own political activities.

¹¹¹ *Big Money Talks: The 15 Special Interests That Spent \$1 Billion to Shape California Government* (Sacramento, CA: California Fair Political Practices Commission, March 2010), 10, accessed January 11, 2015, <http://www.fppc.ca.gov/reports/Report31110.pdf>.

The Chamber's 2014 Business Issues and Legislative Guide spends approximately the final 20 pages worth of content on advocacy. It offers detailed suggestions on letter writing campaigns, media interviews, and tips for phoning or meeting elected officials, guides on the structure and terminology of California government, and even a guide on how to read legislation. CalChamber explains the "Job Killer" and "Job Creator" tags it assigns to relevant legislation, and suggests the Chamber's efforts promoting good legislation and especially in killing bad legislation have been rather successful. While CalChamber claims a 92 percent success rate at killing "Job Killer" legislation since the program began in 1997, it does not offer a success rate on passing "Job Creator" legislation.¹¹² Such an absence of proffered data would make sense since it is generally easier to stop legislation than it is to promote it. Under CalChamber's Political Action Network, a series of Political Action Committees or PACs try to influence legislators and "select and elect" their favorite candidates for office.

Overall, CalChamber, which is smaller, more focused than the state government, and not as constrained as the state government, can engage in a much more effective effort. While it must balance out many interests, it is one body rather than several, and has a rather consistent set of views: promote free trade, foster immigration, fight environmental regulations, and work to keep energy cheap. Some are California-specific issues, but many are either mixed state and local issues or really federal issues that the states are taking on for themselves, to some degree.

¹¹² 2014 *Business Issues and Legislative Guide: Solutions for a Strong California*, 142-143.

Think Tanks and Academics

A vast array of academics influence state policies with international significance. They are often called up to hearings in Sacramento. They publish articles and reports individually, and are called on by state and local media. Of particular importance today and historically have been the academic centers where communities form and publish research on the state, especially the Public Policy Institute of California and centers at the University of Southern California, Claremont McKenna College, and the University of California, Berkeley.

Conclusion

Much of California's policy or lack thereof with respect to foreign affairs issues comes down to individual taste. A governor or motivated legislator can raise dormant issues or create new ones for the state government to address. Since there is no single person responsible for the state's foreign relations (the governor is, but he is also responsible for everything else associated with being governor), the state's foreign relations are more of a team effort, with contributions from a large group of individuals and institutions. It is important to know who the main players are, and their roles; but it is also important to see how they work together, which can be done on an issue-by-issue basis.

Chapter 5

Major Issues in California's Foreign Relations

California, with its large and diversified economy and population, must contend with many transnational issues. The most obvious is trade and investment, but the state is also involved in immigration, public pension investment, educational exchanges, environmental and energy policy, crime, border relations, and law enforcement. The state has gone so far in its policy reach that on occasion the federal government has intervened in California state policies.

On a wide array of issues, California is actively pursuing policies that affect foreign nationals, multinational corporations, and governments even if the main focus is on California, evincing a pattern of behavior that can legitimately be termed California's foreign relations.

Trade

As globalization continues apace, California is asserting its place in the world economy. With a gross state product of about \$2.2 trillion in 2013 that depends to an extent on national-level trade agreements as well as informal ties, California has deep connections with a diverse group of trade partners.¹ What happens in the California economy has ramifications around the world, and vice versa. With merchandise exports exceeding \$400 billion and imports approaching \$175 billion in 2014, the Golden State is a potential customer, seller, and competitor for the world's trading nations (see below). A coherent state-level vision on trade could pay dividends in the future, supplementing federal trade programs.

While the data below only show merchandise exports, they nonetheless demonstrate that the state of California has a growing stake in the world economy. For the sake of the reader, only the top thirty importing and exporting nations are included below, but the state has a deep network of trading partners that touches practically every nation and every region.

¹ U.S. Department of Commerce, "Regional Data: GDP and Personal Income," U.S. Bureau of Economic Analysis, last modified June 11, 2014, accessed April 12, 2015, <http://www.bea.gov/iTable/iTableHtml.cfm?reqid=70&step=10&isuri=1&7003=200&7035=-1&7004=naics&7005=-1&7006=06000&7036=-1&7001=1200&7002=1&7090=70&7007=-1&7093=levels>.

² Dollar values not adjusted for inflation. See: "2014 NAICS Total All Merchandise Imports to California," U.S. Department of Commerce: International Trade Administration, accessed February 15, 2015, <http://tse.export.gov/stateimports/MapDisplay.aspx>.

California's Top Merchandise Import Markets (in Millions of U.S. Dollars)²				
		2009	2014	Change '09 - '14
Rank	World Total	270,414	403,452	49%
1	China	89,252	137,692	54%
2	Mexico	29,520	41,250	40%
3	Japan	33,605	38,264	14%
4	Canada	17,206	27,880	62%
5	South Korea	12,204	14,997	23%
6	Malaysia	8,785	14,062	60%
7	Taiwan	8,060	12,102	50%
8	Germany	5,670	12,054	113%
9	Saudi Arabia	3,760	10,687	184%
10	Thailand	7,109	9,416	32%
11	Viet Nam	3,282	8,077	146%
12	Iraq	2,987	6,429	115%
13	Ecuador	3,102	5,505	77%
14	Indonesia	3,303	4,947	50%
15	India	2,147	4,396	105%
16	Singapore	2,288	3,870	69%
17	Philippines	2,132	3,610	69%
18	France	2,012	3,499	74%
19	United Kingdom	2,680	3,403	27%
20	Italy	2,086	3,219	54%
21	Colombia	1,003	2,987	198%
22	Switzerland	1,523	2,197	44%
23	Brazil	2,167	2,180	1%
24	Ireland	1,608	2,180	36%
25	Australia	1,455	2,050	41%
26	Israel	3,557	1,898	-47%
27	Chile	762	1,340	76%
28	Angola	831	1,331	60%
29	Costa Rica	447	1,304	192%
30	Netherlands	1,104	1,247	13%

² Dollar values not adjusted for inflation. See: "2014 NAICS Total All Merchandise Imports to California," U.S. Department of Commerce: International Trade Administration, accessed February 15, 2015, <http://tse.export.gov/stateimports/MapDisplay.aspx>.

California's Top Thirty Merchandise Export Markets (in Millions of US Dollars) ³								
Rank		1999	2004	2009	2014	Change '09 – '14	Change '04 – '14	Change '99 – '14
	World Total	97,920	110,144	120,080	174,129	45%	58%	78%
1	Mexico	13,559	17,249	17,474	25,419	45%	47%	87%
2	Canada	12,382	12,201	14,315	18,249	27%	50%	47%
3	China	2,395	6,847	9,744	16,060	65%	135%	571%
4	Japan	12,894	13,328	10,902	12,263	12%	-8%	-5%
5	South Korea	5,343	5,963	5,913	8,580	45%	44%	61%
6	Hong Kong	3,645	5,125	5,800	8,502	47%	66%	133%
7	Taiwan	5,398	5,363	4,120	7,467	81%	39%	38%
8	Germany	4,329	3,691	4,441	5,427	22%	47%	25%
9	Netherlands	3,987	3,820	3,566	5,370	51%	41%	35%
10	India	416	1,028	2,178	5,276	142%	413%	1168%
11	United Kingdom	5,074	5,208	3,916	4,991	27%	-4%	-2%
12	Singapore	4,605	4,163	3,222	4,563	42%	10%	-1%
13	Australia	2,185	2,260	3,445	3,805	10%	68%	74%
14	Belgium	1,032	1,717	1,983	3,478	75%	103%	237%
15	Chile	279	234	1,146	2,740	139%	1071%	882%
16	France	2,254	2,954	2,316	2,729	18%	-8%	21%
17	Switzerland	868	831	1,334	2,518	89%	203%	190%
18	Israel	868	994	1,219	2,320	90%	133%	167%
19	Malaysia	2,092	2,006	1,626	2,273	40%	13%	9%
20	Italy	1,276	1,219	1,888	2,108	12%	73%	65%
21	Brazil	1,241	1,211	2,050	1,953	-5%	61%	57%
22	United Arab Emirates	189	500	1,150	1,916	67%	283%	914%
23	Thailand	1,225	1,506	1,466	1,797	23%	19%	47%
24	Philippines	1,493	1,046	1,005	1,574	57%	50%	5%
25	Spain	698	902	946	1,561	65%	73%	124%
26	Viet Nam	43	152	905	1,209	34%	695%	2712%
27	Saudi Arabia	745	190	598	1,161	94%	511%	56%
28	Ireland	1,132	903	606	955	58%	6%	-16%
29	Turkey	228	209	474	858	81%	311%	276%
30	Colombia	133	120	329	827	151%	589%	522%

³ The Department of Commerce dataset only went back to 2008 for imports and to 1999 for exports. Data was used as far back as uniformly available in 5-year increments. Dollar values not inflation adjusted. "2014 NAICS Total All Merchandise Exports from California," U.S. Department of Commerce: International Trade Administration, accessed February 15, 2015, <http://tse.export.gov/TSE/MapDisplay.aspx>.

National trade agreements are among the most significant trade-related policies affecting California. Bilateral trade agreements between the United States and its trade partners can have significant economic impact in California. The Canada-U.S. Free Trade Agreement, signed January 2, 1988, was the predecessor to the North American Free Trade Agreement. In an effort to promote awareness of the agreement and get small businesses to increase trade under it, the California World Trade Commission issued *California, Canada and Free Trade: A Guidebook for California Business*, which opened with positive, optimistic letters from Governor Deukmejian and Canada's Ambassador to the United States.⁴ As with many federal issues, the state government can do little that has a direct, substantive effect on policy, so it instead responds to federal policy, providing information and limited support to businesses. This report pointed out that Canadian investment was responsible for some 120,000 California jobs.⁵ Of course, this was not a net figure, considering jobs lost due to the liberalization of trade liberalization with Canada. In 1986, before the agreement was signed, Canada was California's top investor nation, investing six billion dollars in the state, followed closely by Japan (\$5.2 billion) and the United Kingdom (\$4.6 billion).⁶ The report even said that Canadians made up 20 percent of those working in the Hollywood film industry.⁷ California exports to Canada increased after the Canada-U.S. and North American Free Trade Agreements.

⁴ Yvonne D'Angela, *California, Canada and Free Trade: A Guidebook for California Business* (Sacramento, CA: California State World Trade Commission, 1989).

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

Exports rose by some \$4.8 billion in 1988 to over \$12.4 billion by 1999, and on up from there to \$18.2 billion in 2014 (See chart above).⁸

With regard to Mexico, the state's main export market, California has a great stake in the "Twin Plant" or *Maquiladora*. Under it, American manufacturers can divide their operations across the border, keeping capital-intensive operations in the United States and operating labor-intensive operations in Mexico, where labor is cheaper, benefitting from a low tariff and maximizing the benefits of the comparative advantages of the American and Mexican markets.⁹ The state has promoted the Twin Plant Program in its efforts to attract investment.¹⁰

On the import side of the trade ledger, California is proving a strong market as compared to its exports, which might trouble national policymakers. With imports more than double exports (California's imports from China and Mexico alone surpass all exports combined), California is a significant contributor to the U.S. trade deficit. In 2014, the state represented only 10.7 percent of U.S. merchandise exports but 17.2 percent of imports, making California's merchandise trade deficit of \$229 billion responsible for 31.8 percent of the total U.S. merchandise trade deficit.¹¹ California contributed a similar 29.9 percent

⁸ Ibid.

⁹ California Department of Economic and Business Development, *An Investment Guide to California* (Sacramento, CA: California Department of Economic and Business Development, 1983), 24.

¹⁰ Ibid.

¹¹ Calculated using California data from above and "Trade in Goods with World, Not Seasonally Adjusted," United States Census Bureau, accessed April 25, 2015, <https://www.census.gov/foreign-trade/balance/c0015.html>.

share of the total U.S. merchandise trade deficit in 2009.¹² While a healthy trade pattern is a sign of a vigorous economy and free international trade, the state's persistent negative balance of payments suggests that while California may be home to great wealth and other strengths, it is less competitive internationally.

How do Californians view trade? While recent opinion data are scarce, Californians were polled for their opinions on trade in the late 1990s, when major agreements regarding the General Agreement on Tariffs and Trade (GATT), World Trade Organization (WTO), North American Free Trade Agreement (NAFTA), and other agreements were of public concern. In a 1996 poll, about a third of respondents thought that foreign trade creates jobs as opposed to 40 percent that thought it would eliminate jobs and a 1997 poll found that while a quarter believed that trade hurts the economy; almost a third thought that it helps the economy.¹³ While opinions were mixed, many Californians were ignorant or indifferent about trade issues. While responses varied widely between polls at the time, a 1995 poll found that only about a third of Californians were aware that the WTO would take over administration of the GATT.¹⁴ Without a strong, broad base of support for or opposition to trade promotion efforts, California politics provided room for debate.

Although there is a strong, bipartisan consensus in favor of free trade today, in the 1990s, NAFTA and other free trade agreements were bitterly

¹² Ibid.

¹³ Gus Koehler, *The Public's View of Foreign Trade: Pragmatic Internationalism* (Sacramento, CA: California Research Bureau, 2001), 6.

¹⁴ Ibid, 10-11.

contested issues.¹⁵ Jerry Brown penned a chapter entitled “Free Trade is Not Free” for Ralph Nader’s 1993 book *The Case Against Free Trade*. The book illustrates some of the populist protectionist and environmentalist concerns of many, especially those from the left, with regard to trade liberalization. Brown attacked “captains of industry and their economist allies who almost always view [trade liberalization] through a self-serving prism of corporate efficiency.”¹⁶ To Brown, the “free trade cheerleaders” did not “emphasiz[e] social justice, the enrichment of local communities[,] and respect for the environment.”¹⁷ Brown lamented that “utterly absent... from [free traders’] complex equations are any moral ideas about social justice or environmental stewardship.”¹⁸ Despite Brown’s public stances, research suggests that his concerns over the destruction of local economic conditions in California, at least, were overblown.

Between 1994 and 2002, only 27,759 California workers had certified job displacements – either job losses or significant reductions in pay – due to NAFTA under the North American Free Trade Agreement-Transitional Adjustment Assistance (NAFTA-TAA) program, which was instituted to mitigate the harmful effects of free trade on employment.¹⁹ While 27,759 people should not be written off completely, such displacements recognized under the NAFTA-TAA program

¹⁵ Jeffrey M. Jones, “Americans Shift to More Positive View of Foreign Trade,” *Gallup*, February 28, 2013, accessed April 25, 2015, <http://www.gallup.com/poll/160748/americans-shift-positive-view-foreign-trade.aspx>.

¹⁶ Jerry Brown, “Free Trade is Not Free,” in *The Case Against “Free Trade” GATT, NAFTA, and the Globalization of Corporate Power*, ed. Ralph Nader (San Francisco, CA: Earth Island Press, 1993), 65.

¹⁷ *Ibid*, 65, 69.

¹⁸ *Ibid*, 66.

¹⁹ Howard J. Shatz, “Trade with Mexico and California Jobs,” *California Economic Policy*, (Sacramento, CA: Public Policy Institute of California, January 2006), 7.

constituted only about 0.02 percent of the state's workforce every year.²⁰ Even if the 27,759 figure were off by an order of magnitude, it would still make up only one five hundredth of California's workforce. In recent years, even Brown has moderated on trade. He reopened the state's Shanghai trade office after it had been closed for a decade, and Brown has signed numerous Memoranda of Understanding on trade and investment promotion with foreign governments.

One recent issue that exemplifies the importance of California's trade is the dramatic impact of slowdowns in traffic through the Ports of Los Angeles and Long Beach. Together, they receive 40 percent of America's cargo containers.²¹ Recent slowdowns have generally been caused by union negotiations, but any number of things – earthquakes or other natural disasters, terrorist threats, trade policies and more – could have a significant effect on trade flows. A June 2014 report commissioned by the National Association of Manufacturers and the National Retail Federation estimated that the West Coast ports process imports and exports worth 12.5 percent of U.S. GDP.²² It also suggested the potential harm in prolonged port closures. Whereas a 5-day closure would disrupt 73,000 jobs and reduce the U.S. GDP by \$9.4 billion, a 20-day closure would disrupt 405,000 jobs and have a \$49.9 billion negative effect.²³ A recent nine-month slowdown at the West Coast ports drew attention from the president, California's

²⁰ Ibid, 8.

²¹ Jim Puzanghera and Christi Parsons, "House Members Call for Swift Resolution of West Coast Port Dispute," *Los Angeles Times*, February 12, 2015, accessed February 15, 2015, <http://www.latimes.com/business/la-fi-port-slowdown-congress-20150212-story.html>.

²² Inforum at the University of Maryland, *The National Impact of a West Coast Port Stoppage* (Washington, D.C.: The National Association of Manufacturers and The National Retail Federation, June 2014), 5, accessed April 12, 2015, <https://nrf.com/sites/default/files/Port%20Closure%20Full%20Report.pdf>.

²³ Ibid.

congressional delegation, and state and local leaders. Even the U.S. Secretary of Labor eventually got involved in the negotiations at San Francisco, and warned that the White House was considering invoking the Labor Management Relations Act of 1947 (Taft-Hartley), to enter the labor disputes itself.²⁴ It would not be the first time the president invoked Taft-Hartley at the West Coast Ports. President George W. Bush forced them to open in 2002.²⁵

Local port disputes also have effects on global trade and supply chains. The nine-month slowdown at the West Coast ports led to increased traffic at ports on the East Coast, Gulf Coast, and in Mexico and Canada as supply chain managers sought to avoid the port slowdown.²⁶ Even after the labor dispute has been resolved, the future is potentially grim for the West Coast ports. They will not return to normal for an estimated three to six months after the end of the dispute, a widening Panama Canal will shift more traffic to the East Coast even though the trip from Shanghai takes 25 days to New York as opposed to 12 days to Long Beach, and, as the executive director of the Port of Los Angeles told the *Wall Street Journal*, about a third of cargo can easily be shifted to other ports.²⁷ While the West Coast port system is important in the international economy, it is vital to many California interests. For instance, California farmers feared that as

²⁴ Elizabeth Weise and Chris Woodyard, "Deal Reached in West Coast Dockworkers Dispute," *USA Today*, February 21, 2015, accessed April 12, 2015, <http://www.usatoday.com/story/news/2015/02/20/west-coast-ports-dispute-union-labor-secretary-tom-perez/23744299/>.

²⁵ Ibid.

²⁶ Laura Stevens and Paul Ziobro, "Ports Gridlock Reshapes the Supply Chain," *Wall Street Journal*, March 5, 2015, accessed April 12, 2015, <http://www.wsj.com/articles/ports-gridlock-reshapes-the-supply-chain-1425567704>.

²⁷ Ibid.

much as \$5 billion in produce exports would perish before it reached its destination because of delays caused by the port dispute.²⁸

Our discussion has focused on the most commonly understood form of trade: that involving goods and services across borders; but the state engages in other forms of trade, as foreign direct investment of capital and the movement of people through migration. None of these is independent of the other, but each is separated out for clarity.

Foreign Direct Investment

While foreign direct investment (FDI) is mostly an issue of concern for national governments, the United States government has “maintained a hands-off, open door policy toward FDI inflows,” to use Sara Gordon and Francis Lees’s language, which allows the policy space and opportunity for states to pursue their own efforts at promoting or deterring foreign investment, in competition with one another as well as with nation-states.²⁹ California has a long history of framing its policies regarding foreign direct investment to suit political interests, whether though a racial or protectionist impulse in opposition to investment, or a more liberal attitude in favor of free trade and foreign investment. FDI politics have implications for land ownership, taxation, environmental regulation, and other state policies that can complicate national or international relations.

²⁸ Ben Bergman, “\$5 Billion Worth of Produce Could Be Lost Because of Port Gridlock,” 89.3 KPCC, February 13, 2015, accessed April 12, 2015, <http://www.scpr.org/news/2015/02/13/49828/5-billion-worth-of-produce-could-be-lost-because-o/>.

²⁹ Sara L. Gordon and Francis A. Lees, *Foreign Multinational Investment in the United States: Struggle for Industrial Supremacy* (New York: Quorum Books, 1986), 25.

Foreign financial firms have been involved in California since the beginning, drawn in by the state's wealth of natural resources like gold, oil, and silver, and pushed in by domestic political and economic upheaval, such as that surrounding the 1848 revolutions in continental Europe, which coincided nearly with the California Gold Rush.³⁰ British and French entrepreneurs over 5,000 miles away from California took advantage of the feverish outlook that the Gold Rush inspired and raised millions of francs and pounds from the general public through "California societies" or other entities, which these entrepreneur-swindlers said they would devote toward capturing gold wealth, but never produced profits for their investors.³¹ The Rothschilds, however, operated in San Francisco starting in 1849.³² By the end of the 19th century, financial institutions based in Hong Kong, Britain, Canada, Switzerland, and Japan joined the Rothschilds in California, with some serving as investment operations and others, especially the Japanese firms, providing service banks for ill-served local immigrant communities.³³

At the turn of the century, California attracted a new wave of foreign investors trying to profit off the discovery of oil. In 1901, the British company Balfour, Williamson & Co. set up California Oilfields, Ltd., which was the first British-owned firm to successfully enter America's oil industry.³⁴ Soon, it struck oil. Within three years, California Oilfields, Ltd. was producing eleven percent of

³⁰ Mira Wilkins, *The History of Foreign Investment in the United States to 1914* (Cambridge, MA: Harvard University Press, 1989), 75.

³¹ *Ibid*, 81.

³² *Ibid*, 106.

³³ *Ibid*, 106, 135, 459-461.

³⁴ *Ibid*, 285.

California's total oil output.³⁵ California Oilfields, Ltd. was one among several successful foreign direct investments in California's oil industry in the early years of the 20th century, with other major players including Royal Dutch-Shell putting millions of dollars' worth of investments into the state.³⁶

As foreign direct investment became more important to the state economy, California became less hospitable to foreign direct investment. The great San Francisco fire of 1906 bankrupted many foreign insurance firms, leading some to leave California, or even America.³⁷ California's version of the burgeoning Populist and later Progressive movement rooted in farm politics, combined with protectionist business interests, also made the state less friendly to investment. In 1890, California Senator Leland Stanford, himself a former railroad president who relied on foreign investment but now a populist Republican politician, decried the strength of the "foreign money lender" and the "millions [of dollars] now going abroad in the way of interest" because of foreign investments in the state's financial industry.³⁸ In the banking sector, the state eventually ratcheted up its regulations on foreign banks. The 1909 California Banking Act, which was enforced with particular vigor against Japanese firms, disallowed foreign banks from running "branches" in California.³⁹

³⁵ Ibid, 285.

³⁶ Ibid, 284-292.

³⁷ Ibid, 532.

³⁸ Ibid, 571.

³⁹ Ibid, 461.

In the American federal system, the states retain the sovereign right over land use policy.⁴⁰ While they often delegate authority for everyday regulation down to local governments, states retain the right to implement land use regulations. In 1913, business interests came together with labor and supported that year's California Alien Land Law, which restricted resident Japanese ownership of land indirectly by focusing the legal restrictions on aliens ineligible for citizenship.⁴¹ The 1913 law did not hinder the investment activities of "all aliens eligible to citizenship," meaning it protected practically everyone else, especially nonresident Europeans, who were eligible for citizenship.⁴² Those whose property rights were not fully ensured by a treaty between the United States and their native government (like the Japanese) would not enjoy property ownership rights, but could hold leases for up to three years.⁴³ A follow-up law in the same year made it impossible for foreign banks to enter the California market and hobbled existing foreign-owned banks.⁴⁴ In 1920, voters passed Proposition 1, the California Alien Land Law of 1920, which tightened the rules further from the 1913 law.⁴⁵ Years later, the Alien Land Law was part of the legal basis for the seizure of Japanese-owned land after the bombing of Pearl Harbor.⁴⁶ The law had been upheld by the United States Supreme Court in 1923 and only declared

⁴⁰ Bruce Zagaris, *Foreign Investment in the United States* (New York: Praeger, 1980), 278-79.

⁴¹ *Ibid.*, 557.

⁴² *Ibid.*; for a copy of the California Alien Land Law of 1913, see: State Board of Control of California, *California and the Oriental: Japanese, Chinese, and Hindus* (Sacramento, CA: California State Printing Office, 1922), 66.

⁴³ State Board of Control of California, 66.

⁴⁴ Wilkins, 462.

⁴⁵ State Board of Control of California, 62-66; *Amendments to Constitution and Proposed Statutes with Arguments Respecting the Same* (Sacramento, CA: California Secretary of State, 1920), accessed April 2, 2015, http://librarysource.uchastings.edu/ballot_pdf/1920g.pdf.

⁴⁶ "State Law Held Above U.N. in Alien Case," *Los Angeles Times*, April 19, 1952.

unconstitutional by the California State Supreme Court in 1952, although it had for many years been ineffective against everyone except Japanese nationals.⁴⁷ A lower court attempted to apply the newly-written U.N. charter in striking down the law; but in its ruling, the Supreme Court majority opinion made clear that the charter does not supersede federal and state laws.⁴⁸ Future Governor and then-Attorney General Edmund “Pat” Brown, Governor Jerry Brown’s father, chose not to appeal the ruling.⁴⁹

More recently, California has been a key destination for investment by foreign firms. In 1986, just as Japan was approaching its peak of global power and influence, California was the cornerstone of its foreign direct investments in the United States. In that year, Japanese firms had invested \$5.3 billion, a quarter of all their American investments, in the state.⁵⁰ While the investment figure is relatively small, nearly sixty percent of Japanese firms with investments in the United States had employees in California.⁵¹ Total employment by Japanese-affiliated companies in California reached 60,000 in 1986.⁵² Such a major relationship led California to re-open its Tokyo trade office in 1987.⁵³

The Japan Society, a non-profit that promotes U.S.-Japan relations, polled members of the public and public leaders in California for their take on Japanese investment in California. Overall, the results were supportive of investment. A

⁴⁷ “Alien Land Law Illegal, Court Rules,” *Los Angeles Times*, April 18, 1952.

⁴⁸ “State Law Held Above U.N. in Alien Case.”

⁴⁹ “State Won’t Appeal Alien Land Verdict,” *Los Angeles Times*, May 13, 1952.

⁵⁰ Duane Kujawa and Daniel Bob, *American Public Opinion On Japanese Direct Investment* (New York: Japan Society, 1988), 9.

⁵¹ *Ibid*, 10.

⁵² *Ibid*, 11.

⁵³ *Ibid*, 10.

solid 41.5 percent of the public, and 57.9 percent of public leaders, agreed that “Japanese direct investment is good for the American economy,” while only 16.7 percent of the public, and 14.3 percent of public leaders, disagreed.⁵⁴ When asked whether “Japanese-affiliated companies have caused American manufacturers to become more competitive,” 87.5 percent of the public and 88.0 percent of leaders agreed, while among these groups, only 4.8 and 8.3 percent, respectively, disagreed.⁵⁵ If Californians were opinionated regarding Japanese investment in America, they tended to have a generally positive view, with some caveats. Californians typically did not favor state and local government incentives to attract Japanese investment and were leery of technology transfer toward Japan, and by a ratio of more than three to one they thought that Japanese firms took business away from American companies.⁵⁶ Nonetheless, the Japan Society’s polling suggested that Californians, especially their leaders, looked favorably on private Japanese investment in California.

One major area of exposure for multinational businesses operating in California is the corporate tax climate. In the 1960s, California was an early adopter of a worldwide unitary tax system for multinational firms operating within the state, which attempts to calculate the amount of a company’s profits that are attributable to its California operations, looking at in-state sales, payroll, and assets.⁵⁷ Other states engage in a “water’s-edge unitary tax formula” which does

⁵⁴ Ibid, 15.

⁵⁵ Ibid.

⁵⁶ Ibid, 18, 21, 31.

⁵⁷ Edward M. Graham and Paul R. Krugman, *Foreign Direct Investment in the United States*, 3rd ed. (Washington, DC: Institute for International Economics, 1995), 142.

not consult profits outside of American territory. Many multinational corporations (MNCs) objected to the California tax system, but the U.S. Supreme Court upheld it with regard to US-based MNCs in 1983's *Container Corporation of America v. Franchise Tax Board* and did not address foreign-based MNCs.⁵⁸ Foreign-based MNCs then went through the political process to seek relief, lobbying the state and federal governments, until 1992, when the California legislature enabled companies to choose whether to use the worldwide or water's-edge tax formula.⁵⁹ Concurrently, in 1991, Barclays Bank, with the support of all European Union members, Australia, Austria, Canada, Japan, Norway, Sweden, Switzerland, and other businesses, brought California, supported later by the Clinton administration, to the U.S. Supreme Court over the state's right to worldwide unitary taxation.⁶⁰ The Court again sided with California, which argued that because the U.S. Senate did not explicitly prohibit worldwide unitary taxation during the negotiation of international tax treaties in the 1970s and 1980s, it is allowable.⁶¹ Political economists Paul Krugman and Edward Graham endorse the worldwide unitary tax system, saying that it would, as California had hoped, "remove incentives to shift taxable income from high-tax to low-tax areas via transfer pricing and other accounting practices" if it were applied uniformly by all governments.⁶²

⁵⁸ Ibid.

⁵⁹ Ibid, 142-143.

⁶⁰ Ibid, 143.

⁶¹ Ibid.

⁶² Ibid, 143-144.

Immigration

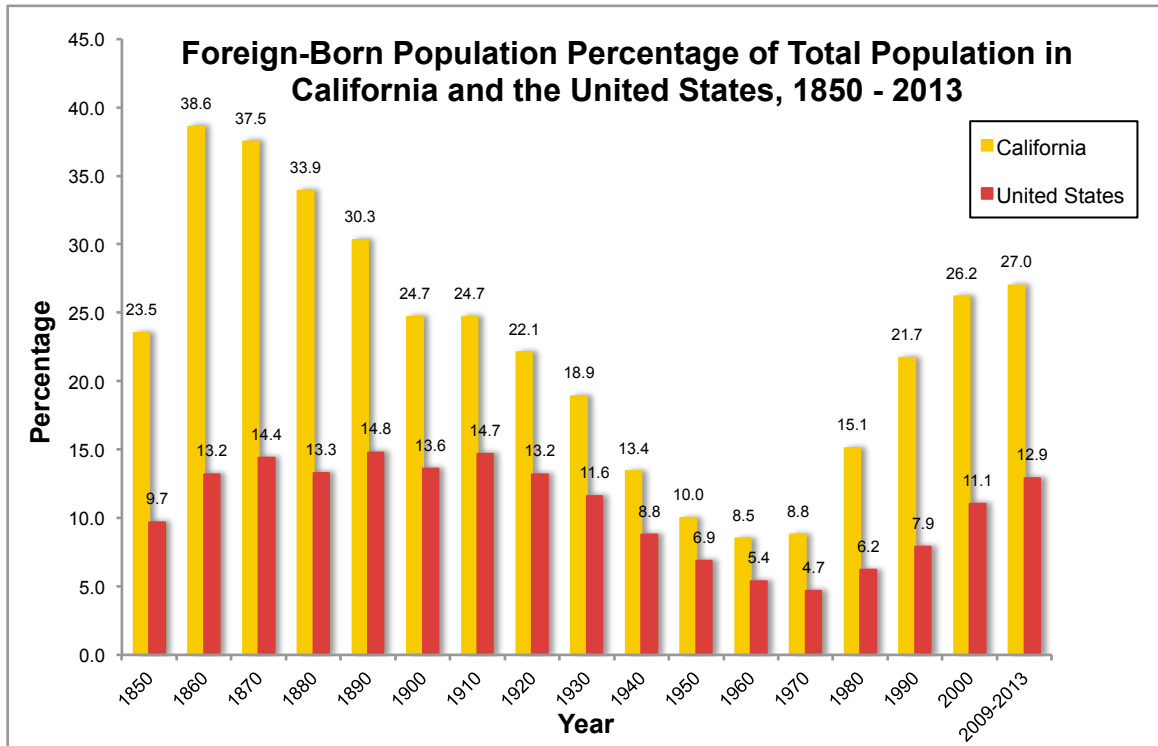
California has a mixed record in its treatment of immigrants. The Golden State has always attracted more foreign immigration than the rest of America, with its foreign-born population peaking at nearly 40 percent of the total population around 1860, and now at around 27 percent in the early 21st century (see charts below). California's immigrant population is both the largest numerically and greatest relative to native-born population for any state.⁶³ It is so large that if California's immigrants were to form their own state, they would be more populous than all states except California, Texas, Florida, New York, Illinois, Pennsylvania, and Ohio.⁶⁴ The state's undocumented immigrant population of 2.83 million comprises about 27.8 percent of the total immigrant population and 7.5 percent of the overall state population.⁶⁵ Historically, the state has seen a significance anti-Chinese and anti-Japanese bias, on a mix of racial and protectionist grounds. Two issues of particular concern with relation to immigration today are California's unauthorized or "illegal" immigrant population and the provision of services to immigrants. Today, the state is less concerned with making California inhospitable for immigrants than it is eager to make their

⁶³ Anna Brown and Eileen Patten, "Statistical Portrait of the Foreign-Born Population in the United States, 2012," Pew Research Center, April 29, 2014, accessed April 25, 2015, <http://www.pewhispanic.org/2014/04/29/statistical-portrait-of-the-foreign-born-population-in-the-united-states-2012/#foreign-born-by-state-2012>.

⁶⁴ Ibid.

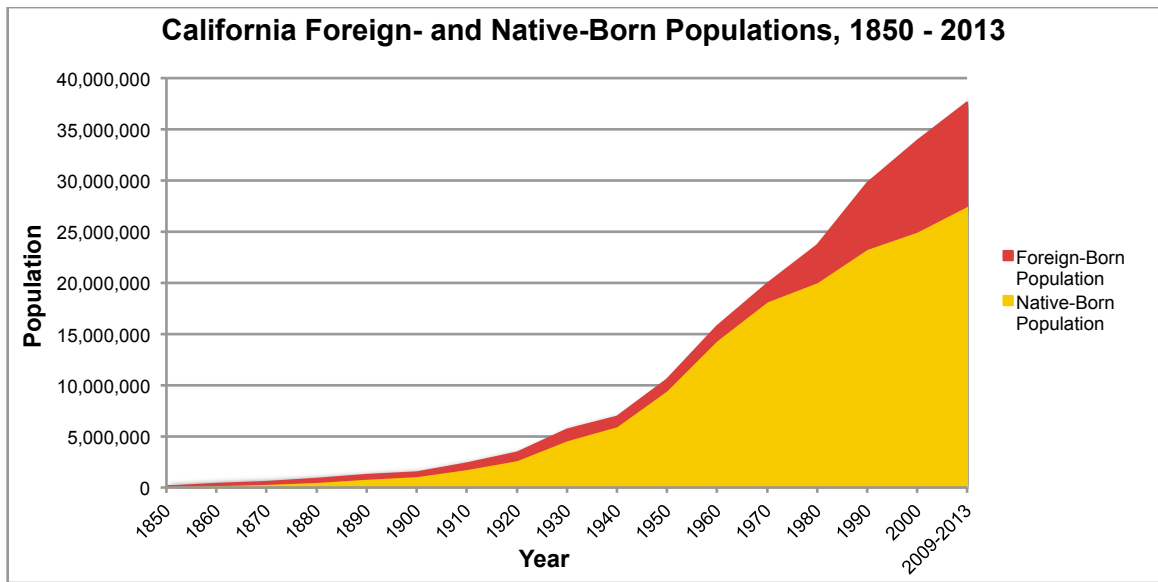
⁶⁵ California unauthorized immigrant population figure source: Michael Hoefer, Nancy Rytina, and Bryan Baker, "Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2011," U.S. Department of Homeland Security, March, 2012, accessed March 24, 2015, https://www.dhs.gov/xlibrary/assets/statistics/publications/ois_ill_pe_2011.pdf; California population figures source: "Place of Birth by Nativity and Citizenship Status: 2009-2013 American Community Survey 5-Year Estimates," United States Census Bureau | American FactFinder, accessed March 24, 2015, <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>.

lives easier and help them acquire U.S. citizenship. California today continues to be pro-immigrant and it seems such pro-immigrant sentiments will hold even with more than a quarter of the population being immigrants.



66

⁶⁶ Data from 1850 to 2000 taken from decennial census data: Campbell Gibson and Kay Jung, "Historical Census Statistics On the Foreign-Born Population of the United States: 1850-2000," United States Census Bureau, February, 2006, accessed March 24, 2015, <http://www.census.gov/population/www/documentation/twps0081/twps0081.html>; because the 2010 Census did not include questions necessary to determine the foreign-born population, the United States Census Bureau's "American Fact Finder" was employed to produce a 5-year average estimate for 2009 to 2013: "Percent of People Who Are Foreign Born: 2009-2013 American Community Survey 5-Year Estimates," United States Census Bureau | American FactFinder, accessed March 24, 2015, <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.



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Californians' concerns with illegal immigration are hardly new. Included in *California and the Orient: Japanese, Chinese, and Hindu*, a 1922 report published by the State Board of Control, is a 1920 letter from Governor William D. Stephens addressed to U.S. Secretary of State Bainbridge Colby. In it, he warns of the great harm from and asks for help in solving "the Japanese problem in California," the successor to the "Chinese problem" that forty years ago had caused "the people of the entire Pacific slope [to] bec[o]me alarmed at a threatened inundation of our white civilization by this Oriental influx."⁶⁸ Stephens complained that "relatives of those already here were brought in under the guise of dependents [and] large numbers have come illegally across the Mexican border."⁶⁹ And once they arrive, he said, "these Japanese, by very reason of their use of economic standards impossible to our white ideals... are proving crushing

⁶⁷ Ibid.

⁶⁸ State Board of Control of California, 7.

⁶⁹ Ibid, 11.

competitors to our white rural populations.”⁷⁰ The Governor claimed “it has nothing to do with any pretensions of race superiority, but has vitally to do with race dissimilarity and unassimilability” and that as a result “the people of California are determined to repress a developing Japanese community within our midst... determined to exhaust every power in their keeping to maintain this state for its own people.”⁷¹

This view of California’s role in the advance of the white race is reminiscent of many 19th century politicians looking toward America’s “manifest destiny” through a strongly racist lens. Note the governor’s support for one sort of foreign relations through California but not another:

California stands as an outpost on the western edge of Occidental civilization. Her people are the sons or the followers of the Argonauts who wended their way westward over the plains of the west, the Rocky Mountains and the desert; and here they set up their homes and planted their flags; and here, without themselves recognizing it at the time, they took the farthest westward step that the white man can take...

The Pacific, we feel, is shortly to become one of the most important highways of commerce on this earth. Amity and concord and the interchange of material goods as well as ideas, which such facilities offer, will inevitably take place to the benefit of both continents. But that our white race will readily intermix with the

⁷⁰ Ibid, 9.

⁷¹ Ibid, 10.

yellow strains of Asia, and that out of this interrelationship shall be born a new composite human being is manifestly impossible.

Singularly enough, white historical facts are not always susceptible of scientific demonstration, it is true, if our study serves us, that the blood fusion of the Occident and the Orient has nowhere ever successfully taken place...

California harbors no animosity against the Japanese people or their nation. California, however, does not wish the Japanese people to settle within her borders and to develop a Japanese population within her midst.⁷²

Governor Stephens had a very particular aim. He wanted Washington to enact anti-Japanese legislation, executive actions, or diplomatic arrangements. The Governor explained that his letter and the accompanying report come from Californians' disappointment with the "Gentlemen's Agreement" between the United States and Japan, which was meant to curb Japanese immigration to the United States in order to mollify anti-Japanese Californians who were passing state legislation aimed at making life for Japanese residents so difficult that they would leave, for instance, by limiting property rights and separating Japanese children from white children in state schools.⁷³ After submitting the report to Secretary Colby, he was ready to lobby California's House and Senate

⁷² Ibid, 10.

⁷³ Ibid, 11.

delegation so “that they may then be equipped to take up the cause of California and urge the passage of an exclusion act effectively.”⁷⁴

Governor Stephens suggested that the state policies were affecting international war and peace. In 1919, the California legislature was working on anti-Japanese legislation just as the Peace Conference at Versailles was underway. Secretary of State Robert Lansing urged California to cease its anti-Japanese efforts in the interest of a successful agreement, and as a result, said Stephens, “California patriotically acceded for the good of the whole country.”⁷⁵

The years since have often been less charged, since California’s immigrant population dropped significantly in the decades that followed, mirroring national trends, but there were still several serious issues with California’s treatment of immigrants. Earl Warren actively advocated for the containment or evacuation of California’s Japanese population during the Second World War, often on a similar basis to Stephens’ arguments about the Japanese being unable to assimilate, resourceful, and not to be trusted.⁷⁶ Through the 1940s, 50s, and early 60s, California was a major site for the Bracero Program, with as many as 51,300 Mexican workers employed in California as part of the program.⁷⁷ In the same period, as legal immigration was restricted, California saw illegal immigration increase, to the point where some 84,000 “wetbacks”

⁷⁴ Ibid, 14.

⁷⁵ Ibid, 12.

⁷⁶ G. Edward White, *Earl Warren: A Public Life* (New York: Oxford University Press, 1987), 74-75, Google Books.

⁷⁷ “The Bracero Program and Its Aftermath an Historical Summary,” CaliSphere - University of California, April 1, 1965, accessed April 25, 2015, http://content.cdlib.org/view?docId=kt4n39n6zx&&doc.view=entire_text.

were deported in 1954.⁷⁸ Decades later, in 1975 when Jerry Brown was governor the first time, he famously responded to the influx of Vietnamese refugees by complaining that the federal government tried to “dump Vietnamese” on California, a quote still used against him in elections today.⁷⁹

In the contemporary period, while the state has been much more receptive to immigrants on the whole and debated the provision of services to immigrants, the one caveat in that case is with illegal immigrants. The backlash to them reached its fever pitch in the 1990s.

While the most substantive immigration policy is national, the states have a great deal of leeway in how effectively and aggressively they respond to their immigrant populations. A 1993 report from the California Senate Office of Research, *Californians Together: Defining the State’s Role in Immigration*, lays out the status of immigration in California with a view toward the future. While 1.6 million illegal immigrants in California (out of 3 million nationally) were given amnesty under the Immigration Reform and Control Act of 1986, the state at that point still had between 600,000 and one million undocumented immigrants, perhaps half the total national undocumented population at that point.⁸⁰ As was seen through Proposition 187, the provision of services to these men and women was highly controversial.

⁷⁸ Ibid.

⁷⁹ Carla Marinucci, “Did Jerry Brown’s 1970s Comments Help Elect a Republican?,” *San Francisco Chronicle*, November 7, 2014, accessed April 25, 2015, <http://www.sfgate.com/politics/article/Did-Jerry-Brown-s-1970s-comments-help-elect-a-5878837.php>.

⁸⁰ California Senate Office of Research, *Californians Together: Defining the State’s Role in Immigration* (Sacramento, CA: Senate Publications, 1993), 1.

Another component of immigration is naturalization. Over the years, the state has worked on helping immigrant aliens become naturalized citizens. In 1995, four million out of California's eight million immigrants were legal immigrants who were not U.S. citizens.⁸¹ Partially because the mix of immigrants in California consists of younger, less-well-educated, and recent immigrants with limited English proficiency, California's foreign-born population had a lower naturalization rate as compared to the national average (43 percent vs. 63 percent), though that might be changing as the makeup of California's immigrant population changes.⁸² In response to California immigrants' tendency not to acquire citizenship, state political leaders worked on ways to promote converting these foreign nationals into Americans.⁸³

In August 2014, Enrique Peña Nieto, the President of Mexico, spoke to a joint session of the California State Legislature during his own official trip to California. He praised the state for its laws related to immigrants, especially illegal immigrants, telling the legislators, "the progress you have promoted... sent a very clear message to the U.S. and the entire world."⁸⁴ Republican legislators took the opportunity pressured Peña Nieto to work for the release of an American Marine who is being detained by Mexico for potential gun smuggling.⁸⁵

⁸¹ Senate President Pro Tempore Bill Lockyear, *Legal Immigrants: Obstacles On the Road to Citizenship and Voting* (Sacramento, CA: Senate Publications, 1996), 2.

⁸² *Ibid.*, 10.

⁸³ *Ibid.*, 1-26.

⁸⁴ Fenit Nirappil, "Mexican President Praises California Policies," *Associated Press*, August 26, 2014, accessed April 18, 2015, <http://bigstory.ap.org/article/california-governor-welcomes-mexican-president>.

⁸⁵ *Ibid.*

The latest development since Peña Nieto's visit to Sacramento is that now the state's undocumented immigrants are eligible to apply for driver's licenses. The state expects 1.4 million illegal immigrants to apply for driver's licenses over the next three years.⁸⁶ While it may be a small step for the state to provide driver's licenses, such an action can have a significant impact on these foreign nationals' quality of life in the state, and the act is a rather significant improvement as compared to the state's treatment of immigrants in its not-too-distant past.

Pension System Investment

California's huge state-run pension systems sometimes come into play as political devices, responding to public opinion on controversial issues. CalPERS, the California Public Employees' Retirement System, manages \$299.6 billion in assets; and CalSTRS, the California State Teachers' Retirement System, holds \$190.8 billion in investments.⁸⁷ The third major state fund, the University of California Retirement Plan (UCRP), had \$45.1 billion in its fund as of June 2013.⁸⁸ These enormous funds are effective at expressing opposition to foreign

⁸⁶ Miriam Jordan, "Illegal Immigrants Rush to Get Driver's Licenses in California," *Wall Street Journal*, January 7, 2015, accessed April 26, 2015, <http://www.wsj.com/articles/illegal-immigrants-rush-to-get-drivers-licenses-in-california-1420663013>.

⁸⁷ *CalPERS at a Glance* (Sacramento, CA: CalPERS External Affairs, April 2015), accessed April 14, 2015, <https://www.calpers.ca.gov/eip-docs/about/facts/calpers-at-a-glance.pdf>; "Investments Overview," CalSTRS, last modified February 28, 2015, accessed April 15, 2015, <http://www.calstrs.com/investments-overview>.

⁸⁸ Chief Investment Officer of the Regents, *University of California Retirement Plan Fact Sheet* (Oakland, CA: University of California, Office of the President, 2013), accessed April 15, 2015, http://ucop.edu/investment-office/files/UCRP_2012-2013.pdf.

government policies and promoting change. The archetypical case in a foreign affairs context is divestment.

In the 1980s, as the growing frustration with South African apartheid grew, California took action. In 1986, Governor Deukmejian signed legislation that allowed state pension funds to join 120 state and local governments and divest from South Africa.⁸⁹ At the time, CalPERS held \$58 billion, CalSTRS \$30 billion, and UCRP \$13 billion in assets.⁹⁰ California's divestment of \$7.2 billion from companies that did business with South Africa caused over 100 companies, including Coca-Cola and IBM, to cut their ties to South Africa, producing not only a symbolic but also a substantive effect on the situation of the South African regime.⁹¹

Education

California also has a mixed record on educational issues. While today it is a leader in educating students from abroad, the state has also established its fair share of educational laws motivated by xenophobia.

In 1921, a year after sending his letter to Secretary Colby, Governor Stephens signed Assembly Bill (AB) 836. Written in order to discourage Japanese settlement in California, AB 836 introduced heavy regulations onto Japanese language schools, which supplemented the traditional educational

⁸⁹ Dan Morain, "Divestment Forces Say Pressure Paid Off : South Africa: Advocates of Economic Sanctions Count Mandela's Visit a Victory.," *Los Angeles Times*, July 1, 1990, accessed April 14, 2015, http://articles.latimes.com/1990-07-01/news/mn-907_1_free-south-africa.

⁹⁰ Ibid.

⁹¹ Ibid.

system.⁹² Foreign language educators had to take tests on the English language, American history, and civics, and even then under the supervision of the California superintendent of public instruction.⁹³ Furthermore, AB 836 restricted the hours and opportunities for foreign language education, allowing it to be taught only up to one hour per day, six days per week, 38 weeks per year, and outside of mornings.⁹⁴ While a century ago California was working to either Americanize or expel foreign students, today the opposite is occurring, reflecting a variety of changes in California's view of education and foreign relations.

California today is a leader in educating foreign students. In the 2013-2014 academic year, the state hosted 121,647 international students in total.⁹⁵ The University of Southern California (10,932) and the University of California – Los Angeles (9,579) ranked within the top six educational institutions nationally in hosting international students.⁹⁶ Almost sixty percent of foreign students in California come from five countries, all in Asia: China (32.0 percent), South Korea (10.0 percent), India (8.9 percent), Saudi Arabia (4.5 percent), and Japan (4.2 percent).⁹⁷ A report by the group the Association of International Educators (NAFSA) estimates that foreign students and their families contributed a net total of \$4.08 billion to the California economy, and created or supported nearly

⁹² State Board of Control of California, 213.

⁹³ *Ibid.*, 213.

⁹⁴ *Ibid.*, 214.

⁹⁵ *International Students in the U.S.: Fast Facts* (San Francisco, CA: Institute for International Education, 2014), accessed March 30, 2015, <http://www.iie.org/~media/Files/Corporate/Open-Doors/Fast-Facts/Fast-Facts-2014.ashx>.

⁹⁶ *Ibid.*

⁹⁷ *Open Doors Fact Sheet: California* (San Francisco, CA: Institute for International Education, 2014), accessed March 30, 2015, <http://www.iie.org/~media/Files/Corporate/Open-Doors/Fact-Sheets-2014/States/California-State-Sheet-2014.ashx>.

48,000 jobs.⁹⁸ The only way the report breaks the data down, geographically, is by U.S. Congressional district, presumably in order to support lobbying efforts for foreign exchange programs.

While the total inflow of students to California is important, California policymakers are interested in the role of foreign students in the state-run higher education institutions: the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC). The education of foreign students, who generally pay an inflated tuition rate, has been debated in recent years since many see them as displacing California students, rather than subsidizing them. In an interview, Senator Bob Huff, who believes his district has the most immigrants and institutions of higher education for any state legislator, emphasized the importance of California's educational institutions in positively impacting the larger world:

I think of one of our best exports we haven't talked about is our education. There's pushback right now about having more space for Californians in our UCs in particular, but I've always felt that if you have someone from China or Iran or whatever that has an education from our universities, they understand our culture better, and they understand the United States a lot better. They understand how we think, all that stuff. And I think that benefits us when they're plugged back into their societies. Many of them do go

⁹⁸ *The Economic Benefit of International Students* (Washington, D.C.: NAFSA: Association of International Educators, 2014), accessed March 30, 2015, <http://www.nafsa.org/File/ais2014/California.pdf>.

back and some of them stay here. We would certainly want to keep the best and the brightest, that's what our nation's been built on. So I've always said education is one of our best exports. And it's a little more difficult to quantify the value of that.⁹⁹

While the total statewide figures are impressive, so are those for the state-run UC, CSU, and CCCs. Reliable data from the CCC system could not be discovered, CCC enrollment of international students may exceed the UC and CSU systems' foreign student populations put together.

California State University (CSU) Non-Resident Alien Population¹⁰⁰									
	Undergraduate			Graduate			CSU Total		
	Foreign	Total	%	Foreign	Total	%	Foreign	Total	%
2004	9,629	319,568	3.0	5,159	52,155	9.9	15,286	397,035	3.9
2005	11,097	331,563	3.3	5,031	51,136	9.8	16,575	405,282	4.1
2006	11,636	344,445	3.4	5,369	51,579	10.4	17,434	417,112	4.2
2007	12,209	358,531	3.4	6,404	52,548	12.2	19,028	433,017	4.4
2008	12,380	362,225	3.4	7,124	54,074	13.2	19,903	437,008	4.6
2009	12,873	360,618	3.6	6,967	53,985	12.9	20,197	433,054	4.7
2010	12,919	348,205	3.7	5,889	49,727	11.8	19,020	412,372	4.6
2011	13,746	367,139	3.7	4,755	46,569	10.2	18,655	426,534	4.4
2012	14,995	379,896	3.9	4,695	45,243	10.4	19,826	436,560	4.5
2013	17,203	391,593	4.4	5,836	44,155	13.2	23,192	446,530	5.2

⁹⁹ Senator Bob Huff, interviewed by author, Brea, CA, January 23, 2015.

¹⁰⁰ "Table 1: CSU Systemwide Enrollment by Ethnic Group, Number and Percent of Total, from Fall 2004," California State University, accessed March 30, 2015, http://www.calstate.edu/AS/stat_reports/2013-2014/feth01.htm.

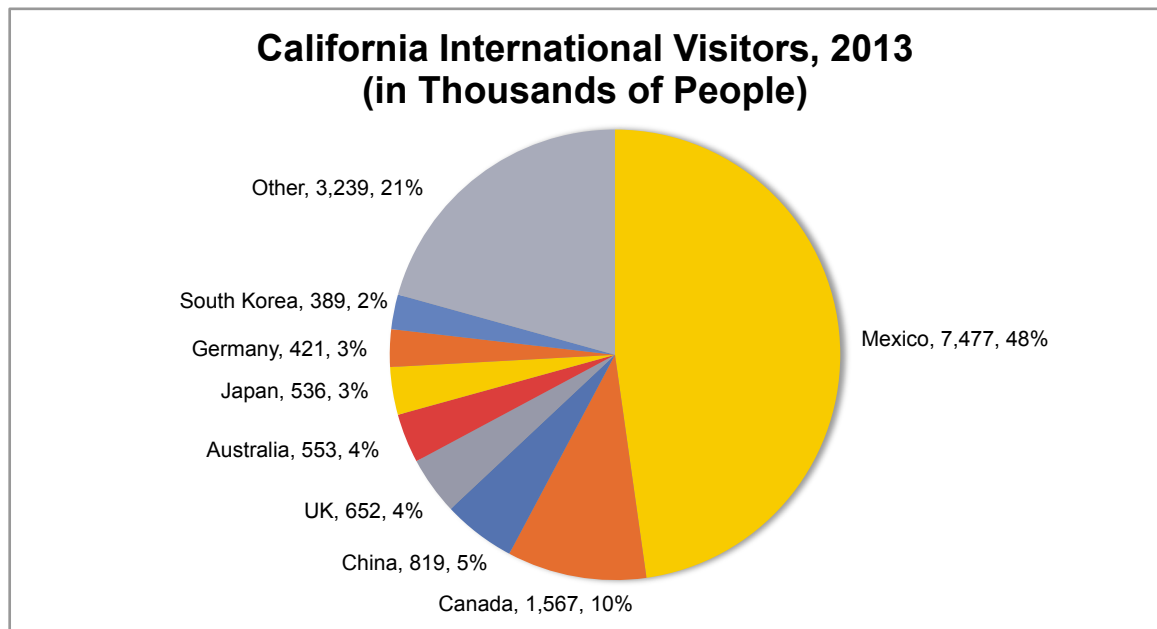
Non-Resident International Students at the University of California (UC)¹⁰¹									
	Undergraduate			Graduate			UC		
	Foreign	Total	%	Foreign	Total	%	Foreign	Total	%
2004	3,612	158,431	2.3	7,222	41,547	17.4	10,834	199,978	5.4
2005	3,332	159,066	2.1	6,988	41,807	16.7	10,320	200,837	5.1
2006	3,334	163,302	2.0	6,883	42,434	16.2	10,217	205,736	5.0
2007	3,590	167,693	2.1	7,251	43,509	16.7	10,841	211,202	5.1
2008	4,176	173,078	2.4	7,458	43,816	17.0	11,634	216,894	5.4
2009	4,797	177,788	2.7	7,661	44,627	17.2	12,458	222,415	5.6
2010	5,845	179,562	3.3	7,930	44,993	17.6	13,775	224,555	6.1
2011	7,808	181,508	4.3	8,326	45,063	18.5	16,134	226,571	7.1
2012	10,738	183,498	5.9	8,666	44,910	19.3	19,404	228,408	8.5
2013	14,674	188,290	7.8	9,189	45,290	20.3	23,863	233,580	10.2

As the data demonstrate, both the CSU and UC systems have seen dramatic increases in both the number and portion of foreign students enrolled in the general student population. The UC undergraduate population saw the most significant numerical increase (quadrupled population) as well as the greatest increase in foreign students' portion of the total undergraduate student body (more than tripled). As compared to the total UC population, the foreign portion nearly doubled and the total population more than doubled. California is not only a destination for students, but also for tourists.

¹⁰¹ "Statistical Summary and Data On Uc Students, Faculty, and Staff," University of California, Office of the President, last modified January 15, 2015, accessed March 30, 2015, <http://legacy-its.ucop.edu/uwnews/stat/>.

Tourism and Travel

With destination cities for tourism and international commerce such as San Francisco, San Diego, Anaheim, and Los Angeles, California benefits from and works to attract international tourists and business travelers. In 2013, the state hosted 15.6 international visitors, with 7.4 million from Mexico, 1.5 million from Canada, and 6.6 million from other countries.¹⁰² They spent around \$18 billion, or \$1,150 per trip, in the state while visiting.¹⁰³ In 2014, the most popular destination, Los Angeles, hosted an estimated 6.5 million international visitors.¹⁰⁴



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¹⁰² "California Statistics and Trends," Visit California, accessed April 14, 2015, <http://industry.visitcalifornia.com/Find-Research/California-Statistics-Trends/>.

¹⁰³ *2013 International Travel to California - Top Markets* (Sacramento, CA: Visit California), accessed April 14, 2015, [http://industry.visitcalifornia.com/media/uploads/files/editor/2013%20CA%20International%20Visitation%20and%20Spending%20Estimates-VCA%20Final\(1\).pdf](http://industry.visitcalifornia.com/media/uploads/files/editor/2013%20CA%20International%20Visitation%20and%20Spending%20Estimates-VCA%20Final(1).pdf).

¹⁰⁴ Brian Watt, "With LA Tourism Booming, Officials Warn of Hotel Shortage," *89.3 KPCC*, January 6, 2015, accessed February 15, 2015, <http://www.scpr.org/blogs/economy/2015/01/06/17766/with-la-tourism-booming-officials-warn-of-hotel-sh/>.

¹⁰⁵ *2013 International Travel to California - Top Markets*, Visit California.

California's tourism-promotion efforts, as with those aimed at promoting trade and investment, take place through a private-public partnership. Visit California, a 501(C)(6) non-profit founded in 1998, runs the state's tourism-promotion efforts jointly with the California Division of Tourism under the Governor's Office of Business and Economic Development (GO-Biz).¹⁰⁶ It is funded by assessments levied on the state's travel and tourism industry.¹⁰⁷ Visit California provides research on the tourism industry, and it also works aggressively to market the state abroad by developing the "California Brand" through advertising and other efforts, run from its main office in Sacramento but also with offices in Toronto, Shanghai, Beijing, London, Sydney, Mexico City, Sao Paulo, Paris, Tokyo, Frankfurt, Seoul, Rome, New Delhi, and Copenhagen.¹⁰⁸ Even if California's trade-promotion efforts have been hobbled in recent years, the travel and tourism-promotion efforts, particularly through Visit California's network of 14 international offices, provide a robust presence abroad.

National Defense

While national defense is the responsibility of the federal government, California has an array of powers and responsibilities that relate to defense, especially regarding anti-terrorism efforts. The state runs its National Guard units

¹⁰⁶ "About Visit California," Visit California, accessed April 14, 2015, <http://industry.visitcalifornia.com/About-Visit-California/>.

¹⁰⁷ Ibid.

¹⁰⁸ "Global Markets," Visit California, accessed April 14, 2015, <http://industry.visitcalifornia.com/Market-Strategy/Global-Markets/>; "International Contacts," Visit California, accessed April 14, 2015, <http://industry.visitcalifornia.com/About-Visit-California/International-Contacts/>.

under the California Military Department, but California officials have limited ability to make use of it for political or policy purposes.

California's state political leaders mobilized to determine their defense role in response to the terrorist attacks of September 11, 2001. On September 25, 2001, Governor Gray Davis and Attorney General Bill Lockyer announced the formation of the California Anti-Terrorism Information Center, which would share information on suspected criminal activity among California's local law enforcement agencies and serve as a coordinating force between local and federal law enforcement.¹⁰⁹ Lockyer would later describe it as a group of 65 analysts who serve as "the support system that provides backup resources, and investigative help, and technology, and things of that nature."¹¹⁰ California's executive response to 9/11 was joined by the legislature, which, in the months following 9/11 introduced over 100 bills related to terrorism.¹¹¹

Six months after 9/11, the California Senate Select Committee on Anti-Terrorism Policy, which was formed in response to the attacks, hosted a hearing on "California's Response to the Emerging Threat of Terrorism." In his opening statement, Senator Bruce McPherson, the Chairman of the Select Committee, emphasized the importance of a state role in training and equipping first responders, securing air and seaports, protecting infrastructure, and prosecuting

¹⁰⁹ Miguel Bustillo, "State Forms Anti-Terrorism Information-Sharing Center," *Los Angeles Times*, September 26, 2001, accessed March 28, 2015, <http://articles.latimes.com/2001/sep/26/local/me-50005>.

¹¹⁰ Senate Select Committee on Anti-Terrorism Policy, *California's Response to the Emerging Threat of Terrorism*, California Legislature, March 11, 2002, 94-97.

¹¹¹ *Ibid*, 2, 98.

terrorists.¹¹² Senator McPherson also stated that he would travel to Washington, D.C. in order to lobby members of Congress and Tom Ridge, who would go on to become the first Secretary of Homeland Security, for state anti-terrorism funding.¹¹³ Senator Deborah Ortiz, the committee's Vice Chair, emphasized the importance of properly allocating federal dollars to fight terrorism, and specifically bioterrorism, which was of particular concern with the anthrax attacks in the intervening period.¹¹⁴ Jim Mayer, Executive Director of the Little Hoover Commission, an independent oversight body, emphasized in his testimony that while California's emergency management systems were effective at coordinating "getting the right people in the right place at the right time" across different state and local agencies, even California's response system would face its own troubles in the new age of terrorism.¹¹⁵ In terms relatable to Californians, terrorists "can do more damage than the San Andreas Fault," especially if many work in concert and unleash "a series of physical attacks as well as biological, and chemical, and radiological" that could overwhelm the state's response systems.¹¹⁶ Los Angeles County Sheriff Lee Baca called California "a target-rich part of America when it comes to terrorism."¹¹⁷

While the state's political leaders were engaging in the issue of terrorism after 9/11, The Governor's Office of Emergency Services (OES), which would be a major intergovernmental coordinating force in the event of a terrorist attack,

¹¹² Ibid, 1-2.

¹¹³ Ibid, 2-3.

¹¹⁴ Ibid, 4-7.

¹¹⁵ Ibid, 10.

¹¹⁶ Ibid, 11.

¹¹⁷ Ibid, 30.

prepared for the possibility of terrorist attacks years before. It published a terrorism preparedness guide for local governments in 1998, re-releasing it after the 9/11 attacks.¹¹⁸ It also helped prepare the “California Terrorism Response Plan,” which was approved by Governor Gray Davis in March 1999 and updated in February 2001.¹¹⁹ Furthermore, the OES served an important role as coordinator in preparations for potential attacks. It chaired the State’s Strategic Committee on Terrorism (SSCOT), which is made up of federal, state, local, and private representatives who help with federal government terrorism-related grants and develop recommendations related to terrorism.¹²⁰ Under the SSCOT sat the State Terrorism Threat Advisory Committee (STTAC), comprised of the OES, Department of Justice, National Guard, Highway Patrol, and Federal Bureau of Investigation, with other relevant agencies advising the STTAC as necessary.¹²¹

Senators McPherson and Burton introduced the most significant California legislation written in response to the attacks of September 11th. Senate Bill 1350 (2002), the Responders Emergency Act to Combat Terrorism (REACT), required all of California’s police, fire, and EMS first responders to take “first responder training regarding terrorism” if and only if the federal government provided

¹¹⁸ Ibid, 21.

¹¹⁹ Ibid, 21-22; The plan: *California Terrorism Response Plan: An Annex to the State Emergency Plan* (Rancho Cordova, CA: Governor's Office of Emergency Services, February 2001), accessed March 28, 2015, <http://www.lhc.ca.gov/lhc/disaster/StateTerrorismPlan.pdf>.

¹²⁰ Ibid, 22.

¹²¹ Ibid.

funding for such training.¹²² SB 1350 was principally concerned with preparation for and response to weapons of mass destruction: chemical, radiological or nuclear, and biological weapons.¹²³

While the state's efforts in preparation for a potential attack might seem robust, they were not without their detractors. Some, such as Matt A. Mayer and Scott G. Erickson writing for the Heritage Foundation, have expressed concerns that states' focus in 9/11-related legislation has been too much on "reactive" measures and "not on proactive measures that would help stop terror plots before the public is in danger," mainly "preemptive interdictions on the part of the domestic counterterrorism community," which, in a post-9/11 world, includes local law enforcement.¹²⁴

State politics has become decreasingly interested in defense issues in the years since 2001. Relatively early into his first term as governor, in March 2005, Arnold Schwarzenegger released a "California Homeland Security Strategy," a 22-page document, but the issue has faded since then.¹²⁵ Presumably the issue could reemerge in response to changing circumstances. Whether or not the issue reemerges, national security is a perfect example of an issue that is federally focused yet requires coordination with and consideration of state policy.

¹²² Responders Emergency Act to Combat Terrorism (REACT), State of California, SB 1350 (2002), http://www.leginfo.ca.gov/pub/01-02/bill/sen/sb_1301-1350/sb_1350_bill_20020917_chaptered.html.

¹²³ Ibid.

¹²⁴ Matt A. Mayer and Scott G. Erickson, "Changing Today's Law Enforcement Culture to Face 21st-Century Threats," The Heritage Foundation, June 23, 2011, accessed March 30, 2015, <http://www.heritage.org/research/reports/2011/06/changing-todays-law-enforcement-culture-to-face-21st-century-threats>.

¹²⁵ *California Homeland Security Strategy* (Sacramento, CA: Governor's Office of Homeland Security, March 2005), accessed April 14, 2015, http://www.lhc.ca.gov/studies/184/emergprep06/CA_Homeland_Security_Strategy.pdf.

Environment and Energy

Climate change, like national defense, is not strictly a local issue, but California nonetheless had developed among the most robust climate change responses of any government on earth. The cornerstone of California's policy response to climate change is Assembly Bill (AB) 32, the Global Warming Solutions Act of 2006. AB 32 is one of the most comprehensive, aggressive efforts of any government the world over, and is frequently used, as it was intended, as a model for national and subnational climate policies.

While each of the state's environmental policies has some international significance, the area where it stands out for foreign relevance is its carbon cap-and-trade scheme. Run through the Western Climate Initiative (WCI), an intergovernmental nonprofit corporation founded under a memorandum of understanding, California's cap-and-trade scheme is operated jointly with the Canadian province of Québec. Although the state cannot sign legally binding instruments with foreign governments under the U.S. Constitution, in practice, the cap-and-trade system organized under the WCI, involving billions of dollars in carbon permits, has a rather binding nature to it.¹²⁶

Other American states and Canadian provinces are engaged in talks about joining the WCI. Ontario has just announced that it plans to join California

¹²⁶ California's cap and trade system has brought the state \$1.6 billion so far and could bring in many billions more. Rory Carroll, "California Carbon Revenue Hits \$1.6 billion," *Reuters*, March 17, 2015, accessed April 14, 2015, <http://www.reuters.com/article/2015/03/17/california-carbon-revenue-idUSL2N0WJ2JY20150317>; Chris Megerian, "Polluter Fees in California Could Boost State Budget, Analysts Say," *Los Angeles Times*, February 19, 2015, accessed April 14, 2015, <http://www.latimes.com/local/political/la-me-pc-california-cap-and-trade-revenue-20150219-story.html>.

and Québec in WCI cap-and-trade system.¹²⁷ With the addition of Ontario (13.7 million people) to Québec (8.2 million) and California (38.8 million), the joint cap-and-trade system will now cover more than 60 percent of the Canadian population, an eighth of the American population, more than 60 million people altogether.¹²⁸ If the cap-and-trade system succeeds, it may attract more regional governments, or even potentially national governments, to join the WCI or start their own program.

While energy is often discussed as an issue of regulation in order to reduce environmental harm, energy is also an issue with international significance. Energy has long been a major component of California's international trade, particularly with Mexico and Canada, its top two trade partners. In 1988, when the United States and Canada signed their Free Trade Agreement, over a third of California's imports from Canada were in energy (\$1.185 billion worth of natural gas, mostly from Alberta).¹²⁹ California's oil and natural gas imports not only supply state consumers with energy but are also major contributors to foreign economies.

¹²⁷ Allison Martel and Mike De Souza, "Ontario Confirms It Will Join Quebec, California in Carbon Market," *Reuters*, April 13, 2015, accessed April 14, 2015, <http://www.reuters.com/article/2015/04/13/us-climatechange-canada-idUSKBN0N41X220150413>.

¹²⁸ 2014 population figures. Statistics Canada, "Population by Year, by Province and Territory (Number)," Government of Canada, last modified September 26, 2014, accessed April 14, 2015, <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo02a-eng.htm>; "State & County QuickFacts: California," United States Census Bureau, last modified March 31, 2015, accessed April 14, 2015, <http://quickfacts.census.gov/qfd/states/06000.html>.

¹²⁹ D'Angela, 24, 40.

Crime, Drugs, and Border Relations

The state also has a nominal role in cross-border relations with Mexico, run through the California-Mexico Border Relations Council, but border relations in itself is not a major issue in state policy. Where border issues come into play are with regard to the cross-border flow of goods and services, people, and illegal drugs.

One issue of tension between the state and its southern neighbor is with regard to the movement of not only people but also of banned substances and criminals. Whether it is a drone helicopter attempting to carry six pounds of methamphetamine over the border, or “super tunnels” several hundred yards long running under it, criminal enterprises are quite resourceful in their efforts to bring controlled substances and people into California.¹³⁰ While the federal government is supposed to control the border, federal agencies’ shortcomings are problems that state and local authorities must resolve.

The Attorney General’s office takes the lead in cross-border and other transnational law enforcement issues. It houses the Foreign Prosecutions and Law Enforcement Unit and the Office of California-Mexico Bilateral Relations, both dealing with trans-border law enforcement issues. Attorney General Kamala Harris has also devoted particular attention to transnational gangs, human trafficking, and climate change during her time in office.

¹³⁰ Ryan Parker, “Drone Loaded with Meth Crashes Near Mexico-California Border,” *Los Angeles Times*, January 21, 2015, accessed April 14, 2015, <http://www.latimes.com/world/mexico-americas/la-fg-mexico-meth-drone-20150121-story.html>; Michael Winter, “2 More Tunnels Found under California-Mexico Border,” *USA Today*, April 4, 2014, accessed April 14, 2015, <http://www.usatoday.com/story/news/nation/2014/04/04/2-tunnels-found-under-california-mexico-border/7313207/>.

Conclusion

California's government must contend with a diverse and growing set of policies that affect the lives and well being of its citizens. Some issues clearly fall into state jurisdiction, while others are shared between federal and state authorities, and others still are entirely federal but so important that the state must attempt to respond to them to the extent possible within the scope of its powers. Sub-national governments, with their greater size and competency today as compared to in the past, do not rival the federal government; but with globalization, they have clear interests in transnational issues. None today has as much a stake in the new era of interdependence, on such a wide array of issues, as California. Future levels of global integration and exchange may require the state government to take an even stronger interest in transnational issues.

Chapter 6

Conclusion

Even California's political scandals can be international in scale. Former State Senator Leland Yee, a longtime advocate for gun control and campaign finance reform, was recently busted by the FBI for allegedly agreed to orchestrate the sale of arms, including shoulder-fired missiles, from Islamic rebels in the Philippines in order to raise the money necessary for his future political campaigns.¹ Yee's purported actions, if proven true, would not only be illegal, but also another example of state leaders' inclination to think beyond the state's boundaries.

Throughout the history of the State of California, politicians have regularly sought to either embrace or distance the state from all or part of the world. California and U.S. Supreme Court decisions from the past several decades have helped clarify the division of foreign affairs rights between the federal and state governments, as well as pushed the states away from certain domestic behaviors that have significant international effects. Leading up to the First

¹ Matt Smith and Jason Carroll, "Feds: Calif. Pol Leland Yee Schemed to Trade Arms for Campaign Cash," *CNN*, April 8, 2014, accessed April 18, 2015, <http://www.cnn.com/2014/04/08/us/california-senator-indicted/>.

World War and after the Second World War, the international scene has seen greater and growing complex interdependence emerge from increases in the trade of goods and services, capital, and people that have occurred in the process now known as globalization. Even though they lack arms, entities other than nation-states can exert more influence in the contemporary international system than in the past, opening up space for sub-national governments like California to chart their own paths within national and international constraints. Even with its limited opportunities to directly influence transnational issues, California can set an example through its domestically oriented policies that nonetheless have international visibility and significance. The proliferation of sub-national and non-governmental actors seeking to promote their version of California's global role has opened up a variety of ways for the state's interests to be represented. Their informal nature, while inhibiting coherence to some degree, allows for greater mutability in response to voters' concerns, elected and unelected government leaders' objectives, and changing policy realities and interests. Policy areas with international significance have proliferated over recent decades, and will likely continue to do so if barriers to the global exchange of goods, services, people, and ideas continue falling. A more complete understanding of the contemporary and historical context of California's foreign relations activities should enable decision makers to make better judgments when it comes to the state's role in global affairs.

With national agreements like the Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership moving forward and

accelerating existing trends in trade and investment, California's cap and trade scheme expanding to include a majority of Canadians, the governor's continuing effort to engage directly with foreign governments on the behalf of the state, and California's policy posture that is firmly supportive of the state's significant immigrant population, the future is bright for California's foreign relations.

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Appendices

Appendix A: U.S. Constitution, Article I, Section 10

No state shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligations of Contracts, or grant any Title of Nobility.

No state shall, without the Consent of the Congress, lay any Imposts or Duties on Imports or Exports, except what may be absolutely necessary for executing its inspection Laws: and the net Produce of all Duties and Imposts, laid by any State on Imports or Exports, shall be for the Use of the Treasury of the United States; and all such Laws shall be subject to the Revision and Controul of the Congress.

No State shall, without the Consent of Congress, lay any Duty of Tonnage, Keep Troops, or Ships of War in time of Peace, enter into any Agreement or Compact with another State, or with a foreign Power, or engage in War, unless actually invaded, or in such imminent Danger as will not admit of delay.

Appendix B: SB-928 (2014) Governor Brown's Veto Message:¹

To the Members of the California State Senate:

I am returning Senate Bill 928 without my signature.

This bill requires the Governor's Office of Business and Economic Development to open a trade and investment office in Mexico City.

I agree that trade with Mexico is of significant economic importance which is why I led a trade mission to Mexico City in August and hosted the President of Mexico in Sacramento shortly afterwards.

We are working directly with the Mexican government and the business community on increasing bilateral trade and other initiatives. I am not convinced we need a legislatively-mandated trade office to continue our growing partnership with Mexico.

Sincerely,

Edmund G. Brown Jr.

¹ California State Legislature, Senate, *SB-928 International Trade and Investment Office: Mexico*, Vetoed by Governor Jerry Brown September 28, 2014, accessed April 18, 2015, http://leginfo.legislature.ca.gov:80/faces/billNavClient.xhtml?bill_id=201320140SB928.

Appendix C: 1879 Constitution, Article XIX:²

ARTICLE XIX.

CHINESE.

SECTION 1. The Legislature shall prescribe all necessary regulations for the protection of the State, and the counties, cities, and towns thereof, from the burdens and evils arising from the presence of aliens who are or may become vagrants, paupers, mendicants, criminals, or invalids afflicted with contagious or infectious diseases, and from aliens otherwise dangerous or detrimental to the well-being or peace of the State, and to impose conditions upon which persons may reside in the State, and to provide the means and mode of their removal from the State, upon failure or refusal to comply with such conditions; *provided*, that nothing contained in this section shall be construed to impair or limit the power of the Legislature to pass such police laws or other regulations as it may deem necessary.

SEC. 2. No corporation now existing or hereafter formed under the laws of this State, shall, after the adoption of this Constitution, employ directly or indirectly, in any capacity, any Chinese or Mongolian. The Legislature shall pass such laws as may be necessary to enforce this provision.

SEC. 3. No Chinese shall be employed on any State, county, municipal, or other public work, except in punishment for crime.

SEC. 4. The presence of foreigners ineligible to become citizens of the United States is declared to be dangerous to the well-being of the State, and the Legislature shall discourage their immigration by all the means within its power. Asiatic coolieism is a form of human slavery, and is forever prohibited in this State, and all contracts for coolie labor shall be void. All companies or corporations, whether formed in this country or any foreign country, for the importation of such labor, shall be subject to such penalties as the Legislature may prescribe. The Legislature shall delegate all necessary power to the incorporated cities and towns of this State for the removal of Chinese without the limits of such cities and towns, or for their location within prescribed portions of those limits, and it shall also provide the necessary legislation to prohibit the introduction into this State of Chinese after the adoption of this Constitution. This section shall be enforced by appropriate legislation.

² *The Statutes of California Passed at the Twenty-Third Session of the Legislature, 1880.* (Sacramento, CA: J.D. Young, Supt. State Printing, 1880), xli, accessed April 25, 2015, <https://www.sos.ca.gov/archives/collections/1879/archive/1879-constitution.pdf>.

Appendix D: Sample Memorandums of Understanding

1. "The Pacific Coast Action Plan on Climate and Energy," October 28, 2013, accessed April 26, 2015, <http://www.pacificcoastcollaborative.org/Documents/Pacific%20Coast%20Climate%20Action%20Plan.pdf>.
2. "Memorandum of Understanding on Establishing 'China Provinces and US California Joint Working Group on Trade and Investment Cooperation,'" April 10, 2013, accessed April 26, 2015, http://www.business.ca.gov/Portals/0/InternationalBiz/MOUs/MOU-Min_of_Commerce_China.pdf.
3. "Memorandum of Understanding on Friendly Cooperation Between the State of California, United States of America and Jiangsu Province, People's Republic of China," April 14, 2013, accessed April 26, 2015, http://www.business.ca.gov/Portals/0/InternationalBiz/MOUs/MOU-Jiangsu_China.pdf.
4. "Memorandum of Understanding for the Strengthening of the Cooperation Between the Government of the Republic of Peru and the Government of the State of California," February 26, 2014, accessed April 26, 2015, <http://www.business.ca.gov/Portals/0/InternationalBiz/MOUs/MOU-Peru.pdf>.
5. "Memorandum of Understanding on the Establishment of a Strategic Partnership for Joint Innovation, Exchanges and Cooperation Between The Government of the State of California, United States of America and The Government of the State of Israel," March 5, 2014, accessed April 26, 2015, <http://www.business.ca.gov/Portals/0/InternationalBiz/MOUs/MOU-Israel.pdf>.
6. "Memorandum of Understanding for Strengthening Trade and Investment Cooperation Between the Ministry of Economy of the United Mexican States and the Government of the State of California of the United States of America," July 30, 2014, accessed April 26, 2015, http://www.business.ca.gov/Portals/0/InternationalBiz/MOUs/MOU-Ministry_of_the_Economy_Mexico.pdf.

PACIFIC COAST ACTION PLAN *on* CLIMATE AND ENERGY



PREAMBLE

THE GOVERNMENTS OF CALIFORNIA, BRITISH COLUMBIA, OREGON AND WASHINGTON,

Pursuant to the Memorandum to Establish the Pacific Coast Collaborative of June 2008, as provided for in Article 6;

Affirming our shared vision of Pacific North America as a model of innovation that sustains our communities and creates jobs and new economic opportunities for our combined population of 53 million;

Recognizing that the Pacific Coast is a region bound together by a common geography, shared infrastructure and a regional economy with a combined GDP of US \$2.8 trillion, which makes it the world's fifth largest;

Acknowledging the clear and convincing scientific evidence of climate change, ocean acidification and other impacts from increasing concentrations of carbon dioxide in the atmosphere, which threaten our people, our economy and our natural resources;

Emphasizing that states and provinces around the world are battling climate change through technology innovation and actions that limit greenhouse gas emissions and other air pollution while creating economic growth, consumer savings and new jobs;

Celebrating that our own governments have reduced greenhouse gas emissions by adopting regulatory, policy and market-based measures that shift energy generation to clean and renewable sources, manage energy use through greater efficiency and conservation, and enable and promote consumer choice for clean vehicles;

Recalling the findings of the 2012 *West Coast Clean Economy* report which projected 1.03 million new jobs could be created in key sectors, such as energy efficiency and advanced transportation, assuming the right policy environment;

Supporting positive federal action to combat climate change, including President Obama's climate action plan and proposed rules to limit greenhouse gas emissions from power plants;

Joining the growing international convergence on the need to secure an international agreement to reduce global greenhouse gas emissions, including discussions at the coming Conference of Parties meetings in Warsaw (2013), Lima (2014) and Paris (2015); and

Agreeing that meaningful coordination and linkage between states and provinces across North America and the world on actions to reduce greenhouse gas emissions can improve the effectiveness of these actions, increase their overall positive impact and build momentum for broader international coordination to combat climate change;

NOW THEREFORE HEREBY AGREE AS FOLLOWS:

I. Lead national and international policy on climate change with actions to:

Direct our relevant agencies and officials to work together to:

1) Account for the costs of carbon pollution in each jurisdiction.

Oregon will build on existing programs to set a price on carbon emissions. Washington will set binding limits on carbon emissions and deploy market mechanisms to meet those limits. British Columbia and California will maintain their

existing carbon-pricing programs. Where possible, California, British Columbia, Oregon and Washington will link programs for consistency and predictability and to expand opportunities to grow the region's low-carbon economy.

2) Harmonize 2050 targets for greenhouse gas reductions and develop mid-term targets needed to support long-term reduction goals.

Climate scientists have identified the scale of greenhouse gas reductions that must be achieved globally to stabilize the climate. Where they have not already done so, California, British Columbia, Oregon and Washington will establish long-term reduction targets that reflect these scientific findings. To advance long-term reductions, Washington already has in place a mid-term 2035 target. California and Oregon will establish their own mid-term targets. British Columbia has already legislated 2020 and 2050 targets and will explore whether setting a mid-term target will aid their achievement.

3) Affirm the need to inform policy with findings from climate science.

Leaders of California, British Columbia, Oregon and Washington affirm the scientific consensus on the human causes of climate change and its very real impacts, most recently documented by scientists around the world in the Intergovernmental Panel on Climate Change's *Fifth Assessment Report* released in September 2013, as well as other reports such as the *Scientific Consensus on Maintaining Humanity's life Support Systems in the 21st Century*. Governmental actions should be grounded in this scientific understanding of climate change.

4) Cooperate with national and sub-national governments around the world to press for an international agreement on climate change in 2015.

The governments of California, British Columbia, Oregon and Washington will join with other governments to build a coalition of support for national and international climate action, including securing an international agreement at the Conference of Parties in Paris in 2015. The governments of California, British Columbia, Oregon and Washington will coordinate the activities they undertake with other sub-national governments and combine these efforts where appropriate.

5) Enlist support for research on ocean acidification and take action to combat it.

Ocean health underpins our coastal shellfish and fisheries economies. The governments of California, British Columbia, Oregon and Washington will urge the American and Canadian federal governments to take action on ocean acidification, including crucial research, modeling and monitoring to understand its causes and impacts.

II. Transition the West Coast to clean modes of transportation and reduce the large share of greenhouse gas emissions from this sector with actions to:

1) Adopt and maintain low-carbon fuel standards in each jurisdiction.

Oregon and Washington will adopt low-carbon fuels standards, and California and British Columbia will maintain their

existing standards. Over time, the governments of California, British Columbia, Oregon and Washington will work together to build an integrated West Coast market for low-carbon fuels that keeps energy dollars in the region, creates economic development opportunities for regional fuel production, and ensures predictability and consistency in the market.

2) Take actions to expand the use of zero-emission vehicles, aiming for 10 percent of new vehicle purchases in public and private fleets by 2016.

The Pacific Coast already has the highest penetration of electric cars in North America. The governments of California, British Columbia, Oregon and Washington will work together towards this ambitious new target by supporting public and private fleet managers to shift their procurement investments to catalyze toward electric car purchases and by continuing to invest in necessary infrastructure to enable low-carbon electric transportation.

3) Continue deployment of high-speed rail across the region.

Providing high-speed passenger rail service is an important part of the solution to expand regional clean transportation, improve quality of life and advance economic growth. The governments of California, British Columbia, Oregon and Washington continue to support the Pacific Coast Collaborative's Vision for high speed rail in the region, and will continue to seek opportunities to invest in rail infrastructure that moves people quickly, safely and efficiently, and encourages innovation in rail technology manufactured in the region.

4) Support emerging markets and innovation for alternative fuels in commercial trucks, buses, rail, ports and marine transportation.

The Pacific Coast of North America is emerging as a center of private sector innovation and investment in cleaner fuels and engine technologies for heavy-duty trucks and buses, rail, ports and marine transportation. The governments of California, British Columbia, Oregon and Washington will develop targets and action plans to accelerate public and private investment in low-carbon commercial fleets and support the market transition to biofuels, electricity, natural gas and other low-carbon fuels in local and export markets.

III. Invest in clean energy and climate-resilient infrastructure with actions to:

1) Transform the market for energy efficiency and lead the way to "net-zero" buildings.

Energy efficiency is the lowest cost way to reduce greenhouse gas emissions while creating good local jobs. The governments of California, British Columbia, Oregon and Washington will work to harmonize appliance standards, increase access to affordable financing products, and support policy that ensures that energy efficiency is valued when buildings are bought and sold. Our efforts intend to build a vibrant, growing regional market for energy efficiency products and services.

2) Support strong federal policy on greenhouse gas emissions from power plants.

The governments of California, British Columbia, Oregon and Washington will support the U.S. Environmental Protection Agency's initiative to regulate greenhouse gas emissions from power plants and emphasize the importance of allowing state flexibility to design ambitious reduction programs within this regulation. Our jurisdictions will also coordinate and provide joint testimony in federal proceedings on greenhouse gas emissions when appropriate.

3) Make infrastructure climate-smart and investment-ready.

The West Coast Infrastructure Exchange (WCX) is demonstrating how to attract private capital for infrastructure projects while increasing climate resilience through best practices and certification standards. To scale up these efforts, the governments of California, Oregon and Washington will sponsor pilot projects with local governments, state agencies and the WCX. WCX also works closely with Partnerships BC, a center of infrastructure financing expertise established by the government of British Columbia that has helped to secure financing for over 40 projects worth more than C\$17 billion.

4) Streamline permitting of renewable energy infrastructure.

Meeting ambitious carbon-reduction goals will require scaling up wind, solar and other forms of renewable energy and effectively bringing clean power to customers in California, Oregon and Washington. Drawing on emerging models in California and the Pacific Northwest, the governments of California, Oregon and Washington will work with permitting agencies to streamline approval of renewables projects to increase predictability, encourage investment and drive innovation.

5) Support integration of the region's electricity grids.

Connecting the markets for buying and selling wholesale electricity in our region can increase local utilities' flexibility and reliability and provide consumer savings by enabling use of a wide variety of energy sources across the region. Integrating our region's electricity markets also expands energy users' access to renewable energy sources, such as solar and wind power.

IV. Interpretation

This Action Plan is intended to spur finding new, smart ways for our governments, agencies and staff to work together, and with other governments and non-government partners, as appropriate, to add value, efficiency and effectiveness to existing and future initiatives, and to reduce overlap and duplication of effort, with the objective of reducing, not increasing, resource demands to achieve objectives that are shared.

V. Limitations

This Action Plan shall have no legal effect; impose no legally binding obligation enforceable in any court of law or other tribunal of any sort, nor create any funding expectation; nor shall our jurisdictions be responsible for the actions of third parties or associates.

SIGNED AT SAN FRANCISCO, CALIFORNIA, ON THE OCCASION OF THE FOURTH ANNUAL LEADERS' FORUM OF THE PACIFIC COAST COLLABORATIVE, THIS 28TH DAY OF OCTOBER, 2013.

Original signed by

EDMUND G. BROWN JR.
Governor of California

Original signed by

JOHN A. KITZHABER
Governor of Oregon

Original signed by

CHRISTY CLARK
Premier of British Columbia

Original signed by

JAY INSLEE
Governor of Washington

MEMORANDUM OF UNDERSTANDING
ON ESTABLISHING
"CHINA PROVINCES AND US CALIFORNIA JOINT WORKING GROUP ON
TRADE AND INVESTMENT COOPERATION"

The State of California of the United States and the Ministry of Commerce and relevant provinces of the People's Republic of China (hereinafter referred to as "the Two Parties"), through friendly consultation, have decided to establish the "China Provinces and US California Joint Working Group on Trade and Investment Cooperation" (hereinafter referred to as the "Working Group"), and reached the following understanding:

Article I

The objectives of the Working Group are to expand trade and investment cooperation, strengthen communication, enhance trust, boost economic growth, and create jobs so as to implement the consensus reached between the then Vice President Xi Jinping of China and Governor Jerry Brown when the then Vice President Xi visited the US in February 2012.

Article II

The Working Group is, on the Chinese side, led by the Ministry of Commerce (MOFCOM), with Jiangsu, Inner Mongolia, Shanghai, Shandong, Guangdong and Chongqing as its members. The commerce authority in each of these provinces (autonomous regions and municipalities directly under the central government) will be responsible for the coordination. On the side of California, the member is the Governor's office. The Two Parties will take in more members under appropriate circumstances in the future.

Article III

The Governor's Office of Business and Economic Development and China Chamber of Commerce for Import and Export of Mechanic and Electronic Products join the Working Group as representatives of business community designated by the Two Parties respectively. Other government bodies, chambers of commerce or business associations can be invited to certain activities.

Article IV

The Two Parties respectively designate the Governor's Office of Business and Economic Development of the State of California, and the Department of American and Oceanian Affairs of MOFCOM as contact points for communication and information exchange, and recipients of any notice required to be given under this MOU.

Article V

The Two Parties will set up an annual meeting mechanism in the forms of video conference or meeting in person. The time of each meeting will be decided by the two parties through consultation.

Article VI

The Two Parties are committed to creating an enabling environment for and providing necessary assistance to businesses. Cooperation can be conducted in the following ways:

- To summarize experience on regular basis and discover and work in a timely manner to solve concerns and difficulties American and Chinese businesses have in cooperation;
- To exchange information on a regular basis about trade and investment projects and exhibitions;

- To promote key projects of trade and economic cooperation;
- To hold an annual seminar on trade and investment cooperation in the State of California and Chinese provinces in turns;
- To organize exchanges of trade missions and help companies seek business opportunities;
- To organize delegations of entrepreneurs to attend economic and trade fairs held in the State of California and China.
- To promote Chinese cities like Chongqing , Qingdao and Nanjing to develop strategic cooperation relations with California Cities like Los Angeles and San Francisco.

Article VII

The Two Parties will support companies to cooperate in the following key sectors:

- infrastructure
- biological pharmaceuticals
- information technology
- agriculture
- energy
- manufacturing
- tourism
- environmental protection
- exhibitions

Article VIII

This MOU will become effective on the date of signature. Either of the Two Parties may terminate this MOU by giving the other party notice in writing 90 days prior to the intended termination date.

Article IX

The Working Group mechanism referred to in this MOU shall work together with other established and future mechanisms between the State of California and relevant Chinese provinces.

Article X

This MOU is done in duplicate in Beijing on April 10th, 2013 , in the English and Chinese languages, both texts being equally authentic.

Calif
Edwin J Brown

For the State of California of
the United States of America



For the Lead Agency
of the Chinese Side

关于建立“中国省与美国加州贸易投资合作 联合工作组”的谅解备忘录

美国加州政府与中国商务部以及相关省（以下简称双方）经过友好协商，决定成立“中国省与美国加州贸易投资合作联合工作组”（以下简称工作组），并达成如下谅解：

第一条

工作组的目标是拓展双方的贸易、投资合作，加强沟通，增进互信，促进经济增长和就业增加，以落实时任中国国家副主席习近平 2012 年 2 月访问美国加州期间与布朗州长达成的共识。

第二条

中方由商务部作为工作组牵头单位，成员单位包括江苏、内蒙古、上海、山东、广东和重庆等 6 个省、自治区和直辖市，具体协调工作由各地商务主管部门负责。加州方面工作组成员为州长办公室。双方今后均可视情增加成员单位。

第三条

双方分别指定加州州长商业与经济发展办公室和中国机电产品进出口商会作为工商界代表参加工作组，配合双方政府部门汇总企业情况及组织相关活动。在开展活动时，双方还将邀请其他政府部门、商协会参加。

第四条

双方分别指定加州州长商务与经济发展办公室和商务部美大司作为联系单位，联系单位负责工作组日常沟通、联络、信息交换等工作并互相通告谅解备忘录项下有关事项。

第五条

双方建立年会制度，以视频会议或面对面交流方式进行，会期由双方商定。

第六条

双方致力于为企业创造良好的商业环境，并提供必要的协助。开展合作的主要方式包括：

- 一定期总结经验，及时发现并推动解决双方企业合作中所关注的问题及遇到的困难。
- 一定期交换贸易投资项目信息和展会信息。
- 推动重大经贸合作项目。

——每年举办一次贸易投资合作研讨会，在加州和中国省轮流举行。

——组织贸易促进团组互访，帮助企业寻找商机。

——组织企业家代表团参加在加州和中国举办的经贸展会。

——推动重庆市、青岛市、南京市等中国城市与洛杉矶、旧金山等加州城市发展战略合作关系。

第七条

双方将支持企业在以下重点领域开展合作：基础设施、生物制药、电子信息、农业、能源、制造业、旅游、环保、会展等。

第八条

本谅解备忘录自签字之日起生效。任何一方终止本谅解备忘录，须提前九十天书面通知另一方。

第九条

本谅解备忘录中所指的工作组机制与中方相关省单独与加州已建立和今后可能建立的机制间相互促进。

第十条

本谅解备忘录于二〇一三年四月十日在北京签订，一式两份，由英、中文写成，两种文本同等作准。

美国加利福尼亚州代表

中方牵头部门代表

Callif:  林方: 

**Memorandum of Understanding
On Friendly Cooperation
Between
The State of California, United States of America
And
Jiangsu Province, People's Republic of China**

At the invitation of Mr. Luo Zhijun, Secretary of CPC Jiangsu Provincial Committee, Mr. Edmund Gerald Brown, Governor of California led an official and business delegation to visit Nanjing, Jiangsu on April 14, 2013. During the visit, Governor Brown and Party Secretary Luo Zhijun held friendly talks and reviewed the cooperation between the two sides since the establishment of the sister-state relationship in the fields of trade and economic cooperation, education, culture, science and technology. With the purpose of pressing ahead the cooperation between the two sides in 2013, the following agreements were reached:

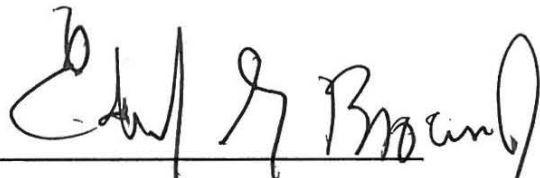

- I. To promote high-level visits and friendly exchanges between the two sides. *Jiangsu Week* will be jointly held by California and Jiangsu in the second half of 2013 at a mutually convenient time to enhance exchanges in culture, humanities and promote pragmatic cooperation.
- II. To prioritize the cooperation in the sectors of new energy, new material, biomedicine, new generation of information technology and high-tech agriculture in 2013. Enterprises from both sides are encouraged to carry out trade and investment cooperation with the support from Jiangsu Chamber of International Commerce, Jiangsu Federation of Industry and Commerce, Bay

Area Council and California Asia Pacific Chamber of Commerce. Governments from both sides shall provide service and facilitation for such activities, including the California Asia Pacific Chamber of Commerce's "California Center" located in Jiangsu Province.

III. To include the Sino-American Technological Innovation Park in Wuxi under the framework of Jiangsu-California Joint Economic Committee. The Park will be built as a highlight of Sino-American technological and economic cooperation, which will provide new opportunities for the development of both economies.

IV. To strengthen the cooperation in talents training. Both sides will support the training programs for Jiangsu senior civil servants, management personnel from universities and enterprises (including private companies) and high-tech talents from Jiangsu in the institutions of higher learning in California.

This Memorandum of Understanding was signed in Nanjing on April 14th, 2013 in the languages of English and Chinese in duplicate, each party holding one; both texts being equally authentic.

	
EDMUND BROWN, JR.	LUO ZHIJUN
Governor of California State	Party Secretary of Jiangsu Province

中华人民共和国江苏省 美利坚合众国加利福尼亚州 合作备忘录

应江苏省委书记罗志军邀请，美国加利福尼亚州州长杰瑞·布朗于**2013**年**4**月**14**日率政府和企业代表团访问江苏，其间与罗志军书记会晤。双方回顾了两省州自结好以来在经贸、教育、文化、科技等领域合作交流情况，并就推动**2013**年两省州友好交往达成以下共识：

一、加强两省州高层往来和友好交往，在今年下半年合适时间在加州共同举办“江苏周”活动，增进人文交流，促进务实合作。

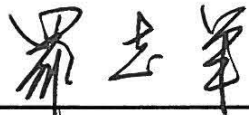
二、确立新能源、新材料、生物医药、新一代信息技术、高科技农业为两省州**2013**年重点合作领域。鼓励两省州企业通过江苏省国际商会、江苏省工商业联合会、加州湾区委员会、加州亚太商会等行业协会和机构开展贸易和投资合作。两省州政府将为双方企业，包括加州亚太商会在江苏设立的“加州中心”提供服务和便利。

三、将中美科技创新园项目纳入两省州合作框架，为无锡中美科技创新园区建设提供支持，使园区

成为中美科技、经济合作新亮点，为双方经济发展创造更多机遇。

四、加强双方在人才培养领域的合作，共同推进江苏省政府高级官员，大学和企业（包括私营企业）管理人员，高科技人才赴加州高等院校培训。

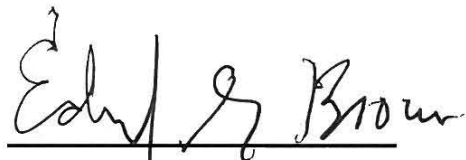
本备忘录于 2013 年 4 月 14 日在南京以中英两种文字签署，一式两份，双方各执一份；两种文本具有同等效力。



中共江苏省委书记

罗志军

2013 年 4 月 14 日



加利福尼亚州州长

杰瑞·布朗

2013 年 4 月 14 日

**MEMORANDUM OF UNDERSTANDING FOR THE STRENGTHENING OF THE
COOPERATION BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
PERU AND THE GOVERNMENT OF THE STATE OF CALIFORNIA**

The Government of the Republic of Peru and the State of California, hereinafter "the Parties";

Reaffirming the excellent relations between the Republic of Peru and the State of California and being determined to strengthen those relations by developing a framework of cooperation through this Memorandum of Understanding;

Recognizing that the willingness of the Republic of Peru and the State of California will contribute to develop mutually beneficial programs in areas of common interest;

Acknowledging the existence of opportunities to develop bilateral cooperation to improve commerce, capacity building, education and research to benefit all sectors of society;

Have reached the following understandings:

**ARTICLE I
PURPOSE**

This Memorandum of Understanding (MOU) is based on the following common objectives of the Parties:

- a) To engage in mutually beneficial economic, commercial, scientific, technological, cultural, environmental and educational activities;
- b) To promote the organization of trade and investment missions; facilitating the identification of economic opportunities;

- c) To recognize in the spirit of the U.S.-Peru FTA the importance of strengthening the Parties' capacity to protect the environment and of promoting sustainable development in concert with strengthening their trade and investment relations.
- d) To foster cooperation on climate change mitigation and adaptation, and reducing greenhouse gas emissions, including the agricultural and forestry sectors;
- e) To foster academic-to-academic partnerships among educational institutions and business-to-business activities between private entities, and
- f) To encourage cooperation through dialogue, between their institutions, universities, research centers, companies and citizens to strengthen further the bonds of friendship between the Republic of Peru and the State of California.

ARTICLE II

AREAS OF COOPERATION

The Government of the Republic of Peru and the State of California agree to advance cooperation through initiatives focused particularly, but not exclusively, on the following areas:

a) **AGRICULTURE, POULTRY AND LIVESTOCK:**

Among other activities in this field the Parties agree:

- To encourage training opportunities on plant and animal production technology, integrated pest management, plant and animal physiology, dairy and egg production, among others.
- To encourage technical cooperation on post-harvest management for plant (fruits and vegetables) and animal (livestock, poultry) products and by-products, post-harvest physiology of fruits and vegetables as well as controlled atmosphere technology for both animal and plant products, among others.
- To encourage expansion of sustainable agricultural practices, including those that reduce fertilizer and water consumption and greenhouse gas emissions.

b) **FOOD SAFETY:**

Among other activities in this field the Parties agree:

- To encourage training opportunities on food safety technology, laboratory analysis on contaminants (bacteria, fungi, pesticides, etc.), food safety on the packinghouse, among others.
- To encourage technical cooperation on food safety for plant (fruits and vegetables), animal (livestock, poultry), and fish products, either fresh or processed.

c) AQUACULTURE:

Among other activities in this field the Parties agree:

- To encourage training opportunities on fishery production and technology in aquaculture environments, as well as for fish disease control strategies.
- To encourage technical cooperation on post-harvest management for fish and fish products.
- To encourage expansion of sustainable aquaculture practices.

d) ENVIRONMENTAL MATTERS:

Among other activities in this field the Parties agree:

- To promote the dialogue, exchange of experts and joint projects in climate change mitigation and adaptation policies, air quality, forest management, water quality and water management.
- To promote public and private participation for the improvement of knowledge and use of clean technologies.

e) EDUCATION

Among other activities in this field the Parties agree:

- To consider opportunities for cooperation at the K-12 level to promote culture and language exchanges through online school partnerships;
- To promote collaboration between institutions of higher education to develop undergraduate, master and doctoral studies cooperation programs, especially in science-related areas.

f) SCIENCE AND TECHNOLOGY

Among other activities in this field the Parties agree:

- To foster collaboration between their institutions, organizations, universities, research centers, companies and citizens to develop science and technology cooperation programs and projects on areas of mutual interest;
- To promote visits and the exchange of experts and consider opportunities for joint conferences, internships, and training in areas such as climate change: mitigation and adaptation policies, health sciences, IT, alternative sources of energy, engineering, and others.

g) TRADE AND BUSINESS

Among other activities in this field the Parties agree:

- To provide information and advice to companies, including small and medium-sized enterprises, from each of their respective markets as they seek to invest in or export to the other market, and to facilitate relevant connections to the extent it is reasonably possible to do so;
- Encourage the organization of joint trade-promotion activities and business missions to both destinations, and engage in dialogue regarding trade and investment matters;
- To welcome trade and tourism promotion officials and delegations, and make appropriate introductions.

h) CULTURE

Among other activities in this field the Parties agree:

- To consider opportunities for the organization of joint cultural activities;
- To engage in dialogue regarding tangible cultural heritage, including best practices for conservation and preventive care, as well as history of technology, academic cooperation, and scientific research;

ARTICLE III IMPLEMENTATION

The Parties will encourage their corresponding agencies, enterprises and educational institutions that might contribute to the successful implementation of this Memorandum of Understanding, to participate actively in the above-mentioned areas.

In order to facilitate the implementation of this MOU, the Parties will set up a joint committee led by the Embassy of Peru in United States representing the Government of the Republic of Peru and a representative to be designated by the Government of the State of California, which will meet periodically to address specific cooperation action plans to achieve the objectives established in this Memorandum.

All activities undertaken pursuant to this Memorandum of Understanding shall be subject to the applicable laws of the Parties, as well as the availability of funds, personnel, and other resources of each Party.

ARTICLE IV ENTRY INTO FORCE

This Memorandum of Understanding is effective on the date it is signed and does not create any legally binding rights or obligations for either Party.

**ARTICLE V
MODIFICATIONS**

This Memorandum of Understanding may be modified at any time by mutual consent of the Parties.

**ARTICLE VI
DURATION**

This Memorandum of Understanding is indefinite, but either party may withdraw from the Memorandum of Understanding [30] days after written notice to the other Party. Such notification is to have no effect on activities in progress unless the Parties mutually decide otherwise.

SIGNED this twenty-sixth day of February 2014 at San Francisco, California, in duplicate in the English and Spanish languages, each text being equally authentic.

FOR THE STATE OF CALIFORNIA FOR THE REPUBLIC OF PERU



EDMUND G. BROWN JR.

HAROLD FORSYTH

**GOVERNOR OF THE STATE
OF CALIFORNIA**

**AMBASSADOR OF PERU
TO THE UNITED STATES**

Memorandum of Understanding

**On the Establishment of a Strategic Partnership for
Joint Innovation, Exchanges and Cooperation**

Between

The Government of the State of California, United States of America

And

The Government of the State of Israel

THE GOVERNMENT OF THE STATE OF ISRAEL AND THE GOVERNMENT OF THE STATE OF CALIFORNIA (hereinafter "the Participants") RECOGNIZE THAT:

WHEREAS two-way trade between Israel and California totaled over \$4 billion in 2013 – one of the largest two-way trade relationships between Israel and a U.S. State; and

WHEREAS the State of California and the State of Israel share close ties and are global leaders in the alternative energy, environmental technology and other technology-based industry sectors; and

WHEREAS the State of California is home to the largest in-state innovation network in the United States, which offers technology-commercialization opportunities for the State of Israel; and

WHEREAS the Participants seek to expand the current level of cooperation between Israel and California in, but not limited to, alternative energy, environmental technology, health, food and agriculture and other technology based industry sectors, business innovation, research and development.

THEREFORE, IT IS DECLARED AS FOLLOWS:

The Participants hereby sign this Memorandum of Understanding for the purposes of establishing a formal relationship between them to foster economic cooperation and economic development, facilitate joint industrial research and development and enhance business relationships and educational opportunities to foster job creation and incubate global solutions from joint California-Israel innovation initiatives.


To achieve these aims:

1. The Participants intend to seek to convene bilateral, interagency and inter-ministerial working groups with international expertise to coordinate initiatives.
2. The Participants plan to facilitate collaborations between Israeli and Californian entrepreneurs and researchers through (though not exclusively limited to) the California innovation hub (iHub) network – a network consisting of self-funded, collaborative regional innovation clusters, uniting government, universities, foundations, national labs and the private sector.
3. The Participants intend to support and encourage their people and competent authorities to further develop interpersonal contacts and exchanges and to promote mutual cooperation, understanding and friendship by encouraging ad hoc task forces, trade delegations and professional exchanges between Israel and California in key sectors including, but not limited to:
 - a. Water Conservation and Management
 - b. Alternative Energy and related Clean Technologies
 - c. Health and Biotechnology Solutions
 - d. CyberSecurity
 - e. Arts & Culture
 - f. Education
 - g. Agricultural Technologies

4. The Participants intend to support and encourage the creation of public-private partnerships between Californian and Israeli entities in the areas of economic development, social entrepreneurship, or academic research related to the above activities.
5. The Participants intend to support and encourage the strengthening of sister city programs between Israeli and California cities, which are designed to enhance opportunities for cultural and educational exchanges, economic partnerships and social entrepreneurship on the local level.
6. The Participants intend to encourage collaboration between Californian and Israeli universities, public and private research institutions.

This Memorandum of Understanding is intended to become effective on the date it is signed and does not create any legally binding rights or obligations for either Participant.

This Memorandum of Understanding was signed in Mountain View, California, United States, on the 5th day of March 2014, corresponding to the 3rd day of Adar II of 5774 in the Hebrew calendar.


EDMUND G. BROWN JR.
Governor of California
United States of America


BENJAMIN NETANYAHU
Prime Minister
State of Israel

**MEMORANDUM OF UNDERSTANDING FOR STRENGTHENING
TRADE AND INVESTMENT COOPERATION
BETWEEN
THE MINISTRY OF ECONOMY OF THE UNITED MEXICAN STATES
AND THE GOVERNMENT OF THE STATE OF CALIFORNIA OF THE
UNITED STATES OF AMERICA**

The Ministry of Economy of the United Mexican States (Ministry of Economy) and the Government of the State of California of the United States of America, together hereinafter referred to as "the Participants";

In recognizing that **WHEREAS:**

Two-way trade in goods between Mexico and California totaled over \$60.1 billion in 2013 – one of the largest two-way trade relationships between Mexico and a U.S. State;

The North American Free Trade Agreement ("NAFTA"), having now been in effect for twenty years continues to provide the principal foundation for expanding trade and investment between Mexico and California;

Mexico is a key trade and investment partner for the Obama Administration's "Look South Initiative" launched on January 9, 2014;

Mexico and California share a 136-mile border and close historical, cultural, and economic ties; and

The Participants seek to expand the current level of economic and investment cooperation between Mexico and California in, but not limited to, alternative and renewable energy, environmental and related clean technologies, advanced manufacturing, biotech, medical devices, Information technology (IT), agriculture-related technologies, education, tourism and cross-border goods movement infrastructure;

Have agreed as follows:

**ARTICLE I
Objective**

The purpose of this Memorandum of Understanding (hereinafter "MOU") is to establish a formal and flexible framework between the Participants to expand trade and investment cooperation, foster scientific and technological collaboration for business development in emerging key sectors, strengthen communication, enhance trust, boost economic development and create jobs. In doing so, the Participants share the following common objectives:

- a) To engage in mutually beneficial economic, commercial and innovation activities;
- b) To promote the organization of trade and investment missions, and facilitating the identification of economic opportunities;
- c) To encourage innovation, economic and business development in new and technology-related sectors by fostering joint industrial R&D, enhancing business relationships, and facilitating collaboration between Mexican and Californian entrepreneurs through (but not limited to) California's innovation hub (iHub) network, trade delegations, and public-private partnerships;
- d) To build upon the principles of NAFTA in recognizing the importance of strengthening the Participants' capacity to protect the environment and of promoting sustainable development in concert with enhancing their trade and investment relations.

ARTICLE II Areas of Cooperation

The Participants intend to strengthen and facilitate trade and investment cooperation through initiatives focused particularly on, but not limited to, the following sectors:

- a) Advanced Manufacturing.
- b) Alternative and Renewable Energy.
- c) Environmental Protection and Other Related Clean Technologies.
- d) Biotechnology.
- e) Medical Devices.
- f) Information Technologies.
- g) Agriculture and Agricultural Technologies.
- h) Education.
- i) Tourism.
- j) Cross-Border Goods Movement Infrastructure.

ARTICLE III Working Group

The Participants respectively designate the General Direction for North America of the Ministry of Economy and the Governor's Office of Business and Economic Development to establish a bilateral Working Group to oversee the implementation of the objectives of this MOU.

The Working Group shall meet either in person or via video conference on a regular, periodic basis and at least once a year. The time and place of each meeting shall be mutually decided upon by the Participant designees through consultation. Other government agencies, chambers of commerce or business associations may be invited to participate in the Working Group and/or other initiatives undertaken pursuant to this MOU.

ARTICLE IV Specific Activities

The Participants have decided that specific activities to achieve the objectives of this MOU for the key sectors identified in Article II may include:

- a) Exchanging information on trade and investment projects and exhibitions related to the identified sectors on a regular basis;
- b) Encouraging the organization of joint trade-promotion activities and business missions to both Participants;
- c) Providing information to companies, including small and medium-sized enterprises to facilitate trade and investment opportunities, and providing relevant connections to the extent it is reasonable possible to do so;
- d) Fostering collaboration between the Participants' universities, organizations, research centers, California's iHubs, and companies to develop science and technology programs that support business development and create jobs;
- e) Welcoming trade and tourism promotion officials and delegations, and facilitating appropriate introductions.

ARTICLE V Contact Points

The General Direction for North America of the Ministry of Economy and the Governor's Office of Business and Economic Development shall also serve as the respective contact points for communication and information exchange, as well as any notice required to be submitted under this MOU.

ARTICLE VI
Availability of Personnel and Resources

This MOU once in effect upon signature, does not create any legally binding rights or obligations for either Participant. All activities undertaken pursuant to this MOU are subject to the availability of funds, personnel and other resources of each Participant.

The personnel designated by the Participants for the execution of this MOU shall work under the orders and responsibility of the organization or institution to which they belong, at all times maintaining their employment relationship with that organization or institution. Their work will not create an employer-employee relationship with any other organization or institution, so in no case shall that other organization or institution be considered as a substitute or joint employer of the designated personnel.

ARTICLE VII
Compliance with Applicable Laws

All activities undertaken pursuant to this MOU, and all personnel designated by the Participants for the execution of those activities undertaken pursuant to this MOU are subject to the applicable laws of the receiving country. Such personnel, if visiting the other Participant to participate in an activity pursuant to this MOU, shall not engage in any activity unrelated to their duties.

ARTICLE VIII
Interpretation and Application

Any difference that may arise in relation to the interpretation or application of this MOU shall be resolved through consultations.

ARTICLE IX
Final Provisions

This MOU shall become effective upon its signature, and shall remain in effect for an indefinite duration, subject to the provisions below.

This MOU may be modified at any time by mutual consent of the Participants. Any modification shall be made in writing and specify the date on which such modification is to become effective.

Any of the Participants may at any time, withdraw from this MOU by providing a written notice to the other Participant thirty (30) days in advance.

The termination of this MOU shall not affect the conclusion of the cooperation activities that may have been formalized during the time this MOU is in effect, unless the Participants mutually decide otherwise.

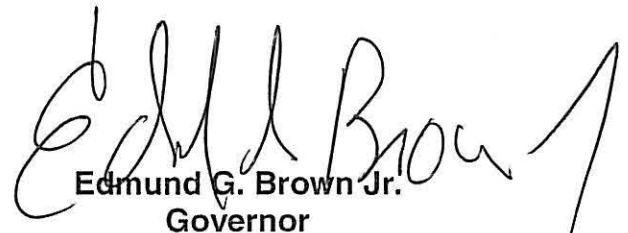
Signed in Mexico City on July 30th, 2014, in two original copies in the English and Spanish languages. Both texts are equally authentic.

**FOR THE MINISTRY OF ECONOMY
OF THE UNITED MEXICAN STATES**



**Ildelfonso Guajardo Villarreal
Minister**

**FOR THE GOVERNMENT OF THE
STATE OF CALIFORNIA
OF UNITED STATES OF AMERICA**



**Edmund G. Brown Jr.
Governor**

