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**Remarks at Long Beach Chamber of Commerce Business Forecast Conference**  
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*[Introduction by Randy Gordon, Long Beach Area Chamber of Commerce...]*

Thank you, Randy, and good afternoon.

It's my pleasure to speak with you today, and City National is proud to sponsor this conference.

We welcome this opportunity to meet prospective clients and to share our thoughts about some of the economic and business issues that affect us all.

This forum can and should be a means of defining critical issues and encouraging communication with our elected representatives – both directly and through the Chamber's lobbying capacity.

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Some of you may not be familiar with City National Bank, and so let me tell you very briefly how we got started and who we are.

Our company was founded in 1954, and we gained early renown for our support of Southern California's entrepreneurs. That charter has had great appeal in the California business community.

Today, as we celebrate our company's 50th anniversary, City National is the largest bank headquartered in Southern California with more than 2,300 colleagues and \$13 billion in assets.

We have become California's Premier Private and Business Bank<sup>®</sup>, a company that offers complete financial solutions through 53 offices in Southern California, the San Francisco Bay Area and New York City.

But one thing has not changed over the past five decades: We're still serving California's entrepreneurs!

Moreover, our Commitment to Long Beach remains strong!

We have a significant commercial and private banking presence here, which began in 1998 with the acquisition of Harbor Bank, whose chairman was Jim Gray, a man you all know well.

Of course, Jim was recognized last year at this event as “Entrepreneur of the Year,” and he will be presenting this year’s award.

We all know that a bank is only as healthy as the community it serves. At City National, we continually look for opportunities to strengthen the communities we do business in by sharing information about local economic and business conditions.

That's why we're especially pleased to join you and to sponsor this event.

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During this morning’s session, we heard City National’s Chief Investment Officer Rich Weiss talk about “tempered optimism.”

I think that’s a very accurate description of how many of our clients see the future.

Even today, despite several quarters of impressive GDP growth, we face continuing challenges to our economic stability– challenges that include lackluster job growth, rising budget deficits and a weak dollar.

Yet I believe this is a good time to invest in growth, and many businesses are starting to do so.

- Interest rates are low.
- Productivity continues to surge.
- And business confidence seems to be on the rise.

This is particularly true in Southern California, which has been growing faster than most of the nation, thanks to the entrepreneurial energy, the economic diversity and the international character that are all on display here in Long Beach.

This city is a showcase for Southern California's economy, powered by tourism, international trade, technology and aerospace.

You only have to look outside to see the amazing growth and transformation that has taken place here:

- The new Pike at Rainbow Harbor entertainment complex;
- The residential developments along Ocean Boulevard;
- Cal State Long Beach’s Technology Park;
- The expansion project at the Port of Long Beach; and
- The new Carnival Cruise terminal.

Of course, it also helps to have the second busiest container port in the Western Hemisphere.

Last year, despite the loss of a major shipping line, the Port of Long Beach managed to handle more than \$90 billion in world trade.

Together, the ports of Long Beach and Los Angeles comprise the world's third-busiest port complex – after Hong Kong and Singapore – and they continue to gain market share of West Coast container traffic.

Still, Long Beach and the state of California face a number of critical challenges, whose resolution will be influenced by the actions of our legislators!

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I'd like to focus the balance of my remarks on one of the most troubling issues today – especially for a port city like Long Beach and for entrepreneurs like you: Trade Protectionism.

In this election year – when few new jobs are being created despite a growing American economy – the issue of foreign competition has become an increasingly important one for Democrats and Republicans alike.

By promising things like the cancellation of Nafta and U.S. participation in the World Trade Organization, candidates are trying to tap into anger and frustration at the trade imbalance and perceptions about offshore outsourcing.

Dozens of bills are pending to restrict the migration of jobs abroad. And it's my fear that these proposals signal an unfortunate drift toward trade protectionism.

Technology and globalization do present new challenges to our economy. But there is no disputing the fact that the U.S. economy would be poorer and less productive if we turned our back on world markets.

One only has to look at the Port of Long Beach to realize the many benefits of free trade.

It alone generates:

- About \$150 billion in annual sales nationally.
- \$5.6 billion in state and local tax revenues.
- And more than \$14 billion in regional wages and salaries.

Last month, Governor Schwarzenegger – one of City National's better-known clients, by the way – chose to announce the creation of a new Commission on Job Creation.

And what I found particularly interesting about his announcement is that it was made right here – at the Port of Long Beach.

The decision to make this important announcement against a local backdrop of container ships and international merchandise underscores a critical point:

Trade creates jobs!

And the fact is that those jobs have helped offset a decline in U.S. manufacturing employment, which began at the end of World War II! It's not a problem any administration or political party created or can resolve. But politicians can compound the problem by confusing the issue.

According to the U.S. Department of Commerce, manufactured exports account for one of every 11 jobs nationwide. By that calculation, trade delivers paychecks to more than 1 million Californians.

And, while outsourcing has become somewhat of a political football this election year – job exportation does not represent a significant threat to the domestic economy.

In fact, more service work is outsourced to the U.S. than away from it.

A recent *Wall Street Journal* article reported that the value of U.S. exports of legal work, computer programming, telecommunications, banking, engineering, management consulting and other private services jumped to \$131 billion last year.

On the other hand, imports of such private services – which encompass U.S. outsourcing of call centers and data entry to developing nations among other things – was only \$77 billion.

Therefore, measuring imports against exports, the U.S. posted a \$54 billion surplus last year in terms of trade in private services with the rest of the world. While we do a significant amount of outsourcing, U.S. citizens gain more jobs than we lose in the exchange of these services.

Trade makes a tremendous contribution in the lives of every one of us.

- It generates employment.
- It provides companies large and small with new markets and additional growth opportunities.
- And it gives consumers better selection, higher quality and lower prices.

We don't want an America that is closed to the rest of the world...we want a world that is open to America.

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As I said earlier, this forum must be used to help define critical issues and communicate our messages to elected officials.

Too often, I'm afraid, we take for granted the many benefits of international trade...you and I need to understand California's huge stake in today's global economy and communicate our faith in free trade!

We must remind our elected officials that trade now accounts for nearly a third of the economy, and that investment and innovation will drive economic growth and jobs.

Protectionism is a reactionary strategy that threatens to forfeit one of America's greatest advantages – our entrepreneurial spirit.

If our voices are not heard, our interests will not be addressed.

The large, local corporations that once focused their considerable lobbying clout on the long-term well being of California are gone – moved away or merged out of existence.

In this era of corporate consolidation and relocation, who speaks for the private sector?

It must be the entrepreneur and the small business owner! Take this as a call to action. Use this forum and the Chamber to communicate an important message to our legislators: Free trade is critical to our success!

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City National Bank is bullish on Long Beach and the entrepreneurial spirit that exists here and throughout our state.

At City National, we are proud to serve many of the entrepreneurs and mid-sized companies that have authored your success story here in Long Beach. And I'm confident that you can help focus our legislators on the virtues of free trade.

We're pleased to sponsor today's forum because by promoting the exchange of ideas and the development of solutions, this event will better enable all of us to meet the challenges ahead.

Thank you.

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