

Our View: California's demise is greatly exaggerated

California's economic demise has been wrongly predicted so many times it's a wonder people still insist on declaring that this time, the Golden State really is doomed. But they keep saying it.

And they keep getting it wrong.

The state has plenty of problems, and its government does a lot of stupid things. Some of us make a living commenting on these foibles on a daily basis. But the state's detractors are wrong if they think counting the number of U-Haul trucks leaving California vs. the number coming in, or even sizing up one of the state's periodic budget shortfalls, represents real economic or cultural analysis.

The latest habit of economic conservatives has been to compare California and Texas. As Texas has grown into an economic powerhouse, California's critics have spun a zero-sum yarn about business flight and job creation. As their story goes, any job gain in Texas is a loss for California.

California is fading, the story goes, because it has been a leader in the fight against climate change, or in the campaign to expand the use of renewable energy.

Our stringent regulations protecting clean air and clean water supposedly prevent businesses from starting here, and those that do manage to open their doors leave at the first opportunity. Texas reaps the benefits, we're told, because it doesn't bother its businesses with such trivial requirements.

For a time last year, California's critics had some momentum because annual employment figures showed Texas creating 458,000 jobs in 2014 to just 320,000 for California. Surely this was The Sign. This time California really was doomed.

Oops. [Revised figures released last week paint a different picture](#). It turns out the earlier numbers were way off in both states. The new numbers, this time on a January to January calendar: California [added 498,000 jobs](#), and Texas just 393,000.

California is bigger than Texas (economically speaking), so its economy should be producing more jobs. But California did better than Texas last year on a percentage basis as well. The larger point is that there's room in this story for both states to excel without stealing, or claiming to steal, employers and jobs from one another.

Texas surely has its charms, and while we are not exactly sure what they might be, perhaps being a cheap place to do business is one of them.

But California, despite its high taxes, tough regulations and expensive housing, [is not such a terrible place](#). It leads the nation in venture capital investments, technology growth and tourism, and is among the leaders in exports. Its public university systems, even though hard-pressed for cash, still outshine those in any other state.

Its gorgeous coastline, mountains and valleys – which are beautiful thanks in part to those pesky environmental regulators – are a huge draw. And its famous social tolerance makes California a place where smart, ambitious and creative people come to find their fortunes and employ and help thousands of others while doing so.

So yes, California, even with all its problems, is still the best place in the country to live, work, play and, we think, start and grow a business.