

Bridges and Barriers: Navigating Work in California's New Economy

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Key Points to be Made

- The new economy is full of opportunity but it is also generating an hourglass society
- The current recession threatens gains recently made for those at the bottom of the labor market
- Maintaining public will for change and public institutions for advancement is a must



What is the CJTC?



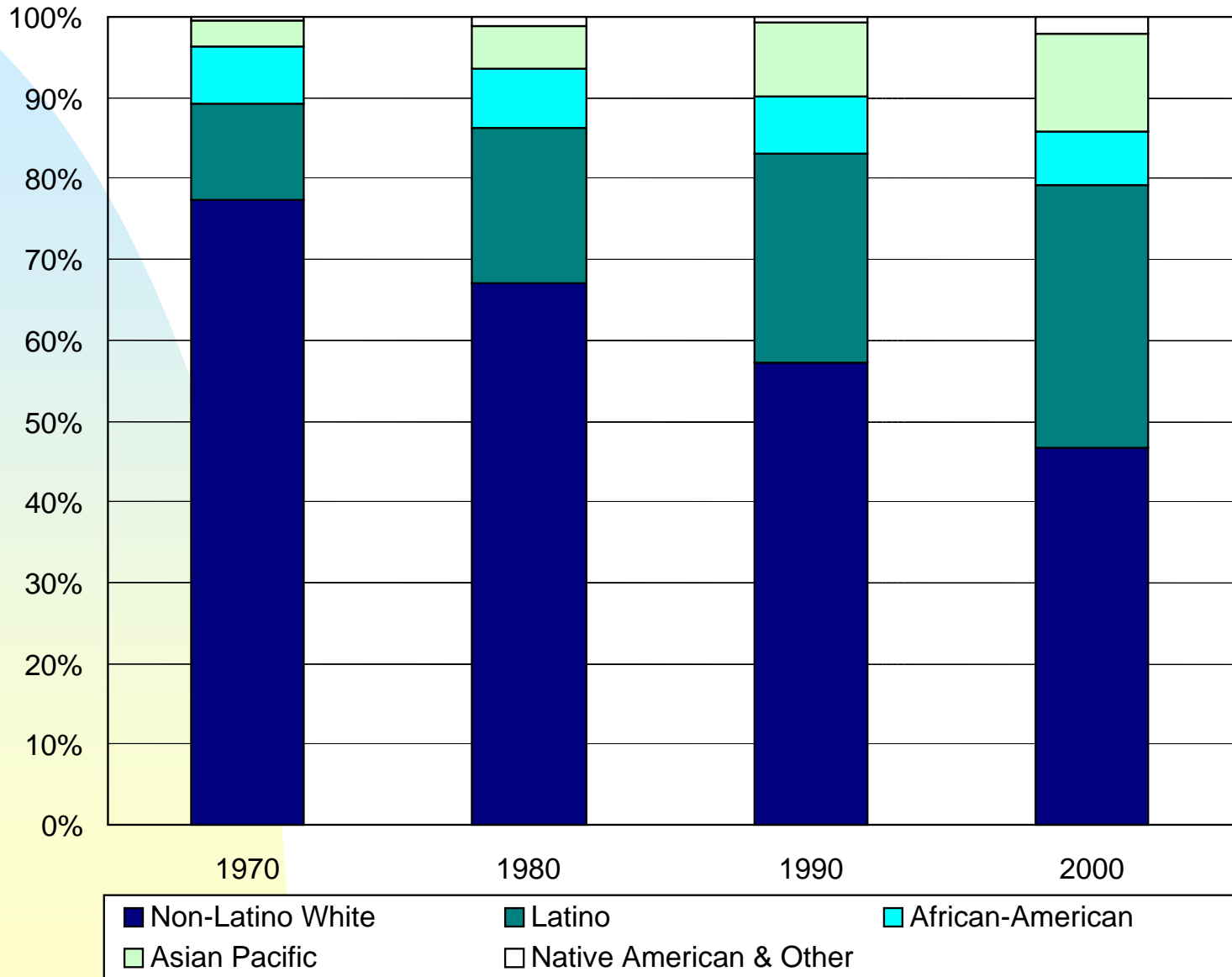
Mission:

Established in January 2000, the **Center for Justice, Tolerance, and Community** focuses on issues of social and economic justice, dialogues across diversity, and the building of collaborative communities.

Combining cutting-edge research with an emphasis on public dissemination of findings and active engagement with affected communities, the Center aims to make a difference in people's lives by providing information and analysis for action.



California's Demographic Change: We Lead the Nation in Diversity



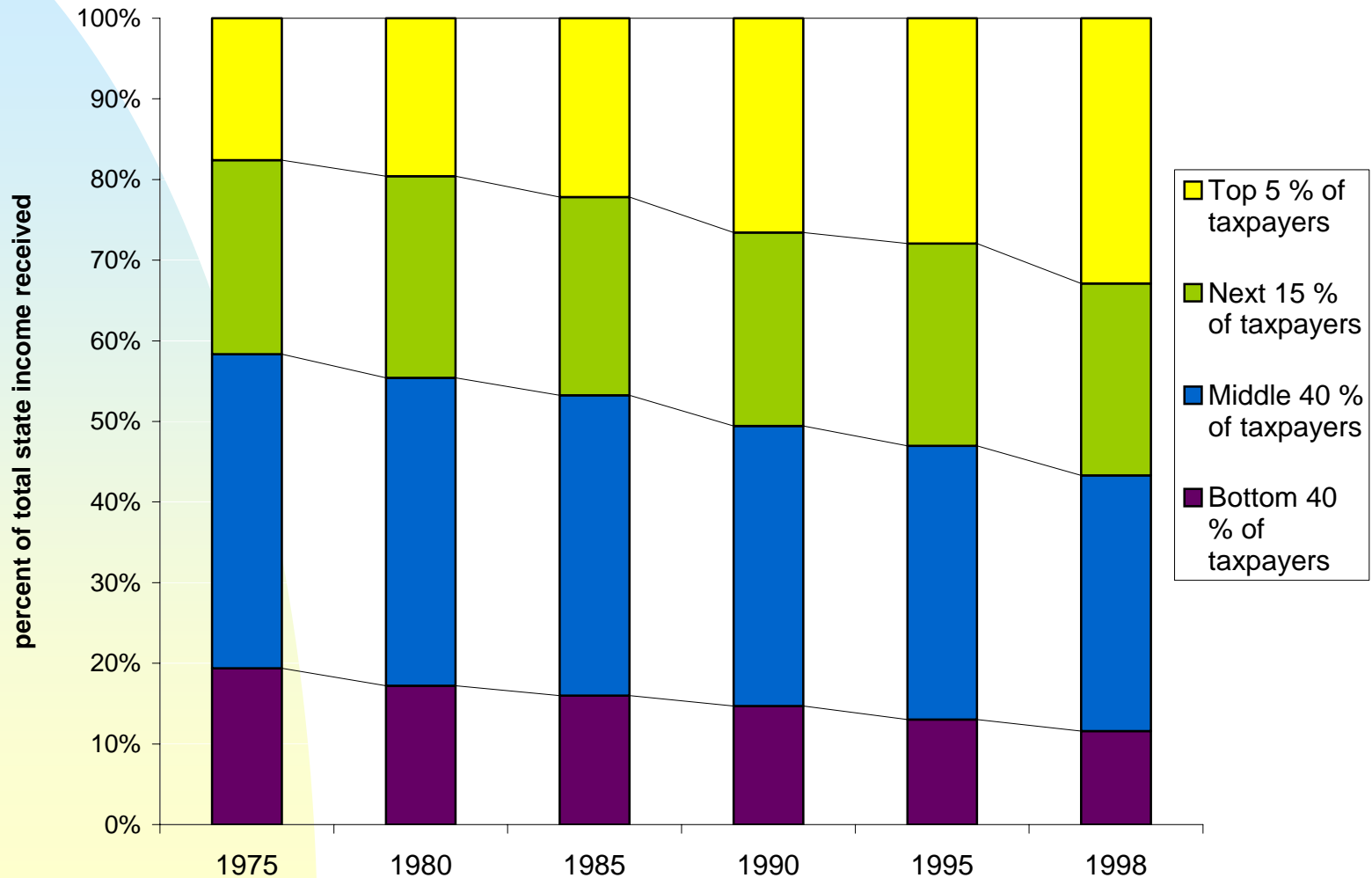
But Also in Inequality . . .

- Considering the ratio of the top fifth of families to bottom fifth of families, we are the **fourth most unequal** state
- Considering the ratio of the top fifth of families to middle fifth of families, we are the **third most unequal** state
- And we are becoming more unequal faster than forty five other states.



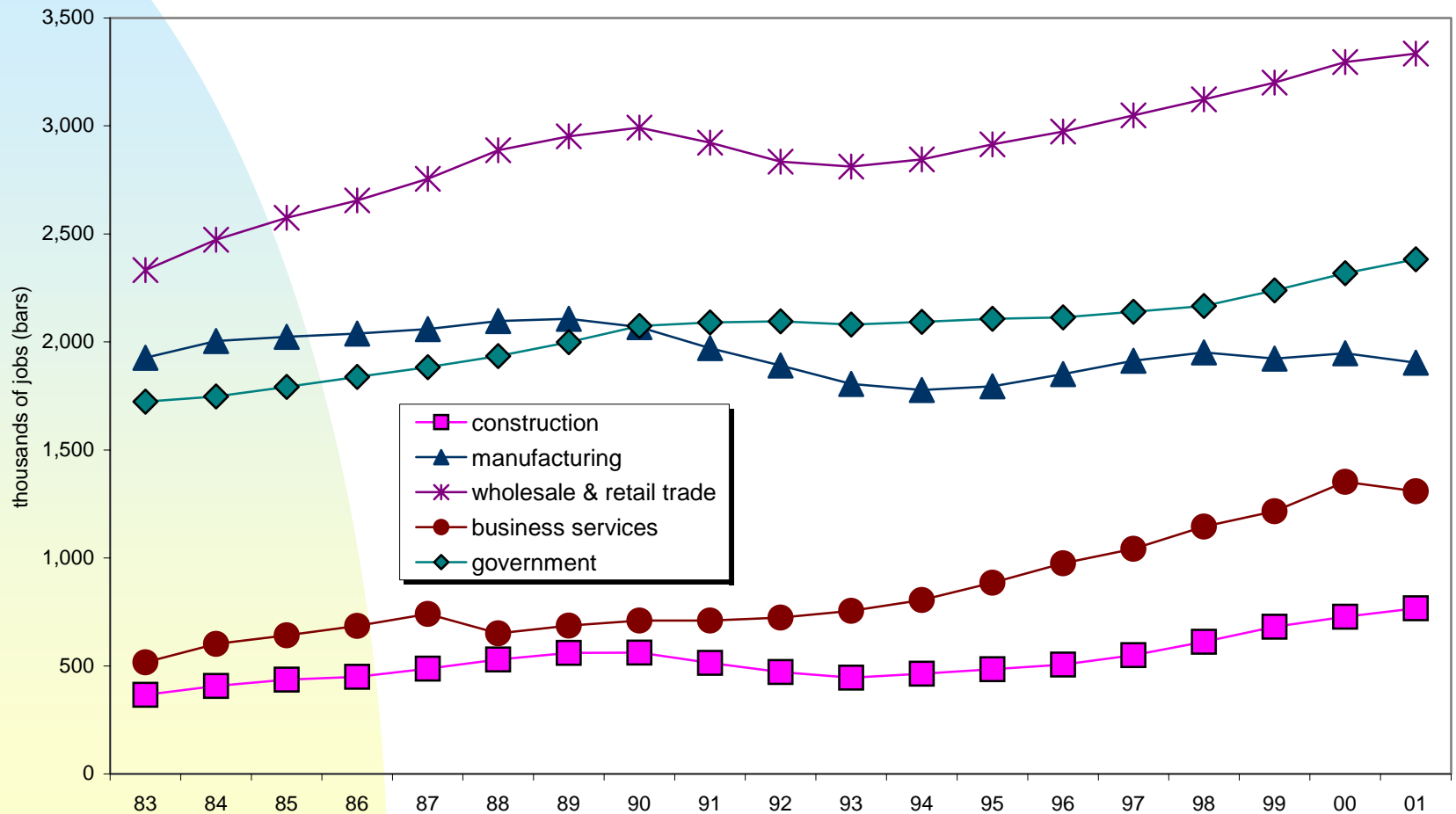
Long Term Trends in Inequality

California's Changing Income Distribution, 1975-1998



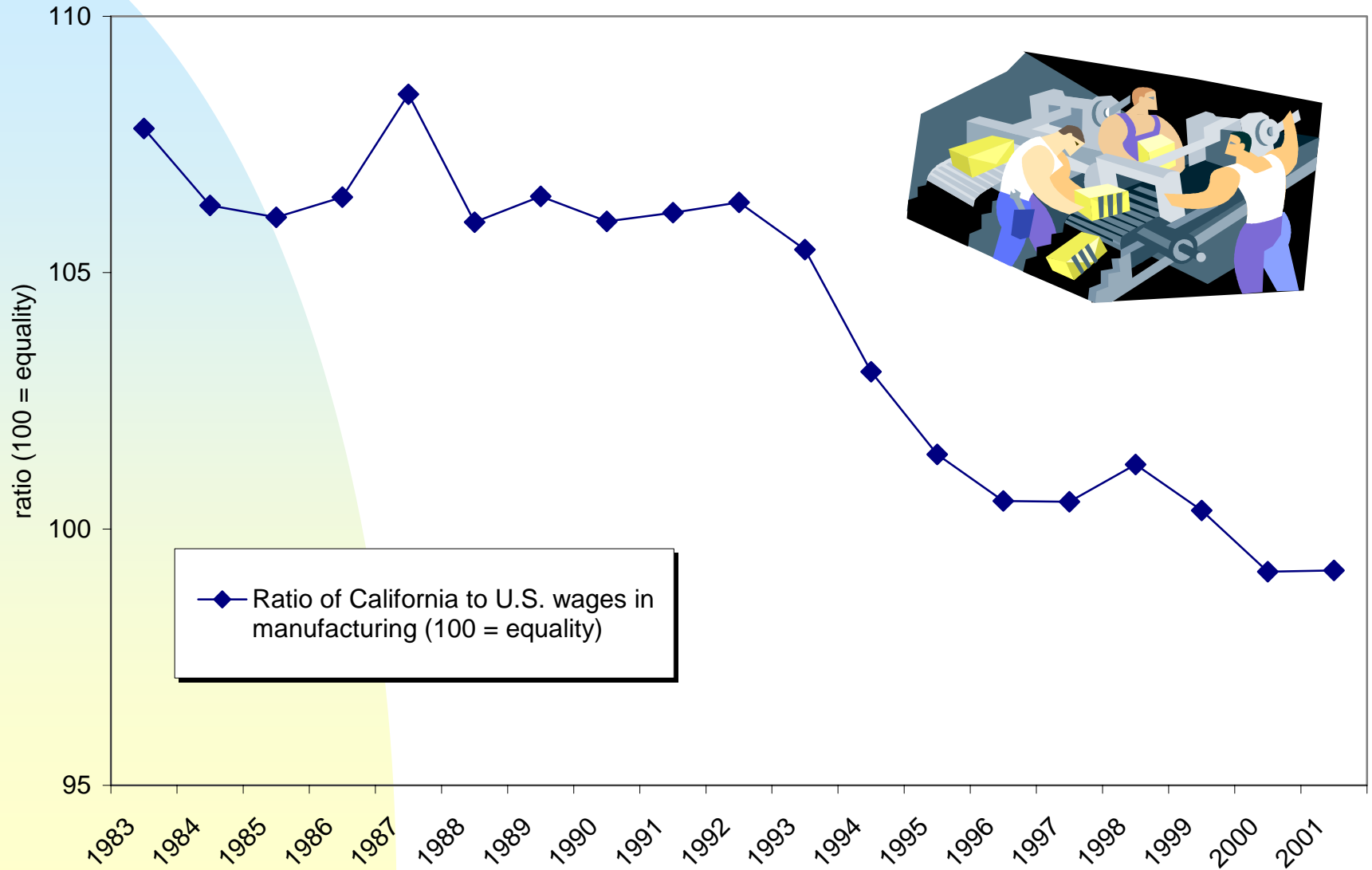
Changing Structure: Fast Growth in Services, Shrinkage in Manufacturing

Sectoral Employment in California, 1983-2001



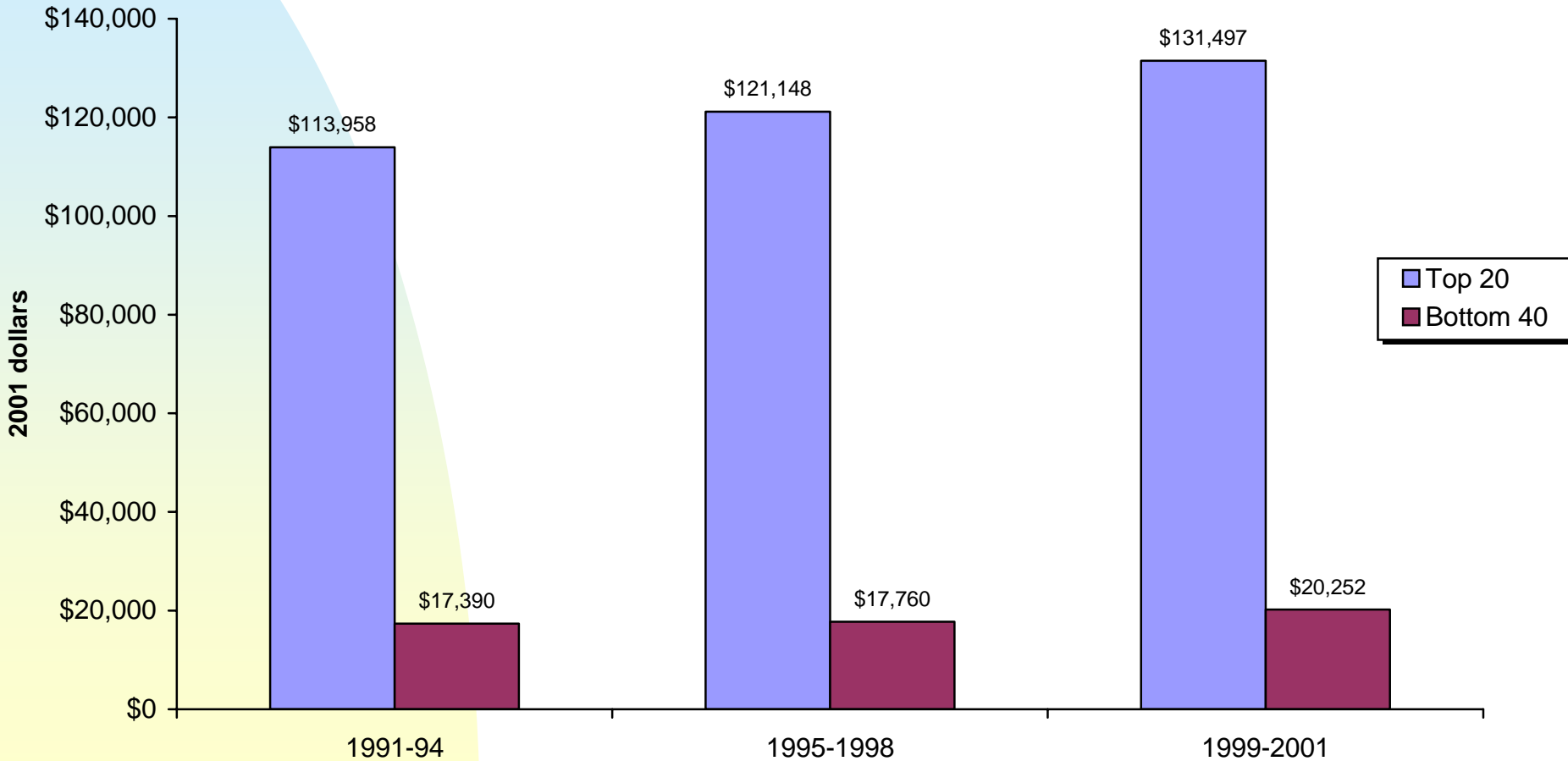
Manufacturing Sector Turns Low-wage

California and U.S. Wages in Manufacturing, 1983-2001



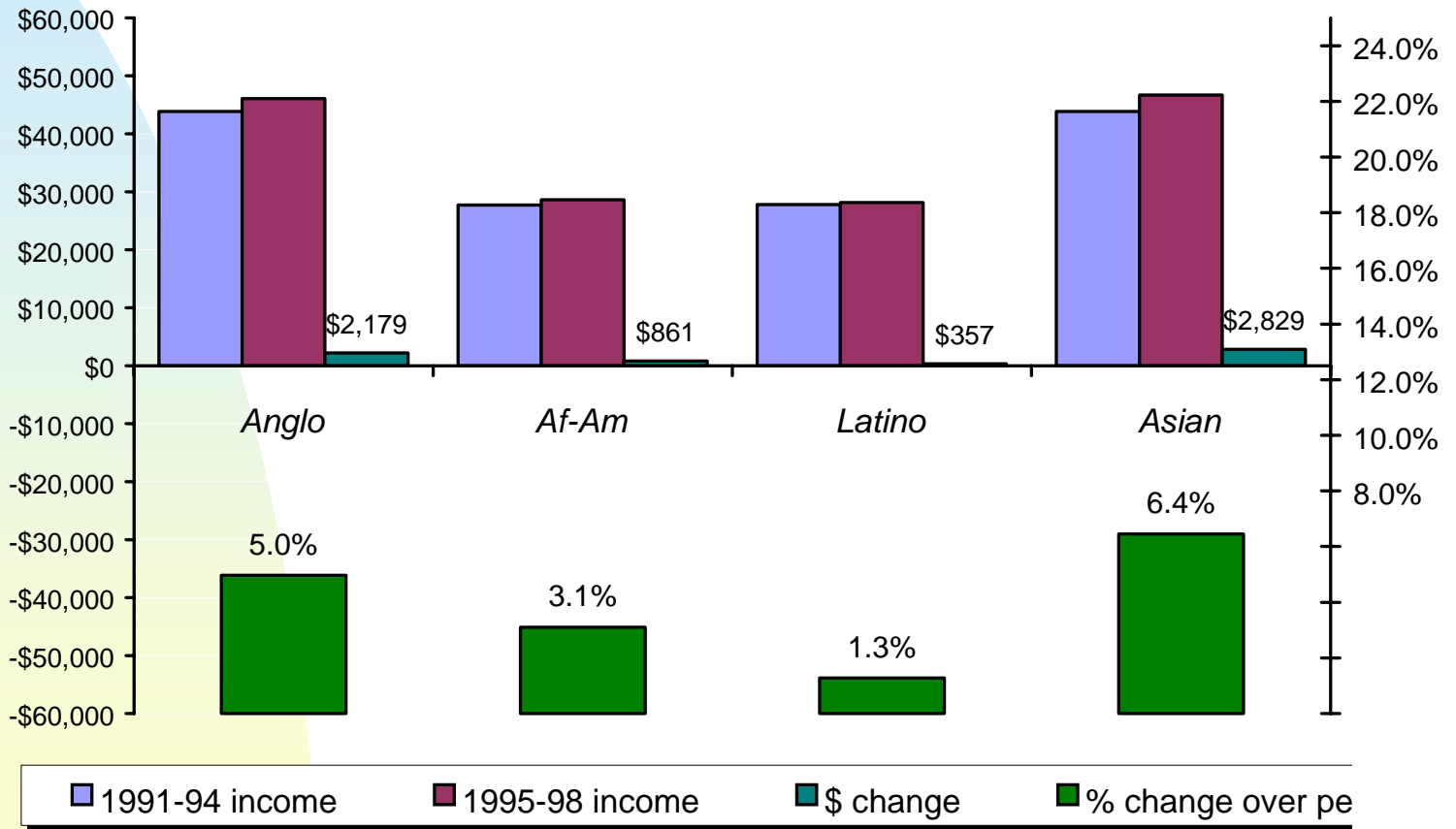
Who Gained and Lost in the Upswing

Household Income Changes (Top 20 & Bottom 40) in California over the 1990s



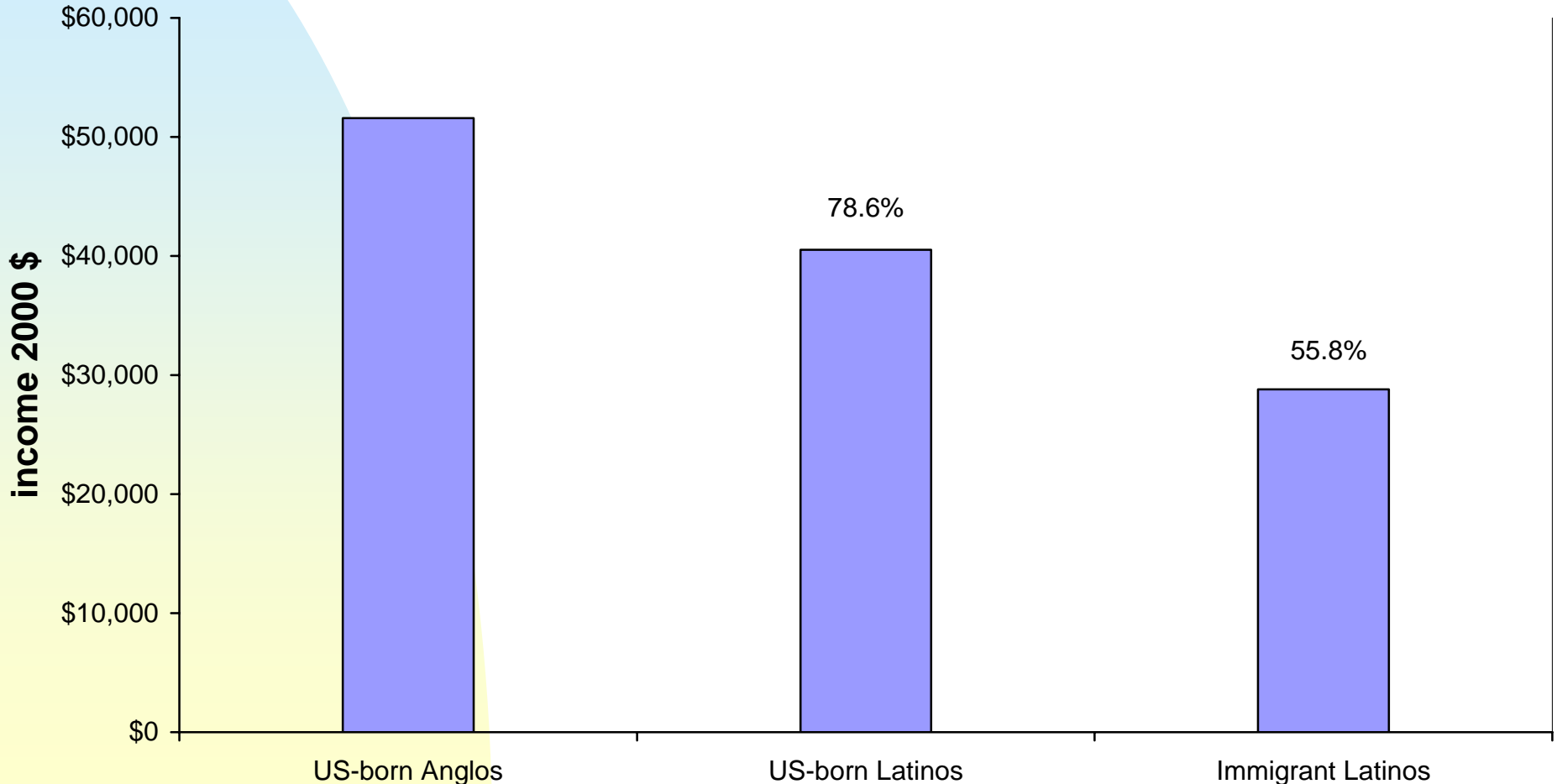
Race Matters

Figure 3. Shifts in Household Median Income by Race, California in the 1990s



It Isn't Just Immigration

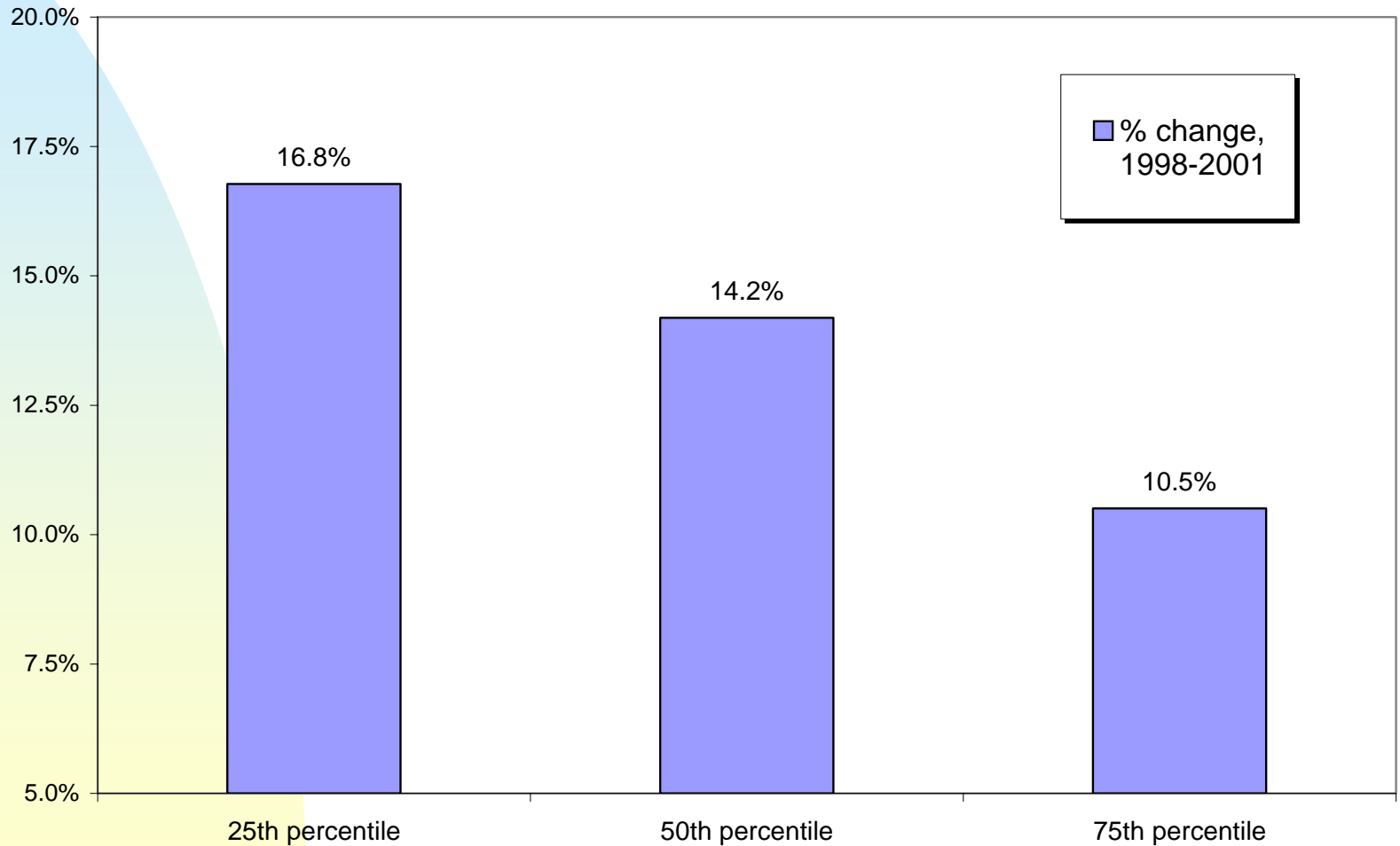
Household Income for US-born Anglo, US-born Latinos, and Immigrant Latinos in California, 1997-2000



A Little Progress, A Little Late

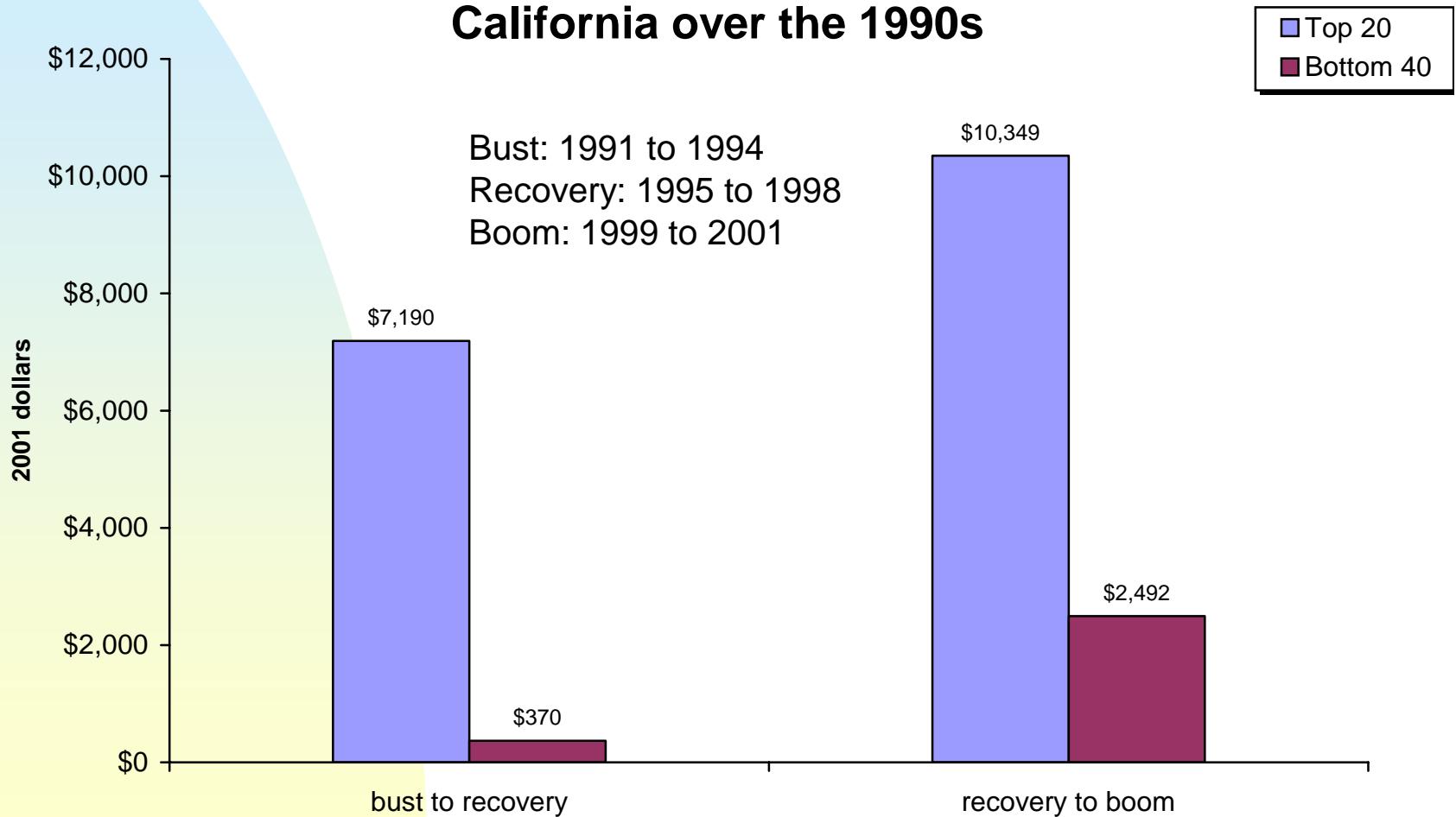


Flattening of the Wage Distribution in the Peak of the Boom



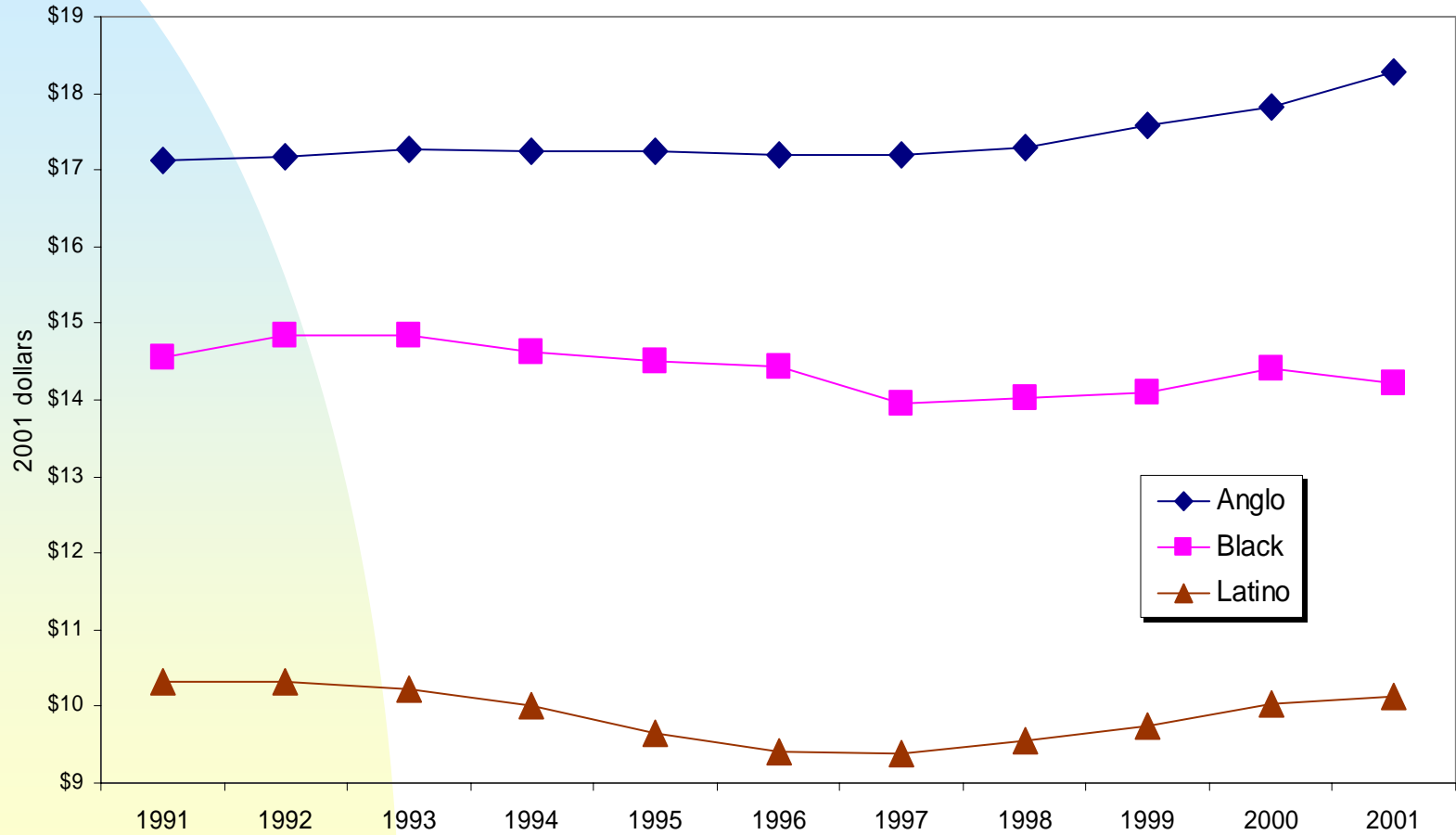
Recovery Toward the End

Household Income Changes (Top 20 & Bottom 40) in California over the 1990s



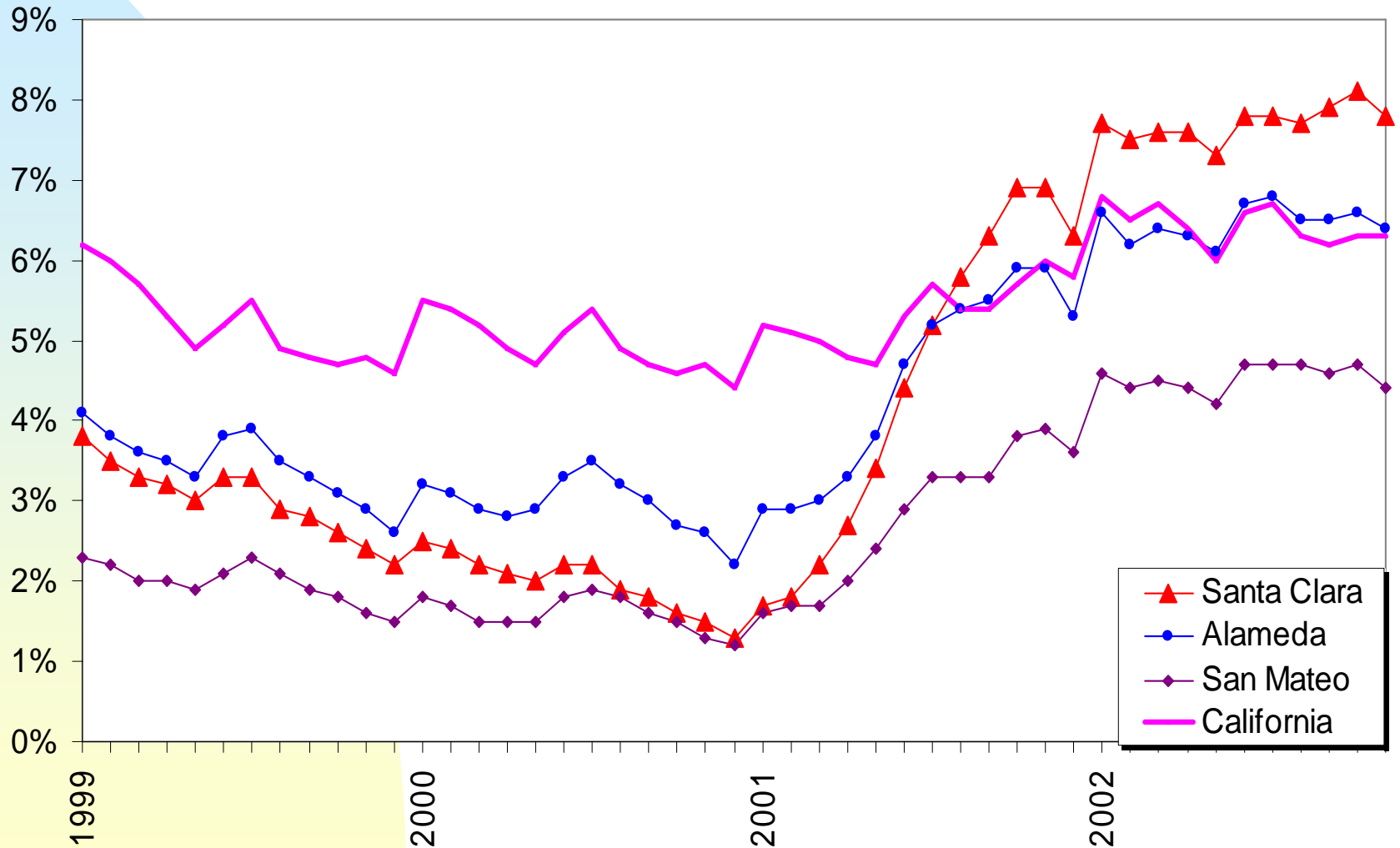
Wages, Race, and a Slow Recovery

Median Wage by Race in California
(three year moving average)



New Threat: From Dot.com to Dot.bomb?

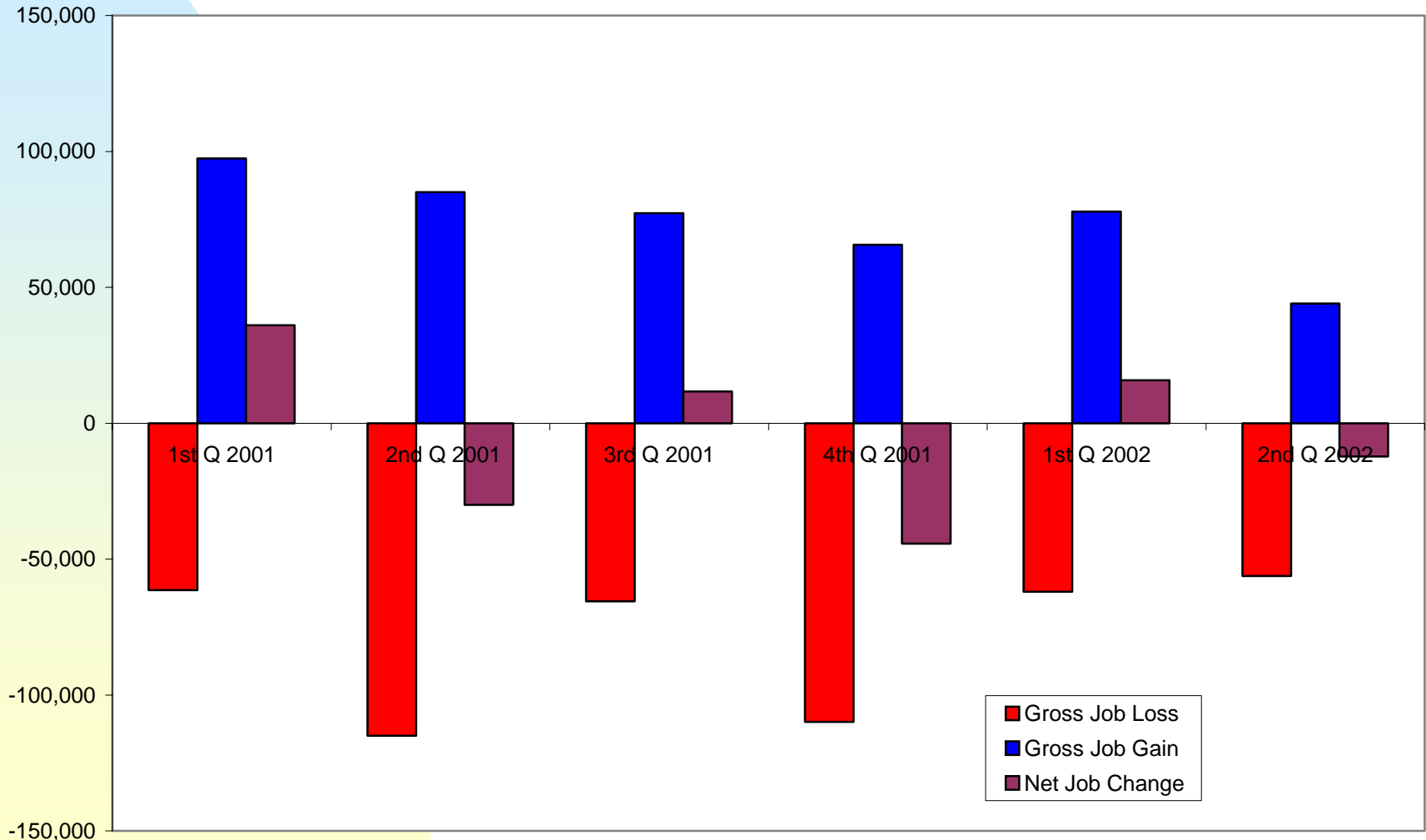
Bay Area County and California Unemployment Rates



Source: <http://www.calmis.cahwnet.gov/htmlfile/subject/fttable.htm>

So What to Do About the Labor Market?

Quarterly Employment Changes (4th Quarter of 2000 to 2nd Quarter of 2002)
Data Seasonally Adjusted



Is There a Recipe to Lift the Bottom?

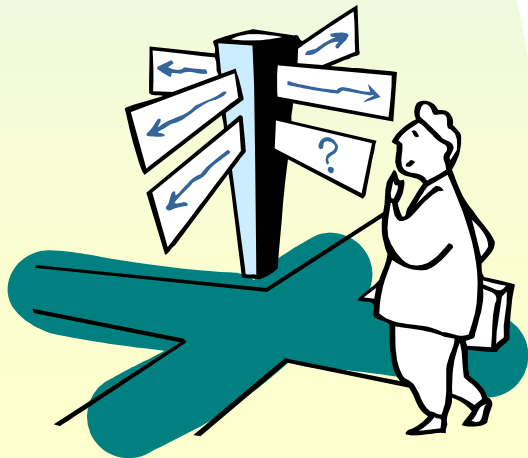
- Economic growth, partly through regional clusters



- Education and training for life-long development

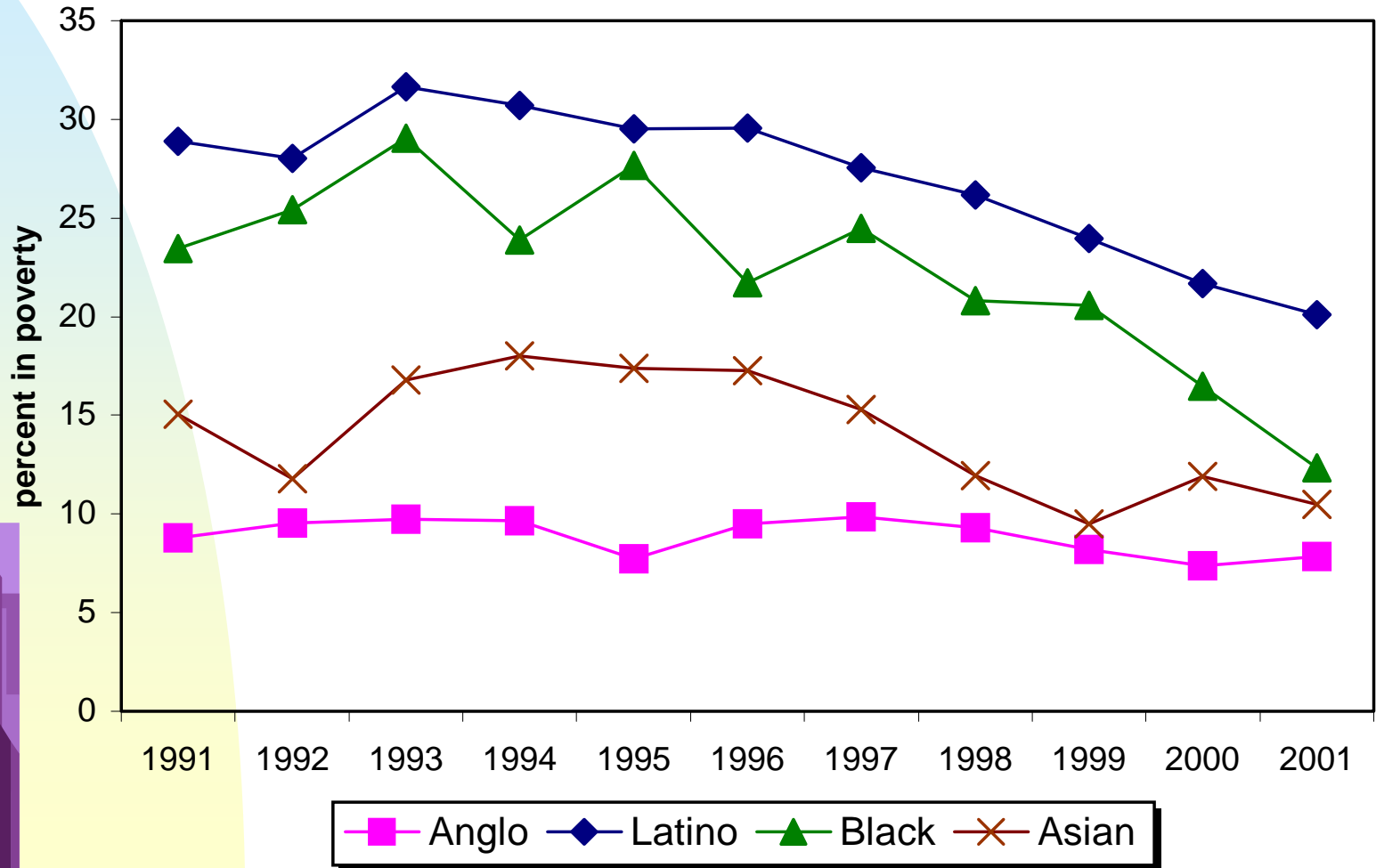
- New networks & connections to overcome isolation

- Labor and community standards that set new floors



Why Growth? The Great Equalizer

Poverty Rates for Californians Over the Boom

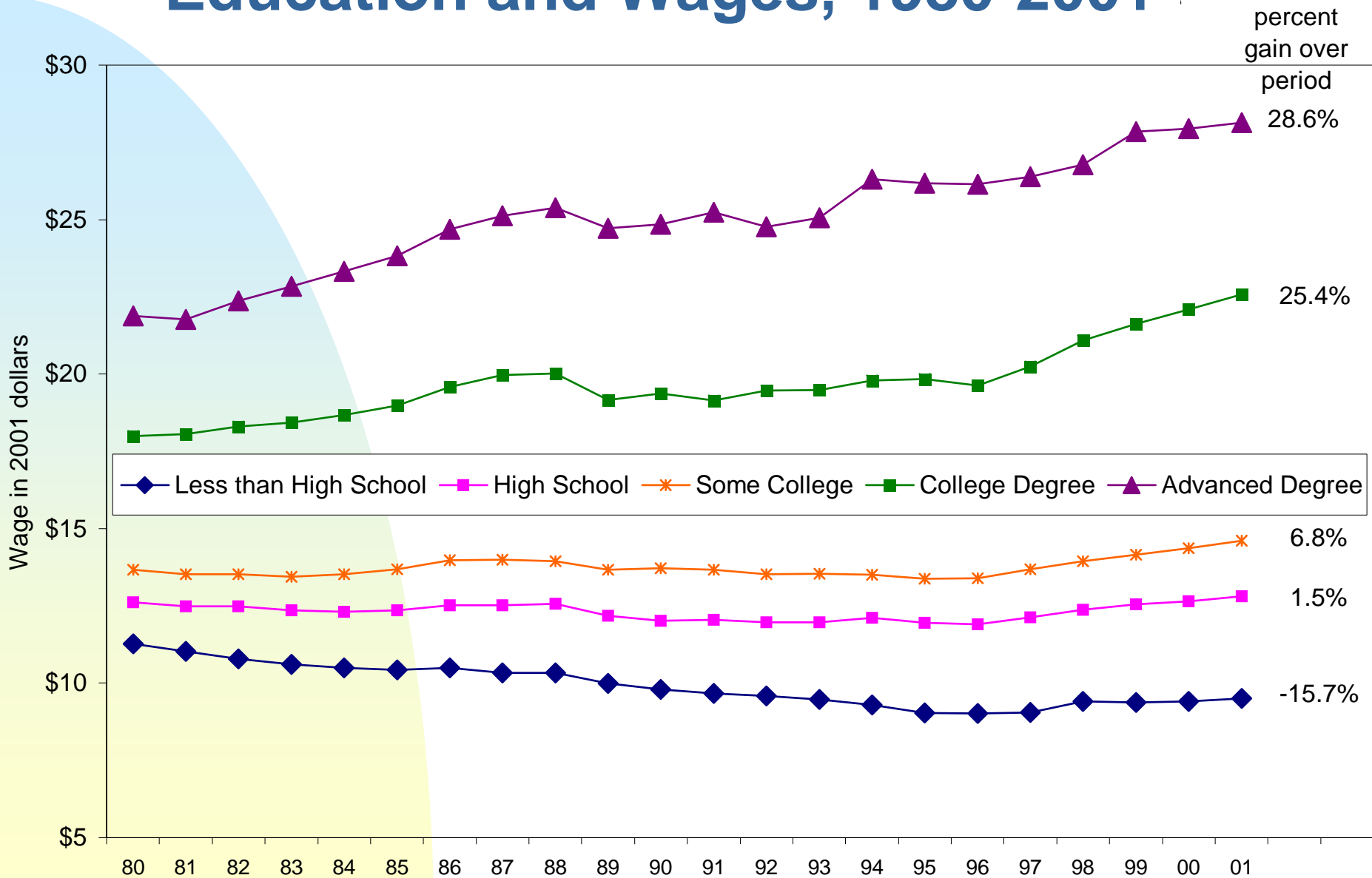


Education and Training is a Must

- In explaining the growing wage inequality in the California and the nation, several main culprits:
 - globalization
 - technology
- Both raise the wage premium, &
- Education can close the gap



Education and Wages, 1980-2001



Adding Networks to the Picture



Individual and Community Isolation

- Skill mismatch
- Spatial mismatch
- Social mismatch – “bonding” and “bridging” social capital



Who Do You Know?

Neighbors, Networks, and Wages:

IMPACT ON WAGES OF VARIABLES

Sample: Year-round, full-time male workers, L.A. County

An additional year of education raises wages by:	6.1%
An additional year of work experience raises wages by:	2.5%
Being English-limited lowers wages by:	-17.2%
Recent immigration (1980s) lowers wages by:	-29.4%
Being African-American lowers wages by:	-16.7%
Being Asian Pacific American lowers wages by:	-9.8%
Being Latino lowers wages by:	-14.2%
Living in Compton rather than Glendale lowers wages by:	
"network effect":	-14.0%
"spatial mismatch":	-1.0%



Job Openings in the New Economy

Top Six Occupations With the Greatest Absolute Job Growth in California, 1998-2008

Occupation	Absolute Change	Percent Change	Education or Experience Required
GENERAL MANAGERS, TOP EXECUTIVES	85,600	23.3%	WORK EXPERIENCE, PLUS A BACHELOR'S OR HIGHER
GENERAL OFFICE CLERKS	81,900	23.1%	SHORT-TERM ON-THE-JOB TRAINING
SALESPERSONS, RETAIL	77,800	18.4%	SHORT-TERM ON-THE-JOB TRAINING
CASHIERS	68,700	22.4%	SHORT-TERM ON-THE-JOB TRAINING
SYSTEMS ANALYSTS--ELECTRONIC DATA PROCESSING	53,600	90.2%	BACHELOR'S DEGREE
GUARDS AND WATCH GUARDS	52,000	41.6%	SHORT-TERM ON-THE-JOB TRAINING



The Future of Employment Revealed

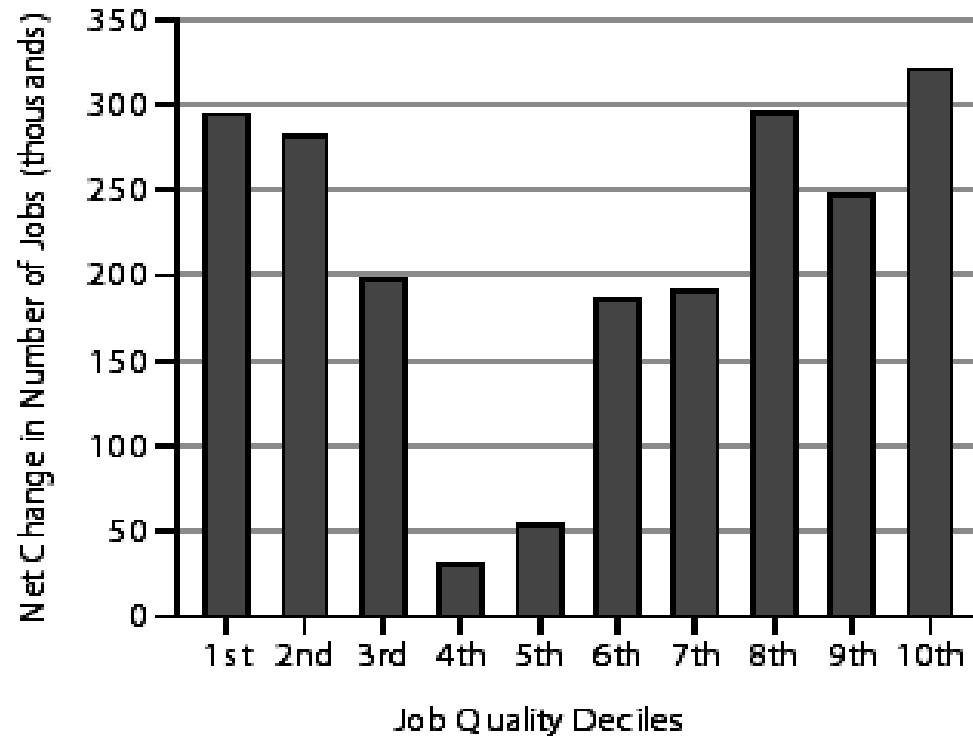


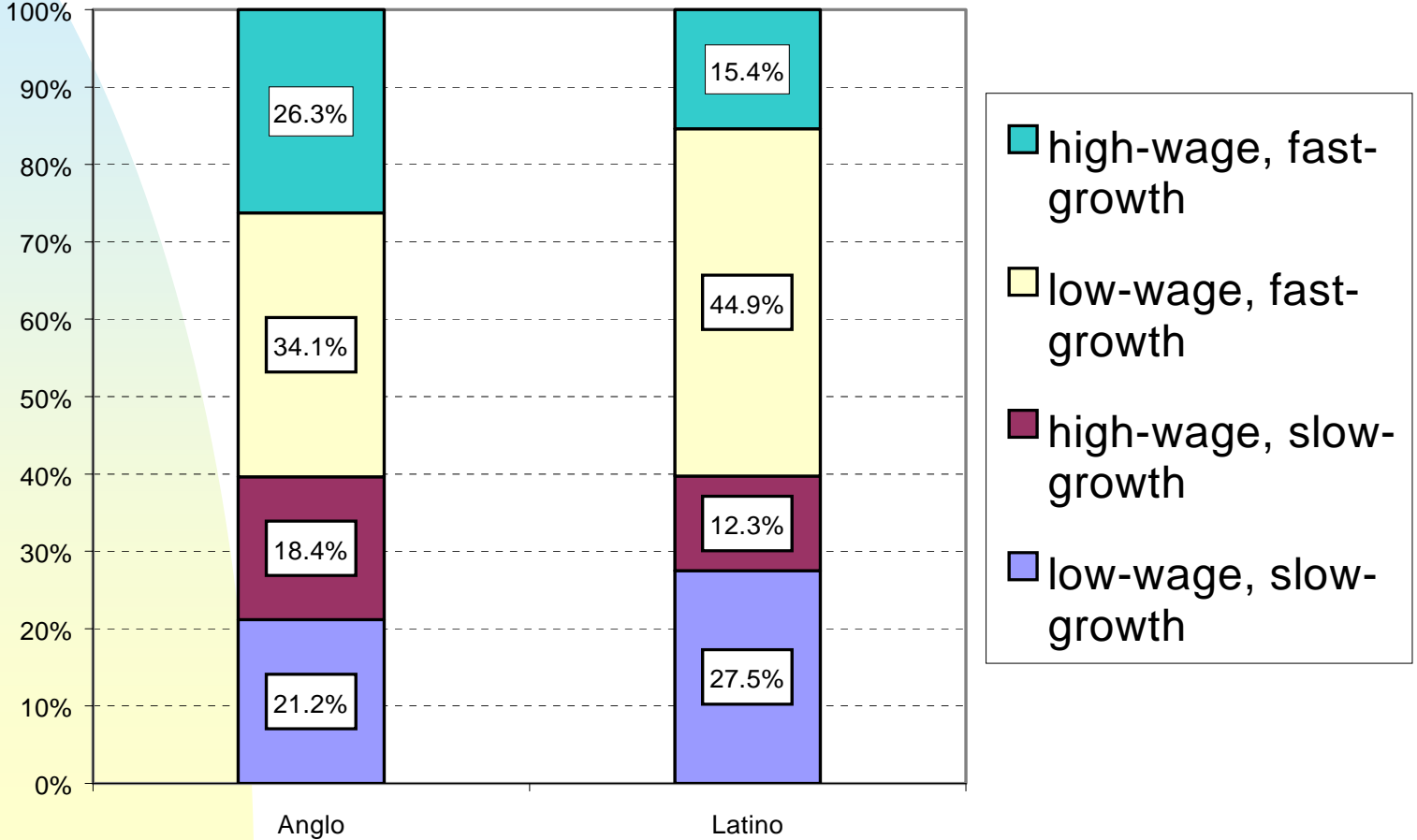
Figure 1.2: California Job Growth by Job-Quality Decile, Full-Time Workers Ages 18-64, 1992-2000

From Ruth Milkman & Rachel Dwyer, *State of California Labor 2002*, Institute for Labor and Employment, University of California



And This Structure Can Lock In Racial Disparities

Labor Location for the Future Anglos and Latinos in California



And So We Need to Lift The Floor

- **The need for direct income policies, including minimum and living wages**
- **Improved access to health insurance**
- **Basic labor standards and bottom lines**
- **Paths for unionization & representation**



The Politics of Putting It All Together

Pressing Needs & Now More Than Ever

- Recession will be an excuse for some to forget the bottom but investment in equity is not a luxury

Universal and Particular Approaches

- Building strategies, including education and job training, that appeal to all but are tailored to those most in need

Lifting the Floor & Raising the Roof

- We need conflict as well as collaboration, remembering that change comes from challenge



Restoring the California Promise



Public Institutions, Social Movements

- Investing in Everyone's Children
- Offering a Vision of What We Have Been and Could Be

