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

Manuel Pastor
Center for Justice, Tolerance, and Community
University of California, Santa Cruz

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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

[Chart showing percentage changes in population by ethnicity from 1970 to 2000.]

- Non-Latino White
- Latino
- African-American
- Asian Pacific
- Native American & Other
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


- Top 5% of taxpayers
- Next 15% of taxpayers
- Middle 40% of taxpayers
- Bottom 40% of taxpayers
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

Ratio of California to U.S. wages in manufacturing (100 = equality)
Who Gained and Lost in the Upswing

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

<table>
<thead>
<tr>
<th>Period</th>
<th>Top 20</th>
<th>Bottom 40</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-94</td>
<td>$113,958</td>
<td>$17,390</td>
</tr>
<tr>
<td>1995-1998</td>
<td>$121,148</td>
<td>$17,760</td>
</tr>
<tr>
<td>1999-2001</td>
<td>$131,497</td>
<td>$20,252</td>
</tr>
</tbody>
</table>

2001 dollars

Legend:
- Top 20
- Bottom 40
Figure 3. Shifts in Household Median Income by Race, California in the 1990s
It Isn’t Just Immigration


- **US-born Anglos**: $55.8%
- **US-born Latinos**: $78.6%
- **Immigrant Latinos**: $55.8%
A Little Progress, A Little Late

Flattening of the Wage Distribution in the Peak of the Boom

<table>
<thead>
<tr>
<th>Percentile</th>
<th>% Change, 1998-2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>25th</td>
<td>16.8%</td>
</tr>
<tr>
<td>50th</td>
<td>14.2%</td>
</tr>
<tr>
<td>75th</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
Recovery Toward the End

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

- Bust: 1991 to 1994
- Boom: 1999 to 2001

- **Bust to Recovery**: $7,190
  - Top 20: $7,190
  - Bottom 40: $370

- **Recovery to Boom**: $10,349
  - Top 20: $10,349
  - Bottom 40: $2,492

2001 dollars
Wages, Race, and a Slow Recovery

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

- Anglo
- Black
- Latino

2001 dollars

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

Bay Area County and California Unemployment Rates

Source: http://www.calmis.ca.gov/htmlfile/subject/it/etable.htm
So What to Do About the Labor Market?

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

Gross Job Loss
Gross Job Gain
Net Job Change


Gross Job Loss
Gross Job Gain
Net Job Change
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

percent in poverty


Anglo — Latino — Black — Asian
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

Wage in 2001 dollars

- Less than High School
- High School
- Some College
- College Degree
- Advanced Degree

percent gain over period

- Less than High School: -15.7%
- High School: 1.5%
- Some College: 6.8%
- College Degree: 25.4%
- Advanced Degree: 28.6%

80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01
Adding Networks to the Picture

*Individual and Community Isolation*

- Skill mismatch
- Spatial mismatch
- Social mismatch – “bonding” and “bridging” social capital
# Neighbors, Networks, and Wages:

## IMPACT ON WAGES OF VARIABLES

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

<table>
<thead>
<tr>
<th>Factor</th>
<th>Impact on Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>An additional year of education</td>
<td>6.1%</td>
</tr>
<tr>
<td>An additional year of work experience</td>
<td>2.5%</td>
</tr>
<tr>
<td>Being English-limited</td>
<td>-17.2%</td>
</tr>
<tr>
<td>Recent immigration (1980s)</td>
<td>-29.4%</td>
</tr>
<tr>
<td>Being African-American</td>
<td>-16.7%</td>
</tr>
<tr>
<td>Being Asian Pacific American</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Being Latino</td>
<td>-14.2%</td>
</tr>
<tr>
<td>Living in Compton rather than Glendale</td>
<td></td>
</tr>
<tr>
<td>&quot;network effect&quot;</td>
<td>-14.0%</td>
</tr>
<tr>
<td>&quot;spatial mismatch&quot;</td>
<td>-1.0%</td>
</tr>
</tbody>
</table>
### Job Openings in the New Economy

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

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

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

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