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THE STATE OF CALIFORNIA LABOR: OVERVIEW

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Introduction

At the dawn of the 21st Century, California enjoys a vibrant economy but is faced with enormous challenges owing to the changing composition of its workforce and the changing economic environment in the state. The challenges stem from a number of “new economy” trends, and are thus by no means unique to California. However, since California arguably is the vanguard of the new economy, such challenges may be appearing earlier here and in higher relief than elsewhere in the United States. In our view, the key labor and employment issues posed by the array of changes being brought under the rubric of “new” economy are:

- Increased global mobility of labor and capital
- The rise of the “virtual corporation” and the decline of long-term employment contracts
- The rising numbers of immigrant, minority, and contingent workers
- The mismatch between prevailing workforce skills and the needs of leading industries
- The growing reluctance of corporations to provide training, pensions, and health insurance
- The growing problems of rising working hours, job stress, and work and family balance
- Radical changes in the welfare system that are forcing hundreds of thousands onto the job market
- The need for new forms of labor representation and bargaining
- Extreme and rising income inequality and the swelling ranks of the “working poor”

The authors of this volume have grappled in one way or another with the troublesome reality that the California economy—for all its power, innovativeness, diversity, and opportunity - has some major problems that both scholars and policy-makers must address. California is truly a lesson in extremes. With a gross state product of \$1.3 billion, it is the seventh largest economy in the world, roughly comparable in size to that of France, the United Kingdom and Italy. The state leads the nation in established as well as emerging industries. It is the number one

producer of agricultural goods in the United States and the number one manufacturer of computer goods. It has a commanding presence in the new information and biogenetics industries. Yet by other criteria, California's relative standing evokes less pride. Despite the economy's might, its median household income ranks only 17th nationwide, and it is number three in income. The plight of those at the bottom of the earnings distribution is a particular concern. Nearly half of California's children (an average of 46 percent for 1997-99) live in poor households (below 200 percent of the federal poverty level), putting California in the "top ten" states ranked by children in poverty. Over a fifth (an average of 21 percent for 1997-99) of Californians have no health insurance, placing California in the top five states ranked by proportion of uninsured.

Although several chapters touch on the high-skill and high-tech workforce, the general focus of the book is the relatively disenfranchised: the lower-skill, lower-wage, welfare-dependent, minority, and immigrant segments of the state's workforce. Our aim is to identify problems and find solutions: new government policies as well as new strategies of organizing and change to be undertaken by the employee community itself. Certainly, the issue of unions and organizing looms large in these pages. It will be readily apparent that our authors share a conviction that unions and other forms of labor organization comprise a timely solution to a number of the challenges presented by new economy trends.

The formulation of effective policies and strategies of change, however, requires solid knowledge of the nature, magnitude and causes of the problems. Thus, the majority of our chapters have a two-fold concern: (1) documenting the evidence relating to problems or issues — how large or prevalent are they; are they growing or declining; what are their causes and consequences; and (2) identifying the effective policies or organizing strategies that address the problems or issues.

The book is organized into five parts, each consisting of three or more chapters. The first section addresses the forces that are reshaping California's labor market - the business cycle, longer-term secular trends in the macroeconomic conditions, shifts in the distribution of earnings, dramatic demographic change brought on by large-scale immigration. Part II has a more micro, sectoral focus, dealing with labor and employment patterns within agriculture, the informal economy, and the low-wage sector and the high-tech industries. Part III is even more

specific, dealing with two workplace issues, training and safety. Part IV includes three chapters on the effects of welfare reform in comparing trends for California with those for the nation, identifying some of the major barriers to employment encountered by welfare recipients, and evaluating the wages and benefits offered by employers. The last part examines the trends in unionization and the challenges facing efforts to strengthen workers' collective voice.

Part I: General Economic Trends

The three chapters in the first part of the book address broad trends in California's economy and labor market. Daniel Mitchell draws on forecast evidence in offering an outlook on California industry and employment. The state's long economic recovery from the "structural" recession of the early 90s (when the end of the Cold War eliminated much of Southern California's aerospace and defense industry) testifies to the fundamental strengths and adaptability of California's economy and the productivity of its workforce. He notes that much of the state's economic growth in recent years was fueled by a booming stock market, producing a "wealth effect" from which all of the California economy—not least of all the public sector— have benefited. The worst scenario for the state, in his view, is a severe stock market crash, but Mitchell is hopeful that the Federal Reserve's policy of incremental interest rate hikes will permit a "soft landing." For the short-term, Mitchell forecasts expansion in real estate, construction, and services amid continued declines in aerospace. In the longer term, the outlook is for continued growth in population and even faster growth in labor force size (over the next twenty years), putting major pressure on housing supply, environment protection, schooling, and transportation.

Paul Ong and Michela Zonta do a fine-grained analysis of trends in California earnings inequality since the early 1970s. The level of inequality fluctuates with the business cycle, but there has been an underlying secular increase, which the current economic expansion has failed to reverse. Their evidence shows that only workers in the top 25 percent of the workforce have increased earnings significantly, whereas the second and third quartiles (lower middle and upper middle) have lost ground. Ong and Zonta then proceed to explore the reasons for these troublesome earnings trends. Particularly striking is the increase in returns to education. While college graduates have held their own in terms of real earnings, workers lacking a college education have suffered precipitous

declines. Workers without a high-school degree have seen their median annual earnings fall by *almost* half over the past quarter-century.

Income inequality has a distinct spatial dimension: regions vary in average earnings, and in California that variance is rising. In the early 1970s, the San Francisco Bay Area had a small advantage in median earnings over the Los Angeles-Orange County-Riverside region and the rest of the state. By 96-98, average pay in the Bay Area was about the same, but elsewhere average earnings had fallen. Declining union density in California is both cause and consequence of rising earnings dispersion. California union density dropped from 26 percent of all workers in 1983 to 18 percent in 1999. Finally, the changing gender and race/ethnic composition of the California workforce figures in California's greater inequality. No surprise here: the authors find that minorities have borne the brunt of declining pay. Interestingly, the only race-gender group to show steady income gains over this approximate 25-year period is Anglo (white non-Latino) females.

Abel Valenzuela and Paul Ong examine the most significant demographic change in the state's labor force, the growth of the immigrant workforce. Since the 1960s, the United States has experienced a renewal of large-scale immigration, and California has been the premiere destination. The state is home for three-tenths of the nation's legal immigrants and for four-tenths of the undocumented immigrants. The foreign-born proportion of the state's total population has climbed from less than one-tenth in 1960 to over a quarter at the end of the century. Their share of the labor force jumped from one in ten in 1970 to three in ten in 1997-99 as their ranks increased by almost 4 million, a 500 percent growth rate. The immigrant labor force is disproportionately comprised of Latinos and Asians, and a third of all foreign-born workers do not have a high school education. However, this population is far from being homogenous. Asian and non-Hispanic white immigrants tend to be better educated than Latino immigrants. Because of low educational attainment and a lack of other marketable skills, immigrants are concentrated in low-status occupations and low-wage jobs. This is particularly true for Latino immigrants, who have the lowest median earnings among the major immigrant and racial groups. On the positive side, immigrants do experience upward mobility over time, but progress is slow. Valenzuela and Ong find that it takes about 16 or more

years for an immigrant to close the earnings gap, when compared to a U.S. born worker with the same number of years of schooling and work experience, and of the same gender and race. They conclude by arguing that California's future depends on promoting a smooth transition and greater incorporation of immigrants into better paying occupations and increasing the wages in traditionally bad paying jobs.

Part II: Four Economic Sectors

California is not only one of the largest economies in the world, but it is also one of the most diverse. Its major industries range from agriculture to entertainment to high-tech. The labor market is equally heterogeneous, divided into segments defined by education and skill, population characteristics, and employment practices. Each industry and labor cluster is unique in composition, dynamics, problems and opportunities. Obviously, it is impossible for this volume to cover every economic sector. The four sectors included in Part II were the result of pragmatic considerations, particularly the availability of potential contributors; nevertheless, these sectors are among the most important to the state.

Enrico Marcelli considers a major component of the "informal" economy, the employment of "undocumented" immigrant labor. By its very nature, informal employment is hard to observe and measure, so various indirect measurements must be applied. Using regression methods and specialized survey data, he estimates that informal workers are heavily concentrated in the Los Angeles and San Diego regions and are overwhelmingly non-Anglo—half being Latino. Informal workers are younger and less schooled than are workers in the formal sector, which contributes to their high and rising rate of poverty. Informal employment as a fraction of the workforce fluctuates with the business cycle, falling in the early 1990s recession and rising in the late-90s expansion. Informal employment is a significant social and regulatory problem because such workers are subject to poor working conditions, health and safety hazards, and below minimum wage pay. Moreover, the state is denied the tax revenue from the goods and services informal workers produce. There is, however, no simple solution to the informal employment problem. The policy debate seesaws between disparate political agendas. On the left are proposals to expand government programs to achieve full employment (e.g., through public works) and extend

welfare benefits. On the right are proposals to deregulate formal employment on the assumption that milder regulation and lower taxes reduce employers' incentives to hide labor and production.

Philip Martin reviews labor relations within California agriculture. Employment here is heavily concentrated in large corporate farms, the ten largest growers accounting for some half of total agricultural employment. Farm labor is 29 percent Hispanic, 95 percent foreign-born (almost entirely from Mexico), and, on average, resident in the U.S. five or fewer years. The number of unauthorized farm workers has been rising by 3-4 percent per year. Most farm labor hires in California are made by bilingual foremen employed by the farmer or farm labor contractors. The contractors tend to be responsible for the most egregious labor law violations. Piece rates are still the dominant mode of paying farm laborers, although the extension of the minimum wage to agriculture brought more workers under hourly pay.

Unions and bargaining in California agriculture have garnered much national visibility through the years, due chiefly to the attention given the United Farm Workers' struggle for recognition and the charisma of UFW leader Cesar Chavez. The Agricultural Labor Relations Board, established in 1975 when the state extended organizing and bargaining rights to agricultural workers, has overseen 1,600 elections and certified unions on 800 farms. Notwithstanding the UFW's high national profile, its overall record since the 1970s has been spotty. The union often fails to convert certification victories into first contracts, and its rate of decertification is high. The lack of strong and sustainable union representation, plus the obvious problems of enforcing labor regulations affecting a mobile and seasonal workforce, are among the reasons that the conditions of employment for many agricultural workers remain poor.

Michael Reich and Peter Hall examine the low end of California's wage distribution, workers at or near the minimum wage. The proportion of the state's workforce earning less than \$10 per hour grew from about 32 percent in 1980 to over 37 percent in the early 90s. Reich and Hall evaluate the economic tradeoffs of the minimum wage in an analysis of California's 1996-98 increase. The one adverse effect they measure concerns inflation. Prior to the raise, California's price inflation lagged the nation. Soon thereafter, the national rate fell while that the state's rate held steady. A reasonable conclusion is that the minimum wage increase was an "exogenous shock" that put upward

pressure on California prices.

Otherwise, Reich and Hall find no adverse impact on the California economy of the minimum wage hike. It did not detectably increase layoffs or slow job growth. The authors also find no evidence that employers responded to the increase by substituting higher-skilled workers willing to work at the new minimum. Thus, a higher minimum wage does not simply subsidize higher skill and wage brackets but truly serves the working poor. Given (at this writing) the still robust California economy, we can suppose that the \$1 increase in the minimum wage approved by Governor Davis in the fall of 2000 will again benefit the poorest workers without major negative spillovers to the economy as a whole.

While the other three chapters in Part II focus on the low-wage workforce, that by Raphael, Brown, and Campbell examines high-tech employment. High-tech accounted for roughly the same proportion of employment in 1999 as in 1984 (11 percent), but its composition had shifted markedly: from aerospace and defense to computers and telecommunications. The good news in the high-tech sector for California labor is that it pays workers more at every level of schooling, a wage premium that has grown over the past 15 years. Moreover, unlike other industries, where the worst educated (defined as high school diploma or less) workers experienced large declines in real wages—in high-tech this particular group enjoyed the greatest wage gains. The arguably bad news in high-tech for labor is that: (1) at 6 percent and falling, it employs far fewer poorly educated workers (defined as high school diploma or less) than in other industries (40 percent); (2) high-tech's total employment is only 11 percent of the workforce; (3) relatively disadvantaged demographic groups such as Blacks and Latinos are underrepresented as employees; and (4) high-tech industries have been extremely resistant to union organizing drives.

Part III: Training, Health, and Safety

Training and skill formation are major issues for the California workforce, but the state's problem-ridden and, in recent decades, underfunded public school system takes constant criticism for its perceived failure to equip students with the skills demanded by industry and necessary to keep the economy competitive. If California workers are insufficiently trained, however, employers must shoulder some of the blame. Despite the broad penetration of new technology into California worksites, employers are showing more and more reluctance to invest in training.

The reasons are not hard to discern. Given a highly mobile workforce, the employer that spends heavily on training runs the risk that competitors will “poach” its employees, thereby appropriating the gains from training while avoiding the costs. Moreover, the general weakening of the employment relation - most evident in the rise of the contingent and part-time workforce - lowers the employer’s incentive to commit time and resources to training. Finally, today’s “lean and mean” corporate ethos has meant deep paring of overhead and infrastructure costs, including human resource staff and programs, thus weakening training capabilities in many companies.

Christopher Erickson and Sanford Jacoby address private sector employers’ propensity to train as one outcome of a general “high road” or high performance strategy of work organization and human resource practice. Despite the limitations of their questionnaire data on California establishments (e.g., low response rate), they report some strong and interesting findings. Large employers, unsurprisingly, offer more training than do small ones, but large California establishments lag behind the nation in all categories of job skills training. Moreover, most of the training offered is targeted at white-collar, managerial staff. These programs are typically run in-house; few firms contract to outside trainers, even local colleges. For reasons that are not clear, Erickson and Jacoby find California employers having less contact with schools than is true of the country as a whole. Consistent with the hypothesis that training is bundled with other high-performance workplace practices, firms that train offer numerous other employee benefits as well. Another strong predictor of training effort identified by their survey is the degree to which the employer is integrated in professional networks, such as management associations or dealings with consulting firms. Networks of these sorts expose employers to progressive human resource ideas and arouse managerial interest in employee development. Erickson and Jacoby end with a discussion of policy alternatives to encourage more firms to take up formal training. They stress in particular educational programs or conferences and competitions (similar to the Baldrige Award for quality) in order to spread interest in and capacity for training.

The chapter by Archie Kleingartner and Rong Jiang examines the spread of on-line, Internet-based, self-paced employee learning programs and their substitution for traditional instructor-based, residential training programs. They see on-line learning “revolutionizing” corporate training. Since the mid-90s, on-line training has grown by leaps and bounds, both in terms of demand as measured by corporate spending and supply in terms of the

number of agencies and firms offering programs of on-line instruction. Moreover, the content is shifting from technical skills to the “softer” management and communication skills. They identify a number of downsides such as the ever-present risk of technical glitches, problems in imposing discipline on students, and superficial content. Still, on-line training has obvious attractions in terms of cost savings and convenience. Well-developed on-line training widely disseminated by new technology can enable huge numbers of students to learn at home or at office computers. Yet, California’s embrace of it is by no means complete. The state is a major source of the technology and content that feed on-line education, but California firms - with some notable exceptions - have been slower than the nation as a whole to adopt such programs for their own employees. However, some recent educational policy initiatives by the state are aimed at expanding the potential of the on-line option. In addition, private sector consultants and consortia are offering programs to assist companies in learning about and accessing on-line learning resources.

Marianne Brown deals with health and safety in California worksites. Her chief concern is the gathering of complete information on the incidence of workplace illness and injuries. The data problem, she argues, has grown as a result of various changes in the state’s economy (e.g., a shift in employment to smaller firms and a rise in contingent and contracted labor). Another factor is the spread of management-initiated workplace programs ostensibly designed to promote better awareness of and procedures for dealing with health/safety issues but in practice are also effective in discouraging workers from reporting health problems or taking time off for illness or injury. Consequently, she is highly skeptical of recent evidence, produced by state agencies and heralded by state officials, of significant declines in California workplace injury and illness rates. Such data are markedly discrepant with projected rates for California derived from national statistics. Brown calls for a comprehensive data system, designed and overseen by an independent task force, that would integrate information from a number of agencies. She also recommends regular surveys of shopfloor workers to elicit their perceptions of health and safety conditions and their views on the need for regulatory response. Finally, she calls for stronger “whistleblower” protections to encourage employees to report health and safety problems without fear of employer reprisals.

Part IV: Welfare Reform

Three chapters discuss the impact of welfare reform on California. As President Clinton promised, the nation has ended welfare “as we know it.” In 1996, Congress passed and the President signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which transformed U. S. social policy. The legislation replaced an entitlement program for needy families with a program to end welfare dependency and promote economic self-sufficiency through employment. New regulations limit cash support, place a time limit on benefits, mandate strong work requirements, and delegate the implementation to the states and local agencies. As a result of these reforms, hundreds of thousands of recipients are entering the labor market, but it remains to be seen how many of them will ever find decent jobs.

David Card examines how welfare reform programs nationally and in California have shaped work incentives and the migration from welfare to work for low-income women. Even before the federally-sponsored welfare reform legislation passed in 1996, the California’s welfare system contained relatively strong incentives to work. Card notes that it is difficult to assess the full impact of the federal welfare reform initiatives on California, as the changes have yet to work fully through the system. Moreover, the fluctuations in the state’s economy over the 90s decade - from severe slump in the first half to strong growth in the second - make it hard to disentangle the labor market effects of welfare program changes from those of aggregate labor demand. Also, the Current Population Survey data that speak to the demographic and labor market effects of these changes are only available up to 1998. Even so, he identifies a number of noteworthy outcomes: a 50 percent drop in welfare caseloads in California; a substantial rise in the fraction of welfare recipients who work; and a decline in poverty rates among single female-headed families.

Evelyn Blumenberg is more critical of how welfare reform is playing out in California. She acknowledges that the strong economy has proved false the most dire scenarios - of families thrown off welfare reduced to begging in the streets. With record low unemployment for the state, most participants found unsubsidized employment in 1998. Despite the ability to find a job, the vast majority is unable to earn a living wage. It remains questionable

whether many welfare recipients will ever move into better jobs that will enable them to support their families and free them of welfare dependency once and for all. The barriers welfare recipients face to gaining access to high quality jobs are formidable. The litany is familiar: no high school diploma, poor English language skills, dependence on public transit, health problems, and small children at home. The evidence is that welfare participants presented with these obstacles are considerably less likely to be employed than is true of recipients unencumbered by them. Moreover, for recipients faced with *multiple* such barriers, the odds of working plummet. Blumenberg concludes that a sustainable transition to work for California welfare participants held back by a multitude of employment barriers requires a menu of policy interventions to provide training, deal with disability and health problems, offer childcare and transportation, and so on. She also calls for expansion of the Earned Income Tax Credit - a federal program with strong built-in work incentives that has helped to lift many low-wage workers out of poverty.

In reviewing Los Angeles County's recent experience with welfare reform, Paul Ong and Sharon McConville argue that the current outcomes of welfare reform are best depicted as a glass half empty and half full. They, too, acknowledge that it is too soon for firm conclusions, especially on the question of how many recipients will achieve economic self-sufficiency. L.A. County's welfare-to-work programs predate the 1996 federal legislation, but much of the focus in the early years was on education and training to prepare welfare recipients for good jobs. In part because earlier evaluation studies had shown success with a "work-first" model where participants were moved directly into employment with little regard for their preparedness, the focus of L.A. County's programs shifted to rapid placement of recipients in entry-level jobs while supplementing that income with welfare. The "work-first" emphasis succeeded in rapidly scaling down welfare rolls and in placing erstwhile recipients in unsubsidized employment. However, Ong and McConville are skeptical that such entry-level jobs will prove a stepping stone to sustainable employment. Given the skill deficiencies of the people and the dead-end nature of most such jobs, the prognosis is poor that early success in getting people off welfare and into jobs will soon be followed by comparable success in moving them to sustainable, self-sufficient employment. They endorse and call for expansion of L.A. County's program of extensive post-employment services to raise the odds that former recipients' transition to higher quality jobs and careers.

Part V: Strengthening Workers' Collective Voice

While various chapters in the first four parts of the book touch on unions and organizing, the final part is devoted to these topics. The casual observer might not be quick to associate California with unions and organizing. This is the “new economy,” the land of high-tech entrepreneurship and the mobile and contingent workforce. Unions, so goes the latter-day conventional wisdom, are a fixture of the “old economy,” a relic with no value in today’s fast-paced and flexible labor markets. The truth is that unions are strong in California, getting stronger, and, as several of our authors show, play genuinely positive roles in improving the economic and political lot of low-skill, low-wage, and minority workers.

Carol Zabin, Katie Quan, and Linda Delp give a general overview of unions in the state. As we noted at the outset, California leads the nation in sheer number of union members and is in the top third (15th) of states in union density (16.6 percent). Most of this union strength, however, reflects a very high public sector density rate of 51 percent. In the private sector, union penetration at 8.5 percent is far below the national average of 15.6 percent. The combination of high public sector unionization and high ethnic diversity produces a California union membership that is disproportionately female and minority (chiefly Asian and Latino) compared to the nation. Union membership is thus particularly advantageous to women, minorities, and the less educated, buffering them from the wage and working condition deficits that afflict these groups in the non-union sector.

California is a leader in the “new” American unionism. By dint of organizing victories like the 1999 SEIU certification drive for home health care workers in Los Angeles, the steady decline in California unionization rates reversed in 1999 as 132,000 workers joined the union rolls. In the home health case and other successes, California unions — spurred by the AFL-CIO’s recent change of heart on immigration policy—have been innovators at organizing immigrants and in building coalitions with community-based organizations to mount living wage campaigns and economic development projects.

Edna Bonacich and Fernando Gapasin offer a thoughtful discussion of the challenges facing union organizing in an era of global capital mobility; the decline of the large, stable factory; the spread of “contracting

out”; and heightened workforce diversity. Their solution is “social movement unionism:” an ideals-driven, mass mobilization aimed at broad social and economic change. This is a departure from old-style American “business unionism” wherein professional union administrators serviced the often dwindling membership of established bargaining units. The authors discuss a number of creative union organizing efforts that showcase the potential of the social movement model: the Justice for Janitors campaign in Los Angeles; the Los Angeles Manufacturing Area Project; and various campaigns around the country for living wage ordinances. Common to these initiatives was a commitment to organizing (in the fashion of the 1930s CIO) everyone within a particular area or industry, as opposed to targeting the employees of a single employer. Again, the essence of the tactic is that union organizers join forces with an array of community and political groups who share a broad social justice agenda.

Finally, Marcos Vargas takes up the theme of partnerships between labor and community-based organizations, reporting on a survey of 214 unions and CBOs in five California counties. CBOs run the gamut from faith-based groups to immigrant or minority self-help associations to pro-labor organizations such as San Jose’s Working Partnerships USA, an affiliate of the South Bay Labor Council. Their survey data show the leading collaborative programs between unions and CBOs to be: voter participation (59 percent involvement), organizing support for unionization (54 percent), policy advocacy (36 percent), and community-based organizing (29 percent). The dominant issues addressed were, first, living wage, followed by health care reform, immigrant rights, welfare reform, education reform, and environmental protection. Vargas concludes with a case study of coalition-building between CBOs and unions in the enactment of a living wage ordinance in Ventura County.

Concluding Remarks

The chapters in this collection speak to a number of critical labor and employment issues in California: extreme income inequality and the plight of the working poor; the problems faced by immigrant and minority workers; issues of training and labor productivity; the challenges in moving welfare recipients into stable, well-paying employment. They provide evidence on the nature and scope of such problems, they analyze and interpret that evidence, and they propose policy change aimed at ameliorating them.

The policy solutions our contributors propose take a variety of forms. First, they often call for better data.

As we noted, absent accurate and detailed information on the scope and nature of a problem, rational policy-making cannot proceed. Nothing is more futile and wasteful than expensive regulation or intervention based on faulty estimates of the scope and significance of a problem or wrongheaded notions about its causes and effects.

Several of our authors—Raphael, Brown, and Campbell on high-tech labor; Marcelli on the informal economy; Ong and Zonta on trends in earnings inequality—provide rich new data, enabling policy-makers to get a better handle on the changing nature of the workforce or the scale and evolution of a social problem. Still other chapters—Erickson and Jacoby on training effort by private sector firms; Card on welfare-to-work; and Reich on the effects of the California minimum wage—offer careful quantitative analysis of the intended and unintended consequences of policy interventions designed to induce shifts in job or income distributions. The chapter by Marianne Brown critiques existing data and calls for fresh thinking about how to measure the prevalence of illness and injury on the job and the effectiveness of regulation in preventing them. Finally, other chapters (Ong and McConville on L.A. County’s welfare-to-work programs and Bonacich and Gapasin on union organizing strategies) are at least in part advocacy pieces, reviewing the policies and strategies of the past and calling for new or revised programs to do a better job.

Among the general themes running through several chapters, one of the most important is California’s extremely unequal wage distribution. Part of the reason, as David Card and Valenzuela and Ong point out, is the disproportionate number of immigrant Californians who command very low wages owing to liabilities of experience, education, and language. Some of it is due to structural change in labor market mechanisms; specifically, the upward shift in the minimum education necessary to get a job that pays a living wage, provides a stepping stone to higher pay and status, and offers respectable benefits. Many jobs that once required no high school diploma or years of college now do. Education is an easy (if highly incomplete) way for an employer to measure quality and therefore winnow an applicant pool, even if the tasks required by the position may not strictly require the higher levels of schooling. Sadly, as schooling levels vary by race and ethnicity, some employers have found that raising the minimum education required for a job is a “safe” way of excluding minority applicants.

Inequality is not an easily tractable problem. Neither, however, is it immutable. The evidence presented by

our authors makes clear that increases in the minimum wage, living wage ordinances, and the “wage premium” produced by unionization are all ways to bring up the “bottom” and reduce inequality.

Thus, much of our focus has been on the transition from entry-level jobs paying less than a living wage to “high road” jobs that put workers on the path to true economic self-sufficiency. Our volume pays considerable attention as well to the transition from welfare to work, the work in this context almost invariably being entry-level, minimum-wage, unstable and dead-end. Yet so far, thanks in no small part to a strong economy and tight labor market, the state has made remarkable progress in scaling down welfare and moving recipients to unsubsidized employment. This is not to minimize the plight of former welfare recipients struggling to balance work and childcare responsibilities, long distance commuting in urban regions with inadequate public transportation, or scraping together enough income to make ends meet. But, as our authors point out, employment is a critical first step; policy interventions can and should be directed at easing the lot of the working poor. Should the economy cool and unemployment rise, of course, the situation would become more desperate, and the welfare system may again come under considerable pressure to support the families that the market economy has thrown off.

Our contributors also endorse unions’ innovative strategies of organizing and bargaining, which have revitalized the California labor movement. Our authors see unions as generally a very good thing for California labor. Besides improving the economic well-being of low-skill and minority workers, unions promote community participation by disadvantaged groups, thus socially integrating and enfranchising people who might otherwise be consigned to the margins of American society. Yet unions have been a declining fixture of the employment scene in California and throughout the nation for years now, and relatively few California workers enjoy the rights bestowed by unions to press collectively for better working conditions and rewards. Our authors demonstrate, however, that California unions lead the labor movement nationally in formulating new strategies of coalition-building, organizing, and campaigning, not just for better bargaining unit wages, but in pursuit of broader social justice goals. Unions raise the bottom of the wage distribution and thereby lower inequality; they give disadvantaged (e.g., immigrant, minority) workers a voice; they promote safer and fairer conditions on the job. Some evidence even suggests that they may raise the labor productivity of the firm or industry. Moreover, they appear to do many of

these things without imposing severe costs on the firm or on the economy as a whole.

We and our contributors generally share a vision of how the ‘state of California labor’ might be improved. What is needed are: measures to promote strong and continuing economic growth; investments in innovative training and education programs to increase labor skill and productivity; broad cooperative efforts by union and community-based organizations to evoke and direct the energies of marginalized employee groups; well-designed and carefully-targeted policies that support and stimulate the economy so that it simultaneously creates good jobs and absorbs new labor market entrants. Thus, there is wide agreement across the chapters of this volume that a strong economy in general and a strong labor market in particular are essential ingredients in any policy effort to meet the formidable challenges posed by the new economy, the ‘end of welfare,’ and the growing ranks of immigrant and minority workers. We also embrace the view that the machinations of the economy must be tempered by policy interventions and employee activism in order to ensure that the jobs and wages generated endow working people with a reasonable standard of living, a measure of employment security, and protection from health hazards and exploitative treatment on the job. Surely all Californians will be better off and will take much more pride in this incredible state if the search for solutions proceeds down a “high road” such that there are gains for everyone rather than windfalls for some, stagnating fortunes for many, and a slow descent into poverty for many more.