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**HUMAN RESOURCES  
DEVELOPMENT FOR OAKLAND:  
PROBLEMS AND POLICIES**

*Prepared for:*

CITY OF OAKLAND  
OAKLAND, CALIFORNIA  
OCPD 185



**STANFORD RESEARCH INSTITUTE  
MENLO PARK, CALIFORNIA**





December 1968

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By: DONALD MAYALL

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Menlo Park, Calif., Stanford Research Institute, December 1968.

## PREFACE

The 701 Project of Oakland, California, is an intensive, citywide study by the City Planning Department to prepare a Comprehensive Development Plan. The objective of the overall project is to propose long range plans and action programs dealing with economic growth, unemployment, housing, and physical development. Stanford Research Institute is the economics and general consultant to the project.

This report is one of a series prepared by SRI as a part of the 701 Project. Other reports by SRI deal with population and housing, employment projections, a special analysis of retailing, fiscal implications of alternative activities, and an Economic Development Program for Oakland.

The project was financed in part through an urban planning assistance grant received from the United States Department of Housing and Urban Development. Oakland became eligible for such a grant under special provisions of Section 701 of the Housing Act of 1954 when the city was designated a redevelopment area (because of its high rate of unemployment) by the Economic Development Administration of the U.S. Department of Commerce.

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## I INTRODUCTION

### Scope of Report

The central focus of this report is on the critically high level of joblessness among residents of Oakland. This study addresses the unemployment problem in economic terms, namely, the misuse of human resources. This misuse expresses itself in the failure to use available labor resources, the failure to use labor at its highest skill, and the failure to prepare persons to use their full capacities.

In addition to analyzing the extent, causes, and probable outlook for this problem, the report also concerns itself with programs for dealing with unemployment and proposes additional policies and programs for the City of Oakland.

The specific subjects are:

- The underutilization of human resources in Oakland--the incidence of joblessness and underemployment--and a profile of the unemployed and the causal factors associated therewith.
- The job market in Oakland--an analysis of trends in demand for Oakland's labor supply by type of skill and location.
- The outlook--projections of future labor supply and demand.
- Human resources strategies--a review of current and projected programs to alleviate joblessness in Oakland.

### Purpose

When planners look at the economics of a city, they usually must consider the prospects for long term growth--the industries that will be attracted and the land and services needed for them; and the future population and its need for housing, recreation, protection, and a host of other services. Unemployment, however, is an immediate and personal crisis and cannot await long range solutions. The economic and social implications of this crisis are undoubtedly the central issue facing major industrial centers in the United States.

Therefore, this report differs from other planning studies in several significant respects, and perhaps it is a forerunner in this regard. Its prime concern is the human resources of the city rather than the physical resources. Its focus is on the present and immediate future.

### Method of Approach

The analyses in this report draw heavily on two surveys conducted for the City of Oakland--the 701 Household Survey of Oakland, conducted by the Survey Research Center of the University of California, and the East Bay Manpower Survey, conducted by the California Department of Employment.

Data from the Household Survey, which were supplemented by data from the U.S. Census of Population and California Department of Employment, form the basis of the analysis of the characteristics of the resident labor force and the unemployed. Tabulations from the Manpower Survey provided information on the Oakland job market. Projections of Oakland's population and of employment by industry division were developed by Stanford Research Institute as inputs to the Housing and Economic Development studies for the 701 program. These formed a basis for projections of labor force and labor demand by occupation discussed in the outlook section of this report.

The review of programs to reduce unemployment and the recommendations for future policy were developed by the staff of the Institute in consultation with the community and business leaders and government officials, both local and national.

The author was assisted by Dorothy S. Durland and William Powers of the Institute. The general approach for this study, as well as many helpful suggestions on specific topics, was provided by Dr. Robert K. Arnold, leader of the 701 Oakland project for the Institute. Suggestions by Jonathan Ezekiel of the California Department of Employment and Michio Kunitani of the U.S. Department of Labor, Manpower Administration are also acknowledged.

## II SUMMARY AND CONCLUSIONS

### Underutilization of Resources and Its Causes

Underutilization of human resources, in the forms of unemployment, underemployment, and withdrawal from the labor force, occurs in Oakland at rates of incidence substantially in excess of national averages. Unemployment was measured at 8.4 percent of the city's labor force in the summer of 1966. This occurrence represents an economic loss of more than \$40 million and a social cost of enormous proportions.

The principal causes of this underutilization of resources must be attributed to imbalances between the requirements of the job market and the characteristics of the supply of labor and to the persistence of informal barriers to employment opportunity based on race. Although there has been an influx of jobseekers from outside the area and a small decline in economic activity over the past decade, neither appears to be a major factor in the unemployment differential.

Projections of future levels of labor supply and demand suggest that, although the total number of jobs will keep pace with the labor force growth, the imbalance between the skills required of workers and those expected to be available may spread, giving rise to higher joblessness unless public action is taken to forestall it.

### Public Policy Approaches

Public actions aimed at dealing with these manpower problems have been directed toward either generating additional demand for low skilled workers or improving the quality of the existing labor supply by means of skill training. Programs aimed at improving the skills of the available labor supply are clearly ineffective in that they have not dealt sufficiently with the racial barriers or developed projects specifically geared to the long range skill needs expected in the local job market.

The following recommendations for public action are offered:

- Maximum opportunities for jobs, income betterment, and the full participation of its residents in the economic and social direction of the city should be explicit policy objectives of the City of Oakland.

- Activities of the government of the city at all levels should be coordinated toward achieving these goals.
- The city should seek the elimination of all artificial barriers to the employment of its residents.
- Within the framework of the planning process and with broad community participation, the city should develop in depth its long range human resource objectives, identify the most favorable strategies for achieving these objectives, and maintain continuing surveillance over public and private actions taken to achieve these objectives.
- Community participation should be ensured by the inclusion of representatives of all sectors of the city on citizens' boards, with responsibility for reviewing human resource planning and human relations issues.

### III THE UNDERUTILIZATION OF HUMAN RESOURCES IN OAKLAND

The human resources problem facing Oakland is not unique to this city. Unfortunately, it is common to metropolitan centers and particularly to industrialized areas. Comparison with Newark, South Bend, Detroit, or the South Central Section of Los Angeles is easy to make--in terms of both the characteristics of the jobseekers and the reasons for their unemployment. Thus in the midst of one of the longest spells of declining jobless rates nationwide, when U.S. unemployment rates remained below 4.0 percent, rates twice as great were recorded in 20 major cities. The jobless rate exceeded the national average in the central cities of nine of the ten largest Standard Metropolitan Statistical Areas, as shown in Table 1. Among minorities in poverty areas of these cities, rates 2-1/2 times as great were found. Figures are even higher among youths.

Table 1

#### UNEMPLOYMENT RATES BY COLOR IN TEN CENTRAL CITIES 1967 Annual Averages

<u>City</u>	<u>Total</u>	<u>White</u>	<u>Nonwhite</u>
New York	4.1%	3.9%	5.3%
Los Angeles-Long Beach	6.6	6.0	9.1
Chicago	4.3	2.8	8.2
Philadelphia	4.4	3.2	7.5
Detroit	5.2	2.9	9.8
San Francisco-Oakland*	6.3	4.9	9.6
Washington, D.C.	2.1	†	2.8
St. Louis	6.6	3.5	11.3
Cleveland	5.8	3.4	10.1
Baltimore	5.5	3.3	8.0
Total United States	3.8	3.4	7.4

\* Total for two cities combined.

† Not shown separately where the unemployment level is less than 5,000.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Analysis of Human Resources Utilization

There are various forms of underutilization of human resources in addition to unemployment, such as underemployment, involuntary part-time employment, and involuntary nonparticipation in the labor force. Unemployment is by far the largest single category and the most commonly analyzed issue for which, consequently, the bulk of available data exists. Therefore, the bulk of the report also is concerned with the unemployed. The limited data that are available on the other categories suggest that high levels of underemployment and other forms of underutilization similar to the high levels of unemployment are to be found in Oakland and for the same reasons.

### Causes of Unemployment

Although unemployment is a subject about which much has been written and on which authoritative sources hold divergent views, there is general agreement that the economic factors underlying it fall into three general categories.\* Part of unemployment is attributable to a temporary slackening of economic growth, so-called demand-deficient unemployment or cyclical unemployment, because it appears as a result of business cycle fluctuations. Production short of full employment leaves a gap that must be closed through an increase in business spending and government outlays or a rise in consumption relative to income.

Another kind of unemployment--usually termed frictional unemployment--refers to short term unemployment due to normal market adjustment. Among the frictionally unemployed are persons voluntarily unemployed who chose to remain jobless until they found the right job. Also included are persons seasonally unemployed, such as construction workers during rainy spells or automobile workers during model changeovers. Finally, there are small numbers of persons made jobless by unpredictable events including strikes, natural disasters, and business failures. As long as demand continues for the skills possessed by these workers, we can expect their unemployment to be of short duration. Frictional unemployment is characterized by the concurrent existence of job openings and workers with skills needed for these openings in the same labor market.

A third category of unemployment is referred to as structural unemployment. This type is independent of the level of demand and reflects

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\* See E. G. Gilpatrick, Structural Unemployment and Aggregate Demand, The Johns Hopkins Press, 1966, p. 3.

long term changes in the structure of economic institutions. As changes occur in technology, composition of demand, and location of industry, they affect the composition of labor skill requirements. The key to the structural problem is the mismatching of specific labor skill demands and supplies where there is limited substitutability among skills and limited transferability of skills.

There is yet another category of joblessness which has not been clearly delineated--unemployment that exists because of racial discrimination. As in the case of frictional unemployment, job openings exist and workers are available. However, the workers remain unemployed not through personal choice but because of informal employer practices that adversely affect the workers because of their race. As with structural unemployment, this tends to be of long duration.

There is considerable evidence that continuing levels of high unemployment despite high levels of economic activity in Oakland and other metropolitan areas reflect structural and discriminatory effects. Perhaps the most dramatic structural effect has been the reduction in demand for low skill workers and the rising need for workers with technical training. Less dramatic but also of importance has been the relocation of certain kinds of industrial activities from the core areas of big cities to suburban communities.

#### Definition and Measurement of Unemployment

The precise measurement of joblessness in Oakland or in its neighborhoods is by no means a simple task. There are problems of concept as well as technical problems of gathering the necessary data.

When a person is employed, it means that he has a job, which is a concrete, observable attachment to the economy. Unemployment, simply stated, means the person is looking for work, that is, he does not have a job but wants one and is taking certain steps to find it. If he does not meet this criterion, he is considered to be outside the labor force. Thus, while being employed reflects a category that is easily observed and verified, being unemployed depends in part on a behavioral component that is measurable only through interviews that probe this phenomenon.

The most common way of analyzing and comparing the incidence of joblessness through time and between different areas or groups of people is to express the number as a rate in which the denominator is the labor force--the sum of the employed and unemployed with that particular characteristic. This practice will be followed in this report.

While the economic utility of the concept has been upheld,\* questions that remain unanswered are most significant when one looks at disadvantaged populations. Namely, under conditions of continuing discouragement, numbers of males living in poverty areas in prime working age brackets neither have jobs nor do they meet the looking for work criterion that would cause them to be classified as unemployed. At the same time women in these poverty areas appear among the jobseekers in greater number than those outside these areas, reflecting in part their need for income supplementation.

Although monthly data are available on the volume and characteristics of the unemployed for the nation as a whole, this information is almost wholly lacking for cities and metropolitan areas. The prime reason for this is the high cost of collecting survey data. While efficiencies of sample procedures make it possible economically to obtain national figures each month, to date, figures have not been available except for the largest cities.† The decennial census of population has been the chief source of information. This presents serious difficulties, for the source not only lacks timeliness, but its reference date, the week of April 1, is not necessarily a typical period in a seasonally fluctuating economy.

National attention was first drawn to the unemployment problem in Oakland in late 1962 through census data for 1960, which revealed that a jobless rate for Oakland was nearly double that of the national rate. The U.S. Department of Commerce subsequently designated Oakland a redevelopment area based on the recommendation of the Secretary of Labor.‡

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\* See President's Committee to Appraise Employment and Unemployment Statistics, Measuring Employment and Unemployment, U.S. Government Printing Office, p. 14.

† Early in 1968, the U.S. Department of Labor began publishing summaries of household survey data for the central cities of the 20 largest Standard Metropolitan Statistical Areas. However, estimates for Oakland are not available separately but are combined with data for the City of San Francisco.

‡ The Secretary of Labor examined all cities of 250,000 or greater population. Areas of substantial unemployment were designated on the basis of census data and the relationship of the metropolitan area unemployment rate to the U.S. rate. While questions could be raised about the precision of this technique, this is not the concern of the report. Subsequent data have corroborated the serious extent of joblessness in Oakland.

## The Level of Unemployment in Oakland

The jobless in Oakland numbered 13,700 at the time of the 701 Household Survey in 1966, which was ten percent above the April 1960 Census count. Oakland's unemployed accounted for 8.4 percent of the city's labor force at the time of the 1966 survey. The Oakland 701 Household Survey required several months to complete--extending from May through August of 1966. During this period, the unemployment rates for the United States as a whole averaged 4.1 percent. Interviewing for the Oakland survey was not distributed evenly over the four-month period; but rather, it was concentrated in the early part of the period.

Several seasonal influences tend to distort comparability with national data. In May and June, a number of students seek summer jobs, and housewives and other temporary jobseekers enter the labor market in anticipation of seasonal job opportunities. To compensate for these fluctuations, U.S. seasonal adjustment factors for each of the four months were applied to the appropriate components of the Oakland survey data. The resulting computation indicated that Oakland's rate would equal 7.7 on an adjusted basis, compared with 4.0 for the United States as a whole (see Table 2).

In 1967, the U.S. Department of Labor began developing estimates for the central cities in the largest metropolitan areas. Size constraints prevented the publication of separate data for the City of Oakland. A rate of 6.3 was indicated for San Francisco and Oakland combined (see Table 1). Assuming that conditions in Oakland did not change materially between 1966 and 1967, it appears likely that during these two years the Oakland rate exceeded not only that of San Francisco but of all other major cities reported by the U.S. Department of Labor.

Since 1967, a continuing rise in job opportunities nationwide, as well as the effects of the poverty programs, has brought a greater drop in the jobless rates in the nation's central cities and poverty areas than in the overall rate. Assuming that Oakland experienced an improvement similar to that of other central cities during 1968, it was estimated that the overall rate for Oakland has dropped about 20 percent since the 701 Household Survey was made. This would mean a rate of about 6-1/2 percent for the city as a whole and more than 10 percent for several of the target areas. This is still very high in comparison with the 1968 annual average rate of 3.6 percent for the nation as a whole.

Why Oakland's unemployment level exceeds the national level by such a margin is not easy to answer. It is partly a reflection of the particular barriers to which the city's labor force is subject and partly to be found in economic developments occurring in and around the city.

Table 2

COMPARISON OF OAKLAND AND NATIONAL UNEMPLOYMENT RATES  
May-August 1966

Rates	Percent of Civilian Labor Force Unemployed	
	Oakland	United States
Crude rates*		
Total (all civilian workers)	8.4%	4.1%
Males 20 years and over	4.8	2.3
Females 20 years and over	8.3	3.9
Both sexes, 14 to 19 years	30.5	13.0
Seasonally Adjusted Rates†		
Total (all civilian workers)	7.7	4.0
Males 20 years and over	4.6	2.5
Females 20 years and over	7.5	3.9
Both sexes, 14 to 19 years	26.7	12.4

\* For Oakland, the simple unemployment rate based on all cases included in the survey. For the United States, the mean unadjusted unemployment rate for May, June, July, and August.

† Mean seasonally adjusted rate for May, June, July, and August. For Oakland, an approximate seasonal adjustment was made for interviews completed in each month, based on U.S. seasonal adjustment factors.

Source: U.C. Survey Research Center.

Each of these issues is analyzed in this report; problems of the labor supply are analyzed in the profile of the unemployed, and economic developments are discussed in the section on the Oakland job market.

### The Trend in Unemployment in Oakland

As indicated earlier, data on the number of jobless in Oakland are available only from the 1966 household survey and from previous censuses of populations in 1960, 1950, and 1940. These studies reflect the experience of widely spaced points in time. The question arises as to whether unemployment has been a persistent problem over the past seven years.

One source of evidence may be found in the trend in UI (unemployment insurance) claimants filing each week at the Oakland office of the California Department of Employment during this time. UI claimants are experienced unemployed who worked for a sufficient time in an industry covered by unemployment insurance and who certify to the Department of Employment that they meet certain other eligibility requirements. In general, persons whose work experience has been in agriculture, private households, railroads, state or local government, or certain nonprofit institutions are ineligible, as are workers from other industries who have been unemployed so long that they have exhausted their UI claims.

UI claims filed in Oakland trended down slightly between 1960 and 1966, while the 1966 household survey indicated a higher figure in 1966 than the 1960 census. These two results are compatible, since the 1966 data showed significant increases in the number of jobless women and youths 14 to 19, groups that are less likely to have sufficient labor force attachment to qualify for unemployment insurance.

### Profile of the Unemployed

The household survey provided data on a number of variables such as age, sex, race, occupation, and place of birth that occur in association with joblessness. Some variables such as race appear to be directly related to unemployment. Others, such as place of residence, appear to be secondary, or intervening variables, which are simply the reflections of the influence of primary or independent variables. Following is a summary of some of the major variables associated with the current joblessness in Oakland.

### Age

The incidence of joblessness among the youngest members of the labor force--those 14 to 19--is many times greater than among those in the prime working years--from 35 to 44, as the tabulation below shows. Beyond 45, the rate holds even.

<u>Age</u>	<u>Unemployment Rate</u>
14-19	31%
20-24	10
25-34	7
35-44	6
45-64	5
65 and over	5

The high incidence of joblessness among the very young partly reflects the season in which the survey was made. Thirty-four percent of the jobless indicated they had attended school the prior spring, and a portion of them clearly were only summer jobseekers. The existence of high rates suggests other factors in operation. There appear to be at least three concurrent influences: (1) the increase over the past six years in the city's labor force was concentrated largely in this age group; (2) the number of local jobs failed to keep pace with labor force growth, showing almost no increase until 1966; and (3) the job growth that occurred in 1966 was largely in the federal defense establishment and provided few opportunities for young workers. Industries that in the past have provided a large number of entry jobs for young people have either relocated elsewhere or have adopted labor saving technologies that reduce the number of entry positions.

### Ethnicity

Race is clearly a reason for unemployment and is independent of level of education, skill, or age. Unemployment among non-Mexican whites is half that reported for Negroes and Mexican-Americans, as shown below.

<u>Ethnic Identification</u>	<u>Rate</u>
White except Mexican-American	6%
Mexican-American	12
Negro	12
Oriental and other nonwhite	8

This differential is found at all age levels, for both men and women, and, with a single exception, at all levels of education. There is evidence from studies in other areas that suggests that race continues to be a factor even when skill and experience are matched. Gilman,\* in examining the differences in unemployment rates of experienced male white and nonwhite workers, concluded that only about half the excess of nonwhite over white rates can be explained by differences in occupation, age, education, industry, and region.

### Education

Education is generally regarded as a major factor in employability. The highly educated have less trouble in finding employment, regardless of race or sex. However, the influence of other factors is apparent below the level of college graduate. The high competition among young people with some high school background puts the unemployment rate for that group above that of another generation that never made it past grade school, as the tabulation below of unemployment rates shows.

	Total				
	All	Males		Females	
	<u>Groups</u>	<u>Negro</u>	<u>White†</u>	<u>Negro</u>	<u>White†</u>
College graduate	3%	--	2%	--	4%
Some college	6	6%	5	10%	6
High school graduate	7	10	4	17	6
Some high school	15	15	7	22	18
Grade school or less	9	12	4	8	15

The fact that the jobless rate for Negro males with high school diplomas is 2-1/2 times that of non-Mexican whites raises some serious questions about either the value of that diploma, local hiring practices, or both.

### Sex

Women outnumbered men in the ranks of the jobless at the time of the survey. This finding is potentially significant inasmuch as it is

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\* See Harry J. Gilman, "Economic Discrimination and Unemployment," American Economic Review, December 1965.

† Excludes persons of Spanish surname.

contrary to nationwide and areawide observations. Women accounted for 53 percent of all unemployment in Oakland, while accounting for but 32 percent of the San Francisco-Oakland jobless figure for the same time period. Nationally, the proportion was 48 percent.

The higher proportion of unemployed women in Oakland is not simply a reflection of the age profile of the local labor force. Although the number of females in the labor force in the 14-19 age group nearly equals the number of males and both sexes in that age group face far greater job finding problems than any other age group, when the under-20 group is excluded, the differential between women and men remains unchanged. Neither can the difference be explained by the fact that these statistics refer to a summer period when a number of women in the Oakland area begin looking for jobs in seasonal industries; when seasonal influences are removed, the female rate still exceeds the male rate by 63 percent, as the statistics below indicate.

	<u>Female Rate</u>	<u>Male Rate</u>	<u>Female to Male Rate</u>
Total, unadjusted	10.8%	6.6%	1.64%
Over 20 unadjusted	8.3	4.8	1.73
Over 20 adjusted	7.5	4.6	1.63

It should be noted that the female rate is higher than the male rate, regardless of age, race, or education, which suggests that women have a special employability problem. Because the rate for women has increased significantly, it is possible that the increase in joblessness is related to declines in industries that provided significant employment opportunities for women. Another possibility is that more women have entered the labor force to supplement family income.

The unemployed woman in the survey was far more likely to be the wife of a head of household than the head of a household herself. Forty-one percent of the unemployed were wives of heads of households, while only 11 percent were heads themselves. Only 29 percent of the unemployed women came from families with no working members, while 43 percent of unemployed men were the only worker in the family. These figures tend to substantiate the idea that unemployment among women reflected the search to supplement the family income.

### Occupation

As might be expected, workers in occupations requiring the greatest amount of education--professional and managerial jobs--have the lowest unemployment rates. The highest unemployment rates were experienced by unskilled laborers, as tabulated below.

<u>Occupation</u>	<u>Unemployment Rate</u>
Professional, technical, and kindred	2.3%
Managers, officials, proprietors	1.8
Clerical and kindred workers	6.4
Sales workers	5.7
Craftsmen, foremen, and kindred workers	6.4
Operatives and kindred workers	11.4
Private household workers	10.7
Service workers except private household	10.3
Laborers	13.0

Also partly reflected in these rates are economic developments in the area. The high rate for operatives (semiskilled production workers) is partly a consequence of a large number of women entering the job market in search of jobs in the food processing industry. The temporary downturn in construction industry added to the number of craftsmen and laborers that were seeking work.

### Industry

The industry of last employment of jobless workers is an indication of employment conditions, not within the City of Oakland, but within the Oakland job market area. Thirty percent of Oakland's employed residents work outside the city. The unemployment rates by industry are tabulated below.

<u>Industry</u>	<u>Unemployment Rate</u>
Construction	12.6%
Manufacturing, durable goods	3.6
Manufacturing, nondurable goods	13.6
Transportation and utilities	3.3
Wholesale and retail trade	10.8
Finance, insurance, and real estate	4.3
Services and miscellaneous	6.7
Government	2.7

Joblessness in nondurable goods manufacturing is primarily seasonal. Construction was in a temporary cyclical downturn at the time of the survey. However, the high rate in wholesale and retail trade was indicative of the lack of growth in job opportunities in these sectors.

#### Place of Residence

The highest rates of unemployment were found in the flatlands of the city and the lowest rate in the hill area, as shown below. Boundaries of residential areas in Oakland are found in Figure 1.

<u>Area</u>	<u>Unemployment Rate</u>
A. North Oakland	9.0%
B. West Oakland	14.3
C. Fruitvale	13.3
D. East Oakland	14.4
E. Hills	3.9
F. South Central	7.4
G. Lakeside	6.8

These concentrations of high rates of joblessness in the flatlands are clearly reflections of racial differentials in housing opportunity and are but one indicator of the poverty experienced by the ghetto residents of the city. The social consequences to the city of these concentrations of high unemployment in poor neighborhoods are enormous.

#### Migrants

Oakland has experienced an influx of migrants, particularly from rural Southern areas, which began in the early 1940s as thousands of jobseekers were attracted by wartime opportunities in the shipyards. It often has been postulated that out-of-state or out-of-area migrants have particular jobseeking problems because of lack of local experience and perhaps because of the quality of education in their area of origin. However, the household survey indicated that natives of California experienced unemployment rates that were not substantially different from persons born in the Southern United States. Persons born in Mexico clearly had a higher incidence of joblessness, however.

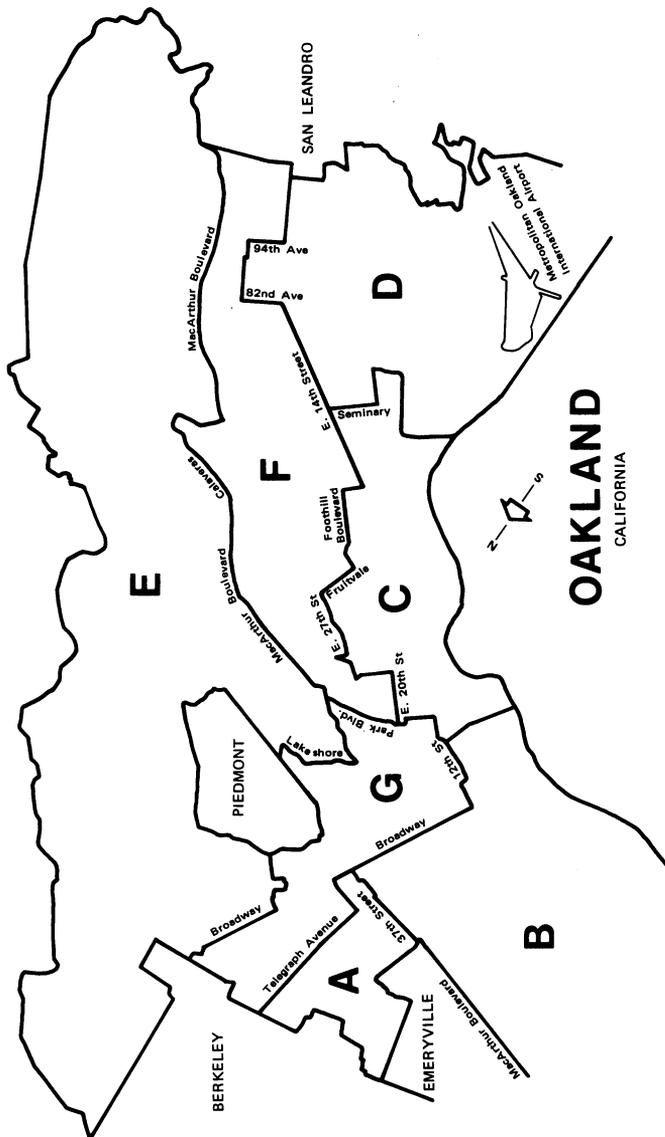


FIG. 1 REPORTING AREAS OF THE 701 HOUSEHOLD SURVEY OF OAKLAND

<u>Place of Birth</u>	<u>Unemployment Rate</u>
California	9.2%
Western United States	5.0
Midwestern United States	4.7
Southern United States	9.9
Mexico	16.6
Other foreign	7.6

Another way of assessing the incidence of jobless among migrants is in terms of their place of residence five years ago; the tabulation below shows this rate.

	<u>Unemployment Rate</u>
Oakland	12.2%
Other Alameda County	5.5
Other San Francisco-Oakland Metropolitan Area	4.9
Other California	10.2
Southern United States	11.9
Other United States	6.7

#### Other Forms of Underutilization of Human Resources

##### Underemployment

The Oakland household survey yielded a limited amount of detail on underemployment. There were 8,500 persons working part-time--less than 35 hours per week--that wanted full-time work in the summer of 1966. This amounted to 5 percent of the city's labor force, and about 57 percent of the underemployed were women. In the nation as a whole, those who were involuntarily on short work weeks amounted to only 2.5 percent of the labor force. National studies indicate that underemployment is disproportionately concentrated among the unskilled, the less educated, the young, and among Negroes.\*

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\* See Claire C. Hodge and James R. Wetzel, "Short Work Weeks and Underemployment," Monthly Labor Review, September 1967.

### Underutilization of Skills

Another waste of manpower resources similar to the losses from unemployment and underemployment occurs when workers cannot find employment at their highest skill and accept less skilled and lower paying jobs. Examples of such underutilization are often cited--skilled craftsmen working as laborers, teachers working as salespersons--but no systematic information has been developed, either nationally or locally. There is considerable evidence that the problem is most acute among minorities and in areas of high unemployment.\* For these reasons, it may be inferred that this is a problem of considerable extent in Oakland.

### Seasonality

UI (unemployment insurance) data also provide a measure of the underutilization of human resources in Oakland, namely, the degree of month to month variation in the volume of unemployment. Regular fluctuations in job opportunities occur in industries tied to certain seasonal activities such as food processing and related distributors and suppliers of containers and the like, whose peak employment period is determined by the growing cycle--construction, which slackens in the rainy season, and trade, whose employment patterns are affected by holiday periods. Although some of the workers in these seasonal industries, such as housewives and students, are working for supplementary income and do not seek nor desire full-time, year-round employment, many other workers, especially from the construction industry, are heads of families, available for full-time employment, for whom this seasonal unemployment represents a significant loss in earnings.

The degree of fluctuation in seasonal unemployment is indicated from the Oakland UI data, which have ranged from an average of about 6,000 claims per week in March to 3,300 per week in September over the last seven years. These data infer the existence of several thousand workers in the labor force who desire full-time employment but have not found it. The UI data present a reasonable approximation of such a number, for they include only persons with an attachment to the labor force and whose availability for work is tested administratively by the Department of Employment.

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\* According to U.S. Department of Labor, Manpower Report of the President, April 1967, p. 129.

### Duration of Unemployment

Another index of the seriousness of the unemployment problem in Oakland is reflected in the length of time the typical jobseeker is without work. In 1966, the average duration per spell of joblessness was about 10 weeks; in Oakland, however, it exceeded 20 weeks. If Oakland's rate of unemployment, although higher than the national, were of similar average duration, then it would indicate a high amount of turnover among the jobless--that is, many people experiencing short spells of unemployment. However, this does not appear to be the case.

The evidence is that once persons are unemployed, they tend to remain without work for longer periods of time. Unemployment of long duration has very serious social consequences. Long periods of fruitless search for work not only result in loss of self-esteem, but deplete savings and such forms of social insurance as severance pay and unemployment benefits.

### Disguised Unemployment

Recent studies have suggested that reduced job opportunities have the effect of pushing some persons out of the labor market and drawing others in. Specifically, teenagers of both sexes, older men, and, to a lesser degree, women in prime working age groups appear to respond to reduced job opportunities by curtailing their job searches. This effect is especially noticeable among nonwhites. It is not unexpected to find that these groups exhibit the greatest elasticity to the demand for labor, for they have either other income options such as retirement benefits or other family income; or, in the case of teenagers, the likelihood of finding employment appears remote and the expected return from a job once found so small as to discourage all but the hardest jobseeker.

Various writers have called the loss of these discouraged jobseekers from the labor supply "hidden unemployment" or "disguised unemployed."

Estimates have been made of the number of discouraged jobseekers outside the present labor force for the United States as a whole. Absence of historical data for Oakland make such a calculation unfeasible. Two sources of data shed some light on the extent of this problem. First, labor force participation among nonwhites in the young age groups was noticeably below that of whites, as shown in Table A-1. The labor force participation rate represents the portion of persons in a particular age bracket that are in the labor force--working or looking for work. The smaller portion of nonwhite youths in this category suggests the extent

of the discouragement effect on this group. If the nonwhite participation rate were equal to that of the whites, the labor force would be 1,690 larger.

The Oakland household survey provides a source of data on recent withdrawals from the labor force. As discussed earlier, to be counted as unemployed, persons must indicate that they are on layoff or are looking for work. In the Oakland survey, persons of labor force age who did not meet either of these criteria were asked if they had looked at any time in the past two months; 1,775 persons responded to these questions.

### The Subemployment Index

In late 1966, the U.S. Department of Labor made special labor force surveys in slum areas of nine central cities. Oakland was not surveyed because of the availability of data from the recently completed 701 Household Survey. As part of its analysis, the Labor Department developed an index to reflect the net underutilization of human resources in the surveyed area, which include the jobless, the underemployed, heads of household under 65 earning less than \$60 and other individuals earning less than \$56 per week at full-time work, one-half of the nonparticipant males 20 to 64, and an estimate of the uncounted male population.\* If such an index had been constructed for Oakland's poverty areas, data from similar areas elsewhere in the United States suggest that as much as 40 percent of the labor force would meet these criteria.

### The Cost

Much has been written on the social ills that result from continued high levels of unemployment, ranging from alienation to crime. Fewer writers have tackled the issue of calculating the dollar costs to society of an individual remaining jobless for an extended period of time. Most typically, this task is undertaken in conjunction with the evaluation of specific programs aimed at reducing joblessness, wherein the program costs are measured against benefits expected from the reduction in unemployment.

The most straightforward way to evaluate this benefit is to calculate the impact on regional output. Thus, if the current unemployment

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\* U.S. Department of Labor, Manpower Report of the President, April 1967, p. 74.

figure in Oakland were reduced to a level no higher than the national average--that is, about 4.0 percent of the labor force--through the gainful employment of some 5,000 additional individuals, the net increment in regional input would be about \$35 million per year in current dollars. Similarly, if underemployment were reduced to the national level, an additional \$7 million in output would result.

### The Social Impact

In the foregoing sections, unemployment has been viewed largely as the underutilization or misuse of human resources, which results in an economic loss to the region. There are also enormous social consequences that derive from the concentration of jobless among racial minorities and in the ghettos in particular. The National Advisory Commission on Civil Disorders places prime emphasis on the high unemployment, underemployment, and discrimination in hiring and promotion of minority ghetto residents in its analysis of social ills of central cities.

Its findings parallel those of the 701 Household Survey, revealing high rates of joblessness and low income in ghettos and nonwhite males concentrated in low paying, low status jobs. Its report links these ghetto conditions to welfare dependency, family disorganization, and crime.\*

There is no generally accepted way to place a dollar value on these social consequences. Unquestionably, the magnitude is great. Perhaps more significantly, the social consequences are the most obvious ones, and dealing with them is largely considered to be a local responsibility. However, it will be shown that the kinds of programs and policies that can be brought to bear on the unemployment problems require resources far beyond the means of the city.

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\* Report of the National Advisory Commission on Civil Disorders, 1968.

#### IV THE JOB MARKET IN OAKLAND

The source of job opportunities for Oakland's unemployed residents lies with employers, both public and private, located in and around Oakland. This forms the market for Oakland's labor supply. It must be emphasized that this market for labor is not identical with the geographic limits of the city, but goes beyond the city. Two of every five workers living in Oakland hold a job outside the city, while 40 percent of the jobs provided by employers located in Oakland are held by workers residing outside the city.

It is also noteworthy that these commuter flows do not counterbalance; while some 8 percent of Oakland residents worked in San Francisco County in 1960, less than 2 percent of Oakland jobholders came from there. Conversely, only about 2 percent of Oakland's residents found work in Contra Costa County, but that county supplies 9 percent of the city's workers. It must be assumed that jobs Oakland workers find in San Francisco may differ in skill requirements from those held by Contra Costa commuters who work in Oakland. Commuters to San Francisco might include white collar workers from the Oakland Hills and semiskilled workers from Oakland's flatlands recently employed by stepped-up activity at the SF Naval Shipyard. Contra Costa County might be the home of skilled building tradesmen at work on commercial construction in Oakland. Recent surveys indicate that these commuter flows are increasing.

These movements reflect both economic specialization of locations within a metropolitan area and the accessibility of these locations to various labor supplies and, in fact, they form the central issue of any study of regional economic development, because locational considerations will differentiate local labor demand increasingly and urban workers do not have equal accessibility to all jobs in the urban area. Specifically, certain types of economic activity required in metropolitan areas no longer are well suited to Oakland. These tend to be relocated outside the central city and no longer draw heavily on the city's labor supply. In fact, in the absence of facilities, these jobs are lost to the Oakland labor supply. At the same time, new jobs are being created in Oakland for which there is no local supply.

Two other major factors affect the character of demand for Oakland's workers. These are changes in demand mix for the kinds of goods and service produced there and changes in industrial techniques that alter the skill requirements of particular industries.

## The Oakland Job Market Area

A labor market is generally defined as that area surrounding a central city or cities within which workers can change jobs without changing residence. In metropolitan centers, this definition usually coincides with the Standard Metropolitan Statistical Area. The San Francisco-Oakland Standard Metropolitan Statistical Area includes the five counties of San Francisco, Alameda, Contra Costa, Marin, and San Mateo. Because the focus of this study is on Oakland residents, it is possible to adopt a more restrictive definition, namely, the job market area for Oakland residents. Alameda County is the location for 83 percent of the jobs of Oakland residents and more than 85 percent of the persons who work in Oakland reside in Alameda County (see Figure 2). For this reason and because of the generally greater availability of statistical data on counties, the Oakland job market will be taken to be coincident with the boundaries of Alameda County.

## Trends in the Location of Jobs (1960-66)

Most of the growth in employment in the Oakland job market in recent years has occurred outside the boundaries of the City of Oakland. Between 1960 and 1966, more than 60,000 jobs were added outside the city, while only 4,000 were added within the city limits. This development has a number of unfavorable implications for Oakland. First, outside Oakland, jobs grew at a faster rate than the labor force, while within the city, the growth in jobs was slower than the increase in labor force. As indicated in the tabulation below, two responses to this development took place; the portion of the total Oakland labor force without work increased from 7.8 to 8.3 percent and the portion of working residents in Oakland commuting to jobs outside the city increased from 29 to 36 percent.

	<u>1960</u>	<u>1966</u>
Total resident labor force	159,800	165,000
Unemployed	-12,400	-13,700
Commuters out	-45,700	-59,000
Commuters in	77,200	90,700
Jobs in Oakland	178,900	183,000

(The figures on labor force members and commuters include members of the Armed Forces. The Jobs in Oakland figure does not, but it counts a person with more than one job at each job location and therefore is not directly comparable with the other figures.)

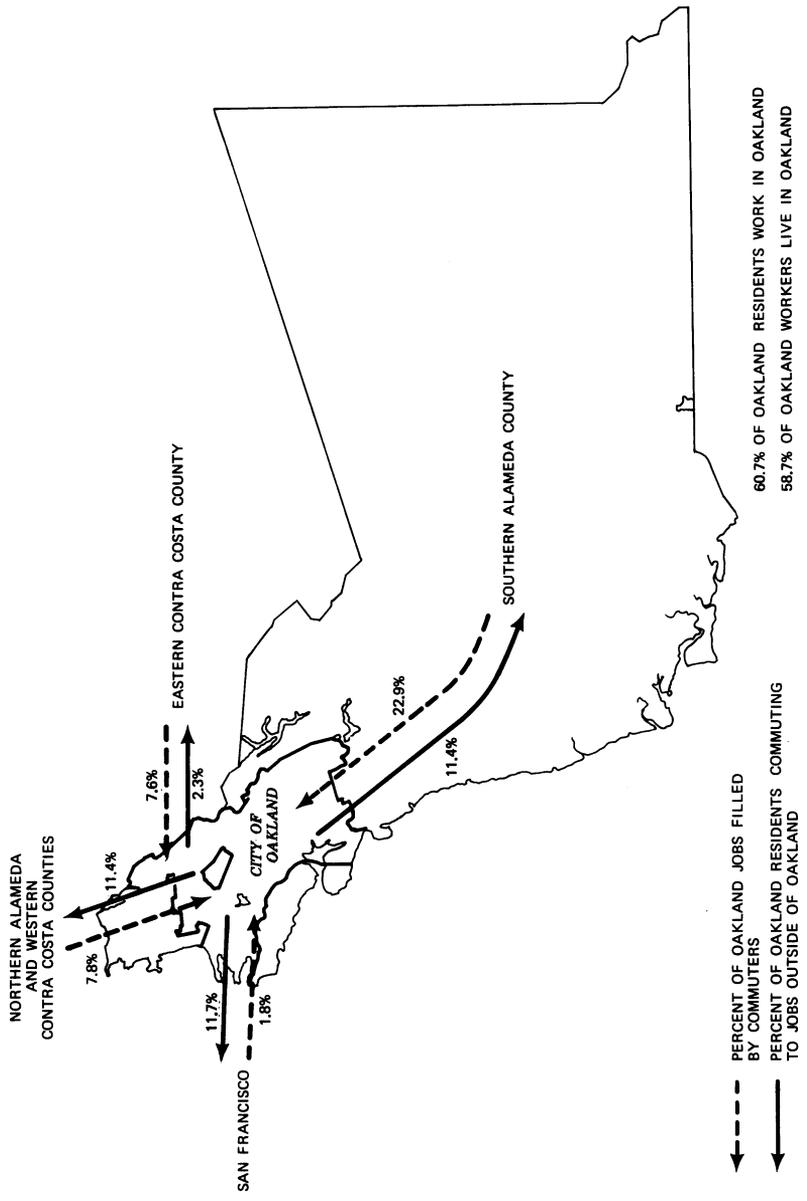


FIG. 2 THE JOB MARKET AND THE LABOR SUPPLY

The higher rate of job growth outside the city not only means the relative loss of an employment base for the city's residents but a deterioration in city revenue potential in relation to the demand for public services.

This differential rate of job growth is not unusual in central cities. Recent studies by the U.S. Department of Labor\* revealed similar patterns in the 12 largest Standard Metropolitan Statistical Areas of the United States. The reasons for this differential growth are complex and are the subject of separate reports in this 701 Oakland project series. The higher cost of land, labor, and taxes in the central city is significant as are external factors such as street congestion. These factors are more significant to the manufacturing, wholesaling, and trucking industries than to other industries. Office activities, such as banking and insurance, continue to find central cities favorable locations for expansion. Thus, we find not only a disproportionately low rate of growth in the central city but also a change in the kind of economic activity. The percentage change in employment for 1960-66 is shown below.

	<u>City of Oakland</u>	<u>Outlying Areas</u>
Construction	+8.1%	+3.1%
Manufacturing	-25.0	+45.6
Transportation, communications, and utilities	+6.7	+40.3
Wholesale trade	-7.1	+39.2
Retail trade	+10.8	+27.5
Finance	+15.4	+10.1
Services	+20.7	+46.8
Government	+25.4	+46.3
Total, all industries	+2.3	+35.3

Between 1960 and 1966, a substantial loss of manufacturing and a smaller drop in wholesale trade jobs were experienced within the city of Oakland, while a sharp rise in these activities occurred in the outlying areas of the county. Only finance showed a higher rate of growth inside the city than outside. Even so, in 1966, finance only accounted for 5 percent of the jobs in Oakland. The major sources of new jobs in Oakland that offset

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\* See Dorothy K. Newman, "The Decentralization of Jobs," Monthly Labor Review, May 1967.

the loss in manufacturing and wholesaling were government services and, to a lesser degree, retail trade.

Another unfavorable implication for Oakland is that, although substantial growth occurred in the area surrounding Oakland and therefore potentially accessible to Oakland's jobless residents, the greatest growth in the Oakland job market area occurred in the areas farthest from Oakland, as can be seen in the following tabulation.

	<u>1960</u>	<u>1966</u>
Total--Oakland job market area	352,100	417,200
Oakland	178,900	183,000
Emeryville-Berkeley-Albany	65,000	80,000
Alameda	18,500	22,200
San Leandro	27,000	38,300
Southern Alameda County	62,700	93,700

While accessibility by private automobile to areas around Oakland has improved as a result of new freeways, public transportation has not. Berkeley, Emeryville, Albany, and Alameda are easily and quickly accessible from all parts of Oakland at local fares on public transit. San Leandro is one fare zone away, and Hayward, two zones and 60 minutes away. Southern Alameda County is practically not accessible by public transportation.

Disproportionately high percentages of the residents of certain parts of Oakland depend on public transportation. In West Oakland, 50 percent of employed persons use private auto to reach work, while in the hill area, more than 80 percent do.

#### Employer Requirements

Another characteristic of the Oakland job market that has a bearing on the level of joblessness in the city is the degree to which these jobs require education, specialized training, or specialized skills not found in the supply of available unemployed. These learnable attributes of jobs are referred to collectively as employer requirements; jobs differ greatly in terms of these requirements.

Professional jobs typically require lengthy preparation times. Managerial jobs offer considerable experience in a particular business line or company, and many times these positions are "filled from within" with persons who have learned the business in the organization. Some clerical

jobs require specialized training in fields such as stenography and typing. Attainment of journeyman status on skilled jobs may require completion of an apprenticeship. Service and other jobs sometimes have licensing requirements that may reflect some combination of preparation or experience.

The occupational profile of the Oakland job market area differs significantly from the San Francisco-Oakland area as a whole and from the nation at large. The occupational profile of a region partly is a reflection of its industrial structure. There are also differences within broad industrial categories reflecting the very substantial occupational differentiation that can occur in a category such as manufacturing. Thus, in Table 3 we find that professional, managerial, and technical workers form a smaller portion of the manufacturing work force in the Oakland job market area than elsewhere in the San Francisco-Oakland area, indicating that manufacturing in the East Bay is predominantly production.

Job opportunities are not evenly distributed by occupation within the Oakland job market area, either. Higher proportions of clerical and sales jobs are found within the city, while the outlying areas are the location of both blue collar and professional jobs. This is a consequence of the differential economic specialization within the metropolitan area. The low proportion of professional jobs within the city, as shown in the tabulation below, primarily is a reflection of the very sizable professional work force associated with the University of California's Berkeley and Livermore locations. The low proportion of blue collar workers in Oakland indicates the growth of manufacturing that has occurred in the outlying area.

Occupation	Jobs in City of Oakland as Percent of Oakland Job Market Area 1966
Professional, technical, and managerial	39%
Clerical	52
Sales	53
Service	44
Blue collar	41
Total--all occupations	44

Table 3

PERCENTAGE DISTRIBUTION OF EMPLOYMENT BY OCCUPATIONAL CATEGORY WITHIN INDUSTRY GROUP  
 United States, 1960; San Francisco-Oakland Standard Metropolitan  
 Statistical Area, 1960; and Oakland Job Market Area, 1966

Occupational Groups	Mining		Construction		Manufacturing	
	U. S. 1960	SF-Oak. 1960	Oak. JMA	U. S. 1960	SF-Oak. 1960	JMA
Professional, technical, and managerial	16.6%	29.6%	11.1%	16.8%	19.9%	11.6%
Clerical	8.7	21.3	10.2	4.2	6.8	10.3
Sales	0.4	0.9	1.0	0.3	0.4	4.0
Service	1.2	0.2	0.7	0.6	0.4	1.5
Blue collar	73.1	48.0	77.0	78.1	72.5	72.5
Total - all occupations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transportation, Communications, and Utilities						
Wholesale Trade						
Professional, technical, and managerial	14.0%	15.6%	8.3%	26.5%	22.5%	17.1%
Clerical	23.8	28.5	23.4	23.0	25.9	24.3
Sales	1.1	1.3	0.9	19.9	22.6	20.6
Service	3.3	4.4	1.5	1.1	0.7	2.2
Blue collar	57.8	50.2	65.9	29.5	28.3	35.8
Total - all occupations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Retail Trade						
Finance, Insurance, and Real Estate						
Professional, technical, and managerial	23.4%	22.0%	31.2%	38.3%	42.9%	45.0%
Clerical	45.0	49.5	40.9	11.9	15.6	14.6
Sales	21.0	22.3	19.0	0.6	0.9	0.8
Service	6.8	3.6	4.5	35.7	26.5	30.0
Blue collar	3.8	2.6	4.4	13.4	14.1	9.6
Total - all occupations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Public Administration						
Professional, technical, and managerial	24.9%	21.9%	32.4%	24.9%	21.9%	32.4%
Clerical	42.0	41.9	26.6	42.0	41.9	26.6
Sales	0.1	0.1	0.3	0.1	0.1	0.3
Service	18.2	15.7	11.2	18.2	15.7	11.2
Blue collar	14.8	20.4	29.5	14.8	20.4	29.5
Total - all occupations	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Sources: U.S. Census of Population and Stanford Research Institute.

## The Relationship of Labor Supply and Demand

The most critical question to be considered in this section concerns the relationship between the labor demand in terms of employer requirements and labor supply in terms of worker qualifications. The occupational profile of the current labor supply residing in Oakland is shown in Table 4. The discrepancies between the characteristics of demand and of supply are a measure of the structural factors in unemployment in Oakland. Unfortunately, there is no direct evidence of the size of these imbalances despite the considerable volume of data assembled on Oakland and the Oakland job market area.

Two problems exist. One is the lack of substitutability of skills among workers for very similar jobs. Thus, although we find that the number of clerical jobs in Oakland and the clerical labor supply appear to be in balance, we cannot rule out the possibility of structural unemployment, for the specific requirements of a particular employer's clerical opening may not exist among any of the available clerical workers residing in the city. The mobility of the labor supply of the surrounding suburban areas is the other complication. With scarcely any additional incentives, employers can draw on the supply of labor outside the city so that the clerical jobs can be filled in Oakland and qualified clerical work can remain unemployed within the city.

Indirect evidence suggests that structural imbalances between labor supply and demand and noneconomic barriers to employment because of race outweigh other factors contributing to Oakland's high level of joblessness. The higher employment rates in occupations requiring the least skill and the fact that net deficits of workers exist in the highest skill categories indicate the importance of skill imbalance in joblessness.

The household survey revealed that racial minorities, which form a higher portion of the city's labor force than of the nation's, experienced rates of unemployment significantly higher than nonminorities, regardless of skill level, education, or any other factor. Such a finding can be explained by the persistence of informal systems of discrimination among employing establishments, unions, and job finding agencies. This study was not designed to identify the existence of such patterns; a substantial body of evidence has been assembled throughout the nation in the past two years which indicates that this is a significant factor in minority unemployment.\*

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\* See Louis A. Ferman, Joyce L. Kornbluh, and J. A. Miller, ed., Negroes and Jobs, 1968, University of Michigan Press, Ann Arbor.

Table 4

EXPERIENCED LABOR FORCE BY OCCUPATION, COLOR, AND SEX  
OAKLAND, CALIFORNIA  
1966

Occupation	Male		Female		Total
	White	Nonwhite	White	Nonwhite	
Professional	9,321	1,590	6,588	1,816	19,315
Managerial	11,195	1,865	3,450	608	17,118
Clerical	6,975	2,959	19,425	6,440	35,799
Sales	4,778	948	3,947	603	10,276
Craftsmen	12,732	4,368	396	174	17,670
Operatives	9,171	7,352	3,102	2,916	22,541
Private household	210	--	2,630	4,640	7,480
Service*	4,294	4,454	3,808	5,864	18,420
Laborers	4,933	6,009	60	430	11,432
Total	63,609	29,545	43,406	23,491	160,051

\* Except private household.

Source: 701 Household Survey.

## V THE OUTLOOK

The outlook for the unemployed in Oakland depends on both the future size of the labor force living in Oakland and future demands for workers within the City of Oakland and in the surrounding territory that makes up the Oakland job market area. Both labor supply and labor demand depend, in turn, on a number of independent factors.

The supply of labor in Oakland reflects not only future patterns of migration but birth rates and the different propensities of men, women, and youth to participate in the economic life of the community. The need for labor in the Oakland job market area depends not only on market demands for goods and services produced in the community but additionally on technological developments in the various industries and on the locational advantages of alternative sites where the same goods or services could be produced.

More specifically, the future supply of labor is estimated as a function of projections of population and of labor force participation, while future labor demand reflects projections of future job levels. SRI prepared projections of Oakland's population and of the number of jobs expected to locate in Oakland in connection with other parts of the 701 program, and the methodology of these projections is described in detail in the technical reports of those substudies.

These reports stated and it will be emphasized here that economic projections ought to be regarded not as what necessarily will happen at a future time, but rather as what will represent a statement of the logical outcome of a set of economic assumptions that, hopefully, represent the best insights currently extant on factors affecting the future of Oakland. To the degree that these assumptions are proven wrong, the forecasts also could be invalidated. However, such risks are normally assumed and taken in many decision-making situations involving uncertainty, ranging from petroleum refining to satellite communication. Forecasts of social phenomena often require an added dimension, namely, that social planners typically make forecasts not to foresee but to alter the future.

Nowhere is the problem better illustrated than in the population and employment projections. In Oakland, for example, the net outcome of assumptions and inputs of this study is a labor supply moving farther out

of balance with local demand for labor. Such a finding will not and must not be allowed to become an actuality. Public policies must be implemented to alter one of the economic variables that lead to this development. Therefore, the purpose of Section VI is to provide details on the dimensions of these variables as a basis for realistic policy development.

#### The Oakland Labor Force (1966-85)

Only a slight growth is expected in the Oakland labor force between 1966 and 1975, which is about a 6,000 increase, or a 3.5 percent rise compared with a 14 percent rise in resident population during that time. However, significant shifts in the composition of the labor force are expected as indicated in Table 5. An additional 20,000 persons under the age of 35 will be in the labor force, and there will be a drop of about 14,000 above that age. The drop in the older age group suggests the loss of the most experienced sector of the local labor supply that fills the bulk of the managerial and administrative jobs. This decline reflects in part the outmigration of whites and, in part, the low birth rates of the 1930s which result in a smaller population for this age category.

While the total number of men in the labor force should stay about the same, the number of women is expected to rise, reflecting the projected increase in the nonwhite population of the city. Nonwhite women have experienced significantly higher labor force participation rates than white women, and although this difference is expected to diminish it will still be evident a decade from now. If present migration and birth trends continue, the number of nonwhites in the Oakland labor force will rise by about 30,000 and will nearly equal the number of whites.

By 1985, a fairly sharp upswing in the labor force will probably have occurred, which is an increase of more than 40,000, or 25 percent over the preceding decade. However, total population will rise by some 37 percent over this period. As is apparent from Table 5, the greatest increases will occur in the prime working age categories from 25 to 45, closing the gap created a decade earlier. Nonwhites will exceed whites in the working population by about 80,000, if the forecast assumptions are correct.

#### Labor Demand in the Oakland Job Market Area (1966-85)

The projection of jobs for the Oakland job market area (Alameda County) indicates a steady growth in the coming decade, increasing by



about 19 percent to just under half a million in 1975. To provide a basis for assessing the implications of this job growth, the projections of jobs by industry were converted to projections of jobs by occupational category, as shown in Table 6. The implications of technological change on the area economy are seen clearly in the sharp increase expected in the number of clerical and professional workers. Relatively smaller growth is anticipated for sales and blue collar workers.

Table 6  
TOTAL JOBS LOCATED IN THE OAKLAND JOB MARKET AREA  
(ALAMEDA COUNTY) AND IN THE CITY OF OAKLAND  
1966-1985

	<u>1966</u>	<u>1975</u>	<u>1985</u>
Oakland job market			
Professional	79,707	98,677	123,877
Managerial	25,970	32,961	43,602
Clerical	71,513	92,995	126,736
Sales	35,236	39,705	43,693
Service	55,598	67,141	81,284
Blue collar	<u>149,176</u>	<u>163,521</u>	<u>187,908</u>
Total	417,200	495,000	607,100
Oakland city			
Professional	26,344	31,753	40,734
Managerial	14,367	15,399	17,568
Clerical	37,552	42,670	52,517
Sales	18,706	18,256	17,993
Service	24,600	26,536	30,135
Blue collar	<u>61,431</u>	<u>59,686</u>	<u>65,153</u>
Total	183,000	194,300	224,100

Source: Stanford Research Institute.

Labor Demand in the City of Oakland (1966-85)

Jobs located within the City of Oakland are also expected to grow although at somewhat slower rates than in the entire job market area

(see Table 6). An increase of some 11,000 jobs is expected by 1975, a gain of 6 percent. However, significant shifts in the types of occupational requirements are expected in the city that are greater than in the job market area as a whole. The trends in the types of occupational requirements of employers within the city reflect not only technological shifts but the continuing transition from production to office activities, as shown in the following tabulation.

	Percent Change <u>1966-75</u>
Professional	+20.5
Managerial	+7.2
Clerical	+13.6
Sales	-2.4
Service	+7.9
Blue collar	-2.8
Total	+6.2

The greatest growth is seen in professional jobs, followed by clerical, managerial, and service jobs, while blue collar and sales jobs will show moderate declines.

A higher rate of increase is expected in Oakland in the decade between 1975 and 1985 as growth accelerates in the transport sector and as the fast growing sector becomes a larger part of the total economy. The occupational shifts projected for the preceding period will continue.

#### Implications for the Next Decade

A number of variables make it risky to draw conclusions about human resources utilization over the long run from local projections of the labor force and labor demand. A key problem is predicting the future occupational composition of the local labor supply. Because of the considerable problems encountered in making these predictions over long periods of time, the analysis is limited to the period 1966-75, and these results are tested briefly against the projections of demand for this period.

#### Occupational Composition of the Labor Supply, 1975

The future occupational composition of the Oakland labor supply will depend significantly on the degree to which the educational and training

capacity of the city can be upgraded and economic, social, and other barriers to entry experienced by nonwhites can be eliminated. As indicated, restrictions on the occupational and educational mobility of nonwhites are the single most significant factor in the high unemployment experience of this group. Because the future labor supply of Oakland will be increasingly nonwhite, the future occupational profile of the Oakland labor supply depends heavily on the future occupational mobility of nonwhites.

The projections of labor supply shown in Table 7 are based on the assumption that the nonwhite labor force in the next ten years will increase its participation in better paying jobs at the same rate experienced in the past decade. This assumption is clearly conservative, for it is apparent that greater efforts will be made to provide education, training, and business opportunities for nonwhites in the coming decade. However, the impact of these efforts cannot be foretold, and the conservative assumption has the virtue of showing the magnitude of additional effort needed.

The greatest increase foreseen in the 1975 labor supply is in service workers, for which a gain of nearly 20 percent is projected. The next largest increase is in clerical workers, followed by managerial and professional workers and operatives, as shown below.

<u>Occupation</u>	<u>Percent Change 1966-75</u>
Professional	+7.4%
Managerial	+11.3
Clerical	+14.6
Sales	-13.9
Craftsmen	-8.6
Operatives	+7.5
Private household	-13.2
Service*	+19.5
Laborer	-12.7
Total	+5.3

The greatest decline foreseen is in the number of laborers, salesmen, private household workers, and craftsmen.

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\* Except private household.

Table 7

EXPERIENCED LABOR FORCE BY OCCUPATION, COLOR, AND SEX  
OAKLAND, CALIFORNIA  
1975

Occupation	Male		Female		Total
	White	Nonwhite	White	Nonwhite	
Professional	9,059	3,125	5,171	3,397	20,752
Managerial	10,598	2,727	4,423	1,312	19,060
Clerical	7,012	6,116	15,515	12,391	41,034
Sales	2,815	1,857	3,174	1,004	8,850
Craftsmen	8,702	7,113	71	270	16,156
Operatives	5,218	12,595	1,748	4,671	24,232
Private household	51	--	2,925	3,513	6,489
Service*	3,481	6,025	2,247	10,268	22,021
Laborers	4,044	5,246	36	656	9,982
Total	50,980	44,804	35,310	37,482	168,576

\* Except private household.

Source: Stanford Research Institute.

Relationship of Labor Supply and Demand, 1975

Although the local jobs will exceed those of the local labor supply in the coming decade, disparities in the skill mix of local demand and of the resident labor supply will probably persist, as the tabulation below indicates. The projected increase in service and clerical workers would appear to outstrip the increasing demand, while the demand for blue collar workers will diminish faster than the supply.

	<u>City of Oakland</u>		<u>Oakland Job Market</u>
	<u>Labor Supply</u>	<u>Labor Demand</u>	<u>Labor Demand</u>
Professional	12.3%	16.3%	19.9%
Managerial	11.3	7.9	6.7
Clerical	24.3	22.0	18.8
Sales	5.2	9.4	8.0
Service	16.9	13.7	13.6
Blue collar	<u>30.0</u>	<u>30.7</u>	<u>33.0</u>
Total	100.0%	100.0%	100.0%

This structural effect would indicate an increase in joblessness in this period. Such an effect could be offset by complementary increases in blue collar, service, and clerical jobs in the outlying areas of the Oakland job market. The outlying area appears to provide a better job market for Oakland labor supply in 1975 than the city only in the case of blue collar workers, however.

## VI HUMAN RESOURCES STRATEGIES

There are two basic public policy approaches to the problem of high level structural unemployment, underemployment, and consequent low income in a central city such as Oakland. One is the so-called income strategy whereby family income is raised by a negative income tax, family allowance, or other form of guaranteed income. Such a strategy has received much attention, and a number of compelling arguments in favor of it have been offered. Among them is that no extensive expansion of existing government institutions is required and freedom of choice of individuals is maintained; families that receive allowances will decide how money is to be spent.

A second approach is the so-called services strategy, in this case, that of providing services necessary to ensure that the jobless achieve meaningful employment on the most favorable terms possible. A successful city--services strategy has a serious drawback if confined to a single city--services attract recipients. A successful job program will attract jobless migrants, and further, service programs typically require cumbersome bureaucracies to operate them.

However, there are certain unquestionable advantages to the latter in the employment area. Public funds spent on income supplements are simply transfer payments without effect on output, while a program that puts the jobless in gainful employment adds to output. To the degree that funds expended result in enhancing workers' skills, they may be viewed as a capital investment.

Service strategies for improving employment opportunities for jobless workers in central cities fall into the following basic categories: (1) training programs, whose objective is preparing workers for jobs available in the labor market for which they do not currently qualify; (2) employment assistance programs, whose objective is assisting the workers to find jobs that exist in the local labor market for which he is qualified; and (3) economic development programs, whose objective is creating new jobs through additional investment accessible to the unemployed, thereby reducing aggregate demand unemployment.

Three other possible policy approaches have received attention; they are to (1) improve the access from the central city to suburban areas where the bulk of new employment opportunities are being created through

improvement in transportation, (2) facilitate the access to housing in suburban areas, and (3) reduce migration of the jobless into central cities by improving economic conditions in the source areas of the migration streams. The first of these approaches, improved transit access to jobs, currently is under study by the city. The preceding section concluded that structural factors contributing to unemployment would continue to operate on the Oakland job market in the coming decade. It is the contention of this report that structural unemployment is amenable to solutions at the local level, albeit, with heavy infusions of federal funds. For this reason, a review of approaches aimed at dealing with the structural issue--training and employment assistance--was undertaken. These two approaches in combination are generally referred to as manpower programs.

### Manpower Programs and Policies for Oakland

The size and scope of manpower programs in Oakland has increased enormously since 1960. Further, the administrative complexities have grown to the point that persons directly concerned with programs are often unaware of related or conflicting activities of other agencies.

The complexity of programs can be traced to their rapid rate of growth and the fact that, while most programs ultimately receive their funds from federal sources, state and local agencies carry them out.

Because fund sources lie with the federal government, the responsibility for lack of coordination, ultimately, also lies at the federal level (see Figure 3).

Programs in Oakland are described below, together with an indication of their scope and comments of attempts at coordination.

#### Manpower Development and Training Act: Title II

Oldest of the federally supported occupational retraining programs, the Manpower Development and Training Act of 1962, focuses on both the problem of persistent high levels of joblessness in certain sectors of the economy and the problem of skill shortages resulting from technological advancements. Training under Title II is designed to provide skills that are in demand in the local job market to workers that are unemployed, underemployed, or likely to become underemployed because of the lack of needed skills. Two types of programs are carried out under this title--institutional and on-the-job.

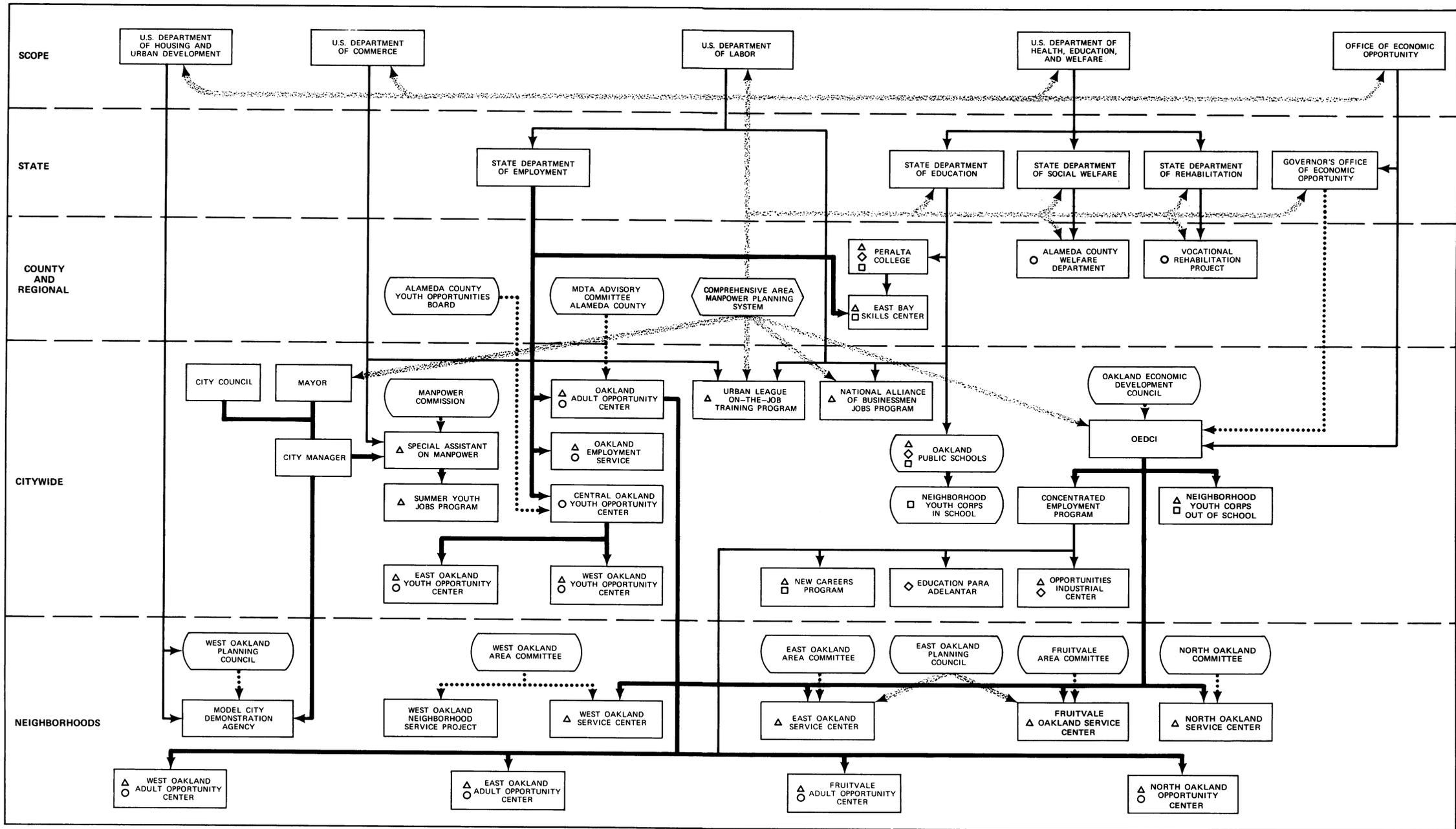


Fig. 3 FEDERALLY FUNDED MANPOWER SERVICES IN OAKLAND

MDTA Institutional Training. Institutional training programs provide occupational training in a classroom setting, using either public or private educational facilities. The State Department of Employment, which determines that a need exists for a specified number of workers with a particular skill and that workers who receive training in that skill will have a reasonable expectation of finding employment in the local labor market, initiates the training programs. This determination of training need is based on contacts with local employing establishments. Institutional training courses have been authorized for occupations such as auto mechanics, welders, utility workers, and cooks. Training under this program is given at the East Bay Skills Center, currently being operated by the Peralta Junior College District. Once a training need has been established, the State Department of Education selects an educational institution based on interest and qualifications.

The local Department of Employment office is responsible for the selection and referral of trainees to the class. Trainees must meet any minimum educational or aptitude requirements (such as manual dexterity for assemblers) that are essential to successful job performance. Trainees receive an allowance of \$52 per week while in training if they are unemployed or underemployed, heads of families, and have at least one year's experience in gainful employment. Unemployed and out of school youths 17-22 receive allowances of \$20 per week. Trainees also receive additional stipends for dependents, for travel costs, and for certain other situations.

MDTA On-the-Job Training. The on-the-job training program combines instruction with work experience to qualify a trainee for a particular occupation. Trainees are hired as employees at entry wages and are trained at the job site by fellow employees or special instructors. The employer pays the trainee wages for productive work done in accordance with prevailing standards and practices. MDTA funds are provided to cover the cost of instruction and other training-related expenses.

Emphasis in the OJT program currently is directed to providing training opportunities for members of minority groups. OJT funds available to this area have been contracted to a nonprofit organization, the Urban League, which is authorized to negotiate with individual employers to train unemployed or underemployed individuals referred to them. The Department of Employment screens referees for adherence to minimum requirements. These subcontracts for training are often small and for one or two trainees. The occupational variety is wide, covering many mechanical, assembling, material handling, and office jobs. Employers in the area receive \$25 per week per trainee from federal MDTA funds.

MDTA--Section 241. Because Oakland is a redevelopment area as a result of persistent high unemployment, unemployed persons residing in the city may be eligible for training and allowances under Section 241 without the restrictions that apply to other sections of the act. The Economic Development Administration of the Department of Commerce typically initiates projects under this title in conjunction with its program of stimulating new employment through loans and grants. Project approval, screening referral training, and allowances are administered through DOC, HEW, and their local counterparts in a manner identical to other institution MDTA projects. Allowances may be paid for as long as 104 weeks, but it has been the practice under this title to restrict programs to 36 weeks.

#### Concentrated Employment Program (CEP)

The Concentrated Employment Program is an outreach program aimed at identifying persons in poverty areas who are most in need of manpower services and providing all necessary support required to return these persons to gainful employment. Enrollees are referred either to jobs, training programs, or to schools. Support services include child care, medical and legal aid, and transportation. The unique features of this program include a coordinated, intensive, but individualized approach to applicants' needs; specialized job solicitation with employers; and follow-up assistance within an administrative framework that permits a flexible and innovative programmatic approach. The principal legislative source of funds is the Economic Opportunity Act but with MDTA providing sources of additional funding.

CEP contracts are let by the U.S. Department of Labor, with a single sponsor in each area. In Oakland, as in most cities, the local CAA (Community Action Agency) has been the sponsor, and the Department of Employment provides screening, testing, counseling, and job development services. Eligibility for this program is limited to residents of geographically defined target areas, with incomes below the poverty level.

Another function that the CEP program is expected to fulfill is that of coordination of manpower services in the target area of the city. In some cities, the CEP project has served as the framework for the manpower component of the Model Cities program.

## National Alliance of Businessmen--Job Opportunities in the Business Sector (JOBS)

The NAB (National Alliance of Businessmen), an independent, non-profit corporation, has been charged with the task of gaining a greater commitment from the private sector to hire and train the hard-core unemployed. The principal funding source for this program is from the MDTA monies administered through the Department of Labor in the form of the JOBS program (Job Opportunities in the Business Sector).

Eligibility is now restricted to residents of CEP target areas. Pledges are sought from private employers located in the surrounding metropolitan area for temporary summer jobs and full-time permanent jobs for unemployed adults and out of school youths. Employers can receive reimbursement for allowable costs incurred in the training of the unemployed.

## Work Incentive Program (WIN)

The purpose of the WIN (work incentive) program is to break the cycle of family dependence on public assistance by returning persons 16 and over in families receiving welfare payments to productive employment. This goal is to be reached through a coordinated program of social and manpower services, administered primarily through the Department of Employment. This replaces the manpower programs formerly operated by the County Welfare Department. WIN referrals typically are sent to other manpower programs such as MDTA institutional or JOBS. Funding recently has been authorized for this program. Activities are expected to be under way shortly.

## Neighborhood Youth Corps (NYC)

Included under the heading of NYC (Neighborhood Youth Corps) are three similar types of programs--summer, out-of-school, and in-school. Their common purpose is to make it possible for youths 16 to 21 to return to school, stay in school, or prepare them for more meaningful vocational training. Rarely do NYC trainees move directly into meaningful employment. Eligibility is limited to members of low income families who need income to remain in school.

The program is funded under Title I of the Economic Opportunity Act and administered by the Bureau of Work Training Programs of the Department of Labor. Sponsors of NYC in Oakland include the Mayor's Committee on Youth and the OEDCI.

### Job Corps (JC)

The Job Corps provides basic and vocational education to out of school, unemployed males ages 16 through 21. Recruitment and screening are provided through the Department of Employment. Trainees from this area typically are enrolled at Camp Parks in Southern Alameda County.

### The Oakland Economic Development Council, Incorporated (OEDCI)

Oakland's OEO funded Community Action Agency, the OEDCI, is a direct descendant of an interagency effort that began a decade ago and that operates as an arm of city government under Ford Foundation funding in the early 1960s as the Oakland interagency project. It continued under OEO (Office of Economic Opportunity) funding as the Department of Human Resources of the City of Oakland, the CAA (Community Action Agency), until a year ago when it became a separate nonprofit corporation, the OEDCI.

Currently, the OEDCI is the prime contractor in Oakland for the \$3.6 million CEP manpower program. This organization also administers the NYC program in Oakland.

### The Oakland Manpower Commission

In January 1967, the Oakland City Council established a Manpower Commission at the request of the Mayor. The purpose of this Commission was to coordinate federal, state, and local employment programs and to develop a comprehensive program for recruitment, training, and placement of the unemployed. Eighteen commissioners, primarily representing local business and labor unions were appointed to the Commission. An executive secretary was provided who also would assist the City Manager on manpower. EDA agreed to provide the funds to cover personnel costs for this position.

This Commission has largely failed in its task of providing overall direction to manpower programs, because it did not sufficiently represent all sectors of the community with a legitimate stake in the direction of manpower programs. Both organized labor and poverty neighborhoods found fault with the representativeness of the board.

The Commission's failure to develop concrete programs and objectives must also reflect a lack of federal funding support for additional staff. While EDA was willing to provide support to this body, other federal agencies were less eager. Some support was provided through the OEDCI-

controlled CEP in its first year of operation but not in its current (fiscal 1969) year. With the swing in emphasis to the private sector, the NAB-JOBS program used the resources of the executive secretary who also coordinated a very substantial summer youth job program.

#### Cooperative Area Manpower Planning System (CAMPS)

The CAMPS program is a technique to foster coordination in planning and action at the local level among federal agencies that have responsibilities in the manpower field. Among the agencies signatory to the agreement are the Departments of Labor; Commerce; Health, Education, and Welfare; Housing and Urban Development; Agriculture; Interior; the Office of Economic Opportunity; and the Civil Service Commission.

As is apparent from the foregoing program review, local agencies draw their funding from various federal agencies under varying legislative mandates, each of which imposes its own restrictions on the use of funds. Local response to federal stimulus has been unpredictable, time and content of programs have been uncoordinated, and effort has been duplicated, especially in the planning area.

This program has functioned for more than a year for the Oakland-Berkeley Area. Also participating are local representatives from the California Departments of Employment, Education, Social Welfare, and the Governor's Office of Economic Opportunity, the Alameda County Welfare Departments, the Berkeley Economic Opportunity Organization, the Oakland Economic Development Council, Inc., and representatives of the Mayors of the two cities.

Activities of this program have consisted primarily of meetings of these representatives and the development of a statement of manpower objectives. The planning consisted of a cataloging of the plans of the component membership. The only attempt at synthesis was found in a section on administrative and operational linkages that lists formal and informal arrangements for cooperation. A program model simulates the possible pathways from one program to another (see Figure 3). However, there is no indication of any coordination beyond each agency sharing their proposed program information, nor is there evidence that any programs or plans were altered as a result of the information received.

The federal budget for fiscal 1969 provided for \$11 million to support CAMPS nationally and to help establish it on a long term basis. To date, the only support has been in the form of a small amount of staff work supplied by the Department of Employment. It is certain that a coordinating effort that has neither funds nor legislative mandate will have minimal impact.

## Expenditures on Manpower Programs in Oakland

Several evaluations of the effectiveness of various manpower programs in relation to outlays have been made and others are under way. These studies have concurred that while substantial returns accrue from investments in retraining, serious difficulties have been encountered in the process of transforming the hard-core jobless to job holders. Problems include identifying fields in which job opportunities occur; dealing with vested interests in training and jobs, including schools and unions; lack of literacy on the part of the trainees; and reluctance on the part of employers to accept trainees. The latter was probably the major factor in the lack of success of the earlier manpower programs. Two possible explanations may be offered for employer failure to accept trainees; a dissatisfaction with the quality of training and, because significant numbers of trainees are members of racial minorities, persistence of informal patterns of racial discrimination.

The scope of programs funded for fiscal 1969 would, at first glance, appear to be substantial. Of the \$2.1 billion requested for manpower programs nationally, Oakland's share is about \$20 million (see Table 8).

Table 8

FEDERAL BUDGET FOR MANPOWER PROGRAMS  
OAKLAND AND UNITED STATES  
(Millions of Dollars)  
Fiscal 1969

	<u>Oakland</u>	<u>United States</u>
Employment Service	\$ 2.0	\$ 315
MDTA institutional		
training	2.7	210
MDTA 241	1.7	22
MDTA OJT	.9	23
CEP	3.6	495
NAB	6.4	244
NYC	.5	361
JC	1.2	295
WIN	.5	100
Adult basic edu- cation	<u>.6</u>	<u>40</u>
Total	\$20.1	\$2,105

Source: U.S. Department of Labor.

An expenditure of some \$12 million and the provision of nearly 5,800 slots for adults, together with an additional 600 slots for youths, excluding summer programs, raises the number of slots to about 6,400. Such numbers, in comparison with the 13,000 unemployed in Oakland, whose idleness represents an economic loss of \$35 million a year, would appear to be substantial indeed. However, great caution must be exercised in interpreting these figures. The total number of slots may far exceed the number of persons prepared for employment, because many of the enrollees who complete one program pass into other programs rather than enter the job market. Thus, an NYC trainee may subsequently go on to MDTA institutional training and finally an NAB job. Further, it is likely that the federal government will recapture some part of this \$2.0 million because of the failure of individual projects to achieve targets.

Based on the CAMPS forecasts of program inputs and output, estimates of outputs to the job market from each program were developed that suggest that the total output to the job market will not exceed 4,000. This figure also requires modification. Experience has shown that each of these programs experience dropout and failure rates. For example, some 30 percent of MDTA graduates fail to find any employment in the six-month period following the completion of their training. Programs containing employer commitments to train, such as MDTA-OJT and NAB-JOBS, have typically failed to find sufficient employer commitments to use all their budgeted funds. Based on these considerations, it does not seem unreasonable to speculate that the net impact of fiscal 1969 funding will result in the return to employment of not more than 2,000 individuals. The output should be more than doubled to keep joblessness below the 5 percent level.

#### Public Policies and Programs for Human Resource Development

The report thus far has reviewed the major factors underlying the high level of joblessness in Oakland and likely developments in the coming decade. It was shown that the magnitude and consequences of unemployment make it a matter of major policy concern for the city. Recognizing that many of the solutions to the problem lie beyond the resources of the city, it is incumbent on the city to give full recognition to the problem; making employment a clear public policy objective will facilitate the coordination of all branches to this end.

It is suggested that the city focus primarily on the structural factors in unemployment--namely, the persistence of racial discrimination and the growing disparity between employee requirements and the available

labor supply. Discrimination must be dealt with, because it is clearly a substantial issue in Oakland, and, without progress in this direction, other programs also will fail. Programs to train minorities for better paying jobs will fail if employers continue to find reasons not to hire them. Programs to redress the imbalances between supply and demand also should be of concern to the city, for, although funds for such programs must come from outside the city, these programs must be tailored to local need and goals. The city can obtain the maximum impact from these funds by ensuring that federal and state programs take these concerns into account.

#### Full Employment: An Explicit Objective of Oakland

It is recommended that the City of Oakland state that opportunity for employment in socially useful decent paying employment is a goal for all residents of the city.

The implementation of this goal will require resources beyond the limits of the city budget. There are a number of resources within the city that, if coordinated, would have a noticeable impact on the problem. The city is an employer, a purchaser of goods and services, and a licensor of services. Through the exercise of these powers, the city can have an impact on employment. In particular, the city can insist on maximum use of jobless residents and affirmative actions to recruit racial minorities.

#### A Human Relations Program

Additional actions can be taken to reduce racial barriers to employment in the private sector within the city. Although state and federal laws prohibit employment discrimination by unions, large employers, and government contractors, these agencies have neither staff nor powers to deal with the problems posed by the high incidence of joblessness or the concentration of racial minorities found in this city.

Therefore, it is recommended that the City of Oakland develop a human relations program responsible to a publicly appointed commission, established as an agency of city government. Such a program would supplement the existing activities of federal and state agencies. Its principal purposes would be to ensure enforcement by means of education and mediation. The program would assume the city's responsibility of local review of compliance with federal equal opportunity provisions. The agency would be staffed with specialists who would mediate complaints

and inform employers of their responsibilities under the ordinance, as well as making them aware of the recruitment and training programs from which they could benefit. The Human Relations Commission should be appointed by the mayor to be broadly representative of the community, including the poor, the unemployed, and the racial minorities.

#### A City Manpower Plan for Oakland

As stated in the introduction, planners historically have been concerned more with physical issues than social ones and of those social issues, unemployment and manpower have received little attention. This reflects, in part, the traditions of the discipline and also the assumption that the latter were beyond the control of cities.

To test this assumption, it is amply documented in the preceding pages that the bulk of the unemployment problem is indeed due to causes beyond the control of the City of Oakland that are not amenable to local solutions but rather to massive infusions of federal money. Several points suggest themselves as the rationale for local planning. Coordination in federal manpower program activity now falls under the CAMPS, the Mayor's Manpower Commission, and the various advisory bodies--MDTA, CEP skill center, and so forth.

Small amounts of staff work are supplied by the Department of Employment for CAMPS, by the Advisory Committees to MDTA, and by the OEDCI for CEP. Staff for the Mayor's Manpower Commission has been made possible by a small grant from EDA, which was scheduled to terminate at the end of 1968. To carry out a coordinative function successfully, a body must have legislative mandate--that is, the authority to disapprove projects--or must carry great weight because its constituents represent major sectors of interest and concern. None of the coordinative bodies described thus far fits these requirements. Another way in which influence can be expressed is through the planning function. The body that can identify the needs and objectives and specify the alternatives for achieving them will have significant influence over program content. Lack of any significant staff capability has meant that no real planning has been accomplished.

It is therefore recommended that the City of Oakland establish a manpower planning unit. Such a unit would work closely with federal and state agencies, and it could receive support from these agencies in the form of funds or loaned staff, or both.

The functions of such a unit would be to:

1. Develop specific manpower objectives and strategies. The quality of the output of the local public school system, which is an issue outside the scope of the 701 study, nevertheless could have great impact on the character of the future labor supply. An analysis of the issue might well indicate that the highest priority should be placed bringing the output of local school in line more with the expected skill needs of the local job market--such as in technical, managerial, clerical, and sales fields.
2. Identify programs and funds available from federal, state, and private sources for human resources activities.
3. Maintain a continuing review of costs and effectiveness of ongoing human resource programs.
4. Based on the foregoing, make recommendations for new programs and for the optimum program mix. As a step in this direction, the city, through the manpower planning unit, should initiate the development of the Oakland CAMPS plan for the coming fiscal year.

Appendix A

PROJECTION OF THE RESIDENT LABOR SUPPLY

## Appendix A

### PROJECTION OF THE RESIDENT LABOR SUPPLY

#### Method of Approach

The labor supply projection is based on the projections of resident population developed for the housing study.\* The first step was to develop projections of labor force by race and sex from population projections. This was accomplished by projecting labor force participation rates for Oakland and applying them to the age-color-sex specific population projections, as shown in Table A-1. Initially, projections of labor force were prepared from two sets of population projections, the high nonwhite-low white and the low nonwhite-low white assumption projections. The second set produces a declining labor force by 1975 (see Table A-2), which appears unreasonable. The subsequent analysis concentrated on the higher projections yielded by the former set of population projections. The technique for the conversion of population to labor force projections is standard, having been used by the author of this report and many others for similar purposes.†

However, the projected distribution of the labor force by occupational category represents a methodological innovation. These projections are based on observed differences in the occupational distribution of white and nonwhite males and females and a set of assumptions about their rates of convergence. In general, it was assumed that upward occupational mobility of nonwhites would continue to 1975 at the same rate as that experienced between 1960 and 1966.

#### Projection of the Labor Force

Projections of population by age, color, and sex were multiplied by specific age-sex-race projected labor force participation rates to produce projections of total labor force. The projections of labor force

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\* See R. G. Spiegelman, Housing and Population Projections for Oakland, Stanford Research Institute, 1968.

† See D. H. Mayall, "Methodology of the Manpower Resources of the San Francisco Bay Area," Comsat 65-2.

Table A-1  
 LABOR FORCE PARTICIPATION RATES BY AGE, COLOR, AND SEX  
 OAKLAND, CALIFORNIA  
 1966-1985

<u>Age and Sex</u>	<u>White</u>			<u>Nonwhite</u>		
	<u>1966</u>	<u>1975</u>	<u>1985</u>	<u>1966</u>	<u>1975</u>	<u>1985</u>
<b>Male</b>						
14-19	.490	.470	.460	.480	.465	.455
20-24	.968	.950	.930	.908	.915	.920
25-34	.974	.970	.970	.962	.966	.970
35-44	.976	.980	.980	.934	.940	.950
45-64	.911	.910	.910	.913	.910	.910
65+	.187	.165	.145	.130	.123	.115
<b>Female</b>						
14-19	.456	.375	.350	.300	.300	.305
20-24	.598	.600	.600	.631	.620	.610
25-34	.608	.540	.480	.590	.540	.480
35-44	.505	.510	.515	.641	.620	.610
45-64	.486	.540	.555	.616	.610	.590
65+	.105	.100	.100	.121	.117	.104

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Source: Stanford Research Institute.



participation rates were developed as part of this study. Benchmark data on labor force participation by age, color, and sex were developed from the 701 Household Survey. Future rates were projected from these, based on national projections of labor force participation developed by the U.S. Bureau of Labor Statistics.\*

#### Distributing the Projected Labor Force by Occupation

Approximating the future occupational distribution of the labor supply in a city such as Oakland whose labor force has an entire metropolitan region as an area of job search is a complex task. A number of factors affect the occupational profile of the work force--the nature of employer demand, the output of educational institutions, migration patterns, and many other variables. Because nonwhites form a significant portion of the Oakland labor force, the factors causing the very substantial differences between the occupational profiles of whites and nonwhites outweigh all other factors affecting the occupational structure of the future labor supply in Oakland.

More specifically, nonwhites are heavily concentrated in nonprofessional and low skilled occupations, reflecting social and political barriers to occupational mobility not experienced by whites. Even in the absence of these barriers, the white and nonwhite profiles would not converge immediately; much of the preparation and training for higher skilled jobs must occur near the beginning of an occupational career. Significant convergence between white and nonwhite profiles probably will not be evident for a generation. Additionally, there is evidence that the influence of parental vocational choices is sufficiently strong that differences could persist through several generations.†

Because of the complexity of the causal factors and because the white-nonwhite differences appear to outweigh all others, separate occupational distributions of the white and nonwhite labor force in Oakland have been projected, based on the assumption that factors affecting the distributions of each group will continue to change in the same direction as experienced between 1960-66. This is a conservative assumption for nonwhites, for it is clear that the pace of upward occupational mobility is accelerating. Nevertheless, this author feels it is a reasonable basis for projections for Oakland for the time frame under consideration. It highlights

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\* See Sophia Cooper and D. F. Johnston, "Labor Force Projections by Color," MLR, October 1966.

† See Stanley Lieberman and Glenn V. Fuguitt, "Negro-White Occupational Differences in the Absence of Discrimination," American Journal of Sociology, September 1967, p. 199.

the fact that the principal factor inhibiting the upgrading of the labor supply in Oakland is the barriers to the Negro. Stated another way, the labor supply of Oakland can be upgraded to meet employer requirements only as fast as the barriers to economic and educational opportunities can be removed.

#### Projecting Employed Residents by Occupation

The first step in developing the occupational distribution by race was to project employed residents in Oakland by occupation, color, and sex. Benchmark data were provided from the Censuses of Population in 1950 and 1960, while the 701 Household Survey provided data for 1966. The rates of change between 1960 and 1966 were used to project the distribution to 1975 for both whites and nonwhites (see Table A-3). In occupations where rapid shifts occurred between 1960 and 1966, such as the sharp decline in nonwhite male laborers, the rate of change was reduced, in line with national trends. It should be noted that the shifts in the occupational distribution in Oakland reflect changes due to migration as well as to occupational mobility and that this projection technique assumes that these changes will continue in the same direction and at the same rate. Thus, the drop in proportion of sales workers and operatives may reflect a movement out of the city of persons in these occupations as much as a shift out of these occupations into other categories. Finally, it is clear that this simplistic projection technique can lead to absurdities over long periods of time. Longer projections could be approximated better by means of a Markov model, using the annual rates of change to generate a matrix of transition probabilities.

#### Estimating the Occupational Distribution of the Labor Force

To arrive at a distribution of the total labor force in Oakland, it was necessary to allocate the unemployed. It was assumed that the unemployed would have the same occupational distribution in 1975 as in 1966. For a percentage distribution of the total labor force in 1975, the net changes between 1966 and 1975 in the distribution of employed residents were added to the distribution of total labor force by occupation in 1966. This distribution was then applied to the projected total labor force figures for white and nonwhite males and females (see Table 7).

Table A-3  
 PERCENTAGE DISTRIBUTION OF EMPLOYED RESIDENTS  
 BY OCCUPATION, COLOR, AND SEX  
 OAKLAND, CALIFORNIA  
 1960-1975

Occupation	White			Nonwhite		
	1960	1966	1975	1960	1966	1975
<b>Male</b>						
Professional	12.7%	14.8%	17.7%	4.9%	6.0%	7.6%
Managerial	14.2	18.1	21.1	5.3	6.8	7.0
Clerical	9.2	11.0	13.7	8.4	10.8	14.4
Sales	9.9	7.5	6.0	3.2	3.1	4.0
Craftsman	22.0	20.0	17.0	13.6	14.4	15.4
Operatives	18.0	14.2	10.0	22.7	25.1	28.0
Private household	0.0	0.3	0.2	0.4	0.0	0.0
Service*	6.6	6.6	6.6	16.4	15.4	14.0
Laborers	<u>7.4</u>	<u>7.5</u>	<u>7.7</u>	<u>25.1</u>	<u>18.4</u>	<u>9.6</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Female</b>						
Professional	16.3%	16.0%	15.5%	7.8%	8.7%	10.0%
Managerial	5.5	8.5	13.0	1.6	2.4	3.5
Clerical	43.7	44.2	43.5	18.4	29.5	35.0
Sales	9.3	9.2	9.1	3.9	2.7	2.7
Craftsmen	1.4	0.9	0.2	0.7	0.7	0.7
Operatives	9.0	6.8	4.6	14.2	9.3	9.3
Private household	3.4	5.8	8.0	28.6	20.3	10.0
Service*	11.0	8.5	6.1	22.9	24.5	26.9
Laborers	<u>0.4</u>	<u>0.1</u>	<u>0.0</u>	<u>1.9</u>	<u>1.9</u>	<u>1.9</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* Except private household.

Sources: Stanford Research Institute; 701 Household Survey; and Census of Population.

Appendix B

PROJECTION OF LABOR DEMAND

## Appendix B

### PROJECTION OF LABOR DEMAND

#### Method of Approach

Projections of the number of jobs located in the City of Oakland and in the entire Oakland job market area, classified by occupation and thus comparable to the projection of labor supply, were required as part of this study. These projections were based on the projections of employment by industry developed as part of the 701 Economic Development Program.\* Jobs by industry projections were converted to jobs by occupation by an industry-occupation matrix. This use of industry-occupation matrixes, initially pioneered for the United States as a whole by the Bureau of Labor Statistics, has been applied successfully to regional studies by the author, as well as by Harms, Fishman, and others.†

#### The Industry-Occupation Matrixes

Matrixes of wage and salary jobs in 1966 in Oakland and for the Oakland job market area in five occupational categories and eight industry divisions were prepared from unpublished tabulations of the East Bay Manpower Survey. These matrixes of employment, cross-classified by industry and occupation, are referred to as structural matrixes. They were converted to coefficient matrixes by dividing employment in each individual cell,  $e_{ij}$ , by the sum of the rows  $E_j$ . This matrix therefore may be regarded as a percentage distribution of employment by occupation within industry.

The coefficient matrix reflects the occupational profile of each industry in 1966. The chief factors causing changes in it are innovations in industrial technology that reduce the proportion of production workers and increase the requirements for professionals and technicians.

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\* See R. K. Arnold, Economic Projections for Oakland to 1975 and 1980, Stanford Research Institute, 1968, Table 7.

† Louis T. Harms, A Manual for the Development of Estimates of Future Manpower Requirements for Training Purposes, Temple University, 1966; Leslie Fishman, et al., Methodology for the Projection of Occupational Trends in the Denver Standard Metropolitan Statistical Area, University of Colorado, 1966.

Institutional factors such as collective bargaining agreements that provide a barrier to reducing the number of production workers and lag time in training highly skilled workers have a braking effect on these rates of change. Estimates of the effects of these factors have been developed by the U.S. Bureau of Labor Statistics and used in projecting an industry-occupation matrix for the United States for 1975.

Projected coefficient matrixes for 1975 and 1985 for Oakland and the Oakland job market area were prepared based on rates of change between the 1960 and 1975 coefficient matrixes for the United States as a whole (see Tables B-1 and B-2). Rates of change in Oakland and the Oakland job market area were assumed to be the same as for the United States as a whole, and the time function was assumed to be log linear through 1985. Thus, annual rates of change computed from the U.S. coefficient matrixes were multiplied by the appropriate time factors for Oakland and used to form scale factor matrixes by which the 1966 coefficient matrixes are multiplied, element by element, to yield the projected coefficient matrixes for 1975 and 1985. Projected employment by industry in 1975 and 1985 provides row vectors. Post-multiplying the coefficient matrixes yields structural matrixes of employment classified by industry and occupation as shown in Table B-3. Sums of columns provide projections of employment by occupation.

Table B-1

PERCENTAGE DISTRIBUTION OF EMPLOYMENT BY OCCUPATIONAL CATEGORY  
 WITHIN INDUSTRY DIVISION, 1966-1985, OAKLAND, CALIFORNIA

	Construc- tion	Mfg.	Transportation, Communications, and Utilities				Retail	Finance	Service	Public	
			Wholesale	Wholesale	Wholesale	Wholesale				Adm.	All Other
Professional											
1966	14.1%	9.1%	3.5%	12.2%	5.7%	8.4%	36.1%	13.1%	14.5%		
1975	16.1	11.6	4.0	14.8	5.6	8.6	36.4	15.3	16.9		
1985	18.5	14.2	4.5	18.2	5.5	8.9	36.5	18.2	18.9		
Managerial											
1966	3.4	3.3	4.7	5.1	5.6	16.4	3.6	10.8	24.1		
1975	3.6	3.2	4.5	4.9	4.9	18.0	3.3	11.3	26.3		
1985	3.9	3.1	4.4	4.7	4.3	19.5	3.1	11.9	27.7		
Clerical											
1966	9.4	14.0	21.5	28.1	21.4	48.3	20.0	35.1	2.4		
1975	10.6	14.0	20.5	27.5	23.3	48.5	22.6	33.0	2.6		
1985	11.8	14.0	19.3	26.6	25.4	48.5	25.8	30.5	2.8		
Sales											
1966	0.4	6.8	0.7	19.8	33.2	17.1	1.3	0.6	12.1		
1975	0.4	6.8	0.7	18.5	31.6	16.5	1.3	0.6	10.5		
1985	0.5	6.7	0.7	17.1	29.7	15.9	1.1	0.5	8.9		
Service											
1966	--	1.5	1.9	3.4	18.5	4.0	29.2	14.7	24.1		
1975	--	1.3	1.7	2.9	18.7	2.8	27.4	15.9	23.7		
1985	--	1.0	1.4	2.4	18.9	1.8	25.3	17.0	22.8		
All other											
1966	72.7	65.3	67.7	31.4	15.6	5.8	9.8	25.7	22.8		
1975	69.3	63.1	68.6	31.4	15.9	5.6	9.0	23.9	20.0		
1985	65.3	61.0	69.7	31.0	16.2	5.4	8.2	21.9	18.9		

Source: Stanford Research Institute.

Table B-2

PERCENTAGE DISTRIBUTION OF EMPLOYMENT BY OCCUPATIONAL CATEGORY  
 WITHIN INDUSTRY DIVISION, 1966-1985  
 OAKLAND JOB MARKET AREA (ALAMEDA COUNTY), CALIFORNIA

	Construc- tion	Mfg.	Transportation, Communications, and Utilities				Retail	Finance	Service	Public	
			Wholesale	Public Adm.	All Other						
<b>Professional</b>											
1966	3.9%	3.1%	4.3%	5.2%	6.9%	14.5%	3.4%	8.9%	13.3%		
1975	4.5	3.8	4.8	6.4	6.7	15.0	3.5	10.5	14.0		
1985	5.3	4.8	5.5	8.1	6.3	15.5	3.6	12.5	14.7		
<b>Managerial</b>											
1966	8.5	7.9	3.6	10.5	5.0	10.5	43.8	23.5	25.1		
1975	9.2	7.9	3.5	10.0	4.3	11.6	42.2	24.7	25.1		
1985	10.1	7.7	3.3	9.4	3.6	12.8	40.1	25.8	24.7		
<b>Clerical</b>											
1966	8.3	10.5	23.8	25.6	17.3	48.1	18.5	26.6	1.8		
1975	9.4	10.7	22.7	25.5	18.9	48.5	21.4	25.0	1.8		
1985	10.8	10.9	21.4	25.3	20.8	48.7	25.2	23.2	1.5		
<b>Sales</b>											
1966	1.7	3.9	0.8	19.7	33.3	17.4	0.9	0.3	11.7		
1975	1.8	3.9	0.8	18.8	31.8	16.9	0.9	0.3	11.4		
1985	2.0	4.1	0.8	17.8	30.1	16.3	0.9	0.3	11.3		
<b>Service</b>											
1966	0.3	1.5	1.5	2.3	21.2	4.8	24.8	11.2	27.0		
1975	0.3	1.3	1.3	2.0	21.6	3.4	23.8	12.0	26.6		
1985	0.3	1.0	1.1	1.6	22.0	2.3	22.7	13.0	26.4		
<b>All other</b>											
1966	77.3	73.1	66.0	36.7	16.3	4.7	8.6	29.5	21.1		
1975	74.8	72.4	66.9	37.3	16.7	4.6	8.2	27.5	21.1		
1985	71.5	71.5	67.9	37.8	17.2	4.4	7.5	25.2	21.4		

Source: Stanford Research Institute.

Table B-3

**JOBS LOCATED IN THE OAKLAND JOB MARKET AREA  
BY OCCUPATION AND INDUSTRY  
(Alameda County)  
1975**

Industry	Professional and Technical					Blue Collar
	Professional and Technical	Managerial	Clerical	Sales	Service	
Construction	2,079	1,017	2,124	407	68	16,905
Manufacturing	6,794	3,268	9,202	3,354	1,118	62,264
Transportation, communications, and utilities	1,320	1,810	8,558	302	490	25,220
Wholesale trade	2,390	1,530	6,094	4,493	478	8,915
Retail trade	2,851	4,442	12,531	21,083	14,321	11,072
Finance	2,436	3,150	10,185	3,549	714	966
Services	52,961	4,392	26,857	1,130	29,869	10,291
Public administration	16,426	6,982	16,625	200	7,980	18,288
All other	11,420	6,370	819	5,187	12,103	9,600
Total	98,677	32,961	92,995	39,705	67,141	163,521

Source: Stanford Research Institute.