THE FUTURE OF ECONOMIC MOBILITY, WORKFORCE, AND INEQUALITY

A CALIFORNIA 100 ISSUE ROADMAP FROM RESEARCH TO ACTION

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California's economic performance is impressive on many counts. If it were a country, it would be the fifth-largest economy in the world, and the state's engines of innovation and productivity have long drawn entrepreneurial interest and labor talent from other states and countries. California also plays an out-sized role in shaping our nation's trade relationships, agricultural output, and tourism.

At the same time, the state's overall prosperity masks staggering levels of economic inequality. In a state where just 2 percent of the population holds 20 percent of the state's $6.3 trillion in net worth, housing is scarce, homelessness abounds, and fewer than half of Californians work in "quality" jobs that provide family-supporting wages and benefits. The state also faces worrying trends related to automation, an aging workforce, and workforce shortages in particular sectors like healthcare.

Some of the key drivers of income inequality in California are disparities in educational attainment. Those with college degrees continue to enjoy a significant premium in wages over those without college degrees, and the state continues to generate significant inequities in college attainment by race and region. California also has one of the worst poverty rates in the country and has seen a significant rise in the proportion of people who are working and struggling with poverty.

FROM RESEARCH TO ACTION

What will these challenges mean for current and future generations of Californians, and how can we make sure that California's future in economic mobility remains innovative, resilient, inclusive, sustainable, and equitable?

In May 2022, the California 100 Initiative released a policy and future scenarios report on economic mobility and inequality, with the **Stanford University Digital Economy Lab** and the **Stanford Institute for Economic Policy Research** as research leads. The research team sifted through reams of data and research to examine possible scenarios and policy alternatives for the future.

"California's economic leaders should begin to consider how to create conditions that promote a stable balance between available workers, job openings, and the wages such jobs command in hopes of maintaining our perennial spot near the top of United States productivity rankings," said **Daniel Sholler, a member of Stanford's California 100 research team.** "Industry leaders will need to work together with unions and other organizations to create reward systems that make present-day technology contributions measurable and monetarily-quantifiable. California policymakers might then examine these systems so that they can complement current legislative practices, such as limiting companies' use of punitive measures to increase productivity, with incentives for organizations to reward workers for their contributions to the technological innovations that will drive California's economy of the future."

FUTURE SCENARIOS

Other key takeaways from the California 100 report include a consideration of policy options that improve economic mobility under **four future scenarios** that center around two critical dimensions: whether or not remote work will continue to grow or decline from the peak of the COVID-19 pandemic, and whether technological advancements in the workforce will increase or reduce income inequality.

In a context where technology reduces economic inequality, the scenarios range from a future where increasing remote work enables urban as well as rural regions in California to be highly coveted places to live , to a future where decreased remote work leads to denser urban and suburban islands of prosperity that are accessible to all who live in them. In a context where technology increases inequality, the scenarios range an exodus from California under conditions where remote work increases to a worsening world of urban inequality under conditions where remote work decreases from its pandemic heights.

Whatever the scenario, the research commissioned by California 100 indicates that we should refrain from "doing nothing" as a default or fall-back option. In order for California to perform better under these various scenarios, the state will need to formulate and enact innovative solutions that advance **resilience** (such as recovery from economic hardship and trauma), **inclusion** (such as allowing stakeholders to provide meaningful input into economic decision making), **sustainability** (such as improving community health and natural resource management under conditions of climate change), and **equity** (with well-resourced policies that are designed to repair the damage from past and ongoing inequities).

Artist rendering of future scenarios in economic mobility and inequality
Source: California 100

THE CALIFORNIA 100 ROADMAP

The California 100 report on policies and future scenarios is the first step in a multi-stage process that is designed to inspire and engage Californians—from a variety of sectors and all walks of life—to build a stronger future for current and future generations. In the summer of 2022, our expert and intergenerational Commission will conduct a series of listening sessions throughout the state, to solicit feedback on the ideas generated by our research and to generate additional big and bold ideas for consideration by public and private agencies, as well as by everyday Californians. We will also be generating insights from our policy innovation projects throughout the state that cover a variety of topics, and our deep engagement on questions of science and technology as they relate to a variety of issues, including economic mobility and inequality.

In early 2023, we will take these various policy ideas and scenarios, and engage in a process of deliberative democracy featuring a representative cross-section of California residents. The goal of this deliberative exercise is to understand the conditions under which Californians from various walks of life can come to agreement on the long-term challenges facing the state and, importantly, the kind of bold and visionary solutions we need to put the state on a stronger trajectory for the next century.

California 100 will also be engaging intentionally with young Californians, who have the most to gain or lose in the coming century. Our team members will engage young people throughout the state, including in high school and college settings, and will organize a statewide youth summit that will produce a manifesto for the future of California.

Finally, in Winter and Spring 2023, our intergenerational Commission will draft a vision and strategy document for the future of California, based on briefing materials that build on insights from the various streams of work. California 100 will then launch a culminating event in early summer 2023 that serves as the formal launch of the vision and strategy document and, importantly, also brings together leaders and partners from our various streams of work and prior engagement.

Our culminating event in the summer of 2023 will:

1. Showcase the pressing need for California to prioritize long-term futures,

2. Build an ambitious yet achievable vision and strategy that are grounded in rigorous research and community engagement, and

3. Inspire others to do the same, providing tools that a variety of partners (including policymakers, government agency officials, business leaders, activists, researchers, and next-gen leaders from various sectors) can use to build their own aspirational visions and strategies for California's long-term success.

ABOUT CALIFORNIA 100

The California 100 Initiative envisions a future that is innovative, sustainable, and equitable for all. Our mission is to strengthen California's ability to collectively solve problems and shape our long-term future over the next 100 years. California 100 is organized around 15 policy domains and driven by interrelated stages of work: research, policy innovation and engagement with Californians. California 100's work is guided by an expert and intergenerational Commission. Through various projects and activities, California 100 seeks to move California towards an aspirational vision—changing policies and practices, attitudes and mindsets, to inspire a more vibrant future.

California 100 staff members compiled this roadmap document, drawing on research in two publications—a Policies and Future Scenarios Report and a Facts-Origins-Trends Report—by authors from the Stanford University Digital Economy Lab and the Stanford Institute for Economic Policy Research. The two economic mobility and inequality-related publications are part of California 100's larger research stream of work, built in partnership with 20 research institutions across the state.

California 100 sponsored grants for data-driven and future-oriented research focused on understanding today and planning for tomorrow. This research, anchored in California 100's 15 core policy domains, forms the foundation for the initiative's subsequent work by considering how California has gotten to where it is and by exploring scenarios and policy alternatives for what California can become over the next 100 years.

The California 100 Initiative is incubated through the University of California and Stanford.

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To learn more about the future of economic mobility and inequality in California, visit the California 100 website at California100.org, where you will find our detailed reports on the topic, and more information about our research partners.