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THE BERKELEY ECONOMY: THE PROSPECTS FOR ECONOMIC DEVELOPMENT PLANNING

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THE BERKELEY ECONOMY:
THE PROSPECTS FOR ECONOMIC DEVELOPMENT PLANNING*

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I. Introduction

Berkeley's economy is well integrated into the Bay Area economy, and beyond that into the U.S. and international economies. High rates of cross-commuting demonstrate Berkeley's workplace and residential connections with neighboring cities. Among those who live in Berkeley, 49% commute to other jurisdictions to work daily, while 58% of those who work in Berkeley commute in from outside residential areas. Berkeley's economy is quite "open." Berkeley residents buy health services produced in Oakland, entertainment performed in San Francisco, autos fabricated in Detroit, and calculators assembled in Taiwan. Oaklanders frequent Berkeley restaurants, Nevadans bathe with Berkeley soap, and Europeans calibrate with Berkeley scientific instruments. An economic development policy must acknowledge this interdependence because whatever goals the people of Berkeley ask the private sector to meet must take into account competition from other producers in other locations. Inflation-weary Berkeley consumers will continue to buy hamburgers, child care services, insulation materials and radios from whomever offers them at the lowest price, whether they are produced in Berkeley, Richmond or the Philippines.

The present study probes the recent performance of the Berkeley economy. It focuses on employment as the major variable capturing the size, significance and growth experience of each sector. Employment figures enable us to chart the job creation potential of each sector. Alternative indicators, such as profitability, sales volume, output and investment, have traditionally been favored in analyses of economic development. Yet expansion in any one of these indicators does not necessarily correspond to an increase in employment opportunities. Growth in investment or output, for instance, may occur simultaneously with declines in employment, since new investment may either hasten the closing of older businesses or be embodied in machinery and equipment that substitutes for labor.¹ While an economic development plan may have multiple goals, including tax base expansion and neighborhood preservation as well as employment gains, we choose to focus on employment because we believe that it is the primary determinant of a successful plan. Growth in employment, especially if targeted to Berkeley

¹Professors Pravin Varaiya and Michael Wiseman, Department of Economics, Berkeley, found that exactly this perverse pattern has prevailed recently in New England. New investment has not solved the problems of high unemployment and city fiscal crisis in that region but in many instances may have exacerbated it. See their study, "Investment and Employment in Manufacturing in U.S. Cities, 1960-1976," 1980.

residents and to those with the highest rates of unemployment, will lead to higher sales receipts, a healthier local business sector, greater ability to maintain housing and preserve neighborhoods, and consequent expansion of the local tax base.

Despite Berkeley's close ties to other Bay Area labor and housing markets, the Berkeley economy is not indistinguishable from the larger regional and international economies. Berkeley businesses and workers specialize in certain sectors which combine to give Berkeley a unique economic base. Three major types of activity dominate this base. First, Berkeley has an unusually large public sector, because of the presence of the University of California as its major employer. Second, Berkeley's economic base contains a modest share of those subsectors, such as manufacturing, which have traditionally been looked to for local economic vitality. But within manufacturing Berkeley specializes in a few distinctive types of activity, a very few of which account for dynamism in this sector. Third, a large part of Berkeley's economic base produces a diversified array of production and service activities which cater to the businesses and resident and working populations of a broader Bay Area constituency. Not traditionally considered the target of an employment expansion policy, these sectors show promise as growth generators in the future Berkeley economy.

An effective economic development strategy should build on Berkeley's uniqueness. The standard development plan for a local government emphasizes across-the-board business incentives, aiming to attract a diversified manufacturing and commercial base. Such an approach fails to take into account the realities of specific sectors and the degree of competition within them from other potential locations. Industries generally follow a product cycle, in the initial innovative stage of which they experiment with a new commodity or service, followed by a second or growth stage with rapid expansion in output and product standardization, followed by a mature stage in which output stabilizes or declines, and cost-cutting becomes a major locational factor.² Most, but not all, of Berkeley's manufacturing sectors fall into the mature category, where Berkeley can at best hope to maintain employment; competition with lower labor, transportation and land costs at alternative sites is stiff. Similarly, for different reasons, the public sector seems to have passed beyond its tremendous post-war growth stage; while jobs in education, state and local government may remain stable, the conjuncture of a recession, California state and local budget austerity and the urban policy of the new Reagan administration will limit new job creation in this sector. The task of an economic study, then, is to identify which subsectors of the local economy appear to be in early stages of the product cycle, therefore showing promise for employment expansion and a preference for Berkeley's unique

²The product cycle concept has been applied to nations and regions by Seev Hirsch, Location of Industry and International Competitiveness. London: Oxford University Press, 1967, and R.D. Norton and J. Rees, "The Product Cycle and the Spatial Decentralization of American Manufacturing" Regional Studies, Vol. 13, pp. 141-51.

resources and locational advantages which will continue to make it a favorable site.

The study is organized in two major sections, corresponding to the demand and supply sides of the Berkeley labor market. In section II, we focus on the employment growth experience of private sector employers in Berkeley over the last few years, matching each with evidence on their associated occupational structure and propensity to hire locally. In section III, we survey the local labor force characteristics of Berkeley as a whole and West Berkeley in particular, seeking to identify target labor force groups whose jobs needs and skills can be matched to Berkeley employers. In the final and concluding section, we draw out the implications for Berkeley economic development in the 1980's.

II. Berkeley Businesses: The Demand for Labor

Jobs originate with the employer. Employers can be individuals working out of their homes (child care, tax accountants), worker or consumer-owned cooperatives (the Buttercup, Berkeley Food Coop), partnerships or proprietorships (small retail or insurance businesses), corporations (banks, Colgate-Palmolive), or public sector institutions (City of Berkeley, University of California). An economic development program is aimed at the private sector, so it may be aimed at all but the last of these types of employers.

A. Major Sectors in Berkeley

Berkeley's private employers can be grouped in sectors, that is by the type of product that they produce. Berkeley's sectoral composition differs significantly from other locations in the Bay Area. The evidence we draw upon is provided from raw data from the business license tax, which offers the most current (December 1980) employment figures available. The data regrettably excludes banks, savings and loans and insurance companies, because state law exempts these sectors from the tax. If the Finance, Insurance and Real Estate (FIRE) sector in Berkeley grew at the same rate as Bay Area employment in that sector, then it likely increased on the order of 8 to 10% over the period. We have also excluded 3000 "employees," basically one or two to a license, connected with each building operator requiring a business license. Total private sector employment covered by the tax is listed by major sector in Table 1 for 1980 with change from 1978.

Table 1.
Total Private Sector Employment by 1-digit
Sector, Berkeley, December 1980 and 1978

Sector	December 1978	December 1980	% of Total 1980	Annual % Change
Agriculture	370	263	0.9	-15.7
Construction	1822	2140	7.3	+8.4
Manufacturing	5908	5993	20.4	+0.7
Transportation	839	771	2.6	-4.1
Wholesale Trade	1478	1489	5.1	+0.3
Retail Trade	7771	8015	27.3	+3.2
Finance, Insurance and Real Estate*	669	757	2.3	+6.4
Services	8333	9946	33.9	+9.3
TOTAL**	27,190	29,322	100%	+3.8

*Excludes building owners/operators, banks, savings and loans and insurance companies.

**Excludes unknown category, 0011, as well as the above.

Source: Business License Tax data, City of Berkeley, December 1978, 1980. Figures for 2-digit tables presented below may not correspond precisely because the latter were drawn from July 1980 data.

1. Services and Retail Trade Dominate the Berkeley Economy

Of the 29,322 workers reported to Berkeley under the business license tax requirements in 1980, 61% worked in either services or retail trade. As Table 2 reveals, this employment composition of Berkeley businesses contrasts sharply with the breakdown of Alameda County employment. Manufacturing's share of employment is lower in Berkeley than for the county as a whole, while service and retail employment play (at minimum) a substantially greater role in the Berkeley economy. These figures suggest that Berkeley "exports" some of its service and retail trade to residents of neighboring communities. This fact challenges traditional characterizations of the local economic base which emphasize that sectors like agriculture, mining, and manufacturing generally form the backbone of the local economy, permitting residents to purchase products manufactured elsewhere in return. Berkeley as a producing unit within the Bay Area economy tends to specialize in sectors generally considered local consumption-oriented. Manufacturing, too, continues to play a role in Berkeley's economic base, but not as prominently as it does countywide.

2. Berkeley Specializes in Health, Restaurants, Speciality Shops and Selected Manufactures

Within the dominant sectors, certain activities are particularly large employers in Berkeley. As Table 2 indicates, within the manufacturing sector, firms in chemicals, primary metals, printing and scientific instruments comprise a higher percentage of Berkeley manufacturing employment than their counterparts do in the county as a whole. In retailing, eating and drinking establishments and the miscellaneous category (largely speciality shops) account for a much higher percentage of Berkeley's employment than similar activities do in the county's retail sector. In the service sector, health care employs a relatively larger labor force than it does countywide. The retail and service employment specialization is even more remarkable than these figures suggest because these two sectors account for a greater proportion of Berkeley jobs than they do county-wide. Thus eating and drinking establishments, specialty shops and health care form an unusually large segment of the local employment structure, larger than across an average urban county like Alameda. While some of this difference may be ascribed to the high income and large student segments of the population, Berkeley is apparently exporting some of these services to consumers outside of Berkeley. Some such sales may be accounted for by the daytime in-commuting workforce and student population, others by area-wide consumers and business purchases from Berkeley firms.

B. The Dynamics of Major Sectors

Recent trends suggest that the service and retail sectors will widen their employment base while manufacturing continues to be troubled. Thus the dynamics suggest that Berkeley's distinctiveness will thrive. Here are the trends.

Table 2.
Percent of Employees By Largest Industry Sectors,
City of Berkeley, County of Alameda

	<u>Berkeley</u> ¹		<u>Alameda</u> ²	
<u>1 Digit SICS</u>				
TOTAL	29,322	100%	331,553	100%
Services	9,946		34%	91,413
Retail	8,015	27%	75,341	22.7%
Manufacturing	5,993	20%	83,237	25.7%
% of all Business in these 3 Sectors	23,954	81%	249,991	75.4%
	<u>Berkeley</u> ³		<u>Alameda</u> ²	
<u>2 Digit SICs</u>	#	%	#	%
Manufacturing	5412	100%	91413	100%
Chemicals and Allied Products	1,684	31%	5,009	5%
Primary Metals	692	13%	4,390	5%
Printing and Publications	645	12%	4,707	5%
Fabricated Metals	482	9%	9,325	10%
Instruments	480	9%	1,529	2%
Non-electric Machinery	455	8%	10,368	11%
Retail	6,750	100%	75,341	100%
Eating and Drinking	2,213	33%	20,234	27%
Miscellaneous ⁴	1,891	28%	10,596	14%
Food Stores	824	12%	8,771	12%
Services	7,971	100%	83,237	100%
Health Services	2,930	37%	26,785	32%
Business Services	1,773	22%	17,994	22%

¹ Source: December 1980 Business License Tax data from the city of Berkeley. See notes on Table 1.

²Source: County Business Patterns, California, 1978. Table 2 -- "Employees, Payroll, and Establishments by Industry: 1978." FIRE adjusted to match business licence tax data.

³Source: July 1980 Business License tax data from the City of Berkeley.

⁴ Includes businesses such as drugstores, liquor stores, florists, jewelry stores.

1. Total Manufacturing Jobs Are Not Expanding in Berkeley.

As of December, 1980, Berkeley manufacturing firms employed 5993 workers. As Table 3 indicates, employment in this sector has not grown

since 1967, even though the number of firms in this sector has increased. Smaller firms in newer product lines have displaced traditional manufacturing employment in the larger, more traditional subsectors.

Table 3
Annual Percentage Changes
in Manufacturing Activity in Berkeley, 1967-1980

	<u>1967-1972</u>	<u>1972-1977</u>	<u>1977-1980</u>
# of Firms	-1.7	1.6	2.5
Employment	0.0	-0.2	-0.2

Source: For 1967-1972 and 1972-1977, Census of Manufactures, U.S. Bureau of the Census. For 1977-1980, computed from business license reports, Finance Department, City of Berkeley. Note that, for 1980, five firms' employment was suppressed for reasons of confidentiality. Each of those firms was estimated to employ 16 people, the average for all other Berkeley manufacturing employers in 1980.

a. Chemicals, the largest manufacturing sector, is declining fastest.

The category "Chemicals and Allied Products" employs more workers than any other manufacturing sector: 1684, or 31% of all manufacturing employment. These firms closed down 200 jobs in Berkeley between December 1978 and December 1980 alone, for a loss of 11% in a two-year period (see table 4). This loss does not include the 310 workers who will lose their jobs with the slated closure of the Colgate-Palmolive plant in 1981.

Chemical plants tend to be larger on average than most other firms. In Alameda County, more firms fall into the 20-49 employee size class than any other category. (See Tables 5a and b).

But employment losses seem to be concentrated in the largest firms. In Berkeley's industrial area, chemical firms had an average of 91 employees in 1974, but only 70 in 1976.³ Thus the average firm size is decreasing over time. The Colgate move will accelerate these trends.

b. Primary Metals is the Only Traditional Manufacturing Sector Still Growing

Primary metals manufacturing, which is concentrated in a few large firms (6 in 1976 with an average size of 90), is alone among standard

³Same source as Table 5.

Table 4.
Major 2-Digit Manufacturing Sectors:
Numbers and Share of Employment, % Change, 1978-80, Berkeley

SIC Code	Sector	# Employed	% of all Manuf.	% Change '78-'80
27	Printing and Publishing	645	11.8	constant
28	Chemicals and Allied	1684	31.0	-11
33	Primary Metals	692	12.7	+14
34	Fabricated Metals	482	8.9	constant
35	Non-electrical Machinery	455	8.4	constant
38	Instruments, Scientific	480	8.8	+ 58%

Source: Business Licence Tax Reports, 1978, 1980.

Table 5a
Size of Firm, Average number of Employees, for 2-Digit
Major Manufacturing Sectors, Berkeley Industrial Area, 1976

Sector	SIC	#firms	#jobs	Average employment
Printing and Publishing	27	13	343	18.6
Chemicals and Allied	28	22	1530	69.5
Primary Metals	33	6	540	90.0
Fabricated Metals	34	1	n.a.	n.a.
Non-electrical Machinery	35	47	1129	24.0
Instruments Scientific	38	5	61	12.1

Source: Comprehensive Planning Department, City of Berkeley, "Survey of Businesses and Employment in Berkeley's Industrial Area: 1974-76" March 1977.

manufacturing industries in registering employment gains in the last two years, bringing total employment to 692. This sector gained jobs by 14% in the last two years, due mainly to the expansion of one non-ferrous metals foundry. The Berkeley survey suggests tentatively that this

Table 5b.
Size of firm, number of employees,
For 2-digit Major Manufacturing Sectors, Alameda County, 1978

Sector (SIC)	Size of Firm: # Employees							
	<u>1-5</u>	<u>5-9</u>	<u>10-49</u>	<u>50-99</u>	<u>100-249</u>	<u>250-499</u>	<u>500-more</u>	<u>TOTAL</u>
27	109	49	35	31	10	5	1	1
28	17	17	19	29	11	7	3	1
33	9	5	12	9	7	14	1	1
34	62	29	58	61	16	14	4	2
35	94	68	41	49	13	10	2	4
38	19	10	8	11	7	1	0	0

County Business Patterns, California, 1979: Table 2, p. 24-32.

sector, unlike most others, is decreasing in number of firms, that smaller firms are closing or leaving rather than the larger ones, whose expansion accounts for net additional jobs. Gains in this sector may be unstable; employment declined by 65% from '74 to '76.

c. Scientific Instruments Manufacturing is Gaining Dramatically

The relatively nonconventional category of scientific instrument manufacturing gained 176 jobs in Berkeley in the last two years, up 58% (See Table 4.) While this sector is among the smaller manufacturing sectors in Berkeley, its dynamism is propelling it up the ranks. With 480 employees, it is now 5th among the manufacturing sectors. Of all the sectors studied, Scientific instruments are fabricated in the smallest sized firms. In Berkeley's industrial area, they averaged 12 workers in 1976; in Alameda county, more instrument-making firms are found in the 1-5 employee range than in any other category, while the majority of firms have less than 10 employees (Table 5.)

d. Other Manufacturing Sectors are Stagnant

No significant employment gains have been registered in the other major manufacturing sectors (see Table 4). Printing and publishing employment, a gainer in the early '70's, was stable, although book publishing added jobs while general printing and publishing declined slightly. Non-electrical machinery employment was stable, after substantial declines earlier in the decade, although here, too, employment in subsectors shifted. Fabricated metals employment remained constant. Size of firm tends toward the smaller end of the spectrum in the former two categories but is large for fabricated metals (Table 5).

e. Manufacturing Employment is Volatile and Vulnerable.

Sectoral aggregations obscure the volatility of employment within industry groups. The 1976 Survey showed that of 16 of the largest manufacturers in the industrial area, 11 cut employment during the period 1974-76 for a loss of 837 jobs. Two of these-- Durkee's and Canada Dry--closed, eliminating over 100 jobs each. Another large firm cut back to eliminate 322 jobs. Four other firms eliminated more than 20 employees each. Of the manufacturing firms that expanded or entered the area in that period, none provided more than 65 new jobs, and together the five growers added only 149 jobs.⁴

While manufacturing losses have temporarily stabilized in the last two years, the concentration of large firms in the declining sectors renders Berkeley's workers quite vulnerable to plant closings. From 1974-76, the net exit of just 7 firms in the industrial area resulted in a net loss of 734 jobs.⁵ Furthermore, in 1976, 40% of the firms surveyed in the industrial area responded that they might leave Berkeley within the next five years.⁶ While losses of this magnitude have not yet occurred, the expressed possibility gives cause for alarm. In 1981, the closure of Colgate alone will decrease manufacturing employment by more than 5%.

The fact that some manufacturing sectors, like chemicals, appear to be growing nation-wide suggests that Berkeley does not have locational advantages over other sites.⁷ But the competitive disadvantages of Berkeley among communities in the Bay Area are less significant than the general trend toward deindustrialization in the United States as a

⁴Comprehensive Planning Department, "Survey of Businesses and Employment in Berkeley's Industrial Area, 1974-76" March 1977. p. 4, Table 3.

⁵Ibid., Table 2.

⁶Comprehensive Planning Department, Berkeley's Economy and Proposals for Economic Planning, August, 1976: Table 8a, p. 18.

⁷Berkeley Comprehensive Planning Department, "Why Industries Leave Berkeley" 1977, p. 16, summarizes the results of a survey on the industrial area and potential reasons for plant closings.

whole. Of all the major sectors, country-wide, manufacturing registered the lowest rate of growth of employment between 1977 and 1980: 3.5% compared to 20.7% for Mining, 16.0% for Construction, 15.9% for Services, 15.6% for Finance/Insurance/Real Estate, 11.1% for Wholesale/Retail Trade, 9.4% for Transportation/Utilities/Communication, and 6.9% for Government. Manufacturing accounts for a smaller proportion of jobs in the U.S. economy every year.

Nevertheless, manufacturing is an important and stable element of the Berkeley economy. In order to match job losses in the heavier manufacturing lines, Berkeley must engender and attract light industry that matches the unique resources of the community. The superior performance of the scientific instruments sector serves as an example of the new generation of manufacturing firms: small, drawing on the expertise of the University and professional community, and requiring substantial inputs of skilled labor at good wage levels. The economic development plan of Berkeley should seek to stimulate similar types of innovation that address our environmental, ecological and energy problems. Encouraging growth of private sector employment at the initiation of the product cycle will strengthen the city's long run future.

2. The Service Sector is the Largest and Fastest Growing Employer in Berkeley

The service sector is narrowly defined by the U.S. Census as business and personal services, hotels and membership organizations. It does not include retail trade or finance, insurance and real estate. The service sector employs one in three Berkeley workers. From 1978 to 1980 alone, this sector increased from 8333 to 9946 workers, up more than 9% each year (See Table 6). It grew from 30.6% of people working in the private sector in Berkeley to 33.9% in that brief two-year stretch. Gains in the late '70's parallel similar growth in an earlier period. Employment increased by 33% in this sector from 1963-72.⁸ In the same period, employment in hotels grew by 48%, in business services by 81%, in auto repair by 49%, but declined in personal services by 24% and in amusements by 9%.

a. Health Services Form the Largest Chunk of Service Employment

More than one in three service workers are employed in the health sector (Table 7). Health service jobs have grown dramatically in the last two years, up 436 jobs or 21%. Growth occurred in all types of health care except medical laboratories. Selected health service categories listed in Table 8 show widely different size-of-firm patterns. Doctors offices and outpatient care facilities are overwhelmingly small scale, while nursing homes and hospitals are quite large scale.

⁸Berkeley Planning Department, Berkeley Economy, 1976; Table 12.

Table 6
Numbers of Workers and
Annual Percentage Increases
In Service Activity in Berkeley, 1967-80

	1978	1980	1967-1972	1972-1977	1978-1980
# of Firms	n.a	n.a.	7.6%	5.4%	n.a.
Employment	8333	9946	6.0%	-2.5%	+18.6
% of Total Berkeley Employment	30.6%	33.9%			

Source: Census of Service Industries, U.S. Bureau of the Census.

Table 7.
Major 2-Digit Service Sector Employment, Berkeley, July, 1980

SIC Code	Sector	Total Employment	% Share of Service Jobs
72	Personal	580	7.2
73	Business	1773	22.1
75	Auto Repair, Garages	406	5.1
80	Health Services	2930	36.6
89	Misc. Services	522	6.5

Source: Business License Tax data, 1980. Note that larger numbers cited in the text represent December figures and therefore growth in the final six months.

b. Business Service Employment is Growing Fastest.

Significant job increases were recorded in the business service sector in the last two years. Employees grew from 1565 to 2259, an increase of 44.4%. Gains were spread across various types of activity, particularly commercial photography, exterminating services, research and development labs, management and public relations firms, and the miscellaneous category. Most service firms operate on a small scale basis, virtually all under 50 employees, except in a few employment agencies, research labs and public relations firms (see Table 8.)

c. Although Some Other Services Declined, Many Others Gained Jobs.

Losses were recorded in the personal service, amusements, educational services and parking lots. Counteracting these losses, the sub-sectors of hotels/motels, auto repair, vocational schools and individual and family services increased in the most recent period. While none of these sectors alone accounts for more than 10% of service employment,

Table 8.
Employment Size Distribution, Selected Service Sectors,
Alameda County, 1978

SIC	Sector	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500 or more
80	Health	1380	413	105	68	48	21	7	10
801	Physicians Offices	731	173	41	14	1	1	0	2
805	Nursing Care	6	3	4	18	33	12	1	0
808	Outpatient care	17	10	10	11	4	0	0	0
806	Hospitals	6	0	0	3	5	5	5	8
70	Hotels/Motels	100	40	17	14	4	6	1	0
72	Personal	496	150	73	25	9	2	0	0
73	Business	460	166	125	98	35	22	7	3
7333	Commercial Photography	8	7	1	1	0	0	0	0
7391	R&D Labs	15	4	4	3	3	1	1	0
7392	Management & P.R.	70	24	13	12	3	1	0	0
75	Auto Repair	420	106	63	20	2	0	0	0
79	Amusement & Recreation	112	34	26	24	7	2	0	1

Source: County Business Patterns, California, 1979.

they contribute to the dramatic growth of services as a whole. Most firms in these groups are small, as the county figures in Table 8 show.

3. The Retail Sector, Berkeley's 2nd Largest, Is Growing Steadily.

The retail sector in Berkeley has been growing continuously since 1967. In the last two years alone, this sector has added 244 workers. It continues to hold its own as an employer of 1 in every 4 Berkeley workers, with 27% of the workforce in December 1980. Table 9 shows average annual changes since 1967, and recent additions.

Table 9.
Retail Sector Employment and Average Annual Percentage Increases,
1967-80

	<u>1978</u>	<u>1980</u>	<u>1967-72</u>	<u>1972-77</u>	<u>1978-80</u>
# Employed	7771	8015			
% Change			+1.07	+1.4	+1.6

Source: Census of Retail Trade, 1967, 72, 77. City Business License data for '78-80.

In the retail sector, sales (adjusted for inflation) are increasing faster than numbers of firms or additional workers are (see Table 10). The fact that numbers of firms appear to be increasing at a rate

slightly higher than numbers of workers suggests that new retail outlets are relatively small firms, whose average size is slightly smaller than existing firms.

Table 10:
Annual Percentage Increases in Retail Activity in Berkeley

	1978-1979	1972-1979 (average annual percent increase)
# of Firms	1.5%	0.9%
Sales*	2.0%	1.6%

*Adjusted for inflation.

Source: Computed from data in "Taxable Sales in California," California State Board of Equalization, various years.

a. Eating and Drinking Establishments, the Largest Retailers, are Growing Fastest.

Jobs in eating and drinking places account for 1 in 3 retail jobs (see Table 10). This group of workers has grown by 10% in the last two years, adding 236 new people. Bars and restaurants are highly concentrated in the small size categories (see Table 11). Forty-five percent have four or less employees, while another thirty-five percent employ between 5 and 19 workers. Berkeley has a fair number of worker-owned cooperatives and collectives operating in this sector.⁹

b. Most Other Retail Sectors are Gaining Jobs.

Food stores, which account for 12% of Berkeley's retail employment grew 7% in the last two years, adding 65 jobs. Miscellaneous retailing, liquor, sporting goods, florists, etc., provided 171 new jobs in the two year period. Auto dealers and service stations declined in employment slightly. The largest retailing losers were department stores, which lost 144 jobs in the time period.

In retailing, declines appear to be occurring in the bigger establishments while new jobs are concentrated in small firms. Most retailing firms are small; supermarkets, department stores and auto dealers are exceptions (see Table 12). Berkeley's largest consumer coops are in this sector -- the Coop Food Stores and REI.

⁹ Bay Area Directory of Collectives Berkeley: New Moon Publications, 1980

Table 11.
Major 2-Digit Retail Sector Employment, Berkeley, July, 1980.

SIC	Sector	Total Employment	% Share of Retail
54	Food Stores	824	12.3
55	Auto Dealers and Service Stations	653	9.7
58	Eating and Drinking	223	32.9
59	Miscellaneous	1891	28.1

Source: City Business License Data, July, 1980

4. Construction is Berkeley's 2nd Fastest Growing Sector.

While construction sector swings should always be interpreted with caution because of their sensitivity to the business cycle, Berkeley's construction sector is showing remarkably rapid growth. Construction jobs with Berkeley employers rose from 1822 in 1978 to 2140 in December of 1980, a gain of 318 jobs or up 17%. Most of this increase was residential construction-related. Such gains are unusual in a period of recession. Since Berkeley has little new construction taking place, one can conclude that this upsurge in activity is largely related to renovation and insulation activities on existing housing. Data for the county show that the majority of construction firms employ four or less workers, indicating the small average size of companies operating in this sector. Amplified renovation activity may be related, in part, to gentrification, i.e. the buying up of older housing stock by speculators or by higher income groups, displacing lower income groups including students and minorities.

5. Six Sectors Account for Most of Berkeley's New Jobs

In summarizing the dynamic properties of Berkeley's economy, Table 13 highlights the following sectors as the major areas of job expansion in the last two years: The new jobs created in these sectors account for 104% of the net increase in Berkeley employment in the last two years. In other words, the increase in new jobs in all other sectors was not sufficient to counteract the losses, which were concentrated in manufacturing, transportation/communication/utilities, and agriculture. The six sectors in Table 13 were responsible for the bulk of new job growth in Berkeley. Overall, they led to a job growth rate in Berkeley of 6%, or approximately 3% per year.

Table 12.
Employment Size Distribution, Selected
Retail Sectors, Alameda County, 1978

<u>SIC</u>	<u>Sector</u>	<u>1-4</u>	<u>5-9</u>	<u>10-19</u>	<u>20-49</u>	<u>50-99</u>	<u>100-249</u>	<u>250-499</u>	<u>500+</u>
531	Department Stores	0	0	0	0	2	14	8	2
54	Food Stores	161	89	65	68	39	3	0	0
551	New and Used Car Dealers	15	4	10	47	22	4	0	0
554	Gas Stations	255	167	74	14	0	1	0	0
58	Eating & Drinking	646	257	201	71	12	1	0	0
592	Liquor Stores	137	89	23	4	0	0	0	0
5992	Florists	56	16	9	1	0	0	0	0

Source: County Business Patterns, California, 1978.

Table 13

Major Expanding Sectors, Berkeley, 1978-80

SIC	Sector	Net new jobs	% Change
15	Residential Construction	170	+21%
36	Instruments (scientific, Optic.)	176	+58
58	Eating and Drinking Places	233	+10
59	Miscellaneous Retail	171	+8
73	Business Services	695	+44
80	Health Services	538	+21

Source: City Business License data, 1978-80.

Job growth in the aggregate appears to be concentrated in relatively small firms--in cafes, residential construction, clinics, and consulting firms. The largest employers, whether in manufacturing, department stores or medical labs, recorded the largest losses. Hospitals appear to be the only large-scale employers which are growing. Berkeley's economy is moving toward small businesses, with cooperatives growing on a significant scale.

C. Occupational Composition of Berkeley's Major Sectors.

In order to trace the ways in which Berkeley businesses provide satisfactory employment opportunities for Berkeley residents, we investigated the occupational mix associated with each industry, the wage levels and job stability of each occupation, and the extent to which occupational offerings match the Berkeley labor force, particularly those with the greatest employment needs. The first relationship--the association of occupational structure with industries -- can be inferred from SMSA patterns of occupations by industry.

Data on wage levels and employment stability could be derived from state data, but were beyond the capabilities of this project. In the final section, we match occupational requirements of employers with the Berkeley target area labor force.

1. Major Occupations Vary Significantly by Major Industry Groups

The shape of Berkeleys' employers' occupational requirements can be inferred from those of the Bay Area as a whole. Table 14 presents the standard distribution of occupations by industries. They confirm that each industry has a rather unique job structure. The figures show the percentage of each industry's labor force that falls within a certain category, e.g. clerical work. Thus an industry like construction has half its workforce in the crafts category, while the finance, insurance and real estate sector has nearly half of its workers in the clerical occupations.

The variation across sectors is evident even at this level of aggregation. The construction industry is heavily biased (over 60%) toward managers and small proprietors as well as craftspeople. The manufacturing sector has over sixty-five percent of its workers in operative, crafts and clerical work. Retail and wholesale trade concentrates over sixty percent of its workers in sales, service and clerical occupations. The service industry has eighty percent of its workers in the professional/technical, clerical and service worker categories. In public employment, over 75% of employees work in professional, technical, clerical and service categories.

Table 14

Percentage Distribution of Employment by Occupations
Within Industry, 1980.
San Francisco-Oakland SMSA.

INDUSTRY DIVISION

GROUP	TOTAL	AFF	MNG	CON	MFG	TCU	TRADE	FIR	SI	PA
Total, All Occupations	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Professional, Technical,	18.8	9.1	22.5	10.7	13.8	12.6	3.5	7.1	37.5	21.0
Kindred Managers, Officials,	11.5	2.8	10.8	13.3	9.2	8.9	15.6	20.7	8.0	9.0
Proprietors Sales Workers	8.6	2.8	0.4	0.6	4.6	0.9	23.4	21.7	0.7	—
Clerical Workers	23.1	7.0	14.9	10.5	14.6	25.8	18.7	46.2	23.0	34.2
Crafts and Kindred Workers	11.1	2.3	20.0	49.8	22.0	21.0	6.9	1.3	5.3	7.8
Operatives	9.6	2.7	26.4	7.2	32.3	18.5	8.8	0.3	3.5	2.8
Service Workers	13.6	1.0	1.1	0.5	1.3	5.9	19.0	2.2	20.5	21.8
Laborers, Except Farm	3.3	33.3	4.0	7.5	2.3	6.4	4.1	0.5	1.5	3.4
Farmers and Farm Workers	0.4	39.0	—	—	—	—	—	—	—	—

KEY:

GROUP: Major Occupational Group
TOTAL: Total All Industries
AFF: Agriculture, Forestry, and Fisheries
MNG: Mining
CON: Construction
MFG: Manufacturing

TCU: Transportation, Communication, Utilities
TRADE: Trade
FIR: Finance, Insurance, Real Estate
SI: Service Industries
PA: Public Administration

Source: Employment Development Department, State of California, Projections of Employment by Industry and Occupation: 1980-1985. San Francisco-Oakland SMSA. September 1979.

2. Major Employing Sectors in Berkeley have Unusual Occupational Structures

The major private sectors in Berkeley have occupational structures that are strikingly distinct even for their sectors. Table 15 presents the breakdowns for those 2-digit sectors identified above as major and growing employers for Berkeley. The figures refer to occupational structure in these types of firms areawide, but there is no reason to think that firms in Berkeley have significantly different structures than their same sector competitors in other Bay-Area locations. Berkeley's unique occupational mix derives from its unusual industry structure, not the peculiarity of firms within each subsector.

Table 15.

Percentage Distribution of Employment by Major Occupation
Within 1 and 2-Digit Selected Industries, 1980 San Francisco-Oakland SMSA

<u>SECTOR</u>	<u>CON</u>			<u>MFG</u>			<u>RET</u>		<u>SVC</u>
		CHEM	PP	PM	SCI	ED	MISC	BS	HE
<u>OCCUP 'N</u>									
Prof/Tech	10.7	20.4	15.4	14.6	24.5	1.9	7.6	23.3	43.8
Mng/Prop	13.3	11.2	10.8	8.6	11.9	8.7	20.0	11.9	3.4
Sales	0.6	9.5	11.2	5.7	5.6	2.5	37.6	2.9	0.0
Clerical	10.5	19.1	20.6	15.7	17.2	7.9	18.7	30.5	20.1
Crafts	49.8	13.5	30.7	26.2	16.2	0.6	6.9	5.0	2.8
Operatives	7.2	22.4	9.9	28.5	23.2	2.2	4.7	4.3	1.4
Service	0.5	1.5	0.0	1.2	0.8	76.4	1.4	21.0	27.9
Laborers	7.5	2.4	0.0	3.7	0.5	0.2	3.4	1.2	0.6
Total, All Occupations	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

KEY:

CON: Construction (10)

MFG: Manufacturing

CHEM: Chemicals (28)

PP: Printing and Publishing (27)

PM: Primary Metals (33)

SCI: Scientific Instruments (38)

RET: Retail

ED: Eating and Drinking (58)

MISC: Miscellaneous (59)

SVC: Services

BS: Business Services (73)

HE: Health (80)

Source: Unpublished data, Employment Development Department, State of California, 1980.

Several interesting observations can be drawn from this table. First of all, the type of manufacturing firm that characterizes Berkeley's economy has significantly fewer crafts and operatives workers--the traditional blue collar, skilled jobs--than in manufacturing in general. The fastest growing sector, instruments, has about 80% more of its workers in the professional/technical category (mainly engineers) than the average manufacturer. It has somewhat higher rates of sales, management, and clerical workers, but strikingly lower percentages of workers in crafts and operatives work, on the order of 25 to 33% less respectively. Printing and Publishing, likewise, has higher than average rates of employment in the professional/technical, management, sales and clerical categories. Its blue-collar workers are heavily skewed toward the crafts, especially printers, typesetters, etc., while operative employment is only one-third that of the average manufacturing concern. Primary metals is the only subsector whose occupational structure closely approximates manufacturing as a whole. Even chemicals, the large but rapidly declining sector, has a higher than average percentage of professional/technical workers (almost 50%), while managerial, clerical and sales workers are also slightly over-represented. Blue collar jobs in chemicals are 40 to 50% below the manufacturing average.

In the retail sector, employment varies dramatically by type of establishment. Eating and Drinking Places show lower than average proportions for retailing in every category except service workers with almost 4 times as many workers. Most of the latter jobs are in food services, which account for 73% of all jobs in this type of firm. Miscellaneous retail stores, the specialty shops group, show higher than average employment in the professional, managerial, and sales categories.

In the service sector, business services show lower proportions of jobs in the professional/technical category than do services in general, with the difference accounted for by larger percentages in managerial, sales, and clerical workers. Clerical jobs in particular are 33% more prevalent in this type of business. Health services show extraordinarily high concentrations of jobs in the professional/technical category--44% of all workers. Doctors, nurses and health technicians comprise the bulk of this employment. In contrast, jobs in management, sales and clerical work are relatively low for the service sector as a whole; there were virtually no sales workers in the health sector, suggesting an extremely inelastic demand for health services. Health employment appears to be bifurcated between highly skilled jobs and service occupations; 28% of all health jobs are found in the service occupations such as aides, orderlies, dental assistants, janitors, and food service workers.

3. Specific Skills Required Vary Dramatically by Sector

Without recounting the very detailed data from which the characteristics in the previous section were drawn, it is worth emphasizing the special skills required by different sectors. Economic development incentives aimed at particular sectors will produce very different kinds of new jobs, depending upon the nature of the recipient sectors. In Table 16, the specialized occupations associated with particular sectors are listed, in order to suggest the extent of this variation. Where an occupation accounts for more than 5% of total subsector employment, its percentage is given.

The figures in Table 16 should not be confused with the dominant occupations in Berkeley. Clerical jobs form a stable, large portion of the Berkeley economy (over 20%), and managers and proprietors are a steady share (around 10%). The Tables in this section show the major industry specializations of the Berkeley economy, and are designed to show how the sectors that constitute Berkeley's economic base require labor skills that are highly differentiated.

Table 16.
Selected Special Occupations by
Major Berkeley Employment Subsectors,
SMSA-wide Data, 1980.

<u>Construction</u>	
Civil Engineers	Supervisors (blue-collar)
Drafters	Sheet Metal Workers
Designers	Heating, Refrigeration Workers
Accountants	Heavy Equipment Operators
Estimators	Carpet Installers
Carpenters 14%	Crane, Hoist Operators
Cement Finishers	Dry Wall Installers
Electricians 6%	Insulation Workers
Graders	Truck Drivers
	Construction Laborers 8%
	Painters 5%
	Plumbers 5%
<u>Chemicals</u>	
Chemical Engineers	<u>Printing and Publishing</u>
Chemists 5%	Editors & Reporters 7%
Chemical Technicians	Newspaper vendors, carriers
Sales Managers	Advertising sales workers
Sales Workers 9%	Typists
Mechanics	Bookbinders
Mixing Operatives	Compositor and Typesetters 7%
Machine Operators 7%	Photoengravers, Lithographers
	Press Workers and Plate Printers 11%
	Delivery workers

(Continued on next page)

Table 16.
Selected Special Occupations by
Major Berkeley Employment Subsectors,
SMSA-wide Data, 1980
(Continued)

<u>Scientific Instruments</u>		<u>Health Services</u>	
Industrial Engineers		Physicians, Osteopaths	9%
Special Engineers	6%	Registered Nurses	17%
Electronics Technicians		Health Technicians	7%
Semiskilled Packing, Inspecting	5%	Receptionists	
Assemblers	11%	Dental Assistants	
		Health Aides	
<u>Business Services</u>		Nurses Aides, Orderlies	8%
Industrial Engineers		Practical Nurses	5%
Science Technicians			
		<u>Misc Retail</u>	
Designers		Pharmacists	
Economists		Buyers	
Accountants		Sales Managers	
Personnel Labor Relations		Secretaries	
Typists, Secretaries	13%	Bookkeepers	
Janitors and Sextons	11%	Cashiers	5%
Economists		Decorators, Window Dressers	
Accountants		Delivery Workers	
Personnel Labor Relations		Cleaning Service Workers	
Typists, Secretaries	13%	Stock Handlers	
Janitors and Sextons	11%		
Guards	6%		
<u>Eating and Drinking</u>			
Dancers			
Musicians			
Bartenders	10%		
Cooks	22%		
Waiters, Waitresses	24%		
Food Workers			
Dishwashers			
Food Counter Workers			

Source: Same as Table 15. Construction employment calculated from
Source for Table 14.

D. Do Berkeley Employers Hire Berkeley Residents?

In order to detect the degree to which employers tend to hire members of the Berkeley labor force rather than commuters into Berkeley, we need evidence on the percentages of Berkeley jobs which go to Berkeley residences. These percentages will give us some clue to the likelihood that new job creation in particular sectors and occupations will end up benefitting Berkeley residents directly.

1. Construction and Manufacturing Employ Low, and Services High, Shares of Berkeley Residents.

Less than one in five workers who are hired by Berkeley-based manufacturers and construction firms lived in Berkeley in 1970. Table 17 gives the number of people who worked in Berkeley and those who lived here for each major sector. The table shows that the median worker in Berkeley does not live in Berkeley--58% of all people working in Berkeley commute in. Only the personal and professional services categories have a majority of their workers residing in Berkeley.

The evidence in Table 17 dates from 1970. Given the large changes in sectoral composition that the Berkeley economy has experienced since then, it is worth inquiring whether the resident-occupied job ratios might also have changed. Without the 1980 Census returns, it is impossible to answer this question. However, limited evidence is available for more recent years. Firms responding to the Industrial Area survey in 1976 indicated that only 16% of their employees lived in Berkeley.* Jobs in these firms were concentrated in the manufacturing, construction and transportation/communications/utilities and wholesaling sectors (93%).** The rough figures for the workforce from the Colgate plant about to shut down indicates that only 25 to 35 workers live in Berkeley, or at most 11% of their workforce.*** These figures suggest that if anything, the percentages of Berkeley residents among those holding jobs in these sectors may have declined during the '70's. However, given the different occupational mix ascribed to the growing scientific instruments sector, it is possible to speculate that light manufacturing industries of this type might employ on average a higher percentage of Berkeley residents.

*Berkeley Planning Department, The Berkeley Economy, 1976, Table 8a, p. 16.

**Berkeley Planning Department, Survey of Business and Employment, 1977, Table 1.

***Interview with Amy K. Glasmeier, Employment Development Department, State of California April 1981. Glasmeier indicated that they have found that Colgate workers commute from as far away as Fairfield. Roughly 10% of the workforce are technical workers, 60% operatives and 30% management and clerical workers. In the whole of California, the only new jobs created to substitute for Colgate jobs will be warehousing jobs in places like Modesto or Madiera.

Table 17.
Industrial Distribution of Employed Persons
Working in Berkeley by Place of Residence 1970

Sector	Total Persons Working in Berkeley	# Berkeley Workers Living in Berkeley	% Berkeley Workers Living in Berkeley	% Berkeley Workers Living Outside Berkeley	
Construction		1,583	304	19.2%	80.8
Manufacturing		6,770	1,312	19.4	80.6
Transportation/ Utilities/ Communication		1,540	455	29.5	70.5
Wholesale/Retail Finance/Insurance/		7,800	2,804	35.9	64.1
Real Estate		2,421	936	38.7	61.3
Business and Repair Services		2,104	702	33.4	66.6
Personal Services		2,584	1,458	56.4	43.6
Professional Services*		22,799	12,227	53.6	46.4
Public Administration**		2,530	968	38.3	61.7
Other		1,160	467	37.3	62.7
TOTAL		51,382	21,633	42.1	57.9

Source: U.S. Bureau of the Census, Census of Population: 1970, Subject Reports, Final Report, PC (2)-6D, Journey-to-Work, Table 2.

* Includes most of SIC's 80, 81, 82, 83, 86, 89: Health, Education, Legal, Accounting, including public sector employment in universities, and secondary and elementary schools.

** Includes federal, state and local public sector workers not classified under education, health or social services, not military.

2. Berkeley Crafts and Operative Jobs Have the Lowest Incidence of Berkeley Residents

Corresponding evidence on Berkeley jobs by occupational category show that employers hire more outsiders in the crafts and operatives categories than for any other type of worker. This is not surprising, given the high incidence of these occupations in the sectors just described. Table 18 gives the occupation data.

Table 18.
Occupational Distribution of Employed
Persons Working in Berkeley by Place
of Residence: 1970

Occupation	Total Persons Working in Berkeley	Total Persons Working in and Living in Berkeley	% Berkeley Workers Living in Berkeley	% Berkeley Workers Living Outside
Professional/ Technical	15,621	8,173	52.3	47.7
Managerial	4,318	1,514	35.1	64.9
Sales	3002	1,251	41.7	58.3
Clerical	11,634	5,033	43.3	56.7
Craftspersons	4,244	788	18.3	81.7
Operatives	4,379	1,045	23.9	76.1
Laborers	1,567	690	44.0	56.0
Service	5,156	3,149	48.3	51.7
TOTAL	51,291	21,633	42.2	57.8

Source: Same as Table 17.

The table shows that in 1970, 82% of craftworkers and 75% of operatives commuted into Berkeley daily. Occupations with the highest percentages of Berkeley resident workers were the professional/technical and the service categories. Clerical and laborer occupations had ratios slightly above the city's average. Almost two out of three managers and proprietors operating firms in Berkeley lived outside of the city.

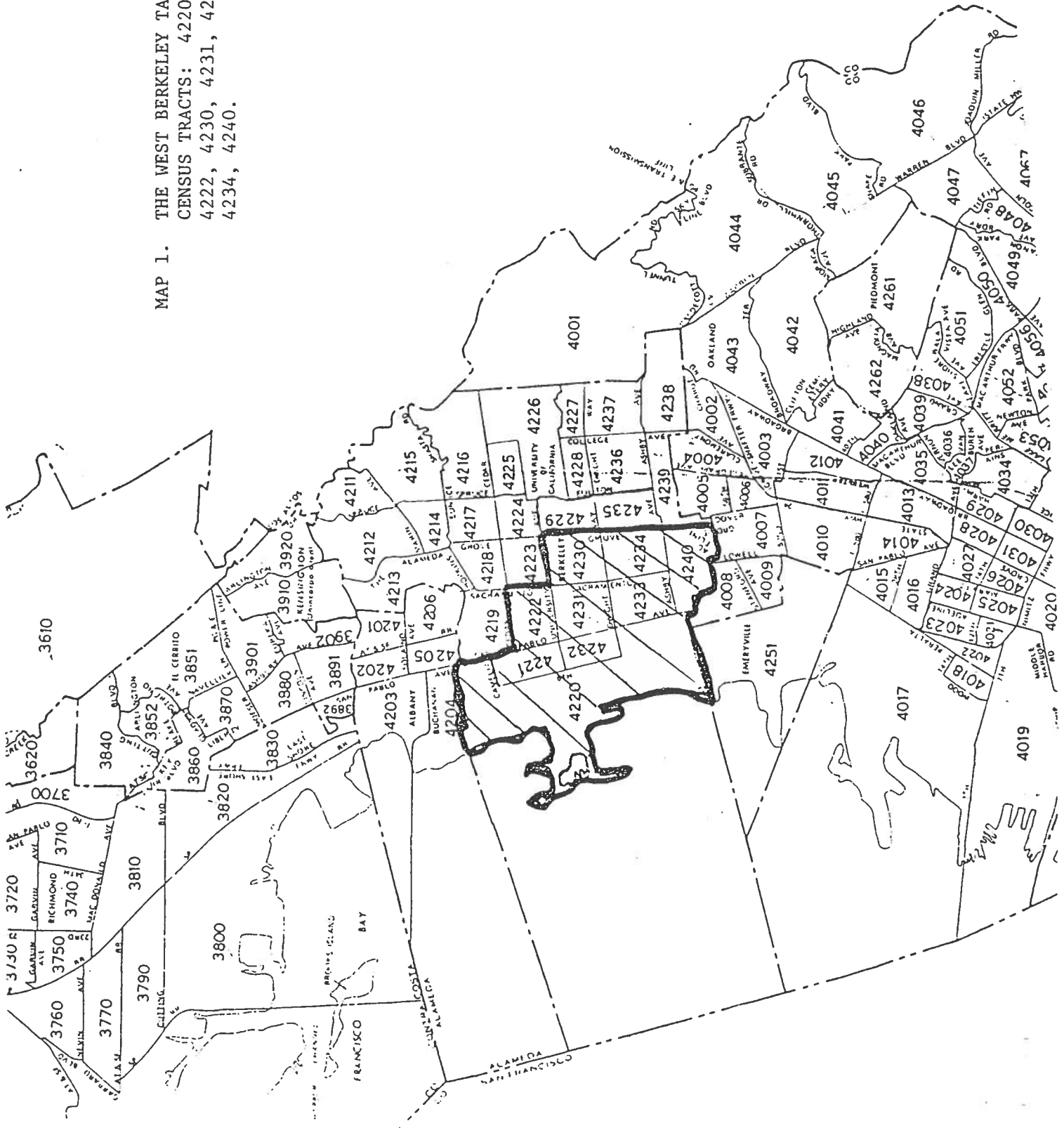
While the occupational data should be viewed with some caution because it dates from 1970, it suggests that the effectiveness of job creation incentives in targeting Berkeley residents varies dramatically across sectors. In the next section, on Berkeley's labor supply, we explore whether these patterns result from scarcity of available workers in Berkeley or whether they should be attributed to firm hiring behavior (i.e. discrimination, special skill requirements) or worker residential preferences.

III. Berkeley Residents: The Supply of Labor

The characteristics of people who live in Berkeley, their occupations and unemployment experience provide a profile of the potential local labor force. An economic development policy that aims to increase employment and income for Berkeley residents must take cognizance of this local labor force composition. In particular, it should focus upon a target population with identifiable employment problems.

In this section, we survey the characteristics of the Berkeley labor force, changes in them over time, and the groups experiencing the most severe employment problems. In order to focus on the latter, we have delineated an area of West Berkeley where unemployment among the residents is highest. Composed of nine census tracts, this area is shown on Map 1.

MAP 1. THE WEST BERKELEY TARGET AREA
CENSUS TRACTS: 4220, 4221,
4222, 4230, 4231, 4232, 4233,
4234, 4240.



A. The Socioeconomic Composition of the Berkeley Labor Force.

The recently released 1980 Census figures show that Berkeley has lost a net 13,363 residents in the last decade, a loss of about 11.5%. Both white and black populations fell, with some increase in other minority groups (see Table 19). Without the detailed census results, it is difficult to discern precisely what affect this diminution of population has had on the labor force, but changes in the composition have not been as great as those affecting the demand side above.

1. Minorities Form a Growing Proportion of Berkeley's Resident Labor Force

Given the modest percentage decline of whites in the Berkeley population, we can tentatively assume that minority representation in the Berkeley labor force has gone up. Table 19 displays our estimates of current labor force composition by ethnicity. While caution should be used in drawing conclusions from this estimated data, the figures suggest that the racial composition of the Berkeley labor force has shifted in favor of Hispanic, Asian American and Native American groups. Minorities now account for almost 40% of working Berkeley residents.

Table 19.
Population and Civilian Labor Force, By Race, for Berkeley
1970, 1981.

Race/Ethnicity	Population		Population		Civilian Labor Force			
	1981 ¹	%	1970 ²	%	1981 ⁴	%		
1970 ²								
TOTAL	103,328		116,691		50,086		55,145	
Asian/Native American	10,342	10.0	n.a.	n.a.	5,057	10.1	4,292	7.8
Hispanic	5,219	5.1	n.a.	n.a.	2,552	5.1	2,580	4.7
Black	20,770	20.1	27,437	23.5	10,156	20.3	12,344	22.4
White ³	62,979	61.0	79,041	67.7	30,356	60.6	35,929	65.1
Other	4,018	3.9	n.a.	n.a.	1,965	3.9	n.a.	n.a.

Sources: ¹Advance Estimates, 1980 Census.

²1970 Census.

³White figures calculated by subtracting Spanish-speaking and other.

⁴Estimated from 1980 Census data assuming race-specific labor force participation rates held as in 1970 plus 4% additional growth.

2. The West Berkeley Labor Force Varies Dramatically from the Rest of Berkeley.

West Berkeley, the target employment area, is predominately black. Almost 61% of its residents were black in 1970, while only 7% of residents in all other areas of Berkeley were black. Although some out-migration has occurred in the intervening decade, the area remains a strong minority community. Table 20 presents the basic population characteristics of West Berkeley compared to the whole of Berkeley for 1970.

Table 20
Characteristics of West Berkeley and
Berkeley Residents, 1970, by Race, Age, Gender

A. Population	Berkeley		West Berkeley	
1. Race				
All persons	116,716		35,666	
White	79,041		11,316	
Black	27,421		21,706	
% Black	23.5		60.9%	
2. Gender				
Male	57,172	49.0%	17,096	47.9%
Female	59,544	51.0%	18,570	52.1%
B. Working Age Population				
1. Age				
18 yrs.	2,916	3.7%	582	2.6%
19 yrs.	3,699	4.6%	653	3.0%
20-24 yrs	24,224	30.3%	4,805	22.0%
25-34 yrs	20,567	25.8%	5,568	25.3%
35-44 yrs	9,656	12.1%	3,321	15.1%
45-54 yrs	10,062	12.6%	3,929	17.8%
55-59 yrs	4,602	5.8%	1,720	7.8%
60-64 yrs	4,114	5.2%	1,457	6.6%
2. Gender, 18-64 yrs				
Male	40,121	50.3%	10,417	47.3%
Female	39,719	49.7%	11,618	52.7%
Total	79,840	100%	22,035	100%

Source: 1970 Census

The difference in age distribution of the population suggest that the family structure of each area shapes differentials in labor force age composition. Young men and women ages 18 to 24 account for only 27.6% of the West Berkeley labor force, while they make up 38.6% of the labor force Berkeley-wide, mainly because of the disproportionate numbers of student age men and women who have migrated to Berkeley without the rest of their families, many to attend the University of California. Minority groups have a higher incidence of entire families living in Berkeley whose age distribution thus more closely parallels that of the U.S. population as a whole. West Berkeley working residents have higher proportions in all age groups from 35 to 64 years. Gender difference are also revealing. The West Berkeley working age population has a much higher proportion of women than in Berkeley as a whole.

Female-headed households, educational background and unemployment rates also sharply distinguish West Berkeley from Berkeley as a whole (See Table 21). About half of all households headed by women were located in West Berkeley, even though the latter area accounted for only 30% of Berkeley's population.

Table 21
Female-Headed Households, Education and Unemployment
for West Berkeley and Berkeley, 1970

	Berkeley			West Berkeley		
Families with Female Head	4,591					
Persons 25 years and over						
Number	61,951			20,216		
Median School Years Completed	14.3			12.3		
% High-School Graduates	77.0%			58.2%		
Civilian Labor Force, 16 yrs and Over	Total	Male	Female	Total	Male	Female
# of Unemployed	55,145	30,623	24,522	15,138	8,507	6631
% Unemployed	4,583	2,588	1,995	1,537	822	715
	8.3	8.5	8.1	10.2%	9.7	10.2

Source: 1970 Census

West Berkeley had a lower percentage of residents over age 25 who had completed high school (58.2 to 77.0%) and lower median years of school completed (12.3 to 14.3). Unemployment rates were significantly higher for West Berkeley than for Berkeley as a whole. In West Berkeley, the unemployment rate among women was significantly higher than that for men, while the opposite was true for Berkeley as a whole.

B. The Occupational and Sectoral Characteristics of the Berkeley Labor Force

The occupational distribution of Berkeley residents differed dramatically from that of other locations in the Bay Area. Significant differences also divided West Berkeley from the city as a whole. While the occupations of Berkeley residents paralleled the occupational structure of Berkeley jobs, workers in some occupations demonstrated a greater willingness or necessity to commute outside of Berkeley to their workplaces.

1. Berkeley Residents Specialize in Professional Occupations

The resident Berkeley labor force has more than one in three of its workers in the professional occupations. This is double the Bay Area as a whole and quite in excess of other Bay Area inner cities like Oakland, San Leandro, Hayward and San Jose, shown in Table 22. On the other hand, Berkeley shows the lowest percentage of residents working in the occupations of managers, salesworkers, craftspersons, operatives, and laborers. Only the clerical and service occupations among Berkeley residents resembled area-wide employment shares.

Table 22
Percentage Distribution of the Occupations of
Employed Residents in the Nine-County Region, Berkeley
and Selected Cities: 1970

Occupation	Berkeley	Oakland	S. Leandro	Hayward	S. Jose	Bay Area
Professional, Technical, and Kindred Workers	36.7	15.9	10.7	11.7	21.0	18.1
Managers and Administrators	6.4	7.4	8.4	6.9	8.4	9.4
Sales	5.3	6.9	8.6	7.5	7.9	8.2
Crafts	5.9	11.4	17.1	18.8	13.5	12.3
Clerical	22.2	23.5	23.2	21.6	18.7	23.0
Operatives	7.1	13.7	17.9	18.8	15.0	11.6
Service	12.7	15.4	9.7	10.9	11.5	12.9
Laborers	3.7	5.8	4.3	4.3	3.8	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: U.S. Bureau of the Census of Population: 1970, Volume I, Characteristics of the Population, Part 6, California, Section 1, Table 86; U.S. Bureau of the Census, Census of Populations: 1960, Volume I, Characteristics of the Population, Part 6, California, Table 84. Percentages may not add to 100 due to rounding error.

This distribution changed dramatically from 1960 to 1970. Table 23 shows the occupational breakdown for these two years and the percentages in each. Professional occupations grew from 30 to almost 37% of Berkeley residents, while managers, sales, crafts, operatives, laborers, and services workers lost their share of total occupations, even though the latter two gained numbers of workers. In addition to the professional category, only clerical work gained in share. These percentages parallel the shifts in occupational mix for the economy as a whole, but point to the continued concentration of specialized occupations in Berkeley. There is little reason to believe that these trends have not continued to characterize the changes in the resident labor force in the 1970's, although the outmigration of white residents may have counteracted the professional specialization of Berkeley residents.

Table 23
Occupations of Employed Berkeley Residents:
1960 and 1970

Occupation	1960		1970		1960-1970 % Change
	#	%	#	%	
Professional, Technical, and Kindred Workers	13,168	30.3	18,516	36.7	+40.6
Managers and Administrators	3,463	8.0	3,233	6.4	- 6.6
Sales	2,995	6.9	2,665	5.3	-11.0
Clerical	9,208	21.2	11,190	22.2	+21.5
Crafts	3,460	8.0	2,970	5.9	-16.5
Operatives	3,710	8.5	3,617	7.1	-2.5
Service	5,725	13.2	6,127	3.7	+11.6
Laborers	1,785	4.0	1,883	3.7	+ 5.5
TOTAL	43,514		50,461		+16.0

Source: U.S. Bureau of the Census, Census of Population 1970, Volume I, Characteristics of the Population, Part 6, California - Section 1, Table 86; U.S. Bureau of the Census, Census of Populations: 1960, Volume 1, Characteristics of the Population, Part 6, California, Table 84. Agricultural and unreported occupations excluded.

2. Blue Collar Residents in Traditional Industries are more Apt to Commute Outside Berkeley to Work.

Berkeley residents who work in crafts or assembly occupations are more apt to commute to work outside Berkeley than work in the city (see Table 24). In contrast, a majority of employed residents in the professional, managerial, service, sales and clerical occupations work within Berkeley.

Table 24
Occupational Distribution of Employed Berkeley
Residents by Place of Work, 1970

Occupation	#Employed Berkeley Residents	#Employed Residents Working in Berkeley	% Berkeley Residents Working in Berkeley	%Berkeley Residents Working Outside Berkeley
Professional/ Technical	14,937	8,173	54.7	45.3
Managerial	2,944	1,514	51.4	48.6
Sales	2,147	1,251	58.2	41.8
Clerical	9,555	5,033	52.7	47.3
Crafts	2,206	788	35.2	64.8
Operatives	2,671	1,045	39.1	60.9
Laborers	1,584	690	43.6	56.4
Service	5,156	3,149	61.1	38.9
TOTAL	41,200	21,633	51.5	48.5

Source: See Table 17 above.

The occupational findings are reflected, too, in the distribution of Berkeley employed residents by industry. In those industries where the blue collar jobs are concentrated, Berkeley's residents commute outside Berkeley to work at almost twice the rate of those working in the professional service sector (see Table 25).

Table 25
Industrial Distribution of Employed Berkeley
Residents by Place of Work, 1970

Industry	# Employed Berkeley Residents	# Employed Residents Working in Berkeley	% Berkeley Residents Working in Berkeley	% Berkeley Residents Working Outside Berkeley
Construction	1,013	304	30.0	70.0
Manufacturing	3,904	1,312	33.6	67.4
Transportation/ Communications/ Utilities	2,205	455	20.6	79.4
Wholesale/ Retail	5,412	2,804	51.8	48.2
Finance/ Insurance/ Real Estate	2,298	936	40.7	59.3
Business and Repair Services	1,575	702	44.6	55.4
Personal Services	2,206	1,458	66.1	33.9
Professional Services	18,368	12,227	66.6	33.4
Public Administration	3,339	968	29.0	71.0
Other	966	467	48.3	51.7
TOTAL	41,286	21,633	51.5	48.5

Source: See Table 17, 18.

Berkeley residents working in personal or professional service sectors are most apt to be employed in their home town, while more than two out of three Berkeley workers employed in construction, manufacturing and the transportation/communication/utilities sectors commuted outside Berkeley to work. High commuting rates for Berkeley residents in these sectors dovetail with high incommuting rates into similar jobs within Berkeley by residents of other Bay Area Communities. Several reasons may be offered for this high degree of cross-commuting. First, the skills required by individual employers in these sectors may highly differentiate the jobs available, whereas clerical work is similar in all locations. Second, workers in these sectors may be more willing to commute longer distances to work than other groups of workers. Third, job information may circulate on a broader basis, through union hiring halls, apprenticeship programs and technical colleges, permitting greater integration of the labor market in the occupations in these sectors.

3. Target Area Residents Are More Apt to Work in Blue Collar Jobs.

Target area workers were twice as apt, in 1970, to be working in non-professional/managerial jobs than the average Berkeley resident (see Table 26). In addition to craftworkers, operatives and laborers, whose share of the area's labor force was twice that of those occupations Berkeley-wide, greater proportions of workers were found in the clerical and service occupations. These occupational distinctions are reflected, too, in the industrial distribution (Table 27). West Berkeley residents have somewhat higher percentages of jobs in construction, manufacturing, transportation, communications/utilities, business services and personal services. Surprisingly, West Berkeley residents had a significantly higher share of their jobs in public administration. Sectors with lower than average numbers of West Berkeley workers are finance, insurance and real estate, educational services, and other professional services.

Table 26
West Berkeley and Berkeley Occupational Distribution, 1970

Occupation of Labor Force	Berkeley		West Berkeley	
Prof., Tech. & Kindred Workers	18,516	36.6%	2667	18.7%
health workers	1,570	3.1%	276	1.9%
teachers, elementary & Secondary	2,710	5.4%	475	3.3%
Managers & Administrators	3,233	6.4%	567	4.0%
salaried	2,546	5.0%	449	3.1%
self-employed in retail	258	0.5%	62	0.4%
Salesworkers	2,665	5.3%	552	3.7%
retail trade	1,602	3.2%	376	2.6%
Clerical & Kindred	11,190	22.1%	3,415	23.9%
Craftsmen, Foremen & Kindred Workers	2,970	5.9%	1,447	10.1%
construction craftsmen	714	1.4%	397	2.8%
mechanics & repair	577	1.1%	324	2.3%
Operatives, excluding transport	2,512	5.0%	1,286	9.0%
Transport Equipment Operators	1,105	2.2%	573	4.0%
Laborers, excluding farm	1,883	3.7%	1,018	7.1%
Farm Laborers	101	0.2%	57	.4%
Service Workers	5,173	10.2%	2,078	14.5%
cleaning & food service	2,827	5.6%	1,047	7.3%
protective service	341	0.7%	96	0.7%
personal & health service	1,431	2.8%	709	5.0%
Private Household Workers	1,214	2.4%	659	4.6%
TOTAL	50,562		14,289	

Source: 1970 Census.

Table 27
West Berkeley and Berkeley Occupational Distribution, 1970.

Industry	Berkeley		West Berkeley	
Total employment, 16 years and over	50,562	100%	14,289	100%
Construction	1,374	2.7%	625	4.4%
Manufacturing	4,895	9.7%	1,892	13.2%
Durable Goods	2,271	4.5%	962	6.7%
Transportation	1,326	2.6%	616	4.3%
Communications, Utilities and Sanitary Services	1,373	2.7%	565	4.0%
Wholesale Trade	1,011	2.0%	301	2.1%
Retail Trade	5,574	11.0%	1,581	11.1%
Finance, Insurance and Real Estate	2,748	5.4%	608	4.3%
Business & Repair Services	1,799	3.6%	632	4.4%
Personal Services	2,674	5.3%	1,226	8.6%
Health Services	3,446	6.8%	1,044	7.3%
Educational Services	13,568	26.8%	1,971	13.8%
Other Professional & Related services	5,757	11.4%	1,112	7.8%
Public Administration	3,734	7.4%	1,805	12.6%
Other Industries	1,283	2.5%	306	2.1%

Source: 1970 Census

4. Target Area Residents are More Likely to Commute Farther to Work.

The working residents of West Berkeley are less likely to walk to work than the average Berkeley worker in 1970 (see Table 28). More than 21% of all Berkeley workers either worked out of their homes or walked to work. Only 8.6% of West Berkeley residents were able to do so. West Berkeley residents were more apt to work in Oakland than the average Berkeley resident. Commutes to other counties and to San Francisco were similar. This commuting pattern jibes with the occupational and industrial composition documented above.

Table 28
Selected Characteristics of
Transportation and
Place of Work

	Berkeley		West Berkeley	
All Workers	47,406 ⁴	13,656 ⁴		
Walked to work	7,961	16.8%	861	6.3%
Worked at home	2,247	4.7%	316	2.3%
San Francisco ¹	5,843	12.3%	1,645	12.0%
Oakland ²	7,403	15.6%	3,007	22.0%
Remainder of Alameda County, including Berkeley	25,176	53.1%	6,008	44.0%
Other Counties ³	3,444	7.3%	1,009	7.4%

Source: 1970 Census

Notes:

¹Includes San Francisco Central Business District; remainder of San Francisco (city and county).

²Includes Oakland Central Business District and remainder of Oakland.

³Includes San Mateo, Contra Costa and Marin counties.

⁴Categories are not exclusive and will not necessarily total 100%.

5. Target Area Residents Held Fewer Public Sector Jobs than the Berkeley Population as a Whole

Because of the predominance of educational institutions in Berkeley, the educational sector accounts for more than 1 in 4 Berkeley workers. As Table 27 shows, only 13.8% of West Berkeley residents work in this sector, or about half the areawide average. The staff figures for the University of California indicate that its affirmative action programs have not gone far enough toward increasing employment of area minorities. Blacks in particular are underrepresented on the University payroll (See Table 29).

Table 29
U.C. Berkeley Staff Employees, 1980

All Staff	Male	Female	White	Black	Hispanic	Asian	Amer. Indian	Total
Number	1,980	2,926	3,080	874	325	598	29	4,906
Percentage	40.4	59.6	62.8	17.8	6.6	12.2	0.6	100%

Source: Affirmative Action Plan, University of California, Berkeley, 1980

Despite the relatively good performance of local government (city and school district) in hiring West Berkeley residents (see Table 30) workers in the West Berkeley area as a whole are more apt to work for private employers than the average Berkeley resident. Table 30 shows that over 60% of West Berkeley residents worked in the private sector, while slightly less than half of all Berkeley residents living outside West Berkeley fell into this category.

Table 30
Private, Public and Self-Employed Occupations
of West and Berkeley Residents, 1970

Class of Worker	Berkeley		West Berkeley	
Total employment, 16 yrs & older	50,562	100%	14,289	100%
Private wage and salary workers	26,774	52.8%	8,731	61.1%
Government workers	20,008	39.6%	4,841	33.9%
Local government workers	5,497	10.9%	1,479	10.4%
Self-employed workers	3,594	7.1%	686	4.8%
Unpaid family workers	186	0.4%	31	0.2%

Source: 1970 Census

C. Berkeley's Unemployed.

1. Blacks, West Berkeley Register the Highest Unemployment Rates

Unemployment rates in Berkeley have historically been higher than rates for Alameda County as a whole. Table 31 shows that rates have declined over the latter half of the '70s, but remain high for the county.

Table 31:
Estimated Unemployment Rates in
Berkeley and Alameda County, 1974-1979¹

	1974	1975	1976	1977	1978	1979
Berkeley	9.4%	12.6%	12.3%	10.6%	8.8%	7.4%
Alameda County	7.4%	10.1%	9.8%	8.4%	7.0%	5.9%

Source: California State Employment Development Department estimates (unpublished).

¹The 1970 differential between the two rates is assumed to have held throughout the decade. When available, 1980 Census data can be used to verify these estimates.

Minorities account for the majority of the unemployed in 1980: Blacks, Hispanics, Asians, and Native Americans together account for 53% of Berkeley's unemployed (see Table 32).

Table 32
Characteristics of the Unemployed Reporting to
the Berkeley EDD Office

Characteristics	8/31/80	%	1/31/76	%
Under 22	2,744	17	3,355	21
22-45	11,399	72	1,130	72
45 and Over	1,737	11	116	7
TOTALS	15,880		15,817	
Male	8,370	53	8,394	53
Female	7,510	47	7,423	47
Ethnic Group				
White	7,516	47	9,837	62
Black	6,347	40	5,124	32
Hispanic	993	6	688	4
Other	1,024	7	168	1
Economically Disad.	6,489	41		
Handicapped	536	3		
Veteran (Total)	2,216	14		
Vietnam	1,016	6		
Other	1,200	8		
Disabled	121	1		

Source: Monthly year-to-date data, State of California Employment Development Department. Caution should be used in interpreting figures because (1) not all unemployed residents show up at the EDD office (2) some of those registering may not be Berkeley residents and (3) not all those who apply are legitimately unemployed.

These proportions have changed since the mid-70's. The same table shows a dramatic decline in the numbers and percentage of unemployment accounted for by whites and a large increase in black unemployment. Some, but not all, of this increase parallels the demographic shift in Berkeley's population to a higher proportion of minorities. Men and women's share remained the same, but the proportion of unemployment accounted for by young workers under the age of 22 declined substantially while unemployed workers over the age 45 increased.

Unemployment is highest in those areas that lie within and border on the West Berkeley target area. In 1970, West Berkeley unemployment

Table 34
Last Occupation of Experienced Unemployed, 16
Years and Older, Berkeley, 1970.

Occupation	Men #	Women % of Unemployed	Total #	Employed % of	Total Unemployed	% of all Unemployed	% Berkeley Residents in Occupation
Professional/ Technical/ Managerial	502	20.3	416	21.9	918	21.5	43.3
Sales	152	6.2	160	8.4	312	7.3	5.2
Clerical	328	13.3	637	33.5	965	22.6	23.2
Crafts	389	15.7	223	11.7	612	14.4	5.4
Operatives	387	15.7	17	0.9	404	9.5	6.5
Laborers	354	14.4	260	13.7	614	14.4	3.8
Service	322	13.0	106	5.6	428	10.0	12.5
TOTAL	2,468		1,819		4,253		

Source: 1970 Census, same as Tables above, and Census Table 88. Within each area, unemployment among blacks and other minorities was consistently higher than that of whites.

2. Craftworkers, Operatives and Laborers have Disproportionately High Unemployment Rates

Among the unemployed in Berkeley, those with previous jobs in the blue collar category suffered inordinately high unemployment rates. Table 34 shows that craftworkers accounted for more than 14% of area unemployment in 1970, although they constitute only 5.4% of the labor force. Professional and managerial workers suffered unemployment rates that were half of their share of the labor force. Clerical and service jobs held even. For women, unemployment was predictably concentrated in the clerical category.

Since the 1980 Census has not yet been compiled, it is difficult to discern if these occupational characteristics of the unemployed have continued throughout the '70s. The only other evidence available come from the 1978 Sacramento Street Area Survey. Table 35 gives the occupational designations of people unemployed in the area during the survey. The unemployment rate of those households surveyed was judged to be roughly 26%. Allocating the experienced unemployed into broad occupational groups, the results show that 32% of this sample worked as professional/managerial workers, 29% as clerical workers, 18% as craftworkers, and 11% as service workers. The relatively large numbers of professional/managerial workers in this sample should warn that such occupations should not necessarily be treated homogenously as high income, low unemployment slots.

rate; were three times as high as that of North Hills and South Hills (see Table 33).

Table 33
Labor Force by District for Berkeley (1970)¹

Characteristics	Citywide	North Hills	Campus	South Hills	South Campus	North Central	South Central	South Berkeley	West Berkeley
Total Labor Force	55,145	11,194	11,595	3,073	8,609	6,559	4,124	6,706	3,285
Unemployed	4,583	441	1,254	136	898	402	333	724	395
Percent	8.3	3.9	10.8	4.4	10.4	6.1	8.1	10.8	12.0
White Labor Force**	35,929	**	**	**	7,532	4,895	2,544	1,108	1,277
Unemployed**	2,715	**	**	**	733	268	180	84	121
Percent	7.6			9.7	5.5	7.1	7.6	9.5	
Black Labor Force	12,344	*	*	*	1,077	1,474	1,451	5598	1826
Unemployed	1,391	*	*	*	165	118	138	640	248
Percent	11.3				15.3	8.0	9.5	11.4	13.6
Spanish Labor Force	2,580	*	*	*	*	190	129	*	182
Unemployed	254	*	*	*	*	16	15	*	26
Percent	9.8						11.6		14.3
Asian & Other	4,292	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Unemployed	223								
Percent	5.2								

Source: Berkeley Comprehensive Planning Department, The Berkeley Economy, 1976, Table 18a.

¹Each District comprises two or more census tracts

*Tables in the Census included only those tracts that had a population of 400 or more Blacks, Spanish-speaking or Spanish-surname. Thus the Labor Force for that particular ethnic group was not available.

**The white labor force (and unemployed) was not identified by census tract; therefore, the numbers that appear in the rows labeled "White Labor Force" and (white) "Unemployed," were calculated by subtracting the number for Blacks and Spanish in each category from "Total Labor Force." Since "Asians and Others" were not identified by census tract, they are included in the "white" category.

Table 35.
Occupations of Sacramento Street Area Survey, 1978

Occupations		Occupations of Experienced Unemployed		
			#	%
Clerk	5	Prof./Tech.	5	18
Administrator	3	Manager/Admin.	4	14
Secretary	2	Sales	1	4
		Clerical	8	29
Labor Counselor	1	Crafts	5	18
Engineering	1	Operative	2	7
		Service	3	11
Cannery Worker	1	Laborer	0	0
Electrician	1			
Sheet Metal Worker	1			
"Any"	1			
Seamstress	1			
Accounting	1			
Businessman	1			
Personnel Clerk	1			
Barber	1			
Teacher	1			
Salesperson	1			
Carpenter	1			
Mechanic	1			
Counselor	1			
House painter	1			
Dental assistant	1			
Housekeeper	1			
Inexperienced,				
Miscellaneous	5			
TOTAL	33			

Source: Berkeley Comprehensive Planning Department, Sacramento Street Area Improvement Plan, 1978: Appendix B, p. 2.

IV. Conclusion: Implications for Economic Development Planning

The profile of the Berkeley economy presented above suggests some possibilities for and constraints on pursuing an implementation strategy for the Berkeley Economic Development Plan adopted by the City Council in November 1980. These implications can be succinctly summarized in four general guidelines for a specific economic development strategy. Taken together, the guidelines comprise a Berkeley economic development planning package of criteria for specific to Berkeley's conditions rather than the current practice of across-the-board job expansion with