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KERN ECONOMIC JOURNAL is a quarterly publication (February, May, August, November) of California State University, Bakersfield. Its purpose is to track local trends and analyze regional, national, and global issues that affect the economic well-being of Kern County. The journal provides useful information and data that can help the community make informed economic decisions. Sources of funding for this journal include university contributions and sponsorship and subscription fees.

Editorial and analytical articles on important local, regional, national, and international issues and trends are invited for consideration of publication in the journal. Articles (not exceeding 800 words in length) must be submitted to the Managing Editor in electric copy. Individual authors are responsible for the views and research results.

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Kern Economic Journal



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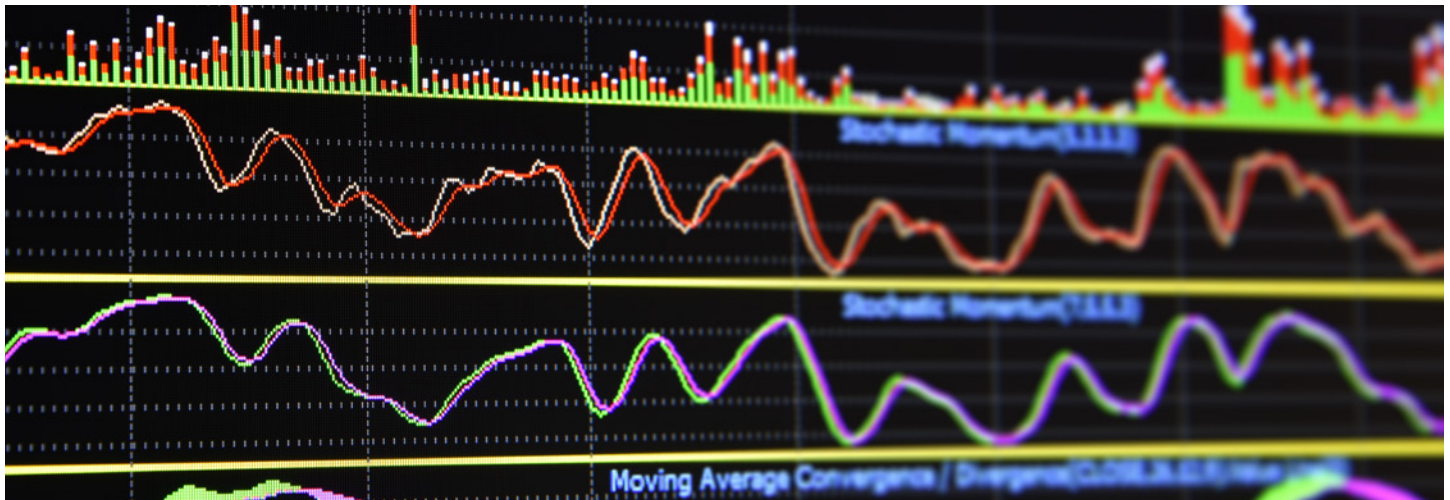
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Economy at a Glance!

by Dr. Richard S. Gearhart III and
Dr. Nyakundi M. Michieka



National Economy¹

The world's largest economy of more than \$16.5 trillion, the United States, grew by 1.2 percent the second quarter of 2016, at a higher clip than the first quarter of 2016 growth rate of 0.8 percent. Real GDP increased largely because of an increase in consumer spending on services, mainly accounted for by increases in spending on housing, utilities, and health-care. The growth rate was moderated in part by a decrease in inventory and business investment, which declined quite substantially.

Real disposable personal income, which is adjusted for inflation and taxes, increased by a modest 1.2 percent in the second quarter of 2016, slowing after an increase of 2.2 percent in the first quarter of 2016. Increases happened in the later part of the year, as March saw a majority of the increase. This modest increase in real disposable income growth was met with substantial increases in real consumer spending in April and in June. Though this may hint that households are being overstretched, the increase in consumer spending was funded by a decrease in household savings, which fell to 5.3 percent in June. Though drawing down on family savings is not a long-term outcome that is beneficial, it hints that long-term

¹ U.S. economic numbers were obtained from the Bureau of Economic Analysis "U.S. Economy at a Glance". This is found at <http://www.bea.gov/newsreleases/glance.htm>. The information for the Index of Leading Economic Indicators is found at <https://www.conference-board.org/data/bcicountry.cfm?cid=1>. The University of Michigan Consumer Sentiment Index is found at <http://www.sca.isr.umich.edu/tables.html>.

economic outlooks are improving, as modest wage growth is met with sizable increases in consumer spending.

The Conference Board's Index of Leading Economic Indicators – a measure of future economic activity – increased slightly, to 123.7 in June of 2016, after rising 0.4 percent in June (and falling in May). This compares to the indicator being 123.4 at the end of March of 2016. The continued increase in the LEI measure means that it is stabilizing at levels found pre-recession, in 2005, hinting that economic outlook for the country as a whole is optimistic. On a slightly less optimistic note, the moderating labor market is the culprit behind the May decrease, as claims for unemployment insurance ticked up. Similarly, the University of Michigan's Consumer Sentiment Index increased from 91.0 in March of 2016 to 93.5 in June of 2016, stabilizing at levels not seen since 2007. However, there was considerable month-to-month variation in the outlook, as the index was 89.0 in April of 2016 and 94.7 in May, hinting that economic uncertainty is still a worry.

State Economy²

In California, the unemployment rate remained stable at 5.4 percent. Among counties, San Francisco (2.9 percent), Santa Clara (3.3 percent), San Luis Obispo

² The California economic numbers were obtained from the Bureau of Labor Statistics "Local Area Unemployment Statistics Map". This is found at <http://data.bls.gov/map/MapToolServlet>.

(3.5 percent), Orange (3.6 percent), San Diego (4.2 percent), Los Angeles (4.3 percent), and Sacramento (4.9 percent) had unemployment rates below the state average. In contrast, Sacramento (5.5 percent), Riverside (5.9 percent), San Joaquin (7.1), Fresno (8.5 percent), Kings (8.6 percent), and Kern (10.4 percent) had unemployment rates above the state average.

The state's civilian labor force gained 47,033 members, where 90,567 secured paying jobs (employed) and 43,567 fewer were left jobless (unemployed). While nonfarm industries hired 122,500 more workers, farming enterprises employed 2,000 fewer workers. A wide range of industries added jobs, including goods producing, manufacturing, information, financial activities, education and health services, leisure and hospitality, and government. However, jobs were lost in manufacturing.

Local Economy

After a sizable decrease in both employment and the labor force, both statistics rebounded in Kern County, even with a 600 worker decrease in the oil and gas extraction sector. Many jobs were gained in the service sector, especially food service and drinking places, highlighting the continued diversification of Kern County's economy. Importantly, eating out is a sign of positive future economic outlook, as families feel that they have enough income to be able to eat out. Interestingly, the number of department store workers fell slightly, by 67 workers, which is in contrast to the retail store expansion seen in Kern County. In fact, personal incomes increased substantially in Kern County, by nearly \$3 billion, which helped offset the losses that many businesses are facing, which included aggregate losses of \$700 million.

The rate of unemployment ranged from 4.9 percent in Inyokern to 21.1 percent in California City. No city in Kern County experienced an increase in the unemployment rate. In Bakersfield, 9.23 percent of persons in the labor force are unemployed. In fact, there were sizable declines in the unemployment rate in many rural communities in Kern County, hinting that these workers are able to find employment in Bakersfield itself. Interestingly, and importantly, the median housing price in Kern County increased to \$210,000, the highest level since 2008. This is important, as buying a

house (when prices are the highest that they have been since 2008) means that the future economic outlook is positive, as the purchase of a house is a long-term investment in a community. 827 more homes were purchased in the second quarter of 2016, compared to the first quarter of 2016, highlighting that again, future economic outlook in Kern County is positive. Coupled with this, however, was a slight 6 unit increase in new building permits, hinting that retail stores and new housing stock may be over-saturated, or reaching their saturation point. This highlights that there may be enough stock in both markets to satisfy demand.

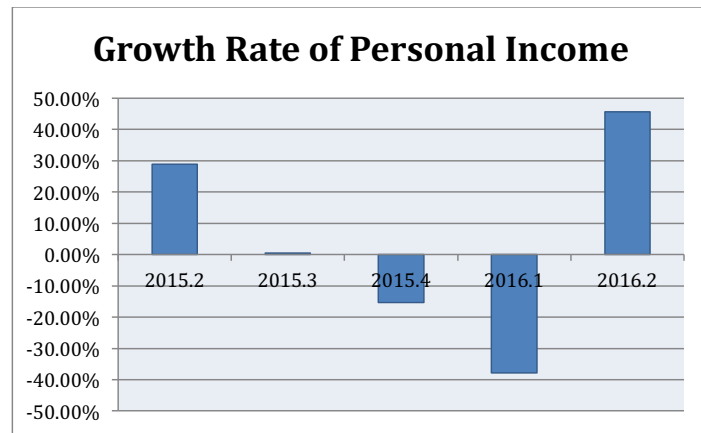
The weighted price index for the five publicly traded companies doing business in Kern County (Sierra Bancorp, Tejon Ranch Company, Chevron Corporation U.S., Granite Construction, and Wells Fargo Company) increased significantly from 98.9 in the first quarter of 2016 to 103.1 in the second quarter of 2016, an increase of 4.2 percentage points. Future expectations of the economic activity of local "market-makers" is optimistic, even with the continued stagnation of oil prices in Kern County. Chevron (0.6 percent), Tejon Ranch (16.5 percent), Granite Construction (11.2 percent), and Sierra Bancorp (0.9 percent) all experienced an increase in share prices; only Wells Fargo (4.6 percent) experienced a decrease in share prices, likely related to larger, state-wide and nation-wide economic issues.

With the continued stagnation in oil prices, gas prices increased slightly, up \$0.09 per gallon since the last quarter, averaging \$2.89 a gallon. The unit price of California's Class III milk also decreased, though substantially, from \$15.03 in the first quarter of 2016 to \$13.12 in the second quarter of 2016. Though the price that farmers received increased substantially, by 2.2 percentage points since the first quarter of 2016, it was slightly negated by increases in prices paid by farmers, an increase of 0.2 percentage points, meaning that farmers are better off, though still much worse off than they were four quarters ago. This bears watching, as water costs and minimum wage increases are potential areas that may alter the composition of profits.

Tracking Kern's Economy¹

by Dr. Richard S. Gearhart III and
Dr. Nyakundi M. Michieka

Growth of Personal Income – As the oil price has stabilized and slightly increased into the \$40's, even with increased unemployment in June of 2016 and the potential for more layoffs later this year, there was a significant increase in personal income, increasing by nearly 46%, on an annual basis, compared to the first quarter of 2016. This amounted to an increase, in total income, of nearly \$3 billion. This increase was driven by sizable increases in labor income (increasing by \$3.0 billion) and property income (increasing by over \$130 million) during the second quarter of 2016 that offset falling business profits of over \$700 million. The diversification of the Kern County economy continues to accelerate, mitigating some of the long-term oil price shocks.

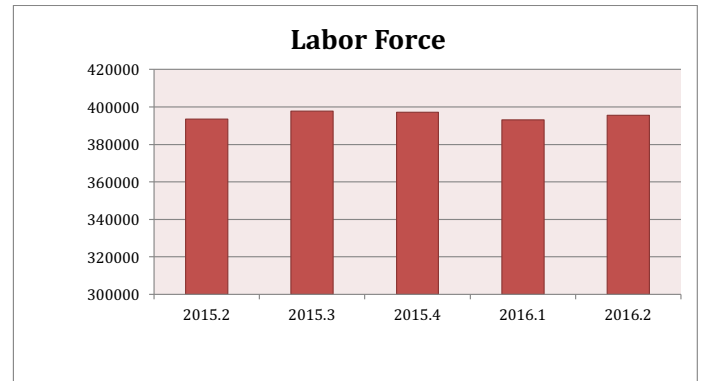


Labor Market

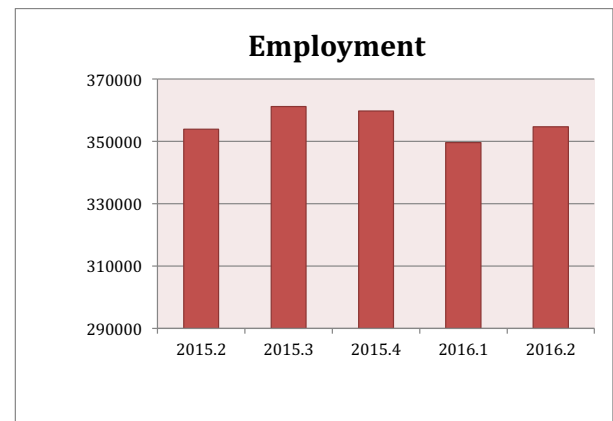
We adjust published data in three ways. Firstly, we averaged monthly data to calculate quarterly data. Secondly, we recalculated quarterly data to take into account workers employed in the “informal” market (i.e., self-employed labor and those who work outside their county of residence). Finally, we adjusted quarterly data for the effects of seasonal variations.

Labor Force - The civilian labor force increased by 2,467 members from 393,167 in the first quarter of 2016 to 395,633 in the second quarter of 2016. Even more importantly, 2,033 more labor force members were available for work this quarter relative to the sec-

ond quarter of 2015. This is heartening news, as 2,467 more workers represents a little under 1-percent of the workforce in Kern County.



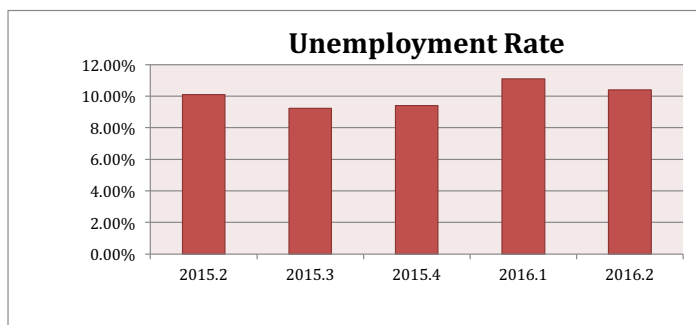
Employment – In the second quarter of 2016, Kern County hired 5,133 more workers as total employment increased from 349,600 in the first quarter of 2016 to 354,733 in the second quarter of 2016. This highlights that some of the long-term oil impacts may be lessening, as 833 more workers are working this quarter than in the second quarter of 2015.



Unemployment – In the meantime, 2,667 fewer workers were unemployed, as the number of jobless workers decreased from 43,567 to 40,900. Unfortunately, it appears as if unemployment has remained higher than desirable, as 1,233 more workers are unemployed this quarter, as compared to the second quarter of 2016.



Unemployment Rate – Fortunately, Kern County’s unemployment rate decreased from its recent high in the first quarter of 2016, dropping by 0.7 percentage points from 11.1 percent to 10.4 percent in the second quarter of 2016. This highlights that Kern County’s economy is diversifying away from oil. However, the unemployment rate still remains high relative to four quarters ago, as it is 0.3 percentage points higher than the second quarter of 2016. Even though Kern County weathered the recent high unemployment storm from the first quarter of 2016, improvement can be made.

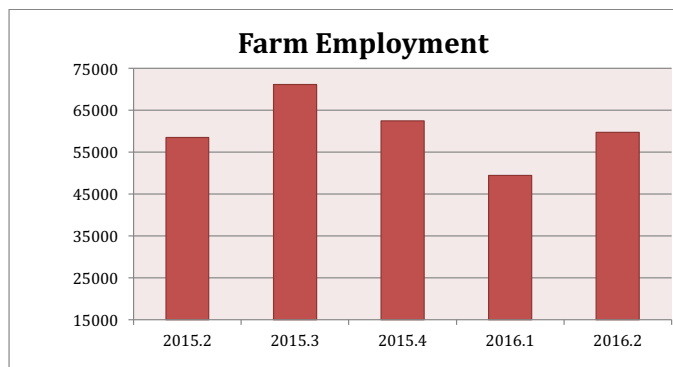


The rate of unemployment varied considerably across cities. Among cities shown below, the unemployment rate varied between 4.9 percent in Inyokern to 21.1 percent in California City. No city in Kern County experienced an increase in the unemployment rate. The largest increase was experienced by Maricopa, which saw a 4.3-percentage point decrease in the unemployment rate. In Bakersfield, the rate of unemployment was 9.23 percent.

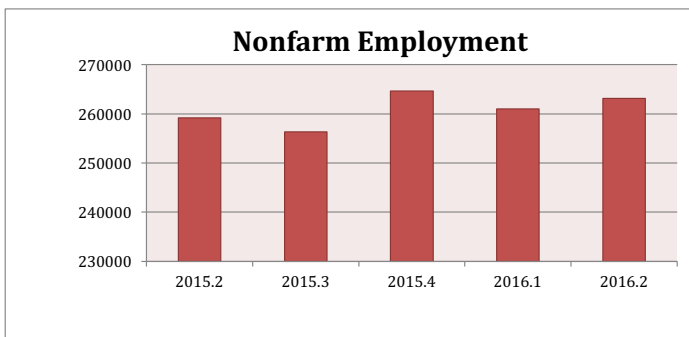
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
Inyokern	4.9	Bakersfield	9.23
Taft	6.7	Arvin	12.0
Lamont	6.9	Delano	12.4
Ridgecrest	6.97	Oildale	13.27
Tehachapi	7.9	Wasco	13.67
Frazier Park	8.0	McFarland	16.0
Rosamond	8.6	Edwards	17.73
Shafter	8.87	Mojave	18.6
Lake Isabella	8.9	California City	21.1

Note: City-level data are not adjusted for seasonality and “informal” market workers.

Farm Employment – In the second quarter of 2016, Kern County hired 10,333 more farm workers. As a result, farm employment increased from 49,400 to 59,733. Though this is the cyclical nature of farm employment, this is encouraging about the viability of agriculture in the Central Valley with the sustained drought, even with the recent rains brought by El Nino (and the perhaps higher temperatures and less rainfall brought by the subsequent La Nina). Compared to the second quarter of 2015, 1,233 more farmworkers were hired, again hinting that the rainfall improved medium-term farmwork and crop yield expectations.

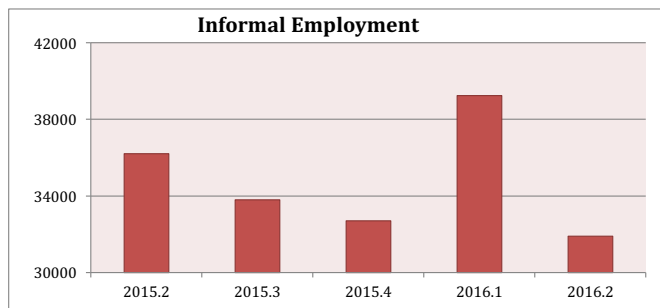


Nonfarm Employment – Local nonfarm industries employed 2,133 more workers this quarter. Hence, the number of nonfarm workers increased from 260,967 to 263,100. Similarly, nonfarm industries hired 3,900 more workers than four quarters ago.



In Bakersfield, few nonfarm industries lost jobs: the biggest losses continued to be felt in oil and gas extraction, where 600 fewer workers were employed in the second quarter of 2016, compared to the first quarter. A worrying trend to watch is that 67 fewer department store workers were hired, hinting of perhaps slowdown in income growth in the area. A number of sectors, however, gained jobs: retail trade, general merchandise stores, healthcare and social assistance, and food services and drinking places.

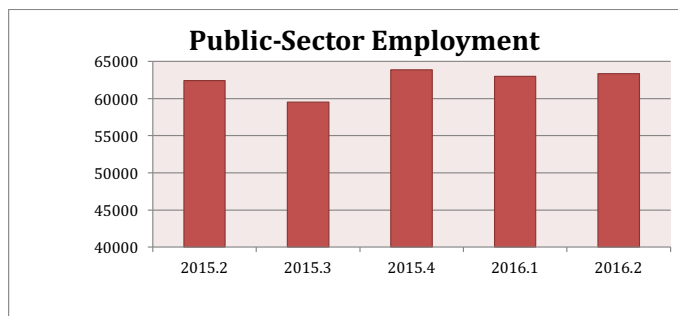
Informal Employment - Informal employment is the difference between total employment and industry employment. It accounts for self-employed workers and workers employed outside their county of residence. In the second quarter of 2016, the number of informal workers decreased by 7,333 from 39,233 to 31,900 the lowest level since 2003. Similarly, 4,300 fewer informal workers were hired this quarter relative to the second quarter of last year. This is both good (more formal-sector workers provide higher tax revenues which means more spending on public goods, such as roads, community development, and fire and police) and worrying (if the informal labor market is tightening, and there are fewer jobs available, if these workers cannot be employed in the formal labor market sector, we could see rapid increases in the unemployment rate).



Private-Sector Employment - Nonfarm employment is comprised of private-sector employment and public-sector employment. In the second quarter of 2016, private companies hired 1,800 more workers as their employment increased from 197,967 to 199,767. Similarly, the private sector employed 2,967 more workers this quarter than four quarters ago. This hints at continued diversification (especially food service and drinking place) in Kern County.



Public-Sector Employment - The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the second quarter of 2016, government agencies hired 333 more workers as their employment increased from 63,000 to 63,333; this is important, as higher private sector is desirable for a sustained path of economic growth and development. In fact, year-on-year, there has been an increase of 933 workers since the second quarter of 2015, again swamped by private sector hiring.

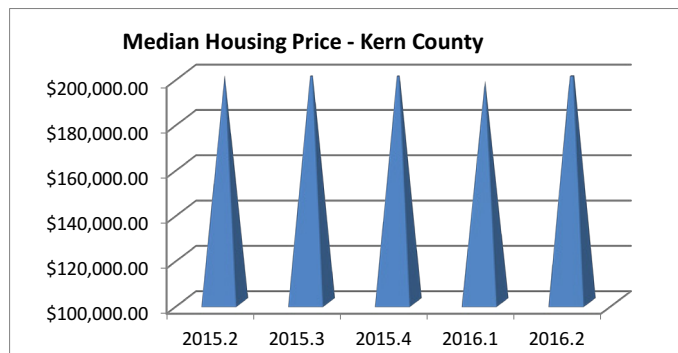


Housing Market

Housing Price - In the second quarter of 2016, Kern County's housing prices increased substantially, by over \$12,000, hinting that long-term economic outlooks are bright, as housing purchases make sense only if prices are incredibly depressed or if long-term

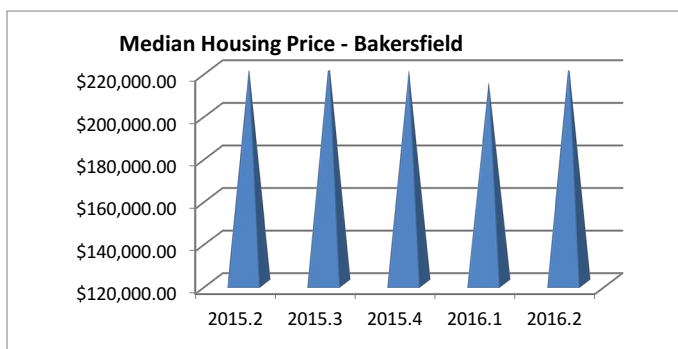
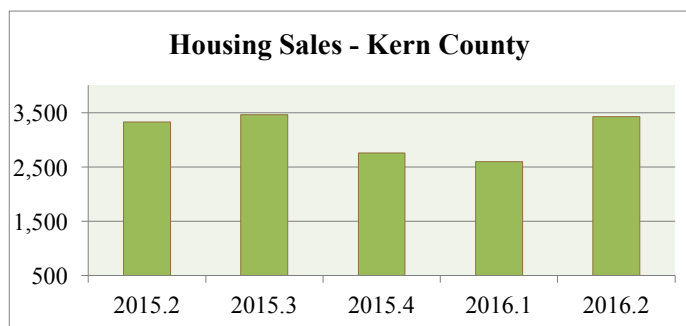
employment prospects are good. The median sales price for all residential units increased from \$197,917 in the first quarter of 2016 to \$210,000 in the second quarter of 2016, the highest housing prices have been since 2008. Overall, the county’s median sales prices are \$9,500 higher (or 4.7 percent) than they were four quarters ago.

Location	Median Price 2016.2	Median Price 2015.2	Price Change 2015.2 to 2016.2	% Price Change 2015.2 to 2016.2
Kern County	\$210,000.00	\$200,500.00	\$9,500.00	4.7
Bakersfield	\$223,125.00	\$221,000.00	\$2,125.00	1.0
California City	\$101,500.00	\$91,000.00	\$10,500.00	11.5
Delano	\$165,000.00	\$159,666.67	\$5,333.33	3.3
Ridgecrest	\$174,625.00	\$150,166.67	\$24,458.33	16.3
Rosamond	\$199,625.00	\$180,666.67	\$18,958.33	10.5
Taft	\$107,250.00	\$103,000.00	\$4,250.00	4.1
Tehachapi	\$242,500.00	\$218,166.67	\$24,333.33	11.2



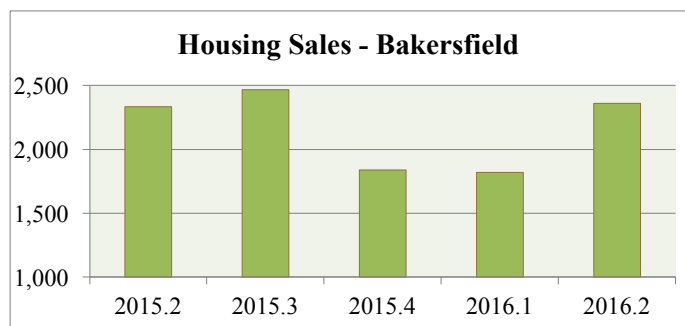
In Bakersfield, the median housing price appreciated \$8,458 (or 3.94 percent) from the first quarter of 2016, even with 600 fewer oil and gas extraction workers this quarter. This hints at continued economic development in the goods producing and service sector space. The city’s median sales price has appreciated \$2,125 (or 1.0 percent) since the second quarter of 2015.

Housing Sales – In the second quarter of 2016, price appreciation was accompanied by a substantial increase in sales. In Kern County, 827 more homes were sold as total sales increased from 2,596 to 3,423, even with 600 fewer oil and gas workers this quarter. Compared to four quarters ago, only 98 more units were sold. This hints that the area may be more robust to oil shocks than commonly thought, and that the housing market has rebounded from its unexpected recent dip.

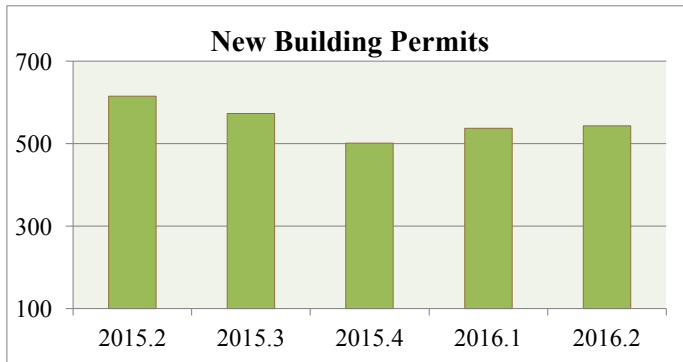


In Bakersfield, sales of residential units increased by 541 units, from 1,820 in the first quarter of 2016 to 2,361 in the second quarter of 2016. This means that a majority of the increase in housing sales in Kern County was located in Bakersfield. This hints that the largest MSA in Kern County is slowly accelerating from the oil price shocks it has suffered recently.

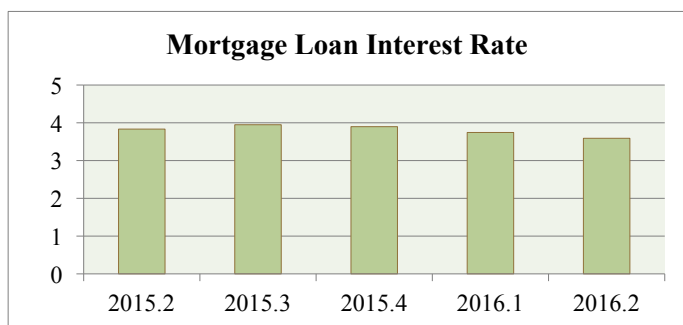
Housing prices varied across the county. Within the previous four quarters (2015 second quarter to 2016 second quarter), the median sales price appreciated in all the major cities of Kern County. In dollar value, Ridgecrest had the largest appreciation of \$24,458.



New Building Permits – In the second quarter of 2016, Kern County issued only 6 more permits for construction of new privately-owned dwelling units compared to the first quarter of 2016, issuing 543 total permits. The county issued 615 four quarters ago, showing stabilization in new building permits. This hints that the growth in the market may be saturated for now, as developers seek new places for growth.



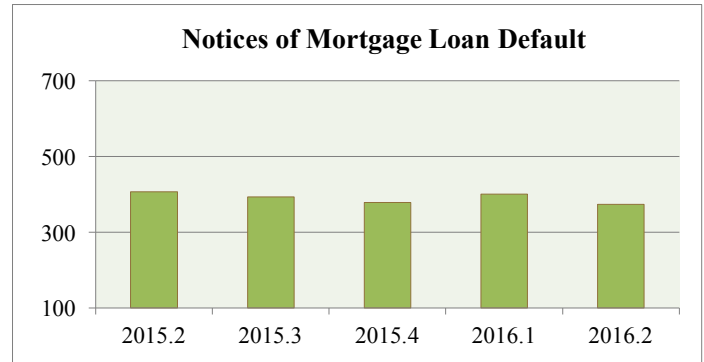
Mortgage Interest Rate – In the second quarter of 2016, the interest rate on thirty-year conventional mortgage loans decreased from 3.74 percent to 3.59 percent, highlighting continued uncertainty as to how quickly the Federal Reserve will raise rates. Four quarters ago, the mortgage loan interest rate was 3.83 percent, highlighting that there is volatility, both upwards and downwards, in the rate. This does provide one explanation as to why housing sales in Kern County have increased, as the long-term costs of borrowing continue to fall.



Housing Foreclosure Activity –

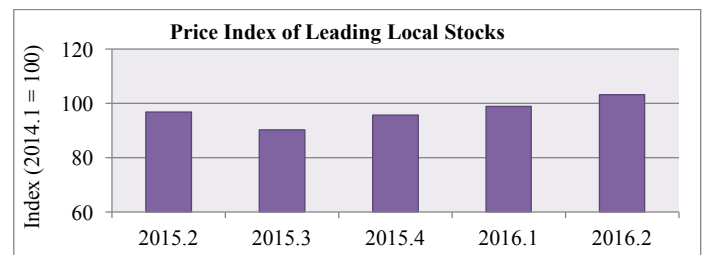
Kern County has reached a 10-year low in foreclosure activity, as the number of new foreclosures decreased slightly from the first quarter of 2016, to 373 new foreclosures in the second quarter of 2016. The number of default notices is still 33 units lower than what it was four quarters ago. This is again an encouraging sign, as

600 fewer workers were hired in the oil and gas sector, showing another piece of data that provides evidence of the diversification of Kern County’s economy.

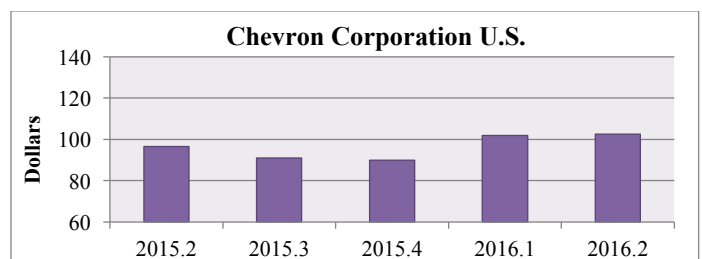


Stock Market

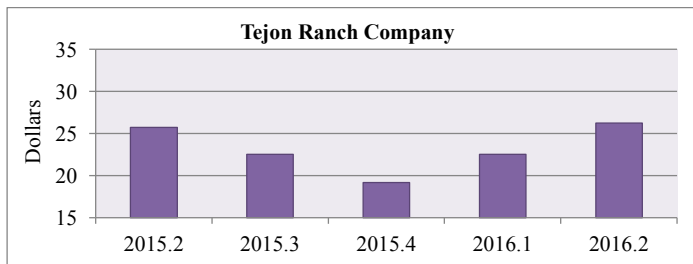
In the second quarter of 2016, the composite price index (2014.1=100) of the five publically traded companies doing business in Kern County has finally increased beyond its 2014 level, increasing by 4.2 percentage points from the previous quarter, from 98.9 to 103.1 The index is 6.4 percentage points higher than that of four quarters ago. Average “close” prices were measured for five local market-movers: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.



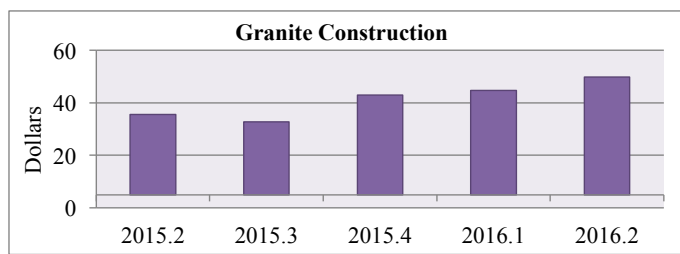
Chevron Corporation U.S.: CVX gained \$0.64 (or 0.6 percent) per share as its price increased from \$101.83 to \$102.47. Relative to the second quarter of 2015, CVX was up \$6.00 (or 6.2 percent).



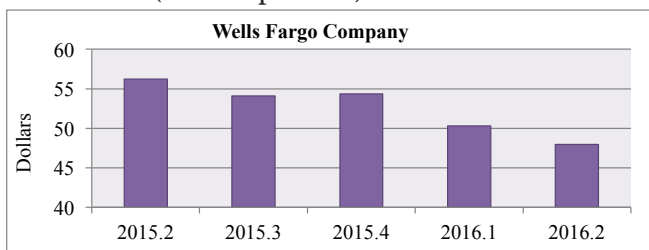
Tejon Ranch Company: TRC gained \$3.72 (or 16.5 percent) per share as its stock price increased from \$22.51 to \$26.23. Similarly, TRC was up \$0.52 (or 2.0 percent) relative to the second quarter of 2015.



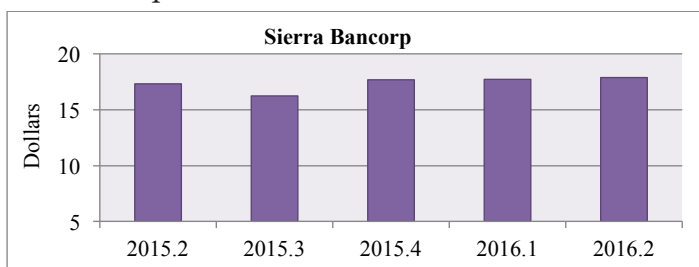
Granite Construction: GVA gained \$5.01 (or 11.2 percent) per share as its stock price increased from \$44.77 to \$49.78. Likewise, GVA has increased \$14.27 (or 40.2 percent) since the second quarter of 2015.



Wells Fargo Company: WFC lost \$2.32 (or 4.6 percent) per share as its stock price decreased from \$50.28 to \$47.96. Relative to one year ago, WFC was down \$8.28 (or 14.7 percent).

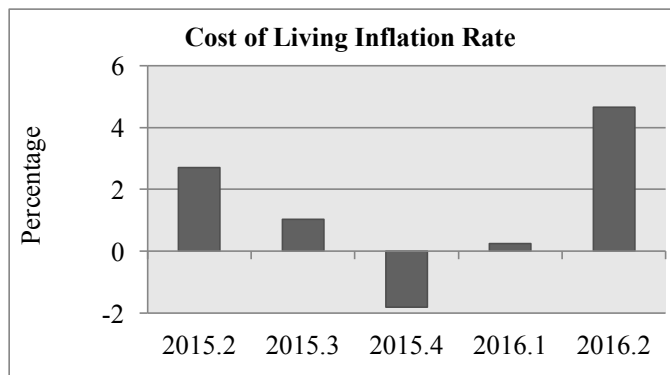


Sierra Bancorp: BSRR gained \$0.16 (or 0.9 percent) per share as its price increased from \$17.72 to \$17.88. Similarly, BSRR has gained \$0.57 (or 3.3 percent) since the second quarter of 2015.

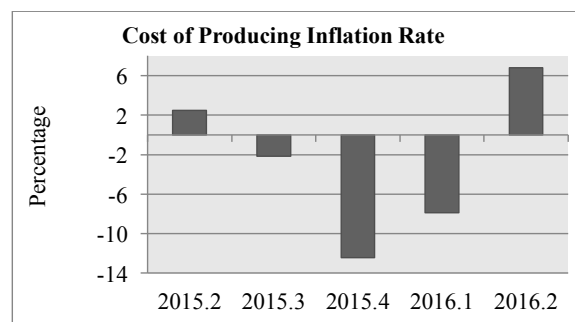


Inflation

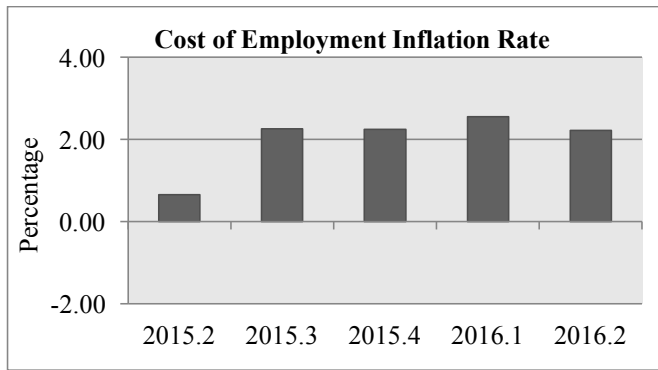
Cost of Living – In the second quarter of 2016, the Consumer Price Index for all urban areas (1982-84 = 100) increased substantially from 237.39 to 240.18. As a result, inflation for the cost of living increased at an annual rate of 4.65 percent. The cost of living inflation rate was 0.24 percent last quarter and 2.71 percent a year ago.



Cost of Production – The Producer Price Index for all commodities (1982 = 100) increased from 182.13 to 185.23. As a result, the cost of production increased at an annual rate of 6.80 percent. The cost of production inflation rate was -7.89 percent last quarter and 2.51 percent four quarters ago.

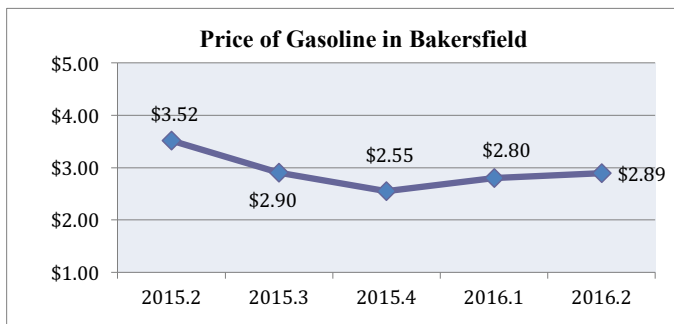


Cost of Employment - The Employment Cost Index (December 2005 = 100) for all civilian workers increased from 126.0 to 126.70. As a result, the cost of employment grew at an annual rate of 2.22 percent. The cost of employment inflation rate was 2.56 percent last quarter and 0.65 percent four quarters ago.

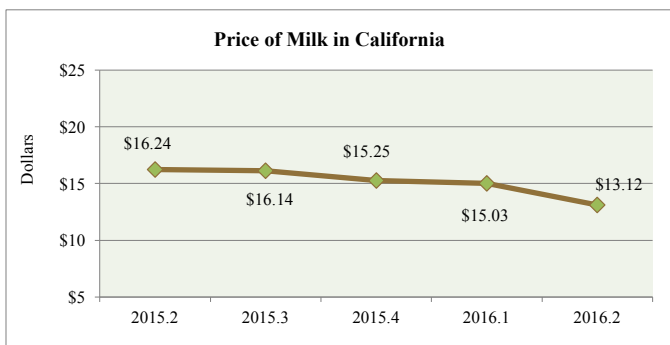


Commodity Prices

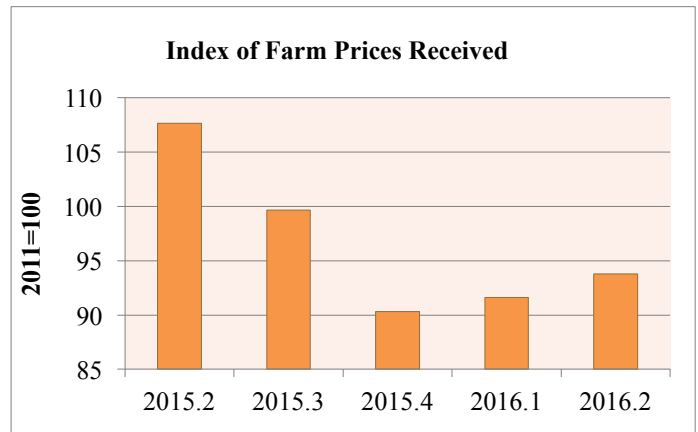
Price of Gasoline - In the Bakersfield metropolitan area, the average retail price of regular gasoline increased \$0.09 per gallon from \$2.80 to \$2.89. Compared with the second quarter of last year, the average gasoline price was down \$0.63.



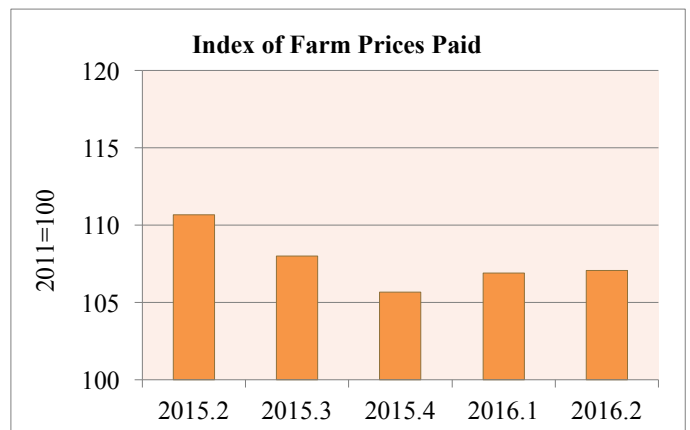
Price of Milk – The unit price of California’s Class III milk continued to decrease, falling \$1.90 (or 12.7 percent) from \$15.03 to \$13.12, its lowest level since 2009. Noticeably, the price fell substantially from March to April, with a continued price decrease in June. Even more noticeably, the price is down since the second quarter of last year, falling by \$3.12 (or 19.2 percent).



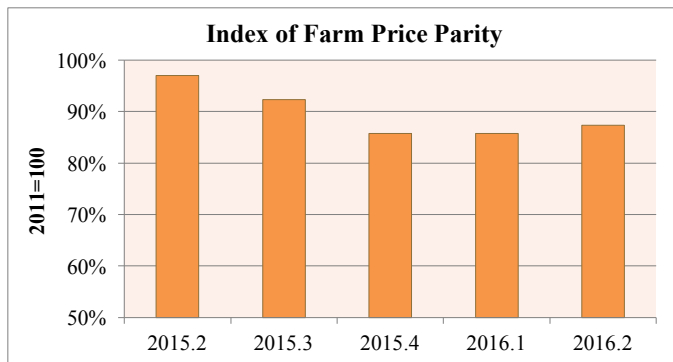
Farm Prices – In the second quarter of 2016, the national Index of Prices Received by Farmers for all farm products (2011 = 100) increased 2.17 points from 91.6 to 93.77. The index was 107.67 four quarters ago.



Meanwhile, the national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents increased slightly by 0.17 point to reach 107.07. The index was 110.67 four quarters ago.



We measure the Index of Farm Price Parity as the ratio Index of Prices Received to the Index of Prices Paid. In the second quarter of 2016, the gap between prices paid and prices received widened slightly, as the Index of Farm Price Parity increased to 87.3 percent. This hints that revenues for farmers have been offset by increased costs, including the potential costs of labor from the new increase in the minimum wage, as well as any water costs that may be passed onto farmers. Four quarters ago, the price ratio was 97 percent, meaning that conditions for farmers are still much worse than they have been in recent history.



(Endnotes)

1 Source - Online databases: labormarketinfo.edd.ca.gov, bakersfield-gasprices.com, dqnews.com, economagic.com, bea.gov, bls.com, gpoaccess.gov, dairy.nu, msn.com, census.gov, kerndata.com, and bry.com

Featured Article:

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The Language Bonus: What CA's Prop. 58, the Multilingual Act and Learn Initiative May Mean for Kern County Schools and Students

As discussed in a 2014 Economist article by R.L.G Berlin, the concept of the “language bonus” is the idea that knowing an additional language can yield individuals economic payoffs, such as a higher salary rate overtime. Several scholars and news sources have also made the case that learning an additional language has economic, educational, societal and cultural benefits (Anderson 2015; Deussen 2014; L.A. School Report 2016; Chau 2014). Moreover, others have demonstrated that traditional school English immersion programs may not have long term success beyond elementary school (Umansky and Reardon 2014). These arguments and findings are central to the “California Multilingual Education Act” (Ballotpedia.org), also known as Proposition 58, “The LEARN Initiative” (Californians Together), which is set to be on the state’s November 8, 2016 ballot. If passed, this proposition could yield language bonuses not just for the state, but Kern County schools and students. This article proceeds with a discussion on some of the background of Prop. 58, the economic benefits of bilingual and multilingual¹ education and how it relates to schools and students in Kern County.

Economic Payoffs for the Language Bonus and Re-evaluating the English-Immersion Approach

To understand Proposition 58, it is important to recall the state’s 1998 Proposition 227: “The English Language in Public Schools Statue,” approved by voters in June of that year. Under Prop. 227 the state requires public schools to teach “Limited English Proficient” (LEP) students in mainly English, effectively eliminating bilingual classes and mandating English immersion for most of California’s multilingual students (Ballotpedia.

¹ Bilingual education as “an umbrella term for many types of programs in which two languages are used for instruction.” Multilingual education is defined as “the use of two or more languages as medium of instruction.” Retrieved July 25, 2016 from <http://www.cal.org/areas-of-impact/english-learners/bilingual-and-dual-language-education> and file:///C:/Users/Owner/Downloads/226554e.pdf

org; LA School Report). Prop. 227 grew out of an era where there was concern that bilingual education was not making satisfactory progress in turning LEP students into fluent English speakers (Drabkin and Cheung 1999). In 1998, the Los Angeles Times reported that less than 7% of the state's LEP students were becoming fluent each year (Anderson et al 1998). Therefore, with nearly 70% of Californians voting "yes," Prop. 227 was passed. However, under federal provisions, bilingual education needs to be provided if there are a minimum of twenty students of the same primary language at a public school. Violating this can subject the school to a loss of federal funding, yet on the other hand, not complying with Prop. 227 can put schools at risks to lose state funding. Thus, in implementing Prop. 227, public schools in California decided that during the first thirty days of instruction all students are to be taught in English. At the conclusion of this period, students can then take an English test and based on the outcome, parents can make a determination as to whether or not they want their child in an English class or bilingual class (Cheung and Drabkin 1999). Currently, if a school wants to participate in a bilingual or dual immersion program, which uses two languages for literacy and content instruction for all students in the class (The Education Alliance 2005) they have to meet a special need of the student, school administrations have to submit an application for the program to the state, and annual parental waivers have to be signed (Mongeau 2016).

Over the last two decades, new information about bilingual and multiple lingual education has developed and some public sentiment has grown more positive. This is where Prop. 58 comes in, which was a result of a bipartisan effort in the state legislature under the then name of the "Education for a Global Economy (Ed. G. E.) Initiative," led by author and sponsor, Senator Ricardo Lara (Californian Together 2016). Under the initiative portions of the Prop. 227 would be amended to increase the availability of bilingual programs for English Language Learners (LA School Report), such as dual-immersion. It would also permit parents to select a "language acquisition program that best suits their child and requires districts with sufficient numbers of English Language Learners to launch the multilingual programs with parents' support" (LA School Report).

The shift in greater support for bilingual and multilingual education seems to come from learning why it was not effective in the past. For example, Cheung and Drabkin (1999) argue that support for Prop. 227 grew out of a lack of parent involvement, partially due to some of these individuals' own levels of poor English literacy, as well as schools not increasing English fluency levels in LEP pupils, apathy and racial politics concerning bilingual education. Recent reports show that educators, legislators, and researchers are beginning to advocate for bilingual and multilingual education by touting its intellectual, cognitive², cultural and particularly, its potential economic benefits (Anderson 2015; Deussen 2014). For example, a 2014 UCLA report on bilingualism and the California Labor Market showed that in each industry included in the study, bilingualism was considered a desirable characteristic for some or all positions, and that "66% of employers responded that they would prefer a bilingual employee over a monolingual English speaker if they were comparable in other respects" (Gandara 2014, 2). Other studies, such as one from the Universities of Florida and Miami and the Florida Department of Education, show that for Hispanics, being bilingual is economically advantageous throughout the state, especially in areas like Miami, where bilingual individuals earned almost \$7,000.00 a year more than their English speaking only counterparts (University of Florida 2000).

Prop. 58 & Kern County Schools

How does Prop. 58 relate to Kern County Schools? Currently there are 1.4 million students in California that are classified as English Language Learners or 23% of the state's K-12 population (Kidsdata.org; LA School Report). In Kern County, there is a similar proportion of students at 22.0% who are English Language Learners (Kidsdata.org). Essentially, Prop. 58 could help these students by empowering and making it easier for local

school environments to have dual instead of primary English-immersion programs. For example, students could potentially have the opportunity to be taught in in their native language, as well as English. This is important

² The World Economic Forum reports in "Does Being Bilingual Really Improve Your Brain," that research on bilingualism finds that not only can the effects of ageing be reduced, but that bilingualism helps to restructure the brain and "strengthens the regions of the brain that are key to executive function." Retrieved August 29, 2016 from <https://www.weforum.org/agenda/2016/04/does-being-bilingual-really-improve-your-brain/>

because reports indicate that there is not much evidence demonstrating that more English instruction yields better results for English Language Learners; as these students can be subjected to “low-rigor coursework and content-light English-immersion programs” (LA School Report 2016). Olson (2014) finds in her study of 40 school districts throughout the state from 2009 to 2010, that one of the reasons these learners have not been successful and become “Long Term” English Learners, is that they are enrolled in “weak language development program models” (p.2). On the other hand, dual-immersion programs have shown that ELL students perform better when taught in both English and their home language (LA School Report NewAmerica.org).

In researching Kern County schools, dual immersion programs were identified in four of the forty-nine school districts³: Arvin, Bakersfield City, LaMont and Delano⁴. Again, with almost a quarter of the county’s students’ being ELL students, Proposition 58 may be able to empower more districts and schools in Kern to provide additional language immersion and instruction programs. This could both assist the county’s ELL students who speak a variety of languages, as well as giving a language bonus to both Native and Non-English speakers. Table 1 below shows the primary languages spoken by English Language Learners in Kern County Public Schools.

Table 1: Top 10 Language Spoken by English Language Learners in Kern County⁵

Language	Number of ELL Students
Spanish	37,609
Punjabi	501
Arabic	489
Filipino	264
Vietnamese	75
Korean	40
Mandarin	19
Cantonese	14
Russian	12
Hmong	3
All Other Non-English Languages	608

The Implications of a Language Bonus

If voters decide to pass Proposition 58, yes, it has the potential to open more opportunities and pathways for various bilingual and multilingual education programs; however, that could be stifled by the demand for bilingual education teachers, who are in short supply. As of the latest data available (certified in 2014-2015), California only has 693 new bilingual teachers, down from any year since 1994-1995 when the 835 bilingual educators were certified. As estimated by Lillian Mongeau of the Hechinger Report, “Given the numbers, even if

every teacher who has received a bilingual certification since 1994-1995 was leading a bilingual classroom today, the state would have only one bilingual teacher for every 52 English Language Learners or one for every 232

³ Note the schools districts counted were comprised of elementary districts, high school districts, unified districts, and charter schools. Retrieved July 26, 2016 from <http://kern.org/district-maps/>

⁴ Dual immersion programs were identified through website searchers, calls to districts, the California Department Education (<http://www.cde.ca.gov/sp/el/ip/ap/directory.aspx>) and Duallanguageschools.org from the time period of July 20, 2016-July 30, 2016. Not all schools in each district have dual immersion programs.

⁵ Kidsdata.org. Retrieved July 25, 2016 from <http://www.kidsdata.org/topic/45/languages-top10/table#fmt=474&l>

oc=2,127,347,1763,331,348,336,171,321,345,357,332,324,369,358,362,360,337,327,364,356,217,353,328,354,323,352,320,339,334,365,343,-330,367,344,355,366,368,265,349,361,4,273,59,370,326,333,322,341,338,350,342,329,325,359,351,363,340,335&tf=84&ch=106,736,100,737,107,738,112,104,99,102,734

California students” (para. 17).

Therefore, given this shortage, Prop. 58 may only be poised to yield the economic, cognitive, cultural and other benefits touted by its supporters if there is state-wide effort to invest in new teachers for related programs, such as dual immersion (LA Reports 2016; Mongeau 2016; Olson 2010). A possible model to look to may be the state-wide dual-language effort employed by Utah (a racially and ethnically homogenous state, with a population of over 90% white⁶) and supported by the Governor, Gary Herbert. Governor Herbert set a goal in 2010 for having 100 programs in dual-language to serve 25,000 students in the state by 2015, a goal which Utah met by 2014. The state’s language program was designed with the purpose of making Utah’s next generation of workers “attractive to global companies.” (Anderson, 2015, para. 4-5). As a result of their efforts, one-third of all Mandarin Chinese classes taught in U.S. schools are in Utah (Anderson, 2015, para. 5).

With higher profile propositions, on California’s November 2016 ballot, such as the state’s marijuana and death penalty initiatives, “Prop. 58: The LEARN Initiative” may arguably and unfortunately not garner as much attention. However, the language bonus it may afford to California and ethnically and linguistically diverse communities like Kern County is something important to consider, particularly in an economy and business environment where more employers are seeing a second language as an asset. Moreover, with Kern County’s unemployment rate nearly double that of the state (10.8% to 5.7% respectively)⁷, this can be a long term effort to afford additional, cognitive and competitive skills to the region’s students, enhancing their prospects for employment wherever their educational and career paths take them. Debates exists on what languages yield higher salary pay-offs, which can be related to the languages that are more or less dominate in various region or fields of work. However, what does not seem to be nearly as disputed, is that the benefits of learning one or more languages are an economic bonus for individuals (Berlin 2014; Kurtz 2013)

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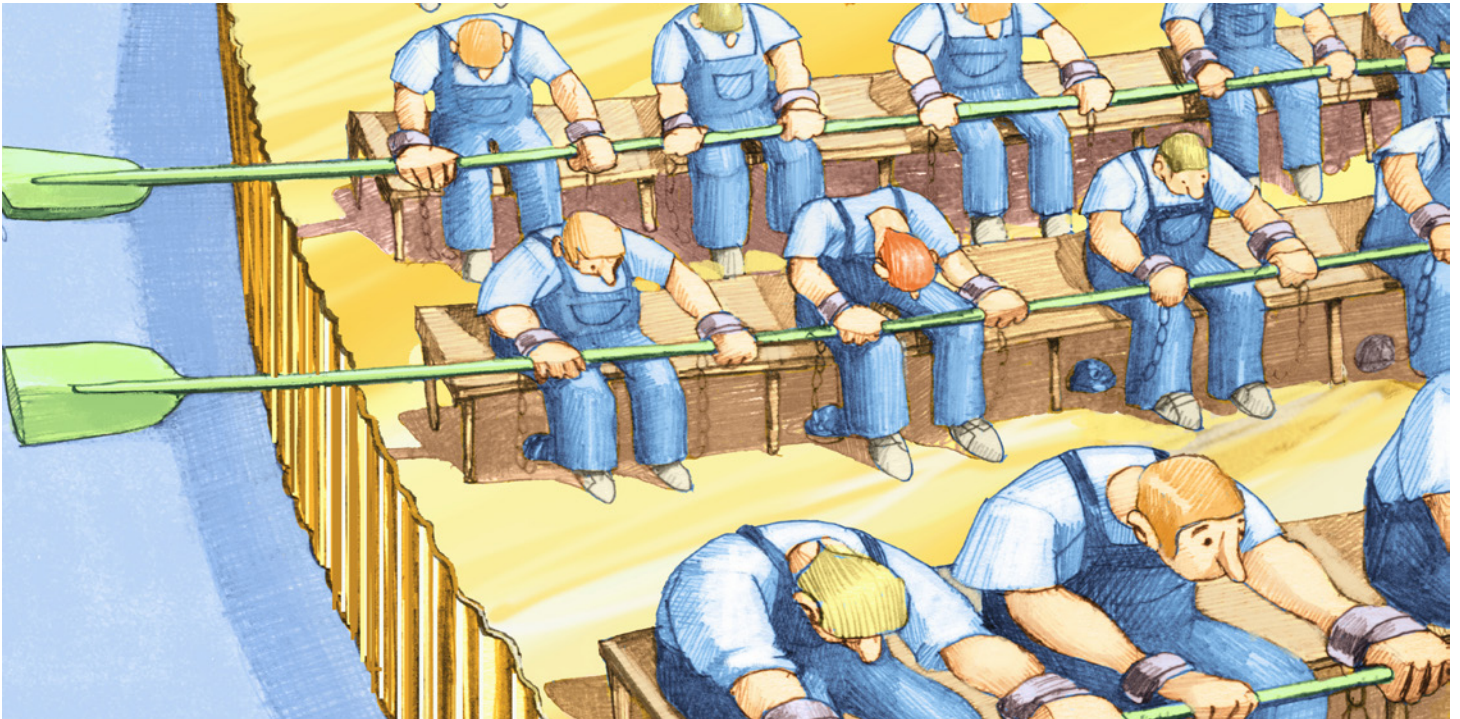
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The Resource Curse

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Economic growth is dependent on the abundance of natural resources. Traditional thought concludes that when a country has a significant endowment of natural resources, it should experience economic growth. However, observations and findings from the post-World War II growth experiences and datasets contradict this conclusion. They find that natural riches tend to impede economic growth (Dunn 2008; Sachs and Warner 1995, 2001; Gylfason 2000, 2001; Papyrakis and Gerlagh, 2007). Several empirical studies, led by the seminal works of Sachs and Warner (1995, 2001), have found that considerable resource endowments tend to impede economic growth – a discovery termed as the resource curse. Natural resources are classified as point or diffuse. Point resources are those taken from a narrow geographic or economic area e.g. fuels and minerals, whereas diffuse resources span large geographic areas and they include food and agricultural products (Isham et al., 2005). The resource curse is also referred to as the paradox of plenty, because of the paradox that countries with abundant natural resources tend to have less economic growth and worse developmental outcomes than countries with lesser resources. Examples of these countries include Mexico, Nigeria and the Oil States in the Gulf, which are resource rich but have been development failures (Papyrakis and Gerlagh, 2007). Other countries include Angola and the Democratic Republic of Congo. Venezuela also has a poor developmental pattern despite the vast amount of oil resources it has. Conversely, a country such as South Korea has experienced high levels of economic growth despite its poverty in resources.



The literature outlines many reasons why the resource curse occurs, but does not point out one particular reason. As Sachs and Warner (2001) state, “just as we lack a universally accepted theory of economic growth in general, we lack a universally accepted theory of the curse of natural resources.” Resource curse takes place because the existence of resources impedes the country’s ability to develop other sectors which are known to accelerate economic growth. The country centers its attention around the rents associated with the natural resource, overlooking other sectors which can drive up economic growth. Natural resource abundance does not directly harm growth, but acts to crowd out the activity that is driving growth within a country. There are different growth catalysts, where for each, there is an accompanying theory as to how it may be crowded out by a large primary sector (Sachs & Warner, 2001). Each of these theories is seen as a transmission channel for the curse of natural resources. The Dutch Disease and rent seeking activities, education, research and development and institutional quality arguments are a few (Isham et. al., 2005; Gylfason, 2001; Sachs and Warner, 2001; Mehlum et al., 2002).

Dutch Disease¹ models predict that the growth of a resource abundant economy is harmed due to a diversion of resources away from the manufacturing sector, if for example, the manufacturing sector is the main engine of economic growth. The resource boom increases wealth, causing increased demand for both traded and non-traded goods. It also instigates an increase in the price of non-traded goods. This causes an appreciation of the exchange rate which may instigate a contraction in manufacturing exports. Furthermore, the prices of non-traded inputs in the manufacturing sectors will have risen causing an increase in production costs. The country’s dependence on the resources may also be perilous if the resource were to run out, where this would leave the country relying on the already struggling manufacturing sector (Dunn, 2008). Following the Dutch Disease logic, a booming resource sector generates higher wages, which imposes elevated wage costs on competing industries and crowds out these industries. This may cause a rise in demand for labor in that sector.

Natural resource based industries demand less high-skilled labor, causing resource intensive economies to channel lower investments in the education system. The resulting decline in educational attainment rates can harm long run growth because such economies are not able to compete with the rest of the world (Gylfason,

¹ When the Netherlands in the 1950s and ‘60s discovered a huge amount of natural gas off its shores, only to see the rest of its economy subsequently go into the tank, the phenomenon became known as the “Dutch disease.” Powell Bill, 2008, “Curing the Dutch Disease” TIME, March 13, 2008.

2000, 2001). In these economies, the natural resources are more profitable sectors. Consequently, entrepreneurial activity in the private sector is diverted from other productive endeavors in favor of rent seeking activities in the resources. As this talent of entrepreneurs is pulled into unproductive enterprises, large economic distortions which harm growth are created, where the country's human capital is skewed towards certain professions (Mehlum et al., 2002, Gylfason, 2000).

It is also known that few, normally high powered beneficiaries of resources in some economies seek to amass all the returns from the resources, making them very authoritative. They employ the military using the newly acquired wealth to keep the populace at bay and maintain the authoritative regimes. These dictatorships and authoritarian governments impede normal functioning of markets, thereby slowing economic growth. Also, rents from these resources only go to elite groups who stash them in tax havens. This behavior is prevalent in African countries. Furthermore, such societies have been known to violate human rights and promote slavery because the poor are left to fend for themselves and have no protection from the government.

The resource curse has also caused economies to take loans from other countries and sources with the intention of paying them back using rents from the resources. This however, does not always happen, as the resources may not rake in the profits they expected due to inflation or corruption. Consequently, economies are left with large debts that only gain interest (Hausmann and Rigobon 2003). Some unscrupulous companies accessing rare minerals from such countries will also ensure that the economy remains in conflict, so as to encourage the existence of a black market. In this market, companies can continue to buy the much needed resource at prices lower than the market price. This is prevalent in African countries, though empirical evidence is needed to confirm this claim. Other reasons for the resource curse include exploitation by foreigners, corruption among domestic residents, or violent to control the resources.

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