

POLICY WATCH – 2019

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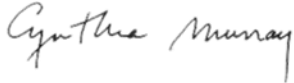


Trick or treat? As we entered the final quarter of 2019, we have some tricks and treats ahead. One of the tricks will be getting the new housing we need built. In this issue, we look at a new barrier that is emerging on the impacts of climate change on housing. We examine a new collection of reports issued by the Federal Reserve about financing housing and other construction in the higher risk environment of climate change. Will floods and fires change where we build and what mortgages we can get?

We also delve into Marc Benioff's call for a new capitalism and his urging that business take more of a leadership role in addressing inequality and our environmental challenges. Benioff says we can't wait for the government to act. I think you will agree!

Lastly, we share some new studies about how the unpredictability and lengthening of the work week is affecting our families and communities. Our society is changing due to the demands of the 24/7 work week. How are you coping with these changes? Some reforms might help.

Best,



Cynthia

Climate Change Impacting Housing in New Ways

Evidence on the increasing impacts of climate change is growing. A new report by the Federal Reserve of San Francisco underlines the heightened financial risks we face as climate change worsens. According to the New York Times in "Bank Regulators Present a Dire Warning of Financial Risks From Climate Change," ([Link](#)), the Federal Reserve published a "collection of 18 papers by outside experts which amounts to one of the most specific and dire accountings of the dangers posed to businesses and communities in the United States – a threat so significant that the nation's central bank seems increasingly compelled to address it."

The research "calls on lenders and other businesses involved in community development 'to take a leadership role in preparing vulnerable regions most at risk for a new abnormal ... that is already here.'" Researcher Asaf Bernstein found that "properties likely to be under water if seas rise on foot now sell for 15 percent less than comparable properties with no flood threat"

The decline in property values is "likely to ripple through the financial system, scaring banks and other lenders away from those areas," according to another researcher, Michael Berman. Berman said this

could lead to a practice called “blue-lining: where banks would avoid lending to flood-prone areas – a reference to the practice known as redlining, in which banks discriminate against African-American neighborhoods by not lending there.”

Another paper notes that “coastal cities are already unable to pay for the types of projects that could protect them from the growing effects of climate change.” It advises that new steps may need to be taken that “would impose new restrictions or incentives on banks.” Such steps could be to “penalize banks that lend money in areas that have been hit by disasters, yet have not taken steps to protect themselves against similar future disasters. Another could be to reward banks for financing projects that leave communities less vulnerable to flooding or other hazards. And it was proposed that lenders create a common standard for measuring flood risk and use it to set mortgage rates.”

Jesse Keenan, editor of the collection of papers, encouraged the private sector to “assume a greater role in preparing for the effects of climate change. He said, “The private sector has always adapted. One either adapts to new markets, products or services, or they go out of business.”

While the article focuses on flood risks, for the North Bay, we could easily see the same proposals for new steps to be taken by lenders for being in the fire zones. With repeated wildland fire disasters, and now the power shut-offs to help prevent new fires, we may see lenders changing their practices as we have seen from the insurance companies. And it is likely, new land use regulations will also come into play which could create new barriers to housing being built when it is so desperately needed. And of course, all of these reactions to climate change will impact property values. What we have prized as paradise may become less so with the increasing effects of climate change.

We do well as a region to heed the advice above about the private sector taking a greater leadership role in addressing climate change given the new abnormal in which we live.

Valuing Purpose Over Profit

Marc Benioff, co-founder of Salesforce, is calling for a New Capitalism. Writing in “We Need a New Capitalism,” ([Link](#)), Benioff says that, “Capitalism, as we know it, is dead.” He claims that “capitalism as it has been practiced in recent decades – with its obsession on maximizing profits for shareholders – has also led to horrifying inequality. Globally, the 26 richest people in the world now have as much wealth as the poorest 3.8 billion people, and the relentless spewing of carbon emissions is pushing the planet toward catastrophic climate change. In the United States, income inequality has reached its highest level in at least 50 years, with the top 0.1 percent owning roughly 20 percent of the wealth while many Americans cannot afford to pay for a \$400 emergency. It’s no wonder that support for capitalism has dropped, especially among young people.”

Benioff wants a new capitalism. He says, one that is “more fair, equal and sustainable that actually works for everyone and where businesses, including tech companies, don’t just take from society but truly give back and have a positive impact.”

His vision of a new capitalism is:

“Business leaders need to embrace a broader vision of their responsibilities by looking beyond shareholder return and also measuring their stakeholder return. This requires that they focus not only on

their shareholders, but also on all of their stakeholders – their employees, customers, communities and the planet.”

Salesforce is one of 200 companies that committed to the ideal that the purpose of a corporation includes “a fundamental commitment to all of our stakeholders.” He hopes that this commitment could be formalized by the Securities and Exchange Commission requiring public companies to disclose who their stakeholders are and how they are impacted.

Benioff says it is a false choice to choose between doing well and doing good, and that “business can and must do both. When government is unable or unwilling to act, business should not wait. Our experience at Salesforce shows that profit and purpose go hand in hand and that business can be the greatest platform for change.

He gives examples of how his company has taken the lead on closing the pay gap for women, giving back to the community, and fighting climate change by striving for net-zero emissions, moving toward renewable energies or aligning operations and supply chains with emission reduction targets.

These practices at Salesforce have proven that “values create value.” Benioff says that his purpose-driven company has “delivered a 3,500 percent return to their shareholders since 2004.”

But he cautions that each company doing its best cannot meet the scale of today’s challenges. Benioff says, “It could take \$23 billion a year to address racial inequalities in our public schools. College graduates are drowning in \$1.6 trillion of student debt. It will cost billions to retrain American workers for the digital jobs of the future. Trillions of dollars of investments will be needed to avert the worst effects of climate change. All this, when our budget deficit has already surpassed \$1 trillion.”

But that is exactly why we need the new capitalism. He says, “The new capitalism must also include a tax system that generates the resources we need and includes higher taxes on the wealthiest among us. Increasing taxes (locally and nationally) on high-income individuals (like himself) would help generate trillions of dollars that we desperately need to improve education and health care and fight climate change.”

Benioff wants the culture of corporate America to change. He demands, “Every CEO and every company must recognize that their responsibilities do not stop at the edge of the corporate campus. When we finally start focusing on stakeholder value as well as shareholder value, our companies will be more successful, our communities will be more equal, our societies will be more just and our planet will be healthier.”

Being Busy Taking a Toll on American Society

A new article in the Atlantic, “Why You Never See Your Friends Anymore,” ([Link](#)) discusses the toll that being busy is taking on American society. The author, Judith Shulevitz, explains that the demands of our economy are such that “the hours in which we work, rest, and socialize are becoming ever more desynchronized.”

Shulevitz says, “Whereas we once shared the same temporal rhythms—five days on, two days off, federal holidays, thank-God-it’s-Fridays—our weeks are now shaped by the unpredictable dictates of our employers. Nearly a fifth of Americans hold jobs with nonstandard or variable hours. They may work

seasonally, on rotating shifts, or in the gig economy driving for Uber or delivering for Postmates. Meanwhile, more people on the upper end of the pay scale are working long hours. Combine the people who have unpredictable workweeks with those who have prolonged ones, and you get a good third of the American labor force.”

And as we move toward a more computerized world, we find that the algorithms are driving more of that unpredictability. Shulevitz says, “On the lower end of the labor market, standing ready to serve has become virtually a prerequisite for employment. A 2018 review of the retail sector called the “Stable Scheduling Study” found that 80 percent of American workers paid by the hour have fluctuating schedules. Many employers now schedule hours using algorithms to calculate exactly how many sets of hands are required at a given time of day—a process known as on-demand scheduling. The algorithms are designed to keep labor costs down, but they also rob workers of set schedules.”

And those on the other end of the spectrum have their own challenges. Shulevitz says, “On the other end of the labor force are the salaried high earners for whom the workday and workweek remain somewhat more predictable. But their days and weeks have grown exceedingly long. For her 2012 book, *Sleeping With Your Smartphone*, the Harvard Business School professor Leslie Perlow conducted a survey of 1,600 managers and professionals. Ninety-two percent reported putting in 50 or more hours of work a week, and a third of those logged 65 hours or more. And, she adds, “that doesn’t include the twenty to twenty-five hours per week most of them reported monitoring their work while not actually working.” In her 2016 book, *Finding Time: The Economics of Work-Life Conflict*, the economist Heather Boushey described the predicament in stark terms: “Professionals devote most of their waking hours to their careers.”

“When so many people have long or unreliable work hours, or worse, long *and* unreliable work hours, the effects ripple far and wide,” she says. “Families pay the steepest price. Erratic hours can push parents—usually mothers—out of the labor force. A body of research suggests that children whose parents work odd or long hours are more likely to evince behavioral or cognitive problems, or be obese. Even parents who can afford nannies or extended day care are hard-pressed to provide thoughtful attention to their kids when work keeps them at their desks well past the dinner hour.”

Shulevitz laments, “Keeping up a social life with unreliable hours is no easy feat, either. My friends and I now resort to scheduling programs such as Doodle to plan group dinners. Committing to a far-off event—a wedding, a quinceañera—can be a source of anxiety when you don’t know what your schedule will be next week, let alone next month. Forty percent of hourly employees get no more than seven days’ notice about their upcoming schedules; 28 percent get three days or fewer. A presidential-campaign field organizer in a caucus state told me she can’t get low-income workers to commit to coming to meetings or rallies, let alone a time-consuming caucus, because they don’t know their schedules in advance.”

Pointedly, Shulevitz states, “What makes the changing cadences of labor most impactful, however, is that they divide us not just at the micro level, within families and friend groups, but at the macro level, as a polity. Staggered and marathon work hours arguably make the nation materially richer—economists debate the point—but they certainly deprive us of what the late Supreme Court Justice Felix Frankfurter described as a “cultural asset of importance”: an “atmosphere of entire community repose.”

It is not likely that we can reverse this economically driven change in our work hours. But we can do some things to help minimize the impacts. Shulevitz says, “Reform is possible, however. In Seattle, New York City, and San Francisco, “predictive scheduling” laws (also called “fair workweek” laws) require employers to give employees adequate notice of their schedules and to pay employees a penalty if they don’t. Then

there's "right to disconnect" legislation, which mandates that employers negotiate a specific period when workers don't have to answer emails or texts off the clock. France and Italy have passed such laws."

Shulevitz's closing comments are chilling. She says, "It's a cliché among political philosophers that if you want to create the conditions for tyranny, you sever the bonds of intimate relationships and local community. "Totalitarian movements are mass organizations of atomized, isolated individuals," Hannah Arendt famously wrote in *The Origins of Totalitarianism*. She focused on the role of terror in breaking down social and family ties in Nazi Germany and the Soviet Union under Stalin. But we don't need a secret police to turn us into atomized, isolated souls." Shulevitz urges we examine how our behavior and social fabric is being shaped by the economic imperatives of time and to work to "cultivate the seeds of civil society and nurture the sadly fragile shoots of affection, affinity, and solidarity."

Members in the News

Sonoma State University in Partnership With Francis Ford Coppola Winery Establishes Scholarship for Employees Pursuing Education

The award-winning Francis Ford Coppola Winery is now offering full-tuition scholarships for employees interested in pursuing their education at Sonoma State University.

Dutra Group – San Rafael Rock Quarry Applies for 20-Year Mining Extension

The owner of the San Rafael Rock Quarry has applied for a 20-year extension to its agreement with Marin County, which would give the company the green light to continue mining on the site until 2044.

Becoming Independent Wins the Nonprofit Community Hero Award From Santa Rosa Metro Chamber

The Black Tie Gala on the Square is the Chamber's most illustrious event of the year. It's a celebration of you—our members—and your collective action to drive economic growth and shared prosperity in our region.

Redwood Credit Union Teaches 3,000 High School Students "Adulting"

Many financial institutions will be closed for the federal holiday on October 14, but Redwood Credit Union (RCU) will be closed for a different reason: to send all 700 of its employees out to teach practical financial skills to more than 3,000 high school students across three North Bay counties.

Becoming Independent Plans to Expand into Marin County

Becoming Independent, a nonprofit assisting those with disabilities, plans to begin offering services in Marin County with the signing of a lease for space in San Rafael.

Buck Institute in Novato Expands Reproduction Research

The Buck Institute for Research on Aging in Novato and philanthropist Nicole Shanahan announced Monday they are expanding their partnership to study the connection between female reproduction and longevity.

Sonoma Raceway Hosts CSRG Charity Challenge Races to Raise \$1 Million for Sonoma County Youth Groups, Oct. 5-6

The Classic Sports Racing Group's 16th annual Charity Challenge Vintage Car Races at Sonoma Raceway will showcase fine vintage race cars all in the name of charity next weekend, Oct.5-6.

Read more online at www.northbayleadership.org/news



Who We Are

Over twenty five years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes 54 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 / E-mail info@northbayleadership.org

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