

The Influence of Demographics on Consumer Spending in California

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ABSTRACT

The relationship between economic development and demographics is well documented and has been instrumental to national economic planning in many countries on the globe. In a very dynamic socio-economic environment such as California, the effects of a changing population structure have several implications on politics, allocation of resources, provision of public services, business profitability and a myriad of other facets affecting the lives of people of the world's fifth largest economy.

It cannot be over-emphasized that the higher the capacity for consumer spending, the better the quality of life of an individual, hence the need to look at areas of population structures that require attention in order to address the widening gaps between the "haves and the have not or not adequate."

In view of the above, this research paper sets out to investigate and explore the ramifications of population characteristics on the economic well-being of resident Californians with respect to consumer spending. It will critically examine the existing gender and income inequalities affecting different ethnicities in the state and proffer solutions for improvement particularly in the area of enhancing better standards of living for all.

The paper will lean more on how the flux in the various demographic factors affects businesses and their viability especially considering present public health circumstances such as the Covid-19 pandemic.

Keywords: Influence, Demographics, Consumer Spending, Income

INTRODUCTION

California by virtue of its population is the largest state in the United States by virtue of its population which approximately comprise 39 million people (United States Census, 2019). Canada, in comparison with California, has a total population of 37 million (Statistics Canada, 2018). California's total nominal GDP positions it as the world's fifth largest economy (World Bank, 2021).

According California Metropolitan Transportation Commission (2017), San Francisco is the most expensive city for housing in the US. Housing expenditure in California is partly the reason why the state's total housing expenditures is higher than the national average by far.

Estimates of consumer expenditure that statistically valid are critical for the comprehension of the Californian economy. The state has more sampled households than any state, this implies that the observed means are more reliable than states without enough data. In comparison to that national average (33%), California residents spent 37% on housing. Cost of other categories of household expenditures are not spared either, utilities such as transportation, gas, electricity are the highest in the country.

In comparison with other states, California also reports higher consumer expenditure on education, food, pension, and personal insurance. Nevertheless, it must be noted that the 2017 report indicates that the figures differ but not by narrow margins.

Population diversity of California has to a very large extent led to the growth of ideas and innovation in virtually all fields of endeavor because of the huge amount of expertise the state can draw from. However, there exist substantial gaps in the level of consumer spending between whites and non-whites and in recent times, these gaps have been aggravated even further (Cohen-Cole Ethan, 2011). Consumption is a vital component of household finances and plays a critical role in (Raphael Chenier et al., 2017) processes of social stratification.

Although California's economy performed better than the national economy, it has a high rate of income inequality and does better than only five states. The top families in California earned 12.3 times (\$262,000) more than families at the bottom (\$21,000) of the income ladder in 2018. The trend is widespread throughout the state, (Sarah Bohn and Tess Thorman, 2020) recent efforts by way of government policies have reduced the gulf but lack of access to equal opportunities continue to stifle the income growth of household at the bottom bracket of the ladder.

Consumer spending plays a substantial impact on business profitability; there is a direct relationship between consumption and economic growth. As consumers purchasing power increases, they buy more goods which translates into the generation of sales, manufacturers can produce more for the market, as production lines expand, unemployment rate falls.

In California, consumer spending has in so many decades been one of the main drivers of its economy, hence the need for government policies to target hinderances that restrict access to credit to non-white Californians. The need for a deliberate action for affordable housing has never been so urgent owing to the humongous homeless population in the state and to a large extent, this will reduce the income gap.

1.2 DEFINITION OF KEY TERMS

Influence: According to the Meriam Webster Dictionary (2021), influence is defined as “the power or capacity of causing an effect in indirect or intangible ways”; “the act or power of producing an effect without apparent exertion of force or direct exercise of command” .

Demographics: This refers to the “ particular characteristics of a large population over a specific time interval. The word comes from the Greek words for “people” (*demos*) and “picture” (*graphy*). Examples of demographic characteristics (Melanie Schuele and Marvin Lee, 2014) comprise of race, gender, age, ethnicity, religion, , education, income, home ownership, sexual orientation, health, marital status, psychiatric evaluation, family size, and disability status.

Consumer Spending: This is the aggregate of money spent on final goods and services by individuals and households for personal use and pleasure in an economy (Investopedia, 2021). Modern evaluation of consumer spending comprise all private purchases of durable goods, nondurable goods, and services. Consumer expenditure can be treated as supportive to personal saving, investment, and production in an economy.

Income: According to the Cambridge Dictionary (2021), income can be defined as “money that is earned from doing work or received from investments”. For example, regular payments associated with work done referred to as salaries or wages are classified as income, dividends earned from investments in stock also qualify as income.

1.3 ORGANIZATION OF THE STUDY

This paper begins with introduction of the theme with significant attention given to some of the components of population characteristics and how they impact on consumer spending in California, key terms applied in this paper are defined with applicable examples to deepen comprehension, the justification of the study is expressed with an effort to prevent ambiguity. The objectives of the study are thereafter highlighted followed by the problem statement.

The literature review scrutinized the relevant subject area of the paper and brings to light the works of other researchers concerning the area under investigation for the purpose of presenting a wide range of positions in various areas concerning the research topic, it showcases the extent of current knowledge and position of other researchers on the germane issues confronting disproportionate consumer spending with respect to the state of California. It peruses a synopsis of some demographic factors and how they impede consumer spending in the state.

A description of the research design applied for the research is given, sources of data collection and the inclusion and exclusion criterion of data sources are thereafter explained; the analysis of data is undertaken.

Appropriate recommendations and strategies pertinent for improvement of the prevailing situation in California is proffered, and the researcher's summary and conclusion of the paper is presented at the end of the paper.

1.4 JUSTIFICATION OF STUDY

The population dynamics in the United States, especially with regards to the most populous state being California, is fast affecting various aspects of business, which implies significant changes in the socio-economic lives of its residents. As California's population increases and becomes more diverse, it is essential to study the population structure to determine factors impacting consumer spending and tailor appropriate investments or resources to improve and optimize business profitability.

California is the world's 5th largest economy by total nominal GDP (BEA, 2018). Statistically valid consumer expenditure (Taylor Wilson and Jimmy Choi, 2019) estimates are crucial to understanding this state's economy.

1.5 OBJECTIVES OF THE STUDY

1. To identify major challenges facing consumer spending in California.
2. To identify how consumer spending challenges creates widespread socio-economic problems across California.
3. To identify appropriate strategies for policy formulation aimed at reducing the disparities in consumer spending in California.

1.6 PROBLEM STATEMENT

California is heavily endowed with huge human and natural resources, but the inequalities of population characteristics inhibit non-white population from achieving a proportionately high standard of living. What are the obstacles clogging the socio-economic progress of the golden state?

1.7 LITERATURE REVIEW

The research paper will undertake a systematic review by identifying, selecting, and critically evaluating research to formulate a straightforward question (Dewey, A. & Drahota, A. 2016). The review of this paper adhered to a specific procedure, ensuring that certain criteria before conducting the review. It is an exhaustive and unclouded search undertaken to comb a vast array of multiple works and grey literature of other researchers and institutions that other researchers can further study to extend the body of knowledge. The review planning of this paper is meticulous and conducted under a rigorous process that emphasizes the nature of the information to be gathered and utilized within specific timelines.

The published works of other researchers bear the influence of population structure on consumer spending in California to determine the area's businesses should focus attention to improve profitability.

It will study the trajectory of the composition of California's population about births, deaths, race, income, population distribution, race, age, and gender; help develop short- and long-term outlook concerning viable areas of business opportunities and necessary adjustment required in resource allocation for certain existing businesses.

1.7a Importance of Demography in the Economy

Demographic studies are essential for comprehending changes in a society's socio-economic life; more so, this area has gained increasing attention over the last ten years, emphasizing the consequences of an aging population (John Shoven, 2010). Specific insights of the behavior of an economy are given a broader clarification in terms of components of the existing labor force, immigration, fertility and mortality rates, gender, age, race configurations, and health trends.

Demographic factors play an essential role in consumer's spending decision process, and as such, they can cause changes from the usual patterns of consumer decision making (Lucia Vilčeková and Miroslav Sabo, 2013). Older consumers who are more than 50 years of age are curious to know the origin of products available for purchase. They generally buy locally made products, in contrast to younger consumers who prefer foreign brands.

The economy of any country or state is constantly intertwining with demography; economic growth trends and the sustainability of traditional social security, productivity growth structure, investments, consumption, the standard of living, savings rates largely rests on demographic factors (John Shoven, 2010; Loretta Mester, 2017). It heavily impacts the unemployment rate in the long run and equilibrium interest rate, housing market situation, and the demand for financial assets.

The effects of an aging population are huge and multifarious; that is, it can exacerbate a decline in fiscal balance, labor supply shortage, patterns of saving and investment, inadequate welfare systems (Naoyuki Yoshino et al., 2019)

1.7b Demographic Changes and Implications for Business

Demographic characteristics play an essential role in a consumer's purchase decision process and can cause deviation from general patterns of consumer decision-making. Consumers older than 50 years of age care where the products come from, and they mostly buy domestic products; younger consumers prefer foreign brands.

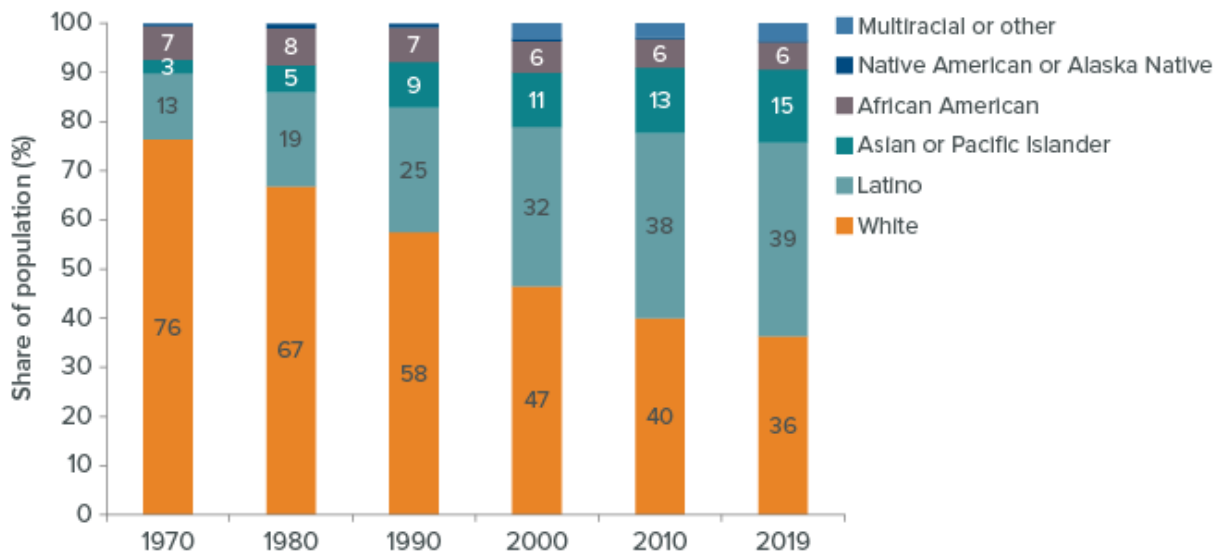
According to the Corporate Finance Institute (2021), changes in the demography of a business environment determine the target market and initiates a marketing process tailored to meet the needs and aspirations of that market (e.g., packaging, pricing, and service offerings). Growing working population

age is a significant factor to a prosperous economy. In the modern business world (Adam Hayes, 2021), technology enhances productivity despite an overall aging population and a slowing birth rate, particularly in developed economies.

Statistical data from the US Department of Health and Human Services and the Administration on Aging (AOA) (2021) depict the effect of an aging population. By the year 2040, there will be a rise in the number of people who are 65 and older to more than 21%; this implies an increase of 5% from 2018. Some experts agree that the growth in the older population will warrant a sort of "asset meltdown," which implies that the retirement of baby boomers will trigger the conversion of investments to cash for more consumption (Brian Bloch, 2021). The significant drop in the number of younger populations who have a higher propensity to purchase rather than save will reduce investments in all sectors.

1.7c Population Diversity of California

According to Hans Johnson et al. (2019), California's population comprises 39% Latino, 36% white, 15% are Asian or Pacific Islanders, 6% are African American, and 3% constitute a multi-racial category.



Source: Public Policy Institute of California

Based on the 2019 estimates, 10.6 million Californians (27%) are foreign-born, more than any other state (Hans Johnson et al., 2019). Migrants from Mexico (3.9 million) account for the largest migrants in California, China and Taiwan (974,000), Philippines (859,000), Vietnam (539,000), India accounts for 513,000, El Salvador (454,000), Korea (317,000), Guatemala (309,000), and Iran (214,000). Recently, Asian migrants outpaced immigrants from Latin American by 50%.

The propensity for consumption and the varying degrees of spending by race indicate that as the California consumer market continues to showcase the diversity, advertising, media, products, and services must target the specific needs of different market segments (Jeff Humphrey, 2021). The consumer market in the US has become highly diversified due to the impact of factors such as beneficial demographics (Jeff Humphrey, 2021), population growth, increase in educational achievement, and entrepreneurial pursuit. The growth of the entire US minority markets is attributable to the fact that minority populations are becoming more educated; this enables more African Americans, Hispanics, and Asians to gain access to jobs with above-average remunerations.

1.7d Income Inequality in California

Substantial income gaps in California continue to pose socioeconomic problems and hinders economic recovery. Motivated by immense economic considerations such as the high regard for college education, foreign trade, and competition, the disparity in household income has assumed astronomical proportions over several decades within periods of economic recession and expansion (PPIC, 2020).

The spate of recessions and recoveries has impacted severely more on low-income families in the last four decades; income from this segment of people in California has suffered enormous losses, and recovery of such income to the pre-recession period has been slow and painful. The same trend has emerged in the present COVID-19 induced economic recession (Sarah Bohn et al., (2020). Activities regarded as non-essential, such as entertainment, travel, and personal services, were curbed; this negatively impacted 25% of California's labor force and grounded the lives of millions of businesses.

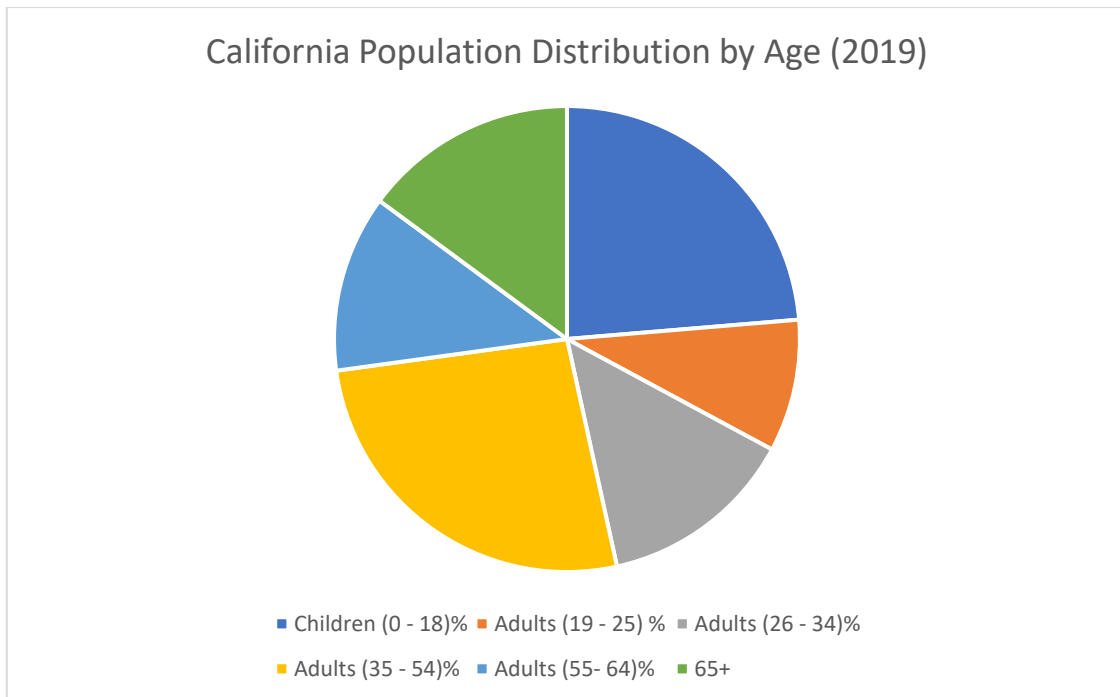
In contrast to the United States as a whole, income distribution in California is relatively broad; the ratio of residents without income and those with an income level of over \$100,000 are higher than the country's average. This wide distribution, combined with skyrocketing housing and cost of living, results in the outrageously high poverty rate in California. According to the Supplemental Poverty Measure (US Census Bureau, 2017), which is the computation of the comparison of household income to adjusted threshold on a regional basis revealed that out of the state's total population, 20.7% did not have adequate resources to meet necessities in comparison to 12.9% on the national scale. This measurement takes cognizance of the benefits that accrue from the state's welfare programs (Sarah Bohn; et al., 2017) which includes food stamps and earned income tax credits – the exclusion of these would catapult the state's poverty rate to 28%.

Income dichotomization in California is acute: households at the 90th income percentile earned 9.8 times more than households at the 10th percentile at pre-pandemic times (Sarah Bohn, 2021). Recent recessions have broadened economic inequality as the recovery is slow to reach the lower end of the income ladder. The COVID-19 crisis is especially likely to widen income gaps even further.

1.7e Influence of Age Variables on Consumer Spending in California

An important demographic factor that impacts heavily on consumer spending is age. Specific age categories find the products and services more appealing (Rick Suttle, 2019). For example, younger people below 35 are usually the first to buy products in the high-tech range, such as Smartphones, Video games, and other electronic gadgets.

However, it is crucial to state that an individual's life cycle stage is considered the essential determinant of consumption. In California, as in other parts of the United States, households dominated by young people often do not spend as much as the average on products and services owing to their low income and small size. While middle age (Encyclopedia.com, 2019), consumer spending gets to the peak due to the increase in the size of the family. Spending drops significantly in the older household because of the drop in income and family size.



Source: KFF estimates based on the 2008-2019 American Community Survey, 1-Year Estimates.

Consumer behavior is a strong reflection of age. It is an essential factor in marketing strategy (Rani, 2014) because of the evaluative difference it establishes between consumers' choices and patterns of consumption.

1.7f Gender Inequality and its Impact on Consumer Spending in California

According to V. Vijaya Lakshmi et al. (2017), the most critical factor impacting consumer spending is gender. The difference in gender affects perception. Male and female consumers have different tastes and preferences; hence, the exhibition of choices during shopping due to different socialization and home training.

Different men and women exhibit different sets of attributes. They both have deeply rooted characteristics; women express more warmth, sensitivity, and anxiety than men. It is subject to change based on place, circumstance and affected by socio-cultural factors, in contrast to the portrayal of dominance, emotionally balanced, the power-conscious character of males (V. Vijaya Lakshmi et al., 2017). Both sexes want to reach the same goal, and the difference is in how they provide solutions to reach their goals. Women give regards to how problems are solved and men. Men show they are problem solvers by competence and relationship commitment.

Data from the California Budget and Policy Center (2020) indicates that California women constantly confront gender and racial barriers to financial empowerment, healthcare (physical and mental), and proportionate political representation. These hindrances cuts across all the 58 counties of California.

In California, one out of every ten women lack access to health insurance, 17% of Hispanic women have no health insurance compared to their white counterparts, who constitute 5.6%, and about one out of 3 Native American women lacked enough prenatal care. According to the California Women's Well-Being Index (2020), the worst hit are women who reside in Northern Sacramento Valley, Inland Empire, San Joaquin Valley, and North Coast counties compared to women in other counties of the state.

It is essential to state that Californians of all life works should be concerned because the prosperity of communities, families, democracy, and the economy is contingent upon women thriving socio-

economically (California Budget and Policy Center, 2020). The state has a long way to eliminate racist and sexist policies that prevent African Americans, Latinos, Asians, Pacific Islanders, and Native American women.

The ongoing public health problems occasioned by the advent of the Covid-19 pandemic and economic recession reveal that health status and household economic security are directly related. Hispanic women earn 58 cents less than white men on every dollar on a full-time job all year (Cal Matter, 2020). The implication of this considerable wage gap in an economic crisis is the inability to cater to rent payment, food availability, and other basic needs.

The gender and racial wealth gaps are further compounded for households by the persistent recession. At the peak of the recession (California Budget and Policy Center, 2020), data indicates that 25% of women in California lost their jobs, skyrocketing the unemployment rate to more than 20% for Latinos, African Americans, Asian women, and other minorities.

1.7g The Effects of Unemployment on Consumer Spending in California

In any typical economy, a situation where a low rate of unemployment creates an incentive for more investments in the economy. On the contrary, (Kenneth Hamlett, 2019) investments become fewer as the rate of unemployment increases, and the implication is a weakening of the legal tender currency in that country, hence the drop in the consumer's purchasing power.

In periods of unemployment, the consumption level of unemployed people nose-dives due to a fall in income, particularly when unemployment benefits lapse (Kenneth Hamlett, 2019), which in the United States is after six months.

The present uncertainty occasioned by the Covid-19 pandemic has exacerbated an abrupt income decline. In the middle of June 2020, around 2.8 million Californians were under unemployment benefits. Out of this number of beneficiaries, almost 1.5 million (52%) are women (Sarah Bohn et al., 2020), who incidentally constitute about 49% of the state's entire workforce. African Americans, Asians, and Latinos who receive unemployment benefits make up 69% while comprising 61% of the labor force.

It is noteworthy to state that close to half of those who receive unemployment benefits are people below the age of 34, 10% of people whose ages range from 22 to 24 were beneficiaries and are 6% of the working population of California's labor force. It is no surprise that the younger working population is more affected owing (Sarah Bohn et al., 2020) to their exposure to more impacted sectors of the economy. It brings to the front burner the implications of a young population worn out and blemished from the effects of the long and harrowing recession.

1.8 Research Design Overview

The systematic literature review method will be applied for this paper; a considerable amount of information based on the works of other researchers, institutions, and peer-journals will be analyzed to develop a consensus with respect to the subject matter's relevance (Juan Benito, 2016).

The systematic literature review method of research presents scholarly contributions, recognizes gaps concerning (Dahlgren Memorial Library, 2020) the subject matter, and reveals evidence of the implementation to determine a triumphant policymaking practice.

The systematic review of related literature gives an opportunity for the commitment to a clear and smooth process where criteria relevant to the research are stated without ambiguity (CSU, 2020). It is an exercise which involves the documentation of an enormous and transparent study covering a broad spectrum of

academic databases and other materials from reputable institutions (Duke University, 2020) that serve as templates for other researchers and are applicable to providing solutions in other environments. It is the climax of a painstaking and careful search process specific to the research area being undertaken. It offers the researcher the researcher an identification of information being sought for, criticized, and showcased within a timeframe.

Search strategies that are specific such as timeframes, terms, use of reputable journal publications were given preference in the search for materials relevant to the subject area. An acknowledgement of the limitations experienced while undertaking the research are briefly stated.

1.8a Research Description

This research paper aims to advance the relationship between population characteristics or structure and consumer purchasing power with a view to developing a framework for reducing disparities occasioned by systemic failures and government policy summersault in California for so many decades.

The paper extensively explored the works of other researchers and institutions in related research area. It highlighted current situations across California in order to gain an eagle eye view necessary to comprehend what the consumption status of the different categories of people in the state looks like, in view of this, a comprehensive search for empirical evidence supporting the topic was rigorously undertaken to assist in answering the research questions presented.

The intended audience for this paper comprises the office of the governor of the state of California, state regional economic planners and administrators, business executives, department of finance, policymakers (public and private sectors), academic institutions and the general public.

The paper presents a pictorial framework for business owners to begin to see gender and racial income inequality as a cancer that must be excised and how they must deliberately forge a process of change and ultimately transform the way people are treated in terms of adequate remunerations without regard to race, sex or age.

It is the researcher's conviction that other researchers will take up the mantle of probing deeper into the study to further unravel and enhance a fair, just and equitable California enhancing further growth and development of the world's fifth largest economy.

1.8b Sources of Data Collection

The paper relied on secondary data sources, including information gathered from existing sources such as books, journals, library searches, the internet, etc. Data from reputable institutions such as universities and research institutions were very vital in supporting the research paper's central theme.

1.8c Inclusion and Exclusion Criterion of Data Sources

There was a transparent demarcation of relevant and non-relevant secondary data in the data-gathering plan of action in undertaking of this research ab initio. This is because the number of materials available is quite extensive. It was of utmost necessity to develop a clear conditions of data selection required for the research to advance a consensus thinking approach and guard against getting lost in the heat of the material search process.

It was indeed essential to focus effort on data collection from the state of California which serves as the geographical location of the subject area for the research, relevant information from the Public Policy

Institute of California, Bureau of Statistics, Nigerian institutions of higher learning, and so many other sources of United States origin were sought for and obtained.

1.8d Analysis of Data

Research Question: What is the most significant demographic factor impeding consumer spending in California?

The various reviews analyzed based on the literature from other researchers and institutions support the view that the greatest impediment to proportionate consumer spending is the lack of access to credit for non-whites and non-white owned businesses.

The inference from information gathered show that emphasis should be given to removing racial bias in the provision of credit to African Americans, Latinos, Asians, women of all races and minority groups.

1.8e Methodological Integrity

While conducting the study for this research, the researcher paid important attention to ethical consideration and tried to maintain course so that unity and clarity of the theme are emphasized as much as possible. The related data collection was sought mostly from the works of other researchers, academic journals, and online research publications. Materials from literary scholars were appropriately contextualized for their insights and meaningful contributions (Levitt, H. M. (2020)). It is essential to note that the works of other researchers were not overstated to justify the findings of the research (Harsh Suri, 2020) and the researcher's feelings or emotions, passions, likes, dislikes, or any other personal feelings did not interfere with bearings of the research aspects to avoid dilution.

The paper is an outcome of core principles of methodological integrity. As such, utmost care was taken to source materials for the research to ensure the reflection of high-quality research. Specifically, honesty was the guiding principle in the development, conduct, evaluation, and communication was free from bias, respect for culture, level of orientation, ecosystems, and societies were duly accorded the researcher's accountability for the research paper from idea origin to development and organization (All European Academics, 2017) Denigration and language devoid of scholarly etiquette was avoided in the paper.

A quality assessment of the risk of bias was undertaken, which aided the regulation, creation, and establishment of a synthesis of clarity of evidence (Puberica, 2020) based on data collection and materials search strategy.

1.9 Research Findings/Results

The literature review analysis supports existing income, gender, racial differences in the consumption pattern of resident Californians. There is an agreement of the influence of income inequality of the people at the low end of the ladder to be African Americans, Latinos, Asians, substantial percentage of women and that income inequality is at the root of various socio-economic problems in the state, hence the need for deliberate actions to be taken by government to reduce the huge income gaps between the have and the have nots.

There is consensus supporting the importance of a review of housing policies especially towards making housing an affordable necessity for low income earners in the California.

Education is key to accessing opportunities, hence, there is agreement for more investment in quality education in communities of color to improve the chances of young people in achieving a better standard of living through an enhanced purchasing power status.

The review also points to a consensus for the provision of affordable public utility services for non-white communities to improve not only their living conditions but also to increase their disposable income, the provision of affordable healthcare is vital in enabling access to medical care for the disproportionately affected population.

1.9a Limitations

The inadequate time provided for the submission of research paper was a drawback in searching for even more materials relevant to the subject matter and obtaining the relevant literature review was a very painstaking activity due to the paucity of adequate research concerning the chosen topic. There is a wealth of academic research on demographics and how they affect the US consumer spending pattern but very limited work concerning California in the subject area. Be that as it may, considerable effort was made in sourcing materials especially for the Public Policy Institute of California.

1.9b Recommendations

1. State government must as a matter of urgency pass legislations that support access to credit for African Americans, Latinos, Asians and other non-white residents of California. This will help reduce the systemic failures occasioned by racial bias and neglect.
2. Corporation executives must begin to review their payroll structure to root out salary/wage disparities impacting negatively on non-whites, women, and vulnerable members of society.
3. Housing costs must be deliberately reduced; this will enable those at the bottom rung of the income ladder to afford their homes and increase their disposable income; this is a win-win issue for everyone involved in real estate sector because it will permit the law of large numbers to kick to prevail. In view of this need, legislations promoting affordable housing projects to cater for all segments of the economy must be enacted. Currently, only the top income percentiles can afford qualification for home ownership in California.
4. State government must create an enabling atmosphere for job growth and sustenance and for businesses to thrive, this will reduce the level of the rate of unemployment and further deepen economic growth and development.
5. Low income households earning below \$30,000 should be exempted from personal income tax, this will boost their disposable income and improve their standard of living.
6. Investment in very affordable public service utilities such a healthcare, transportation, water, electricity, gas, etc. must be given preference to assist low income earners in reducing their monthly expenses.
7. Non-white owned businesses should be incentivized to help expand their business; this will help them employ more workers and grow generational wealth.
8. The enactment of equal gender pay legislation cannot be over-emphasized, adversely more affected are African American, Latino and Asian women who have same or better qualified credentials than their white counterpart.
9. Provision of highly subsidized quality education and technical skills acquisition in typically non-white communities must be the focus of state government to end the cycle of generational poverty.

1.9c Summary and Conclusion

The potential for the Californian economy to further grow and develop is apparent; what must be prevented is the lop-sided economic growth that favors certain classes of people in the state and leaving others far behind based on financial freedom and empowerment.

State government must begin to look at economic inclusiveness as a key panacea to social problems; indeed, there is a positive correlation between consumption spending and health status of a group of people. The more financially empowered people become, the more they can afford quality consumption, especially with regards to food, healthcare and housing.

Investment in social safety nets is important but what should be prioritized is the education of non-white children so they can compete favorably in real world setting. Quality education is very key to accessing opportunities that are available but only for qualified people. Education will broaden the horizon of deprived communities and ensure they are represented in all sectors of the Californian economy.

The Covid-19 pandemic has exacerbated the various gaps associated with the California's population structure in relation to consumer spending, the effort to stem the growing disparities in consumption spending requires government, private sector and indeed all residents of California to put hands on deck to achieve a workable solution for the creation of an economy that works for everyone.

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