



## Pre-Reading Material

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**For Wednesday Morning Session, *Inclusive Economies*, with Jennifer Eberhardt, Andre Perry, Amy Liu**

- December 2018 Field Notes
- December 2019 Field Notes
- "The Urgency to achieve an Inclusive Economy in the Bay Area"
- "A New Brand of Inclusive Growth Coalitions"
- "Three Keys to Inclusive Growth" - CityLab

# FIELD NOTES



December 19, 2018

Friends,

This is not another piece about Amazon HQ2. Well, not exactly.

As I reflect on the many events of the past year, I am struck by the ways in which 2018 revealed fundamental truths about our increasingly digital economy. Here are three that stood out for me, and that in turn inform Brookings Metro's efforts and partnerships for 2019:

- 1. Tech concentrates and divides.** After a year-plus search, Amazon crowned New York and suburban Washington, D.C. as its "second" headquarters locations. That decision revealed how the digital economy [continues to reward large metro areas](#) that possess abundant skilled workers, world-class universities, robust transportation options, vibrant place amenities, and access to global markets and international talent. Making these urban centers affordable and inclusive in the face of a [prosperity bomb](#) like Amazon's remains a central challenge. Meanwhile, many smaller markets are [struggling to find their footing](#) in a tech-driven economy. Expanding the map of U.S. opportunity will require us to invest anew in [small- and mid-sized cities](#) to build out their assets.
- 2. Humans matter in the machine age.** Just as Amazon was promising to add 50,000 new jobs on the East Coast, General Motors (GM) announced it was eliminating up to 15,000 jobs across the Midwest as it [accelerates its transition into digital and autonomous vehicles](#). While some might see this as a tale of the old versus new economy, or production versus services, it's just another example of how companies across all sectors are shifting their demand toward workers who can support, design, and produce next-generation solutions. As HQ2 and today's tight labor market reveal, there is [demand for talent](#) in this disruptive economy. Workers need to acquire the right mix of hard and soft skills to succeed, and employers must adapt their hiring practices to expand what counts as talent.
- 3. Barriers and bias limit full participation in the digital economy.** Back in June, new data from the U.S. Census Bureau revealed an inflection point in a long-running demographic trend: 2017 was the first year in which [the nation's white population declined](#). This latest milestone forms the backdrop for a tense period of harmful rhetoric, rising hate crimes, and [federal actions](#) attempting to forestall America's demographic destiny. Thankfully, local leaders and employers ([including our own](#)) are striving to promote diversity, inclusion, and racial equity, but such efforts will fall short if

they fail to confront biases in our systems and norms that limit many residents' potential. [Bias against](#) black neighborhoods reduces wealth and chances for African Americans to invest in education and business creation. [Bias toward homeowners](#) means fewer residential choices and resources for workers who rent. And bias toward those able to pursue conventional educational pathways leaves [too many young people](#) without adult champions and work-based learning experiences that can improve their chances to get good jobs. As America's talent pool becomes increasingly diverse, we must dismantle these man-made barriers to our future growth and competitiveness.

As we approach 2019, our team at Brookings Metro is keeping these realities front and center.

We will continue to provide trusted data and analysis on the intersection of the economy, people, and place. In the coming year, you'll see new analyses on jobs at risk of automation, occupations and skills likely to endure in the face of that disruption, and profiles of the workers and communities most affected by these transitions. We will place an emphasis not only on large metro areas but also on the prospects of smaller communities too.

We will strengthen our partnerships with leaders to build new local capacities to promote inclusive economic growth. We'll focus on equipping workers for the growing digital transportation sector, connecting neighborhoods to opportunity through transformative placemaking, lifting up the assets of majority-black communities, and helping businesses invest more meaningfully in expanding the talent pipeline.

We will also advance state and federal reforms that can help revitalize places, accelerate technology adoption, modernize infrastructure, and promote investment in workers and families.

All of this work will reflect Brookings Metro's core values, that: diversity is a strength; a functioning system of federal-state-local governance matters; and leadership begins locally. We will hold ourselves accountable in our workplace policies, in the way we network, and in how we engage the next generation of community leaders to create positive change.

Whatever 2019 reveals, we look forward to working with you to shape an advanced economy that works for more people in more communities.

Amy

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December 20, 2019

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Dear friends, colleagues, and partners,

As our work at Brookings Metro winds down for the holiday season, it's important to remember that the spirit of progress is alive and well in communities across the country.

What we see so often among local leaders outside of Washington is a relentless desire to push back against the politics of division and bring people together to get something done, regardless of party, sector, or jurisdiction. Our team at Brookings Metro fed this hunger for positivity and action in 2019 with research insights, local engagements, and city-to-city learning opportunities.

Let us take a moment to appreciate this past year's inspiring efforts to create [shared prosperity](#), and suggest 12 actions you can adopt to continue making a difference for people in your communities.

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## What emerged from our work and partnerships in 2019?

In Greater San Diego, a coalition of employers, educational institutions, unions, and community groups is pursuing an [inclusive growth agenda](#) that includes big, quantifiable goals to grow quality jobs, train a locally diverse workforce, and help tens of thousands of families afford housing, transportation, and child care in that high-cost region.

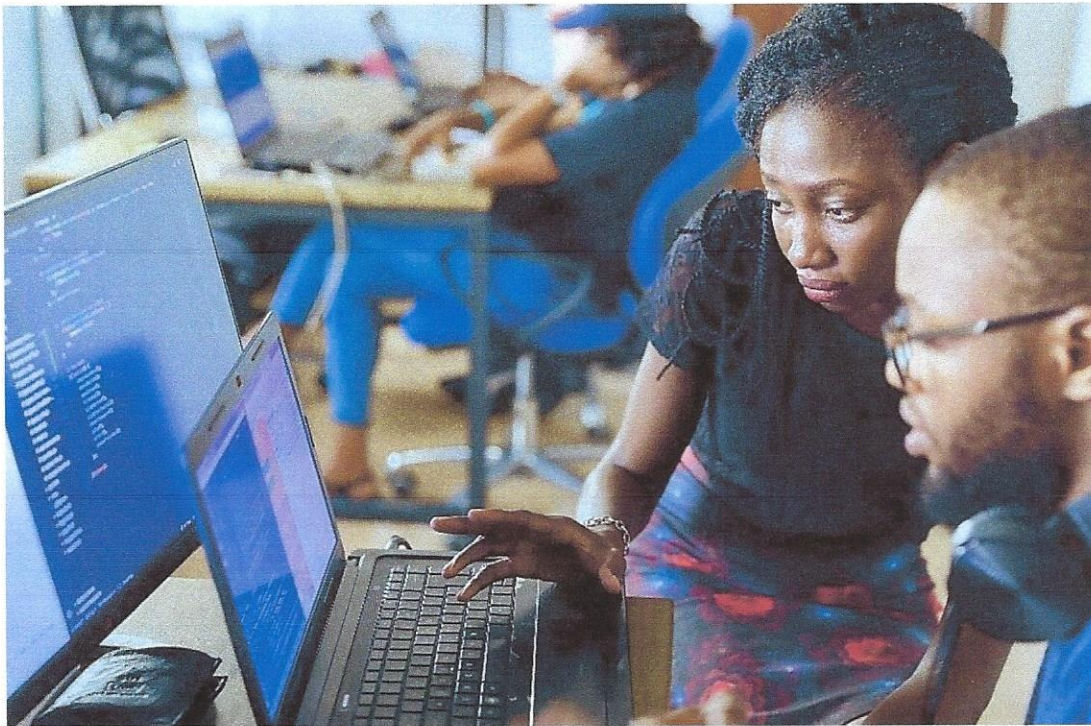
In Minneapolis-St. Paul, private, public, and philanthropic leaders [rallied around a common set of metrics](#) that define a racially inclusive economy, and began to align their efforts toward that end.

The mayor of Indianapolis—with the regional chamber and area nonprofits—announced [major reforms to economic development incentives](#) to prioritize support for good jobs and workforce training so residents can benefit from new opportunities.

In Northeast Ohio, a [“Paradox Prize” is rewarding](#) partnerships that solve the “no car, no job; no job, no car” dilemma faced by disadvantaged job seekers living in communities poorly served by transit.

And in Birmingham, Ala., the mayor [announced a major initiative](#) to give the city's predominantly African American public school students an opportunity to attend college tuition-free and participate in apprenticeships in high-demand careers.

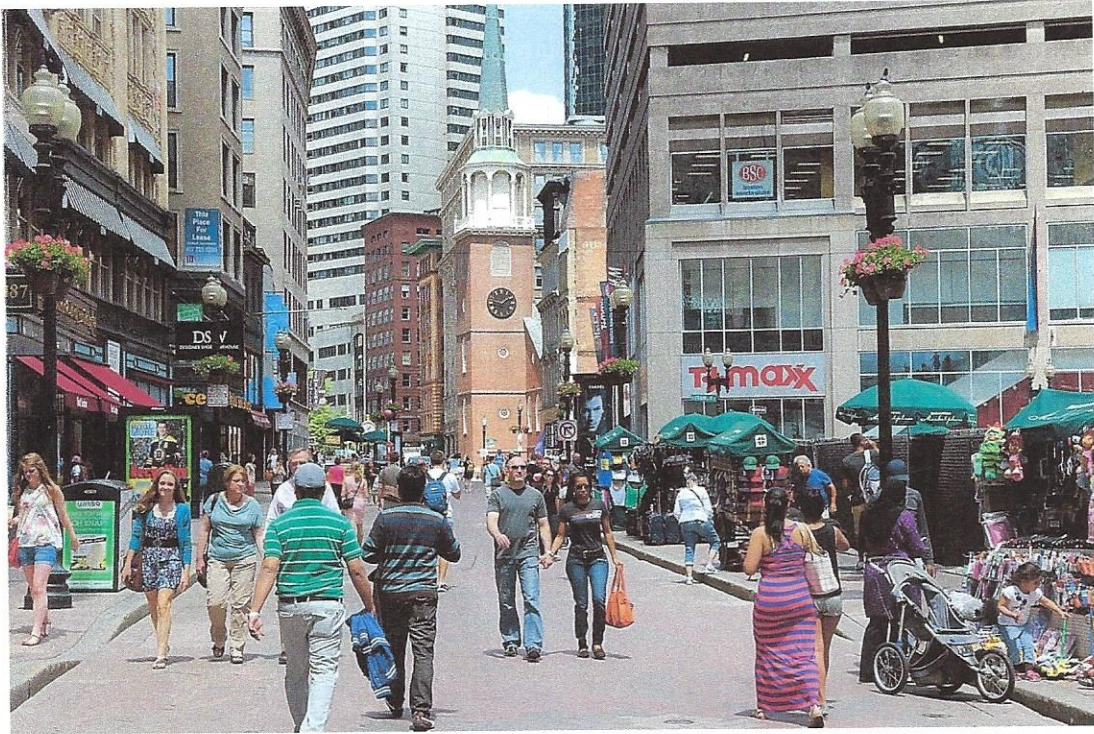
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## Strategic partnerships

For all their energy and innovation, however, local leaders need [stronger federal and state partners](#) to successfully adapt to the massive forces remaking our economy, society, and planet. For instance, our analysis this year revealed:

- Just five U.S. metro areas accounted for a whopping [90% of net growth in innovation-sector jobs](#) from 2005 to 2017, meaning whole swaths of the country are not fully benefiting from high-value economic growth.
  - [Nearly half \(44%\) of all U.S. workers earn low hourly wages](#), many of whom are sole earners in their families, a sober reality underlying the record U.S. economic expansion.
  - As concerns about climate change take center stage, city and suburban jurisdictions continue to build [single-family homes predominantly in the metropolitan fringe](#), helping to explain why the [transportation sector is now the country's top source of greenhouse gases](#), accounting for 29% of the U.S. total.
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## 12 ideas to advance sustainable growth and opportunity

So in the spirit of giving during this holiday season, here are 12 ideas for advancing sustainable growth and opportunity, drawn from Brookings Metro's 2019 scholarship. If you're eager for more, you can check out #12MonthsofMetro on our [@BrookingsMetro Twitter feed](#).

1. Invest boldly in eight to 10 up-and-coming metro areas to serve as the nation's next innovative [growth centers](#) to counter the concentration of opportunity in too few places.
2. Prioritize the growth of small and [midsized cities](#), which can also [improve opportunities in rural areas](#).
3. [Bolster innovation](#), particularly in older industrial states, by adopting leading state efforts to expand R&D investments, finance early-stage companies, and mitigate urban-rural divergence.
4. Forge strategic [global partnerships](#) with international cities to strengthen industry specializations, grow good jobs, and expand multiculturalism amid rising nationalism.
5. Integrate [talent development into economic development](#) missions, strategies, and incentives by investing in locally grown talent, especially since most [people aren't moving](#) to new cities.

6. Embrace proven and promising interventions to help your city's [out-of-work young adults](#) successfully navigate transitions into employment.
7. Incorporate the [voices of low-wage workers](#) into efforts to mitigate the impacts of [automation](#), while [reforming dated solutions](#) to assist displaced workers.
8. Adopt a [holistic framework](#) for transformative placemaking that can guide the development of connected, vibrant, and inclusive communities, while recognizing that—as displacement and gentrification issues continue—[local history matters](#).
9. Confront [housing stresses](#) by encouraging "gentle density" in single-family neighborhoods, thus increasing housing supply, access, and affordability.
10. Change the metric for success in transportation programs [from relieving traffic congestion](#)—which is typically used to justify more road building—to achieving key economic, social, and environmental outcomes.
11. Promote 2020 federal policy ideas focused on [affordable housing](#), [infrastructure](#), and [majority-Black city residents and assets](#).
12. Support efforts to count every American resident through [a full and fair 2020 census](#), while proactively [acknowledging Black Americans](#) and other groups in research and writings.

With these ideas and many more to come from Brookings Metro in 2020, I hope you are poised to continue generating real, lasting change in communities across the country.

Have a restful holiday and see you in the new year!

Amy

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# BROOKINGS

Report

## **The urgency to achieve an inclusive economy in the Bay Area**

Amy Liu Thursday, June 7, 2018

### **Editor's Note:**

*This essay was adapted from a speech given at the SPUR Board retreat in March 2018 and originally published at [SPUR.org](http://SPUR.org).*

**W**hether Bay Area residents like it or not, city leaders across the country are watching how this high-tech region grapples with the consequences of dizzying economic growth —expensive housing, stark inequalities, and congestion, to name a few. While the most obvious policy failures may lie with transportation and housing, focusing on the built environment alone is insufficient. The economy matters too. Increasing the availability of good-paying jobs and training more local workers for stable careers can help residents earn enough to keep pace with the region's rising costs of living. This region is adept at attracting talented workers from across the world to take lucrative positions in fast-growing, tech-savvy companies. Yet more must be done to help existing residents access quality jobs in the innovation economy and in the industries that support it.

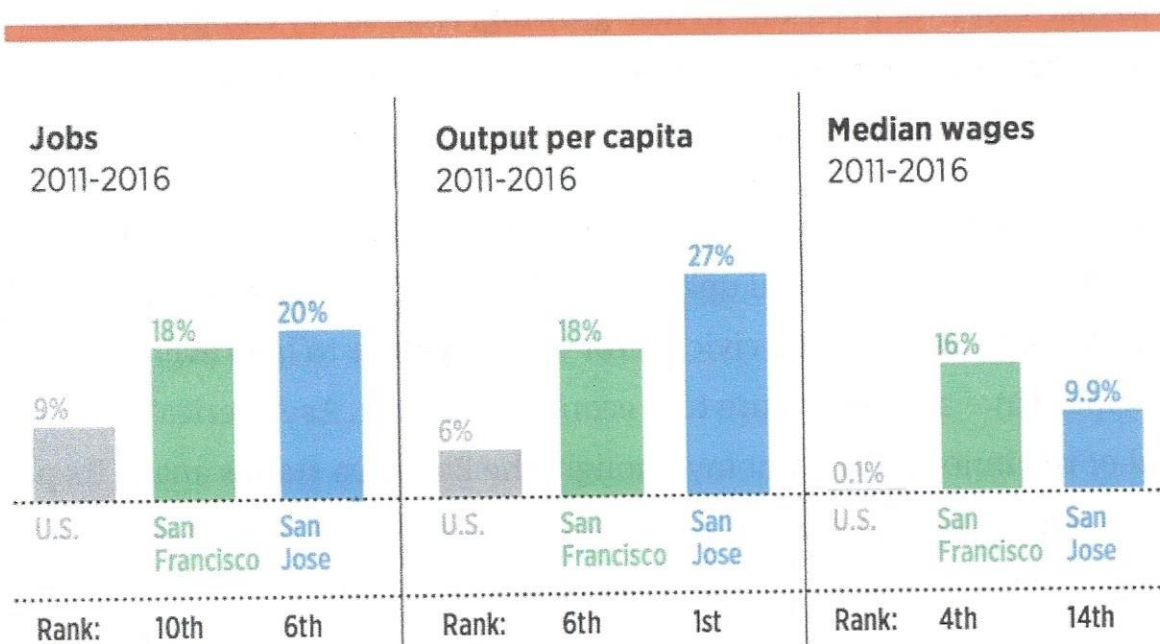
Like other regions, the Bay Area confronts two futures: one in which innovation and economic growth continues to drive social upheaval and inequities; and another in which leaders in business, government, and the civic sector work together to help everyone in the region to participate in – and contribute to – economic growth. As America's undisputed capital of the innovation economy, though, the Bay Area stands apart. Its path in the years ahead could serve as an exemplar to other regions for how to navigate economic inclusion in the 21st century – or as a cautionary tale.

If they are to pursue the second future, leaders across the region would do well to understand the economic challenges their region faces, and consider a wider set of strategies that can make the Bay Area a center of innovation and inclusion.

## Why growing an inclusive economy is so important

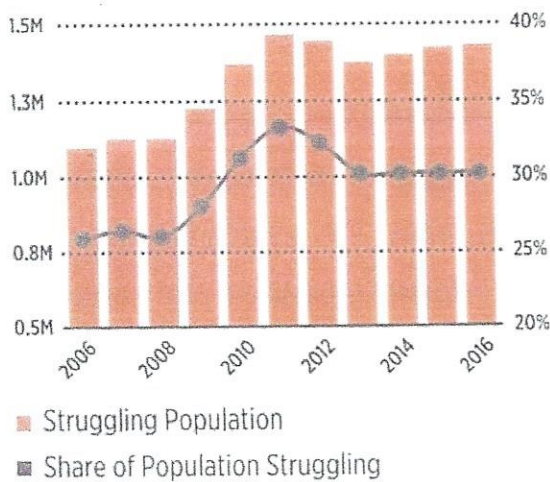
Every year, Brookings publishes a report called the Metro Monitor, which tracks the economic performance of the 100 largest metro areas in creating economic growth, prosperity, and inclusion. The Metro Monitor helps us answer a few questions: It tells us if a metro area's economic pie is expanding; if this growth has boosted productivity and living standards; and whether the metro area's population is better off along measures of inclusion, including by race and educational attainment.

**The Bay Area has experienced remarkable economic growth in recent years.** As most residents know, the San Jose and San Francisco metro areas, which together comprise much of the Bay Area, have outperformed the national averages and nearly all other metro areas on job creation, productivity, and median wage growth over the past five years. Moreover, while employment rates for whites have stayed about the same since the recession, employment rates for workers of color have improved—from 60 to 68 percent—closing the gap with white workers.

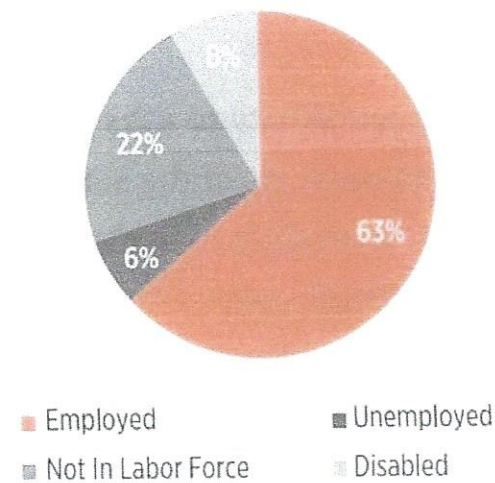


**Yet, one-third of residents in the Bay Area — nearly 2 million people — struggle to make ends meet.** As local political debates suggest, many residents struggle to afford the costs of housing, transportation, childcare, food, and healthcare in this strong economy, and that number has risen dramatically in the past 10 years. Two-thirds of these struggling families have at least one adult with a job. This suggests a need for more reasonable living expenses, more jobs that pay a living wage, and more education, training, or supports for workers so that adults can access better jobs.

Struggling families in San Francisco MSA, 2016

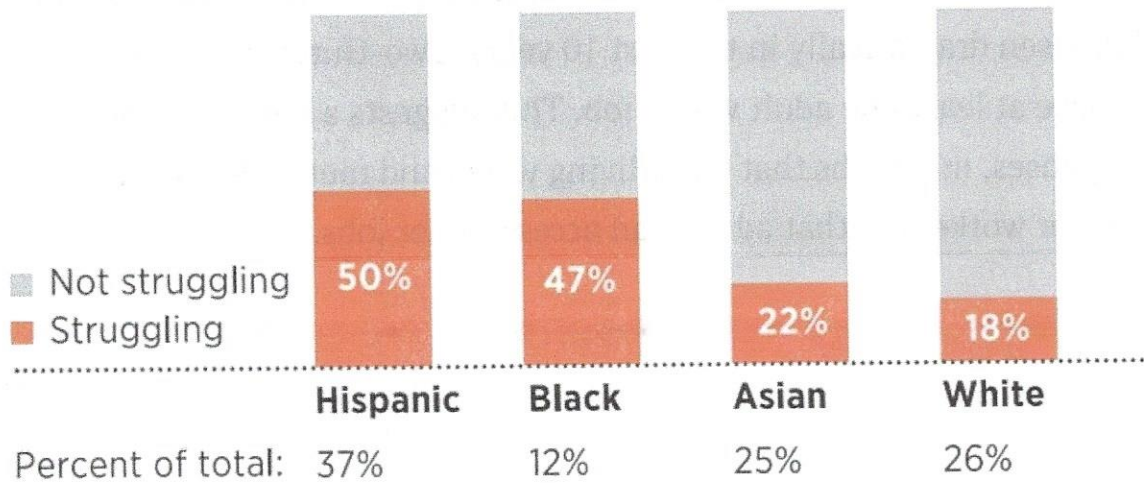


Labor force status of struggling workers, San Francisco MSA, 2016



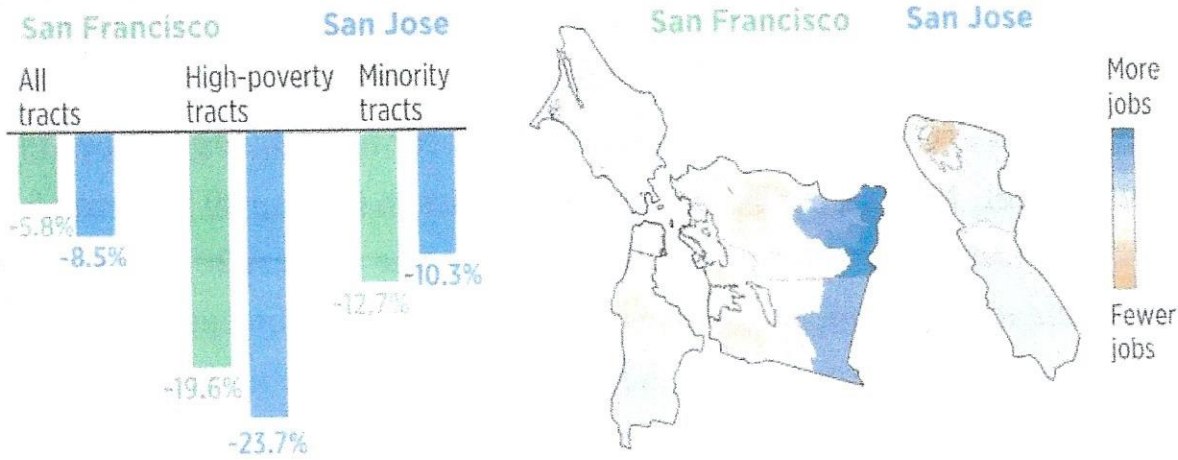
**Furthermore, the Bay Area faces stark racial disparities.** Nearly half of all black and Hispanic residents in the San Francisco and San Jose metro areas do not earn enough to meet daily living expenses. Yet no group is immune to the struggles of making ends meet in this region: nearly one in four white and Asian residents also don't earn enough to achieve self-sufficiency, representing half of the total struggling population.

### Struggling residents in San Francisco MSA by race/ethnicity

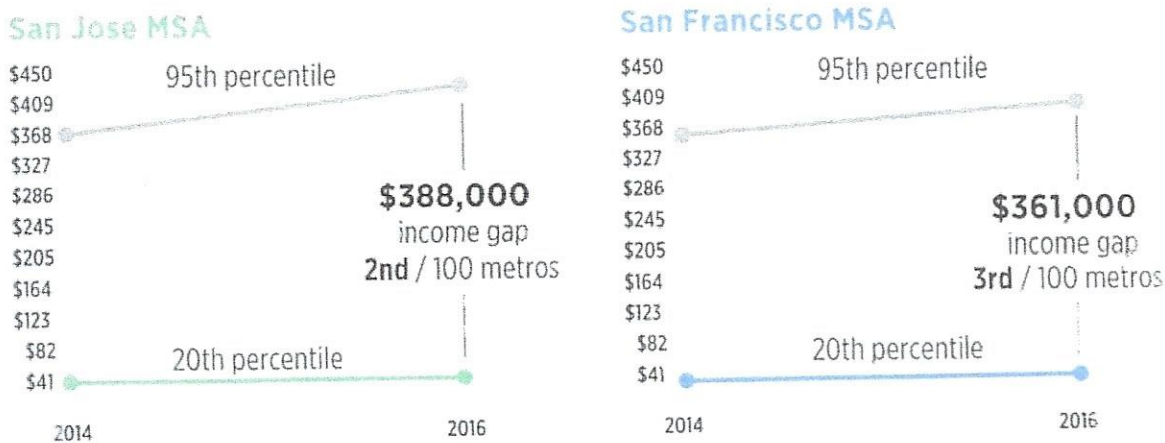


**Within the Bay Area, proximity to jobs is declining.** According to Brookings analysis, jobs grew fastest on the outskirts of the San Francisco and San Jose metro areas between 2000 and 2012, and declined slightly in the most urbanized areas. The result is that residents across all neighborhoods in the Bay Area live near fewer jobs than they could at the turn of the century. Moreover, in both the San Francisco and San Jose metro areas, the decline in the number of nearby jobs has been much worse for high-poverty and majority-minority neighborhoods. While job growth in recent years could be easing or exacerbating these trends, there is no mistaking the need for a better balance of jobs, housing, and transportation across the Bay Area.

Change in number of jobs between 2000-2012



All this inequality—by race, income, and geography—imposes costs, including on the region’s capacity to innovate. As the following two graphics show, the San Francisco and San Jose metro areas have the second and third widest income gaps between high-earners and low-earners across the country’s largest metro areas. A family at the 95th percentile of income earners in San Jose makes \$429,000 annually, while a family at the 20th percentile makes just \$41,000. Incomes at both levels grew between 2014 and 2016, but the overall gap widened.



Stanford researcher Raj Chetty and his team examined the impact of wage inequality on entrepreneurship. They found that children who were born into wealthier households were much more likely to become an inventor and produce a patent than those from poorer households. In other words, kids born to poorer families did not have the education and tools needed to later develop the kind of technologies and innovations that power our economy. The consequences of this for the Bay Area are dramatic: an estimated 51 percent of all inventors born between 1980 and 1984 came from families in the top 20 percent of income earners, while just seven percent came from families in the poorest 20 percent. Chetty and his team estimate that if all people across race, gender, and socioeconomic status were given equal opportunity to succeed, the country as a whole would have four times as many inventors as it does today – which translates to 3,800 more inventors born in the Bay Area during just a five-year window. This is what Chetty calls the “Lost Einsteins.”

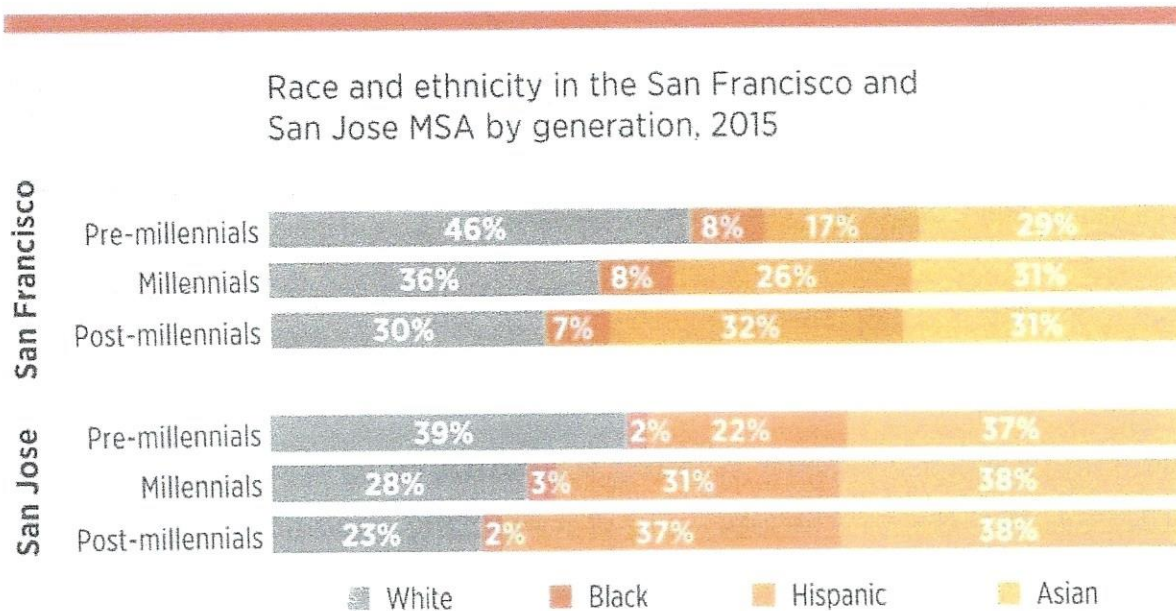
In short, this research affirms that economic exclusion hampers both growth and opportunity.

## **How digitalization and demographic change can widen existing disparities**

As leaders in the Bay Area consider the paths toward an inclusive economy, they must confront two structural forces that define the modern era: our nation’s ongoing demographic transformation into a more racially diverse and multi-ethnic population, and the rapid digitalization of our economy, which is transforming the nature of work and the built environment. These two forces are assets in a global economy that prizes diversity and cultural awareness in the modern workplace. Yet, if leaders fail to recognize and respond to the interconnections between these two forces, they risk stalling growth and widening the disparities that exist within our society.

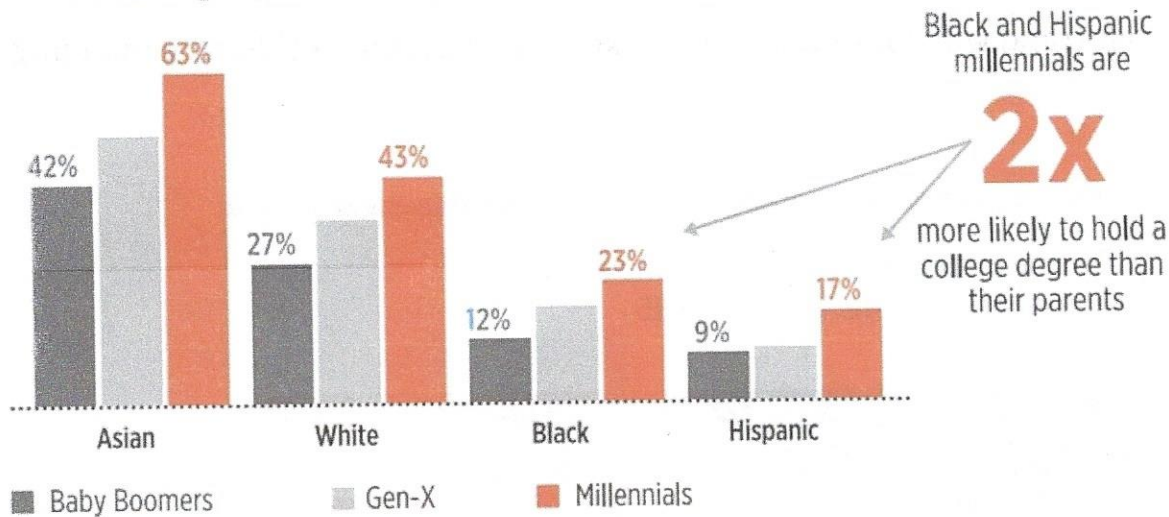
**The people who are entering the labor force are more diverse than ever.** This chart shows the demographic shift underway between millennials – defined as those aged 18 to 35 in 2015 – and the generations that preceded and will follow them. In the San Francisco metro area, the older generations are approximately half white, while millennials are

more than two-thirds young adults of color. The next generation will be even more diverse. In the San Jose metro area, millennials are more likely to be Asian and Hispanic than white; and that trend will continue, with the share of Hispanic residents expanding the most.



**Black and Hispanic millennials are more educated than their baby boomer parents, as can be seen in the chart below.** Despite this, the gap in educational achievement between Black and Hispanic young adults compared with whites and Asians remains dramatic. Twenty-three percent of Black and 17 percent of Hispanic young adults have college degrees, compared with 43 and 63 percent of whites and Asians, respectively. Despite the positive presence of many distinguished institutions of higher education in the Bay Area, the region’s educational attainment numbers mirror these national statistics. Leaders must accelerate efforts to equip Black and Hispanic residents with the skills and networks they need to succeed in the modern economy.

College graduates at age 25-34, by generation



**At the same time, the modern economy is being transformed by the rapid diffusion of digital technologies.** Whether it's robotics, cloud computing, mobility tech, big data, or artificial intelligence, technological innovation is redefining which jobs are created, what skills are needed, and what kind of urban world emerges. Thanks to these new capabilities, industries are more productive, businesses can reach more customers, while people have more choices for shopping, travel, and entertainment. At the same time, digital innovation is rapidly destroying jobs, making certain skills obsolete, and leaving some workers and communities further behind.

**The Bay Area is at the epicenter of the nation's tech growth and disruption.** Sixty percent of all new digital jobs in the United States since 2010 were created in just 10 metro areas. The San Francisco and San Jose metro areas added a net 140,000 tech jobs during that timeframe, leading all U.S. regions and increasing its concentration of American tech jobs. That dominance is not only transforming the Bay Area economy, it is also facilitating disruption nationally and globally in ways that are shaping the quality and distribution of opportunity across communities.

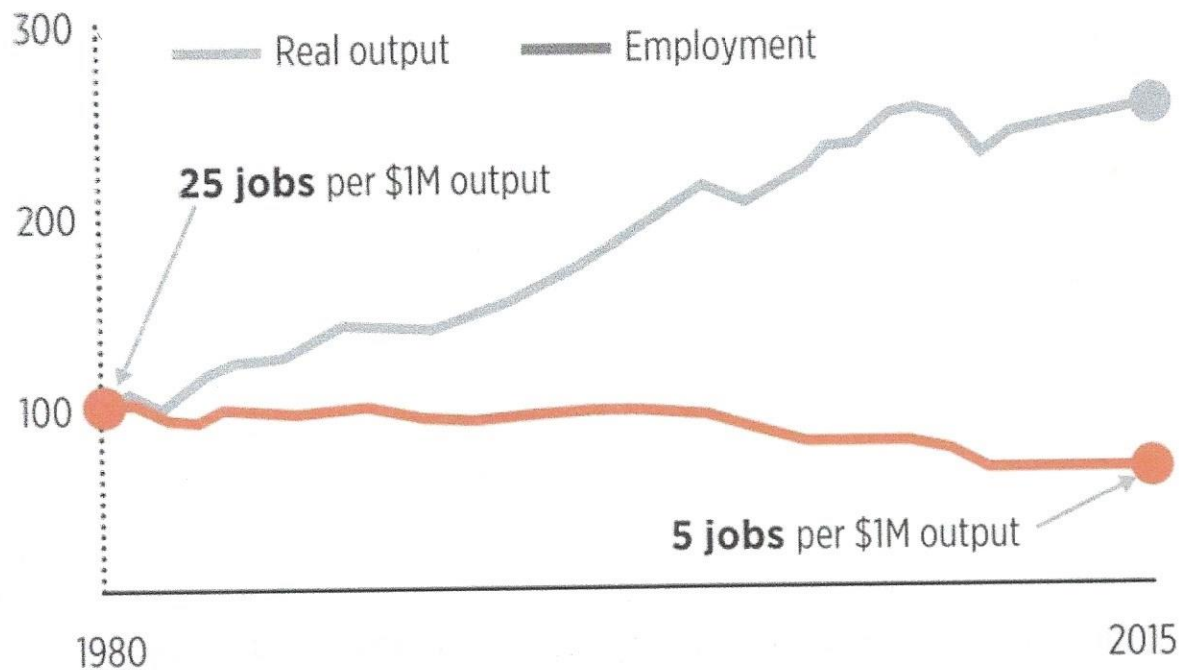


Tech sector job growth within top-100 metros, 2010-2016



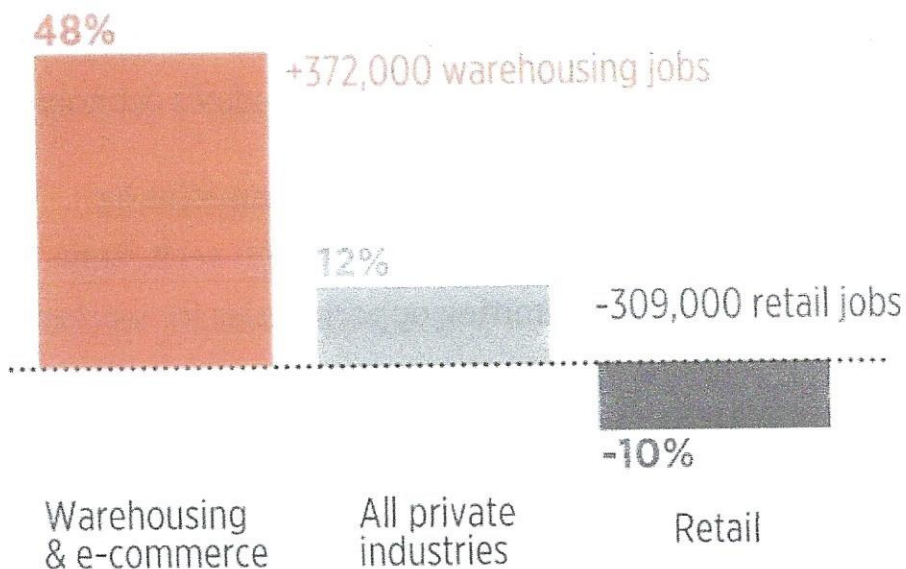
**For instance, the adoption of new technologies is making manufacturing more productive and less job-intensive.** Thanks to robotics and other new technologies, manufacturing is the most productive it has been in decades, generating far more with far fewer people. In 1980, it took 25 jobs to produce \$1 million of output. Today, it takes only five jobs. The implications of this are clear: though manufacturing remains a critical sector, it cannot be a primary source of good jobs for workers and communities in the years ahead.

## U.S. manufacturing productivity and employment, 1980–2015



**The services sector, including retail, is undergoing its own digital transformation.** One example is the impact of e-commerce on the retail landscape. Approximately 6,400 retail stores closed in 2017 alone. As can be seen in the graphic below, since 2010, the retail sector has shed approximately 300,000 traditional sales jobs, while jobs in warehousing, customer service, and supply chain management have emerged in their place. These shifts affect cities and suburbs that depend on sales tax revenue, create uncertainty for main streets and neighborhood commercial corridors, and shift certain jobs to less accessible locations for low-skilled workers.

## Job growth in the United States, 2010 to 2016

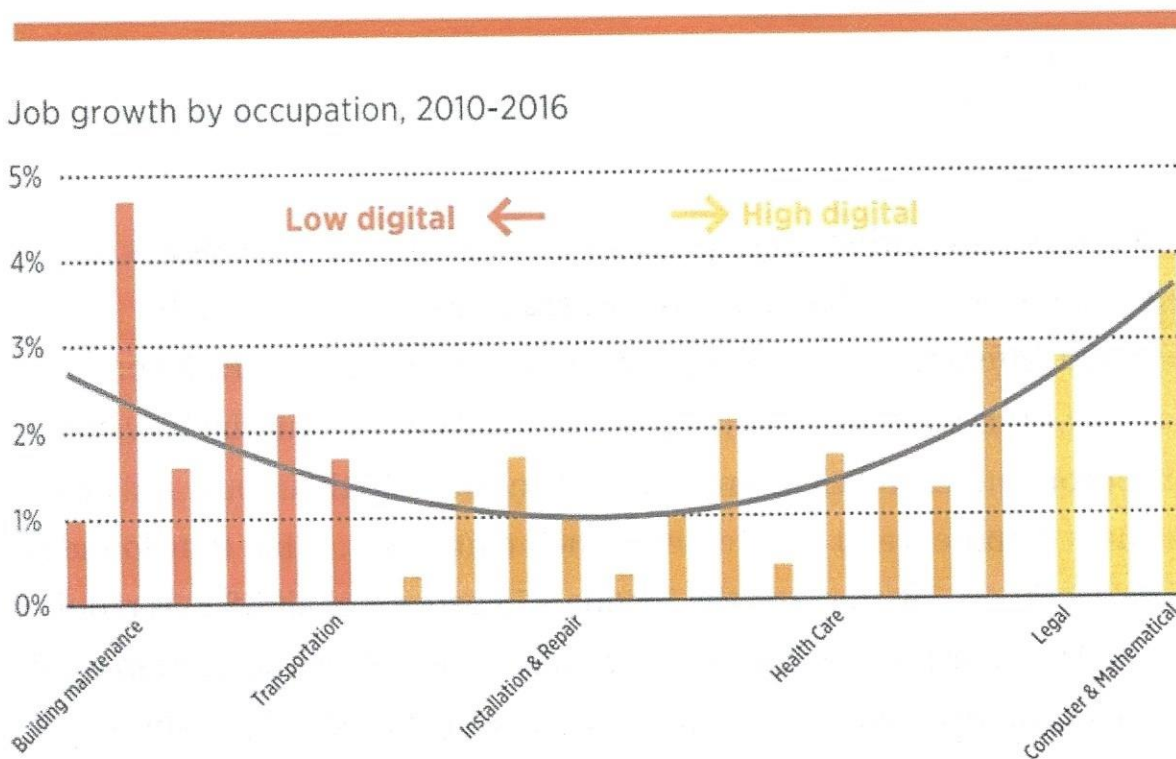


**As companies and industries rapidly digitalize, so do the skills requirements for workers at all pay grades.** A recent Brookings report examined the digital skills requirement of over 500 different occupations (representing 91 percent of the labor market), giving a digital skills score to every occupation based on two criteria: how much specific knowledge of computers and electronics workers need to do their jobs, and how frequently workers use computers and electronics in their daily tasks. What they found is that in 2002—before Facebook, Twitter, and the iPhone—55 percent of all US jobs required minimal computer skills and just five percent required high levels of computer literacy. By 2016, skills requirements dramatically shifted. Jobs with low digital skills have shrunk to just thirty percent of all jobs, while seventy percent of jobs today require workers to have moderate to high digital competency. This digital skills revolution is ubiquitous, increasing the demand for software engineers while upgrading the tasks of critical pathway jobs to the middle class, such as administrative assistants, tool and die makers, police officers, and distribution managers.

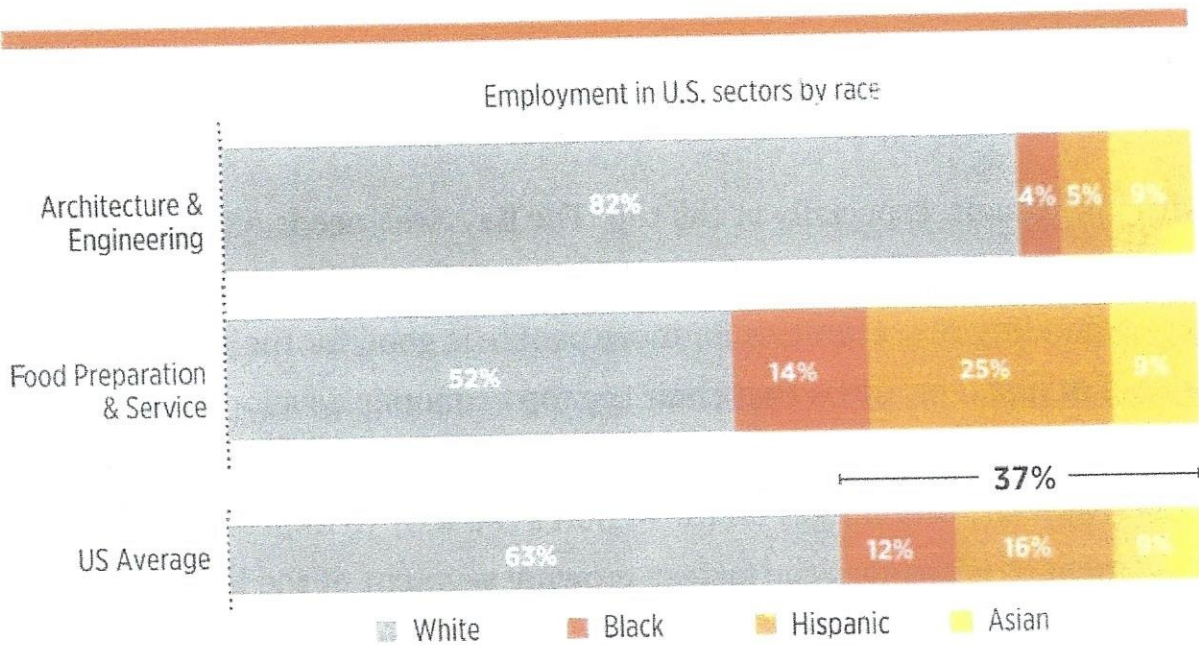
**For workers, it pays to be digitally savvy.** Our research shows that mid-tech and high-tech jobs pay more, creating opportunities for workers able to reach those jobs. US workers whose jobs require low levels of digital skill, including construction workers and cooks,

earn a median wage of \$30,000. Workers using moderate levels of digital skills, including service mechanics and registered nurses, typically earn \$48,000 each year. Meanwhile, the median wage of jobs that require high levels of digital skill, including financial managers and software developers, is \$73,000. The opportunities extend beyond coding: workers who use Salesforce, Photoshop, Adobe Illustrator, or Microsoft packages like Excel and PowerPoint on a daily basis could be more likely to earn higher wages in today's economy.

**Unfortunately, the rise of digitalization is creating bifurcated opportunities by income and race.** The digital economy appears to be growing faster in high-tech, high wage and low-tech, low wage jobs than mid-tech ones, limiting opportunities for workers to move up and earn middle class pay.



Furthermore, white workers are much more likely to access good-paying tech jobs, while workers of color are underrepresented in higher paying, highly digital occupations such as computer programming, architecture, and engineering. Even though workers of color represent 37 percent of all workers today, Black and Hispanic Americans are disproportionately likely to work in low-tech, lower-paying occupations like home health aides and food and hospitality jobs.



In sum, the task of building a digital economy that generates broad-based opportunity is a fundamental challenge facing every city and metro area. It is particularly acute for the Bay Area, where the origin and consequence of technology disruption, coupled with an already majority minority workforce, is coming to a head. The region's wide income and racial disparities are testing the area's social and political cohesion, and sense of community and quality of life.

## What Bay Area leaders can do, together, to advance inclusive growth in this digital age

Thanks to the efforts of SPUR and its many partners, the region is launching an unprecedented collaboration across the region involving the whole civic community — government, businesses, nonprofits, higher education, community nonprofits, and philanthropic organizations. Yet I believe there is an additional responsibility placed on businesses, employers, and the economic development community to make an inclusive economy possible. They are the job creators, the hirers, and the investors of the economy. The private sector often sets and influences the economic agenda and raises funds for catalytic initiatives. So how can leaders in the Bay Area create a truly inclusive economy?

Fundamentally, economic inclusion is not a single program, but a value that should permeate across mindsets, organizations, collaborations and strategies. What is needed in communities is a massive culture shift.

Change starts with individuals, especially at the top. The Bay Area needs more CEOs, mid-level managers, and everyday workers to articulate the importance of diversity and inclusion and why expanding opportunities for more people is good for their organizations and the community. For instance, CEOs that chair the top economic development group in greater San Diego are advancing a more honest narrative about the region's prospects: that San Diego's innovation future hinges on the region's capacity to improve the educational achievement of Hispanics, the fastest-growing segment of the local labor force; support women and minority entrepreneurs; and expand affordable housing. In short, economic inclusion is increasingly seen as critical to San Diego's global competitiveness.

Individuals must then lead by example by driving the value of economic inclusion into organizational missions. An increasing number of economic development entities, other business groups, and local governments are making tangible changes ranging from hiring new staff to carry out economic inclusion commitments to re-examining how existing organizational programs, like economic development subsidies, can be less exclusionary. Executives could also revise recruitment policies that open doors for job applicants who have historically been excluded and achieve greater diversity among senior staff, which research has shown to be a predictor of company success.

With organizations more authentically committed, they can then be better contributors to regional collaborations that include a diversity of voices and advance regional priorities that help people, firms, and communities adapt to the rigors of the modern economy. This includes helping people with diverse backgrounds gain relevant skills, start and grow new businesses, and afford homes in neighborhoods with good jobs and schools. In greater Seattle, the Road Map Project aligns the work of hundreds of community leaders and businesses to help local students, particularly students of color, reach college and pursue good careers. In Atlanta, TechSquare Labs seeks out aspiring entrepreneurs of color, providing them with the networks, mentorship, and funding they need to launch new

businesses. Meanwhile, leaders of housing authorities in greater Chicago, Baltimore, and other cities are working to pool public housing funds, facilitating the construction of affordable homes in opportunity-rich neighborhoods and helping families move to neighborhoods across the region.

The Bay Area is a place with unique levels of innovation and an unparalleled ability to retain first-class talent. There's no doubt this has helped the region grow its economy. And yet, as technological and demographic forces radically change industries, it is of vital importance that leaders work to ensure this economic growth is created by and for all workers and families, regardless of which neighborhood they live in. By working to remove the formal and informal barriers to entry that too often keep some communities separated from the centers of power and growth, local leaders will not only be making their region's economy fairer. They will ultimately be making it stronger.

Report Produced by **Metropolitan Policy Program**

# BROOKINGS

The Avenue

## **A new brand of inclusive growth coalitions**

Amy Liu Thursday, November 2, 2017

Last year, voters in Indianapolis approved a ballot measure increasing their income taxes to expand the core county's mass transit system, a notable development in this red-state capitol. The 25-member city-county council formalized the deal with its own bipartisan endorsement of the plan to connect 220,000 more residents by frequent bus service. Church groups, social justice advocates, and business and civic leaders made the case that the transit expansion was essential for boosting economic competitiveness, workers' access to opportunity, and neighborhood revitalization. These were not separate arguments but a joint appeal, including the leading business chamber embracing the importance of closing the region's economic and social disparities.

As Indianapolis transitions from an older industrial city with rising poverty to an emerging tech hub, the city showed it could bring together a diverse coalition of grassroots and grassroots leaders, around a common narrative, to address the challenges and opportunities in their region. And, crucially, this wasn't a one-off collaboration: Indianapolis' economic development leaders are continuing to emphasize inclusion and new partnerships as part of their approach to growth and competitiveness.

Business leaders and economic development groups across most regions have traditionally seen equity and opportunity as mission creep. But Indianapolis' experience is emblematic of a growing awareness emerging in cities across the country that, facing widening disparities, a wider spectrum of leaders will need to commit to building broad-based prosperity.

This shift benefits growth actors and traditional equity advocates.



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## **Economic inclusion, the evidence shows, makes solid business sense, in addition to serving a moral purpose.**

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Economic inclusion, the evidence shows, makes solid business sense, in addition to serving a moral purpose. At the same time, firms and the economic development community are essential to building a dynamic regional economy that generates middle-class jobs and expanding pathways to those jobs with customized training programs. They help set the agenda in regions, bringing networks and funding to key issues. For community developers, social service providers, and workforce leaders who have long worked with underserved populations, business leadership groups can bring new attention, resources, and partnership to a growing challenge.

How can cities build and sustain these new coalitions for inclusive growth? Working with Brookings, the Indy Chamber, along with the Nashville Area Chamber of Commerce and the San Diego Regional Economic Development Corporation, underwent a rigorous, eye-opening process earlier this year to explore their potential role. Here are three lessons from that work:

**A new approach demands a new way of understanding.** Inclusion is a value and a mindset, not simply a program. For economic development organizations typically tasked with positively selling their region, acknowledging serious challenges and the limits of current efforts is fundamental to shifting strategy. Developing a data-driven “narrative” about regional economic inclusion challenges helps build consensus around these issues and convince new audiences of the imperative to address inclusive growth. In one region, business leaders came to terms with the startling fact that half of families earn less than \$50,000, leaving them stretched to cover basic expenses. In others, leaders acknowledged that low educational attainment among diverse youth, high housing and education costs, and long job commutes posed barriers to opportunity and threatened regional competitiveness.

**No single organization can deliver change.** To achieve more meaningful, community-wide progress, economic development organizations and others will need to step out of their comfort zones. Community development organizations and non-profits, who have long focused on serving the needs of individual neighborhoods and populations, will need to plug into broader jobs initiatives to inform, and benefit from, new economic plans and opportunities. Educators and skills providers can partner with employers to design industry-relevant talent initiatives that provide new opportunities for residents and help economic developers more effectively attract and retain employers. As trite as it sounds, regions will make greater progress if leaders in economic, workforce, and neighborhood development joined efforts more often around shared goals.

**New awareness ultimately needs to be translated to action.** Indianapolis' transit coalition offers one example of how leaders can partner to advocate for shared goals. The Nashville Chamber is supporting an even larger bid to expand transit in that region. In San Diego, the City of San Diego, the community-based Jacobs Center for Neighborhood Innovation, and the region's prominent CONNECT innovation organization are working together to locate an accelerator in the city's Promise Zone. Other regions are also piloting approaches. A new initiative in Northeast Ohio, for instance, unites job creators, community developers, and regional planners to concentrate development and job growth around a series of regional "job hubs" with the goals of reducing transit barriers for workers, providing employers with a more consistent labor pool, and limiting the expansion of the region's spatial footprint.

Only eight of the nation's largest metropolitan areas are currently generating economic growth that improves the incomes and employment of whites and people of color. Increasing that number will require city leaders of all stripes reaching out across the aisle in new ways to address the most important issues facing cities today. An emerging group of leaders is defining a new type of regional coalition for inclusive growth. More will need to join them.

*The San Diego Regional EDC is a member of the Metropolitan Leadership Council, a network of business, civic, and philanthropic leaders that acts as a financial and intellectual partner of the Brookings Metropolitan Policy Program.*

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**To create economic opportunities, cities must confront their past—and look to the future.**

Recently, a jury in Minnesota acquitted the police officer who shot and killed Philando Castile during a traffic stop last summer, sparking renewed anger over a criminal justice system that perpetuates historic racial bias in cities. On the same day, Amazon CEO Jeff Bezos announced his company had bought Whole Foods for \$13.4 billion, potentially upending the future of retail.

These were not unrelated events. They represent the twin urgencies that local and regional leaders must confront if they want to create broad-based prosperity: Make right the wrongs of the past, while radically preparing for the future.

Cities are under pressure to deliver on a whole host of national priorities, including addressing the nation's weak productivity growth, stagnant wages, and stark racial disparities. That's because Washington, D.C., has made clear that building an inclusive economy is not a top priority. Health care and other supports for low-income, working families are on the chopping block. A robust federal economic growth agenda is missing. And the Trump administration's budget blueprint and policies indicate that state and local governments, along with the private sector, are expected to step up their investments in key domestic policy areas including infrastructure, basic and applied research, job training, and housing assistance.

As public and private sector leaders in metro areas set out to build more productive, inclusive economies, they should address the structural barriers, past and future, that prevent many people, places, and businesses from participating fully in the economy.

At one level, this means that cities and metro areas must reverse the housing, land use, and infrastructure policies that have privileged white homeowners over black and brown Americans. In a pair of recent speeches, Detroit Mayor Mike Duggan and New Orleans Mayor Mitch Landrieu articulated their response to these challenges. Before an audience of Michigan's top business, government, and nonprofit leaders, Mayor Duggan detailed how his latest affordable housing and neighborhood policies aim to return economic power and wealth-creating potential to longtime city residents. In an address that went viral, Mayor Landrieu explained why removing Confederate monuments was an essential step towards racial healing and opening a new chapter of greater opportunities for all.

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## **The geography of opportunity and poverty is shifting, creating a patchwork of concentrated advantage and disadvantage across cities, suburbs, and exurbs.**

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At the same time, cities and metro areas must help their communities adapt to the rapidly shifting dynamics of the new era, which threaten to exacerbate inequality and exclusion. Technology is transforming every occupation and industry in cities large and small: According to forthcoming Brookings research, the share of U.S. jobs that require only low levels of digital literacy shrank from 56 percent in 2002 to less than 30 percent today. In just over a decade, the day-to-day duties of administrative assistants, toolmakers, truck mechanics, HR specialists, and numerous other occupations have dramatically digitalized.

Additionally, the workforce that must be prepared for a digital economy is both aging and diversifying, with older, whiter generations and younger, multi-ethnic ones each seeking to navigate a changing labor market. The geography of opportunity and poverty is shifting, creating a patchwork of concentrated advantage and disadvantage across cities, suburbs, and exurbs that challenges existing models of governance.

How can one create more inclusive economies in this disruptive age? City and regional leaders should help their communities adapt in the following three ways:

**Help people adapt their skills to the changing demands of our economy.** Many older workers are struggling to translate their skills and experience into stable employment, while younger ones lack meaningful workplace experiences or personal networks to find good jobs. City leaders can help both groups by promoting apprenticeships and other work-based learning programs, organizing digital and global fluency trainings, and ensuring work supports for near retirees. New York City, for instance, has launched Ladders for Leaders, a program that sets its sights on providing 100,000 jobs, internships, and mentorships per year for young New Yorkers by 2020, particularly vulnerable youth.

**Improve connectivity and access to better opportunities.** Too many neighborhoods and jurisdictions within metro areas are isolated; cities can help re-connect them by investing in better transit, more affordable housing in opportunity-rich neighborhoods, and a network of innovation hubs and job centers across the metro area so that residents are close to jobs regardless of where they live. Los Angeles, Seattle, and Atlanta have multi-billion dollar transit expansions in the works, while leaders in Northeast Ohio are creating job hubs through coordinated actions in economic development, transportation, and workforce development.

## Recommended



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JUNE 25, 2017



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MAY 25, 2017



**Help businesses launch, scale, and innovate, promoting greater economic dynamism and productivity.** Despite all of the promises of technological innovation, research confirms that business formation and productivity is flat, challenging workers' paths to upward mobility and income growth. City and metropolitan leaders can create healthier, more productive business ecosystems by helping firms invest in their employees and new digital solutions, encouraging entrepreneurship and startups, especially among underrepresented groups, and connecting small and mid-sized firms to new customers and markets abroad. FirstBuild in Louisville, Kentucky, for example, provides a model for how incumbent firms can foster an entrepreneurial ecosystem, by connecting engineers at GE Appliances and the local university with individual innovators to co-design the next generation of household consumer products.

Achieving more productive, inclusive economic growth requires multidimensional action. Local and regional leaders will need to change mindsets, emphasize systemic reforms over narrow new programs, and reimagine ways to finance solutions. It certainly won't be easy. But in today's political climate, progress on these crucial objectives will increasingly depend on the adaptive actions of cities and metro areas.

## About the Author

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**Amy Liu**

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Amy Liu is a vice president and senior fellow at the Brookings Institution and director of its Metropolitan Policy Program.

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