



Inclusive economies in a disruptive age

How local leaders can advance growth, prosperity, and inclusion

AMY LIU

Brookings Metropolitan Policy Program

 @amy_liuw

The Community Foundation
for Greater New Haven

April 19, 2018

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Why inclusive economies matter

2

How disruption and demographic change create greater urgency

3

What leaders can do to advance inclusive growth

1

Why inclusive economies matter



U.S. economic expansion isn't improving middle-class incomes in most cities

Change in median household income, 1999 to 2016



Just
6%↑
of urban areas
experienced statistically
significant increases

Components of economic success

GROWTH



Jobs
Output
Entrepreneurship

PROSPERITY



Productivity
Standard of Living
Average wage

INCLUSION



Employment rate
Median wage
Relative poverty rate

Jobs in young firms are growing in greater New Haven

GROWTH



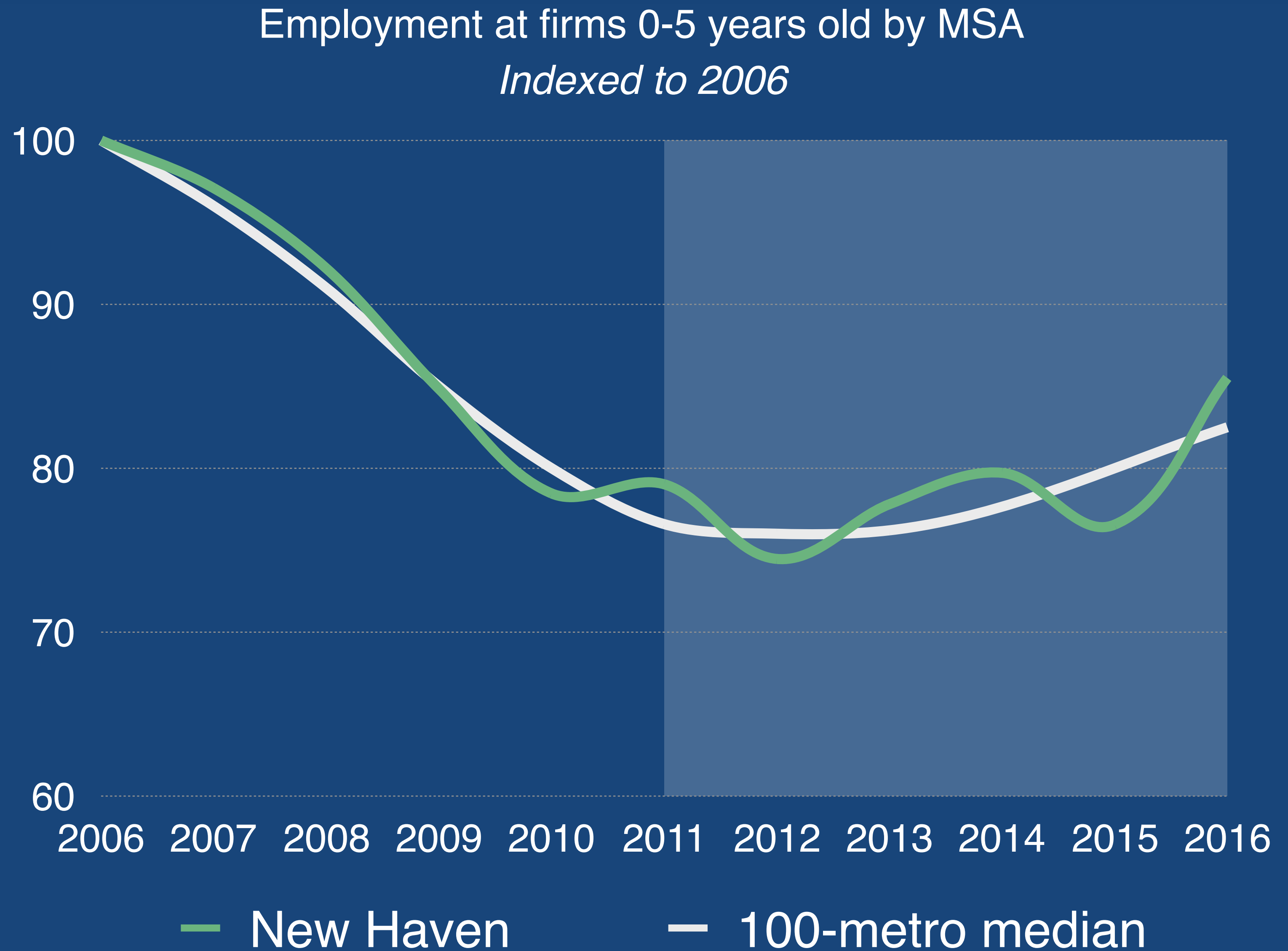
Jobs at young firms
2011-2016

8.15%

8.2%

Median across
top-100 metros

New Haven



Source: Brookings Metro Monitor, February 2018

Greater New Haven is less productive today than it was five years ago

PROSPERITY



Output per job
2011-2016

0.7%



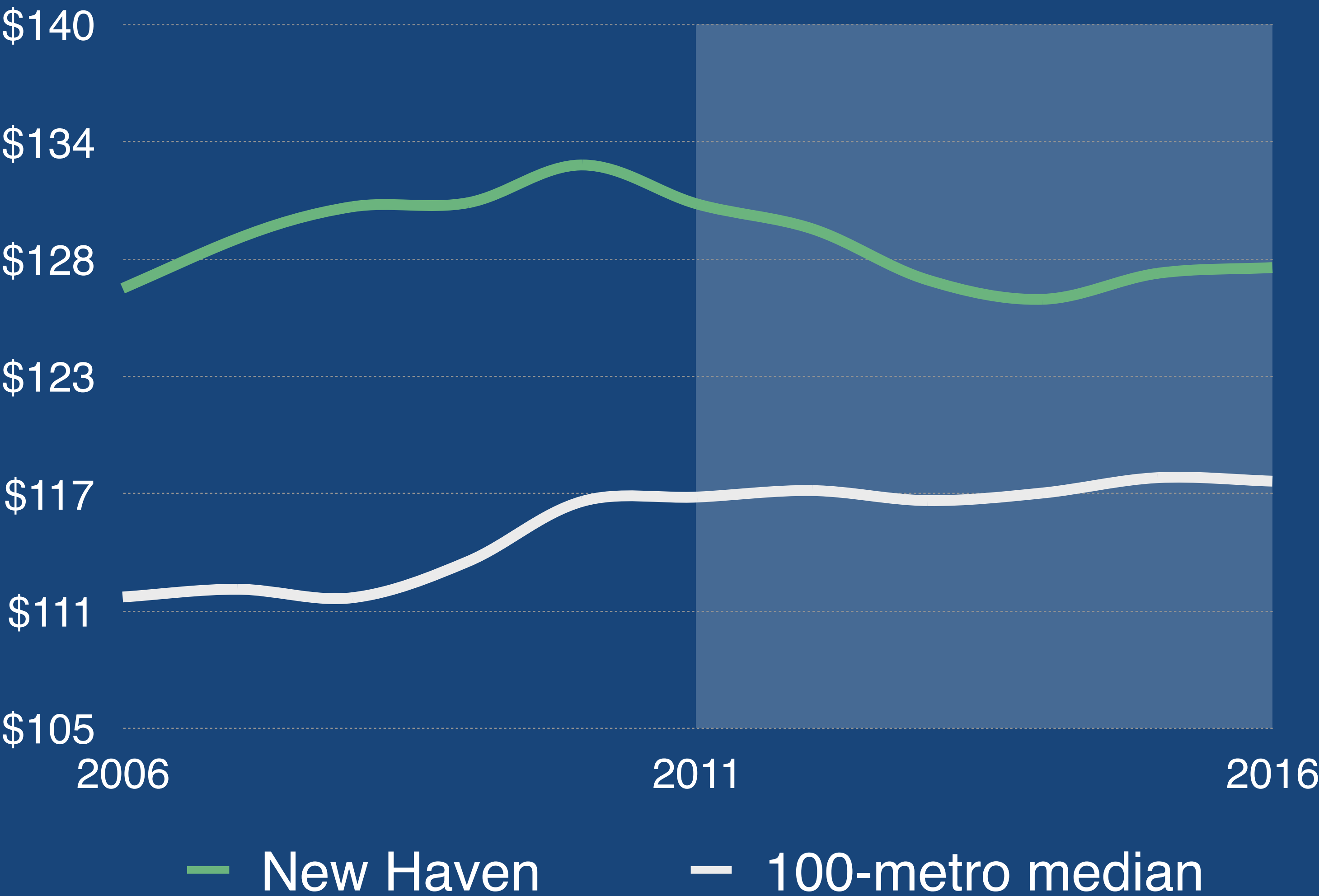
Median across
top-100 metros

-2.4%



New Haven

Output per job by MSA
(in thousand U.S. dollars)



Source: Brookings Metro Monitor, February 2018

Median wages in New Haven are on the rise...

INCLUSION



Median wages
2011-2016

7.6%

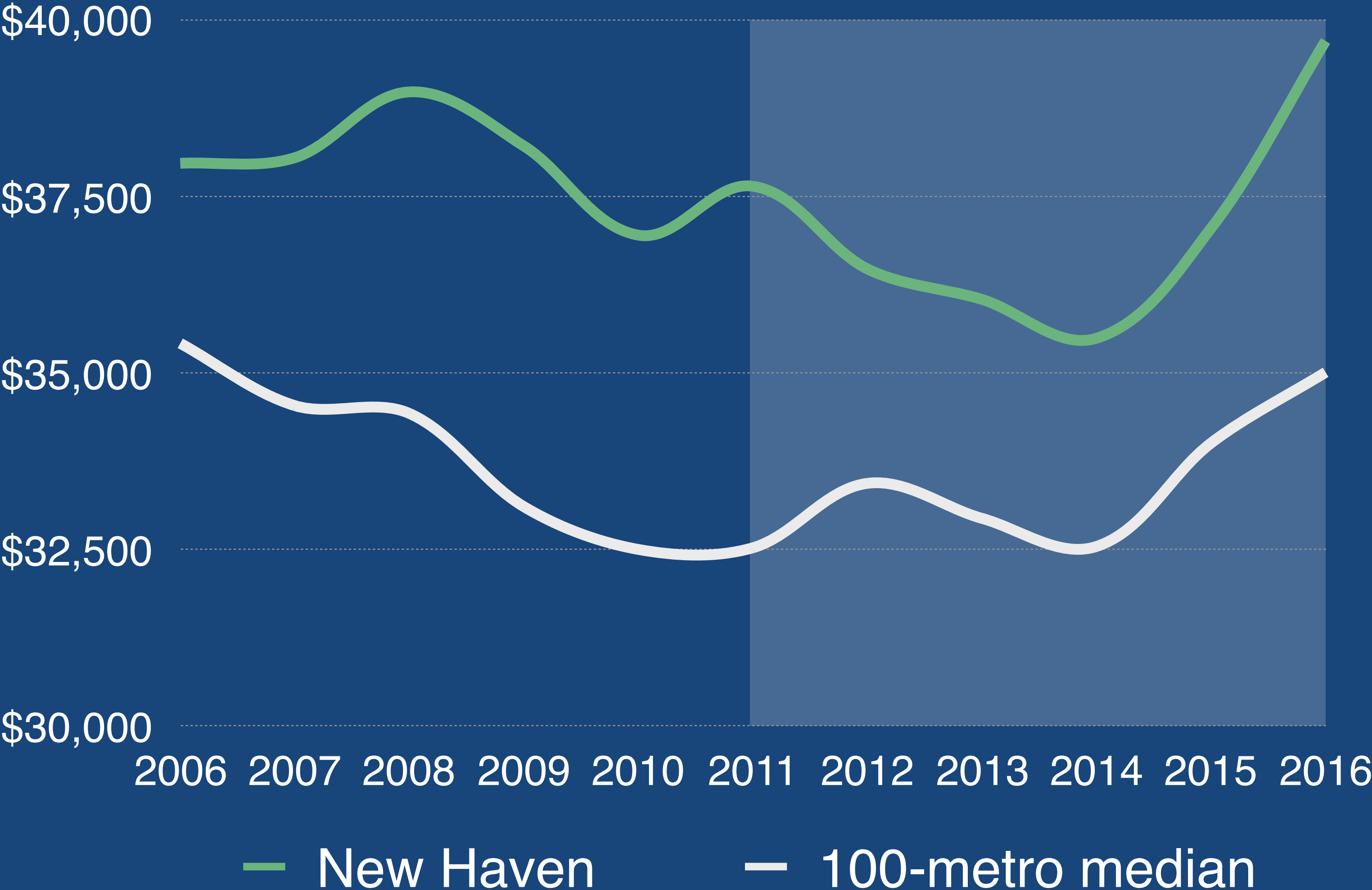
5.5%

Median across
top-100 metros

New Haven

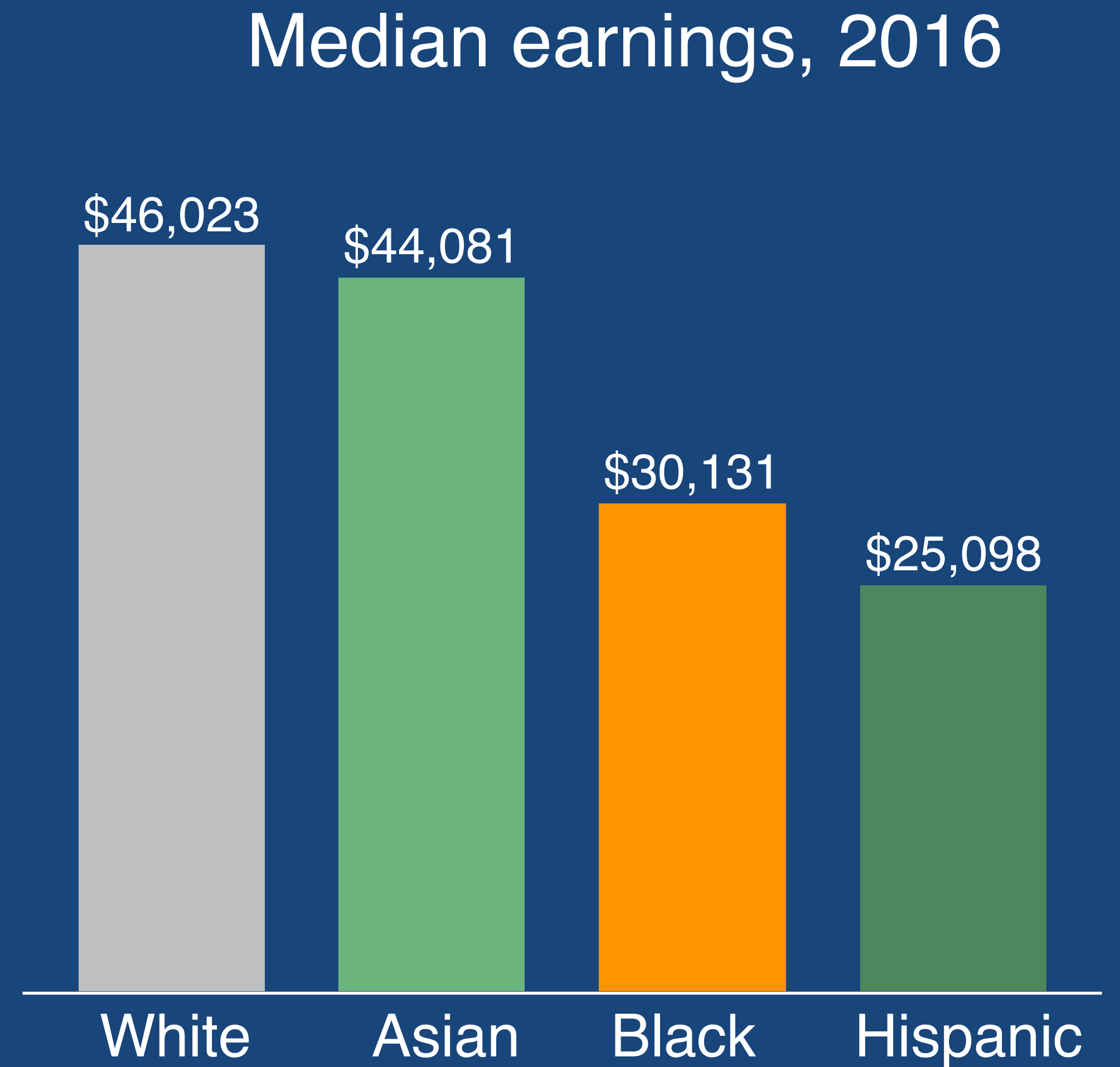
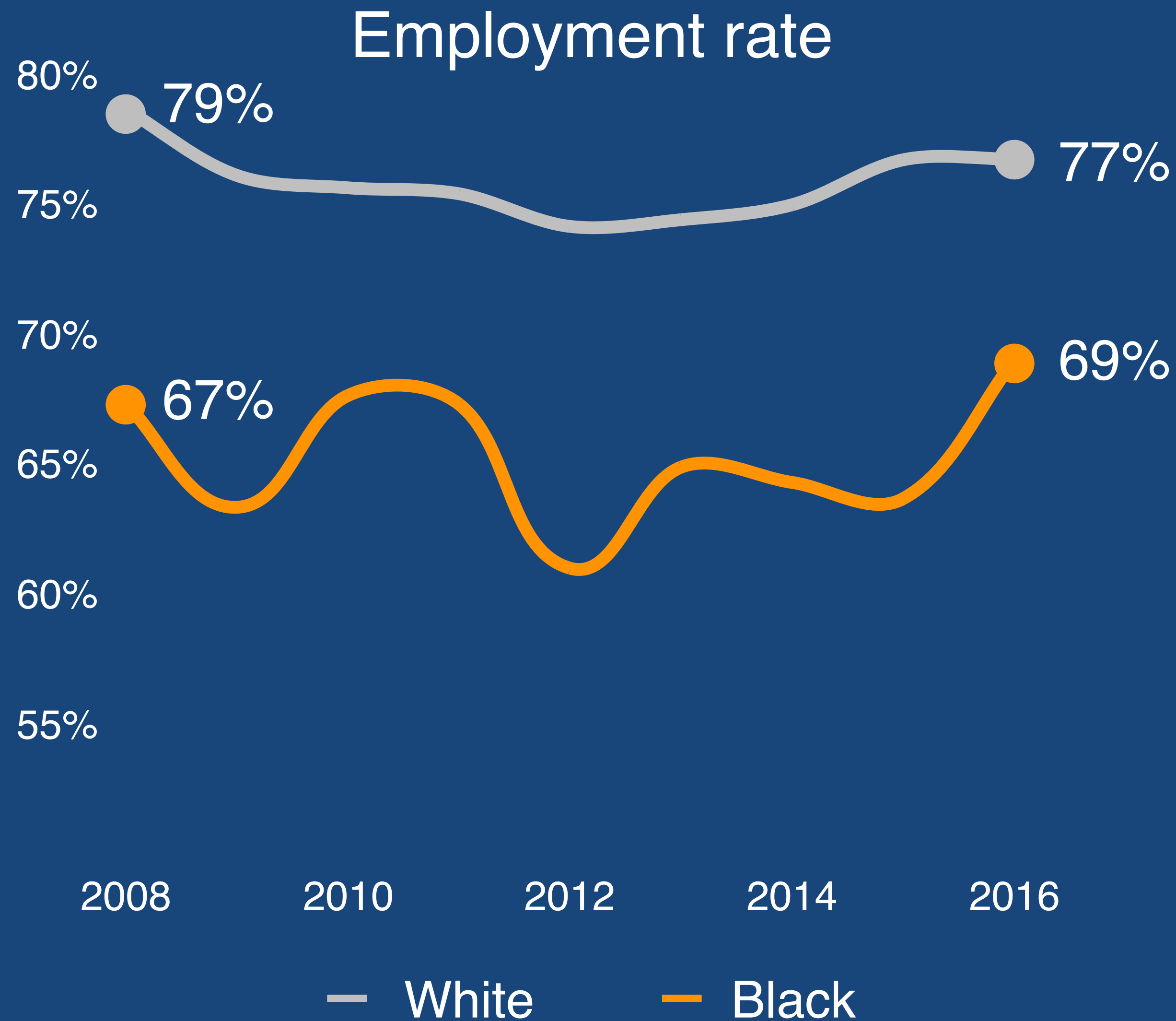
B

Median wages by MSA



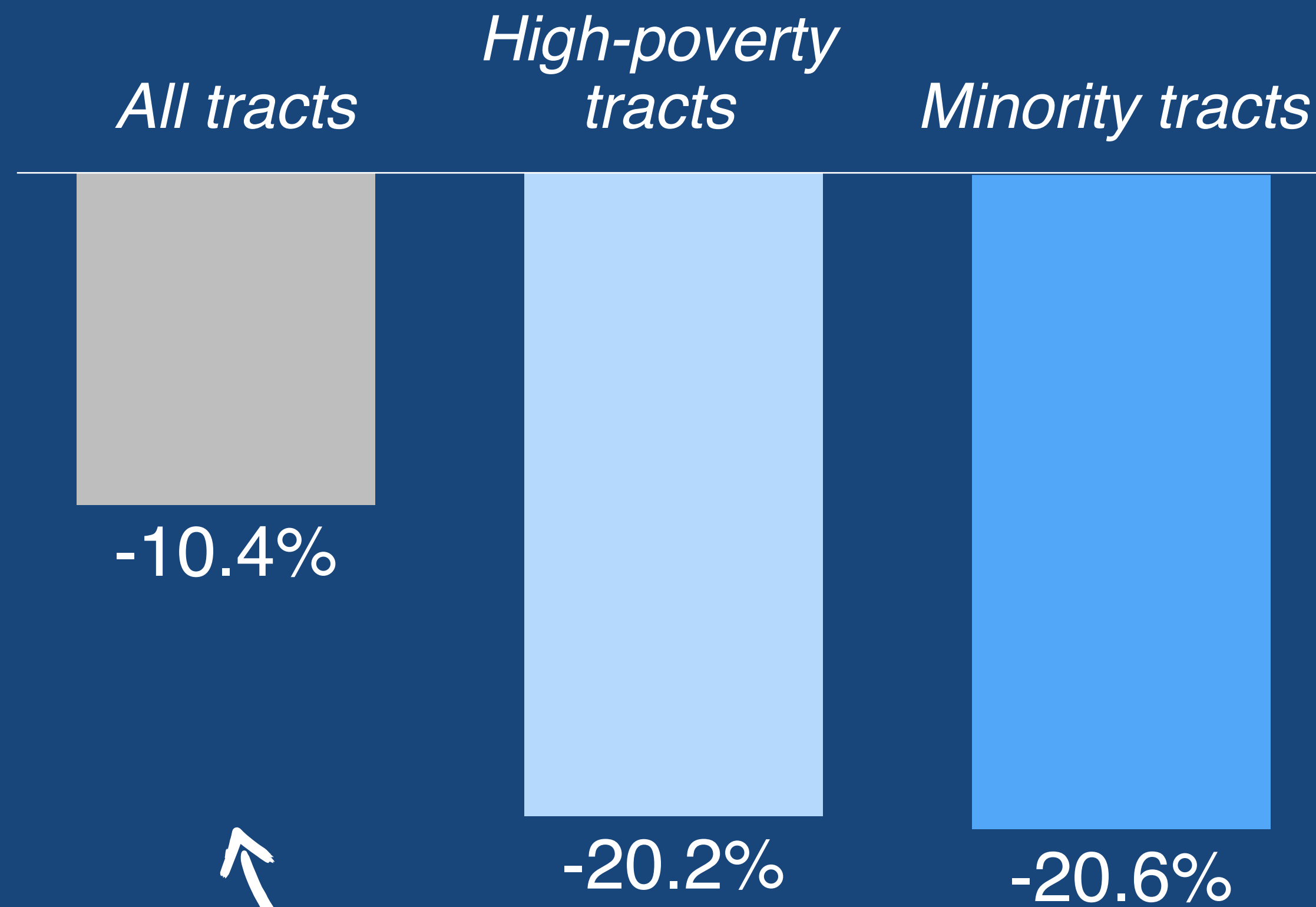
Source: Brookings Metro Monitor, February 2018

...yet racial disparities on employment and earnings persist

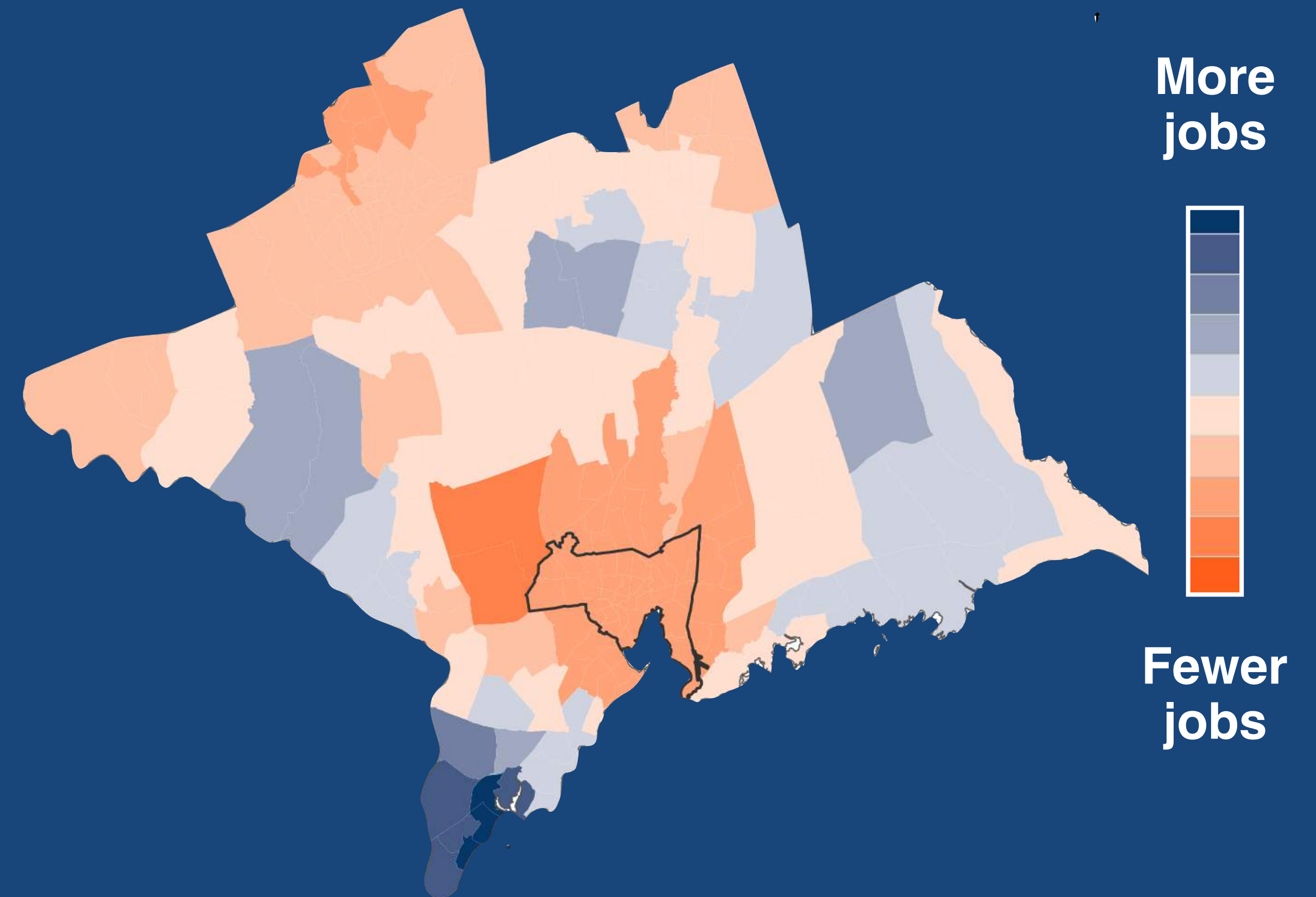


... and fewer jobs are accessible to disadvantaged communities

Change in number of jobs in New Haven MSA, 2000-2012



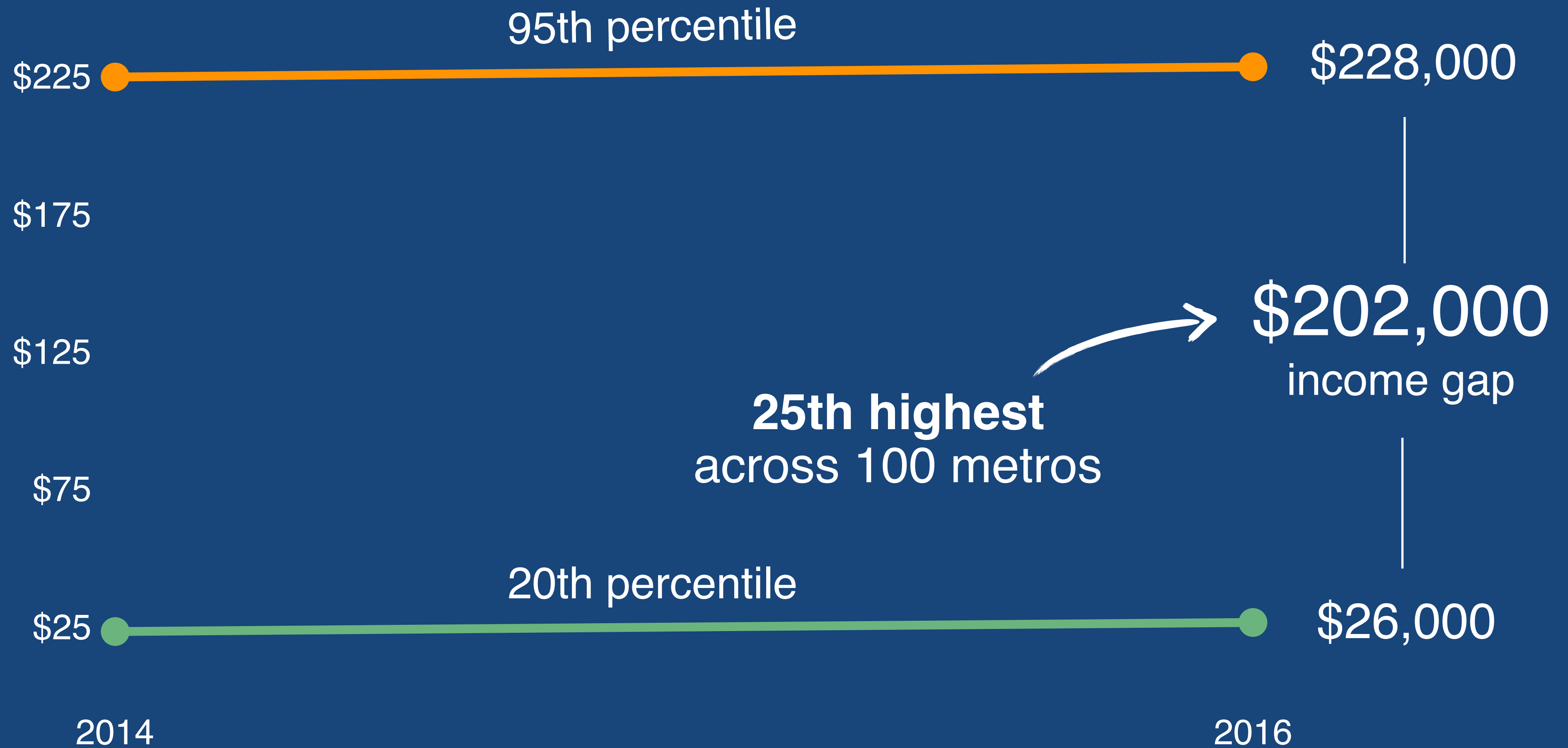
73rd of 100 metros



Source: Brookings, "The growing distance between people and jobs in metropolitan America," 2015

High inequality in hampers entrepreneurship and invention

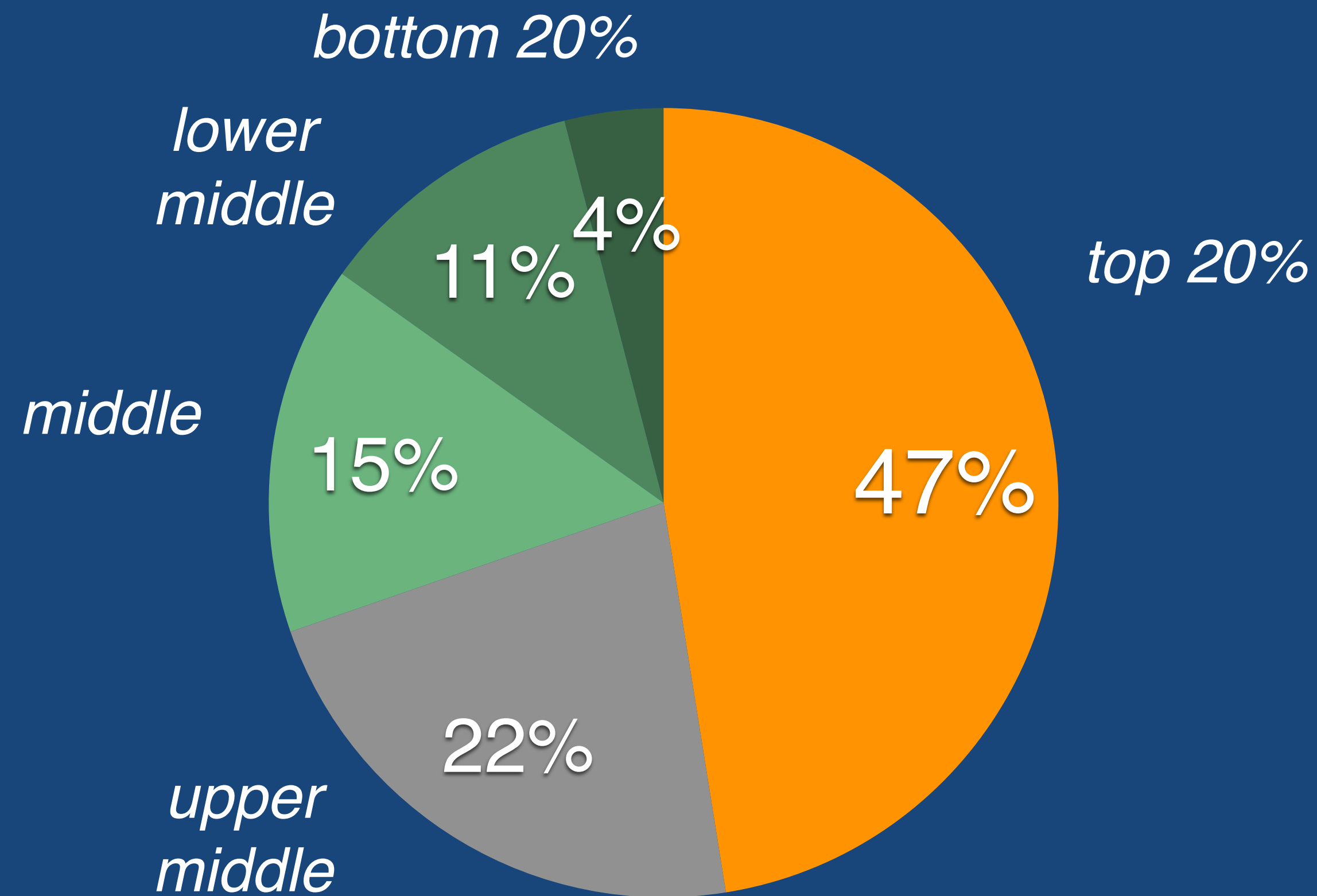
Household income in New Haven MSA



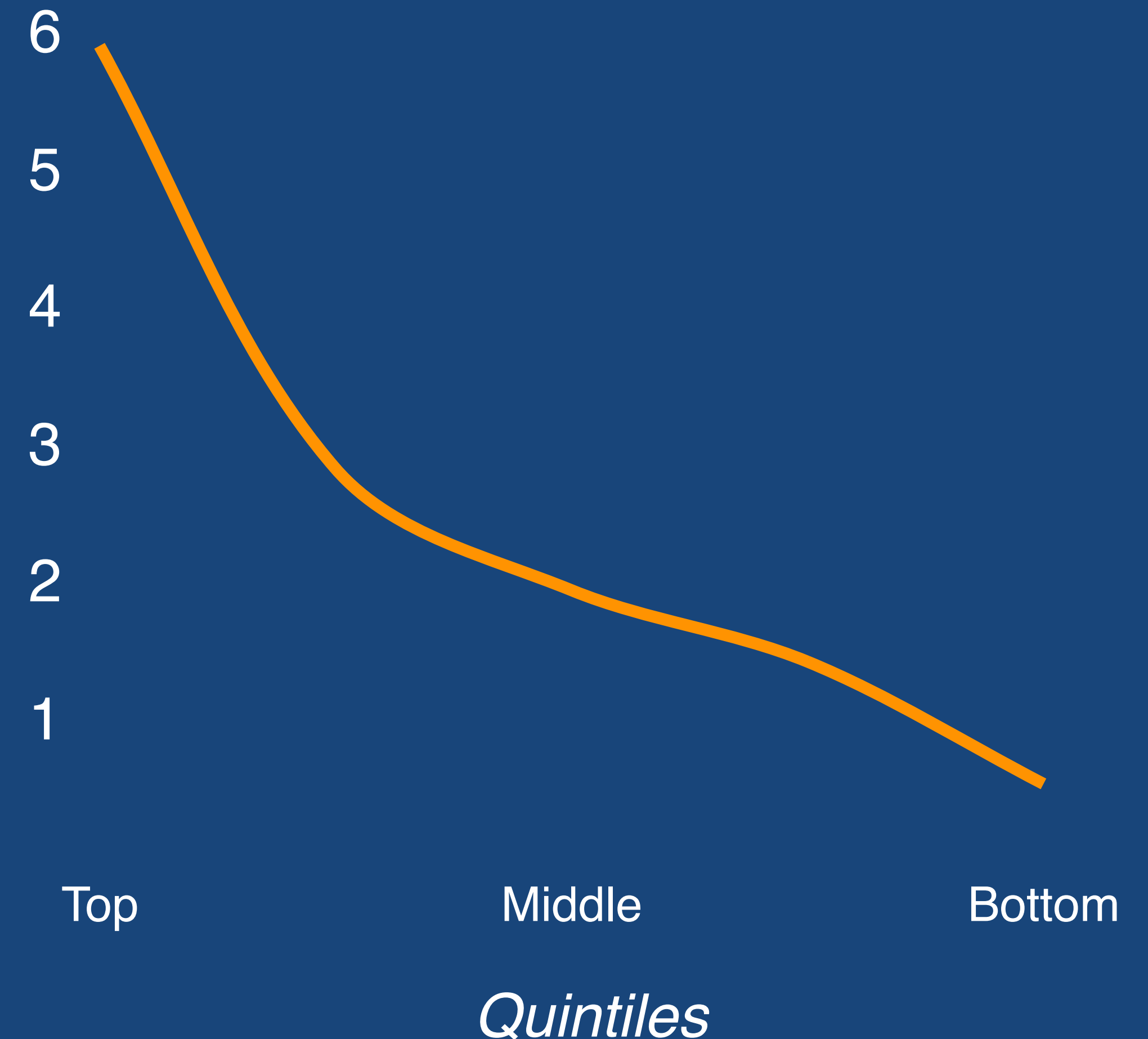
Source: Brookings, "Metro Monitor," 2017; Brookings, "City Inequality Update," 2017; Chetty et al., "Lost Einsteins," 2017

High inequality in hampers entrepreneurship and invention

Share of inventors in Connecticut
by parents' income

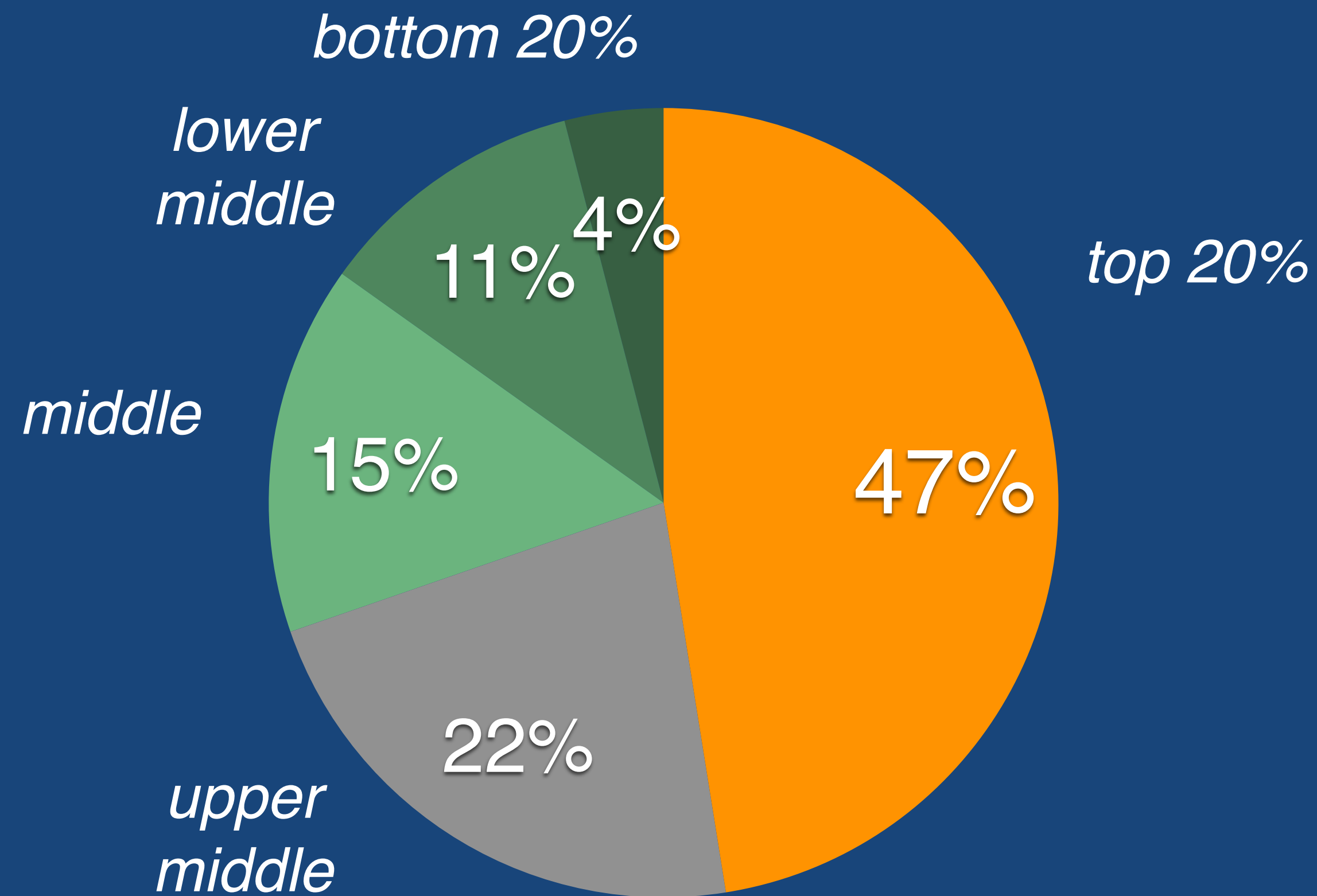


Invention rate by
parents' income
(per 1,000 children)

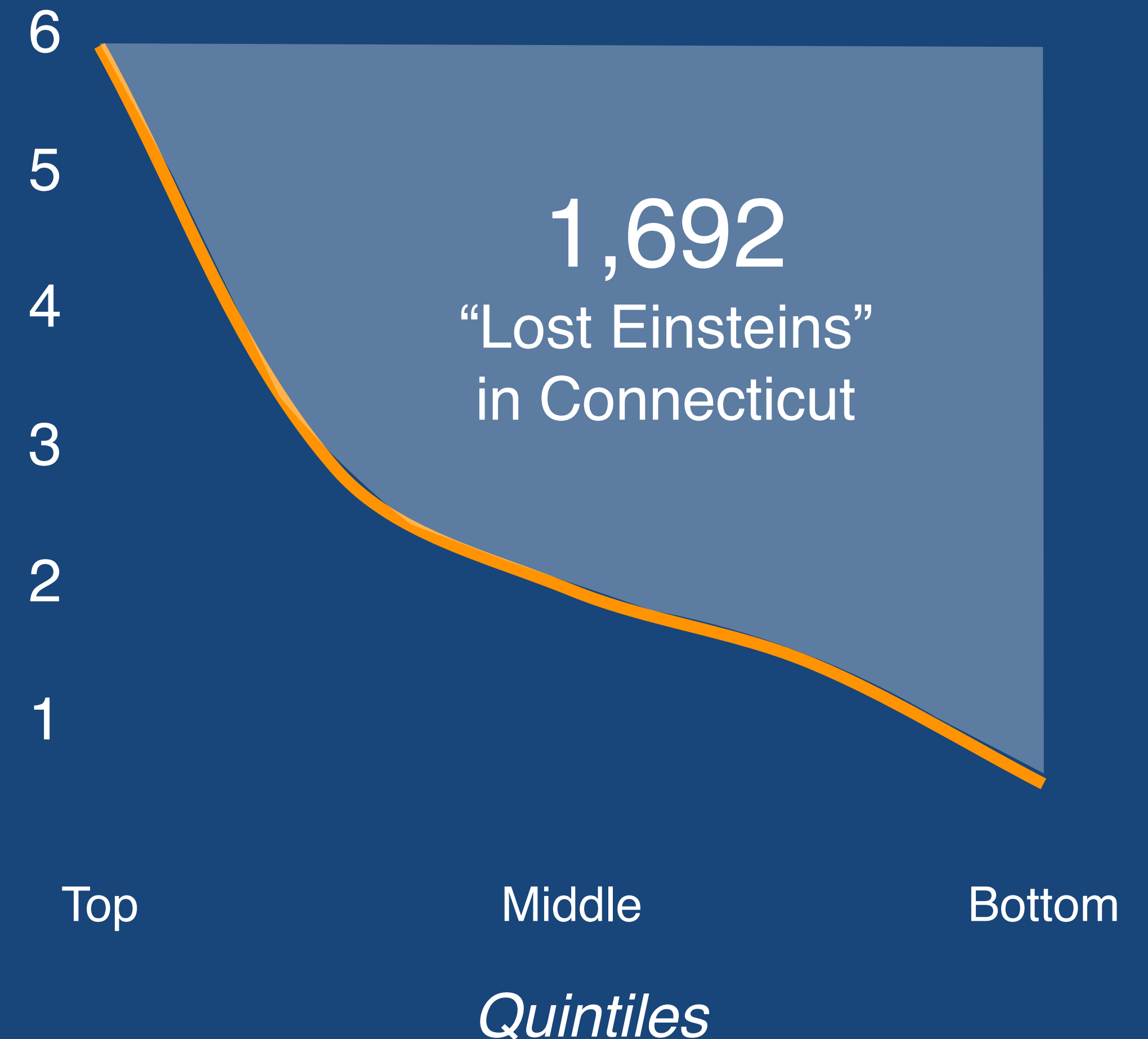


High inequality in hampers entrepreneurship and invention

Share of inventors in Connecticut by parents' income



Invention rate by parents' income (per 1,000 children)



2

How disruption and demographic change create greater urgency



The modern economy will be defined by two structural forces

A group of diverse children of various ethnicities and ages are smiling and looking towards the camera. The image is overlaid with a semi-transparent blue filter.

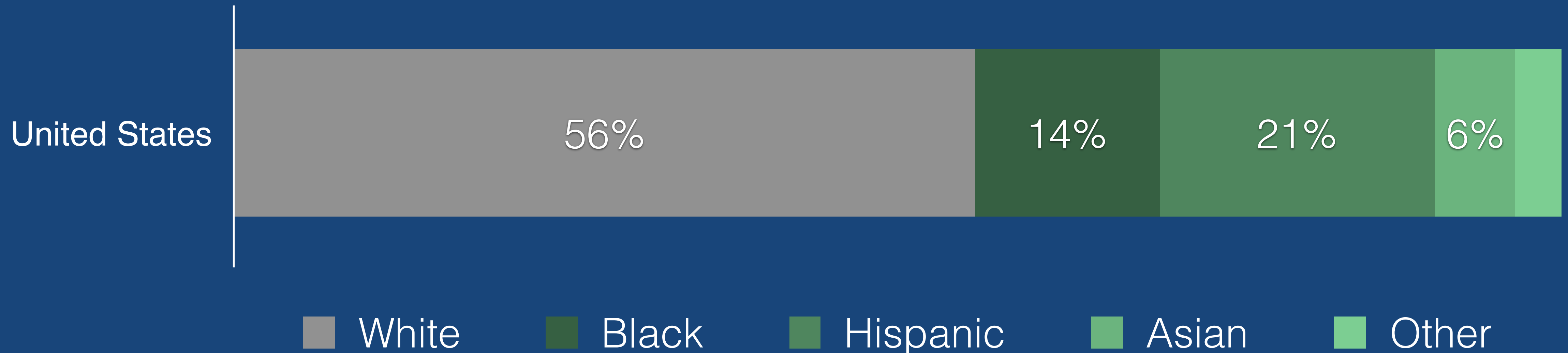
**Demographic
change**

A close-up of a robotic hand holding a glowing lightbulb. The image is overlaid with a semi-transparent blue filter.

Digitalization

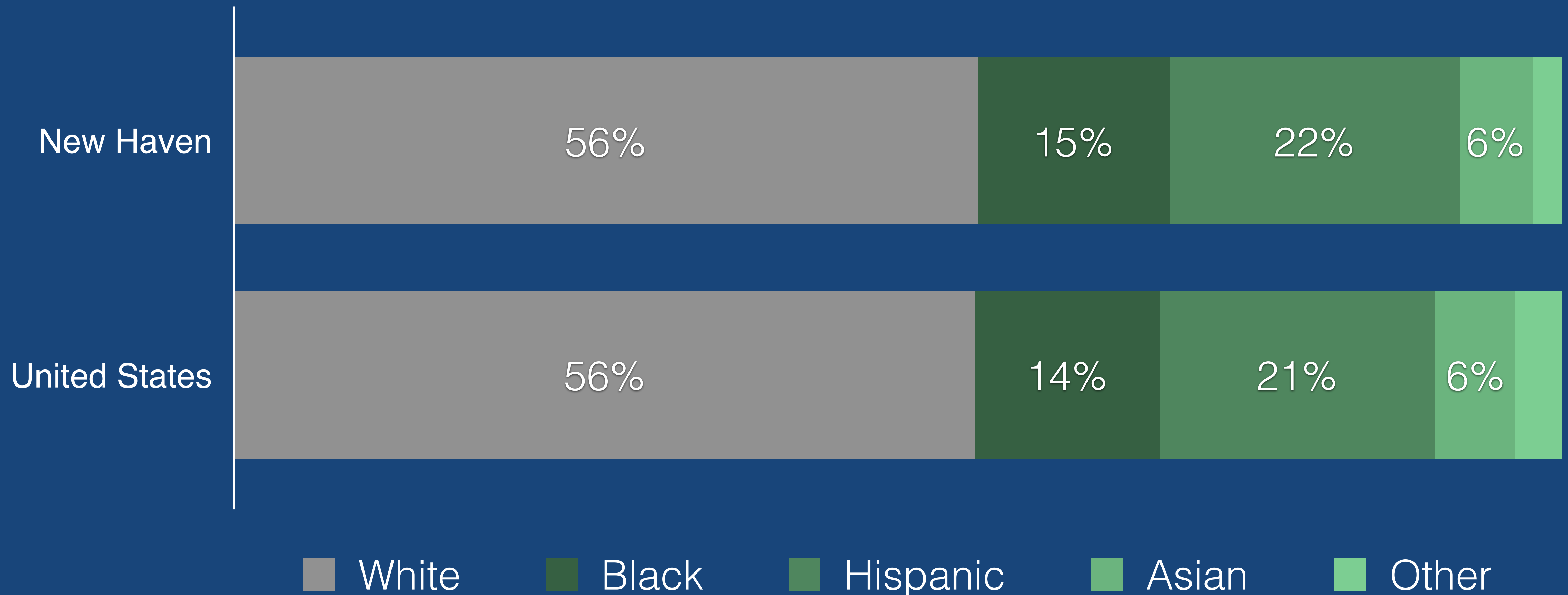
Demographic change is transforming the workforce

Race and ethnicity of the millennial generation (age 18-34), 2015



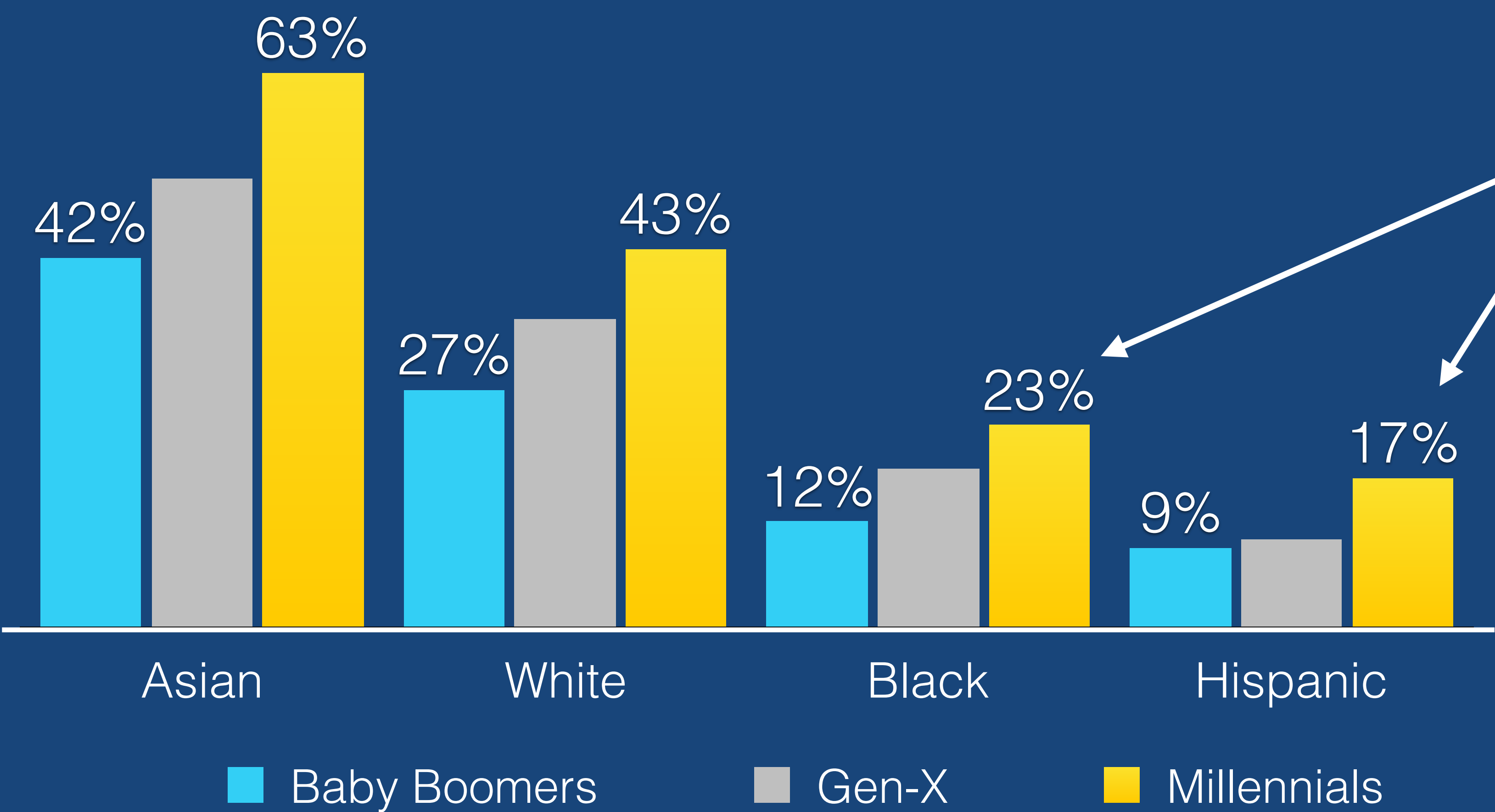
Demographic change is transforming the workforce

Race and ethnicity of the millennial generation (age 18-34), 2015



Today's young people are more educated than previous generations

College graduates at age 25-34, by generation



Black and Hispanic millennials are

2x

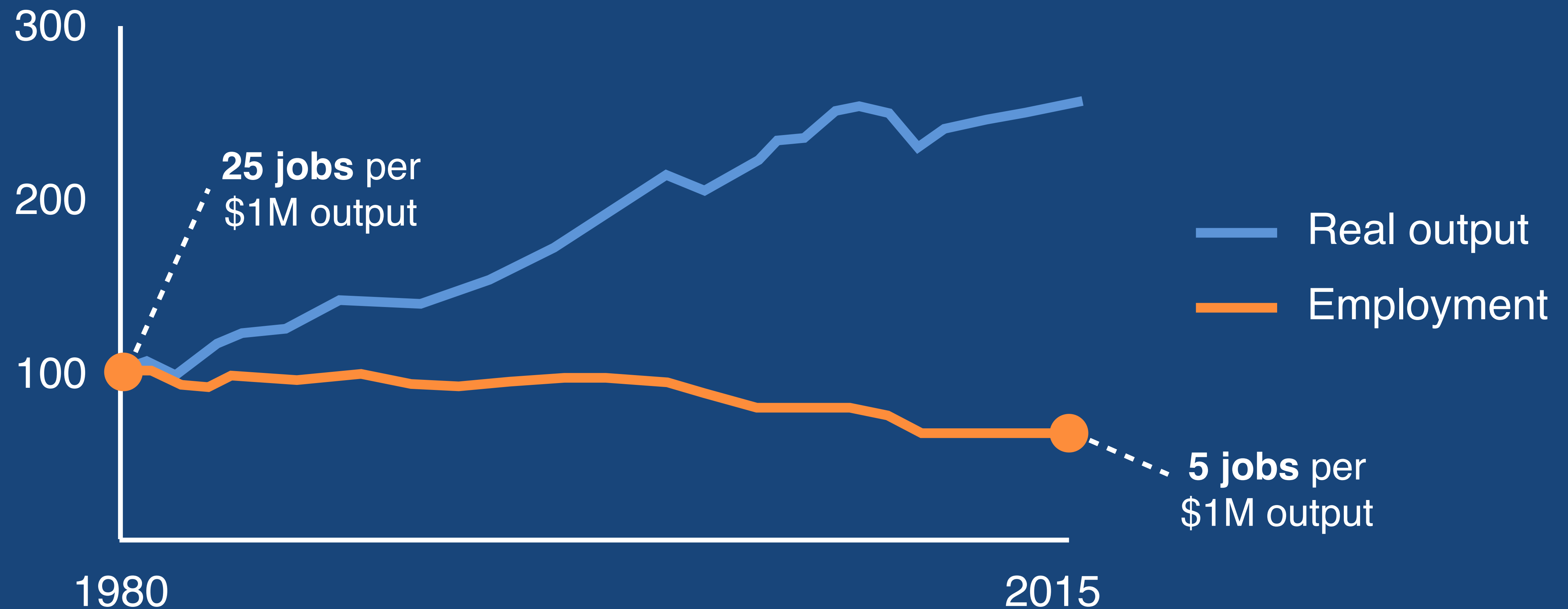
more likely to hold a college degree than their parents

The image is a horizontal collage of three photographs, each with a blue tint. The leftmost photo shows a robotic hand holding a glowing lightbulb. The middle photo shows a white self-driving car (Waymo Firefly) on a road. The rightmost photo shows two workers installing solar panels on a roof. Overlaid on the center of the collage is the text "Technology has a profound impact on industries, people, and places" in white, with "industries, people, and places" in bold.

Technology has a profound impact on
industries, people, and places

Technology has made manufacturing less job-intensive today...

U.S. manufacturing productivity and employment,
1980 - 2015



Source: Brookings, "It won't be easy to bring back millions of manufacturing jobs," 2016

Technology is transforming industries

Job growth between 2010 and 2016,
United States

48%

+ 372,000
warehousing
jobs

12%

- 309,000
retail jobs

-10%

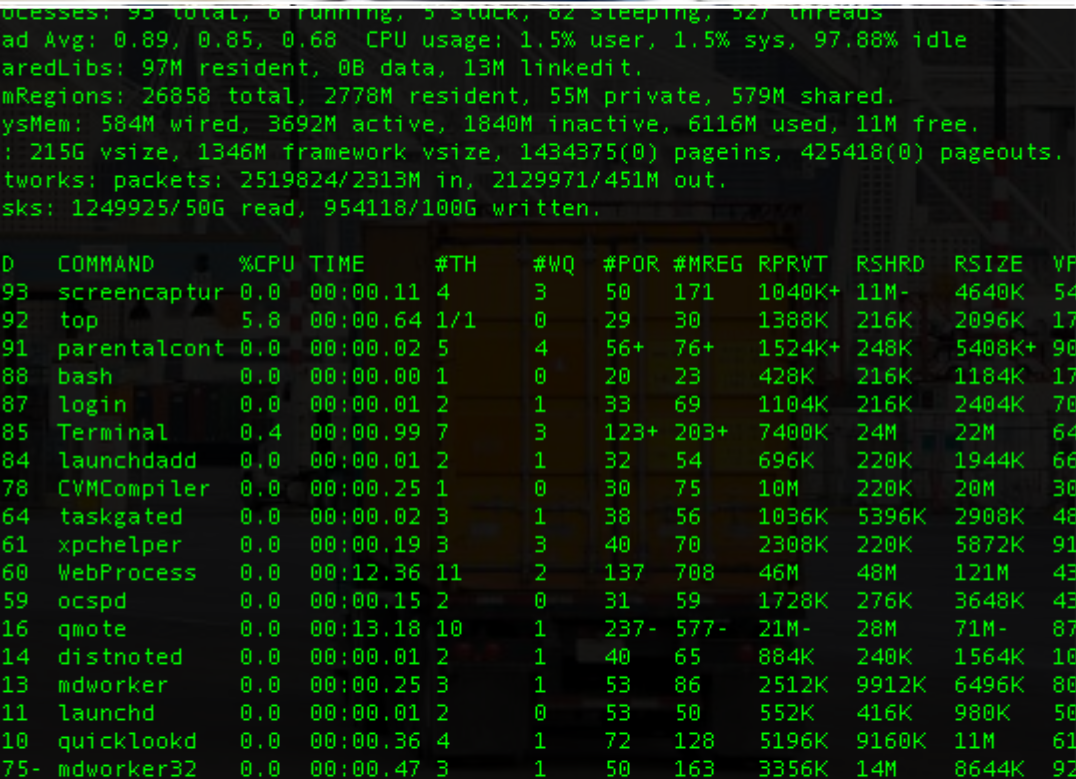
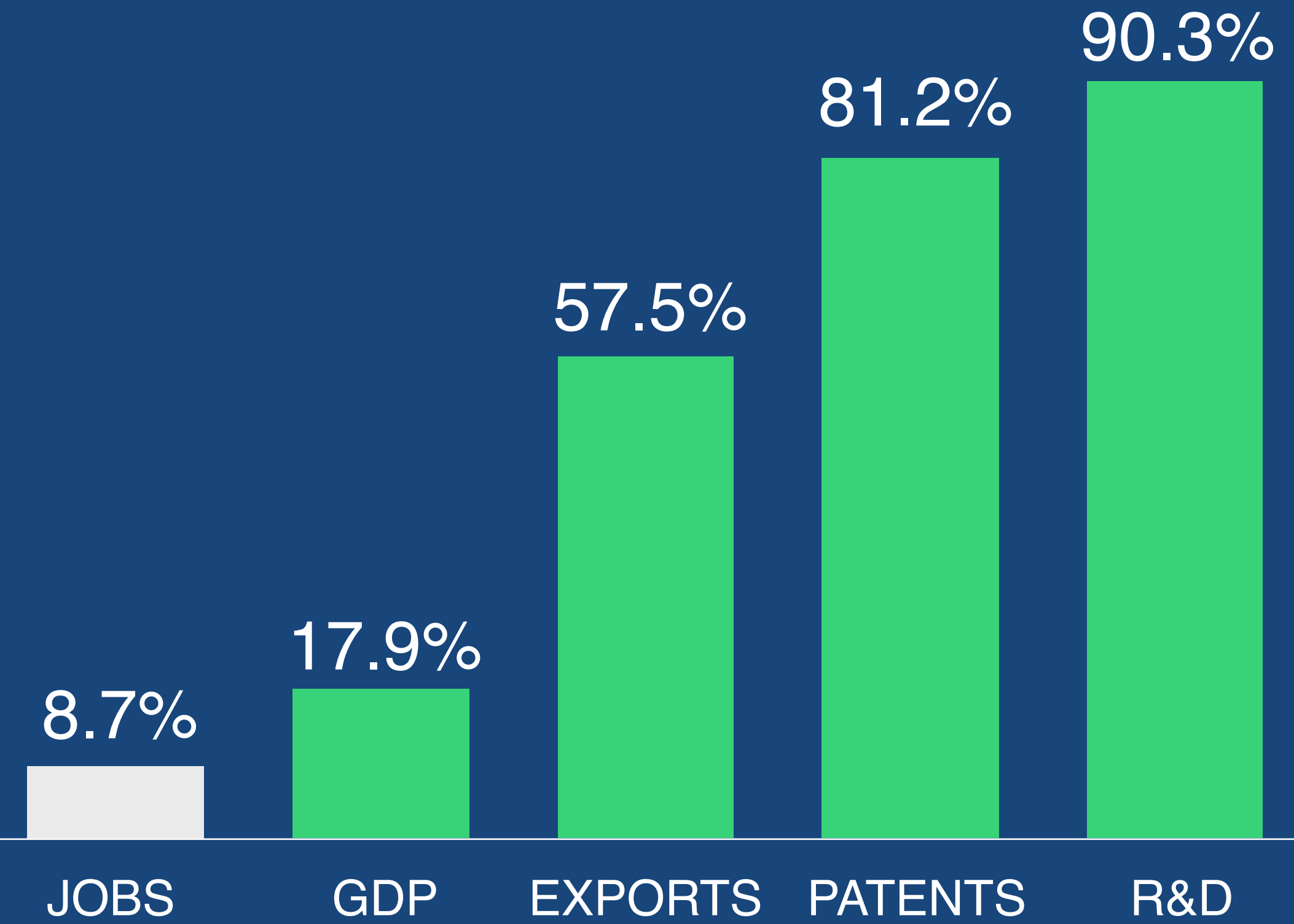
Warehousing
& e-commerce

All private
industries

Retail

Advanced industries are critical segments of our economy...

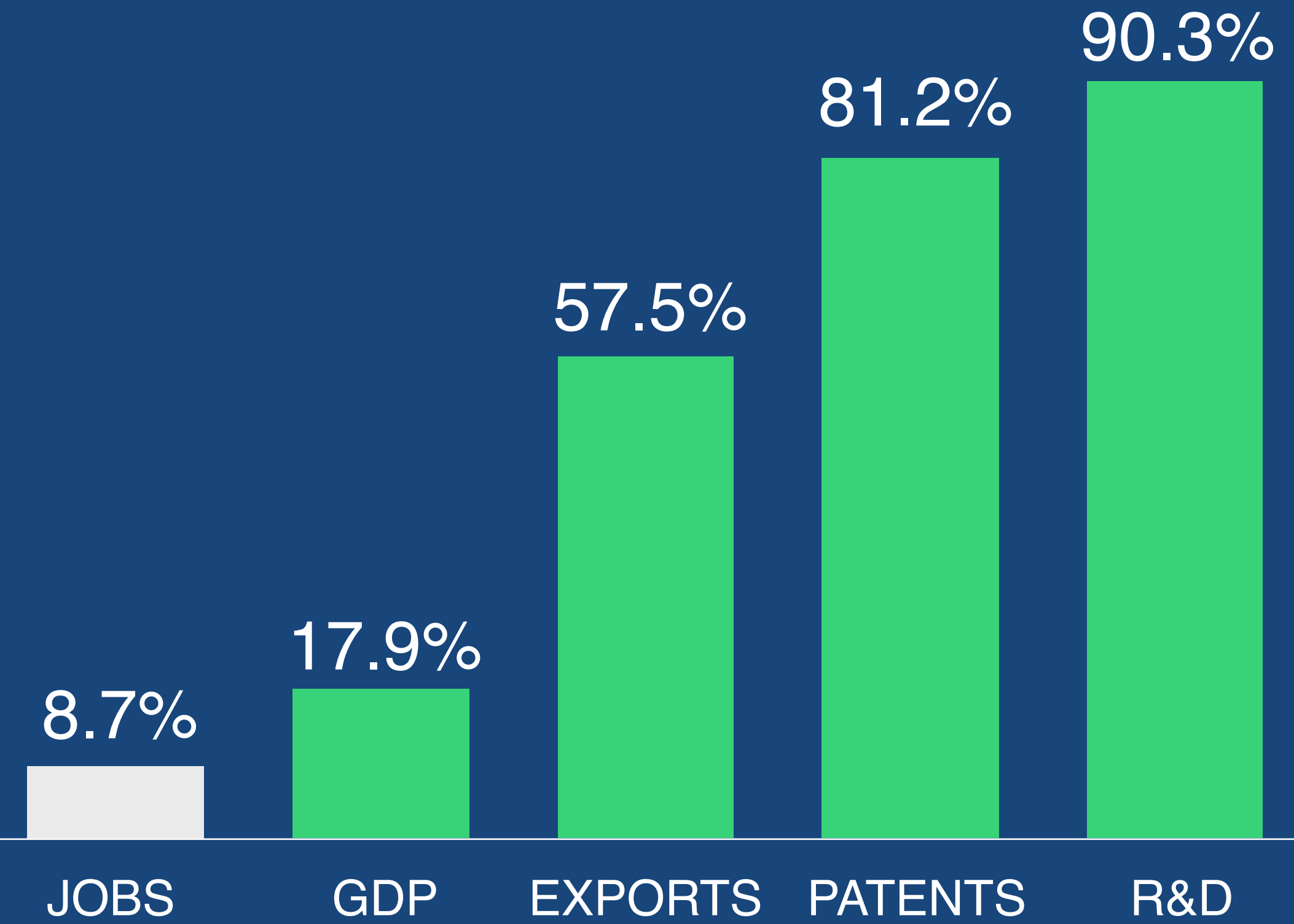
Advanced Industry share of national totals, 2015



Source: Brookings, America's Advanced Industries, 2015

Advanced industries are critical segments of our economy...

Advanced Industry share of national totals, 2015



50%

of advanced industry jobs don't require a bachelor's degree

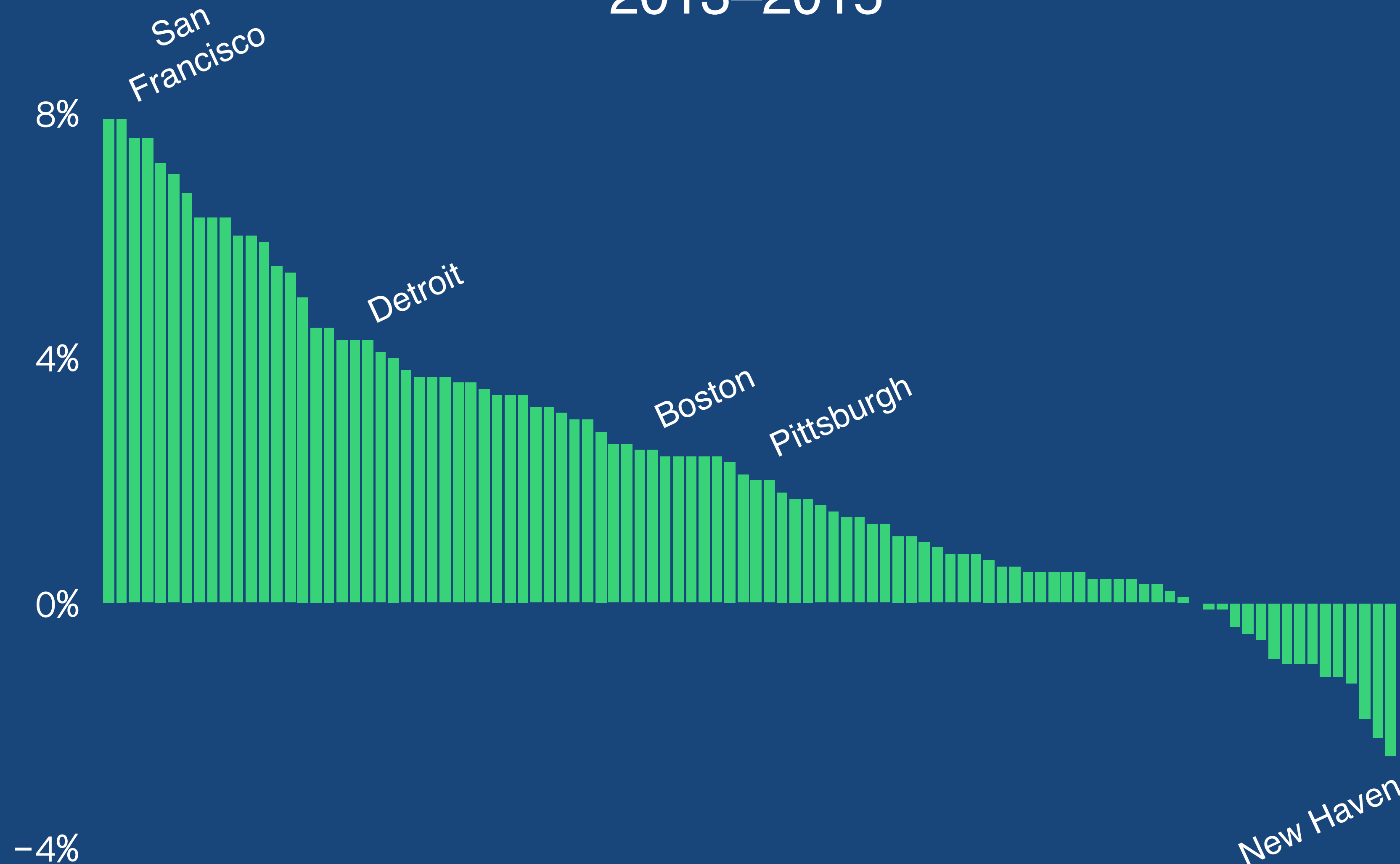


```
sharedLibs: 97M resident, 0B data, 13M linkedit.  
MemRegions: 26858 total, 2778M resident, 55M private, 579M shared.  
PhysMem: 584M wired, 3692M active, 1840M inactive, 6116M used, 11M free.  
VM: 215G vsize, 1346M framework vsize, 1434375(0) pageins, 425418(0) pageouts.  
Networks: packets: 2519824/2313M in, 2129971/451M out.  
Disks: 1249925/50G read, 954118/100G written.  
  
PID COMMAND %CPU TIME #TH #WQ #POR #MREG RPRVT RSHRD RSIZE VP  
1193 screencaptur 0.0 00:00.11 4 3 50 171 1040K+ 11M- 4640K 54  
1192 top 5.8 00:00.64 1/1 0 29 30 1388K 216K 2096K 17  
1191 parentalcont 0.0 00:00.02 5 4 56+ 76+ 1524K+ 248K 5408K+ 96  
1188 bash 0.0 00:00.00 1 0 20 23 428K 216K 1184K 17  
1187 login 0.0 00:00.01 2 1 33 69 1104K 216K 2404K 76  
1185 Terminal 0.4 00:00.99 7 3 123+ 203+ 7400K 24M 22M 64  
1184 launchdadd 0.0 00:00.01 2 1 32 54 696K 220K 1944K 66  
1178 CVMCompiler 0.0 00:00.25 1 0 30 75 10M 220K 20M 30  
1164 taskgated 0.0 00:00.02 3 1 38 56 1036K 5396K 2908K 48  
1161 xpchelper 0.0 00:00.19 3 3 40 70 2308K 220K 5872K 91  
1160 WebProcess 0.0 00:12.36 11 2 137 708 46M 48M 121M 43  
1159 ocspd 0.0 00:00.15 2 0 31 59 1728K 276K 3648K 43  
1116 qmote 0.0 00:13.18 10 1 237- 577- 21M- 28M 71M- 87  
1114 distnoted 0.0 00:00.01 2 1 40 65 884K 240K 1564K 16  
1113 mdworker 0.0 00:00.25 3 1 53 86 2512K 9912K 6496K 86  
1111 launchd 0.0 00:00.01 2 0 53 50 552K 416K 980K 58  
1110 quicklookd 0.0 00:00.36 4 1 72 128 5196K 9160K 11M 61  
1075- mdworker32 0.0 00:00.47 3 1 50 163 3356K 14M 8644K
```

Source: Brookings, America's Advanced Industries, 2015

...yet advanced industries are shrinking in Greater New Haven

Annual percent change in advanced industries jobs,
2013–2015



27,033

Advanced Industry total
employment

Rank: 75

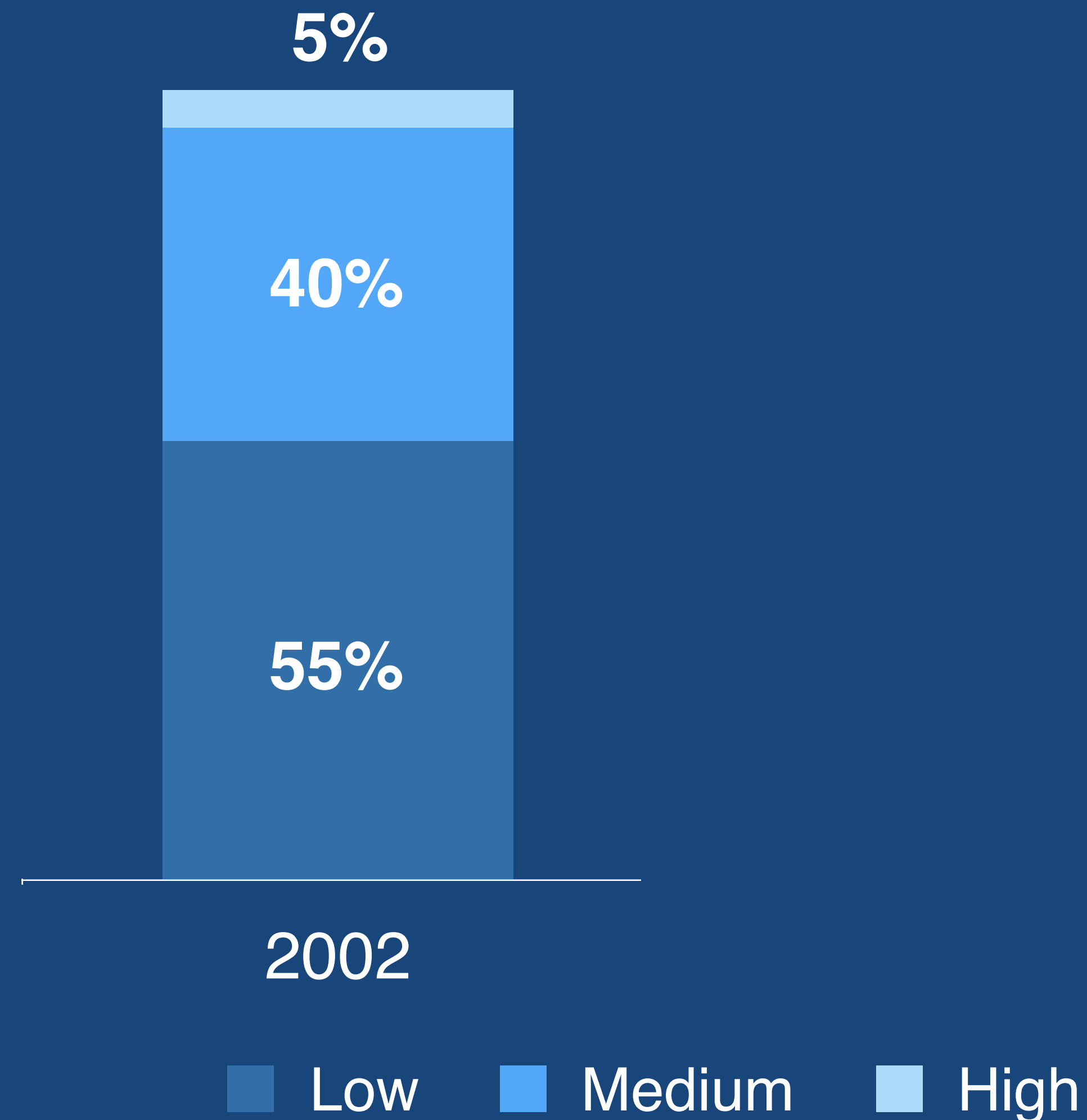
-2.5%

Annual percent change in
advanced industries jobs

Rank: 100

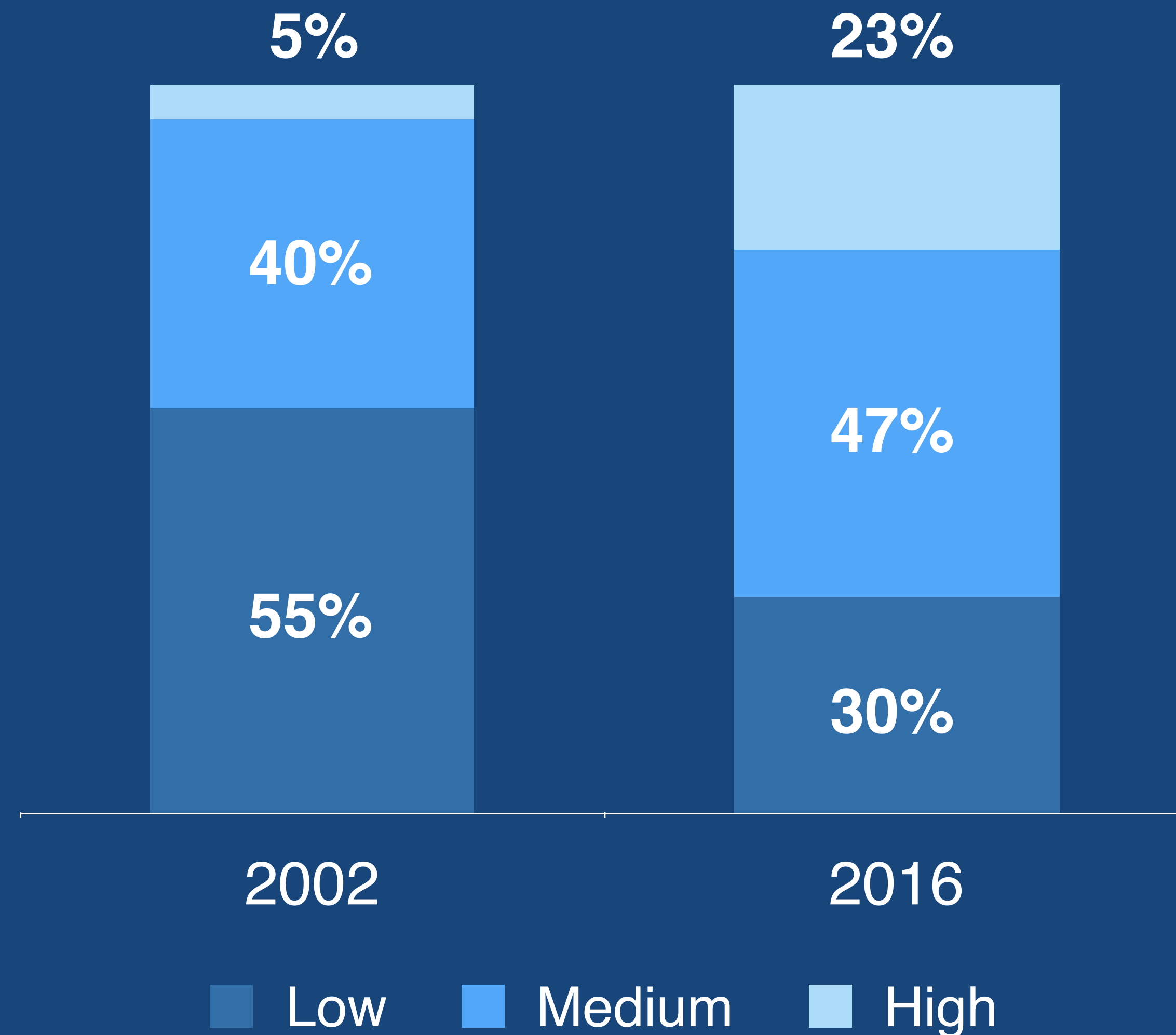
Technology is changing the nature of work...

Share of U.S. employment by digital skill level



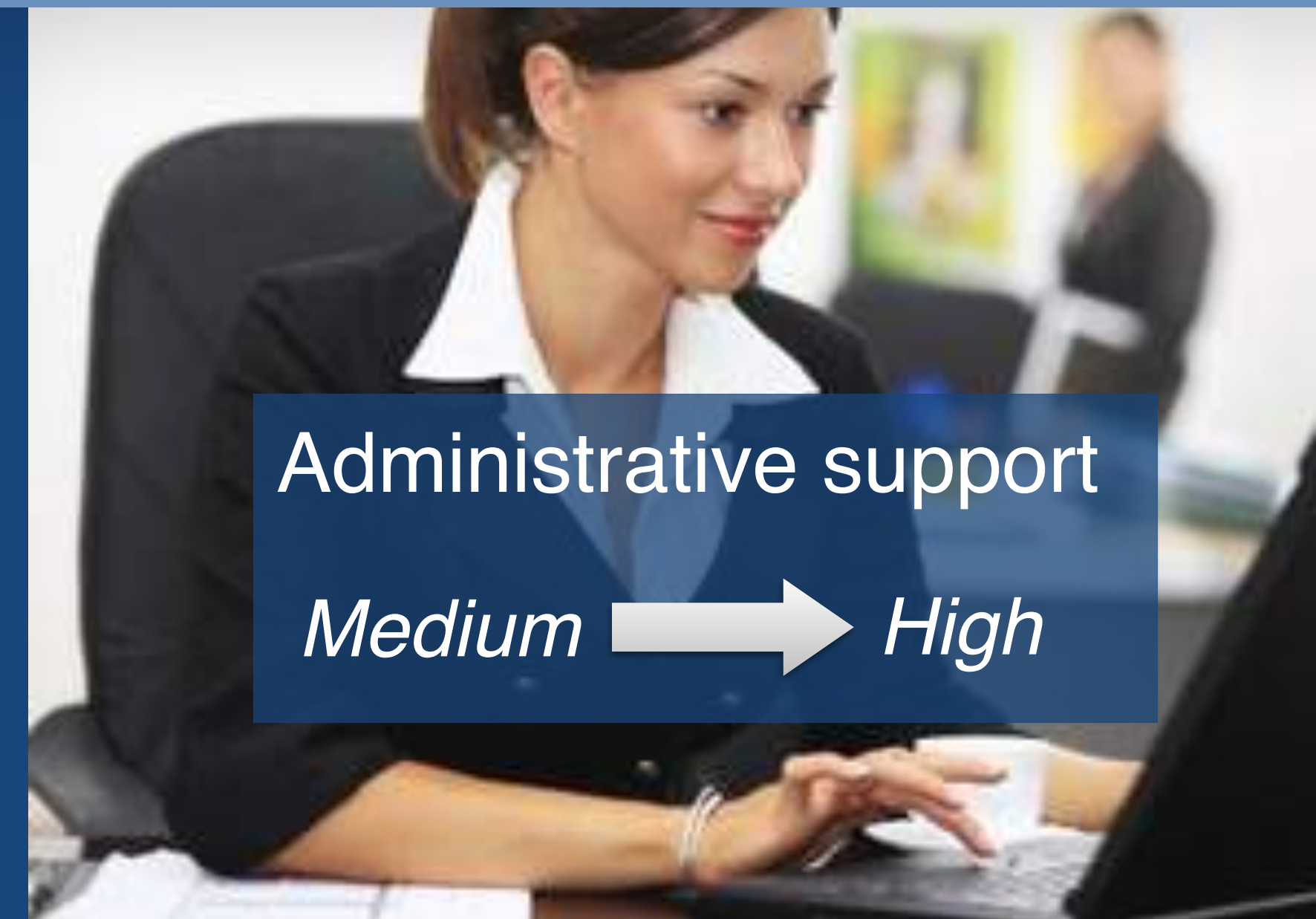
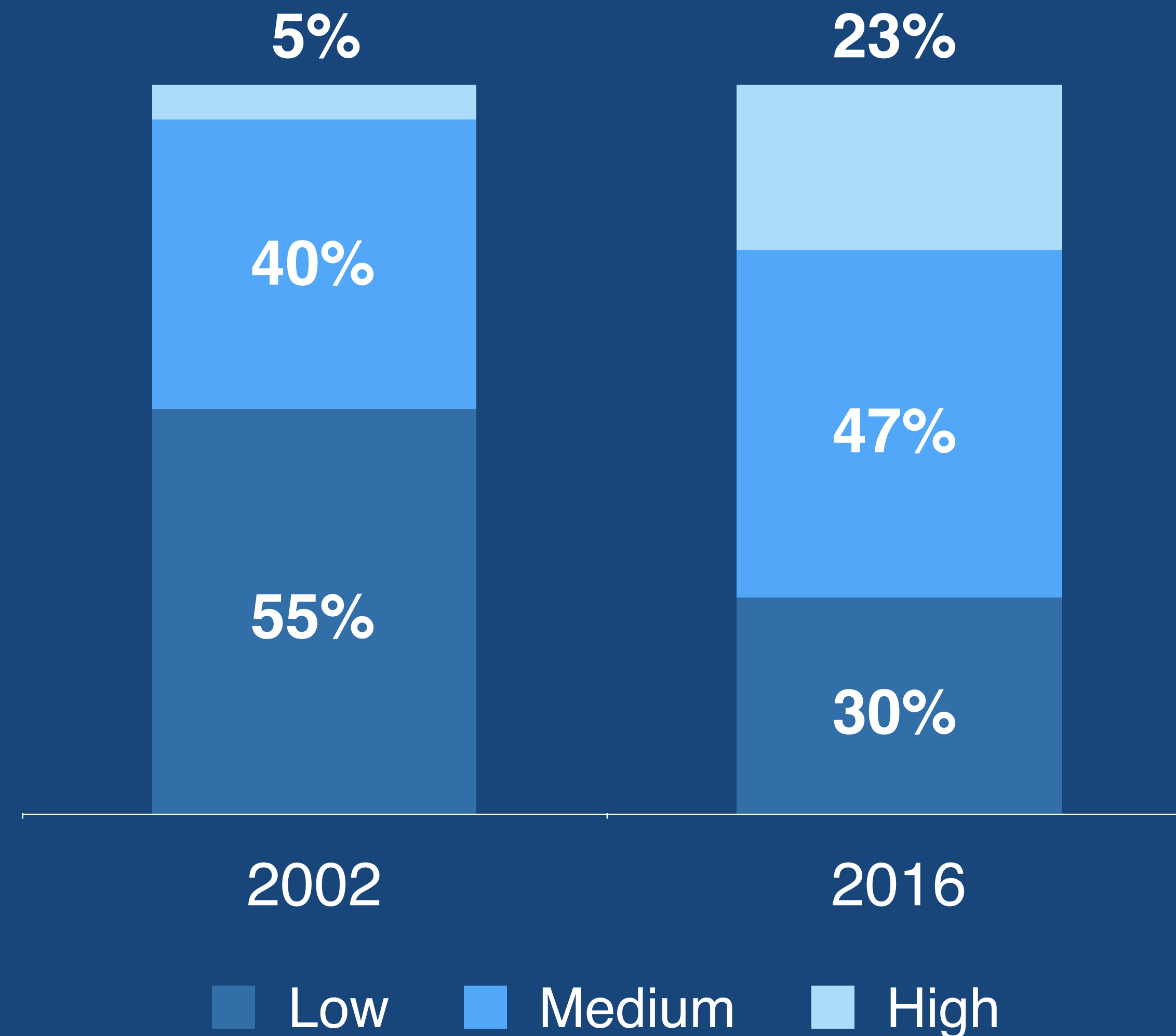
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Technology is changing the nature of work...

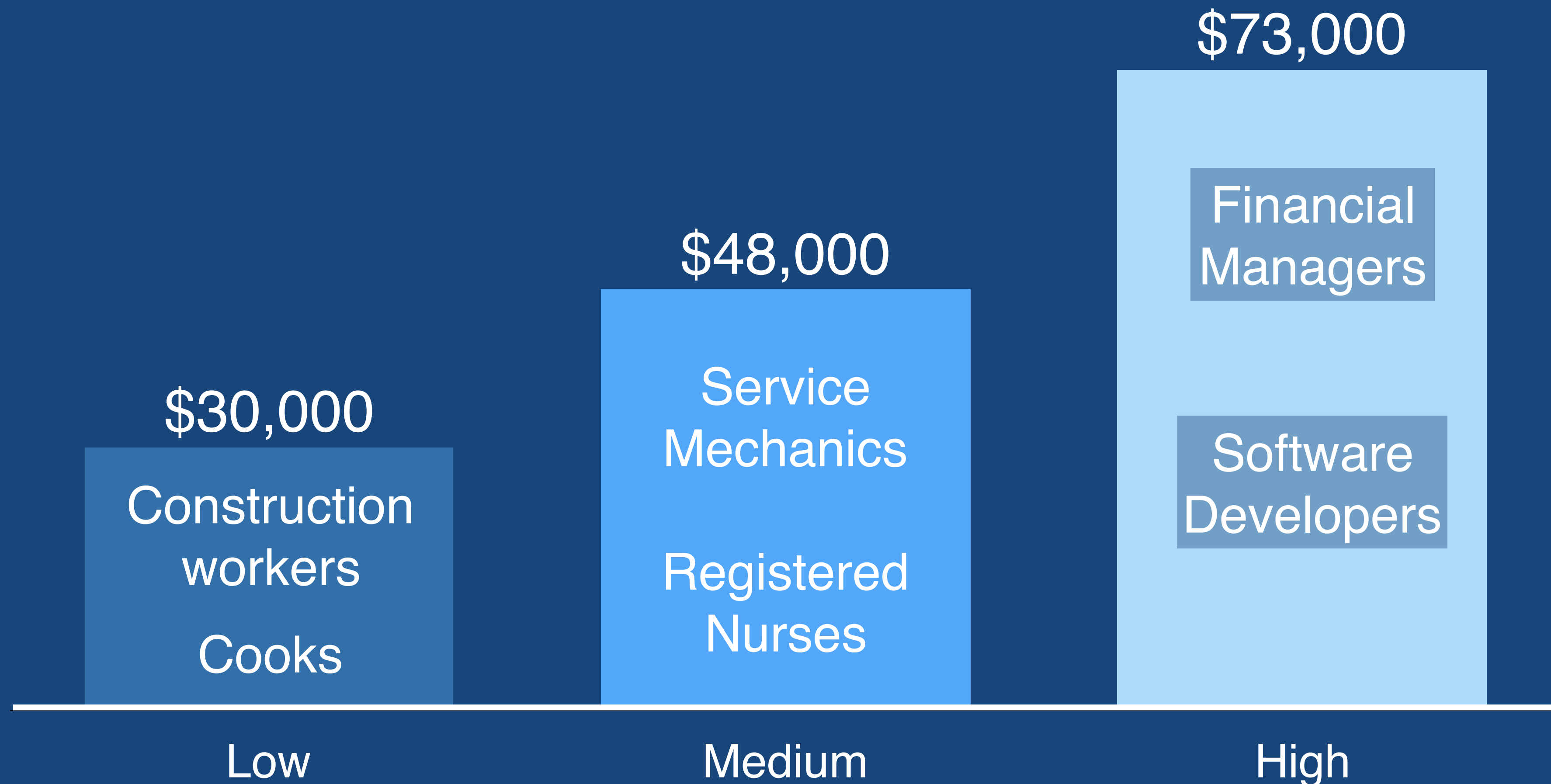
Share of U.S. employment by digital skill level



Source: Brookings, "Digitalization and the American Workforce," 2017

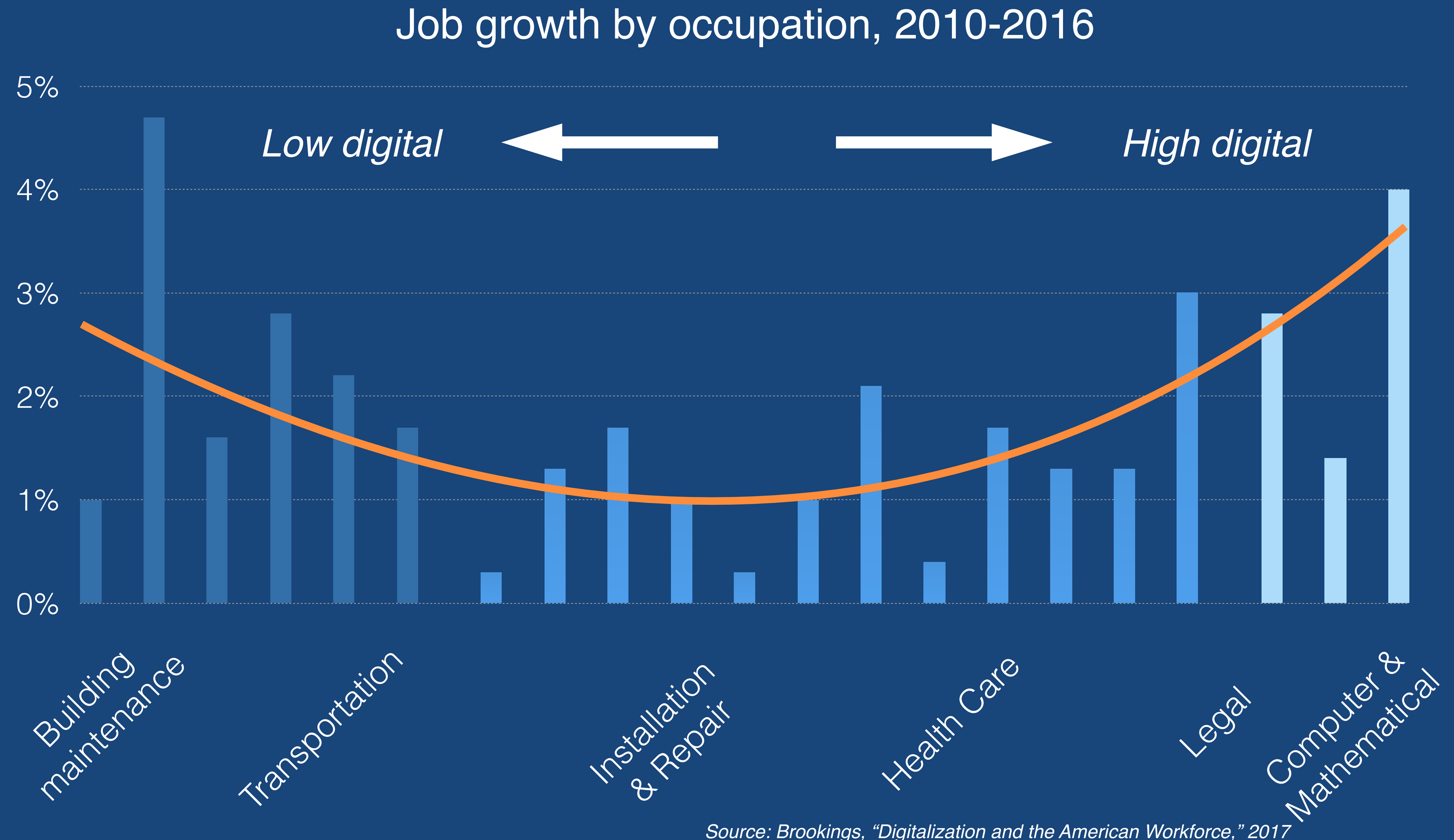
...and rewarding technologically-oriented workers with higher pay

Median wage by digitization level, 2016



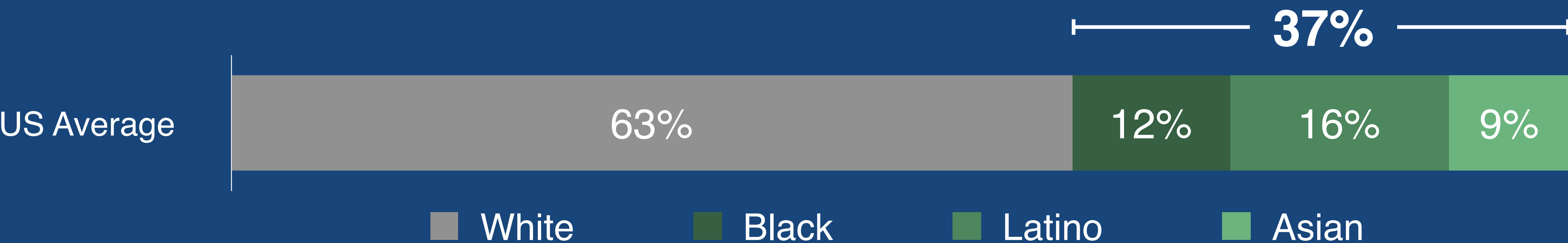
Source: Brookings, "Digitalization and the American Workforce," 2017

Middle-tech jobs are growing more slowly than high- and low-tech ones



Workers of color are disproportionately employed in low-tech jobs

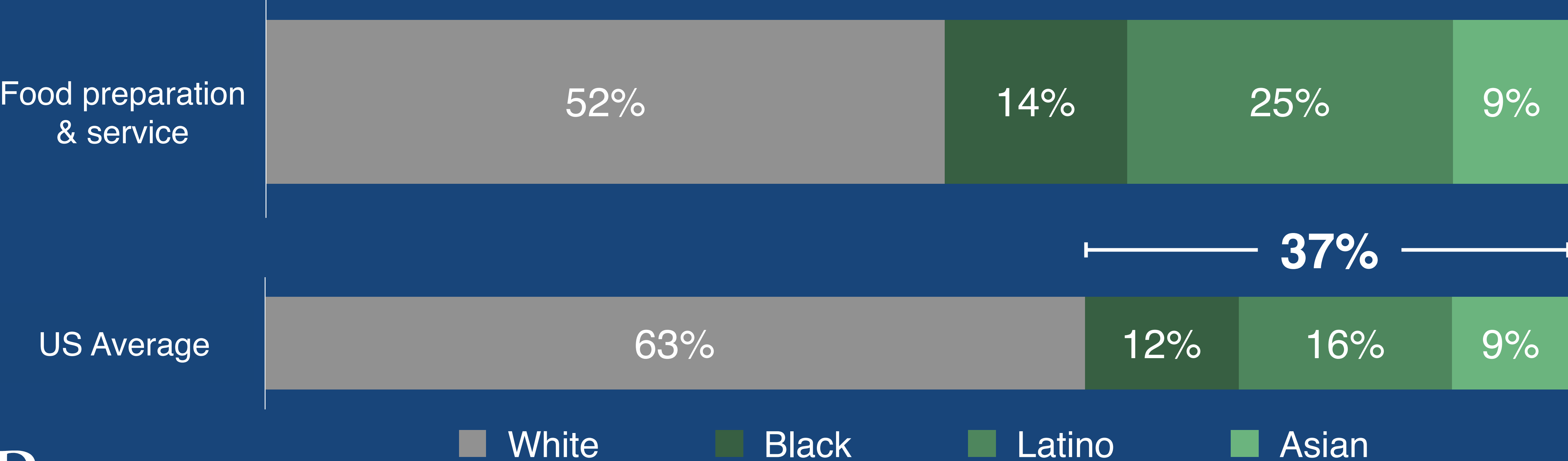
Employment in U.S. sectors by race



Source: Brookings, "Digitalization and the American Workforce," 2017

Workers of color are disproportionately employed in low-tech jobs

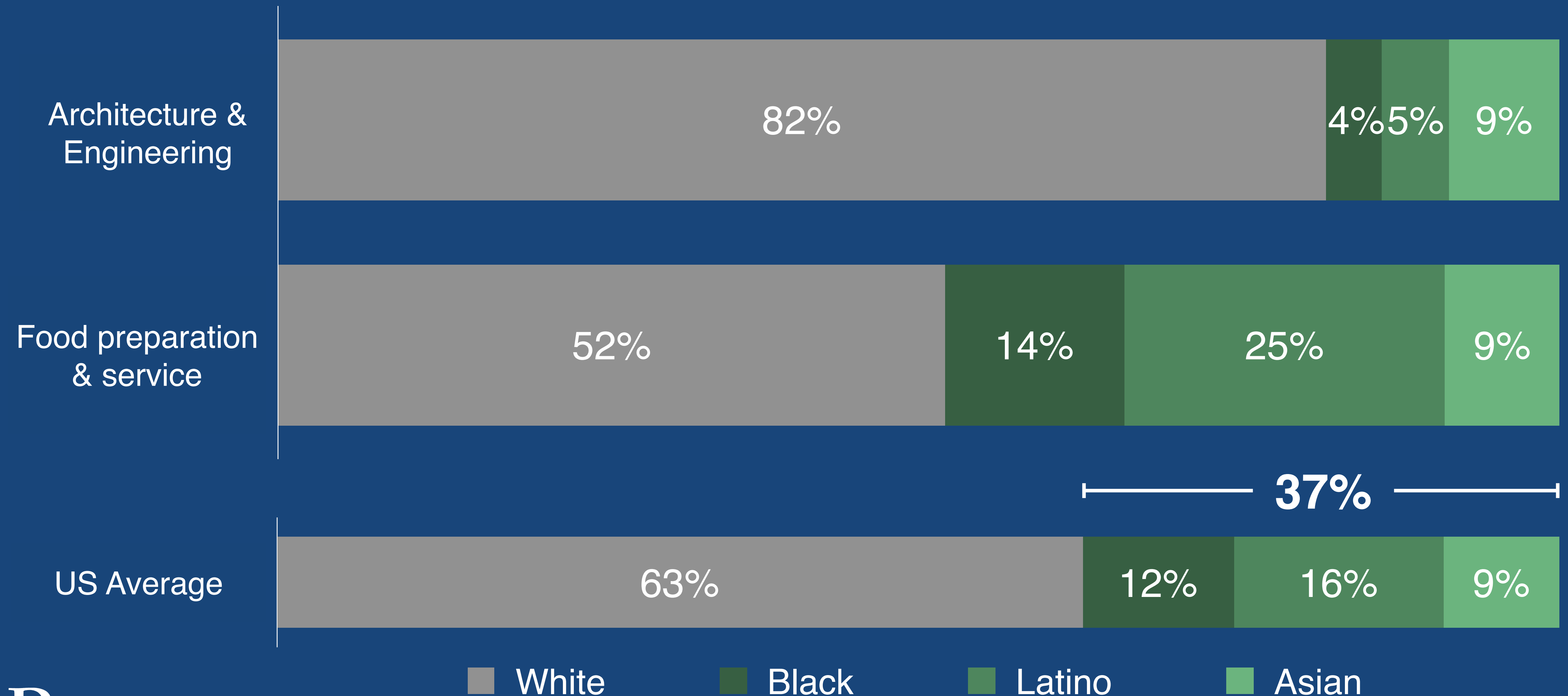
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Source: Brookings, "Digitalization and the American Workforce," 2017

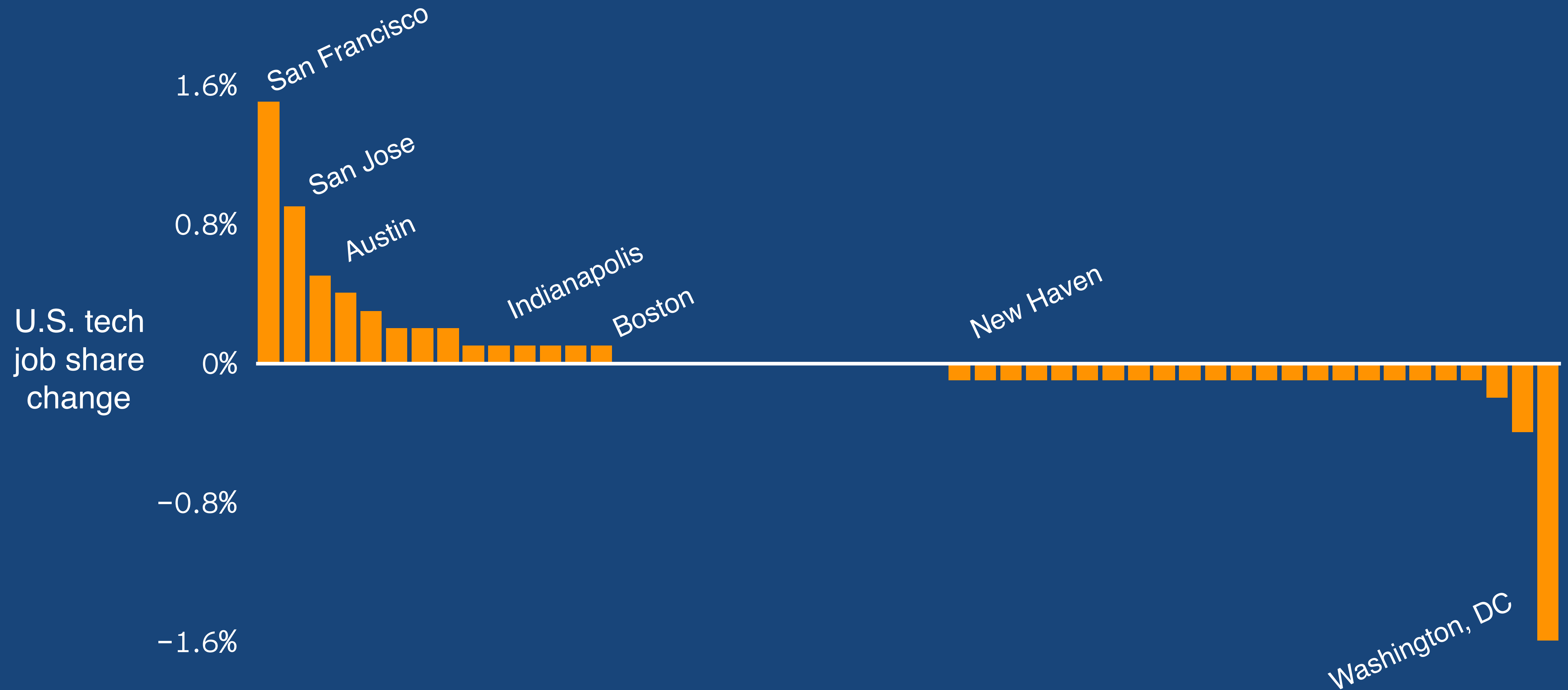
Workers of color are disproportionately employed in low-tech jobs

Employment in U.S. sectors by race



Tech continues to concentrate in a few places

Change in share of U.S. tech jobs by metro, 2010-2015



Source: Brookings, "Tech in Metros: The strong are getting stronger," March 2017

3

What leaders can do to advance inclusive growth



Mega business attraction deals are not the answer



\$1.3 billion

incentives offered by
the state of Nevada
for Tesla's Gigafactory



\$3 billion

incentives offered by
the state of Wisconsin for
new manufacturing facility

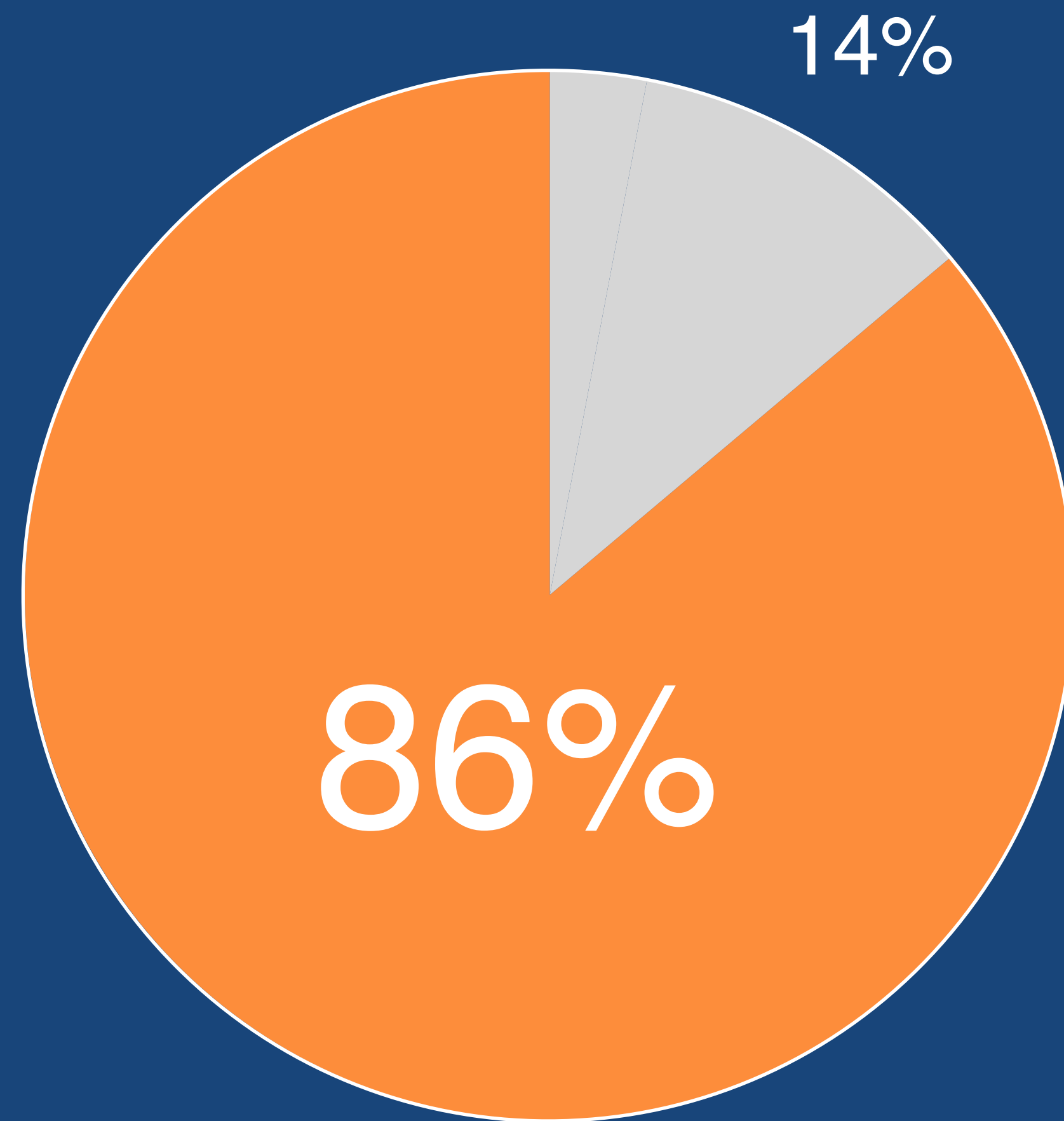


\$7 billion

incentives offered by
the state of New Jersey
for Amazon HQ2

Attraction strategies distract from the primary way to nurture growth

Job creation for the typical state, 1995 - 2013



86%

of jobs are created by
startups and in-state
expansions

Branding and marketing strategies obscure underlying challenges

Forbes
7th

Best Metro for
Millennials

FORTUNE
500
5TH

most Fortune 500
headquarters of any
U.S. city

BROOKINGS

12th

In five year job
creation

BUSINESS
INSIDER
TOP 25

best cities for
finding a job

79%

of jobs created that
don't provide a
living wage

35%

growth of
poverty in the
last decade

-24%

manufacturing
base decline in
last decade

61%

workforce
participation
rate

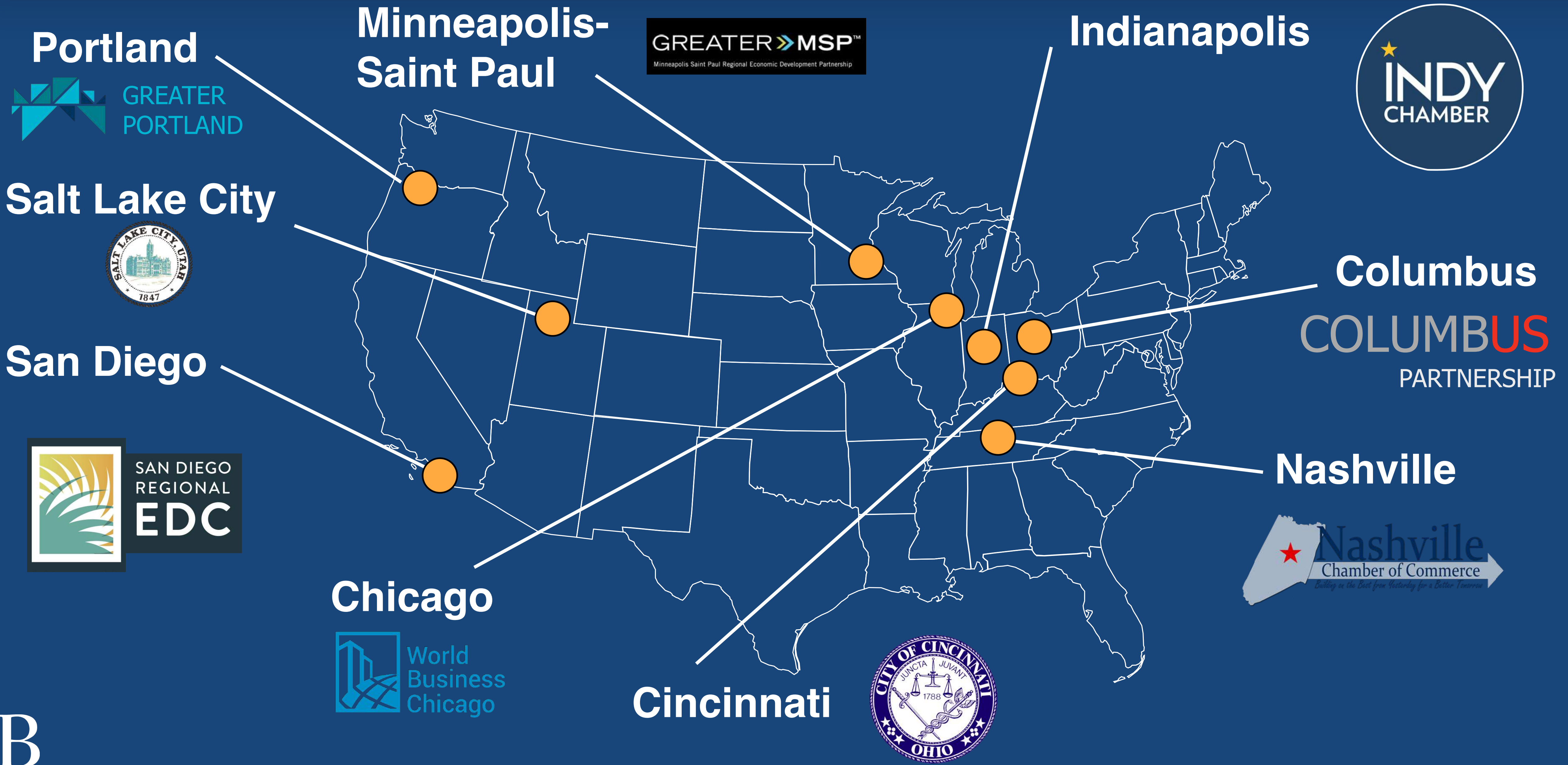
Goal of economic development

“To put a regional economy on a trajectory of higher growth (*growth*) by increasing the productivity of firms and workers (*prosperity*) that raises standards of living for all (*inclusion*).”

Pursuing economic growth and inclusion is a collective responsibility



Business groups are increasingly committed to inclusive economic growth



To start, leaders are adopting broader measures of economic success

Growth



- ☐ Total Jobs Created
- ☐ Total Payroll Added
- ☐ Total Capital Attracted



Opportunity



- ☐ Share of outcomes in MBE companies
- ☐ Payroll added per job
- ☐ Outcomes' proximity to distressed areas

Leaders are adopting strategies to help communities adapt



FIRMS



PEOPLE



PLACES



Leaders are adopting strategies to help communities adapt

FIRMS

- University-industry partnerships
- Startups & scale-ups
- Clusters strategies
- Export assistance



PEOPLE



PLACES



Leaders are adopting strategies to help communities adapt

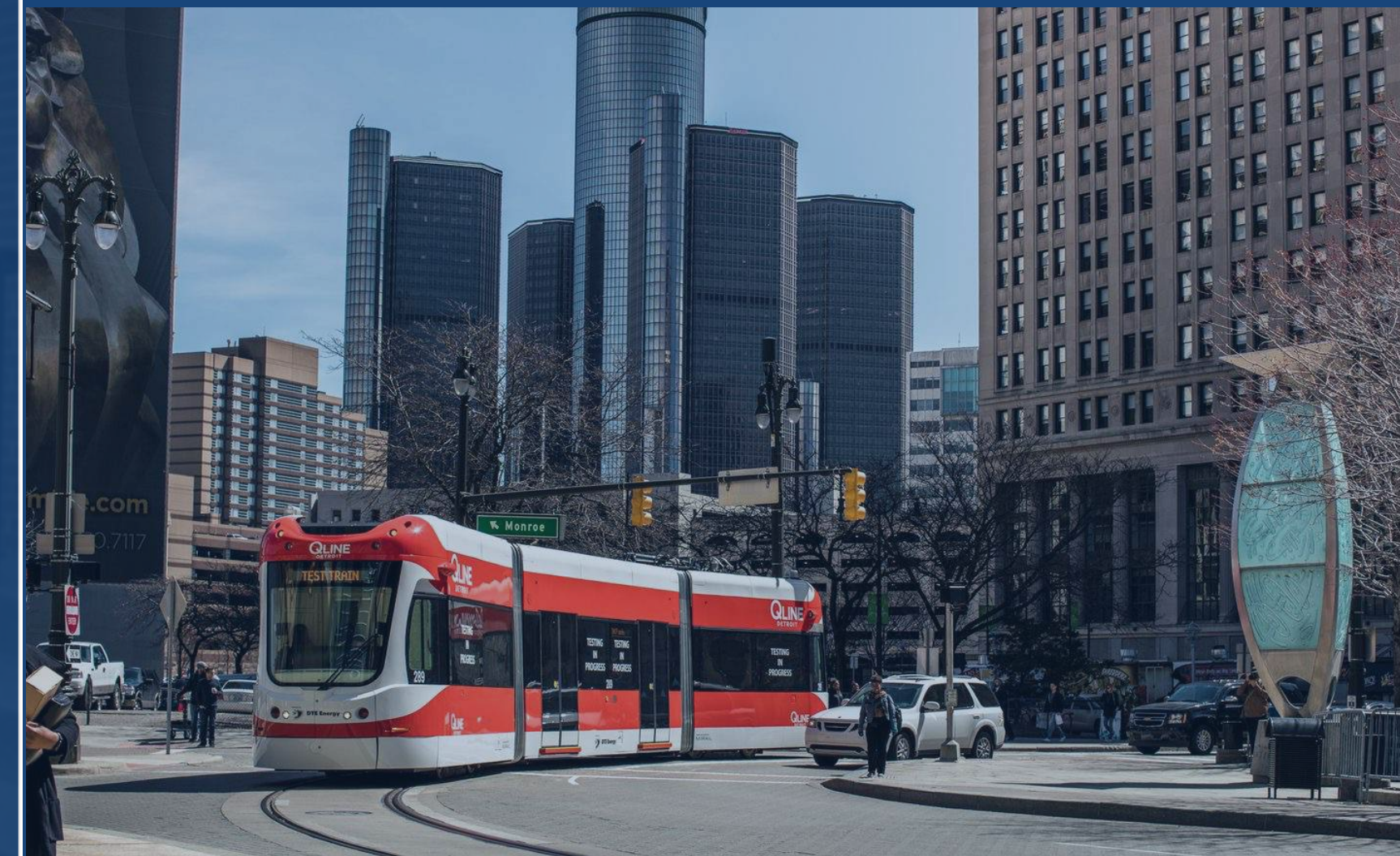
FIRMS

- University-industry partnerships
- Startups & scale-ups
- Clusters strategies
- Export assistance

PEOPLE

- Apprenticeships
- Creative & digital skills training
- Criminal justice reform

PLACES



Leaders are adopting strategies to help communities adapt

FIRMS

- University-industry partnerships
- Startups & scale-ups
- Clusters strategies
- Export assistance

PEOPLE

- Apprenticeships
- Creative & digital skills training
- Criminal justice reform

PLACES

- Accessible jobs through transit
- Innovation hubs & activity centers
- Housing choice
- Broadband investment

Economic inclusion is not a program—it's a way of thinking and acting



Individuals



Organizations

Collaborations



Strategies

Economic inclusion is not a program—it's a way of thinking and acting



Individuals



Organizations



Collaborations



Strategies

Economic inclusion is not a program—it's a way of thinking and acting



Individuals



Organizations



Collaborations

Strategies

Economic inclusion is not a program—it's a way of thinking and acting



Individuals




Organizations



Collaborations



Strategies

An aerial photograph of a city street, likely in San Diego, showing a multi-lane road, sidewalks, trees, and buildings. The image is overlaid with a semi-transparent blue filter. The text is centered in the middle of the image.

“This [inclusive growth] initiative is a
call to action for San Diego’s
employers: we must come together
to bridge the gaps in our economy.”

*- Mark Cafferty, President & CEO of
San Diego Regional Economic Development Corporation*



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How local leaders can advance growth, prosperity, and inclusion

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