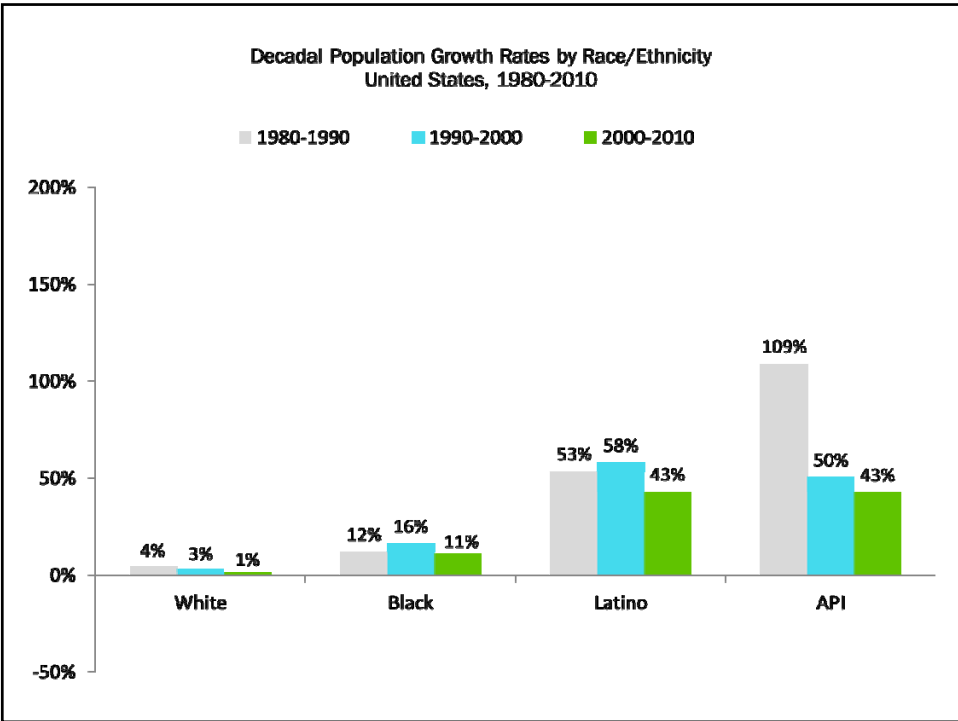


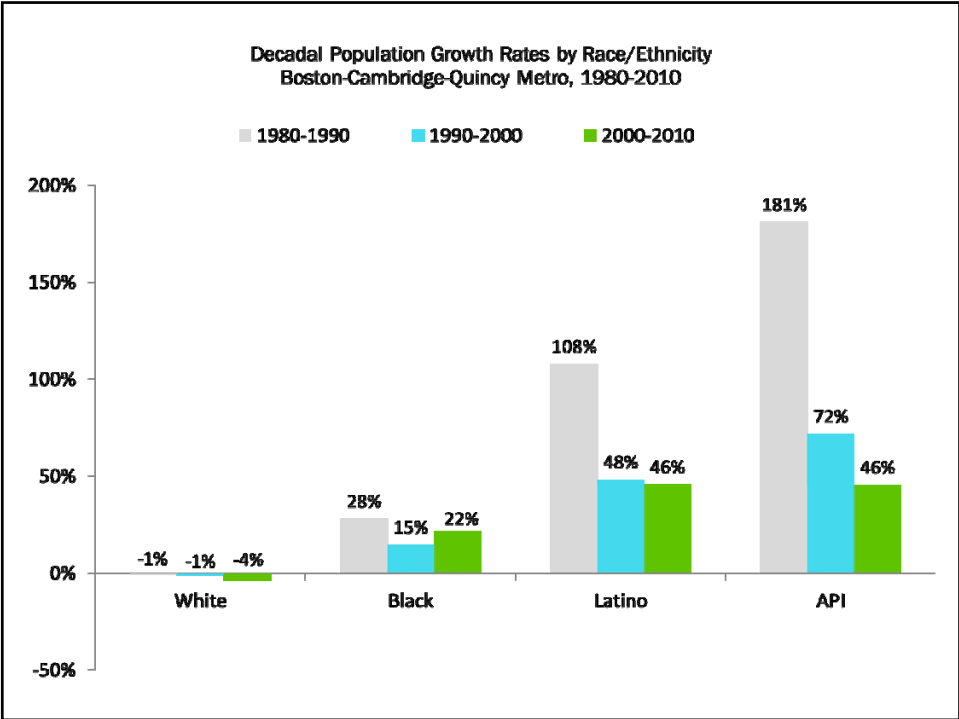
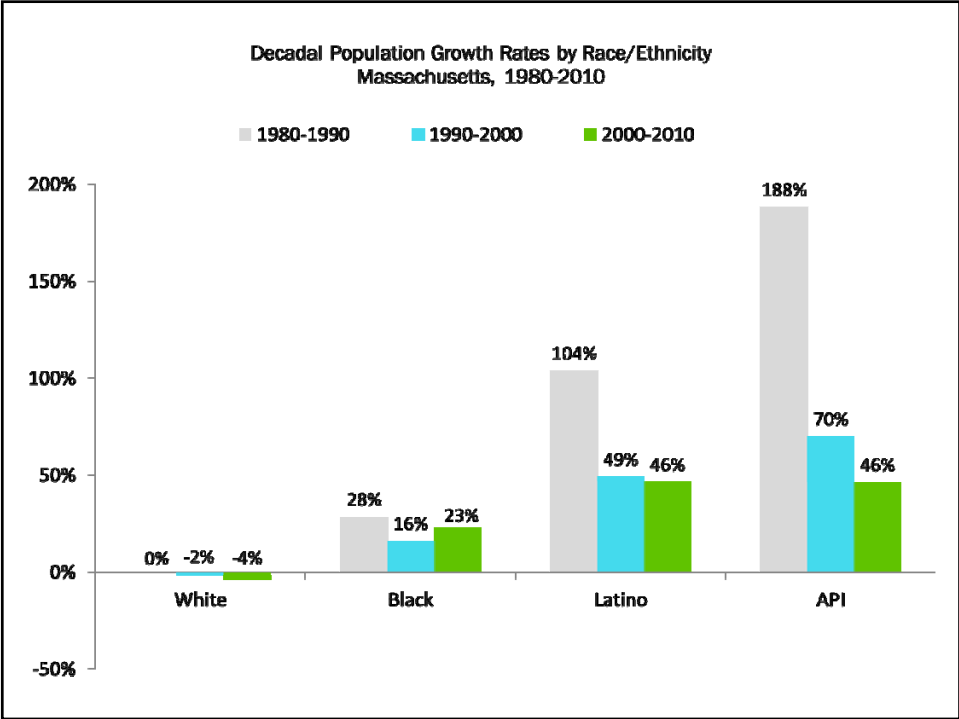


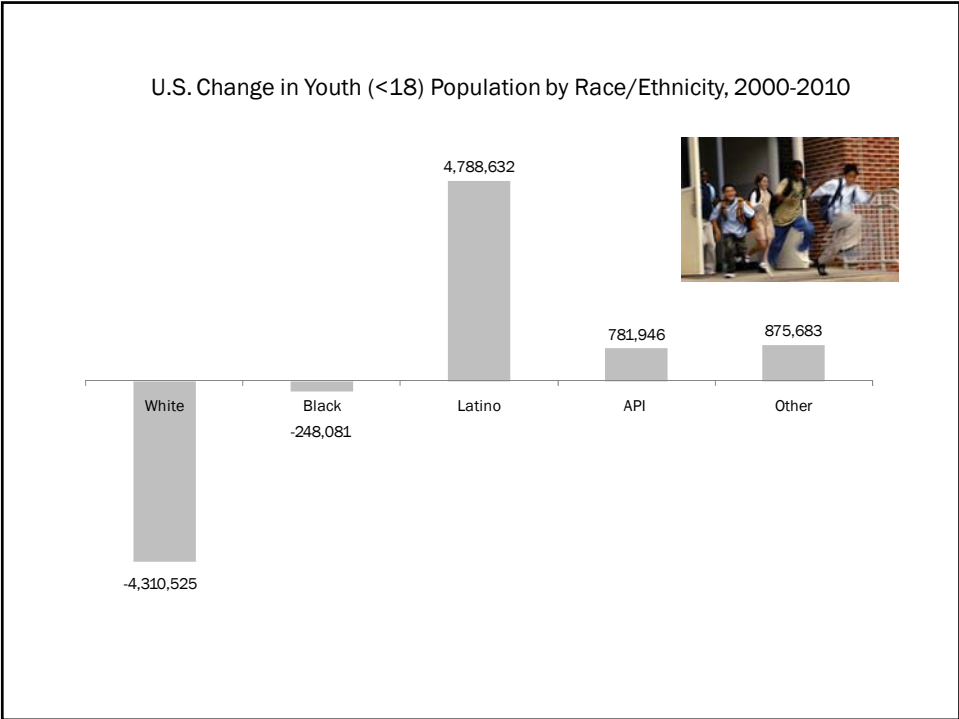
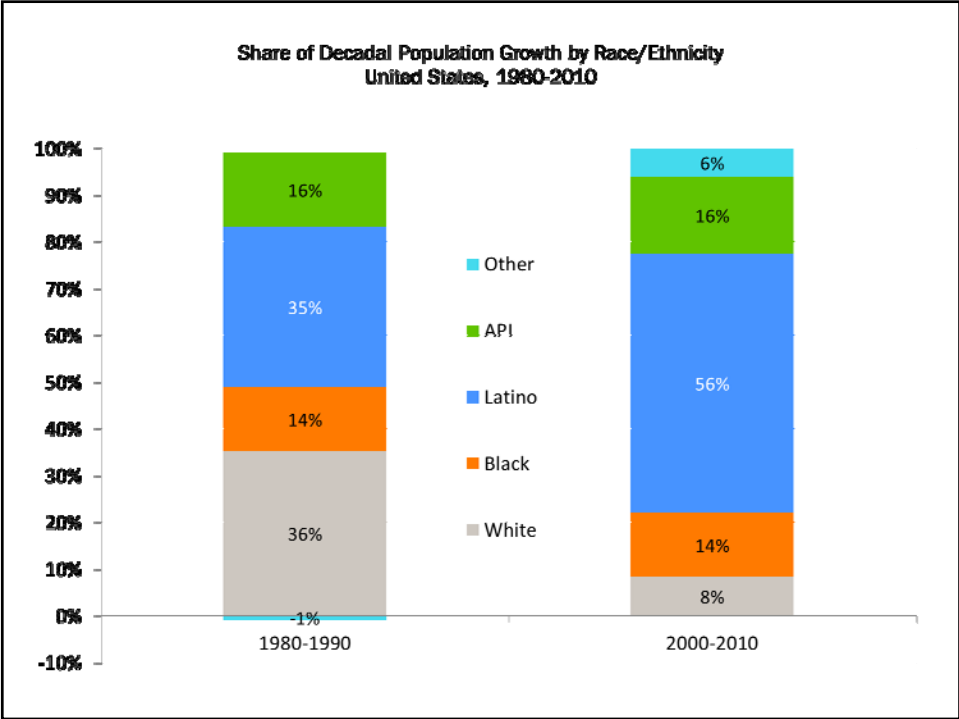
DOING GOOD AND DOING WELL: WHY EQUITY MATTERS FOR SUSTAINING PROSPERITY IN A CHANGING AMERICA

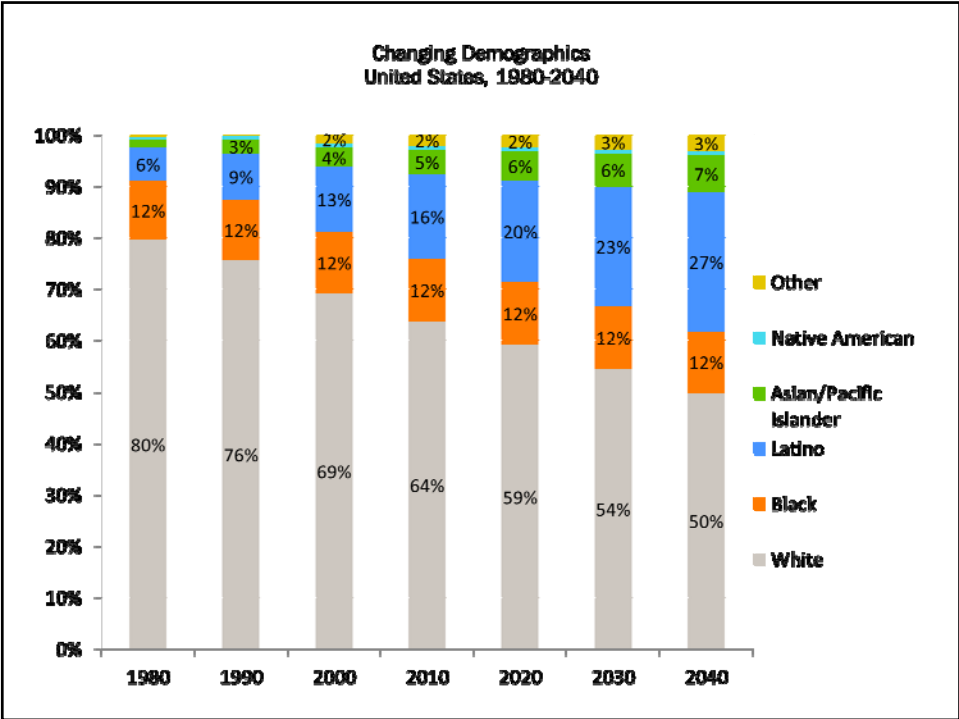
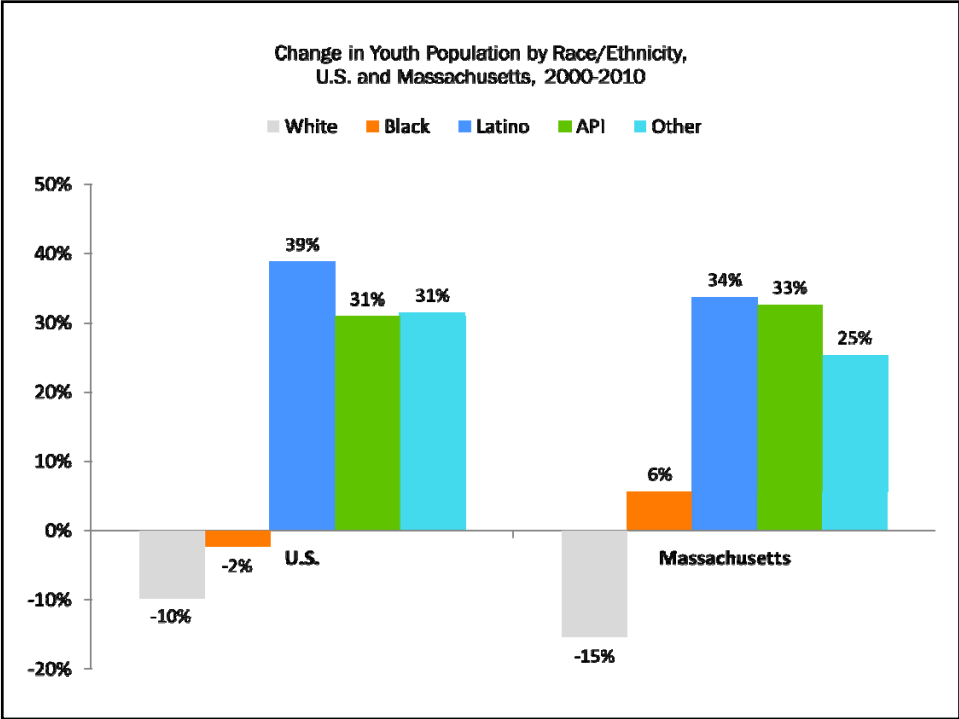
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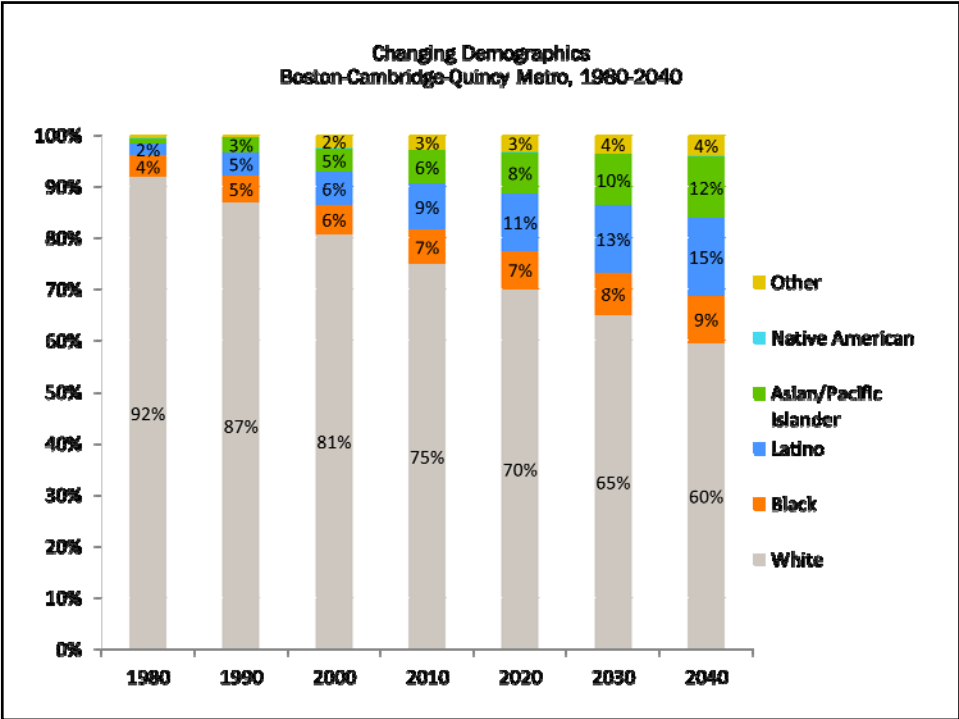
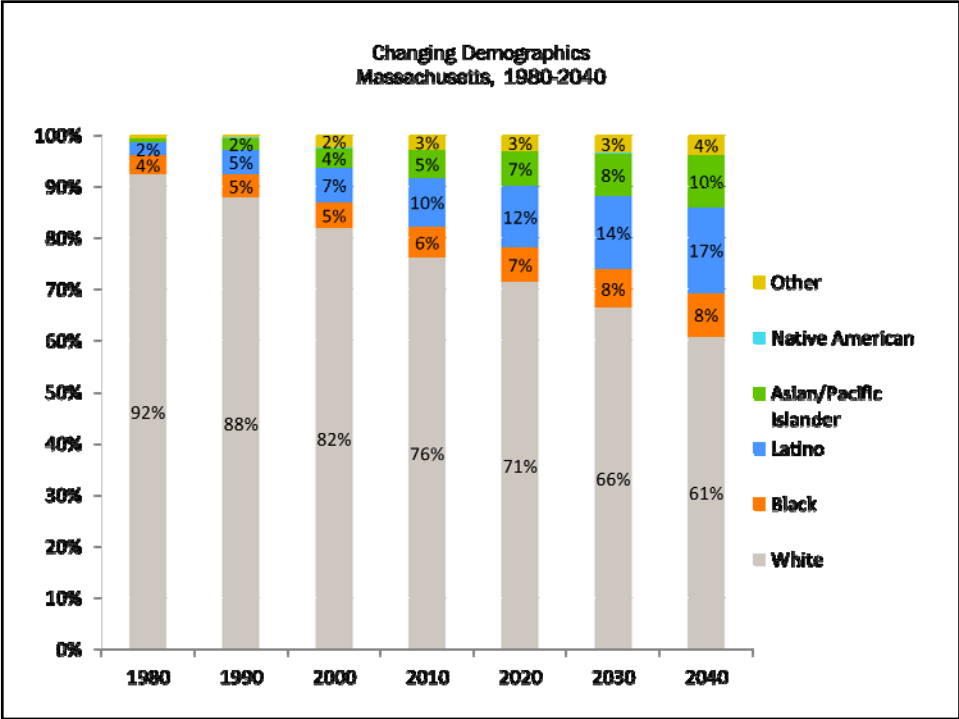
MANUEL PASTOR  @Prof_MPastor

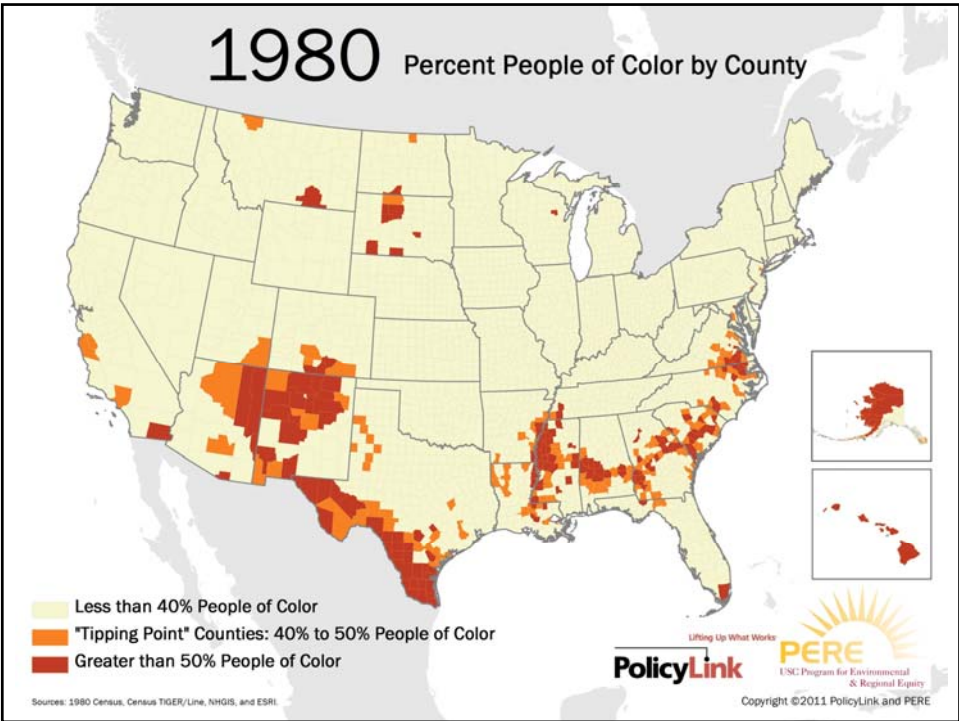
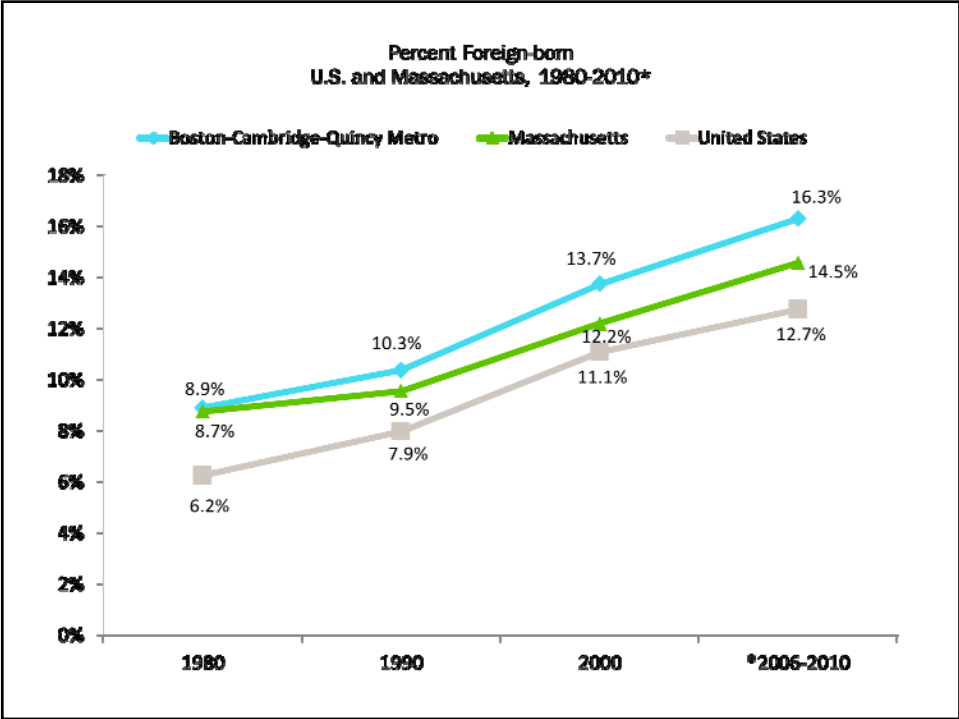


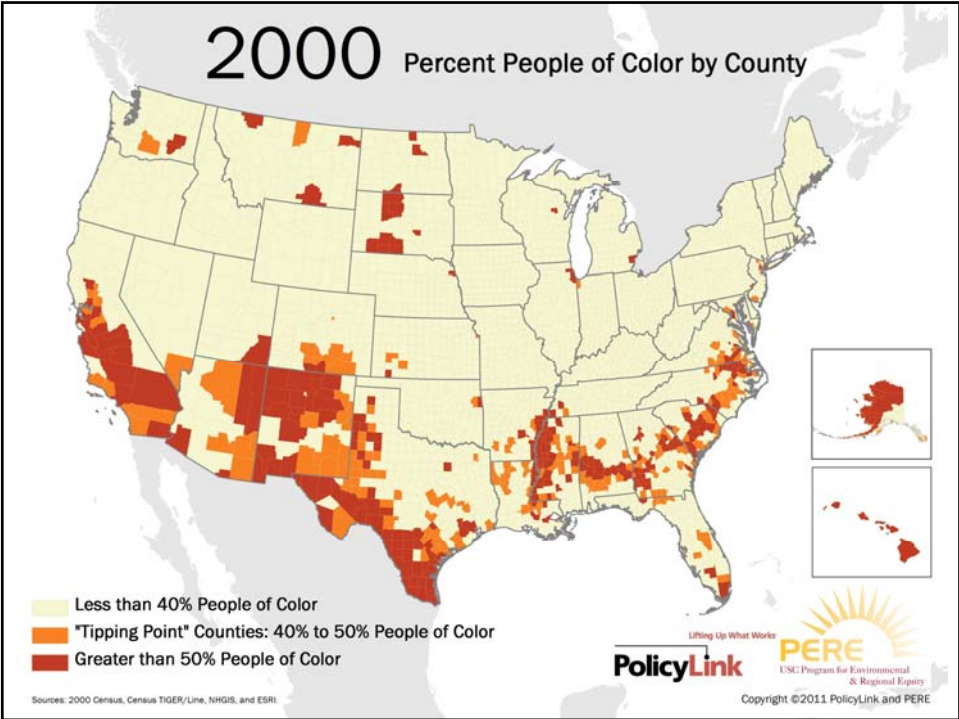
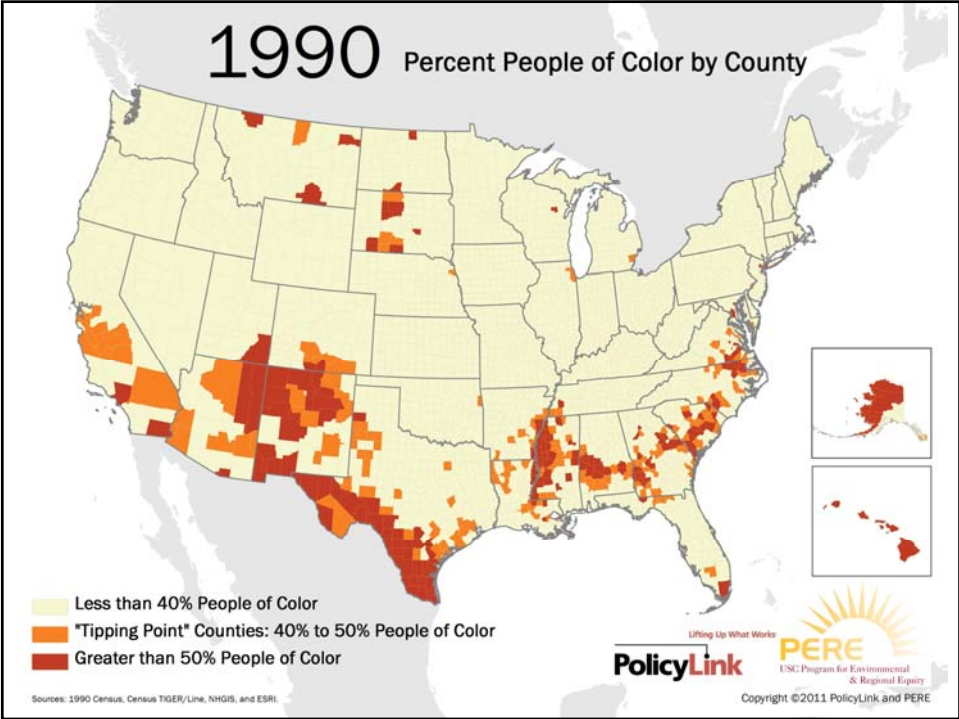


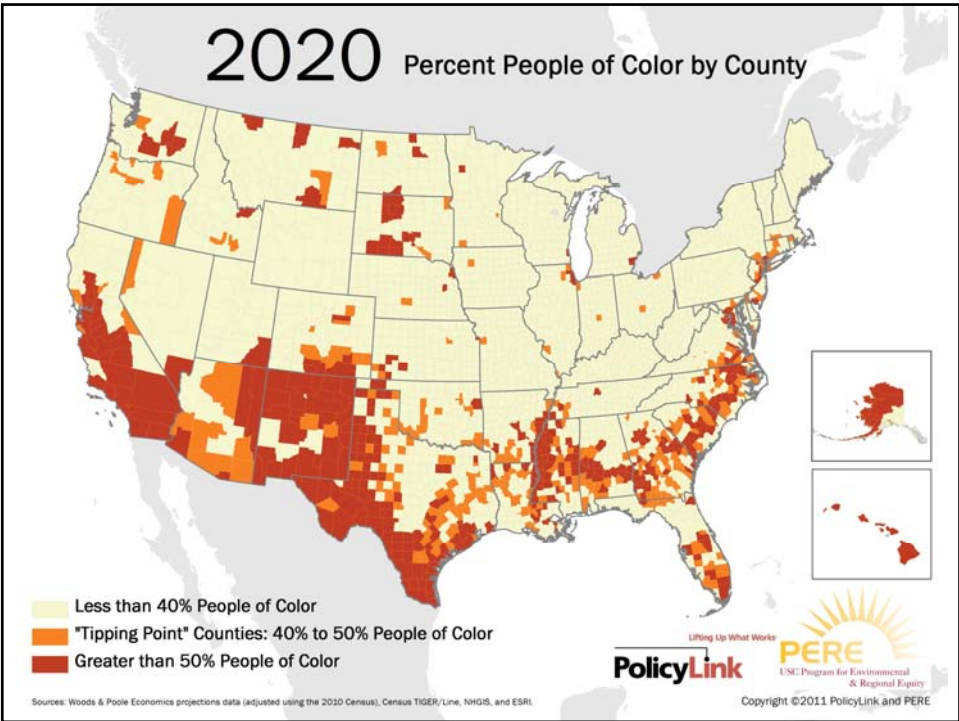
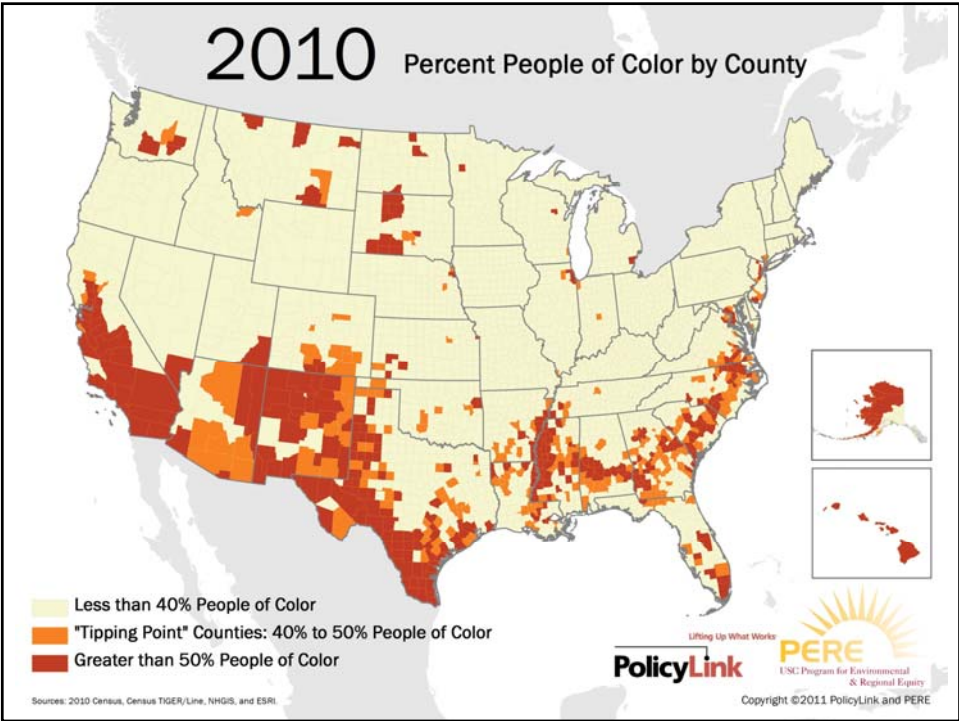


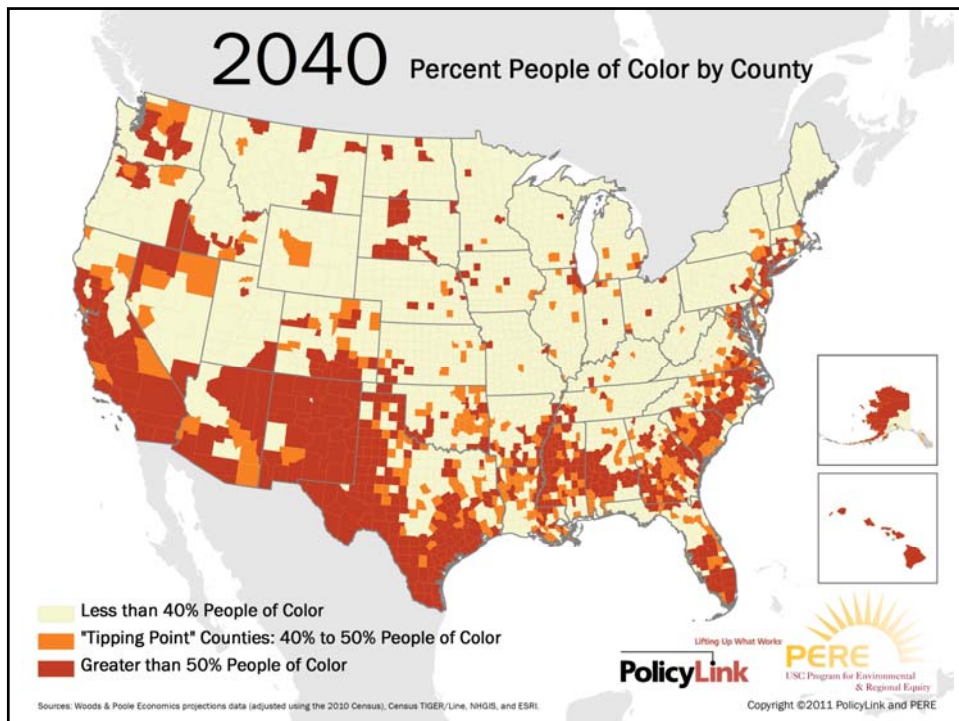
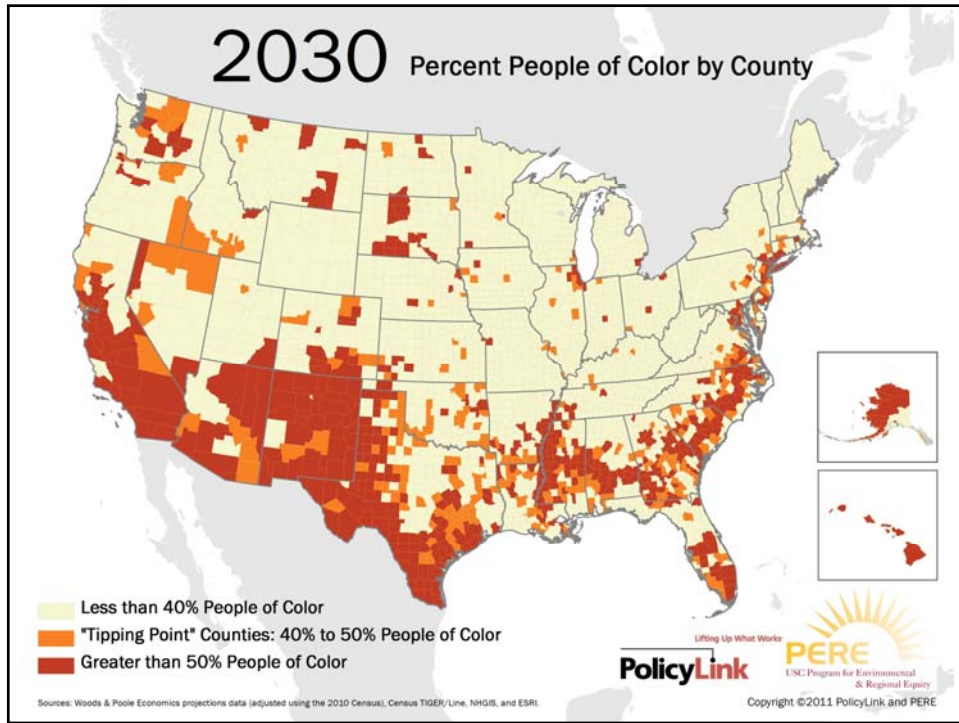


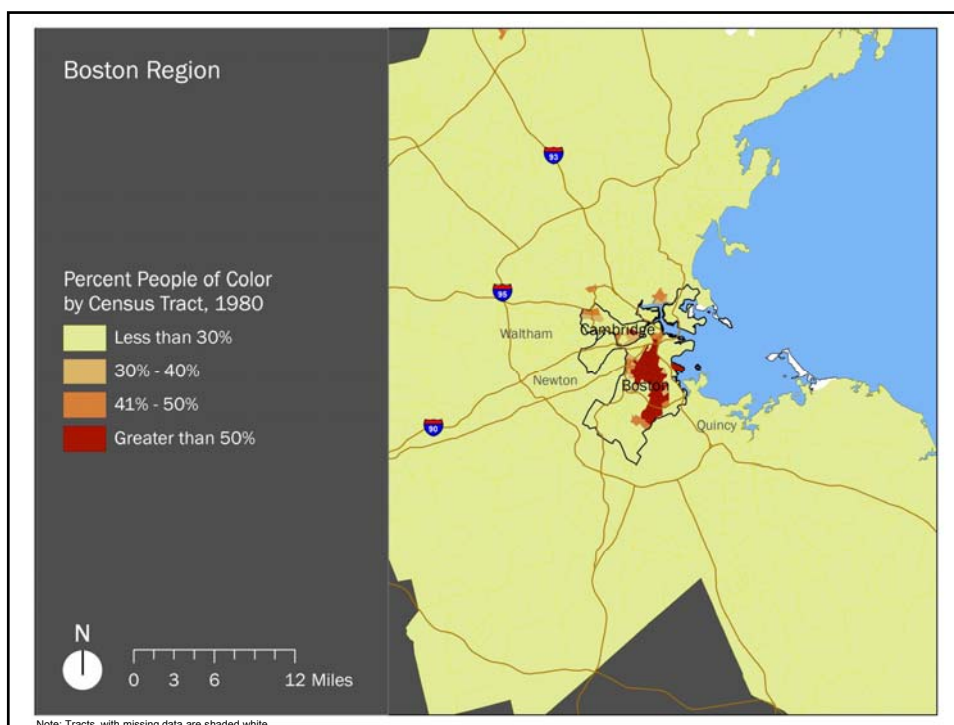
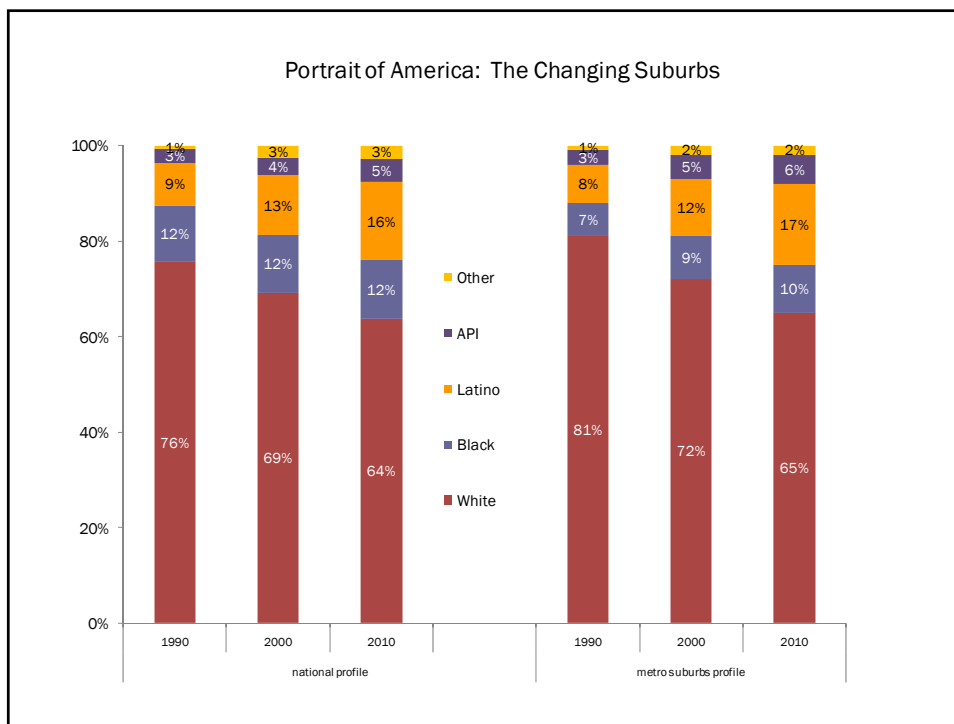


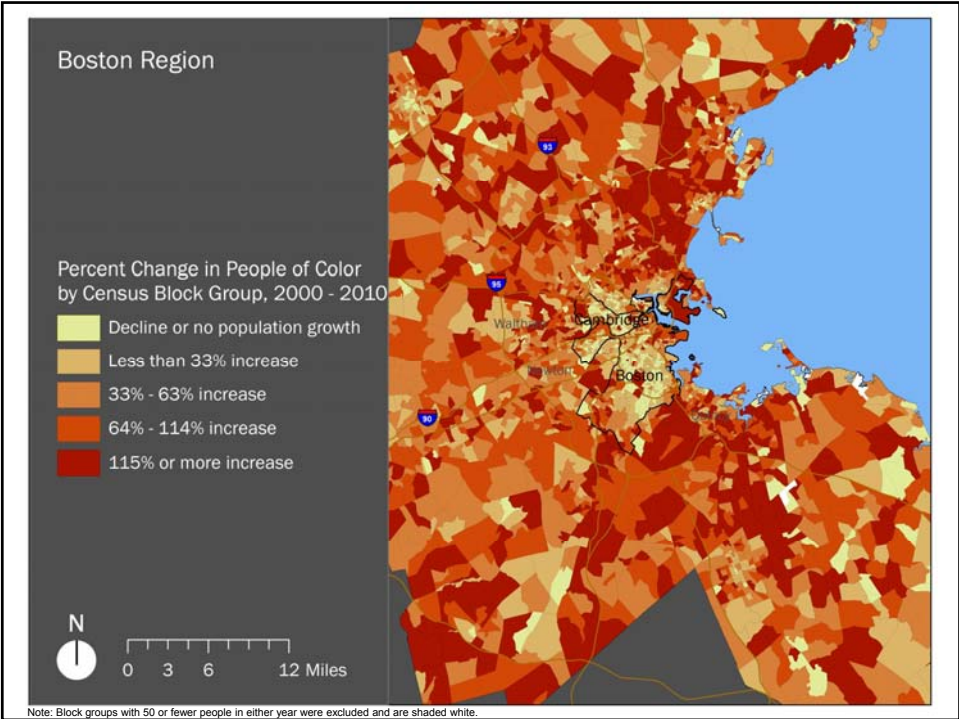
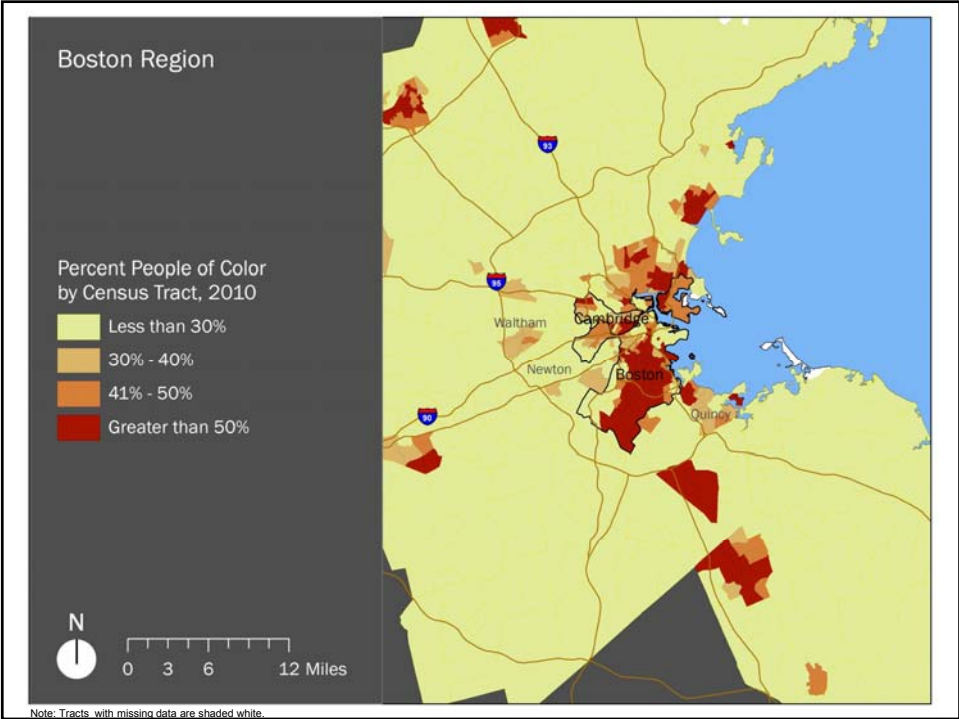


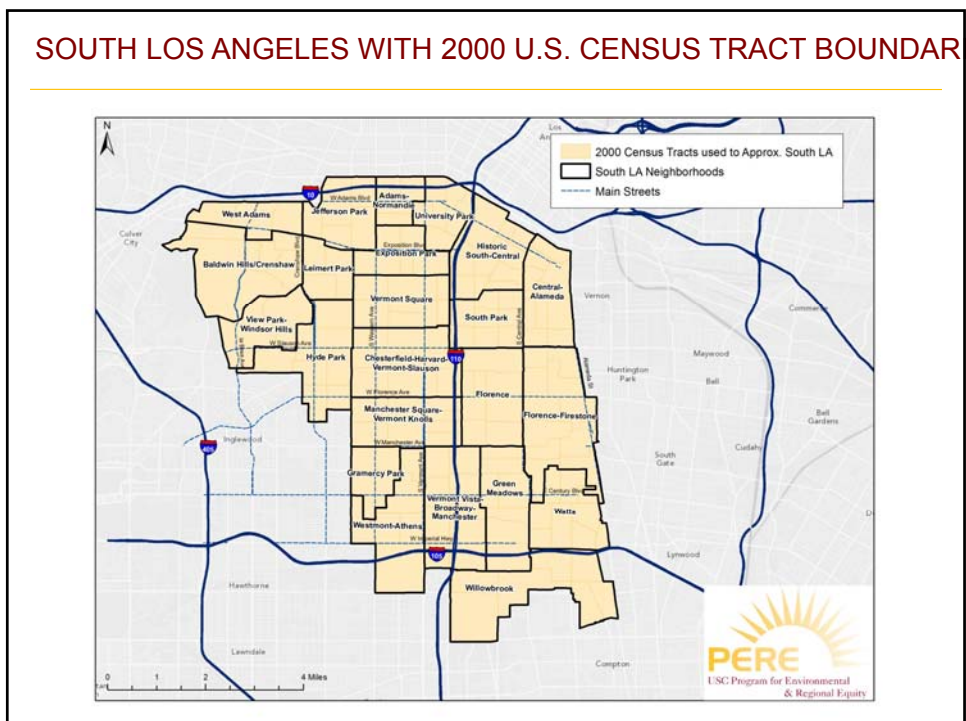
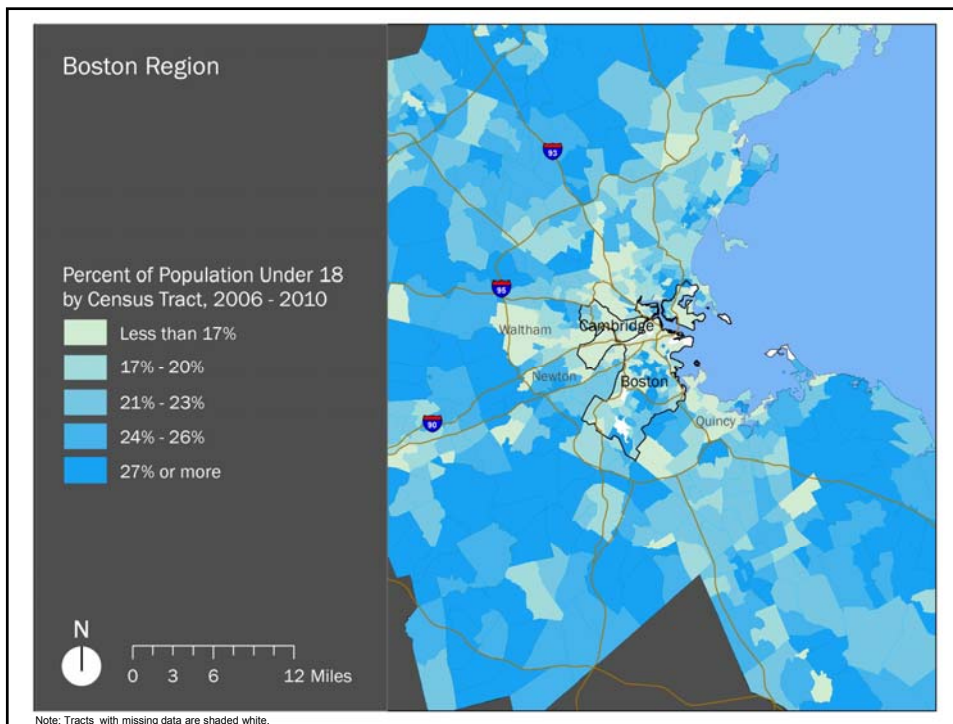


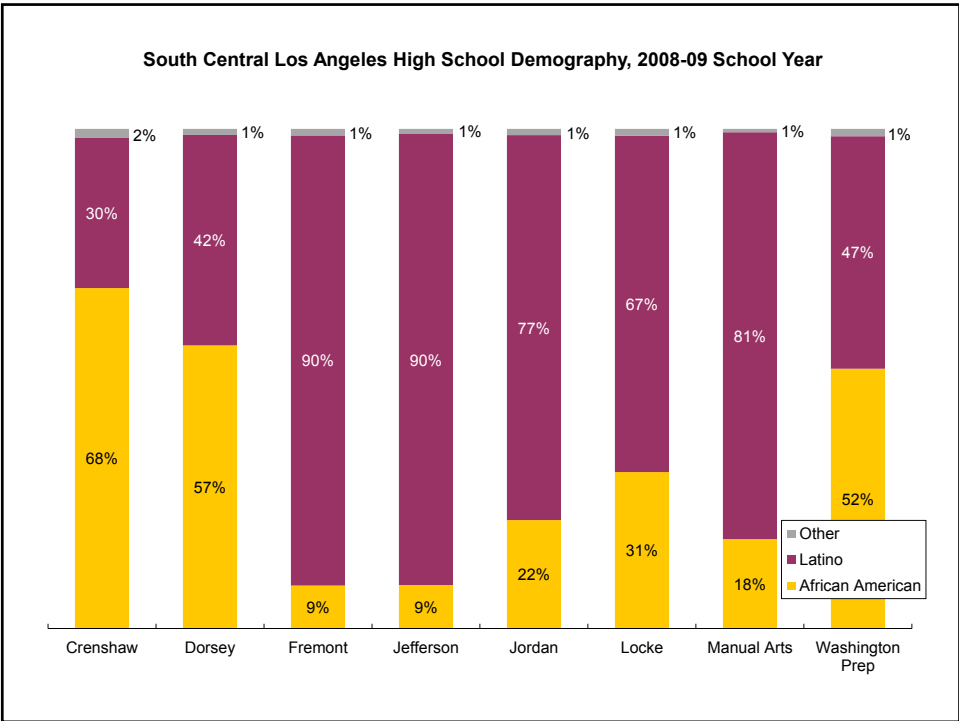
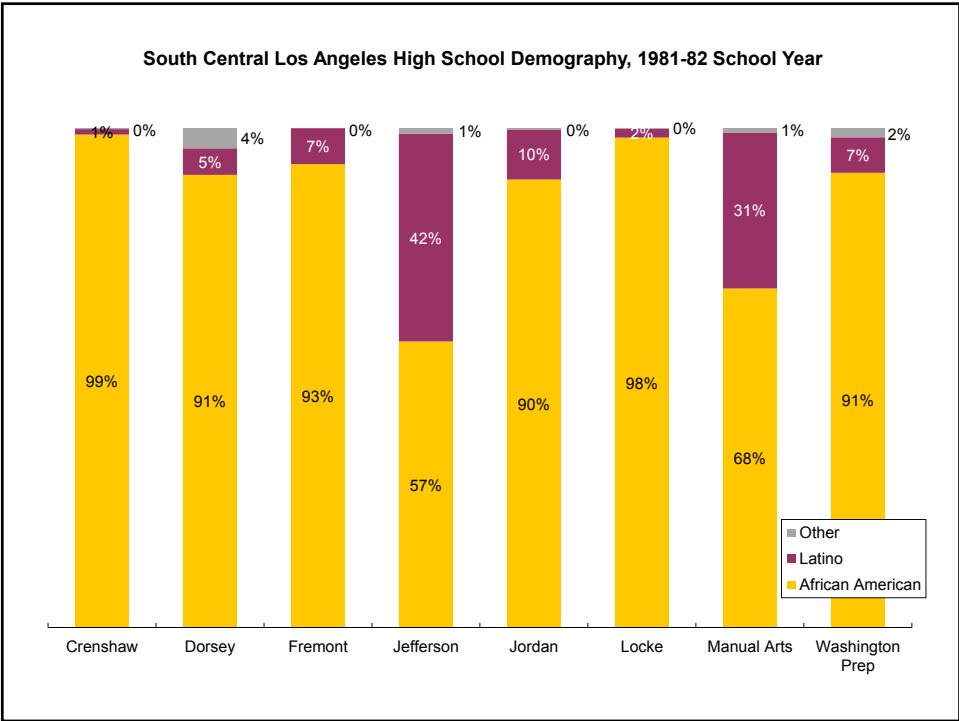


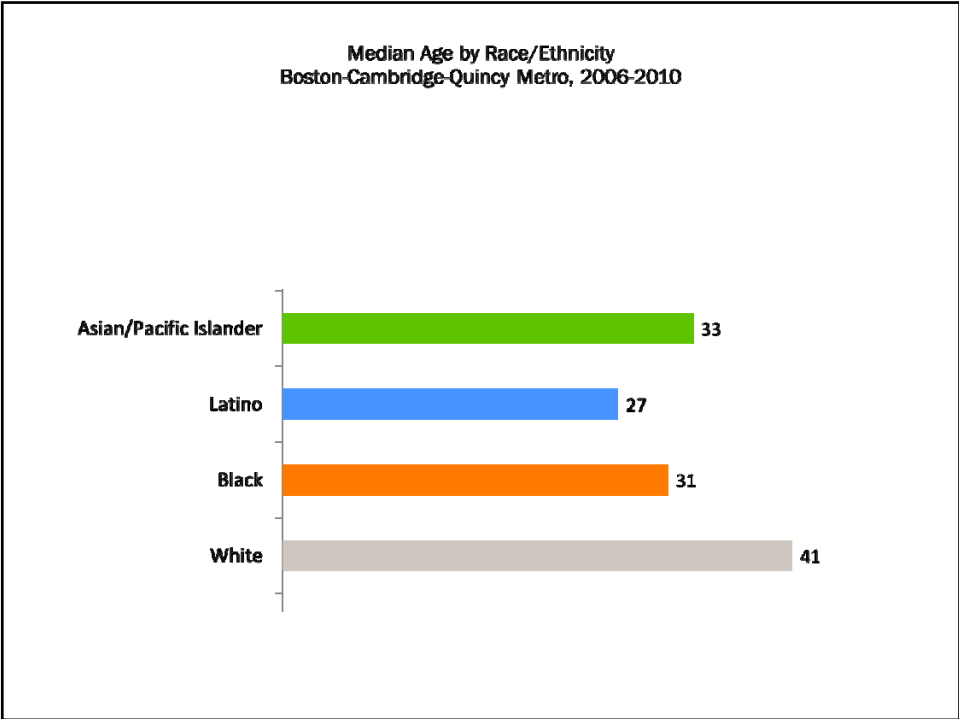
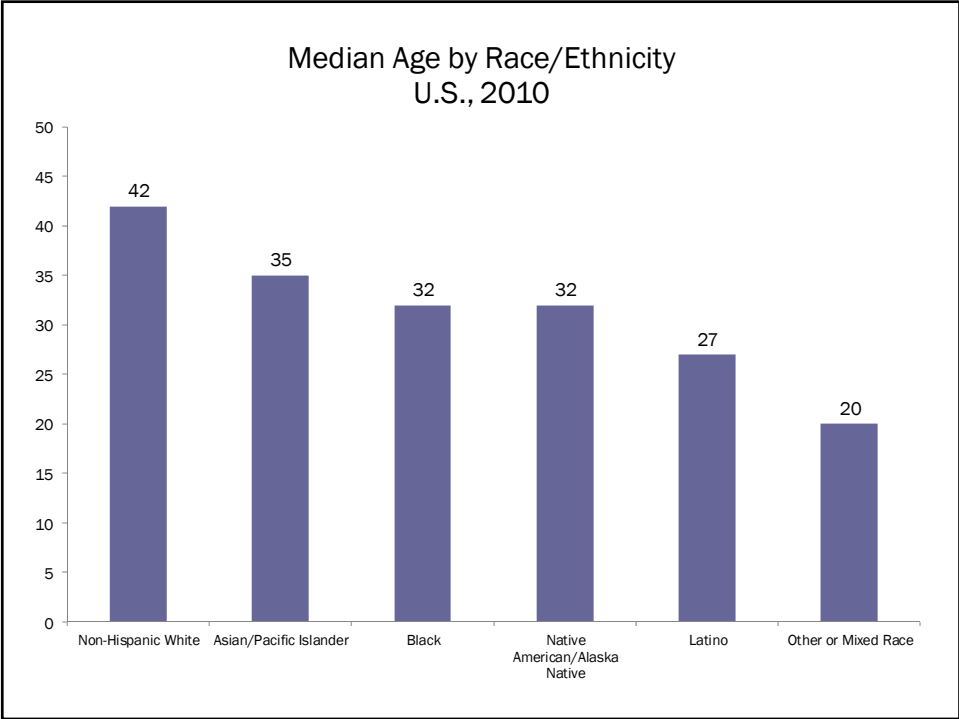


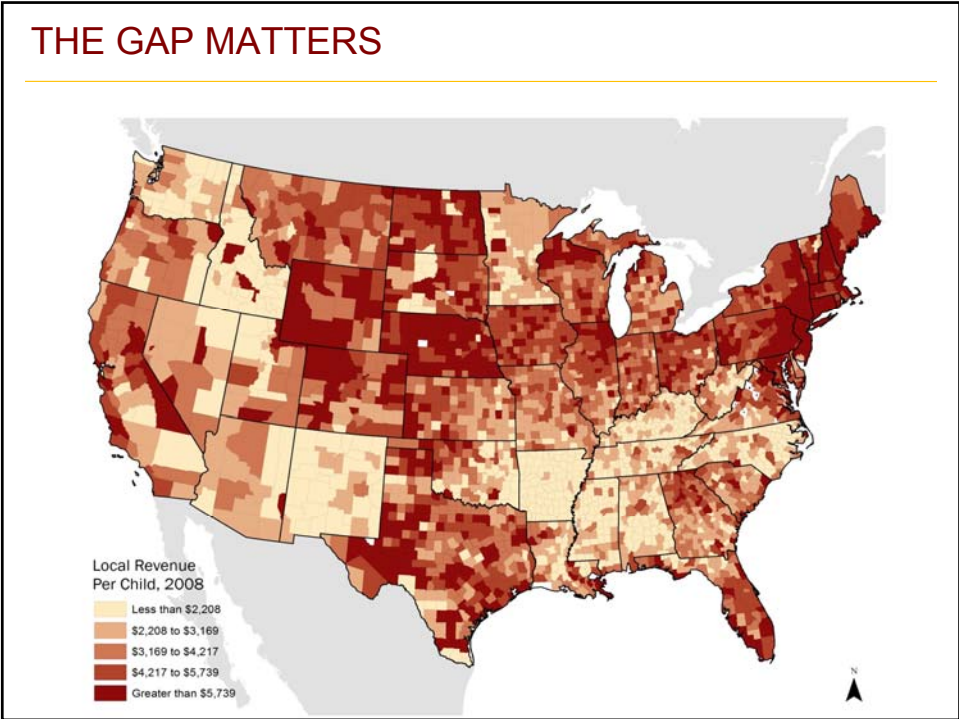
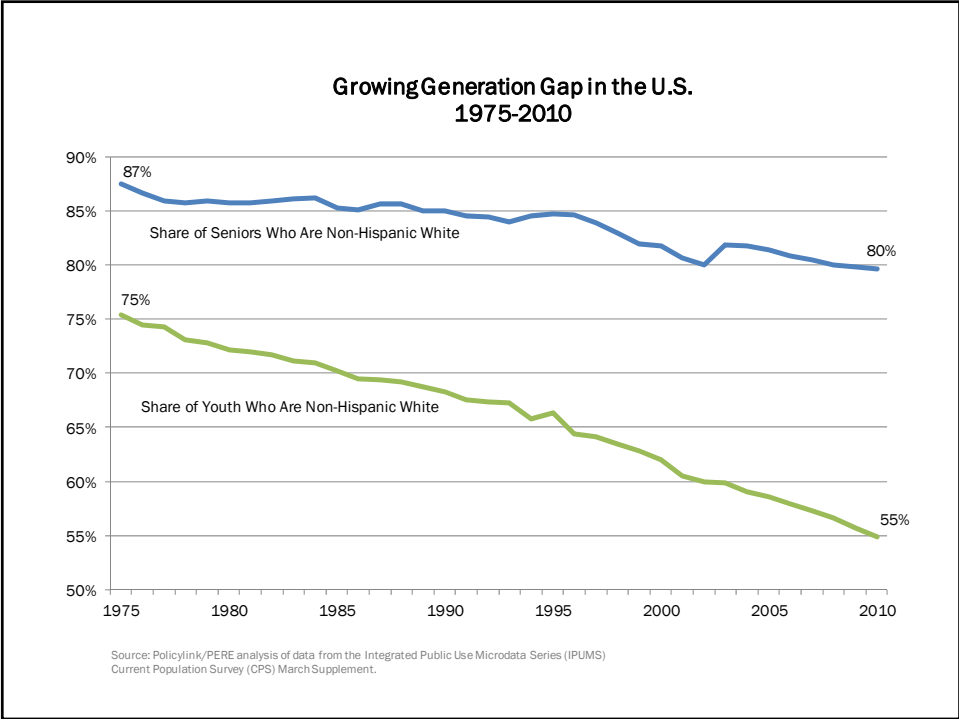




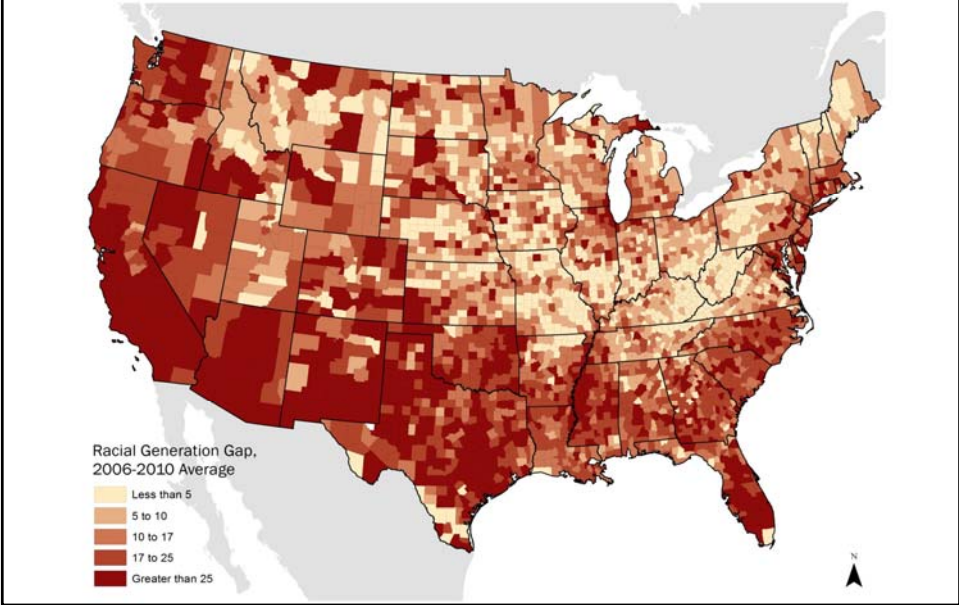




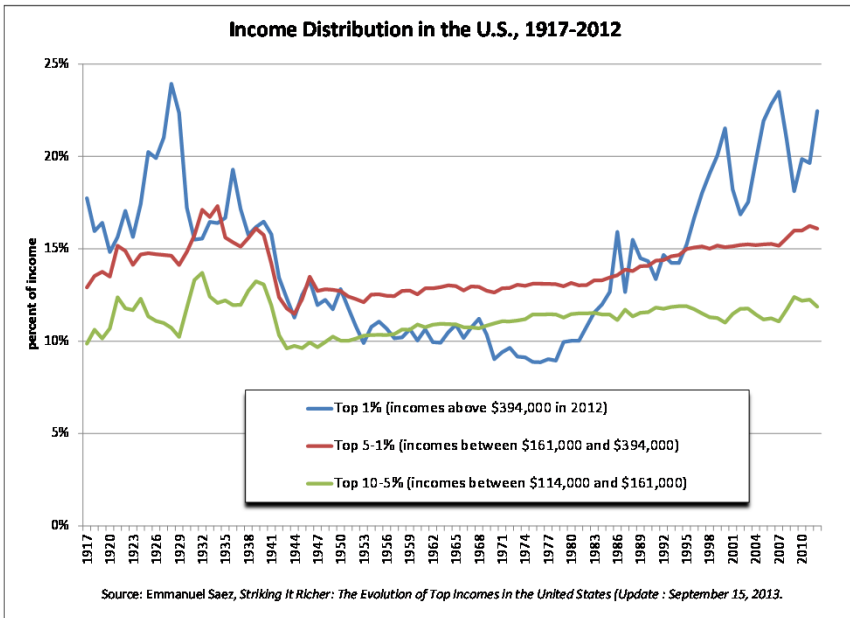




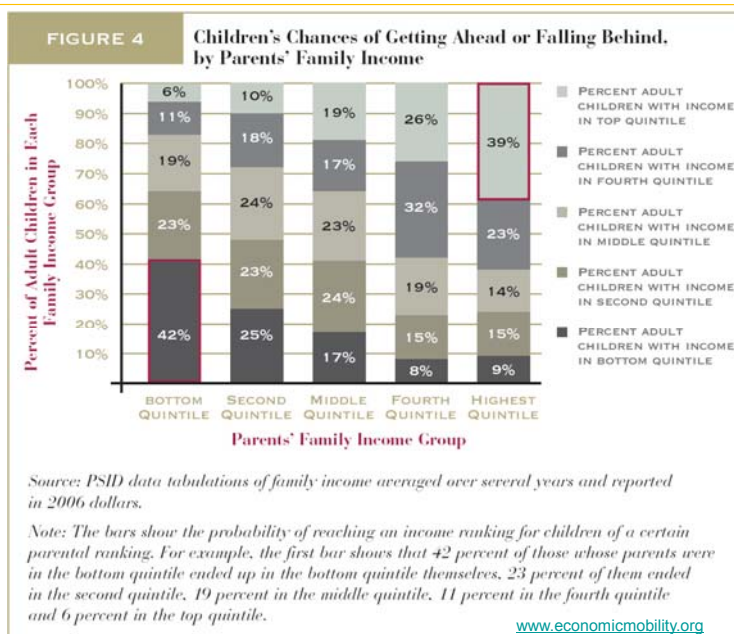
THE GAP MATTERS



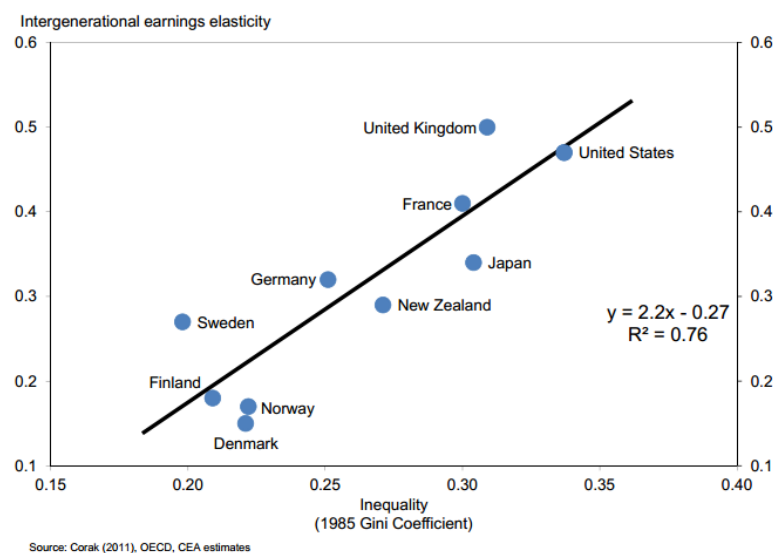
AGAINST A CONTEXT OF GROWING INEQUALITY



BUT AT LEAST WE MOVE UP OVER TIME?

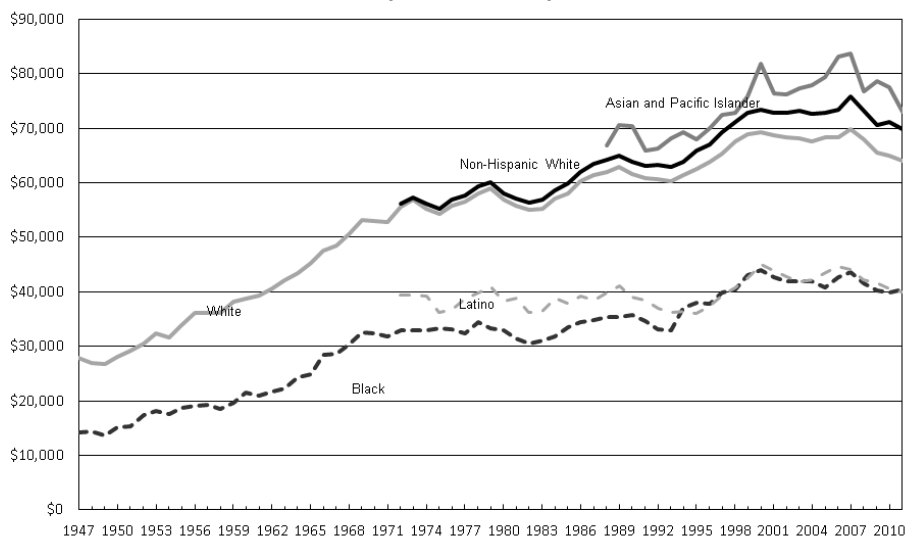


BUT AT LEAST WE MOVE UP OVER TIME?

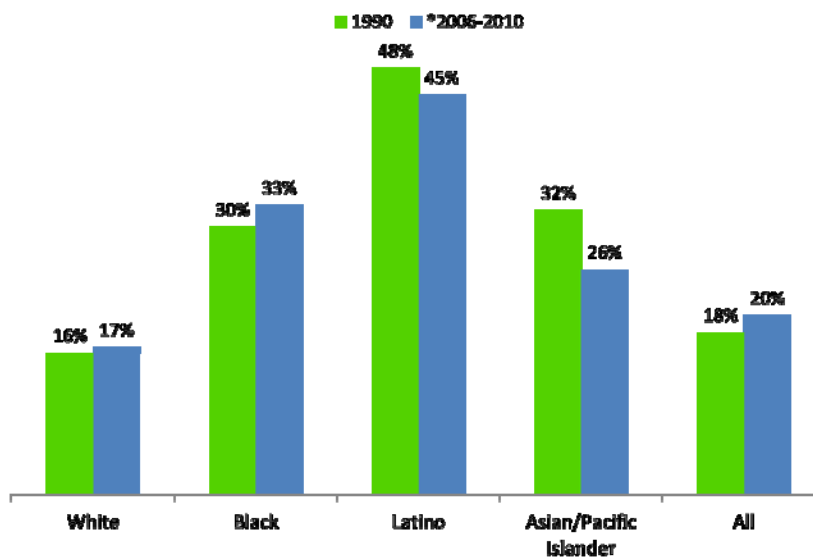


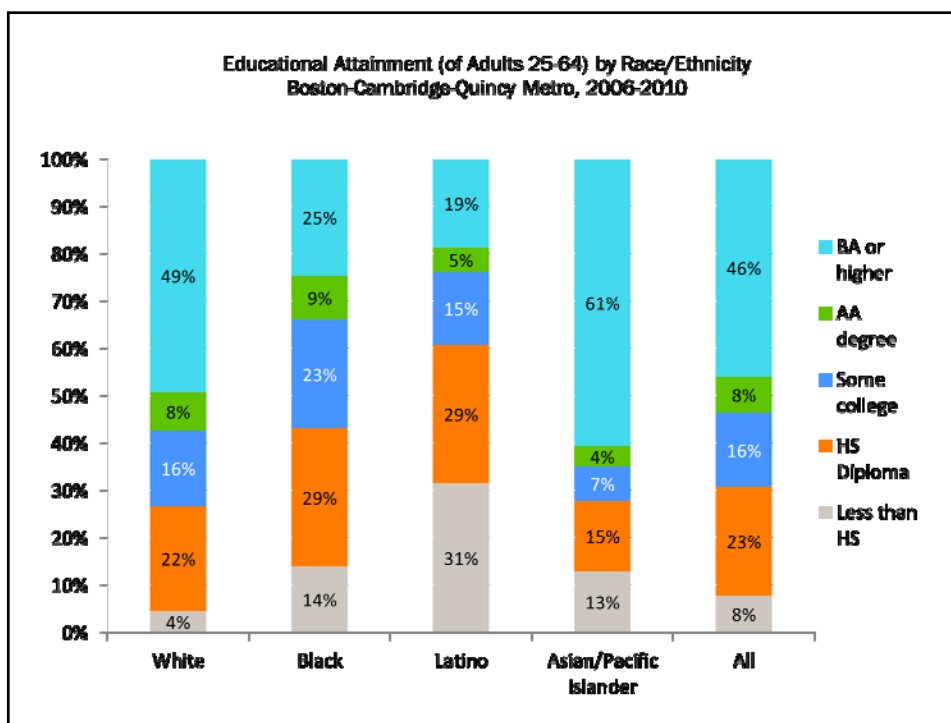
AND PERSISTENT RACIAL GAPS

**Figure 3-1. U.S. Resident Median Family Income 1947-2011
(in 2011 Dollars)**



**Percent of Families Living Below 150 Percent of the Federal Poverty Line by Race/Ethnicity
Massachusetts, 1990-2010***





RISING CONCERNS ABOUT INEQUALITY

- Partly motivated by traditional concerns about “justice”
- Partly motivated by worries about impacts on **polity**
- But, most important:
 - Potential **negative** effects on **growth**
 - Looking forward: **persistent inequality**, particularly by **race**, will create **reduced capacity**



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THINKING OLD: EQUITY VS. EFFICIENCY

- Conventional wisdom in economics
 - Need for large-scale investment
 - Shift from low to high productivity
 - Incentives and motivation

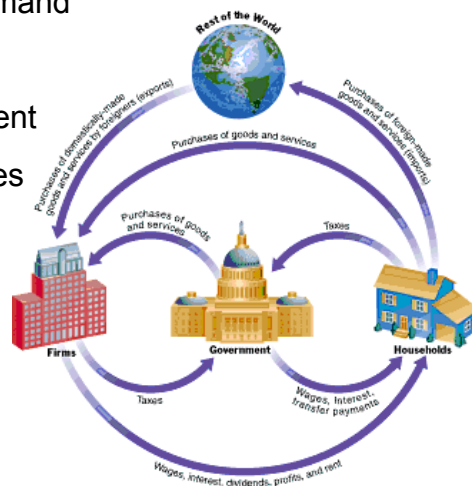
- But are there new equity and growth synergies?



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NATIONAL-LEVEL MACROECONOMIC STORY

- Inadequate consumer demand
- Excessive financialization
- Rent-seeking in government
- Inadequate work incentives



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U.S. METROPOLITAN AREAS

- Borrowing from international techniques and making use of concept that the new economic unit is the metropolitan area, we and others find that:

Metro per capita income is a function of:

- (+) regional education
- (-) manufacturing concentration
- (+) central city presence
- (-) previous income
- (?) region of U.S.
- (-) measure of **inequity**, including ratio of **city to suburb poverty**, concentration of poverty, **income distribution** (80-20 ratio), black-white **segregation**



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EVIDENCE: EQUITY IS GOOD FOR GROWTH



Even the Federal Reserve Bank of Cleveland found that that **racial inclusion** and **income equality** matter for growth.



Image Sources: <http://static.guim.co.uk/sys-images/Guardian/Pix/pictures/2009/2/24/1235500211963/Ben-Bernanke-chairman-of-003.jpg>, http://blog.usni.org/wp-content/uploads/2010/11/Fed-logo_trans.png, http://www.benjaminrickey.com/gallery/gallery_federal_reserve.jpg

EQUITY & GROWTH

In more recent research . . .



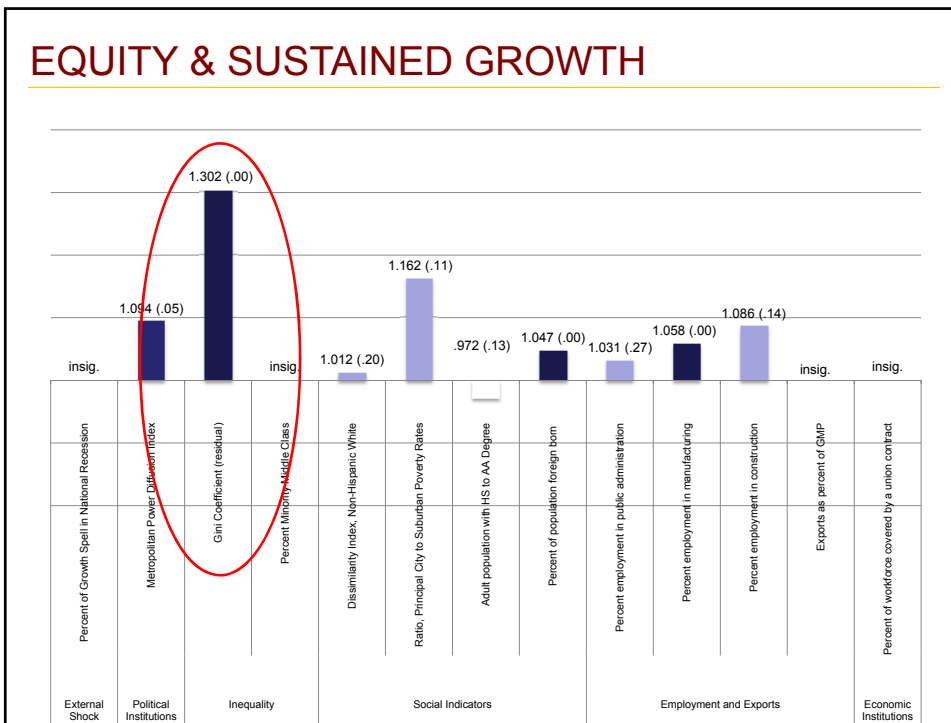
The sign (+/-) indicates a signifi-
"insig." indicates an insignif

**** indicates significance of the .01

Unemployment rate
Percent manufacturing employment (1)
Percent public administration employ
Percent high tech employment (2)
Percent construction employment
Industry diversity index
Share of all firms that are very small (3)
Percent of workers that are union mem
Labor related CEOs per 100 people (4)
Confirms a state capital city (5)
Difference between principal cities an
Poverty concentration (% of poor in hi
Disability index for people of table
Isolation index for people of color
Competition ratio for people of color
Percentage of African American house
Percentage of Latino households that
Median gross rent as a percent of hous
Home ownership rate
Percentage foreign born
Percentage recent immigrants (arrived
Share of population that is working ag
Percentage population age 20+ with a
Percentage people age 25+ with high s

Notes:
General:
All of the indicated measures are figured as regionally also trended
(2004) in the U.S. by subtracting the mean across all such metro
insig.
(1) Data in the 1990 column is actually for 1976.
(2) Data in the 1990 and 2000 columns are for 1990 through 1992 an
article by American Electronics Association (AEA).
(3) Data in the 1990 column is actually for 1986.
(4) Years shown are for 1993 and 2006 (in the 1990 and 2000 column
(5) This measure is a dummy variable for the 1264 leading states.
(6) Middle class is defined as all households with income between
available to families and family income were used instead.



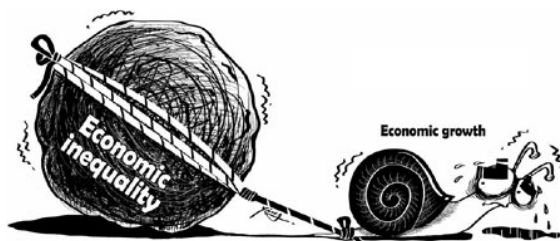


PUNCHLINES FROM REGRESSION WORK

- Largest and **most significant factor** associated with shortened growth spells is **levels of inequality**
- **Residential segregation and metropolitan fragmentation** also associated with shortened growth spells
- Other factors include **education levels** and **economic structures**



IT'S A BROADER STORY



- **Underinvestment** in each other makes us less competitive as a nation



- **Social tensions** over who will gain and who will lose make us less likely to cohere on what we need to do to thrive

LEADING THROUGH THE DIVIDE



- So it's a challenge for all of us: economic development folks and business leaders need to rethink the role of equity



- But equity proponents need to consider economic realities and constraints and propose feasible, growth-enhancing approaches



- And we need the concrete community development, housing, and land use policies to make this real

AND IN THIS EFFORT, PLACE MATTERS



At the same time, the familiar dichotomy of “**place-based**” versus “**people-based**” anti-poverty policy has **outlived its usefulness**



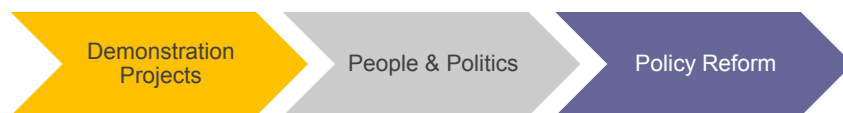
AND IN THIS EFFORT, PLACE MATTERS

We need to **simultaneously**:



AND SO DOES POLITICS, POWER, AND VOICE

Demonstration projects show us what's possible.



Policy changes make the possible **standard practice**.

But it is **people and politics** that ultimately **drives policy reform**.

LEADING THROUGH THE DIVIDE



- Understand that this is an **aspirational** not an angry **constituency**
- Stress that **equity** and **inclusion** are **fundamental** not add-on's
- Frame around **bridging generations** and **geographies**
- See **smart growth** as not just a strategy but a **conversation** about our **shared future**

LEADING THROUGH THE DIVIDE



