

America's Tomorrow: Equity is the Superior Growth Model

SUMMARY



by Sarah Treuhaft, Angela Glover Blackwell, and Manuel Pastor

As the country witnesses the emergence of a new racial and ethnic majority, equity—long a matter of social justice and morality—is now also an economic imperative. The nation can only achieve and sustain growth and prosperity by integrating all into the economy, including those who have too often been left behind. America's Tomorrow describes the components of an equity-driven growth model and acknowledges that a true social movement is needed to achieve equity.

America Needs a New Growth Model

The nation's current economic model is broken. The problem is not just the recent economic downturn, as pressing and important as that has been. Over the past several decades, economic growth has slowed, racial and income inequality has spiked, and the middle class has withered. America needs a new strategy to bring about robust growth that is widely shared by all who live within its borders.

The new growth model must embrace the nation's changing demographics, and make the investments needed to allow the next generation to reach its full potential. The United States is undergoing a major demographic transformation in which the racial and ethnic groups that have been most excluded are now becoming a larger

portion of the population. By 2042, the majority of the population will be people of color.

Because youth are at the forefront of the nation's demographic transition, there is a growing racial generation gap between America's oldest and youngest: Eighty percent of seniors are white, compared with 54 percent of those under age 18. Too many elders and decision makers do not see themselves reflected in the faces of the next generation, and they are not investing in the same educational systems and community infrastructure that enabled their own success. This racial generation gap does not only put youth of color at risk, but it threatens the well-being of all children and the nation as a whole.

Racial and Economic Inclusion Will Help America Grow and Compete

Reducing inequality, growing the middle class, and turning today's youth and workers into tomorrow's skilled workers and innovators are critical to restoring America's growth and competitiveness. Given the nation's demographic transition, its leaders must address the wide racial disparities in educational outcomes, income, health, wealth, and employment that drag down the economy and hold back its potential.

Reducing Inequality is Good for Growth

Increasingly, economists are finding that inequality is not only bad for those at the bottom of the income spectrum, but places everyone's economic future at risk. Recent studies suggest that inequality hinders growth and that greater economic inclusion corresponds with more robust economic growth.

Diversity is an Economic Asset

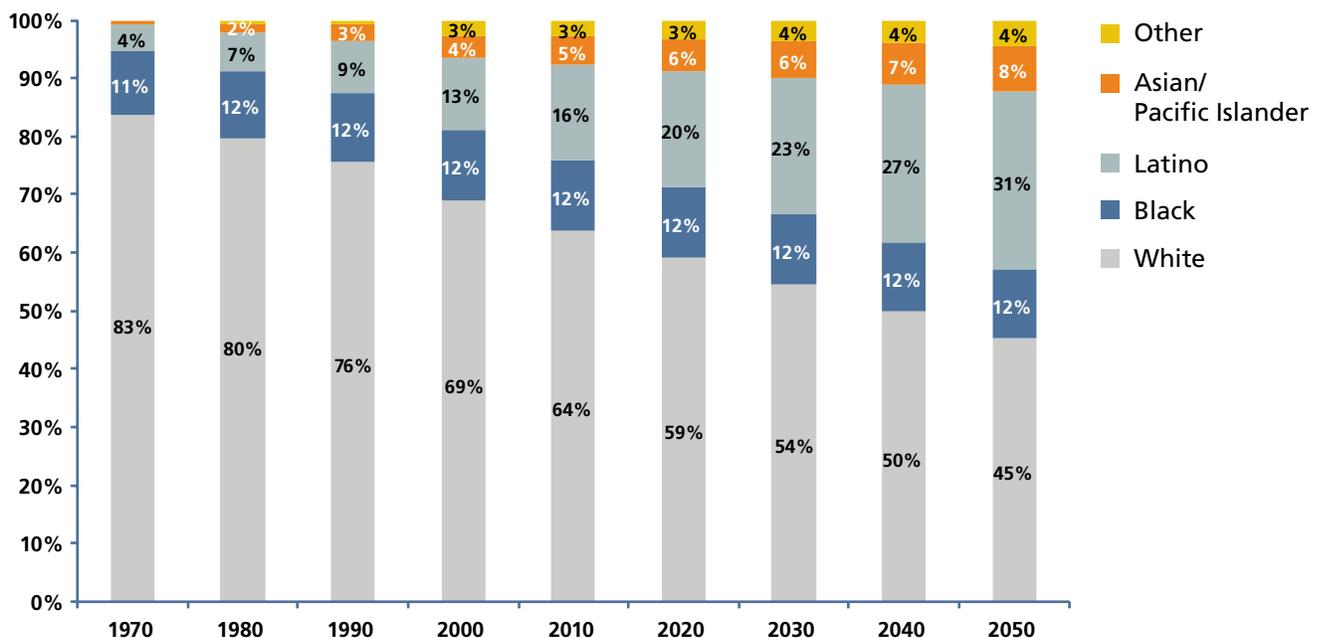
America's transformation into a world nation inside its borders can help it connect to—and succeed

in—the global economy. Diverse perspectives help teams solve problems and can foster the innovation needed to grow the economy. Diverse communities also create new markets: by developing new enterprises and providing a significant consumer base for existing businesses.

Building a Skilled Workforce is Critical to Securing Our Economic Future

The jobs of tomorrow will require ever-higher levels of skills and education, but the nation's educational and workforce systems are not adequately preparing people for these jobs. Forty-five percent of all jobs in 2018 are projected to require at least an associate's degree, but among today's workers only 27 percent of African Americans, 26 percent of U.S.-born Latinos, and 14 percent of Latino immigrants have achieved this level of education. Closing the wide and persistent racial gap in educational attainment is the key to building the strong workforce that is the backbone of the American economy.

Racial and Ethnic Composition of the United States, 1970-2050



Source: Statistical Abstract of the United States (1970 and 1980); U.S. Census Bureau, decennial censuses (1990 STF3, 2000 SF3, and 2010 SF1); U.S. Census Bureau Population Projections, 2008 (2020-2050), adjusted using the results of the 2010 Census.

Implementing an Equity-Driven Growth Model

An equity-driven growth model would grow new jobs and bolster long-term competitiveness while at the same time ensuring that all—especially low-income people and people of color—have the opportunity to benefit from and co-create that growth.

America's Tomorrow highlights promising strategies that link vulnerable populations to good jobs and career pathways while strengthening their local and regional economies within three key arenas:

1. Rebuilding Our Public Infrastructure

High-quality public infrastructure—roads, transit lines, schools, bridges, sidewalks, etc.—is an essential ingredient for fostering competitive regions, and public investment in infrastructure projects is one of the best strategies available to create jobs and get dollars flowing in the economy after a downturn. By choosing infrastructure projects that maximize job opportunities, targeting infrastructure jobs and projects to the people and communities most in need of jobs, and creating opportunities for local- and minority-owned businesses, communities can achieve equity and growth at the same time.

Example: In St. Louis, Metropolitan Congregations United and the Transportation Equity Network got the Missouri Department of Transportation to agree to devote 30 percent of the workforce hours on a \$500 million highway project to low-income apprentices, and 1/2 of 1 percent of the project

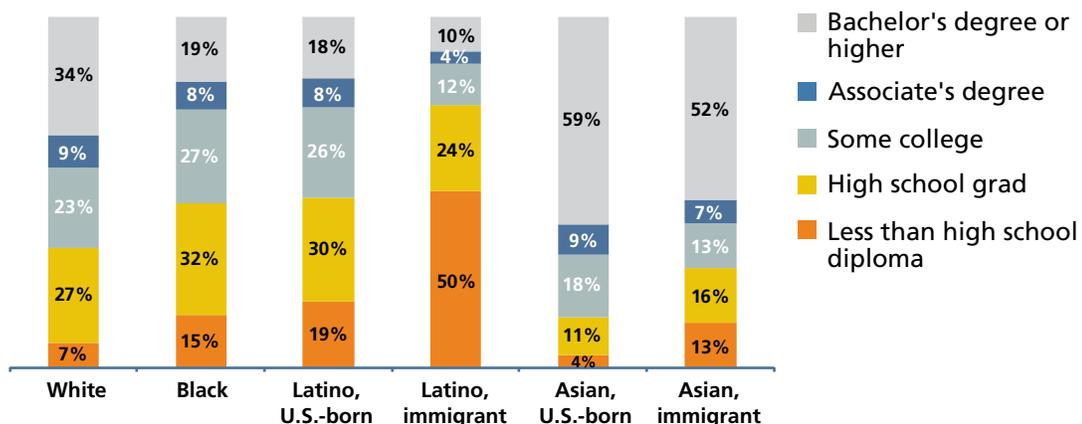
budget to job training. Other cities and states have adopted similar workforce provisions, and advocacy groups are now working to incorporate a similar construction careers policy in the next multibillion-dollar federal transportation bill.

2. Growing New Businesses and New Jobs

Small businesses create two out of every three jobs in this country and are critical for providing economic opportunities for low-income communities and communities of color. Providing training support and linking entrepreneurs to larger-scale opportunities—larger markets, larger sources of capital, and larger economic development and growth strategies—can create more start-ups and help existing small businesses grow so that they generate more jobs for the people who need them most.

Example: Since 1993, the Neighborhood Development Center in St. Paul has collaborated with community-based organizations to help diverse residents start their own businesses. The center provides a 16-week entrepreneurship course and follows up with business start-up and expansion loans, ongoing business support and technical assistance, and low-cost commercial space through its seven business incubators. Five hundred graduates are currently operating businesses, sustaining 2,200 jobs in the community.

Educational Attainment of Workers (Ages 25-64) by Race/Ethnicity/Nativity, 2009



Source: PolicyLink/PERE analysis of IPUMS 2009 American Community Survey data.

3. Preparing Workers for the Jobs of Tomorrow

The nation's public- and private-sector leaders need to create an education and workforce training system that equips current and future workers with the skills they need to thrive in the world of work. Ensuring that all workers—including those who face high barriers to employment—can get the advanced training or education needed to access “middle-skill” jobs that pay family-supporting wages and offer career growth is critical. For the low-income children who face the greatest risk of not succeeding in school or work, this preparation must begin before they enter kindergarten and last throughout their careers.

Example: *The Chambers of Commerce in Santa Ana and Los Angeles launched partnerships with their local school districts to bridge the growing gap between the education levels of their diverse youth populations and the needs of their employers. The Santa Ana Chamber created a jointly administered high school that trains students for careers in six growth industries (automotive and transportation, engineering and construction, global business, health care, manufacturing, and new media), while the Los Angeles Chamber has arranged summer jobs and internships for the students with thousands of employer partners.*

It Takes a Movement

Only a real social movement can bring about the social, cultural, market, and political shifts needed to create an equitable and inclusive economy. Major shifts in policy and politics are needed at every level—from local job creation to national economic policy—and bringing about those shifts will require sustained advocacy and diverse leadership that spans generations, sectors, and issues. New champions for equity-driven growth, including unlikely ones, will need to emerge.

A new national conversation must begin about equity-driven growth. This should be a broad and open discussion. Honest debates about how to move ahead will be critical; no one group has all the problems and no one leader has all the solutions. But what is clear is that the task of creating jobs and opportunities—for everyone—requires the nation's full attention.

For “growth” and “equity” to come together, all will need to stretch outside of their comfort zones. Growth advocates will need to stop seeing equity as something that hopefully trickles down from their efforts to attract and grow businesses, and recognize that racial and economic inclusion will help them achieve their primary goals of growth and competitiveness. Equity advocates, who have traditionally focused on how the benefits of growth are divvied up, will need to concentrate more on generating job growth, and choose strategies that work with market forces to reach their equity goals.

As the country nears its status as a people-of-color majority nation, we must act—*now*—to prepare for the future. Equity is the superior growth model. It is the path to prosperity—for all.



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