



# Building Shared Prosperity in America's Cities

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## ABSTRACT

The United States is a country of tremendous economic opportunity. However, that opportunity isn't shared equally. Currently, long-standing wealth gaps across race, gender, and class are widening, fueled by evolving technologies, shifting labor markets, changing demographics, and continued racial bias. Instead of leveraging these economic and social forces to broaden individual and community pathways to prosperity, the U.S. federal government is continuing to withdraw from major areas of investment in families and communities, including crucial safety net supports. Across the country, cities are stepping up to fill this void, buoyed by strong public trust, a lack of partisan gridlock, and a commitment to what we call *shared prosperity*.

In this paper we review the three common principles which underlie strategies to ensure shared prosperity in cities and introduce the Shared Prosperity Partnership, a joint initiative of the Kresge Foundation, the Brookings Institution, Living Cities, and the Urban Institute, which seeks to accelerate the locally-driven solutions to economic inequality that are emerging in urban communities across America. While the specific approaches of each city are unique, all build on the fact that our nation only succeeds when our cities succeed, and our cities only succeed when all of their communities succeed.

## THE AMERICAN ECONOMY IS GROWING. YET NOT EVERYONE IS BENEFITING.

The United States is a country of tremendous economic opportunity. But that opportunity isn't shared equally. Incomes among the nation's wealthiest families increased roughly 90 percent from 1963 to 2016, as compared to an increase of less than 10 percent for the nation's families with the least wealth during this same period.<sup>1</sup> The result is a steadily widening gap between lower- and higher-income individuals and families that limits our ability to succeed as a nation.

People are a major driver of America's economic growth, vitality, and innovation. However, across the country, a growing share of America's population is being left behind, excluded<sup>2</sup> from the jobs, education, and other opportunities necessary to move up the economic ladder and contribute to our nation's prosperity. This is especially true for people of color.<sup>3</sup>

Income disparities are widening between places, too. Before 1980, communities in America with lower average incomes grew faster than their richer counterparts, enabling incomes to converge across geographies. Today, that is no longer the case.<sup>4</sup> Instead, highly-skilled, highly-educated, well-paid workers are increasingly congregating in a select number of metros, leaving other geographies less able to compete and grow, splintering America by class and geography.

These divisions are undermining our sense of shared fate and fueling a pessimism about our social and economic future. The portion of Americans who believe that today's youth will have a better life than their parents has fallen 10 percentage points since the early 2000s.<sup>5</sup>

Americans' concerns spring in part from accelerating economic and social forces that are deepening long-standing disparities even as they create new economic opportunities. Specifically, technological advances are shifting the quantity and quality of jobs available to Americans. Increasingly, jobs across a range of experience and wage levels require digital skills, limiting employment opportunities for lower-skilled workers.<sup>6</sup> The result is a labor market that generates considerable opportunity for the people and places already equipped for success in the digital era while simultaneously creating new barriers to economic opportunity for women,<sup>7</sup> people of color,<sup>8</sup> and other underrepresented populations, as well as geographies struggling to compete.

The same technological forces that are changing the labor market have also accelerated global demand for labor, goods, and services. On the one hand, globalization has generated an unprecedented expansion in the size of the global middle class, now 3.2 billion individuals strong,<sup>9</sup> and created significant new opportunities for the United States to meet rising demand from abroad. At the same time, globalization has also contributed to the loss of middle-class manufacturing jobs across a vast swath of American communities, leaving those workers struggling to find equally high-quality, high-paying jobs. While many policymakers recognize the negative impact of globalization on the nation's manufacturing sector, there is little meaningful policy response<sup>10</sup> to help these communities, their residents, and their businesses find new economic opportunities.

At the same time the nation's labor market is transforming, so too is the face of America. By the end of the next decade, the majority of the United States' under-30 population will be people of color, an unprecedented demographic shift. However, racial biases still influence the design and implementation of many public pol-

icies, making it even harder for already-isolated diverse, younger populations to access crucial pathways to economic success. The result is continuing demographic disparities in education, wealth, and neighborhood quality that threaten the country's ability to grow and thrive.

The combination of technological advances, shifting labor markets, and changing demographics has created the opportunity for strong national policies to broaden individual and community pathways to prosperity. However, the U.S. federal government is declining to seize that opportunity. Instead, it is continuing, and in many cases accelerating, its long-run withdrawal<sup>11</sup> from major areas of investment in families and communities, including crucial social safety net supports.<sup>12</sup> While some states are stepping up to fill those gaps, many others are not,<sup>13</sup> opting instead to go even further by blocking local governments – particularly cities – from helping people and places better weather economic and social change. Recent examples of state efforts to weaken government investments include prohibiting local policies that would increase the minimum wages and expand protections from discrimination.

**CITY LEADERS ARE RESPONDING WITH A NEW RESOLVE TO BUILD SHARED PROSPERITY.**

Cities are grappling with the opportunities and challenges presented by technological advances, changing labor markets, and shifting demographics. As such, they are both the focal points for the dislocations caused by these forces and also the epicenters for creative responses to ensure more widespread opportunity. With their density and dynamism, cities generate the vast majority<sup>14</sup> of the country's goods and services, including the technologies that are disrupting traditional pathways to opportunity. Cities both connect our nation to growing centers of global

commerce and provide markets and opportunities for residents and firms in rural areas. They are also home to the bulk of the diverse populations that represent America's demographic future. While major drivers of economic opportunity, cities are also rife with challenges. Across the country, city residents – especially people of color – are struggling to get ahead in the face of rising inequality,<sup>15</sup> escalating housing costs,<sup>16</sup> and stagnating economic mobility.<sup>17</sup>

While individual cities face their own unique challenges and opportunities, they are united by a common experience – a lack of inclusive economic growth. Even in economically healthy cities, stark racial disparities persist, and lower-income families are facing growing displacement pressures. In economically distressed cities, revitalization efforts have resulted in intermittent – and often isolated or unscaled – successes but have failed to systemically shrink the racial wealth gap or increase opportunities for low-income families.

In response, in cities across the country, a diverse range of organizations and leaders are working to build what we call *shared prosperity*. Unlike the U.S. federal government, most of the nation's cities are not constrained by partisan gridlock. Plus, many are experiencing levels of public trust that vastly exceed<sup>18</sup> those of federal and state governments. Cities are leveraging this flexibility and trust to, among other things, forge new partnerships across sectors and political boundaries,<sup>19</sup> apply data and technology<sup>20</sup> to improve civic engagement and deliver services more fairly and effectively, reform policies and practices to reduce public and private discrimination and racial bias, and experiment with local laws<sup>21</sup> and policies that strengthen job quality.

While the specific approach of each city is unique, there are three common principles that underlie strategies to ensure shared prosperity in cities:

- Continuously creating new, high-quality opportunities for workers and businesses in an expanding nation;
- Increasing economic mobility for individuals and families while narrowing significant disparities by race, ethnicity, and gender; and
- Building and supporting communities where all residents can experience a high quality of life and actively participate in charting their local future.

These efforts to build shared prosperity advance the principles that our nation only succeeds when our cities succeed, and our cities only succeed when all of their communities succeed.

**THE SHARED PROSPERITY PARTNERSHIP HELPS INTEGRATE, ACCELERATE, AND ELEVATE CITY LEADERSHIP ON SHARED PROSPERITY.**

Even in the most entrepreneurial cities, the systematic and structural nature of economic inequality remains vexing, with most positive outcomes existing at the margins. We need new approaches and resources that can support local efforts to bring about more sustained change. We hypothesize that local leaders could garner more systemic results by:

- Aligning around a clear, long-term, cross-sector vision for shared prosperity;
- Translating that vision into strategies supported by resources;
- Ensuring those strategies break down siloes and draw on new partnerships, voices, and data; and
- Embedding these new ways of thinking and acting into sustained, daily practice.

Examples of this approach might include forging new collaborations to better align skills training with regional market demands; strengthening

existing neighborhood businesses and attracting new ones that benefit existing residents, especially historically marginalized populations; and revamping city procurement practices to facilitate more business with entrepreneurs of color.

Cities can pilot these new practices, but they need support and partnerships to deliver on the ultimate goal of shared prosperity. In that spirit, our four organizations – the Kresge Foundation, the Brookings Institution, Living Cities, and the Urban Institute – are uniting our collective energies to accelerate these locally-driven solutions. Through the Shared Prosperity Partnership, we identify, accelerate, and elevate new policies and initiatives that constitute this emerging field of urban practice. Our work builds on critical, initial contributions to the field of shared prosperity and seeks to be additive to and inclusive of existing efforts, such as the Ford Foundation’s work on the Just City, Policy Link’s All in Cities, the US Partnership on Mobility from Poverty, Living Cities’ Integration Initiative, Brookings’s Inclusive Economic Development Lab, CFLeads’ Equity Network, Southern Cities Economic Inclusion Network, National League of Cities’ Equitable Economic Development Program, the Regional Growth Innovation Network, and many more.

The Shared Prosperity Partnership works at two levels:

- 1. Locally, we accelerate promising solutions already underway.** In a select number of cities across the United States, we convene local and regional leaders to learn from one another and forge unlikely alliances. We support these leaders with data, research, and access to national experts, networks, tools, and financial resources.
- 2. Nationally, we elevate promising models.** Through publications, public forums, and a national summit, we seek to inspire refinement and replication of effective models, advance supportive policy reforms at the state and national levels, highlight additional gaps in the field, and offer an agenda for moving forward.

At a time of national challenge, the Shared Prosperity Partnership leverages the work of innovative local leaders to advance a hopeful vision for American society, economic competitiveness, and individual well-being. It’s a bold vision, but one that promises tremendous rewards for individuals, communities, and regional economies. We invite you to learn alongside us and join in the conversation by following our progress at [SharedProsperityPartnership.org](https://SharedProsperityPartnership.org).

## Endnotes

- 1 <http://apps.urban.org/features/wealth-inequality-charts/>
- 2 <https://www.urban.org/research/publication/open-cities-economic-exclusion-urban-inclusion>
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- 17 <http://www.nytimes.com/2013/07/22/business/in-climbing-income-ladder-location-matters.html?pagewanted=all>
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