

SPUR

Ideas + Action for a Better City

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#TacklingInequality

Regional Strategies

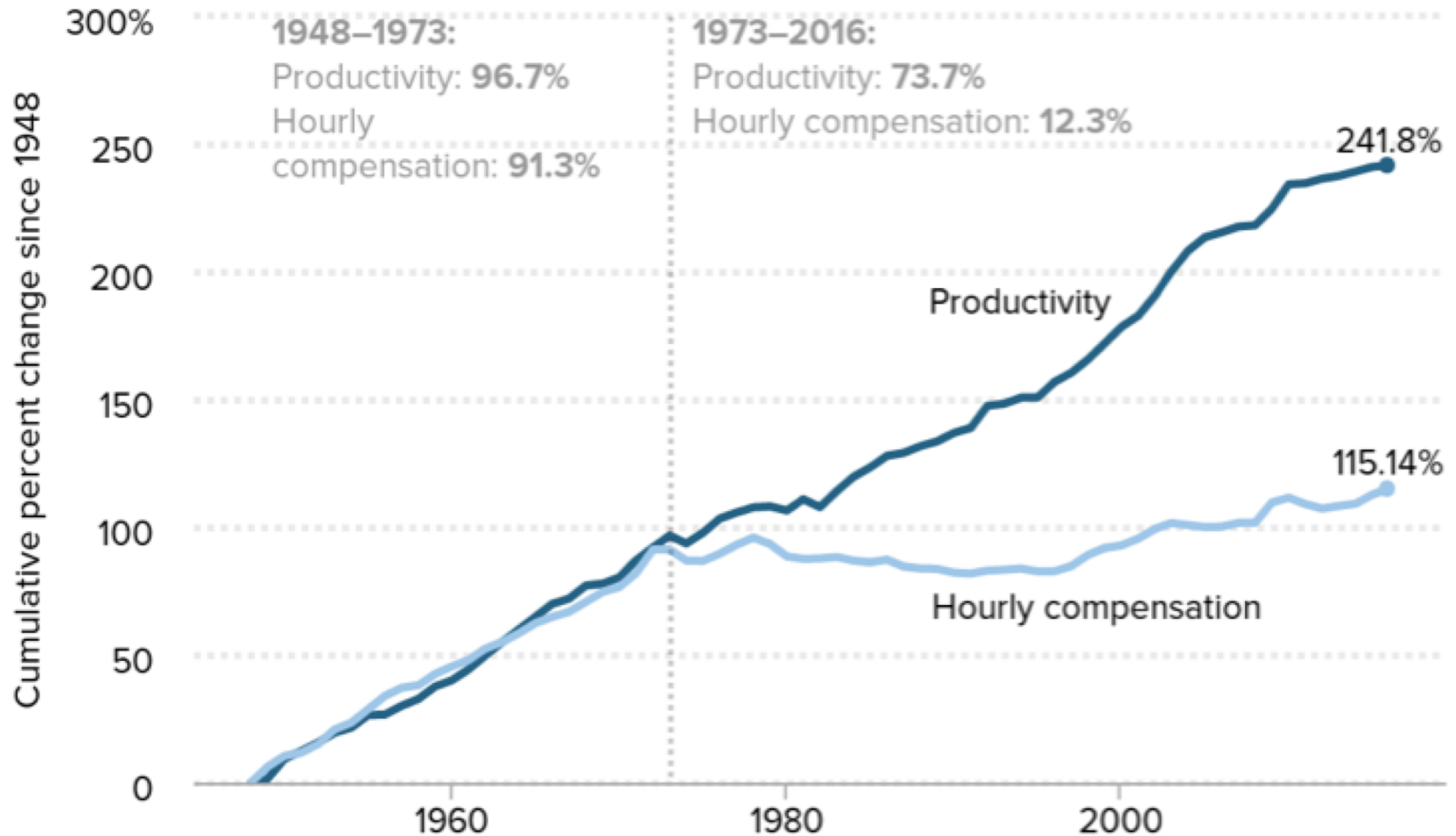
Tackling Extreme Inequality

Mark Gomez, *The Leap Forward Project*

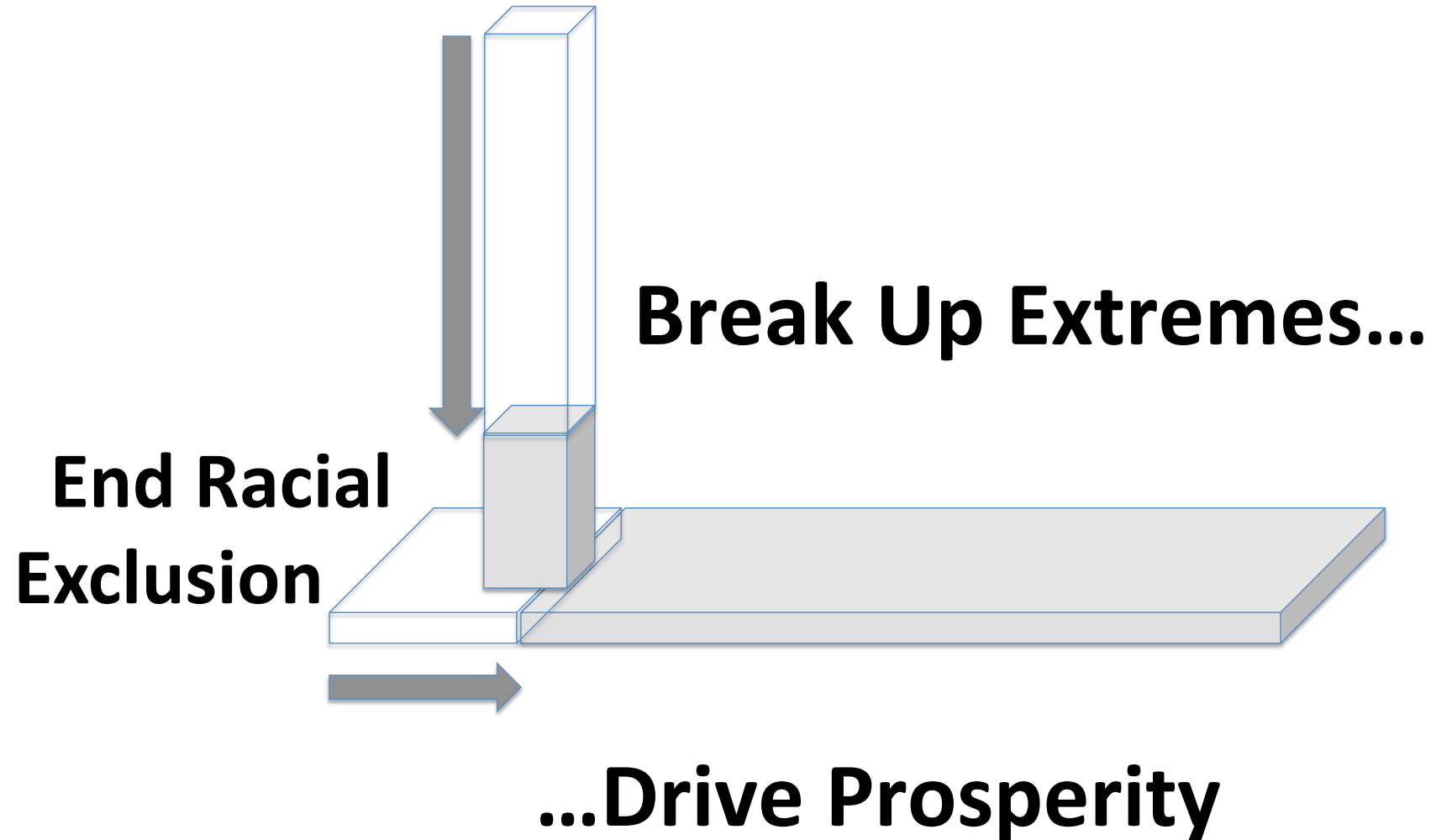
Anne Price, *Insight Center*

August 7, 2018

Forward Together? Then Apart!



Everyone to the Middle-Class



Three Emerging Policies

- **Regional Wage Standards**

OR sets higher wage for Portland metro

- **Anti-Inequality EITC**

Proposals for benefits up to middle-class

- **Young Adult Trusts**

Assets foundation of shared prosperity

What Shapes Inequality?

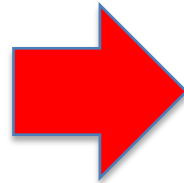
- Dominant Firms, Vulnerable Industries
- Racial Exclusion
- CPI vs. Productivity
- Regional Prosperity

What Shapes Inequality?

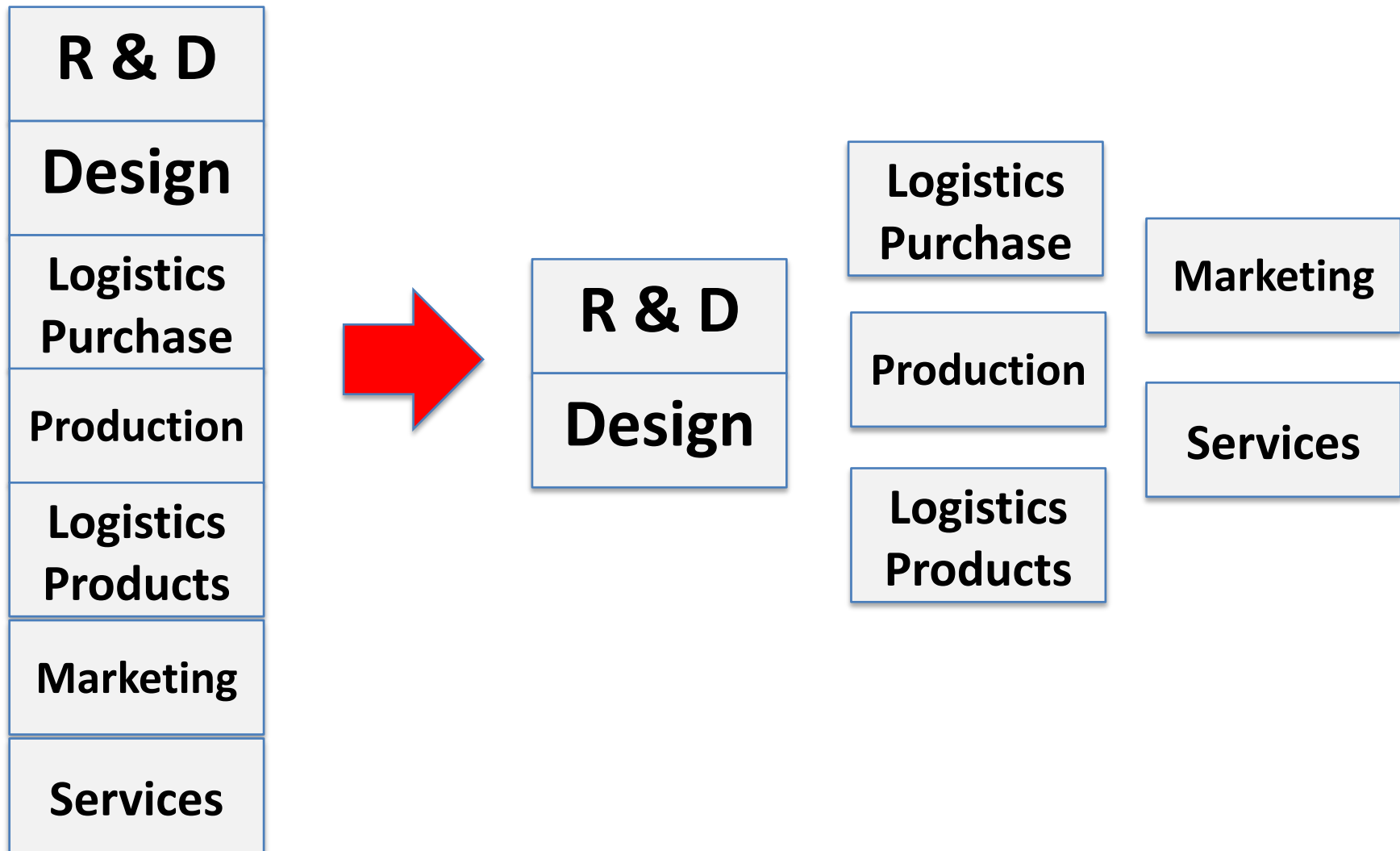
Dominant Firms

Vulnerable Industries

Change in Industry Structure



Disassembling Hierarchy



Contracting Ecosystem



Dominant
Firm(s)

concentrated

RELY ON

Vulnerable
Industries

fragmented

Stabilizing Mechanisms

- government research
- patents & copyrights
- vendor lock in
- natural monopolies

**inherent
in system**

**to prosper firms
need stability**

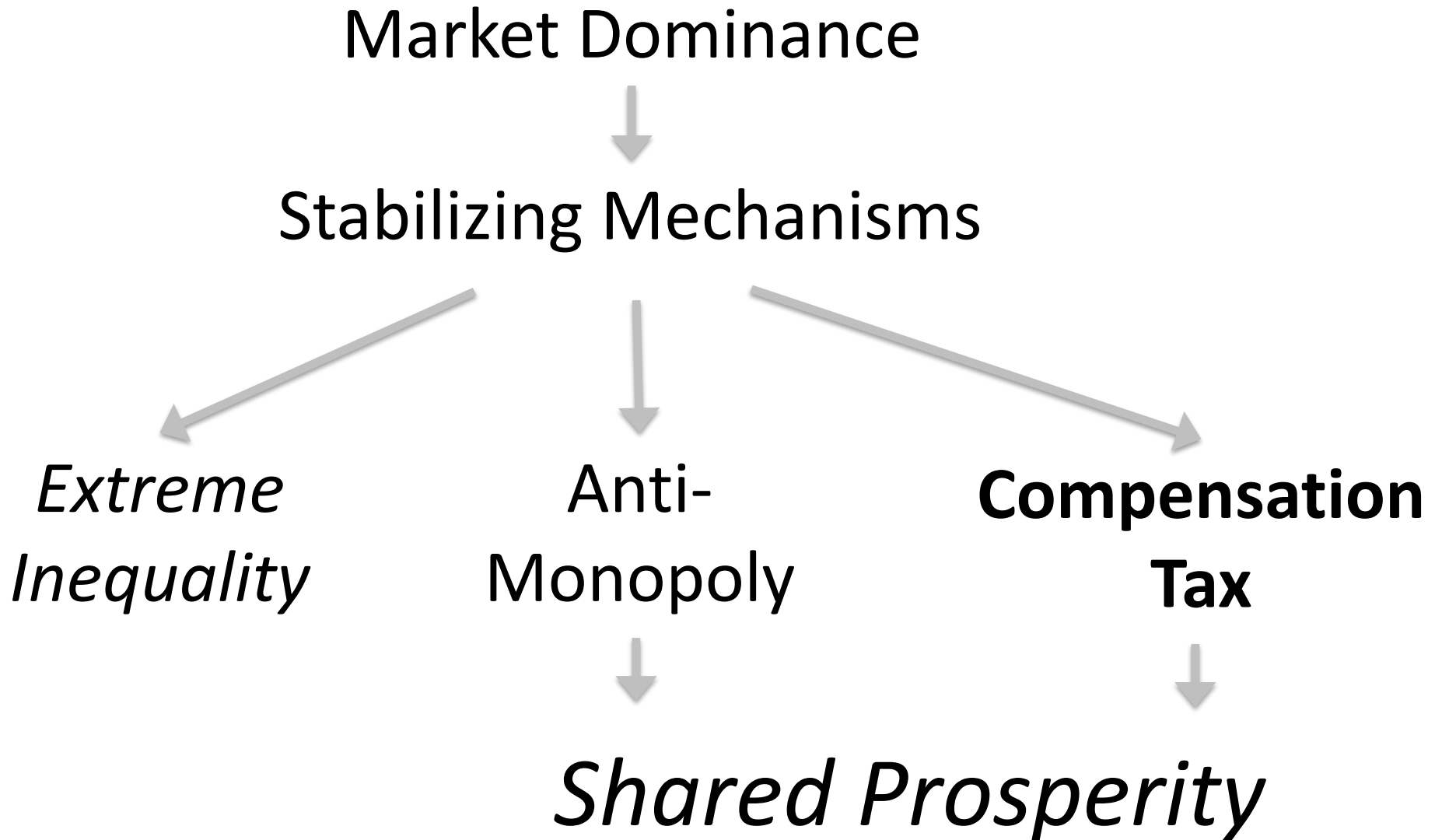
Generating Wage Inequality

- via contractors, quality products *but...*
- blind eye to contractors' workers
- in down periods, race to bottom
- dominant firms prosper at expense of vulnerable industries & their workers

Taxes as Compensation

- war time measures
- target 'excessive' profits
- profits born of stabilizing mechanisms
- taxes compensate the rest of us

EITC to Tackle Inequality



What Shapes Inequality?

Racial Exclusion

The problem of inadequate income in the Bay Area is a **racial equity** issue.



Economic Legacy of Inequity

County	Median Income	White Households	Asian Households	Black Households	Latinx Households
Alameda County	\$79,831	\$95,331	\$101,544	\$42,642	\$60,819
Contra Costa County	\$82,881	\$96,220	\$102,276	\$52,917	\$61,038
Marin County	\$100,310	\$109,205	\$92,136	\$57,626	\$53,106
Napa County	\$74,609	\$80,840	\$105,168	\$71,701	\$58,849
San Francisco County	\$87,701	\$111,704	\$75,013	\$28,603	\$62,153
San Mateo County	\$98,546	\$112,359	\$112,148	\$54,964	\$64,707
Santa Clara County	\$101,173	\$111,307	\$121,383	\$66,429	\$64,434
Solano County	\$69,227	\$75,478	\$85,712	\$53,465	\$58,273
Sonoma County	\$73,929	\$71,542	\$72,651	\$58,364	\$52,781

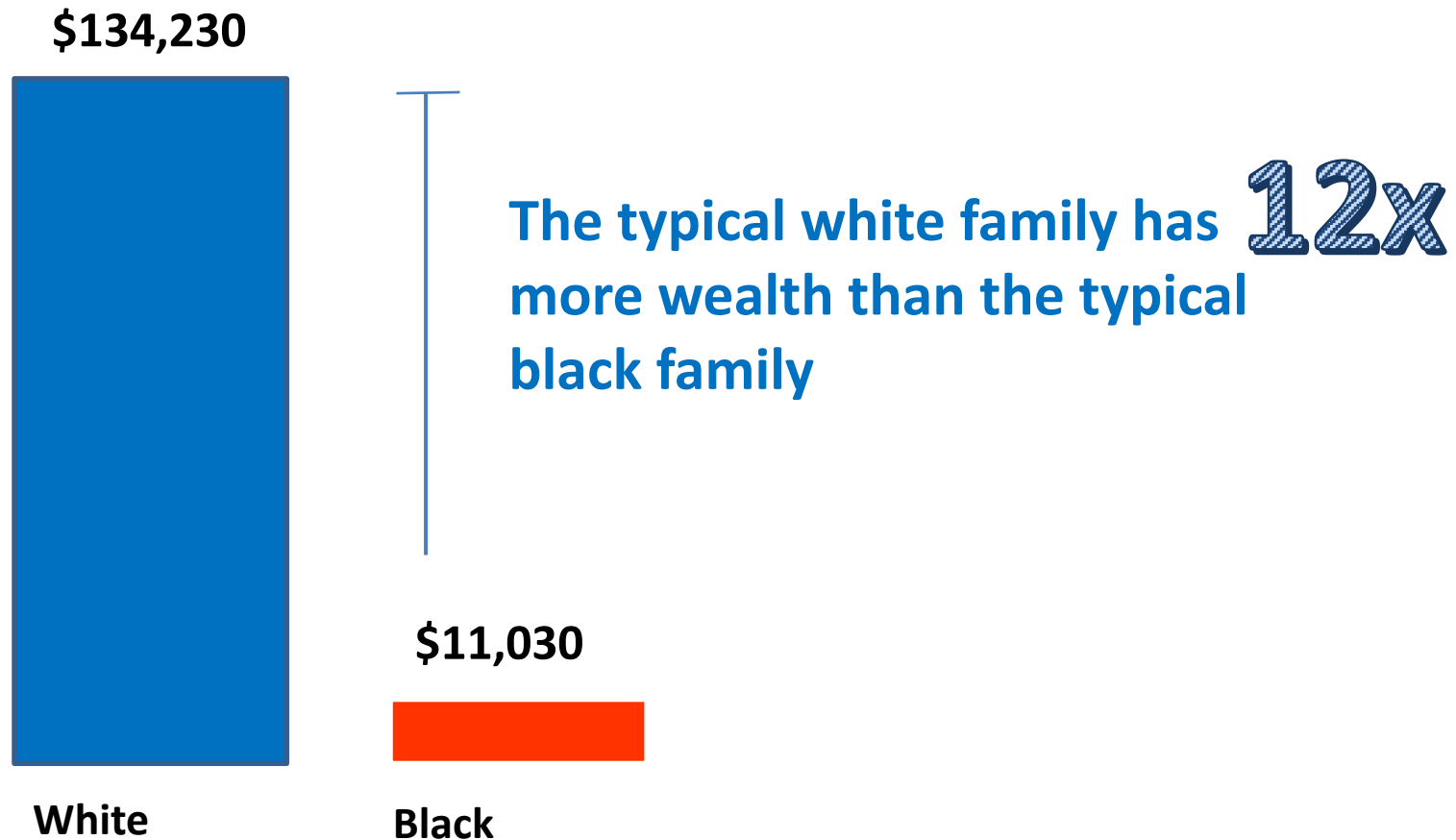
Source: 2016 American Community Survey, U.S. Census Bureau



**Research is
credited to
leading to the
development of
stainless steel**

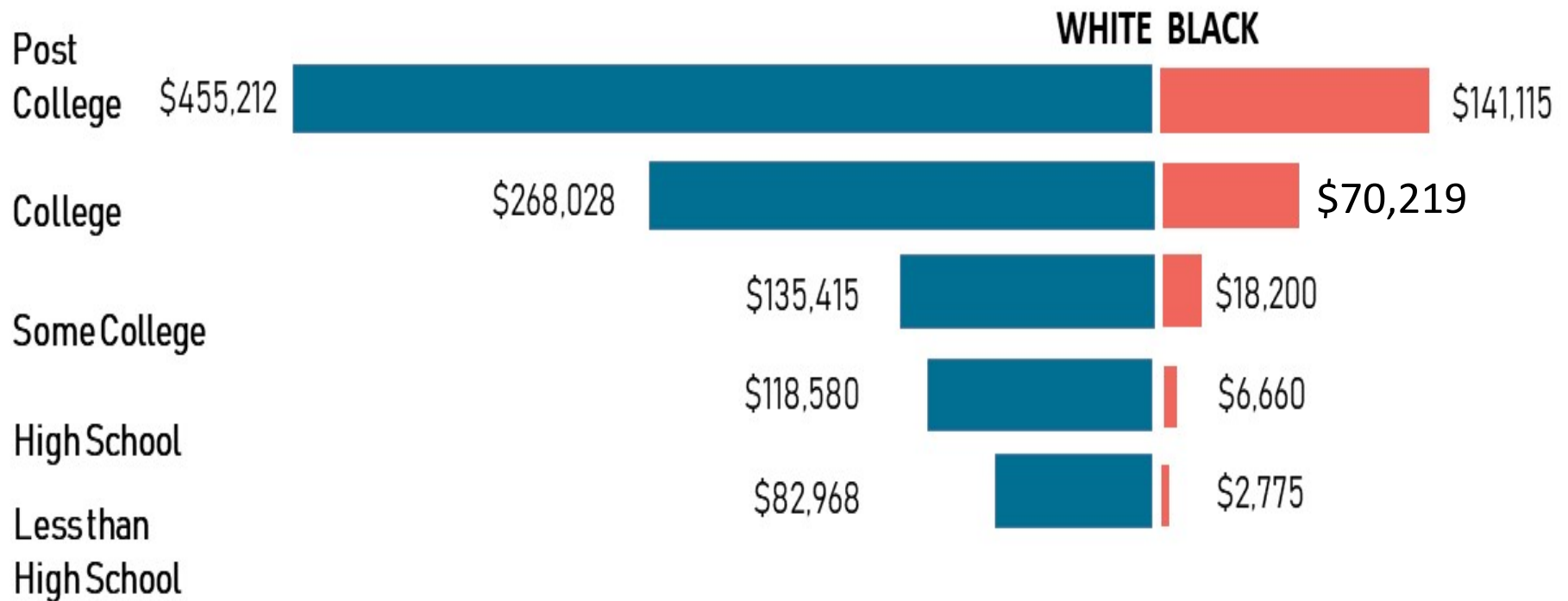
**The Social Security Act excluded
Domestic and Agriculture Workers**





Source: Survey of Consumer Finance, 2013

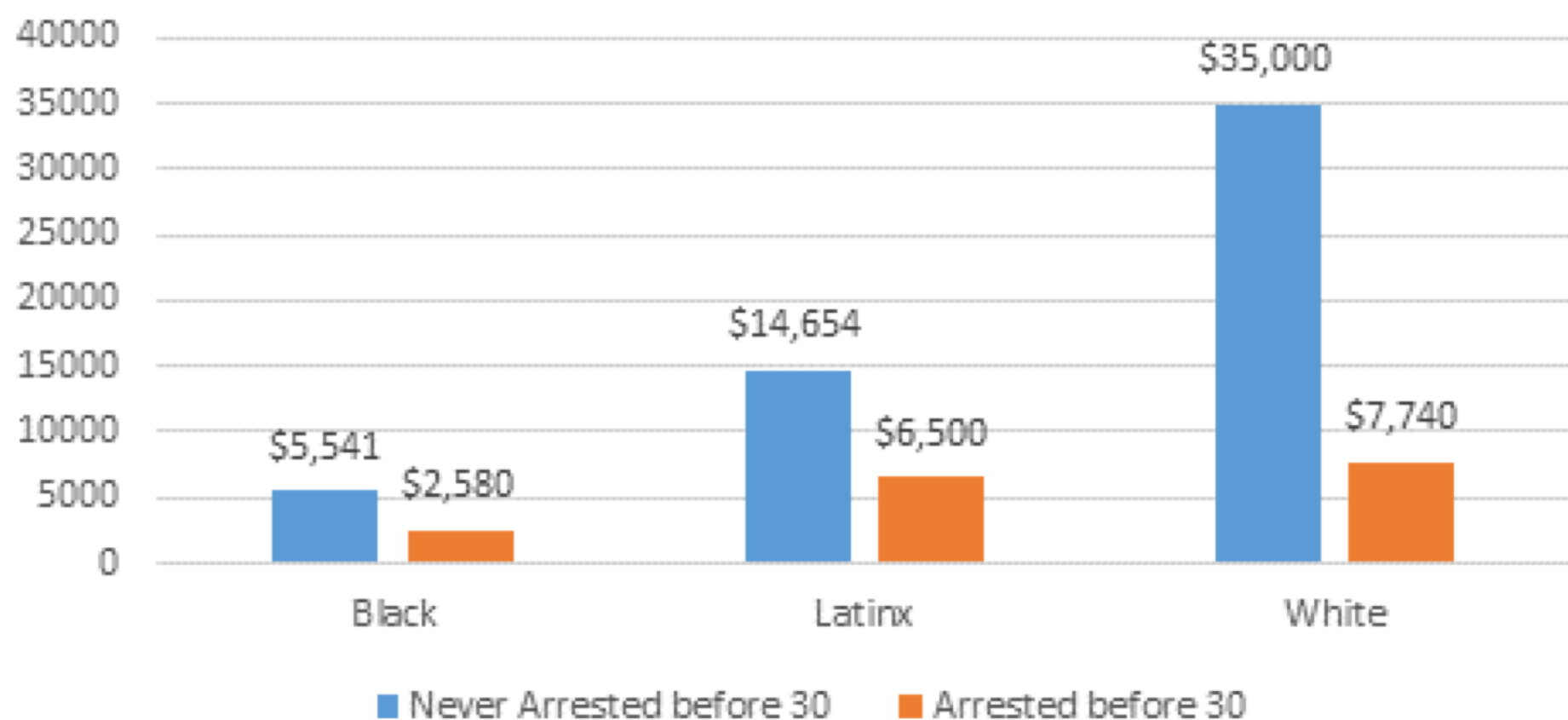
Education is not the great equalizer



Source: Authors calculations, Survey on Income and Program Participation (SIPP) 2014.

Note: Many of these figures were updated from a prior report entitled *Umbrellas Don't Make it Rain: Why Studying Hard and Working Hard Isn't Enough for Black Americans* (Hamilton et al. 2015).

Median Millennial Women's Wealth by Arrest, Race/Ethnicity



BLACK ADULTS WHO RECEIVED FINANCIAL SUPPORT FROM
PARENTS TO PAY FOR COLLEGE

\$58,583

INCOME

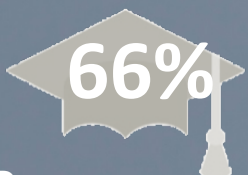
\$17,300

WEALTH



62%

HOMEOWNERSHIP



66%

**COLLEGE
DEGREE**

BLACK ADULTS WHO RECEIVED NO FINANCIAL
SUPPORT FROM PARENTS TO PAY FOR
COLLEGE

\$40,336

INCOME

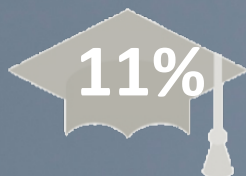
\$3,000

WEALTH



35%

HOMEOWNERSHIP



11%

**COLLEGE
DEGREE**



WHITE ADULTS WHO RECEIVED FINANCIAL SUPPORT FROM PARENTS TO PAY FOR COLLEGE

\$105,281

INCOME

\$74,000

WEALTH

HOMEOWNERSHIP 74%

68%

**COLLEGE
DEGREE**

WHITE ADULTS WHO RECEIVED NO FINANCIAL SUPPORT FROM PARENTS TO PAY FOR COLLEGE

\$73,646

INCOME

\$26,006

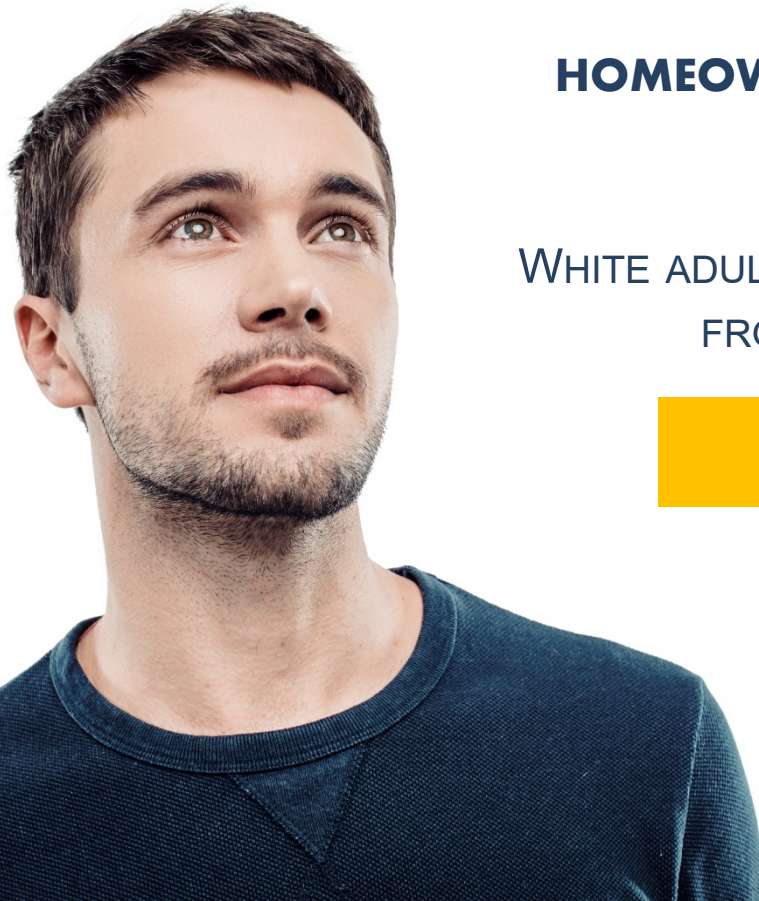
WEALTH

60%

25%

**COLLEGE
DEGREE**

HOMEOWNERSHIP

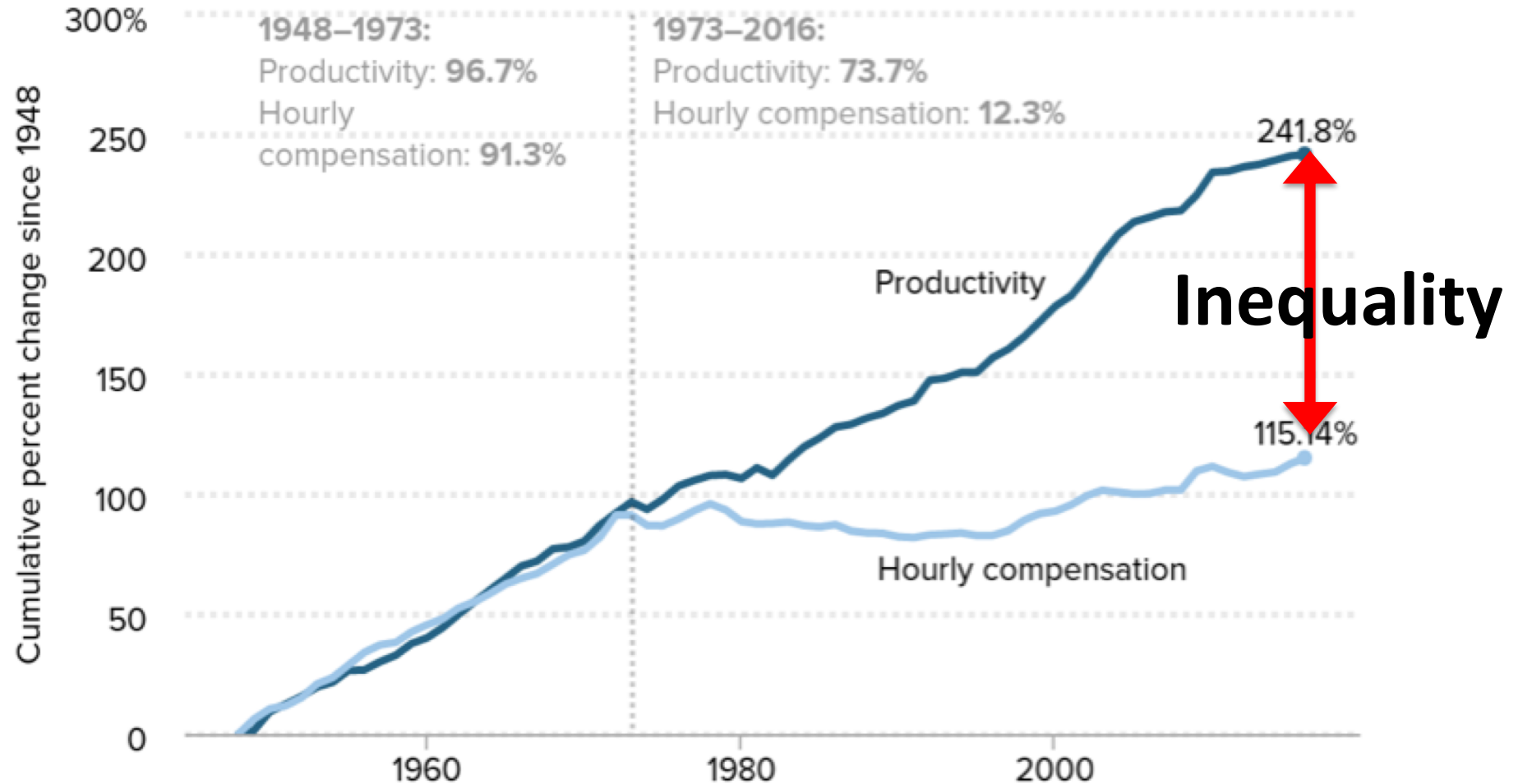


INSIGHT.
CENTER FOR COMMUNITY
ECONOMIC DEVELOPMENT

What Shapes Inequality?

CPI vs. Productivity

Index to CPI, Create Inequality



To Productivity? a Bit Less?

<i>real wages adjusted to</i>	2023	2033	2043	2053	2063
CPI	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Productivity	\$15.00	\$17.84	\$21.21	\$25.23	\$30.00
% Less		-19%	-41%	-68%	-100%

What Shapes Inequality?

Regional Prosperity

California's Economic Regions



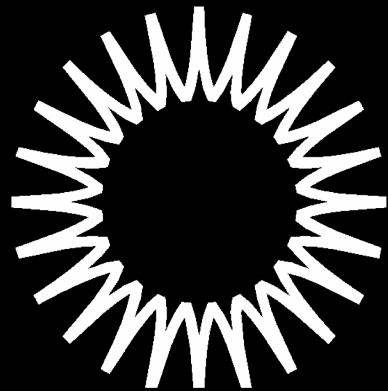
Area	Front Industry % of private pay	Personal Income per capita
#1	11% median	\$34k median
#2	36% to 13%	\$55k to \$42k
#3	35% - 32%	\$62k - \$55k
#4	56% to 39%	\$93k to \$67k

Thinking Regionally

- key, break down concentrations
- prosperous places, higher standards
- challenge, keep state together
- it is not that struggling regions can not afford better

And In Conclusion

- **In Market Place, Power Inherent:** advantaged dominant should compensate those they rely on
- **Race is Baked Into System:** who gets low wages, what is contracted out, who does not have assets
- **Break Down Concentrations, Think Time & Place:** recognized in theory, but have yet to in practice



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