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Is Talk Cheap? Dialogue, Diversity, and Our Economic Future

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The phrase "talk is cheap"—among the many wonderful and seemingly singular American expressions—is meant to capture the spirit of pragmatism so dear to U.S. values. After all, what good is an idea or a discussion if no action comes from it? The phrase also obscures an important fact highlighted by Harvard professor Yochai Benkler. Talk, in fact, is not cheap. Rather, it requires effort to connect between groups, doing that by grounding a conversation in mutually recognized data and reality, and using such interactions over time to build relationships that help people see common ground.

We certainly live in an era in which this sort of reasonable and respectful dialogue has been replaced by cable news channels in which facts are denied in favor of feelings and in which screaming at one another is accepted as standard practice. With national polarization at what seems to be an all-time high, the federal government often seems stuck and D.C. seems more like a reality TV show than, well, reality. As a result, much of the activity that can generate shared understandings and community solutions has moved to the level of our cities and metropolitan regions—places where people necessarily meet face-to-face, place-to-place, race-to-race.

This has generated both profound challenges and profound opportunities. After all, so much of what determines urban fates must be dealt with at a national level. Some examples: the impact of technological change on job creation; the relative openness to immigrant flows; and the long-lasting legacies of slavery, Jim Crow, and over-incarceration on racial equity. But with responsibility devolving by default, it has become the task of civic leaders to generate communities of understanding that can lead to better practices to tackle economic and social changes, and create the path forward to a more inclusive and prosperous future.

Taking on that task of bridge-building requires new analytic grounding and new civic practices. On the analysis side, it is useful to understand what the changing research now tells us about racial and economic inequality: It's actually bad for economic growth. The reasons are complicated—and perhaps temporal in the sense that it may be the case that this is partly a result of the historically high levels of disparity currently facing the United States. Nonetheless, this is a sea change from previous thinking—and while it requires a bit of reprogramming of our usual thoughts, it also helps us see addressing social tensions as central to the economic and job development concerns that tend to drive mayors and other metropolitan and city leaders.

On the practice side, many examples have emerged from metropolitan areas throughout the U.S. that show that creating regional conversations can actually forge new solutions to economic, environmental, and social problems. This is not something limited to liberal areas like Seattle, where the so-called "Seattle process"— creating collaborative and deliberative processes representing multiple stakeholders—is frequently used to address local challenges and come up with consensus-based decisions (either through finding common ground or, as some argue, simply because everyone tires of talking and eventually agrees to a compromise). One also finds it in places like Salt Lake City and Oklahoma City—among the more Republican areas of America—where certain approaches are providing examples of how to adjust to shocks and move forward with a broad consensus about the future.

We label the best of these efforts as attempts to create "diverse and dynamic epistemic communities." It's a fancy term; we were going for publication at a sophisticated university press and so big words matter. (You can download the resulting book, *Equity, Growth, and Community*, for free

Published online in Wiley Online Library (wileyonlinelibrary.com)

at http://growingtogethermetro.org. We swear, it's more readable than the name drop of "epistemic" would suggest.) But the meaning of it becomes simple when you remember that epistemic community really just means what you know and who you know it with. And the secret to dealing with diversity and dynamism—an inevitable part of the demographic changes and economic shocks confronting the nation—is talk.

What's With Equity and Growth?

You probably remember that first economics class you took in college, some of you with deep affection, others with a more painful sense of recollection. Among the central messages was that inequality might be upsetting to those on the liberal end of the political spectrum, but it was essential to economic growth. After all, a famous curve named after post-World War II economist Simon Kuznets pointed out that inequality grew when countries first took off on their development path. This was reinforced by the notion that allowing the rich to capture more of the fruits of their labor (or at least of their ownership) would lead to better incentives, higher savings, increased investment, and faster growth.

As it turns out, the Kuznets curve was a bit of an historical anomaly, one for which the evidence (but not the teaching) increasingly dissipated over time. (Thomas Piketty noted this fact in his famous 2014 treatise, *Capital in the 21st Century*, a book that fundamentally shifted economics while also being, according to Amazon Kindle data that tracks how many pages you electronically turn, the most unread best seller of that season).[1] But the broader point—that at least some inequality is necessary for growth—has persisted, partly because it has an element of truth: A completely equal society would be one with no material incentives or concentrations of wealth to stake on innovative ideas (consider the gloominess of the former Soviet Union).

But intuition will also tell you that the reverse is possible: Too much inequality could slow economic growth. After all, when wealth is concentrated in too few hands, some ideas go unfunded, consumption demand can be dampened, and broad public education of the workforce can suffer. Highly unequal economies also tend to generate financial crises: The rich wind up in risky financial speculation while those below overextend borrowing to stay afloat (Great Recession, anyone?) Moreover, unequal societies generate the sort of social conflicts that lead to polarization, the inability to agree on economic strategies, and so the inability to respond effectively to economic change, including sometimes dramatic swings from the left to the right and back again (think of the economic policy melodramas in so many Latin American countries—and in contemporary America as well).

So, has the United States gotten on the wrong side of the inequality-growth trade-off? Before looking at the U.S.-specific evidence, it is important to realize that much of the initial rethinking on growth and equity was done by economists considering the long-term trajectory of developing countries, exactly the subject of the Kuznets analysis. Among the most important of the recent research efforts on this topic was done by economists at the International Monetary Fund, who were trying to explain "growth spells"—periods in which growth was sustained and so private investors felt more confident in the health of markets. One of their most surprising results: the most consistent and significant predictors of snapping a growth spell short was a country's initial high level of income inequality.[2]

Translating this to the U.S. context requires first deciding on the right unit of analysis. You might be tempted to consider states as the analog to countries, but part of what's changed in the American economy is the emergence of metropolitan regions as the fundamental building blocks of economic activity. With that in mind, economists at the Cleveland Federal Reserve decided to look at what drove economic growth in nearly 120 metropolitan areas similar in size to Cleveland. Having a skilled workforce was a plus; having an older industrial structure was a minus. But, as the economists drolly report, social factors mattered: openness to immigrants was a positive while income inequality and racial segregation were drags on economic growth.[3]

Inspired by the IMF and the Federal Reserve—not exactly groups usually associated with reckless leftist analysis—we decided to look at employment growth spells in over 180 metropolitan areas between the years 1990 and 2011. We considered a range of factors that can help to produce sustained employment growth, including the education of the workforce and the legacy of manufacturing. But among the factors that tended to derail employment growth over time were metropolitan fragmentation (lots of competing governments), racial segregation in housing (lots of competing neighborhoods), and high levels of income inequality (lots of competing policy interests). Interestingly, no correlation existed between overall party voting patterns and growth spells, but the more disparity that occurred between voting patterns in core and suburban areas of metropolitan regions, the greater threat to economic growth.

Some fascinating technical aspects of this research emerge. For example, the size and significance of the coefficient or impact on growth from initial inequality is roughly the same as in the IMF's county-level comparison, a sort of eerie confirmation that we might just be on to something. But for civic leaders interested in prosperity, what really matters is simple: Doing good and doing well can and should go together. In fact, equity is not something to be achieved with redistribution after the fact; rather, it needs to be baked in right at the beginning of the economic development effort. And getting that mix right requires the creation of a new set of regional and civic conversations.

Getting It Right

That equity and prosperity can go together actually resonates with common sense. We know that businesses do better in the long run when they treat their employees, suppliers, and customers fairly. We also know that metropolitan areas characterized by sharp inequalities, growing social distance, and searing city-suburb divides find it difficult to agree on which industries to promote, what strengths to emphasize, and what directions to take. But how does one take both the emerging research and this social intuition and ensure that a metropolitan area gets and stays "woke"?

In our last two books, we have tried to cull lessons from a handful of regions across the country that, over a sustained period, have been able to create not just growth, but rather, "*just growth*"—that is, economic expansion that links prosperity *and* inclusion. While that fortunate coincidence of enhanced output and improved distribution is certainly connected to key structural factors—labor market tightness, rooted firms, and booming industries—we have found a "soft skill" at play: the ability of regions to foster conversation, overcome civic fragmentation, and find the policy "sweet spots" where what seem like two sides of a divide instead become the interdependent yin and yang of a singular whole.

What do these places have in common? We argue that part of the secret is the creation of diverse and dynamic epistemic (or knowledge) communities. A more shorthand and perhaps more resonant expression: there is something about knowing together that helps you grow together. We specifically suggest that creating a diverse regional consciousness about the problems of poverty and its impacts on growth tends to focus attention; meanwhile, collaborative governance, rooted in a commitment to facts and information driving development strategies rather than ideology, can make a difference in outcomes.

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What do these more collaborative places look like? To select them, we utilized an approach based in our own insistence that facts could and should matter. We looked not at how "urban experts" determined success stories but rather identified those regions that stood out after a review of data on growth in employment and wages, on the one hand, and changes in inequality and poverty, on the other. We looked at places that did well and at some that stalled, partly because we want to have some sort of a control or comparison groups. And we learned some interesting lessons along the way.

Consider the Salt Lake City metropolitan region, a place that has posted a remarkably strong record on growth and equity. In a context of rapid demographic change, with the region transitioning from predominantly white to majority minority faster than the country as a whole, it has also been

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relatively inclusive to immigrants (including, for example, giving undocumented immigrants access to driver's licenses more than a decade before deep-blue California)—something that may be surprising given the reputation some might attribute to what are seen as conservative religious influences in Utah. Part of the recipe has been a group called Envision Utah, a planning effort that sought to balance economic growth and environmental protection in the broader Wasatch region but also helped to stir a deeper conversation and set of commitments about Salt Lake's future.

Or think about the political polar opposite—Seattle. About as liberal as you might imagine, it has also achieved better long-term results on growth and equity than most metropolitan regions (although this is at risk now as high rates of growth drive up housing costs). Part of the reason is the aforementioned "Seattle process," a region-specific, culturally-embedded way to solve conflicts that is viewed by many as tedious and time-consuming but is also valued as an effective method to reach consensus. It has helped the city commit to relatively strong requirements on building affordable housing (which have now been proving weaker than needed with the tech-driven housing boom) and its latest most remarkable achievement was the 2014 agreement between business, labor, and civic leaders on a $15 an hour minimum wage.

It's More Complicated

Lest this give a picture that we think that achieving an epistemic community involves singing "kumbaya" around a campfire, consider the fascinating case of San Antonio, Texas. The region has posted better growth and equity results than the rest of the South, and a visit there reveals that the favorite word of nearly every civic actor is collaboration. It's shown in the city's ability to garner a Promise Neighborhood, a Promise Zone, and other federal attention. And the widespread sense of regional common fate was dramatically revealed when the city passed a sales tax increase in 2012 to finance pre-K education for disadvantaged kids—with the full-throated support of the Chamber of Commerce, which viewed it as a long-term investment in workforce development.

They didn't get there by just getting along, however. If you had gone to San Antonio forty years ago, you would have seen community-based organizations challenging the city about an at-large election system that effectively disenfranchised African American and Latino residents. You would have seen fights about getting Community Development Block Grant dollars out to a low-income west side often wiped out by Texas-style (i.e., big as heck) flooding. And you would have seen activists attacking business interests for trying to market the city as a low-wage, low-tax alternative rather than trying to attract the good jobs that could move more people into the middle class.

What allowed San Antonio to move away from the sort of "war of attrition" between competing sides that often dooms regions to stasis? We argue that it was not the absence of disputes but rather the presence of "principled conflict"—that is, a deep commitment to the region, a willingness to engage with those on the other end of the ideological and class spectrum, and an understanding that eventually working together needed to be the goal. But the experience offers important lessons for regions and cities now choosing to tackle racial and other forms of inequality: Expect some bumpiness as equity proponents often need to force themselves and their agendas to the future.

Another key lesson is that data matters. Envision Utah was adept at putting together growth scenarios that made clear the inter-generational results of policy choices. A transformational San Antonio mayor, Henry Cisneros, launched a very early indicator effort, Target '90, that was decidedly low-tech but managed to bring together leadership in a way that later paid off for economic development (the twenty-first century version of this—with more tech bells and whistles—is SA2020). Seattle, both the city and the county in which it sits—have launched data initiatives that seek to effectively and creatively track progress on reducing racial disparities. And in Jacksonville, Florida—another one of our case studies—for more than 30 straight years, a small non-profit called Jacksonville Community Council Inc. (now known as the Citizen Engagement Pact of Jacksonville) spearheaded annual quality of life indicator reports that tracked progress on a wide range of social and economic issues.

Another lesson from our work is that a sudden shock can hurt, but it can also help. San Antonio was goaded to move from conflict to cooperation when defense cutbacks in the early 1990s kicked the chair out from under army base jobs that had helped to sustain decent employment. In another case study in our book, Oklahoma City, the failure to lure a United Airlines maintenance facility with an attractive tax package led to a multiyear investment in improving the quality of life, including a revitalized downtown and a commitment to investing in education under a program called Metropolitan Area Projects. Financing the effort: a series of tax increases supported by Republican mayors and championed by the regional chamber of commerce.

And a final lesson, at least for this short article: social norms matter. What bringing people together to discuss their future can do is not just establish common interests but set a style for the way that people converse and govern. This is different from episodic coalitions—in which groups or experts converge to address a single thorny policy issue. These are sustained groupings and in many metropolitan areas, such as Nashville, they are facilitated by leadership programs that bring together people across sectors to consider challenges, including those facing less advantaged populations, which are key to the future of the region.

Action and Implementation

Notably absent in our discussion so far is what specific policies move the needle on racial and social equity. This is not because we lack in opinions: we are big believers in raising local minimum wages, requiring that workers be hired from communities in economic distress, steering mass transit to the lowest-income users, facilitating credit for small businesses owned by women and people of color, expanding pre-K education with a special focus on poorer kids, coordinating with community colleges to generate paths to middle-skill jobs, expanding programs to encourage immigrant integration (including municipal IDs for the undocumented), and placing special emphasis on addressing the needs of those re-entering the labor market after incarceration.

But we are not here trying to promote a specific policy agenda but rather a better set of conversations. For example, we are not big fans of charter schools, but we see their appeal if a school system has been failing for decades. Like many other economists, we think the dis-employment impacts from minimum wage hikes are way overstated, but we share the concerns that smaller businesses may need special help in making the adjustments. We believe strongly in progressive income taxes, but we acknowledge that that can lead to revenue volatility in markets characterized by booms and busts, and so enthusiasm for redistribution must be tempered with a preference for stability. Our willingness to acknowledge that the other side might have merit comes from what we hope is our own sense of balance, but also the fact that we believe that talk is not cheap. Therefore, we and you should stay in conversation with, and learn from, those with whom we may disagree.

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So, what do we recommend for leaders wanting to start a civic (and civil) conversation about how best to achieve racial and social equity? First, ground any discussions in data about disparities that make a difference. In general, our case studies suggest that using indicator projectors—ones that go beyond broad measures of economic growth to include community well-being and specifically focus in on differences by race and geography—can make the reality of inequality an unavoidable part of the discussion. For regions lacking such a data structure, PolicyLink and USC's Program for Environmental and Regional Equity have teamed up to produce a National Equity Atlas with data on the 150 largest metros and 100 largest cities, which can be used as a starting point.[4]

Second, do not shy away from a conversation about race. Too often, leaders believe that focusing just on common issues can allow you to forego an uncomfortable discussion of racial legacies and realities. That generally doesn't work for two reasons. First, the data analysis we recommend generally just screams at you for explanation of racial differences, particularly why differences persist over time. Second, not lifting up race can cause constituents to feel unseen and unrecognized, making it difficult to come together in honest and authentic ways. We stand by our San Antonio example: Sometimes the best path to collaboration is through conflict, and it is not right to expect that those fighting to get equity on the table will take a quiet and super-polite path when their path has generally been strewn with obstacles.

Third, do not let equity be a special issue. As the research shows, addressing disparity is not simply a matter of redistributing a fixed pie; if done right, it is completely consistent with promoting broad-based prosperity. So there's a business case to be made—and a bureaucratic one as well. By that, we mean that while one might create an office dedicated to equity (or, in an interesting new set of developments, to equity-minded goals like immigrant integration), it is key to drive those concerns all the way through the organization. In Los Angeles, for example, the presence of trash on the streets was seemingly a broad concern but it was one that was particularly pronounced in low-income communities of color; the city implemented a data effort called CleanStat that has sped up response time, generated accountability, and improved daily life for residents in areas like South Los Angeles.

Fourth, exercise leadership on equity. It makes a big difference when mayors, county supervisors, and business leaders speak out on why equity matters, and suggest that they will be holding those working for them accountable. Part of the leadership also comes from community-based and social movement organizations which can change the underlying political calculus in terms of what is acceptable. Some of this may occur in the form of regional collaboratives and public-private partnerships—such as Envision Utah in Salt Lake City or the similar Regional Blueprint process in Sacramento, California—but it may also occur in the less formalized networks that form to address regional challenges. But all efforts require champions and strategists to succeed.

Fifth, understand that equity takes time. While we should be fueled by the urgency of the current moment—unless we steer the economic ship in a more inclusive direction now, metropolitan futures will be much less certain—the data collection, civic conversation, and relationship-building will unfold over a period of years. So too with policy development and implementation. Figuring out what works and how to roll it out requires some experimentation. This is not an excuse for inaction but rather a call to stick with it. Equity should not be treated as a new fad among philanthropic foundations (although it seems to be that right now) but rather a foundational part of building a healthy metropolitan region.

Make the Road by Talking

In trying to understand what makes regions better able to have these conversations and lift up equity concerns, we have often stressed a sort of new three Rs: roots, relationships, and reason. That is, sinking roots in a region for the long haul, recognizing and working with diverse constituencies and multiple actors over time, and striving to resolve issues through reasoned dialogue creates change *within* as well as *between* the relevant actors. Transformed by interactions with each other, the very identities of actors shift: they come to see doing good and planning for the regional future as fitting a set of standards and norms they hold for themselves and others.

In doing this, they are frequently working against institutional incentives and infrastructures. Our metropolitan areas are often characterized by fragmented governance and funding streams that come in silos not consistent with the multifaceted lives of residents. Electoral pressures can force a consideration of how to secure the support of a sufficient majority rather than how to secure the future of the broad society. Bureaucratic rules and logjams can stand in the way of collaborations that can facilitate action. And everyone seems to tiptoe around race, worrying more that a misstatement will sink them than that a failure to talk honestly will sink us all.

But if change is to happen, it will happen in the cities and metropolitan regions. The terms "epistemic distance" and "war of attrition" seem more or less crafted to apply to contemporary D.C. politics. Yet sticking to knowledge chasms and going for "winner take all" politics stands in the way of grappling with the problems of slow job growth, widening inequality, and social separation that have contributed to a broader American crisis. The time for action is now—but it starts with a consensus that innovation and inclusion, economic growth, and social justice, need to go hand in hand. Getting there requires the sort of consensus we see being generated through best practices in America's metropolitan areas and being eroded by the worst practices in America's national-level discourse. Our message to civic leaders: Start talking.

Notes

1 Thomas Picketty, *Capital in the 21st Century* (Cambridge, MA: Belknap Press, 2014).

2 Andrew Berg and Jonathan D. Ostry, *Inequality and Unsustainable Growth: Two Sides of the Same Coin?* (Washington, D.C.: International Monetary Fund, 2011). https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Inequality-and-Unsustainable-Growth-Two-Sides-of-the-Same-Coin-24686

3 Randall W. Eberts, George A. Erickcek, and Jack Kleinhenz. 2006. "Development of a Regional Economic Dashboard," *Employment Research* 13(3):3–5. doi:10.17848/1075–8445.13(3)-2

4 National Equity Atlas, accessed June 14, 2017. http://nationalequityatlas.org/

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