

Equitable Economic Policy Notes

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PolicyLink Report

PolicyLink has a 2013 report, “Economic Inclusion: Advancing an Equity-Driven Growth Model”, that focuses on four policy areas for encouraging inclusive economic growth/development: 1. target “high opportunity” sectors 2. make us of anchor institutions 3. minority owned business support strategies 4. job creation through public investment

Of course, PolicyLink’s primary critique, and call to action, is that inclusive economic development should be the primary strategy of local and regional economic development actors so these strategies should be the foundation on which plans are built.

“High-Opportunity Sectors”

“High-Opportunity” sectors in the PolicyLink definition are competitive/growing industries that offer good paying jobs to workers with a wide range of educational attainments (in this, case, workers who do not have a four year degree). This dual industry-occupational analysis requires targeting high growth industries, targeting well compensated occupations, and developing policies/programs to match workers to these jobs.

Ironically, the PolicyLink report first mentions Chicago’s *Manufacturing Works* program for matching minority and hard to employ job candidates with local manufacturers as a premier example of this kind of policy. While the name of this set of policies seems to be focused on identifying such sectors, it is clear this set of policies is about workforce development and job matching. It would seem *Manufacturing Works* and your ongoing work with manufacturers and job placement fit here and offer a potential set of case examples, at least for manufacturing.

Anchor Institutions

Examples such as the Evergreen Cooperatives in Cleveland remain the exemplar of trying to leverage the economic power of local anchor institutions. While Evergreen remains the prototypical example of such initiatives there are critiques that question its overall effectiveness and replicability across cities¹. Rowe et al particularly focus on the necessity on the need for strong foundation and public support for nascent co-operative enterprises.

Chicago may be well suited, then, as an area for such co-operative enterprise given the presence of large number of foundations and sizable public and private institutions. The city does have an ongoing anchor institution strategy called CASE (Chicago Anchors for a Strong Economy) which acts as an intermediary/matchmaker for candidate small businesses and participating local anchors. CASE is supported by the Polk Bros, Surdna, and Heron Foundations. This approach is distinct from the co-operative model seen in Cleveland focusing primarily on existing small, already strong businesses and matching them to prospective clients. There do seem to be a healthy mix of minority-owned firms, but the 2015 Annual Report does not offer detailed breakdown on the member businesses. Still, CASE offers an existing institution that can do more or, at minimum, offer better detail on what it has accomplished and ways forward.

Support Minority-Owned Business

PolicyLink identifies two major areas of minority-owned business support: initial entrepreneurship support, defined as training for nascent minority entrepreneurs who need help with business formation and technical assistance; and small business growth programs focusing on growing existing minority-owned businesses. While these two approaches have their own challenges, the primary challenge in supporting small minority owned business is the gap in financing available to such firms. If there is a space where policy guidance is sorely needed it is here. PolicyLink also wants to encourage the growth of minority owned businesses in high growth, high value add sectors where they are dramatically underrepresented.

Public Investment

PolicyLink recognizes the general economic boost increased public spending can provide but recommends governments keep four goals in mind:

¹Rowe, J., Peredo A., Sullivan, M., Restakis, J. 2017. Co-operative Development, Policy, and Power in a Period of Contested Neoliberalism: The Case of Evergreen Co-operative Corporation in Cleveland, Ohio. *Socialist Studies*. 12(1). <https://www.socialiststudies.com/index.php/ss/article/view/26949/20065>

1. Choose projects that maximize jobs impact- This seems self-evident but local and state governments can have a greater positive impact by investing in more labor intensive projects. According to PolicyLink, investing in better public transit yields 31% more jobs than equivalent investment in roads or bridges alone
2. Target investments in areas of greatest need
3. Hire locally for both construction and permanent jobs (not mentioned, but should review LAANE's work)
4. Create opportunities for MBEs along the supply chain of projects

Conclusion

PolicyLink covers four wide subject areas for cities interested in making more inclusive economic development policy, but the primary takeaway, I believe, is that city-regions must be intentional about their policy. Many metro regions, especially Chicago, already have strong institutions doing this kind of work and what the city can do is to identify these institutions and to connect them with each other. If gaps are present, or there are particularly pressing needs, then the city should look into taking independent steps on its own. An example of this would be looking at the financing gap for minority-owned businesses or working with CASE to see if it would be capable of encouraging the growth of co-operative businesses a la Evergreen if the city seeks to expand business ownership among working neighborhoods. Chicago has strong public and private educational institutions, a large number of foundations, and strong neighborhood development groups. This seems more like a problem of coordination than an absence of existing policies or institutional capacity, though that may be the case in certain areas.