

# Building Economic Growth and Inclusion Together

*Insights from a Dialogue among Bosch Alumni Network Members from the US and Europe*

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City leaders typically think about improving economic growth and improving inclusion and social cohesion as two separate challenges, often with economic development as a precondition to other social goals. Under this logic, a city or region would need to grow first; then, low-income or historically excluded residents could benefit from that growth—through job access, improved services and safety nets, or direct redistribution.<sup>1</sup> However, the Urban Institute’s research on inclusive recovery in US cities concludes that more inclusive cities—measured by both income and racial equality—are economically healthier. And, cities that improve economically tend to improve on racial and economic inclusion.<sup>2</sup> This evidence suggests a need to rethink economic development through strategies that enable *all* residents, especially historically excluded groups, to contribute to growth.

## An International Exchange

On September 13, 2019, the Urban Institute and the Bosch Alumni Network hosted a one-day workshop to compare inclusive economic growth strategies among US and European stakeholders working in federal and local government as well as civil organizations across multiple sectors, including education, economic development, and immigration policy. The workshop exposed participants to new ideas for improving social cohesion and economic growth together.

At the workshop, the Urban Institute presented its inclusive recovery research and building blocks to determine their international resonance and validity. Based on the content, participants developed [action plans](#) for making significant policy or practice changes in their home countries and cities.

### Building Blocks for an Inclusive Economic Recovery

- Adopt a shared vision
- Build and sustain bold public leadership
- Recruit partners from across sectors
- Leverage assets and intrinsic advantages
- Think and act regionally
- Build voice and power
- Reframe inclusion as integral to growth

The workshop took place within the Bosch Alumni Network.  
The Bosch Alumni Network is a cooperation between

## Defining Inclusion: Insights from the Dialogue

The inclusive recovery research uses two metrics to describe inclusion: economic and racial inclusion.<sup>3</sup>

- **Economic inclusion** reflects the ability of *residents with lower incomes* to contribute to and benefit from economic prosperity. We measure this by looking at income segregation, housing affordability, the share of working poor residents, and the high school dropout rate.
- **Racial inclusion** reflects the ability of *residents of color* to contribute to and benefit from economic prosperity. We measure this by examining racial segregation; racial gaps in homeownership, poverty, and educational attainment; and the share of the city's population that are people of color.

Workshop participants compared this definition of inclusion to their understanding of the term in western and eastern Europe. Participants made numerous observations about measuring inclusion in these contexts.

### Historical and Cultural Considerations

- Racial diversity has increased more recently in Europe than in the US, mostly from migration since World War II.
- In the European context, “**inclusion**” often refers to improving the lives of newcomers, those who are handicapped, and second- or third-generation families of immigrants, rather than addressing endemic discrimination based on racial and ethnic group identity. This variance stems partly from a lack of statistics on racial and ethnic disparities.<sup>4</sup>

### Data Limitations

- Most European countries collect limited data on race and ethnicity.<sup>5</sup> In 2012, only half of European countries collected data on ethnicity in official statistics; the UK and Ireland were the only countries with multi-choice categories similar to what is used in the US. Several countries, including Germany, France, the Netherlands, Denmark and Sweden, use “foreign-born” categories asking for the birthplaces of people's parents.
- While advocates state that information on ethnicity and race is needed to resolve discrimination in education, health care, policing, government positions, and other areas, officials in countries like Germany and France are hesitant to collect such data because of how they were used during World War II. European countries also argue that collecting these data could divide their societies beyond the commonality of belonging to a nation-state.<sup>6</sup>

### Social Cohesion and Inclusion

- Europe considers **social cohesion** alongside inclusion. For example, the European Union uses the term, and it funds social programs to achieve “cohesion” outcomes in countries and cities throughout the continent.
- Both US and European workshop participants preferred “social cohesion” and “**social inclusion**.” Participants felt these terms implied that both groups had a responsibility to approach one another on an equal playing field. Other common terms used in the European context, such as “integration” and “assimilation,” put the onus on minority groups to accept the majority culture and institutions, which are often not representative of their backgrounds and identities.

- Some European cities use “open city” to communicate an opening of policies and programs to immigrants and people of color. For example, Darmstadt, Germany, brands itself as an international place of welcoming, no matter the background of the resident.<sup>7</sup>
- Participants agreed that language is used to signal approaches to inclusion and, in this area, precision matters.

## Building Economic Growth and Inclusion Together: Adapting the Inclusive Recovery Framework

The US has no standard definition of inclusive economic growth. Some definitions emphasize pairing traditional economic growth models with efforts to narrow disparities by race, ethnicity, and gender,<sup>8</sup> whereas others emphasize direct participation and ownership of economic development by communities typically left behind.<sup>9</sup> Urban’s research uses the premise that *inclusive recovery occurs when a place overcomes economic distress in a way that provides the opportunity for all residents, especially historically excluded populations, to benefit from and contribute to economic prosperity*. Through a series of case studies, the authors propose seven intentional strategies, or building blocks (listed on page 1), that local leaders can employ to achieve inclusive economic growth.

At the Urban Institute–Bosch Alumni Network workshop, participants stated that this definition of inclusive recovery and the building blocks largely resonated with their experiences as practitioners in Europe. Participants mentioned several additional distinctions that are important when addressing growth and inclusion in Europe and internationally.

### *Reframing Inclusion as Integral to Growth Is Imperative*

The connection between economic growth and inclusion is often not made in the European context. Asylum seekers and new immigrants are often viewed as a potential drain on public resources. This viewpoint isn’t without warrant; concerns about language barriers and skill levels of newcomers make it difficult to view their potential for contributing to economic growth. Interestingly, local governments and civil society are often the first to embrace the economic potential of integration. A good example comes from Turkey where over 3.5 million Syrian refugees have made their home since the beginning of the Syrian civil war. Local governments have flexibly supported integration with language courses, social support programs, and flexibility in labor market regulations, but the national government has yet to adopt a formal integration policy.<sup>10</sup> Participants stated that they hoped for more innovation at the state and national levels in the future. They believed that local examples could make the case for the return on investment in new populations to higher levels of government.

### *Changes Could Be Made to How European Cities Adopt a Shared Vision and Bold Leadership*

Many European cities have comprehensive master plans that outline their short- and long-term vision for urban planning and economic growth. Many cities also create separate integration plans outlining their strategies for improving inclusion. These plans are rarely brought together. Participants sought strategies on how to create a master plan that improves inclusive growth. They felt that actively incorporating social cohesion strategies in a city’s master plan could lead to implementation of such strategies and improve city leadership accountability to growing the economy from the human resources already present.

## *The US and Europe Have Similar Inclusion Policy Levers but Different Challenges, Contexts, and Solutions*

**Affordable housing is a shared challenge to achieving inclusive economic growth in the US and Europe.** Participants stated that in many large European cities, housing costs are completely unbalanced with incomes. Further, many countries and cities do not have effective antidiscrimination laws to prevent housing discrimination; where laws are in place, enforcement is lax. Without a stable foundation of housing, it is difficult for vulnerable residents to benefit from economic growth.

**Education and employment are key to inclusive growth, but different barriers exist in Europe.** Participants noted that they believed the employment market was more inflexible in Europe than in the US. The European markets required more certifications and degrees that often could not be transferred easily from other places or fields. And, it was generally more difficult to work in an informal setting or gray market in Europe than in the US. This poses a particular challenge for newer immigrants who often face language barriers and degree or skill transferability issues, which could lead to waiting years or even decades to find meaningful work. Gender disparities also exist in employment outcomes. These may be driven by lack of training and education of women in home countries. For example, in Germany, when education levels of asylum seekers are taken into account, men and women with high educational status are employed at comparable rates, while men and women with lower education levels have more disparate rates.

### *Governance Challenges Could Impact Effective Regional Action*

Supranational, national, state, and local governance shapes inclusion outcomes. Participants noted that EU grants for some social cohesion programs are awarded locally rather than nationally. Large cities can often compete more effectively for these resources, leaving smaller cities behind. The outcome is differing capacities to address inclusion across places within the same country. Participants concluded that city-to-city [peer learning](#) was an important additional building block in the European context—both for cities within the same country and between international cities—to smooth the imbalance in integration skills across places.

## **Putting Theory into Practice: Pursuing Inclusive Growth Tactics**

Workshop participants developed [action plans](#) for moving forward their ideas for inclusive economic growth—with the goal to make significant policy or practice change in their home countries and cities. Examples of the goals of these action plans include the following:

- Integrating a cohesion strategy into the national school curriculum of the UK.
- Creating a digital inclusion strategy to close the digital divide in Darmstadt, Germany.
- Developing a nationwide master plan and corresponding regional plans to support the inclusion of Syrian and Iraqi refugees in Turkey.

Using the Bosch Alumni Network platform, participants will continue to work as peers to pursue their strategies in the months following the workshop.

## Notes

<sup>1</sup> See Edward L. Glaeser and Matthew E. Kahn, “From John Lindsay to Rudy Giuliani: The Decline of the Local Safety Net?” *Economic Policy Review* 5, no. 3 (1999).

<sup>2</sup> The Urban Institute’s work on inclusive cities includes the report *Measuring Inclusion in America’s Cities* by Erika Poethig, Solomon Greene, Christina Stacy, Tanaya Srini, and Brady Meixell (Washington, DC: Urban Institute, 2018) and the related April 2018 interactive web feature “Measuring Inclusion in America’s Cities,” <https://apps.urban.org/features/inclusion/?topic=map>.

<sup>3</sup> See Erika Poethig, Solomon Greene, Christina Stacy, Tanaya Srini, and Brady Meixell, “Measuring Inclusion in America’s Cities,” Urban Institute, April 25, 2018, <https://apps.urban.org/features/inclusion/?topic=map>.

<sup>4</sup> See Aamna Mohdin, “The EU Has Cut Race and Ethnicity Out of Its Plans for Staff Diversity,” *Quartz*, July 20, 2017, <https://qz.com/1034672/the-eu-has-cut-race-and-ethnicity-out-of-its-plans-for-staff-diversity/>.

<sup>5</sup> See Patrick Simon, “The Choice of Ignorance: The Debate on Ethnic and Racial Statistics in France,” *French Politics, Culture, and Society* 26, no. 1 (2008): 7–31.

<sup>6</sup> Hephzibah V. Strmic-Pawl, Brandon A. Jackson, and Steve Garner, “Race Counts: Racial and Ethnic Data on the U.S. Census and the Implications for Tracking Inequality,” *Sociology of Race and Ethnicity* 4, no. 1 (2018): 1–13, <https://doi.org/10.1177/2332649217742869>.

<sup>7</sup> See the city’s 2012 integration policy, “Weltoffenes Darmstadt leben und gestalten,” at [https://www.darmstadt.de/fileadmin/Bilder-Rubriken/Leben\\_in\\_Darmstadt/soziales/migranten/interkultureller\\_bericht\\_2012\\_72dpi\\_01.pdf](https://www.darmstadt.de/fileadmin/Bilder-Rubriken/Leben_in_Darmstadt/soziales/migranten/interkultureller_bericht_2012_72dpi_01.pdf).

<sup>8</sup> See Alan Berube, Julie Bosland, Solomon Greene, and Chantel Rush, *Building Shared Prosperity in America’s Cities* (Washington, DC: Shared Prosperity Partnership, 2018).

<sup>9</sup> See the PolicyLink website, <https://www.policylink.org/our-work/economy/equitable-growth>.

<sup>10</sup> See Kemal Kirişçi, Jessica Brandt, and M. Murat Erdoğan, “Syrian Refugees in Turkey: Beyond the Numbers,” Brookings Institution blog, June 19, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/06/19/syrian-refugees-in-turkey-beyond-the-numbers/>.

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