



# DIVERSITY AND INCLUSION FOR THE 21ST CENTURY ECONOMY: An Imperative for Chambers of Commerce

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## ABOUT THE AUTHORS



### Chris Benner, Ph.D.

Dr. Chris Benner joined UC Santa Cruz in April 2015, as the Dorothy E. Everett Global Information and Social Entrepreneurship Chair, Executive Director of the Everett Program, and Professor of Environmental Studies and Sociology. He holds a Ph.D. in City and Regional Planning from the University of California Berkeley and has written extensively on equity, economic growth, and labor force issues.



The Everett Program uses the technical, educational, and research resources of the University of California, Santa Cruz to work directly with communities, empowering people to design practical solutions to persistent problems. We function as a working social innovation lab, harnessing ideas and business practices to create social change.

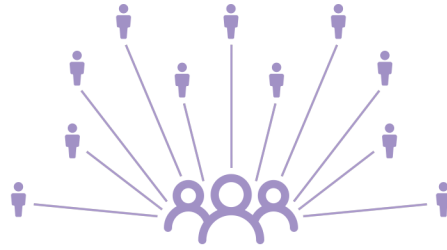


### Manuel Pastor, Ph.D.

Dr. Manuel Pastor is Professor of Sociology and American Studies & Ethnicity at the University of Southern California. He currently directs the Program for Environmental and Regional Equity at USC and USC's Center for the Study of Immigrant Integration. He holds an economics Ph.D. from the University of Massachusetts, Amherst, and is the inaugural holder of the Turpanjian Chair in Civil Society and Social Change at USC. Dr. Pastor's research has generally focused on issues of the economic, environmental and social conditions facing low-income urban communities.



The Program for Environmental and Regional Equity (PERE) is a research unit within the USC Dornsife College of Letters, Arts & Sciences. PERE conducts research and facilitates discussions on issues of environmental justice, regional inclusion, and social movement building. PERE conducts high-quality research in focus areas that are relevant to public policy concerns and reaches directly affected communities who most need to be engaged in the discussion.

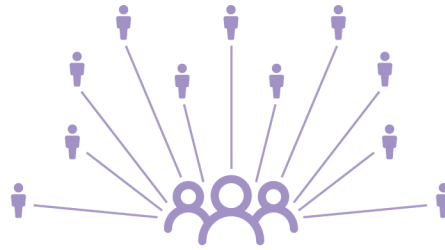


## ABOUT ACCE:



Founded in 1914, the Association of Chamber of Commerce Executives (ACCE) is a professional society supporting the women and men who lead local, regional and statewide chambers of commerce and similar private-sector funded business and economic development organizations. ACCE's membership includes more than 1,300 organizations across North America. They provide members with information resources, education opportunities, original research, on-demand consulting, retirement security, thought-leader connections and network access.

Driven by a desire to increase diversity and inclusion throughout the chamber movement, in 2015 the ACCE Board of Directors adopted this commitment to inclusion: For the betterment of the association, chamber leaders and the communities they serve, ACCE will champion access and equity of opportunity through intentional inclusion of all.



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## EXECUTIVE SUMMARY

America is changing. Demographically, we are projected to become “majority-minority” before 2050; the big news is that this is no longer driven by immigration (which has, in fact, slowed) but rather by births in the U.S. That demographic inevitability has been accompanied by an unsettling shift in the American economy: while debates continue to occur about the respective roles of technology and international competition in either creating or destroying employment, it is clear that the average person’s sense of job security has withered in what was supposed to be an exciting and hopeful new economy. Much of the economic change would be palatable if fortunes were rising or the pain was shared along the entire spectrum of the income distribution, but the sharp rise in inequality in the U.S. – higher now than at any time since the Gilded Age (Lindert & Williamson, 2016, p. 119) – has given rise to populist movements on the left and right that cast blame on elites and a “rigged” system.

Addressing these challenges would be easier if all actors were able to agree on a basic set of facts and so devise evidence-based solutions to the problems we face. Unfortunately, just as our crises have hit fever-pitch, we have also hit a new zenith in the fragmentation of knowledge: while Americans in the 1960s tended to glean their information from “broadcast news,” we are now fully in a “narrow-cast” world in which cable television channels appeal to certain audiences (and disdain others) even as many of us rely on our curated Facebook or Twitter echo chamber to deliver analysis with which we already largely agree. Unchallenged by opposing perspectives, we are increasingly drifting apart at exactly the moment in which we need to know and grow together.

Local and metropolitan chambers of commerce did not invent these issues – but it is the new context in which they operate. Business as usual – having chambers push for a tax break here or a streamlined regulation there – is no longer enough. As place-based actors with a perceived commitment to place and often a high level of community trust, chambers can and should play a broader civic role at helping Americans make their way through these dramatic shifts. After all, business leaders can see the opportunity change brings and they increasingly recognize that there is a strong economic case for embracing not rejecting our growing diversity by race, sexual orientation, and so much more. Indeed, emerging evidence suggests that when we all adjust more gracefully to the shifts in both who we are becoming and how the economy now works, we are able to help our metropolitan regions prosper.

Some places are leading the way, offering lessons for others to follow. In San Antonio, Texas, decades of discord between business and community have been replaced by striking instances of collaboration, particularly around supporting pre-K for less advantaged kids – with the business case being that this is part of preparing the workforce for the mid-century. In Jacksonville, Fla., a long-established Community Council has been bringing together actors across sectors to devise solutions to the region’s pressing problems; younger business leaders have consistently been part, building bridges across the region that allow for quick and effective responses. In metros as conservative as Salt Lake, as liberal as Seattle, and as straight down the middle as Raleigh, N.C., we find a commitment to planning processes that bring multiple actors together to embrace their shared fate and find real solutions to problems as vexing as homelessness, poverty, immigration, and the environment; in all these cases, business leadership has played a key role.

We suggest that this range of efforts illustrate the creation of what we have termed “diverse and dynamic epistemic communities.” Leave it to academics to complicate a term: basically, it’s what you know, who you know it with, whether those partners hail from differing sectors, and whether the overall partnership is able to deal with shocks and change. This might sound a bit daunting (particularly the choice of words) but think about it: doesn’t that describe the work of local chambers of commerce, organizations that are rooted in place, share ideas and strategies across economic sectors, and do this fundamentally to ensure regional resilience and prosperity?

The new twist in that role in the 21st century is that chambers are increasingly likely to find themselves leading beyond the business community and even beyond their own direct interests. In an earlier age, the glue to hold things together would have come from a broader social infrastructure: faith-based institutions that would provide some sense of common ground, a news media that enjoyed high confidence and could ground the conversation in facts, business elites who could marshal resources for civic purposes, labor unions that could insure that wage hikes and immigrant mobility were a reality and not just an aspiration, and a government that could provide its own set of supports, with broad social agreement on many of the basics like Social Security, Medicare, transportation infrastructure, environmental protection, and the like. In that context, business could more or less pursue its own particular concerns and assume an appropriate overall social balance would be struck.

But much of that institutional infrastructure has been eroded by changing market forces, demographic differentiation, and political fragmentation. Local and metro chambers are finding themselves stepping into a broader role to fill that gap because they have strong roots, are practiced at developing relationships over time, and can either generate or work with others to generate the data that leads to a more reasonable conversation about their region’s future. For the most part, they are more clearly convinced than many other actors, including those displaced by a changing economy, that diversity is a strength: they understand the need to develop and support a diverse workforce, to seek markets wherever they may exist, and to bring together the competing ideas and opinions that can make for the best possible product.

Another opportunity for local chambers: among the fastest growing businesses are minority-owned enterprises. Immigrants in particular tend to have high rates of entrepreneurship, but they are often busy with launching and sustaining firms and perceive that they have little time for the civic work that occupies much chamber activity. Indeed, some chambers have recognized the importance of attracting and incorporating immigrant business owners, partly to help revitalize older urban areas that have been battered by industrial decline. Other chambers have developed a series of programs that are helping to promote overall business diversity, including efforts to support black-, Hispanic-, and women-owned firms.

While the common impression might be that these are matters most appropriate to chambers in large urban areas where there already exists a significant presence of people of color, large gay communities, and other forces driving the acceptance of diversity, there is growing interest in these efforts in smaller and medium-size markets as well. Those areas that have already absorbed demographic change have often shed their fear of the “other”; the real challenge is in those places just beginning to experience demographic shifts.

Another set of concerns are in those metropolitan areas where there is a long history of separation and inequality. There, we have seen chambers and other groups take on the task, as in Jacksonville, Fla. and San Antonio, of bringing people together across the traditional divide. This can lead to difficult but necessary conversations – and we highlight innovative efforts that are targeted at helping a broad spectrum of leaders unlearn the racism that sometimes causes all of us to miss potential in, well, all of us.

Indeed, this report uncovers those positive efforts, including in places like Grand Rapids, Mich; Greenville, N.C.; Eden Prairie, Minn.; Reading, Pa. and Cincinnati. The areas we highlight and the programs we review offer a set of action steps that chambers can take. But it's important to see them as steps on a much longer journey to new roles for business as a civic actor. After all, the dramatic and unpredictable technological, demographic, and economic changes we have experienced in recent decades are likely to be the norm, rather than the exception, in the foreseeable future. Businesses and communities throughout America will continue to face uncertainty and change.

That's a potential recipe for conflict but it's also an opportunity for leadership. Business thrives when it can navigate change, understanding a shifting terrain, taking advantage of all available talent, and collaborating with other actors to achieve sustainable markets and public policies. Business thrives when community and connection are part of a region's DNA – when no skill goes untapped, no dream goes unrealized, and no resilience goes undeveloped. And business thrives when chambers take on their responsibility as civic and not just economic actors. And so the task for chambers is to provide the data and dialogue, reason and relationships, that can help guide our cities, metros, and states to the sort of shared prosperity that has always been at the heart of the American Dream.

## Key Findings:

- **The country is becoming increasingly diverse, and these diverse communities represent a key part of our economic future:** Between 2010 and 2050 the non-Hispanic white population is projected to decline by 6%, while the African-American population is projected to grow by 37%, the Asian population by 102%, and the Latino population by 121%. The country will be majority-minority by 2042, and the workforce will be majority-minority a decade earlier.
- **Demographic change is driven by natural growth, not immigration:** Migration to the U.S. is stabilizing, net migration from Mexico is negative, and economists and demographers are actually worried about the negative impact of immigration decline on the size of the workforce. With growth coming from the U.S.-born, marshaling the investments to ensure the next generation's productivity is critical for us all.
- **The number of non-Hispanic white-owned businesses is declining, while the number of businesses owned by people of color is growing:** Between 2007 and 2012, the number of African American-owned businesses grew 46.3%, Latino-owned business grew by 34.5%, Asian-owned businesses grew by 23.8%, while non-Hispanic white owned businesses declined by 8%.
- **The number of businesses owned by immigrants is also growing:** A quarter of all new businesses in the country are started by immigrants. Immigrants now represent 18.4% of the self-employed population. In a detailed study of businesses in 11 states, immigrant entrepreneurship rose from a 17% share to a 27% share, while immigrant-owned businesses represented 30% of all businesses receiving venture capital funding, and businesses started by immigrant entrepreneurs had higher levels of employment growth than native-founded businesses.
- **Cities and regions that embrace diversity do better economically:** Income inequality, geographic concentrations of the poor, city-suburb disparities and racial segregation are all associated with slower growth over the last three decades. Economists at the Cleveland Federal Reserve have found that high levels of racial inclusion and progress on income equality also correlate with strong economic growth. Regions with higher levels of income inequality and racial segregation are less resilient to economic downturns.
- **Diversity is not just about bridging traditional divides.** It is not just race and income inclusion—as important as they are—that must be tackled. The presence of a large gay population has been found to be a better predictor of high-tech location than many other indicators of social and cultural diversity. Helping communities develop the new openness that is key to a creative economy is essential.
- **Diverse and dynamic epistemic communities are key to regions adapting to new economic and demographic realities:** Essentially, what you know, who you know it with, how diverse those partners are, and how well the partnership is able to weather change has a big impact on regional competitiveness and effective problem-solving. Business leaders have a critical and important role to play in creating such dynamic learning communities.

# INTRODUCTION

Our current political climate highlights both the challenges and opportunities of the complex economic restructuring and rapid demographic change the United States is experiencing. In many ways, the country is experiencing a slow-moving but increasingly urgent crisis, rooted in a process of economic restructuring associated with rapid technological change and intensifying globalization, but manifested in a combination of sluggish job growth and growing inequality. The combination has given rise to a deep sense of economic anxiety—and a bit of nostalgia for a more secure economic past—and has fed into rising social and political polarization.

This polarization is all the more fervent given the demographic changes that will make the U.S. “majority minority” sometime shortly after 2040. The increasing diversity is welcomed by many, including those in the business community who see promise in a growing workforce and the possibilities of new consumer markets. Yet others are frightened by a sense of cultural loss associated with this growing ethnic diversity, as well as by the growing acceptance of LGBTQ individuals and families (again, especially by many in the business community). Moreover, while increased diversity of all kinds has often been viewed as mostly occurring in traditional large urban centers, especially in our coastal areas, it is now being experienced by many small and medium-sized cities throughout the country. And the highest levels of discomfort with the dramatically transformed demographic landscape seems to be in those places, including in the middle of the country, that are either experiencing the least change or are just starting to see modest transformations.

One response to these changing economic and demographic circumstances is all too apparent: fear and anger about the genuine and perceived losses caused by these changes, especially among lesser-educated white populations that feel both their past and their future slipping away. Ideological differences seem to have given way to identity politics. The abundant future opportunities provided by our demographic and economic changes often get lost in the public debate.

Fortunately, there is another possible response—a response supported by a large and growing body of academic research which shows that those places in America that, over the past 30 years, embraced diversity and promoted greater social equity have not only had better indicators of social well-being but also had a more vibrant economy and thriving businesses. Furthermore, they seem to have achieved this not so much by promoting inclusion in elected bodies, though that is perhaps part of the story. Rather they seem to have achieved this primarily by ensuring broad-based inclusion in the more informal communication and collaboration processes that shape broader patterns of social structures, economic processes, and governance (as distinct from government).

In this report, we examine these broad trends and what they mean for chambers of commerce in the U.S. We start by discussing in more detail how we see the three-dimensional character of the challenges we are

experiencing. We then put this in the context of the broad demographic changes that have occurred in the U.S. over the past 30 years, and what the projections will look like going forward. We then examine what our own research and those of others have shown about the relationship between broad social inclusion and economic growth, and how they have been able to achieve both equity *and* growth.

This sets the stage for a discussion of the implications for chambers of commerce and similar place-based, private sector led economic development organizations. While we highlight some promising and inspiring practices of chambers across the country that are learning to embrace inclusion, we also stress how much more needs to be done. Getting there will require understanding the role of business leaders not just as economic agents but as civic leaders, often in partnership with groups with which they may have been at odds in the past. We stress that local chambers may be uniquely suited to generate this new sort of leadership, partly because they are more rooted in local areas, more likely to be a vehicle for building relationships, and perhaps more able to steer civic conversations away from partisan ideology and toward a data-driven analysis of the possibilities.

But stepping up to this role will mean taking diverse leadership development efforts seriously as well as understanding the role of chambers in providing broad civic fabric. Fortunately, there is much to build on but we stress that this is not for the faint-of-heart: a bumpy process is to be expected as making adjustments to accommodate our inevitable demographic and economic changes is not easy, and can involve substantial conflict. However, those chambers who don't embrace the growing diversity of American society are likely to see themselves increasingly marginalized economically and socially, while those that embrace it are not only likely to be more successful, but can play a critical role in helping smooth our path to a more prosperous and interconnected America.

## **The Backdrop for Leadership: Understanding Our Challenges**

With national unemployment rates hovering below 5%, economists often wonder when the public mood will eventually catch up to the strength of the recovery. But it's not just cognitive dissonance at work. After all, there are much deeper economic challenges, particularly in terms of job quality and security. The economy also suffers from historically high levels of inequality, meaning that the sense of recovery is not widespread because the recovery itself is not widespread. Finally, there is a level of increased political and what we call epistemological (or world-view) fragmentation such that news about the objective strengths and weaknesses of the economy is filtered through partisan and ideological lenses that can impede productive debate about the common road ahead. It is this combination of economic challenges, growing inequality and knowledge fragmentation that is really our fundamental national challenge and so we discuss each of these in turn.

## **Economic Change and Discontent**

The recovery following the great recession was characterized as a 'jobless recovery', a term that certainly resonated with both the lived experience of ordinary workers and the data trends of the last several years.



However, this phenomenon of slow job growth following the end of a recession has been true for the last three economic recoveries, dating back to the early 1990s.

Figure 1 shows job growth in the U.S. for the first three years following the end of the recession for all recoveries going back to 1961. During the recovery for the five business cycles from 1961 through the 1980s, job growth began with the end of the recession, and by three years after the beginning of the recovery, total jobs had increased by over 7% in all the recoveries that lasted that long, and by 10% in three cases. In contrast, in the three most recent business cycles, starting in 1991, in all cases it took more than a year into an economic recovery for job growth to begin at all, and by three years into economic recovery, in no case was total job growth greater than 4%. Following the 2008 recession, once the recovery began in June 2009, it took five full years to recover to pre-recession levels of employment.

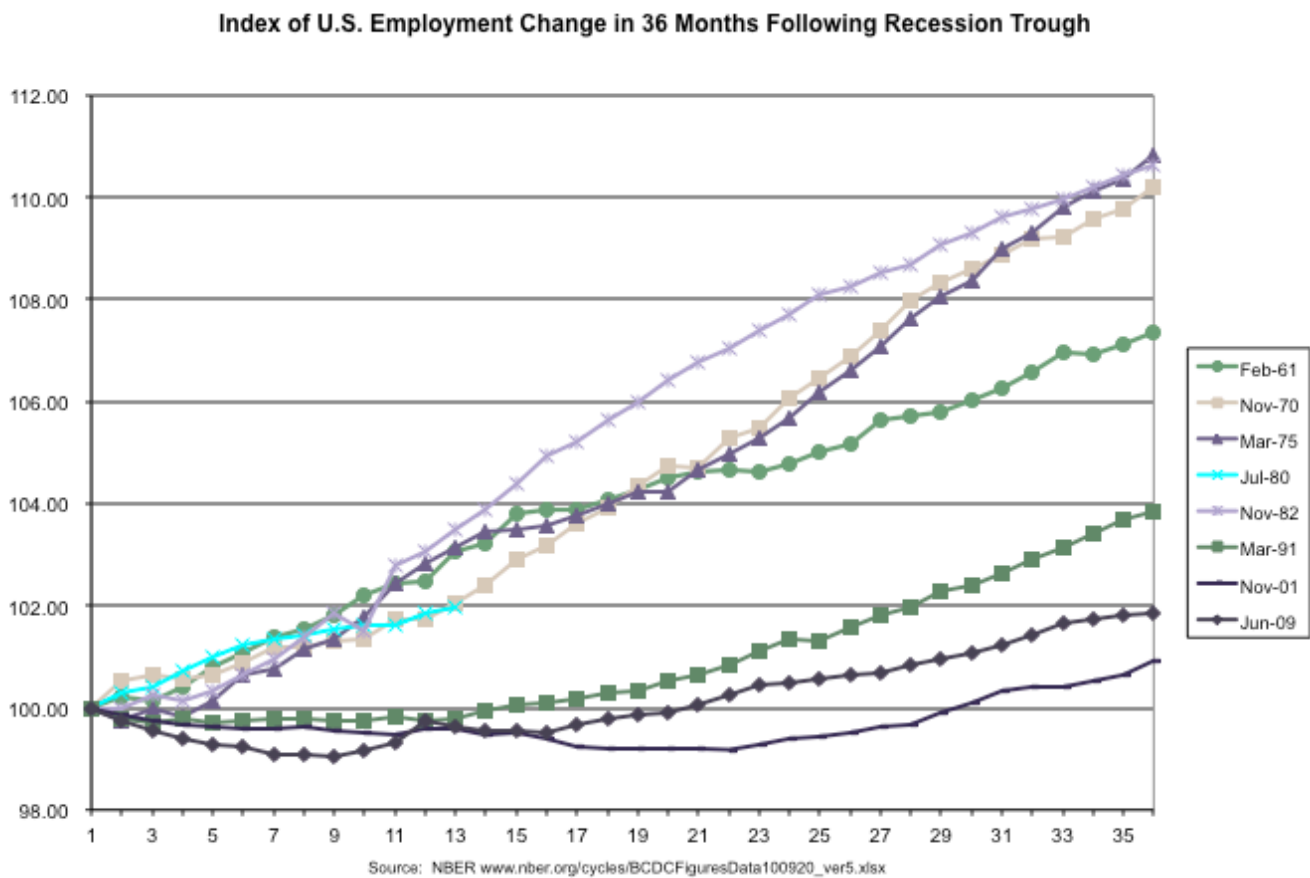


Figure 1

Some analysts suggest that this experience of ‘jobless recovery’ since the 1990s is the result of the increased diffusion of information technology throughout the economy, as higher levels of productivity and the use of more machinery and computers have enabled companies to produce more with fewer people (Autor, Katz, & Kearney, 2006; Brynjolfsson & McAfee, 2011). However, while sometimes technological change can lead to job loss, it can



also lead to increased competitiveness and expanded job creation. Indeed, at a national scale, countries with higher levels of productivity and technology sophistication demonstrably have higher growth rates, though there are a variety of other factors, including trade patterns, exchange rates, and education policies that shape the overall relationship between technology diffusion and job creation (Bogliacino & Vivarelli, 2010; C. L. Mann, 2012; Mortensen & Pissarides, 1998). Thus, while technology can lead to labor substitution, the real issue is ensuring that increased productivity indeed leads to greater economic competitiveness.

Others have raised the specter of international trade or the impacts of immigration, rather than technology. Yet the export sector of the U.S. economy has tended to pay higher wages while imports yield consumer benefits. Even the most widely criticized trade agreement, the pact with Mexico and Canada known as NAFTA, has likely simply accelerated a trend toward globally integrated manufacturing that would have resulted in the loss of particular sectors of U.S. employment even without NAFTA. Likewise, immigration is viewed by economists from both the left and the right as a net plus for the U.S. economy by virtue of incorporating individuals with high rates of labor force attachment, high rates of entrepreneurship, and a skill mix (both for sectors like agriculture *and* high tech) essential to economic prosperity.

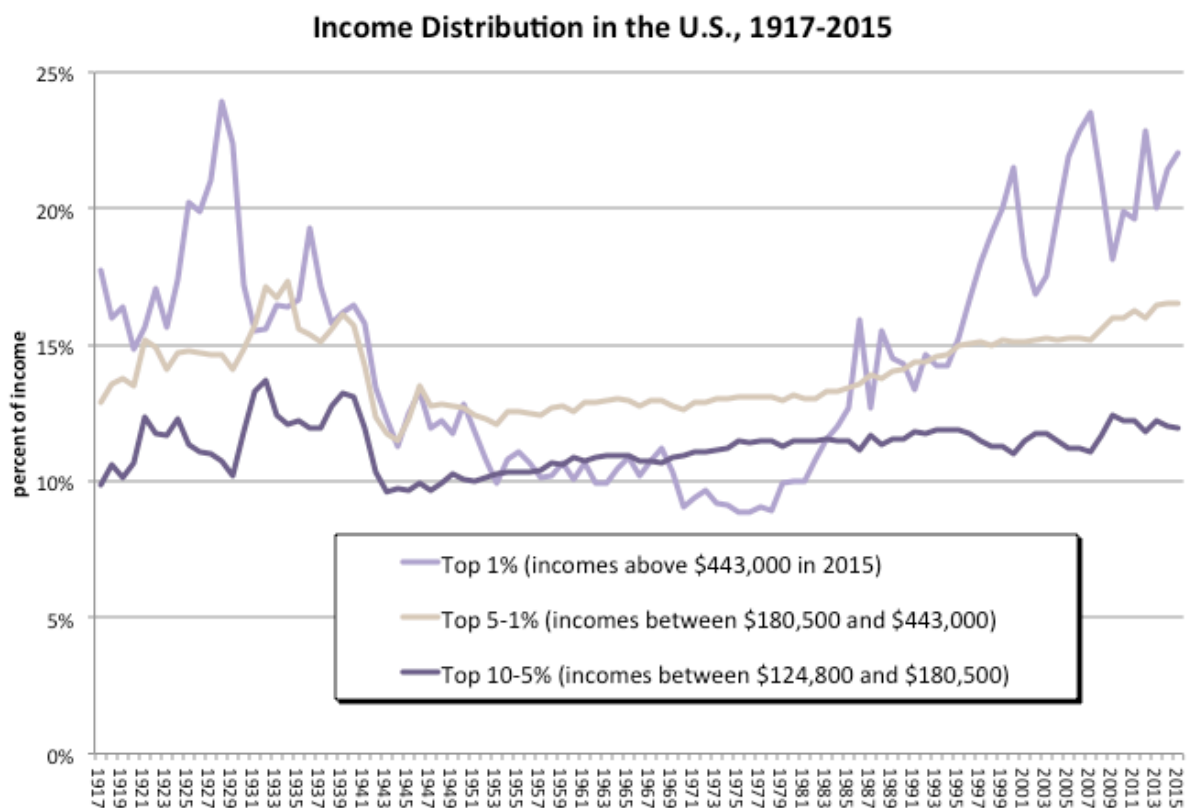
What is clear, however, is that the macro picture can mask the micro discomfort. For example, immigrant workers are generally complements to U.S. labor – but in those cases where they are substitutes, incumbent workers can feel the costs in terms of unemployment and lower wages. Likewise, trade may be a net gain for the U.S. economy overall but the typical free trade position has overstated the gain and understated the pain, particularly for less-educated workers who find it difficult to adjust and transition to new occupations and industries. This wail in the land is rising and has fueled a new sort of economic populism on both the left and the right.

This is not just the pain of an industrial working class displaced by a retrenchment in traditional manufacturing. For the millennial generation, for example, admonitions that technology will always bring economic progress seem false. Many have trained in college and find themselves saddled with debt but often underemployed. Many are participating in the newest sectors of the economy but consider this: today's Uber driver is essentially expanding services (yea!) by destroying the old taxi industry and then establishing a market that may eventually be served largely by driverless vehicles. Working to permanently unemploy oneself is ripe with contradictions – and populism is not an unexpected result.

None of this economic distress and uncertainty is the direct result of action by chambers but it is the ambience in which chamber leadership must take place. The American public—at both national and local levels—seems to be giving voice to a level of economic anxiety and pessimism not seen since the Depression.

## How Inequality Complicates the Picture

Connected with these economic challenges, we have also experienced a dramatic growth in inequality. The evidence of this inequality is wide-spread. One of the most important indicators of this is evidence gathered by Emmanuel Saez and Thomas Piketty, based on data from the Internal Revenue Service, which is more accurate in measuring incomes at upper tiers of U.S. society than U.S. Census surveys. From the 1940s up until the late 1970s, the proportion of total income in the U.S. captured by the top 10% of income earners consistently remained in the 33-35% range. Starting in 1979, however, upper income earners started gaining consistently higher proportions of total income, which rose to a peak of a full 50% of total income going to the top 10% of income earners in 2007. Much of this was concentrated in the top 1%, which saw its proportion of total U.S. income rise from roughly 10% from the 1940s through 1981, to a high of nearly 24% in 2007 (Atkinson, Piketty, & Saez, 2011).<sup>1</sup> While the Great Recession temporarily reduced the share going to the very top, primarily because of wealth and other losses as markets crashed, the share in 2015 was nearly back to the 2007 peak (see figure 2).



Source: Emmanuel Saez, *Striking It Richer: The Evolution of Top Incomes in the United States* (Update : August 31, 2016).

**Figure 2**

<sup>1</sup> For updated data, see <http://elsa.berkeley.edu/~saez/>

This inequality has many roots, including increased CEO and executive compensation at the top of the income ladder, and a dramatic increase in the size of the financial sector relative to the overall economy, leading to out-sized returns for financial investment firms (Stiglitz, 2012). But it is also due to stagnant and declining wages for large sectors of the work-force, with large shifts in returns to education. While total compensation grew an average of 2.6% per year between 1948 and 1973, it has grown less than 1% a year since.<sup>2</sup> For workers with less than a high school degree, real wages declined more than 20% from 1973 to 2011, and more than 7% for workers with only a high school degree, and nearly 5% for those with some college education. In 1973, these categories accounted for a full 95% of the labor force, and even by 2011, a full 66% of the labor force still had less than a college degree and experienced wages that were lower in real terms than nearly 40 years previously.<sup>3</sup>

All this means that while economic growth is important, it is not enough. Not only are our current patterns of economic growth leaving large sectors of the U.S. population behind, our levels of inequality have gotten to the point where they are likely undermining economic growth and stability. The U.S. economy seems to have tipped so far in the direction of inequality that it is a challenge that must be addressed, and chambers of commerce, representing business and civic leaders in local areas across the country, are well positioned to address this challenge.

## What You Don't Know (Together) Can Hurt You

One would hope that these dual problems of our economic challenges and growing inequality might give rise to visionary and effective political leadership. Unfortunately, we seem to face a crisis in our political institutions that is nearly unparalleled in contemporary American politics (T. E. Mann & Ornstein, 2012). This is most evident in the lack of confidence the American electorate has in Congress.<sup>4</sup> One poll conducted in early 2013, following the gridlock over the so-called fiscal cliff and a particularly unproductive 112<sup>th</sup> Congress, found that only 9% of respondents had a favorable opinion of Congress.<sup>5</sup>

Like the economy, this is not a recent phenomenon. Overall confidence in political institutions has declined from highs in the 1960s while voter participation rates fell steadily over the two decades following the 1960s. Such a high level of distrust can seem rational: there is a high level of political partisanship that leads to grandstanding rather than problem solving (McCarty, Poole, & Rosenthal, 2006). But beneath this is a more important

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<sup>2</sup> <http://stateofworkingamerica.org/chart/swa-wages-table-4-2-average-hourly-pay-inequality/>

<sup>3</sup> <http://stateofworkingamerica.org/chart/swa-wages-table-4-14-hourly-wages-education/>

<sup>4</sup> <http://www.pollingreport.com/CongJob1.htm>

<sup>5</sup> In fact, when asked if they have a higher opinion of Congress or a series of unpleasant or disliked things, voters said they had a higher opinion of root canals, NFL replacement refs, political pundits, used-car salesmen, and even cockroaches, head lice and colonoscopies than they did of Congress. See <http://www.politicususa.com/congress-popular-lice-popular-meth-labs-lindsey-lohan.html>

underlying factor: a substantial growth in fragmentation of knowledge such that there has been a dramatic decline in agreement about basic facts needed for policy making, such as the role of taxation in economic growth, the impact of immigrants on society, and even the nature of global warming.

Part of the reason for the “epistemic” chasm is an increase in “narrow casting” in the media: since the 1970s, we have experienced a growing customization of media channels and fragmentation of news sources, starting first with the growth in cable television and accelerating dramatically with the growth of the internet (Owen, 2012). Readership of daily newspapers has declined across all age groups, and for adults from 18-34, less than 20% now read a daily newspaper, whether in print or on the web.<sup>6</sup> Meanwhile, with the acceleration and increasing sophistication of algorithm based customization of internet-based information—on sites as varied as Google, Facebook, Amazon, and the New York Times—information that is ‘unwanted’ is increasingly filtered out without the consumer even knowing (Pariser, 2011).

The information gap is furthered by partisan sorting, as more people seem to be moving to areas with more homogenous political and social circumstances, and thus are exposed to less diversity of opinions in their residential life as well (Chinni & Gimpel, 2011). In 1992, for example, only about a quarter of America’s voters lived in a county a presidential candidate won by a landslide (20% or more), while in 2016 it was close to 57%.<sup>7</sup> This has been the physical or residential manifestation of the fragmentation of information: When we can’t agree on what the basic facts about the challenges are, disagreement about appropriate solutions naturally follows.

Again, chambers and similar business-led civic entities are not responsible for this but it is the world in which they operate. Fortunately, chambers, particularly at the local level, bring a key asset to crossing the knowledge divide: they are often perceived as trusted actors. While there may be tensions with labor or community activists or even certain government officials, few doubt the commitment of local chambers to the places in which they are rooted. As such, chambers can be an important part of jump-starting conversations that can reconnect a divided America.

Chambers can also help point to the connections between our economic challenges, growing inequality, and knowledge fragmentation. For example, there is emerging agreement among economists that inequality and economic stagnation are connected, partly because inequality may be associated with lower demand, partly because it is associated with excessive growth of the financial sector in the economy, and partly because it is corrosive to social solidarity, creating political problems when it comes time to share either burdens or benefits (Frank, 2012; Stiglitz, 2012).

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<sup>6</sup> <http://www.journalism.org/media-indicators/newspapers-daily-readership-by-age/>

<sup>7</sup> Based on data from David Leip’s Election Atlas: <http://uselectionatlas.org/>

Growing inequality is also connected with our knowledge fragmentation. In an intriguing paper, political scientist Eric Uslaner found that growing inequality was a significant predictor of lack of social cohesion or trust in public institutions (Uslaner, 2012). In general, a rise in income inequality (as well as the residential sorting discussed above) is associated with a decline of faith in government institutions, as well as a fall in the sense that different racial groups share common interests. At the same time, the impacts of fragmentation on economic decision-making are becoming increasingly clear: when everyone is so far apart in terms of both income and perspective, sensible agreements on tax policy, education investments, and industrial promotion are difficult to achieve.

## A CHANGING AMERICA: DIVERSITY, DIFFERENCE, AND DIVISION

One of the critical dimensions complicating our navigation through these economic, social, and epistemic challenges is rapid demographic change in the U.S. It is now projected that shortly after 2040 the U.S. will be so-called “majority-minority”—that is, predominantly people of color (see Figure 3). Perhaps more significant is that about a decade prior to that it is likely that the workforce will be majority African American, Latino, Asian Pacific Islander, Native American, and self-identified multi-racial. What this means, among other things, is that employers will be (and have been) adapting to the demographic change prior to society as a whole (although certain other institutions, like education and healthcare, have also been at the frontlines of the transformation).

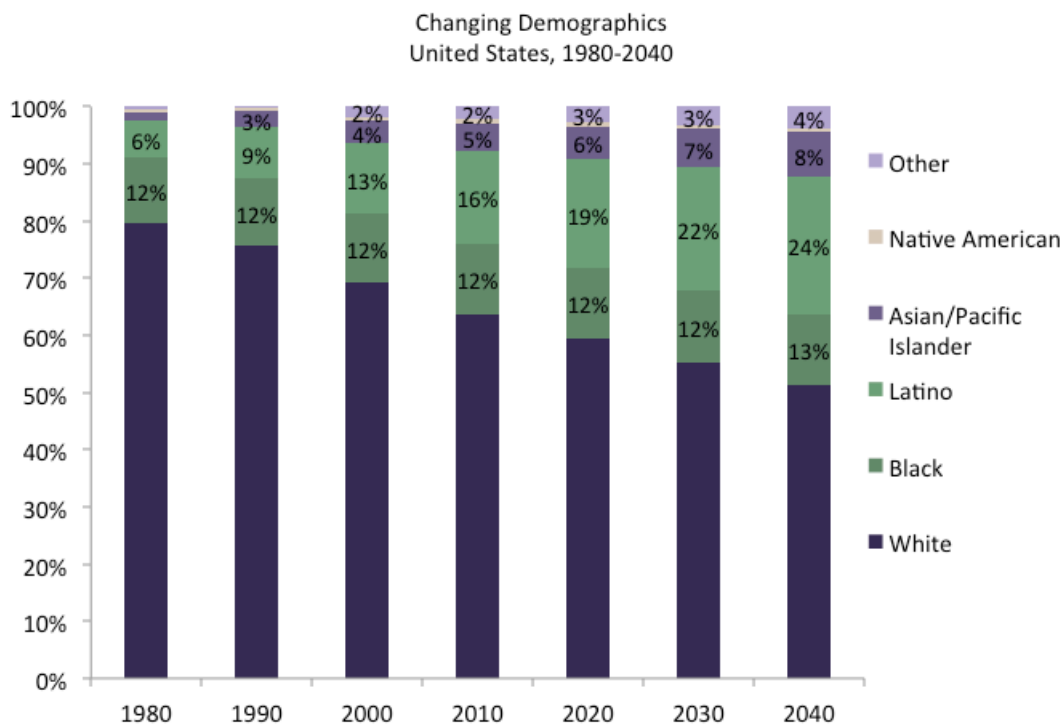


Figure 3. Shifting Demographics in the U.S., 1980-2040

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Up until the 2000s, the “Heartland” states had experienced very little immigration, only small or negative domestic migration, and overall modest or stagnant growth. Yet in the decade between 2000 and 2010, population growth in the ‘new minorities’ of Latinos and Asians (many of the urban areas in these states have long had an important African-American population) averaged nearly 60%, a rate of growth nearly double that in the “Melting Pot” states (Frey, 2015). Cities in the “New Sun Belt” have been experiencing some of the most rapid growth rates. Of cities with at least 100,000 Latinos, Charlotte, N.C., for example, experienced a 1,715% growth rate of Latinos between 1990 and 2010, with Raleigh, N.C., (1,548%) and Nashville, Tenn, (1,235%) close behind (Frey, 2015, p. Kindle Location 901). There has also been a substantial spread of Latinos inward from the northeastern seaboard into parts of the Midwest.

There has also been a significant shift in the patterns of racial diversity within metropolitan areas, with the popular image of white suburbs and concentrations of people of color in central cities now having broken down in much of the country. New populations of color are dominating suburban growth as much as they are central city growth. In the suburbs of the 100 largest metropolitan areas in the country, between 2000 and 2010 Latinos accounted for about one-half of the total population gains, while African Americans and Asians both accounted for more than twice the total population growth of the non-Hispanic white population in those suburbs (Frey, 2015, p. kindle location 2281). As the white population ages and the childbearing population in the country consists increasingly of people of color, the traditional attraction to the suburbs will be felt more and more by people of color.

In short, diversity is an inescapable part of our American future, in the traditional heartland and suburbs across the nation as much as in urban centers on the coast, and it is up to civic leaders to help the nation work its ways through the anxiety that change seems to be provoking.

This is particularly so because there is a racial “generation gap”: in 2015, the median age for non-Hispanic whites was 43 while the median ages for Asians, African Americans, and Latinos were 36, 33, and 28 respectively. The chasm of race is exacerbated by this generational disconnect – when an older generation does not see themselves in a younger generation, the willingness to support education and training can wane. And it is in those places where the racial generation gap is largest – for example, Arizona – that we see the most heated conflicts about investment in a shared future.

## **Making the Business Case for Inclusion**

Politicians may choose to exploit the anxiety associated with economic decline and a changing America. Employers, on the other hand, cannot afford the luxury of nostalgia; they realize, often from their own bottom lines, that the economy cannot thrive if the future workforce is not being prepared. In general, it has become a civic and economic imperative to bridge the gap – and chambers may be uniquely poised to facilitate progress.



In Nashville, Tenn., for example, the Nashville Area Chamber of Commerce has played a leading role in a “Welcoming” effort to more actively integrate new immigrants, consistently working against exclusionary practices and pointing out the benefits to be gained for all residents when immigrants do well and can contribute. In Dayton, Ohio, The Dayton Area Chamber of Commerce has been a key leader in the Welcome Dayton initiative, and led efforts to reach out to immigrant communities to provide them with business development assistance and microenterprise training, recognizing that immigrants are “two to three times more likely to start a business than native-born residents”.<sup>8</sup> In California, the Orange County Business Council has launched the Latino Educational Attainment Initiative to help immigrant parents navigate California’s school system and become the best advocates for their children’s education and future. The program includes bilingual publications, surveys and in-person training delivered in immigrant communities.<sup>9</sup> In San Antonio, Texas, a place that actually has a lower share of foreign-born than the U.S. as a whole, the Chamber teamed up with other advocates and officials to work for a sales tax intended to support pre-K for less advantaged. Their logic: this was all about an investment in a workforce that would be ready 20 years later.<sup>10</sup>

This inspiring work for racial inclusion likely needs to be extended to income and economic inclusion. This may seem an unusual topic for chamber leadership; shouldn’t chambers just focus on getting the business climate right and let the public and non-profit sectors correct any distributional damage that might occur along the way? Again, that may have been sufficient in an earlier era in which markets and public systems both worked better but that is no longer the case. Part of the imperative to act: Since the early 1990s, a growing body of research has been documenting that the current high levels of inequality, as well as racial inclusion and spatial segregation by race, income or jurisdiction, can have deleterious effects on economic growth.

The earlier salvos in this new thinking came from studies of the developing world (see Aghion, Caroli, & García-Peñalosa, 1999 for an early review), generally with a perspective that targeting poverty and inequality might promote growth because it increases the productive nature of the poor (Birdsall, Ross, & Sabot, 1995; Deninger & Squire, 1996), because it lowers social tensions and so facilitates more policy certainty (Alberto Alesina & Perotti, 1996; Rodrik, 1999), and because it generates less resentment against the protection of private property (Alesina & Rodrik, 1994; Persson & Tabellini, 1994). Most recently, researchers at the International Monetary Fund looked at the ability to sustain growth in 140 countries since the 1970s. A number of economic and political characteristics predict sustained growth, including democratic institutions, openness to trade and foreign direct investment, and an export or production structure that favors relatively sophisticated exports. But ‘most strikingly’

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<sup>8</sup> Dayton Area Chamber of Commerce (2013) *Economic Outlook Report*, p. 6 <http://www.welcomedayton.org/wp-content/uploads/2013/05/Chamber-of-Commerce-2013-Economic-Outlook1.pdf>

<sup>9</sup> <http://www.ocbc.org/ocbc-initiatives/latino-educational-attainment-initiative-lea/>

<sup>10</sup> <http://www.sachamber.org/news/2016/03/16/chamber-makes-business-case-early-childhood-education/>

they find that the duration of growth spells is strongly related to income distribution, concluding clearly that “more equal societies tend to sustain growth longer” (Berg, Ostry, & Zettelmeyer, 2012, p. 150)

This new thinking has made its way into studies of metropolitan regions in the U.S. A flurry of studies—to which we have contributed—have suggested that income inequality, geographic concentrations of the poor, city-suburb disparities and residential segregation by race may be negatively associated with economic growth (Pastor, 2006; Pastor & Benner, 2008; Voith, 1998). Adding to the mix has been work by economists at the Cleveland Federal Reserve who sought to identify key variables that influence economic growth on the regional level: they found that while variables like a skilled workforce or a diversified economy are important, high levels of racial inclusion and progress on income equality also correlate strongly and positively with economic growth (Eberts, Erickcek, & Kleinhenz, 2006). Finally, a recent replication of the International Monetary Fund work that looked at growth spells among nearly 200 of the largest regions in the U.S. found that regions were less resilient when there were higher levels of metropolitan political fragmentation, higher levels of racial segregation, and a higher level of income inequality (Benner & Pastor, 2015a).

In addition to racial and economic inclusion, another dimension of inclusion—the LGBTQ community—has also emerged as a critical feature of economic success. University of Toronto Professor Richard Florida has been one of the leading researchers in this area, documenting how a city’s level of tolerance for a wide-range of people, including the LGBTQ community, has been a key part of attracting talented people, particularly in high tech sectors that drive economic growth. He and his co-author found that, while not necessarily causal, a leading indicator of a city’s high technology success was the presence of a large gay population—since it was also a barometer of a diverse environment and a broad range of amenities attractive to adults. They found in a statistical analysis that measures of the presence of a large gay population was actually better than other individual measures of social and cultural diversity as a predictor of high-tech location (Florida & Gates, 2003).

The millennial generation, a large and growing part of the workforce particularly in the most dynamic sectors of the economy, are consistently shown in surveys to identify as LGBTQ in higher proportions (Jones & Cox, 2015), and prefer to live in places that are more open, tolerant and friendly to the LGBTQ population. This has not been lost on many sectors of the business community who, for example, have been key voices in opposition to North Carolina’s discriminatory bathroom law.<sup>11</sup> Research has argued that city and state-wide nondiscrimination ordinances to protect LGBTQ employees are an important factor in attracting and retaining entrepreneurs of all types (Weeks, 2015) and LGBTQ entrepreneurs are increasingly being recognized as an important part of the entrepreneurial community (Deutsch, Ming, Shea, & Sinton, 2016)

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<sup>11</sup> see for example, <http://www.pbs.org/newshour/bb/how-north-carolinas-bathroom-law-sparked-a-business-backlash/>

In short, what has been traditionally seen as a sort of moral issue – inclusion – has become a central concern for economists seeking to promote prosperity. This does not mean that suppressing any sort of income differentials is the right approach – incentives do matter – nor does it mean that all interventions to reduce inequity and promoting inclusion will have positive spillover impacts on economic growth. But in light of the emerging evidence as well as the changing demography and growing political pressures, chambers can no longer afford to think of inclusion as an afterthought. They should instead recognize that regions that are more equal and more integrated—across income, race, gender, and place—have better economic performance, on average, than those regions that are more unequal and more divided. And they should argue to their members and their allies that doing good and doing well can go hand in hand.

## Stitching Together Communities

While statistical research has begun to show compatibilities between equity and growth, this does not mean that such a happy coupling will always be achieved. Consider the issue of civil rights in the 1960s: it was clear to economists and others that tackling discrimination could unleash economic potential, particularly in the South, but not all parts of the South acted on that emerging knowledge. Many had to be forced by federal action, but more significantly for this paper, some regions did realize the opportunity to be had and sought to model a new and more moderate South that could attract investment. Charlotte, N.C., for example, tried to lead in terms of peacefully integrating schools, incorporating black leadership, investing in its downtown, and also prioritizing nearby low-income areas. So the key question that arises is not so much economic as it is civic: what are the factors and leadership styles that allow regions to achieve more inclusive growth and less divisive politics?

Positive regional trajectories cannot, of course, simply be willed into existence: certain broad structural factors are key, such as anchor institutions (hospitals, universities, utilities and other enterprises, whether public or private, that are strongly rooted in place), strong educational systems, and diversified and resilient economies. But unlike, say, access to a deep water port, these factors are not really pre-given but, in fact, are constructed and put in place by civic coalitions that generate the consensus for key investments or coordinate responses when an area is hit by an economic shock. As a result, what is really key is what is within our control: the institutions, organizations and civic culture groups that connect different actors, help them see their common fate, and steer them in the direction of more collaborative strategies.

We have labeled what emerges from these constellations of institutions *epistemic communities* – essentially networks of people that share a common knowledge base. Further, we have suggested that such communities are more likely to generate inclusion and prosperity together when they are both *diverse* (and so incorporate many voices) and *dynamic* (and so able to adjust as economic trends shift and population demographics change). Indeed, a more conventional concept of an epistemic community denotes a relatively homogenous network of people with similar values and interests, a shared understanding of facts and causal relationships, and a common policy enterprise (Adler & Haas, 1992; Haas, 1992). But a narrow group of experts is also likely to produce a sort of

group-think which can actually stifle creativity and openness—think the closed systems and echo chambers of conservative talk radio or left-leaning social media.

Our research has further suggested that what is key is not a single policy enterprise but rather the broad terrain of both policy and practice in housing and land use, transportation systems, formal education systems and the processes (both government and non-governmental) of social welfare. Moreover, working to further community does not mean the end of tensions or ‘skirmishes’ at a regional level (Lester & Reckhow, 2013); indeed, part of the dynamism is exactly those skirmishes that elevate certain concerns and bring broader change. This means, however, that more powerful actors frequently need to get accustomed to seeing the playing field leveled as socially-marginalized groups develop self-confidence; the trick is to ensure enough sense of a common fate that conflict does not lead to a “war of attrition” but rather a learning opportunity to find a new social and economic balance..

Epistemic communities, people with a shared knowledge base on key issues, provide exactly the norms, standards and (place) identity that are the micro-foundations for linking equity and growth. Because there is genuine care for the other, partly because of the communicative processes inherent in such communities, economic and social actors look for “win-win” opportunities rather than Darwinian competitive destruction. They also break down barriers so that the positive possibilities raised by our growing diversity get realized rather than dashed. Doesn’t that sound a lot like contemporary chamber work?

## LOOKING FORWARD: GETTING IT RIGHT FOR THE FUTURE

This may all seem a lot for chambers to take on—but the good news is that they are not the only actors. Still, chambers can’t afford to sit out as such communities take form to deal with persistent challenges, partly because of civic responsibility and partly because of the positive spillover effect. After all, diversity and dynamism have economic benefits, especially in our contemporary era of continued change and uncertainty: Key to the learning and innovation needed in modern economies is the flexibility to rapidly move between ideas and possibilities, markets and cultures, design and production. So what Chambers need to do is figure out where they fit, take the first steps that make sense, and understand they need to partner with others—including groups with whom they may have struggled over living wages, land use issues, and the like—in the process.

### (Not) Reinventing the Wheel

Fortunately, there are a series of examples on which to build. Consider Jacksonville, Fla., in which business leaders in the early 1970s catalyzed the creation of Jacksonville Community Council Inc., a non-partisan civic organization founded in 1975 to promote greater civic participation.<sup>12</sup> One of their signature processes involves

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<sup>12</sup> <http://www.jcci.org/>

each year identifying community problems through a wide network of volunteers and then selecting two issues for concentrated study. A diverse group of community members is then invited to join study committees on the issues, with members selected deliberately to represent as broad a diversity of opinions, values and perspectives in the region as possible. Over six months, the committees meet with stakeholders and experts in order to gain a thorough understanding of the problem. Recommendations are then developed and chosen through a consensus based process – not a majority vote—that ensures that the final recommendations adequately address the concerns of all committee members. This collaborative culture in Jacksonville has contributed to the region’s ability to grow faster and more inclusively than nearly all other metro regions in the South.

Or consider Raleigh, N.C., in which a shared belief in the “Triple Helix”—the combination of business, the public sector, and universities—has helped to forge a Research Triangle that is the envy of many other metros. The story of collaboration here traces back to the 1950s when civic and business leaders wanted to stem a brain drain of educated workers but it has become what many observers call the “lifeblood” of the region. It certainly has promoted innovation and growth, but it also has had effects on equity. Realizing that stark social chasms of racial and class separation can scare away business (and lead to underdeveloped local human capital), Raleigh has also, until recently, been an area with a significant commitment to insuring income desegregation in the school district. This has had strikingly positive results in terms of reducing the achievement gap between black and white and rich and poor students, something which is healthy for the region as a whole (Grant, 2009).

Or consider two seemingly political polar opposites: deep-red Salt Lake City and deep-blue Seattle. Each has, in their own way, found mechanisms to resolve serious conflicts over economic growth and distribution. In the Salt Lake metro, that took the form of an initiative called Envision Utah, an effort that brought together multiple sectors and multiple communities to fashion a more sustainable future (which, in keeping with the more libertarian streak of that state, was largely fashioned through more voluntary acceptance of broad guidance; (Scheer, 2012). In Seattle, there is the rather famous “Seattle Process”—a commitment to discussion which can often seem like talking all matters through till everyone agrees out of sheer exhaustion. Yet it’s also that process that has produced a remarkable commitment to affordable housing and, perhaps surprisingly, agreement on a minimum wage hike in 2014. While many business organizations opposed the minimum wage increase, some, such as the Seattle Hospitality Group, Seattle Hotel Association, the Capital Hill Chamber of Commerce, and several local area restaurants and retail establishments actually endorsed the proposal and the eventual increase had a number of modifications that better met business needs (Benner & Pastor, 2015b).

The actual mechanisms linking regional knowledge networks, regional growth and equity trajectories are still not fully understood. But we believe that these and other examples illustrate that diverse knowledge communities can lead to better decisions and certainly the sort of smoothly functioning social contexts that attract rather than repel new business. For diversity within an epistemic community to pay off, however, it isn’t enough just to be present—members of less powerful groups must be able to develop a strong voice and actually change the course

of decision-making. This is a sea change in the ways groups work together – it’s not about getting our own way but finding a broader way forward. That means serious attention must be paid to patterns of inclusion or exclusion that are linked to broader social problems, such as racism, sexism, and homophobia.

## A Key Bridge: Minority Enterprise

One implication for chambers of commerce of the economic and demographic changes we’ve described above is that small and medium businesses—those businesses that are the most numerous members of chambers—are increasingly likely to be owned by people of color. In its most recent Survey of Business Owners, the most comprehensive source of data on ethnicity of business owners, the U.S. Census found that the number of businesses owned by people of color rose from 5.8 million in 2007 to 8 million in 2012. This includes a 46.3% increase in the number of Latino-owned businesses over the period, from 2.3 million to 3.3 million, and a 34.5% rise in the number of African American-owned businesses, from 1.9 million to 2.6 million. Additionally, the number of Asian-owned businesses climbed from 1.5 million to 1.9 million, an increase of 23.8%. The majority of businesses (71%) are still owned by non-Hispanic whites, but the total number of businesses owned by non-Hispanic whites actually declined during this period, from 21.3 million in 2007 to 19.6 million in 2012.<sup>13</sup>

The presence of businesses owned by people of color is particularly prevalent in certain sectors and certain parts of the country. Overall businesses owned by people of color accounted for 43.8% of businesses in the ‘other services’ sector, and 43.3% in the transportation and warehousing sector. Latino-owned businesses alone accounted for 30.7% of firms in New Mexico—the highest rate in the nation, and also comprised more than one-quarter of all businesses in Texas and Florida. While African-Americans accounted for 13.1% of the 18 and older population in 2012, African-American owned businesses accounted for 19.2% of firms in the health care and social assistance sector. Georgia had more black or African American-owned businesses in 2012 than any other state (256,848), followed by Florida (251,216). While Asians accounted for 5.9% of the 18 and older population in 2012, Asian-owned businesses comprised 6.9% of all businesses in 2012.<sup>14</sup>

In addition to net growth in businesses in the U.S. owned by people of color, there is also a significant growth in businesses owned by immigrants. In general, business ownership is higher among foreign-born than native born (Fairlie & Lofstrom, 2015). Substantial contributions of immigrants to the technology and engineering sectors of the economy, especially in Silicon Valley, have been well-documented (Saxenian, 2002, 2006). Indeed, 25% of all engineering and technology companies founded in the previous decade were founded by immigrants (Wadhwa, Saxenian, Rissing, & Gereffi, 2007). The immigrant share of self-employment rose from 6.9% in 1980 to 18.4% in 2010, representing 2.4 million business owners (Fairlie & Lofstrom, 2015). Since immigrants

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<sup>13</sup> <http://www.census.gov/newsroom/press-releases/2015/cb15-209.html>

<sup>14</sup> All data from the Survey of Business Owners, U.S. Census Bureau, <http://www.census.gov/programs-surveys/sbo.html>

represent only 16.3% of the total workforce, this represents a higher business ownership rate than the U.S. born population. Perhaps more importantly, looking at business start-up data from the Current Population Survey from 2007-2011, Fairlie and Lofstrom find that a quarter of all new business in the U.S. are started by immigrants (Fairlie & Lofstrom, 2015, p. 6). Many of these businesses have lower than average incomes—indeed immigrant owned businesses only account for 15% of total business income in the U.S.

Using a more detailed data set for 11 states constructed primarily from the Longitudinal Employer Household Dynamics database, Kerr and Kerr found that immigrant entrepreneurship in those states had risen from a 17% share in 1995 to 27% share in 2008 (while representing only 19% of the workforce in those states in 2008). Furthermore immigrant-owned businesses represented 30% of all businesses receiving venture capital funding in 2005. On the whole, businesses started by immigrant entrepreneurs also perform better than native businesses with respect to employment growth, including measured over both a three and six-year period. This is true, even when comparing immigrant- and native-founded businesses in the same city, industry and year (Kerr & Kerr, 2016)

In the face of these dramatic changes in business ownership, chambers of commerce can pursue essentially two broad paths. One path would be to continue business as usual, assuming that the membership programs and approaches of yesterday and today will be adequate for and appealing to the diverse business leaders of the near future. Another path would be a more pro-active approach, exploring and embracing these changes, and developing new programs that are directly focused on inclusion for new entrepreneurs and business owners from diverse backgrounds. These changes can be challenging, but there are also many chambers across the country that have already successfully embarked on a variety of different types of inclusion programs.

## What's Working and Why

Here are six exemplary initiatives that illustrate the benefits of a proactive approach to inclusion, not just of new ethnic groups, but of inclusion of all kinds.

### **Initiative #1: Institute for Healing Racism (Grand Rapids Chamber)<sup>15</sup>**

The Institute for Healing Racism (IHR) is the Grand Rapid area's leading program for uncovering racism and understanding its impact on individuals and the workplace. IHR dissects the complex dynamics of racism by examining U.S. history, race, institutional power, self-awareness, privilege, and anti-racism. The chamber's two-day "Facing Racism" seminar connects people from different racial and ethnic backgrounds to discuss thought provoking topics. Organizers facilitate conversation and provide a safe space for people of different backgrounds to talk on important issues of race and racism. With the use of presentations and exercises, participants (1) build a

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<sup>15</sup> [http://blog.mlive.com/grpress/2008/04/institute\\_for\\_healing\\_racism\\_c.html](http://blog.mlive.com/grpress/2008/04/institute_for_healing_racism_c.html)



shared understanding of racism and its impact on individuals, businesses and community, and (2) together discover tools to create an inclusive environment at work and in their communities. Since its founding, the institute has had 1,600 graduates, where 228 of them are senior level management, including CEOs, company presidents and executive directors.

### **Initiative #2: Minority Business Resource Collaborative (Greenville Chamber)**

The Minority Business Resource Collaborative exists among approximately a dozen primary organizations engaged in providing support to minority businesses in upstate South Carolina. It is not a new organization, but a new way for existing organizations to work more effectively together. The main objective of this initiative is to maximize the collective capability of participating organizations, in order to systematically support more minority businesses and produce better outcomes in the areas of economic development, minority business growth, job creation, and wealth creation. The group works to limit duplication of effort, identify gaps in service among providers, increase provider accountability, and create a network of support among organizations. The partner organizations work year round to collaborate on best practices, but their signature event that includes entrepreneurial workshops, a networking lunch and business information fair, takes place in the fall.

### **Initiative #3: Student Membership Program (Eden Prairie Chamber of Commerce)**

Eden Prairie (Minnesota) Chamber started the Student Membership Program in 2006 with the goal of connecting students to the chamber and helping them gain business experience and learn of what a chamber is, what it does, and why it is important. It is the first chamber in the nation to offer this unique opportunity for students. It helps young entrepreneurs learn how to network, engage, do business, and even dress properly in the “real world.”

The chamber started the program by connecting with a local high school teacher who instructs the business and marketing classes. The planning phase of the program included putting together the student requirements and timeline for a full year, done in collaboration with the teachers. The kickoff occurs the first week of the school year in September when the chamber CEO goes into the classroom, explain what the chamber is and what the student membership program is all about. Application forms are passed out to the students, and they have to submit a letter to the CEO explaining why they want to participate in the program. The chamber selects only 20 students to participate and then holds an orientation meeting with these students and a parent/guardian to cover the expectations.

Each student that is selected attends chamber events and programs and completes a job shadow at one of the chamber’s member businesses. They are assigned a mentor within the chamber to help guide them and to offer advice in making the most of their chamber membership. Student members also provide assistance at the chamber's large-scale annual events. The program is free for students and the chamber instead focuses on business

sponsorships for the students and their costs. Apart from opening opportunities for students in terms of future employment and college applications, their success has also resulted in other chambers modeling similar programs off of their Student Membership Program.

#### **Initiative #4: [Black Women Connect GR](#) (Grand Rapids Chamber)**

Black Women Connect GR is an affinity group of the Grand Rapids Area Chamber of Commerce, which offers opportunities for African American women to meet with each other and develop meaningful relationships both professionally and personally. Black Women Connect GR events are designed for professional black women at all career levels, representing a diversity of corporations, small businesses, and public and non-profit organizations. Over 1,000 women have joined the Facebook group since it launched, and many attendees have also signed up to volunteer on future Black Women Connect GR committees. Their goal is to identify areas where black women seek more support for their success; to help them not feel disconnected from their community, and to build a professional network for uplifting black women in Grand Rapids to keep them from looking for jobs elsewhere.

#### **Initiative #5: [Women2Women](#) (Greater Reading Chamber of Commerce & Industry)**

The goal of Women2Women, an initiative of the Greater Reading Pa. Chamber of Commerce, is to create more women leaders in Berks County by providing a forum where women from diverse backgrounds can learn, share ideas, and mentor each other. Membership is free and open to all women in the county of all backgrounds, from CEOs to stay-at-home moms. Events include: a speaker series for inspiration; a renewal expo; a leadership series focused on education and preparation for women success; a mentoring initiative for connections, collaboration, and support from women to women; a women as business-owners roundtable to address the challenges women face in terms of business ownership; a Latina focus monthly meeting as well as a Latina-focused initiative on Latino Affairs. Future work will also include an initiative focused on young girls, with the goal to impact and empower young women in their community.

#### **Initiative #6: [Cincinnati Compass](#)**

Cincinnati Compass is an initiative of the Cincinnati USA Regional Chamber, the City of Cincinnati, and a host of regional partners. It is a virtual hub connecting immigrants to the broader community, recognizing that the future of the region includes significant growth from immigrants, refugees, and other international arrivals. As part of the national Welcoming America initiative<sup>16</sup>, the Ohio Welcoming Initiatives Network, and the Welcoming Economies Global Network<sup>17</sup>, this initiative is part of efforts trying to make the entire Midwest a destination and home for people from around the globe. It is also part of an integrated effort on the part of the

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<sup>16</sup> <https://www.welcomingamerica.org/>

<sup>17</sup> <http://www.weglobalnetwork.org/>

chamber called Diverse By Design™ that has built a range of support services and networking opportunities to support attraction and retention of diverse talent. In their words: “Diverse by Design was developed from the conclusion that diversity and inclusion have become bottom-line imperatives and that successful businesses and regions embrace this idea. In other words, increasing diversity and growing inclusions is not only the right thing to do, it's the smart thing.”<sup>18</sup>

## LEADERSHIP MATTERS

The programs we review above offer a set of first steps that chambers can take. But it's important to see these as steps on a much longer journey to a new role for business as a civic actor. After all, the dramatic and unpredictable economic changes we have experienced in recent decades are likely to be the norm, rather than the exception, in the foreseeable future. With technological change only accelerating, and leading edge developments in robotics, machine learning, natural language processing and the like increasingly moving beyond the research frontier and diffusing throughout manufacturing and service industries, businesses throughout America will continue to face uncertainty and change in competitive conditions.

This shifting and uncertain economy is evolving even as demographic changes—while much clearer and more predictable—are continuing to cause anxiety. The gaps are not just by race but by place, as different metros evolve in different ways, and also by generation, as a younger generation that is increasingly non-white, socially liberal, and globally oriented wonders what all the fuss is really about. In an earlier age, the glue to hold things together would have come from a strong social infrastructure: faith-based institutions that would provide some sense of common ground, business elites who could marshal resources, a news media that enjoyed high confidence and could ground the conversation in facts, labor unions that could insure that immigrant mobility was a reality and not just a dream, and a government that could provide its own set of supports, with broad social agreement on many of the basics like Social Security, Medicare, transportation infrastructure, environmental protection, and the like.

Much of that institutional infrastructure has been eroded by changing market forces, demographic differentiations, and political fragmentation. That means, as we have noted before, that many of the answers for the future belong not in government but in governance—a concept that does not exclude the important role of the public sector but realizes that generating economic vitality and embracing inclusion are really the role of a wide range of civic actors. These include the usual suspects—such as community-based organizations and political figures—but it also includes chambers of commerce that can work with the broader community to navigate that future.

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<sup>18</sup> <http://www.cincinnati-chamber.com/Connect/Diverse-by-Design/Diverse-by-Design.aspx#.WFNNzJIfAbY>

Local and metro chambers are well-suited to this role because they have a strong sense of roots in the region that leads actors to believe that an investment in downtown development or pre-K education will rebound in ways that go beyond immediate interests. They also are practiced at developing relationships over time and sometimes have collaborated to produce data that leads to a more reasonable conversation about the metropolitan future. And because they have to merge the interests of different businesses, they have skills at trying to find the common points of agreement on policy directions.

Yet chambers are also likely to experience growing pains as they take on these new roles, ones that stretch beyond the usual advocacy for lower taxes or public support for downtowns. What does it mean to make a commitment to shifting a regional tone away from anxiety and toward welcoming? What does it take to agree on the goal of reducing poverty and then working with people who disagree on the tools that are needed to do that? What is the challenge presented when you give up the delight from having sole influence on a decision-maker and instead consciously wonder who is not in the room and should be?

There is no easy path ahead, but leadership programs can facilitate progress. Such programs will need to help both large firms and small entrepreneurs understand the changing role of business as a civic actor in the 21<sup>st</sup> century. They will need to tackle the challenges of diversity in a serious and disciplined way, recognizing that the current pace of economic, technological, and demographic change brings discomfort to many even as they help new leaders gain the tools to argue that diversity is essential to maintaining a healthy local, regional and national economy.

That's a potential recipe for conflict but it's also an opportunity for leadership. Business thrives when it can navigate change, understanding a shifting terrain, taking advantage of all available talent, and collaborating with other actors to achieve sustainable markets *and* public policies. Business thrives when community and connection are part of a region's DNA – when no skill goes untapped, no dream goes unrealized, and no resilience goes undeveloped. And business thrives when chambers take on their responsibility as civic and not just economic actors, and so work to provide the data and dialogue, reason and relationships, that can help guide our cities, metros, and states to the sort of shared prosperity that has always been at the heart of the American Dream.

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