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ECONOMIC GROWTH AND INEQUALITY IN SAN DIEGO COUNTY: EVIDENCE AND POLICY IMPLICATIONS

ENRICO A. MARCELLI*

“In the abstract, inequality is good, and increased inequality is not necessarily bad.”

— Finis Welch, *In Defense of Inequality*, 1999

“The state cannot be neutral toward inequality. The State has not been neutral in the past. It is not neutral in the present. It will not be neutral in the future.”

— William M. Dugger 1998, *Against Inequality*, 1998

INTRODUCTION

Few topics have aroused more controversy since the publication of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* than how earnings ought to be distributed.¹ Only since the early 1980s, however, have mainstream economists begun to consider how an initial distribution of economic resources is likely to affect subsequent regional economic growth.² Apparently a more equal distribution may be desirable for more than ethical reasons.

A recent study of the San Diego regional political economy, however, found that rapid economic growth during the past two decades was accom-

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1. See generally ADAM SMITH, *AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS*, Vol. I (1776 [1976]). “Earnings” is defined as the hourly wage rate multiplied by hours worked, and is sometimes used interchangeably with “salary.” See *id.* “Total compensation” equals earnings plus employee benefits, and “income” is total compensation plus “unearned” income (e.g., interest, dividends, inheritance and other government transfers). See *id.*

2. See generally Christopher J. Niggle, *Equality, Democracy, Institutions, and Growth*, 32 *JOURNAL OF ECON. ISSUES* 523 (1998).

panied by increasing earnings inequality and poverty.³ The purpose of this article is threefold. First, section I will summarize recent theoretical and empirical evidence regarding the effect earnings inequality may have on economic growth. Section II then examines how San Diego County's economy has changed since 1980 in relation to that of California and of the nation. Section III discusses regional economic planning efforts underway in San Diego and whether these are likely to increase or decrease regional inequality and future economic growth. Section IV argues that a new conceptual architecture, concerning inclusive regional planning, is under construction in San Diego County, and if recent research about how inequality is likely to affect economic growth is correct, one way to increase the probability that the San Diego region will remain on its renewed path of economic growth is to invest in community-based organizations' capacity to participate effectively in the planning process.

I. THE RELATIONSHIP BETWEEN REGIONAL INEQUALITY AND ECONOMIC GROWTH

A. *The Enabling Market and Hierarchy Myths*

In a recent paper entitled *In Defense of Inequality*, a prominent neoclassical economist writes, "in the abstract, inequality is good, and increased inequality is not necessarily bad."⁴ His reason is straightforward. During the past three decades, rising inequality has created opportunities that have been exploited by many who are not among the traditional elite. For instance, higher educational wage premiums have motivated many women and African Americans to invest in their education and have resulted in reduced inequality between race and gender groups.⁵ Underlying this reasoning is the assumption that specialization, trade and economic surplus would not obtain without an inequality of preferences, capabilities, and earnings. But most relevant to the present discussion is that the relationship between inequality and growth is only addressed tangentially and the institutional creation and maintenance of inequality amidst growth is ignored. Inequality is *assumed* to be necessary for competition, and competition is *assumed* to be a natural precondition for and consequence of economic growth. It is admitted by the author, however, that "inequality is destructive whenever the low-wage citizenry views society as unfair, when it views effort as not worthwhile, when upward mobility is viewed as impossible or as so unlikely that its pursuit is not worthwhile."⁶

3. See generally Enrico A. Marcelli & Pascale M. Joassart, *A Report on the Social and Economic Status of Working People in San Diego County*, PROSPERITY AND POVERTY IN THE NEW ECONOMY, May 1998.

4. Finis Welch, *In Defense of Inequality*, 89 AMERICAN ECON. REVIEW 16 (1999).

5. Within groups, inequality does not appear to have declined, however.

6. Welch, *supra* note 4, at 2.

Illustrative of the dichotomous nature of the debate, a leading neoinstitutional economist wrote an article entitled, *Against Inequality*, in which he argues that inequality is pathological, cumulative, social, and supported by myth, but that income redistribution is not the solution.⁷ In fact, most students of inequality agree there is no single solution.⁸ The author also stresses that being opposed to systems of inequality such as racism, sexism, classism, jingoism, and anti-Semitism is not the same as being a strict supporter of absolute equality. Rather, “equality means the absence of artificial and arbitrary barriers.”⁹

Mainstream economists, others with self-interested or anti-egalitarian leanings, and those with a political philosophy opposed to state intervention, may be surprised to learn that the “father of economics”—Adam Smith—assigned a prominent role to government and public policy as factors that significantly influence economic growth and inequality, and that recent empirical evidence, as we shall see momentarily, appears to lend some credence to the hypothesized inverse relationship between the two.¹⁰

The assumption that inequality is a necessary condition for competition and that competition alone drives economic growth is based on two socially and economically detrimental “enabling myths.”¹¹ An enabling myth is one that neoinstitutional economists claim “enables those who benefit from the status quo to keep on benefiting” at the expense of society as a whole.¹² The first is the “market” myth, which maintains that the distribution of income is determined by an unfettered demand for, and supply of, labor.¹³ This is a myth, and inequality is not inevitable because earnings inequality also exists due to socially established institutions such as seniority and other structures of authority in both public and private enterprises.¹⁴ Thus, more than the market explanation is required to justify extant inequality. A second “hierarchy” myth claims that persons in positions of authority are there because they deserve to be, and thus should receive higher compensation than others not similarly situated.¹⁵ They have “paid their dues,” so to speak, and their

7. See William M. Dugger, *Against Inequality*, 32 JOURNAL OF ECON. ISSUES 297 (1998). Earlier prominent Institutional economists include Thorstein Veblen, John R. Commons, and Wesley C. Mithcell. Today, John Kenneth Galbraith is perhaps the most well known neoinstitutionalist.

8. See Lynn A. Karoly, *Growing Economic Disparity in the U.S.: Assessing the Problem and the Policy Options*, in THE INEQUALITY PARADOX: GROWTH OF INCOME DISPARITY 234-59 (James A. Auerbach & Richard S. Belous eds., 1998).

9. Dugger, *supra* note 7, at 289 (quoting Clarence Ayres).

10. See Niggle, *supra* note 2, at 525.

11. See generally WILLIAM M. DUGGER, UNDERGROUND ECONOMICS: A DECADE OF INSTITUTIONALIST DISSENT 314 (1992).

12. *Id.* at 315.

13. See *id.* at 316-17.

14. See Enrico A. Marcelli, Pascale M. Jossart, and Manuel Pastor, Jr., *Estimating the Effects of Informal Economic Activity: Evidence from Los Angeles County*, 33 JOURNAL OF ECON. ISSUES (1999).

15. See DUGGER, *supra* note 11, at 317-18.

earnings and benefits are thus determined not solely by market forces but by their position in the hierarchy.

Underlying reality, however, is different from the idea that markets allocate scarce resources efficiently or equitably but when they fail corporate hierarchy does. While it is likely that there are limits to certain available resources, many are also an increasing function of science and technology.¹⁶ In short, the real problem is that “our industrial capacity to produce affluence outstrips our institutional capacity to absorb affluence.”¹⁷ Consequently, addressing inequality and its implications for sustained growth has taken a back seat to the new zeitgeist of export-oriented growth. Instead of sharing what is produced regionally, in other words, we embrace socially acceptable justifications for exporting it. Rarely is this stated so simply, of course. Rather, we tell ourselves or often otherwise believe that the world has become much more competitive of late, and to remain among the global victors wage austerity, often on the part of those who can least afford it, and efficiency, more often attributed to those with more education, are necessary. “Beyond doubt, wealth is the relentless enemy of understanding.”¹⁸

As John Maynard Keynes warned, we dampen the demand for goods and services by neglecting to redistribute income more broadly, and fail to reach the textbook “production possibility frontier” given that those near the lower end of the earnings distribution spend relatively larger portions of any additional income.¹⁹ Or as one Nobel laureate in Economics writes, “[m]ost of the time the aggregate volume of production is limited by the amount of spending available to support it.”²⁰ Theoretically then, earnings may need to be more widely distributed to keep markets functioning properly. They should not be distributed hierarchically nor according to the alleged marginal productivity of workers that, as far as I know, has never been measured accurately.

This is a difficult proposition for some of us to accept because “we all want to believe that any privileges we have are richly deserved, and we all want to believe that any harm we do to others is really for their own good or is really their just reward.”²¹ But by believing or perpetuating the market and hierarchy myths we may constrain social cohesiveness and future economic growth.

16. See generally RICHARD A. EASTERLIN, *GROWTH TRIUMPHANT: THE TWENTY-FIRST CENTURY IN HISTORICAL PERSPECTIVE* 154 (1996); see also DUGGER, *supra* note 11, at 319.

17. DUGGER, *supra* note 11, at 319.

18. JOHN KENNETH GALBRAITH, *THE AFFLUENT SOCIETY* 1 (1958).

19. See generally JOHN MAYNARD KEYNES, *THE GENERAL THEORY OF EMPLOYMENT, INTEREST, AND MONEY* (1936).

20. ROBERT M. SOLOW, *WORK AND WELFARE* 25 (1999).

21. Dugger, *supra* note 7, at 297.

*B. Empirical Evidence Concerning How Inequality Affects Regional
Economic Growth*

Recently, empirically oriented economists have studied the effects of inequality on growth and found an inverse relationship.²² Of thirteen empirical studies that directly estimated the inequality-growth relationship in less and more developed nations, twelve found it to be negative, and ten reported a statistically significant result.²³ Another study confirmed these results for advanced capitalist countries only.²⁴ Also, while studies examining how the level of democracy (in theory positively correlated with economic equality) affects economic growth are mixed, scholars have found empirical support for the notion that “while a citizen-driven policy process may be less than ‘optimal’ from an investor’s short-term perspective, it may also be more sustainable over the medium run.”²⁵

Firm profitability and social provisioning, however, are not necessarily conflicting objectives. For example, a new study of how poverty has affected regional economic growth throughout the United States suggests there is a positive relationship between a more egalitarian distribution of earnings and growth.²⁶ Specifically, it found that across seventy-four metropolitan areas, those regions that had lower levels of poverty experienced the most rapid economic growth throughout the 1980s. An important characteristic of those regions that achieved both poverty reduction and economic growth was a conscious effort to connect community-based (environmental, faith-based, housing, labor and others) organizations [hereinafter CBOs] with both public and private advocates of regional economic growth.

II. EARNINGS INEQUALITY AND ECONOMIC GROWTH TRENDS IN SAN DIEGO
COUNTY

Although the United States is often touted as the new model economy and its national income per person rose by an impressive twenty-four percent from 1980 to 1996, it has not performed as well as many other advanced capitalist nations over the past half century.²⁷ Specifically, while average an-

22. See generally Richard B. Freeman, *Is the New Income Inequality the Achilles’ Heel of the American Economy?*, in THE INEQUALITY PARADOX: GROWTH OF INCOME DISPARITY 219 (James A. Auerbach & Richard S. Belous eds., 1998).

23. See Roland Benabou, *Inequality and Growth*, in, NBER MACROECONOMICS ANNUAL (Ben Bernanke & Julio Rotemberg eds., 1996).

24. See Andrea Brenadolini & Nicola Rossi, *Income Distribution and Sustainable Growth in Industrial Countries*, in 130 LUXEMBOURG INCOME STUDY WORKING PAPER (1995).

25. Manuel Pastor, Jr. & Jae Ho Sung, *Private Investment and Democracy in the Developing World*, 29 JOURNAL OF ECON. ISSUES 223, 238 (1995).

26. See MANUEL PASTOR, JR., PETER DRIER, J. EUGENE GRIGSBY III, & MARTA LOPEZ-GARZA, *GROWING TOGETHER: LINKING REGIONAL AND COMMUNITY DEVELOPMENT IN A CHANGING ECONOMY* (1997).

27. This section relies heavily on LAWRENCE MICHEL, JARED BERNSTEIN, & JOHN

nual growth rates have risen elsewhere, in the United States they have declined from 2.3% in the 1960s and 1970s, to 1.5% in the 1980s, to 1.0% in the 1990s. One result during the present decade has been that U.S. income per person has grown at about the same pace as it has in France, Italy, and the United Kingdom, but more slowly than Japan, Germany, and the average for all advanced capitalist nations. In terms of productivity, the U.S. has averaged about half that of other advanced economies. Belgium, France, the Netherlands, and western Germany, for instance, have become more efficient than the U.S.—a finding that may come as a surprise given that these political economies are *more highly regulated* by government.

How is it then that the U.S. has maintained a competitive foothold in the increasingly “globalized” economy? It may be that it has been more powerful due to the monopolistic advantage of certain firms in certain industries, or because U.S. workers have been working more than members of other advanced capitalist nations.²⁸ But increasingly, evidence suggests that certain infra-state regions, such as Silicon Valley, are the engines of continued national growth.²⁹

The U.S. has two additional dubious distinctions among advanced capitalist nations. First, while those in the nintieth percentile of the family income distribution earn six times those in the tenth, the average is under four times for other advanced economies. Second, throughout the 1980s and 1990s, the U.S. had a higher rate of poverty among sixteen advanced economies, and upward mobility of those at the bottom has been slower than in other wealthy economies. In short, the U.S. economy may be lurching ever forward but many are being left behind.

California’s economic growth has trailed that of the entire country by a factor of seven. From 1980 to 1994 per capita gross state product grew by a mere 3%,³⁰ and the median income of four-person families rose by only 1.1% from 1980 to 1996.³¹ One consequence has been rising inequality. The ratio of what those in the top fifth (20%) of the income distribution earned to what those in the bottom fifth (20%) earned rose from 7.9 to 11.9 during the 1980s and 1990s.³² According to a recent study, this was driven more by declining earnings of those at the bottom of the income distribution than by rising earnings of those at the top. While California’s “rich got a little richer,

SCHMITT, THE STATE OF WORKING AMERICA 1998-99, 355-89 (1999); *see also* EASTERLIN, *supra* note 16, at 31-44.

28. *See generally* JAMES K. GALBRAITH, CREATED UNEQUAL: THE CRISIS IN AMERICAN PAY 37-49, 69-88 (1998).

29. *See generally* ALLEN J. SCOTT, REGIONS AND THE WORLD ECONOMY: THE COMING SHAPE OF GLOBAL PRODUCTION, COMPETITION, AND POLITICAL ORDER (1998).

30. *See* SAN DIEGO ASSOCIATION OF GOVERNMENTS, EVALUATING PROSPERITY IN THE SAN DIEGO REGION: TOWARD A SHARED ECONOMIC VISION FOR THE SAN DIEGO REGION (1998) [hereinafter SAN DIEGO ASSOCIATION].

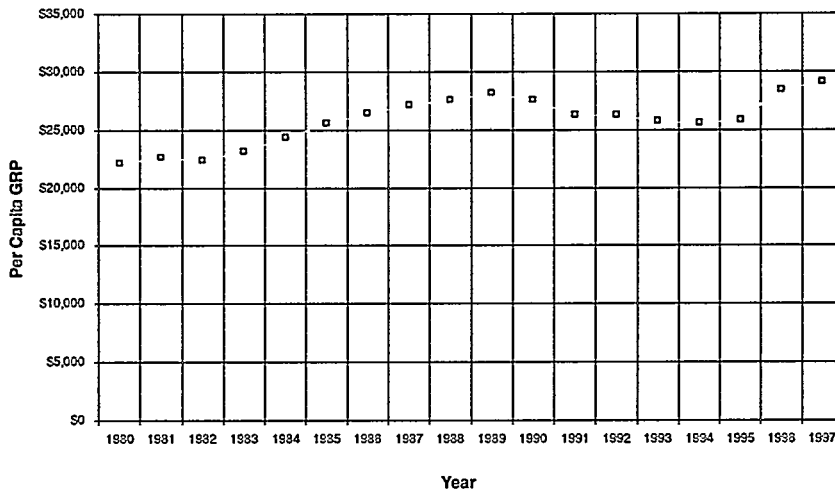
31. *See* MICHEL ET. AL., *supra* note 27, at 319.

32. *See id.* at 323.

the poor got a whole lot poorer.”³³

A growth of seven percent in San Diego County’s income per person from 1980 to 1994 falls in between that of the state and of the nation.³⁴ However, a more recent study shows that the region’s economy has been improving since 1994.³⁵ Regional income per person grew by 14% from 1994 to 1997, or by a rate of 4.7% per year, and by 32% from 1980 to 1997, or a rate of 1.9% per year (Figure 3.1).

Figure 3.1 Inflation-Adjusted Per Capita Gross Regional Product (GRP), San Diego County, 1980-1997



Consistent with national- and state-level stories, median income has not kept pace with economic growth, and earnings inequality has accompanied economic growth. Figure 3.2 shows that annual median earnings have remained relatively flat compared to the value added per person. In fact, the gap between the two measures more than doubled between 1980 and 1997. While it equaled \$2718 in 1980, this disparity grew to \$7136 by 1997. Further, as can be seen in Figure 3.3, wage and salary income inequality also grew over the past two decades. The ratio of what those in the nintieth percentile earned to what those in the tenth percentile earned rose from 10.4 to 11.0 from 1980 to 1997. Measured differently, the earnings gap between these workforce participants rose from \$42,030 to \$50,000. The figures are more striking if one compares the ninety-fifth and fifth percentiles, however. As can be seen from the trend lines, although inequality has continued to rise in the 1990s, the largest increases occurred in the 1980s.

33. DEBORAH REED, CALIFORNIA’S RISING INCOME INEQUALITY: CAUSES AND CONCERNS ix (1999).
 34. See SAN DIEGO ASSOCIATION, *supra* note 30, at 7.
 35. See Marcelli & Joassart, *supra* note 3, at 42-43.

Figure 3.2: Inflation-Adjusted Productivity and Median Earnings, San Diego County, 1980-1997

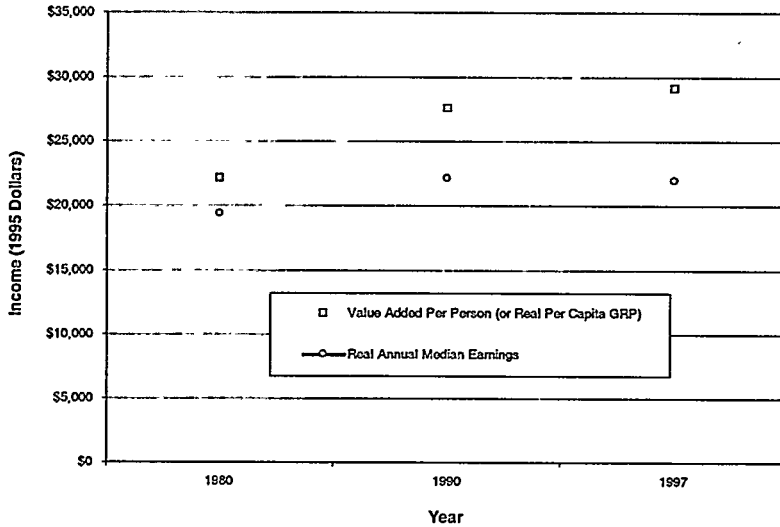
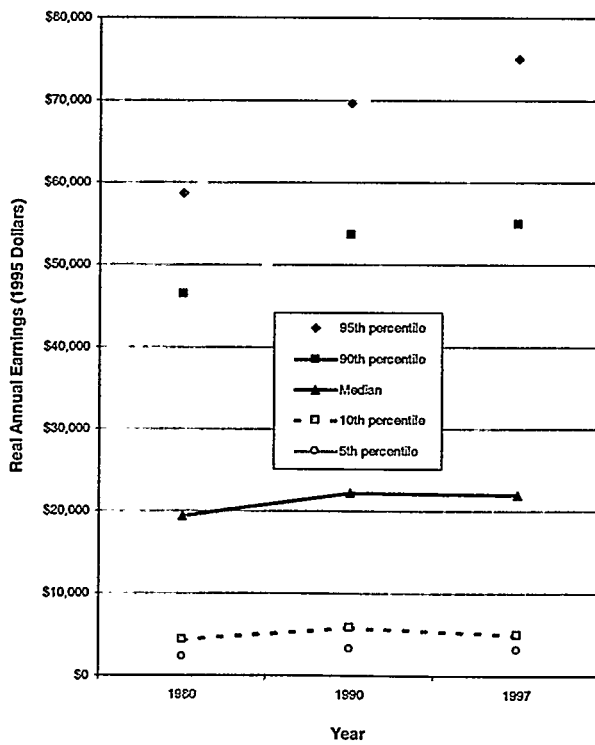


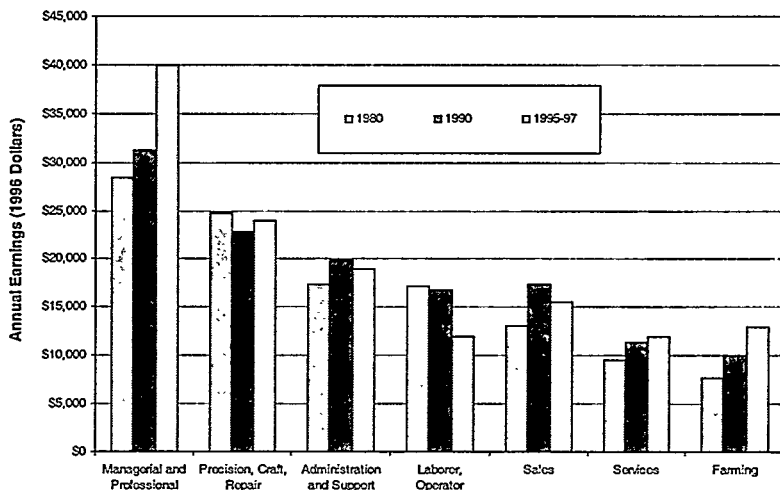
Figure 3.3: Inflation-Adjusted Earnings Distribution, San Diego County, 1980-1997



We now turn to a more detailed analysis of widening earnings inequality, that is, its characteristics and consequences as well as several possible sources. First, income disparity continues to be associated with ethno-racial and gender group affiliations. Among males, only Latino and non-Latino white earnings improved noticeably during the past two decades, but the former remain thirty-three percent lower than the latter.³⁶ Among females, only Latino earnings fell from 1980 to 1997. As a proportion of non-Latino earnings, they fell from being only slightly lower to being fifty percent lower. Overall, as of 1997 and across all ethno-racial groups, woman continued to earn considerably less than their male labor force participants.³⁷

Although our earlier analysis showed that median earnings rose in every major industry from 1980 to 1997,³⁸ when we look at the occupational distribution of earnings it becomes clear that not all benefited equally (Figure 3.4). Specifically, those employed in Managerial and Professional occupations saw their earnings improvement outstrip those in all other categories. Given that this occupational segregation is reflected by ethno-racial groups, it is unsurprising that the earnings differences noted above are also seen by ethno-racial groups. Specifically, non-Latino whites are more likely to be employed in Management and Professional, as well as

Figure 3.4: Inflation-Adjusted Median Annual Earnings by Major Occupational Category, San Diego County, 1980-1997



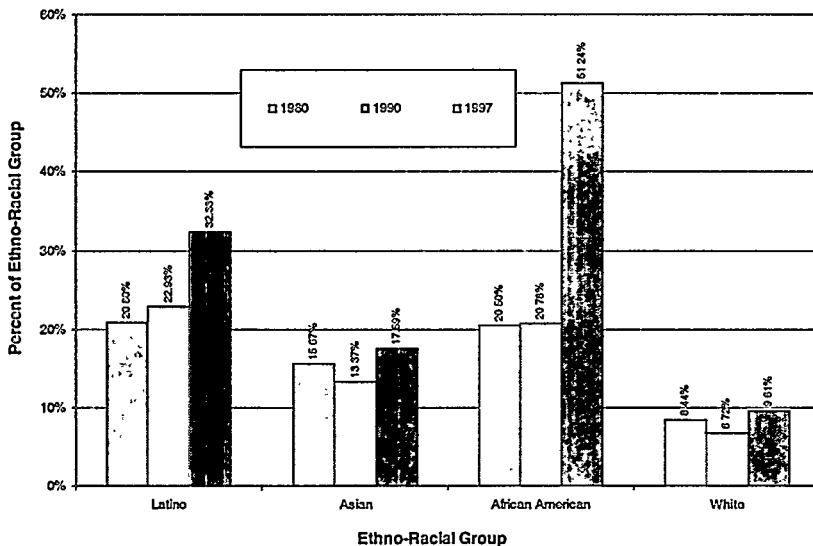
36. *See id.* at 43.

37. *See id.* Specifically, in 1997 median annual earnings of Asian women were \$600 more, of African American's were about the same as, of Latina's were \$10,000 less, and of non-Latina white's were \$11,300 less compared to those of their male counterparts. *See id.*

38. *See id.* at 45.

Administrative and Technical Support, occupations than African Americans, Asians, and Latinos. The growth of inequality in the region has had the unwelcomed effect of increasing poverty. Hovering around twenty-two percent in 1980, the proportion of all San Diegans not earning enough to lift themselves out of poverty (measured more liberally) rose to almost thirty-two percent.³⁹ Using the “official” estimate, San Diego County’s incidence of poverty and that of the state were almost identical at eleven percent in 1980. However, the rate in San Diego County grew to be 5.7 percentage points higher than the state’s by 1997. Again, we can see from Figure 3.5 that this outcome varies by ethno-racial group. Non-Latino Asians and whites have experienced slightly higher incidences of poverty over time, but African Americans and Latinos fared much worse. These important differences should not cloud the fact that poverty rose across all ethno-racial groups.

Figure 3.5: Official Poverty Rate by Ethno-Racial Group, San Diego County, 1980-1997



Why, one may ask, did inequality and poverty rise more quickly in San Diego County than elsewhere on average and while the region was expanding economically? Unfortunately, this is a question that requires more room and time than is afforded here. But available data allows us to observe patterns in other labor market variables that are suggestive.

39. By “more liberally” I mean 150% of the poverty threshold. The “official” threshold equals 100%. For example, the 100% poverty threshold for a family of four (with two children) was \$16,276 in 1997, thus any such family earning less than this amount was considered impoverished. Based on regional cost of living expenses, it is not unreasonable to use \$24,414 instead. Some researchers even use a 200% threshold, or \$32,552.

Educational or skill differences have been the most popular explanation for earnings differentials. Figure 3.6 shows that in general the labor force has become more educated over time. The proportion of all persons aged eighteen to sixty-four years that had at least some college rose from forty-nine percent in 1980 to fifty-nine percent in 1997. Figure 3.7 further reveals that only those with at least some college saw their earnings rise. Although not shown here, women have virtually closed the education gap between themselves and men over the past two decades. And both African Americans and Latinos have made progress. These last two groups, however, continue to be significantly less educated than non-Latino whites.

Figure 3.6: Educational Attainment, persons aged 18-64, San Diego County, 1980-1997

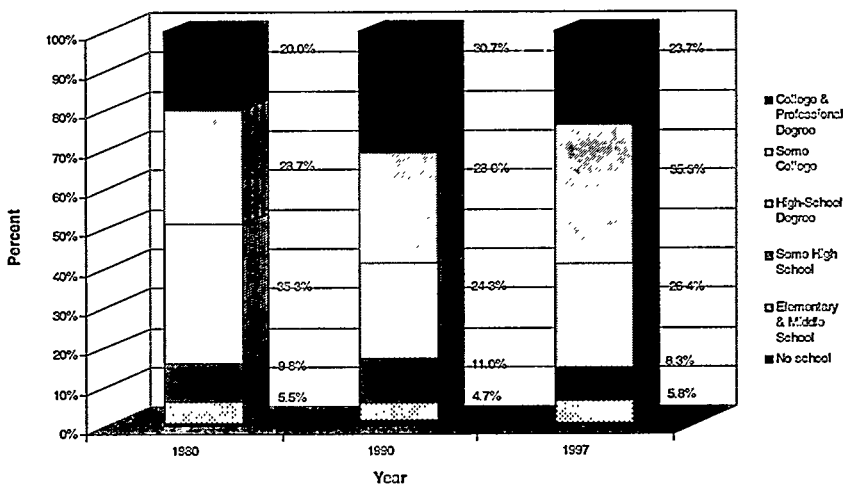
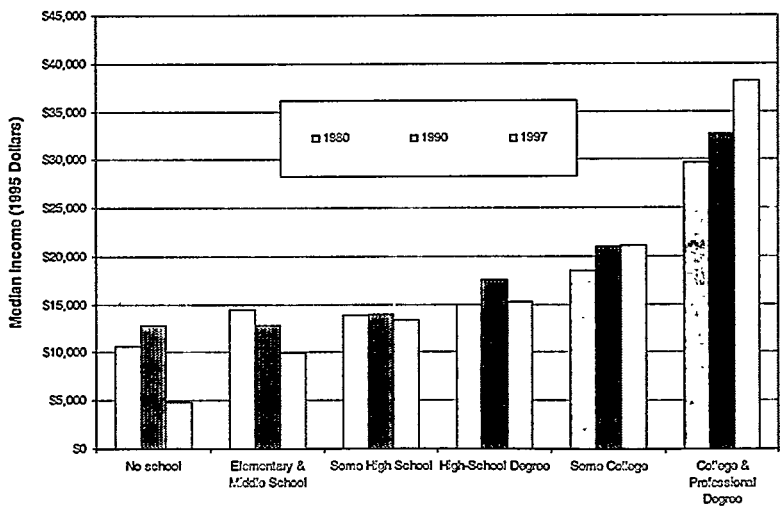
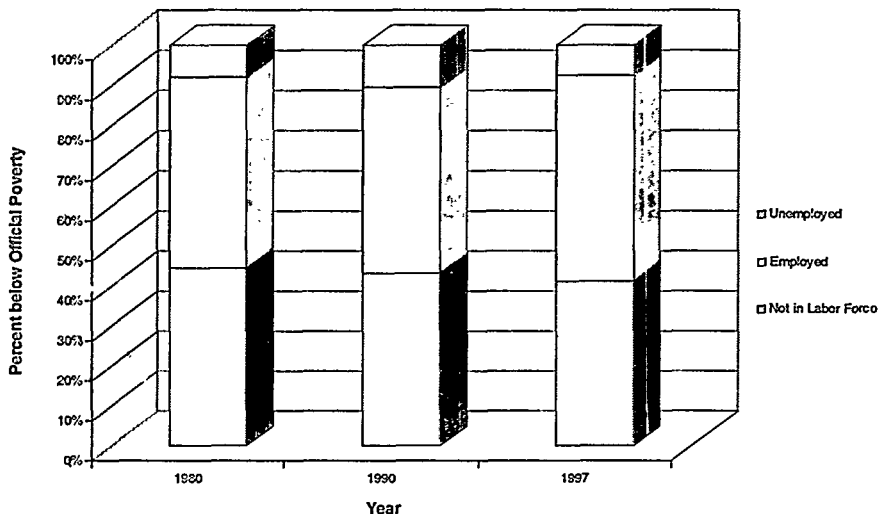


Figure 3.7: Median Real Wage and Salary Income by Educational Attainment, San Diego County, 1980-1997



While differences in educational attainment may explain some of the earnings differential, they do not explain all of it (e.g., gender earnings inequality). Work effort may also be important. Although labor force participation is a crude proxy for work effort, with the exception of African American males, the proportion of both females and males of every other ethno-racial group in the labor force rose from 1980 to 1997. While the participation of men was approximately sixteen percent higher than that of females in 1997, among men, Latinos had the highest rate. Consequently, like education, work effort alone does not appear at first glance to be a good explanation for earnings inequality. Another indication that the desire to work, or work effort alone, does not explain earnings outcomes is the finding that well over fifty percent of all impoverished adults in San Diego County (measured conservatively) during the 1980s and 1990s were in the labor force (Figure 3.8). Calling into question the seriousness of claims touting the importance of a strong “work ethic,” for achieving economic success, a remarkable fifty-one percent of impoverished adults were employed in 1997.

Figure 3.8: Official Poverty Among Adults by Work Status, San Diego County, 1980-1997

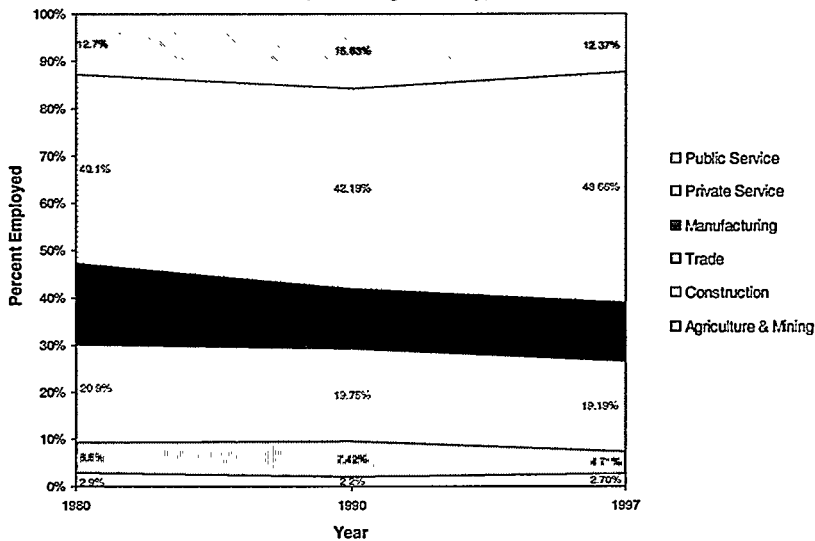


If previous labor force preparation and present effort do not fully explain earnings differences, what other factors might help? Some observers have suggested that a changed economic structure—whether resulting from increased internationalization of trade, capital flows, and competition, or from firms simply trying to create a more favorable environment for profit-seeking by reducing union strength or raising the proportion of its workforce that works part-time in the absence of more competition—can lead to an educational earnings premium for certain workers. Put simply, the institutional structure of the economy may be an important mediating variable for

understanding compensation levels for individual preparation and effort.

Again, though there is insufficient space here to investigate all these factors, we can at least observe trends in unionization, industry composition, privatization, and part-time employment, in an effort to see whether the structure of the San Diego County economy has changed in ways that help us understand why earnings inequality has continued to rise. From Figure 3.9 we can see that, proportionally, manufacturing has declined and the service sector has grown. But what is concealed is the fact that during the past two decades both were on the rise in absolute terms. Certainly the 400,000-plus service sector jobs that were created far exceeds manufacturing job creation, which was only slightly more than 50,000. But only in the public service sector did employment actually fall. Trade was the only other sector that experienced significant gains (slightly less than 100,000).⁴⁰

Figure 3.9: Employment by Major Industrial Sector, Percent, San Diego County, 1980-1997



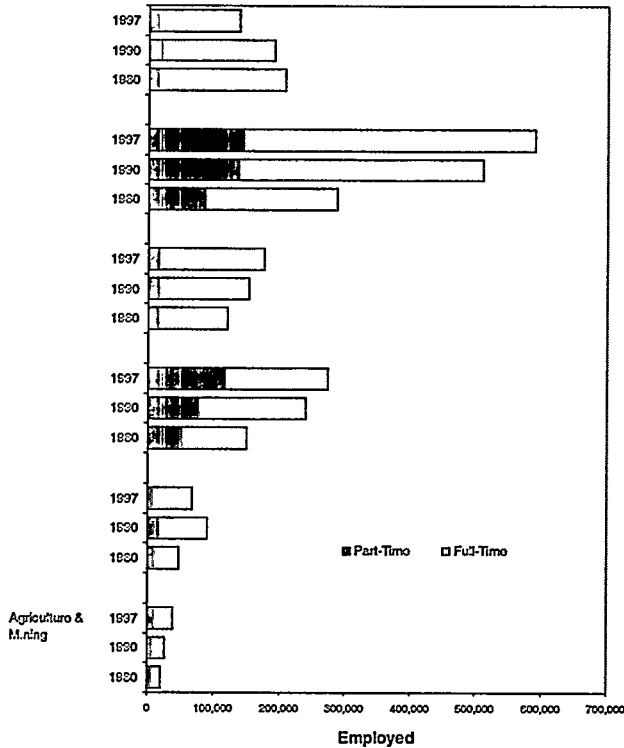
These industry sector trends have been accompanied by an increased privatization of employment. Whereas about sixty percent of the workforce was employed by private firms and thirty-one percent by government in 1980, by 1997 these figures were seventy-four percent and fourteen percent respectively.⁴¹ One result has been an increasing proportion of part-time employment. As Figure 3.10 shows, the sector that had the largest employment growth (Private Services) also had the largest increase in the number of part-time workers. Part-time employment exists across all major industry sectors, however. And although not shown here, significant levels of part-time em-

40. See Marcelli & Joassart, *supra* note 3, at 32.

41. See *id.* at 40.

ployment are present across all major occupational categories as well. To the extent that part-time work is less well remunerated in terms of earnings and benefits, and to the extent that it is distributed differentially by gender and ethno-racial group, it may help to explain persistent or widening economic inequality in the San Diego political economy.

Figure 3.10: Major Industrial Sector by Part-Time Employment, San Diego County, 1980-97



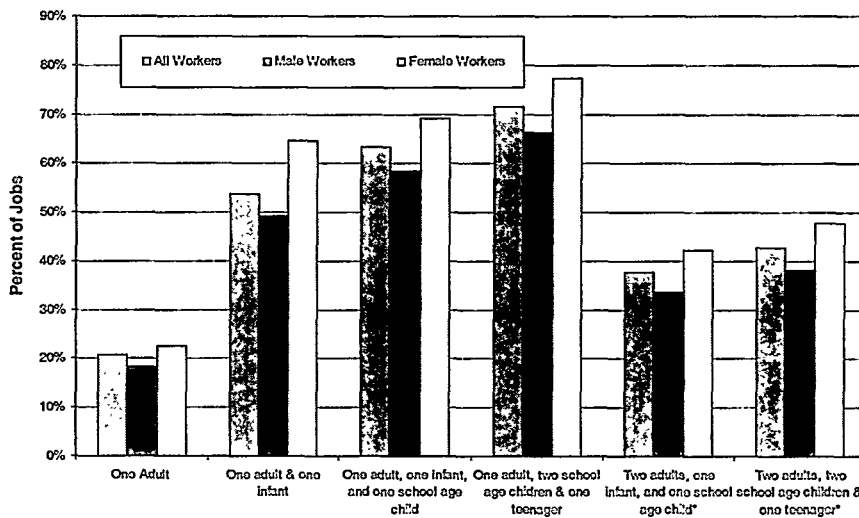
Finally, if for no other reason, the fact that unions tend to compress wage divergences across skill levels implies that a decline in unionization will lead to greater earnings inequality. Union representation often produces more than wage compression, however. It has also historically carried with it augmented employment security, better working conditions, and higher compensation.⁴² Union membership in San Diego County, however, has declined since 1980, when it was 18.8%, to 1997, when it equaled 12.5%. Nonetheless, important gender, class of worker, and occupational differences exist. In general, representation among women, public sector personnel, and

42. See RONALD G. EHRNEBERG & ROBERT S. SMITH, *MODERN LABOR ECONOMICS: THEORY AND PUBLIC POLICY* 472-523 (1996).

certain professionals appears to be on the rise, but in decline among men, private sector employees, and all non-professional occupations.⁴³

These patterns suggest the need to scan the changing regional economic and institutional landscape in addition to trumpeting the role of individual education and work effort when trying to understand the sources of earnings inequality. Both global market forces and public policies influence the number of jobs created, the industries in which they are found, the proportion of jobs that are part-time, and rates of unionization. Thus, it is important to ask whether and how regional economic decision making has contributed to the persistence of substantial inequality while the region as a whole is prospering. The fact that a high proportion of jobs in the county does not pay enough to support families of various compositions make this requisite. Well over half of all jobs do not permit a single parent to support herself and at least one child, and even when two adults are employed in a household, over thirty percent of those jobs (combined) do not pay enough to support two adults and two children (Figure 3.11).

Figure 3.11: Percentage of Jobs Not Paying a Sufficient Wage to Support Various Family Types by Gender, San Diego County, 1997



IV. DISCUSSION

We have seen that after a five-year economic downturn commencing in 1989, San Diego County's economy began to recover, and even surpassed, the momentum experienced in the 1980s. Overall, the regional economy grew impressively despite defense cutbacks. We have also seen the gap be-

43. See Marcelli & Joassart, *supra* note 3, at 48-49.

tween per capita economic growth and median annual earnings, and earnings inequality, grow continuously across the business cycle. Without drawing firm conclusions here about why this has been the case, we can assess what the recent inequality-growth research discussed in Section I implies for San Diego County in light of the regional economic trends reported in section II.

A. Instituted or Inevitable Inequality?

Discussions concerning inequality and growth should not revolve around the false choice between market-driven versus government-driven economic development. Indeed, if policymakers and community leaders are mentally cradling either a competitive market or a cooperative command model in their heads, then collaborative efforts are likely to be unsuccessful.⁴⁴ Rather, what exists is an economic system in which the state sets the rules of the game and individuals and groups both cooperate and compete to influence these and to work within them.

If such discussions are to be fruitful two things are needed. First, business, community, and government representatives need to acknowledge “the other face” of regional economic prosperity in San Diego County—widening inequality. This has begun to happen. Second, there is the need to recognize that both markets and inequality are products of human activity and thought. In other words, institutions, not natural forces, are responsible for the character and success of regional economic growth. Inequality and growth are not inevitable but instituted. They are instituted by human beings who work with others and with natural resources, and who create laws that are more likely to constrain or to foster economic inequality and growth.

B. Facilitating Regional Economic Development

Consistent with recent research that has shown that the character and structure of social networks can significantly influence earnings and employment opportunities,⁴⁵ worldwide there has been increasing recognition of the importance of more participatory governance systems whereby both business and community-based organizations “partner” with government in an effort to achieve or sustain regional economic prosperity.⁴⁶ One manifestation of this has been increased privatization, simply sub-contracting traditionally public tasks to private firms. Another has been the development of regional collaborative networks that bring together business, community,

44. See WALTER LIPPMAN, *PUBLIC OPINION* (1997).

45. See generally PASTOR ET. AL., *supra* note 26; Manuel Pastor, Jr. & Enrico A. Marcelli, *Social, Spatial, and Skill Mismatch Explanations of Wage Outcomes in Los Angeles*, *URBAN GEOGRAPHY* (Forthcoming 2000).

46. See Myrna P. Mandell, *The Impact of Collaborative Efforts: Changing the Face of Public Policy Through Networks and Network Structure*, 16 *POLICY STUDIES REV.* 4-17 (1999).

and government organizations. Government control is replaced by partnerships involving official representatives and other community members. Often, these partnerships are motivated and supported by private foundations, but this, of course, does not ensure that some participants will not be more influential than others. In other words, the discovery of the importance of interdependent mutual effort and trust for achieving sustained regional economic growth, carries with it the need to recognize “the other face of trust,” that is, the need to expose power and influence as well as existing social capital in networks instead of simply focusing on “empowering” communities.⁴⁷

The enabling market and hierarchy myths can prohibit movement toward community-enhancing, growth-stimulating regional collaboration. However, various regions have begun to recognize that authentic collaboration can help overcome these mental limitations to sustained, holistic economic growth. In fact, as evidence from several recent regional collaborative efforts in southern California suggests, a regionally holistic “mind set” can be more important than the structural form that a collaborative effort takes on.⁴⁸ Specifically, after considering the structural relationships between business, community, and government in four separate collaborative efforts, the importance of “horizontal” versus “vertical” management became apparent, as did exchanges between communities and “experts.” While communities need to acknowledge their need for regional expertise, the “experts” need to acknowledge the importance of community-generated ideas and involvement. This mutual recognition translates into finding those with the technological expertise (e.g., fiscal, government, legal, personnel) necessary for creating and sustaining a viable organizational effort, as well as tapping into and developing the skills of community residents as their confidence and expectations regarding how to work within the existing institutional framework begin to rise.⁴⁹ The result is collective rather than individual confidence and skill enhancement, pre-conditions for shared economic growth.

While it is tempting for professionals to try to take charge of such efforts, some private firms are beginning to see the mutual value of bottom-up learning. Instead of viewing others as mere implementers of plans independently determined, many managers are beginning to realize that creating an environment that is conducive to internal entrepreneurial activity can be more productive. That is, instead of being “enablers” (trying to get subordinates to implement established plans), many are starting to take on the role of “facilitators” (permitting the community to decide the direction and pace of activity and being available for consultation).⁵⁰

Similar to how those involved need to transcend the market versus gov-

47. *See id.* at 13.

48. *See* Myrna P. Mandell, *Community Collaborations: Working Through Network Structures*, in 16 *POLICY STUDIES REVIEW* 42-64 (1999).

49. *See generally id.*

50. *See id.* at 53-55.

ernment mentality, it needs to be made clear that collaboration does not require universal agreement on every issue. Rather, what is needed is a common understanding that working together can result in more for everyone. The economy is not a zero-sum game. Accomplishing this change in mind set is no small feat, however. Underlying the enabling myths is a prevailing conception of human nature that views people as self-interested, rational, disconnected individuals.⁵¹ But it is not impossible. A 1998 national survey undertaken at UCLA revealed that for the first time since the 1960s, college freshman are showing a greater interest in community service.⁵² In short, "norms of social behavior, including ethical and moral codes [may be] reactions of society to compensate for market failures."⁵³ But creating an environment conducive to shared economic prosperity will take more than what college students alone can offer. Persons with decision-making authority need to be convinced, CBO's with diverse agendas historically (e.g., affordable housing, community development, labor and environmental organizations) need to capitalize on common interests, and CBO's need to be equipped with the information and other resources necessary to participate in regional economic planning.⁵⁴

Facilitating economic development then requires more than simply rejecting the market and hierarchy myths. It requires placing greater trust in persons of diverse backgrounds dispersed throughout San Diego County. As the regional economy has demonstrated over the past two decades, growth without a wide distribution of income is possible. As research is beginning to show, however, sustained economic growth is less probable without a more egalitarian distribution of earnings. Shared economic development, as contrasted with economic growth, requires that people let go of their fears and traditional alienating ways of thinking, adopt a more inclusive mentality, and forge authentically inclusive collaborative alliances.

C. *Efforts Underway in San Diego County*

Regional economic planning has traditionally been done by business-government alliances, with CBO's rarely being invited to the table. For the most part, the former group has concerned itself with deciding how the region can best develop its competitive niches in an increasingly open economy. The latter has focused on trying to convince businesses and govern-

51. See generally Geoffrey M. Hodgson, *The Return of Institutional Economics*, in THE HANDBOOK OF ECONOMIC SOCIOLOGY 58. (Neil J. Smelser & Richard Swedberg, eds., 1994)

52. See Kathryn M. Downing, Michael Parks, and Janet Clayton, *Altruism 101*, L.A. TIMES, July 31, 1999, at B7.

53. KENNETH ARROW, THE LIMITS OF ORGANIZATION 22 (1969).

54. See generally Nico Calivita & Kenneth Grimes, *The Establishment of the San Diego Housing Trust Fund: Lessons for Theory and Practice*, 11 JOURNAL OF PLANNING EDUCATION AND RESEARCH 170 (1992).

ment to funnel resources into job-poor neighborhoods.⁵⁵ Conflict has been one result, but fortunately, various collaborative efforts underway in San Diego County during this decade suggest that business and government leaders are increasingly receptive to community involvement in regional economic planning, and that CBO's can effectively participate to the benefit of all.

The San Diego region is ripe for investment in CBOs' capacity to participate in regional economic planning because (1) since the recession of the early 1990s and defense cutbacks, the public sector has been planning for regional economic growth more systematically, and several key CBO's have begun to gain experience in the planning process; (2) business associations have become increasingly willing to work with other constituencies toward approaching shared regional economic growth; and (3) media and other institutions are increasingly open to discussing the connections between local community concerns and regional economic planning goals.⁵⁶

The most popular analytical tool for selecting which industries ought to be supported with regional resources targets relatively highly interdependent groups of industries ("clusters") according to one or more characteristics thought to be crucial for economic growth. It is claimed that this process provides a richer source of information about dynamic regional economic activity and a powerful set of tools with which to create and implement more effective economic development strategies.⁵⁷ In short, standard industrial classification (SIC) codes such as "housing" or "computers" may not be adequate for understanding contemporary economies.⁵⁸ "Cluster analysis" goes beyond arbitrary classifications by identifying behavioral and performance characteristics of various industries and grouping these according to similar patterns.

In San Diego County this has been done primarily under the aegis of the San Diego Association of Governments (SANDAG), a forum for regional decision-making that incorporates the eighteen cities and county government, and claims to build consensus, make strategic plans, obtain and allocate resources, and provide information on a wide range of topics important

55. See Neil R. Pierce, *Developing Regional Economic Plans*, SAN DIEGO UNION TRIB., July 20, 1997, at G-3.

56. See Enrico A. Marcelli, *The San Diego Regional Political Economy: Potential for Collaborative Planning and Shared Growth*, Paper presented at the California Endowment and Rockefeller Foundations' California Works for Better Health meeting, San Francisco (Oct. 28, 1999).

57. See Gary Anderson, *Industry Clustering for Economic Development*, 12 ECONOMIC DEVELOPMENT REVIEW 26 (1994).

58. For instance, suppose an economy has four workers. Ann makes computers and Bill sells them. Chuck builds houses, and Diane paints them. Ann and Bill earn \$200 per week, and Chuck and Diane earn \$100 per week. If we define two industries, "manufacturing" and "services," then the average wage is \$150 in each industry. But if we define industries differently, as "housing" and "computers" for example, then the average wage in housing is \$100 and \$200 in computers. Clearly the way we define industrial categories influences how we judge employment in them. See GALBRAITH, *supra* note 28, at 278-82.

for the region's quality of life.⁵⁹ The three non-arbitrary characteristics used to group like SIC codes for the purpose of identifying areas of the economy in which the region has a competitive advantage have been the geographic concentration of export-oriented economic activity, the inter-connectivity of goods and service flows, and annual payroll per employee of industries.⁶⁰ The result has been the identification of sixteen industry clusters that are relatively "tight" in terms of export-orientation and regional inter-connectivity of inputs and outputs. The annual payroll per employee or "Economic Prosperity Factor" serves mainly as a way of discovering which industries have higher average incomes and those which may be missing from a cluster chain.

The non-neutral nature of cluster analysis reveals that it (as well as any public policy recommendations based on its findings) is a product of collaborative decision-making. The fundamental question then is not what clusters emerge from a putative neutral analysis, but what factors were used to do the analysis in the first place and why. In short, collaboration is not necessarily inclusive of diverse constituencies or interests.

We have already seen that how one evaluates whether a cluster or an industry is worthy of public support is dependent upon how industry categories are defined. One analyst has recently argued, for instance, that a better taxonomy of industries does not categorize according to export-orientation but by value-added per hour. Not denying the importance of export-orientation for generating a higher level of demand for a region's goods and services, this approach focuses on productivity rather than foreign sales for long-term economic development.⁶¹ Harking back to Adam Smith's critique of the 18th-century mercantilist position that wealth is generated by the maximization of exports minus imports via state support of the former and dissuasion of the latter, this contemporary economist's cluster analysis places more faith in the productive capacity rather than the export-orientation of a region for sustaining economic growth, and defines a three-level (clustered) economy: a K ("knowledge" or "capital goods") sector, a C ("consumption goods") sector, and an S ("services") sector.⁶² While K-sector wages are determined more by market forces and S-sector wages are determined more by public policy (e.g., minimum wage laws and public assistance), C-sector wages are most clearly understood as a product of both forces. The important thing to remember about this and SANDAG's clustering is that the clusters emerge from pre-determined criteria. However, because people select the criteria, they cannot be unbiased. While the K-C-S grouping is production oriented and SANDAG's is export oriented, neither

59. See generally SANDAG, CREATING PROSPERITY FOR THE SAN DIEGO REGION 32 (January 1999).

60. See SOURCEPOINT, POINT INDUSTRIAL CLUSTER BASED REGIONAL ECONOMIC DEVELOPMENT INFORMATION SYSTEM (1998).

61. See GALBRAITH, *supra* note 28, at 79.

62. See *id.* at 89-116.

explicitly incorporates earnings inequality as a characteristic by which to group SIC codes. If the recent research on how inequality affects economic growth is accurate, this may be a serious oversight.

For instance, although weekly earnings inequality narrowed more rapidly in SANDAG's clustered industries between 1990 and 1998, it remains higher in these compared to non-clustered industries. And while inequality is lower in those industry clusters targeted by the City of San Diego and the San Diego Regional Economic Development Corporation (SDR-EDC) to receive public financial support, the so-called "economic drivers," the largest decrease in the 1990s has been in non-targeted clusters. Furthermore, three of the four industry clusters that saw a rise in inequality were economic drivers (Figure 4.1).⁶³

Put simply, ignoring the non-targeted clusters and promoting the economic drivers may generate more, not less, earnings inequality and thereby keep the region from reaching its economic potential. Investing only in the economic drivers that are supposed to augment economic opportunities for many in San Diego County is further complicated by the fact that fully 58% of the workforce is employed in non-clustered industries, a figure that rises to eighty-two percent when the non-targeted clusters are included.

Figure 4.1: Ratio of 95th to 5th Percentile Weekly Earnings by Cluster, Ranked by Percentage Change, San Diego County, 1990 to 1996-98

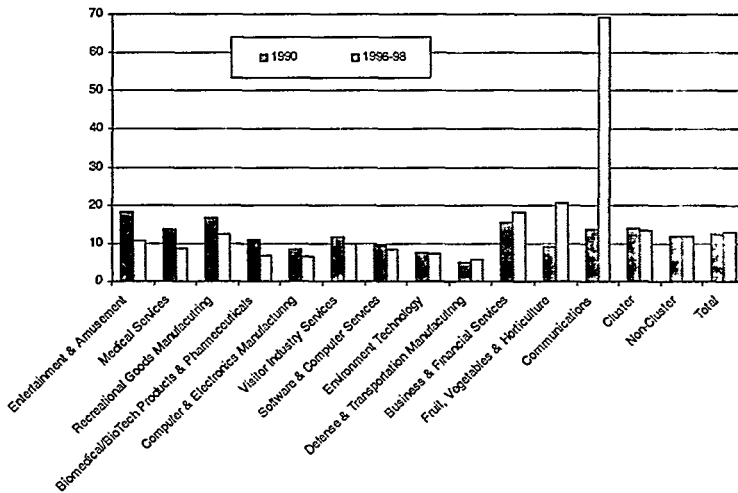
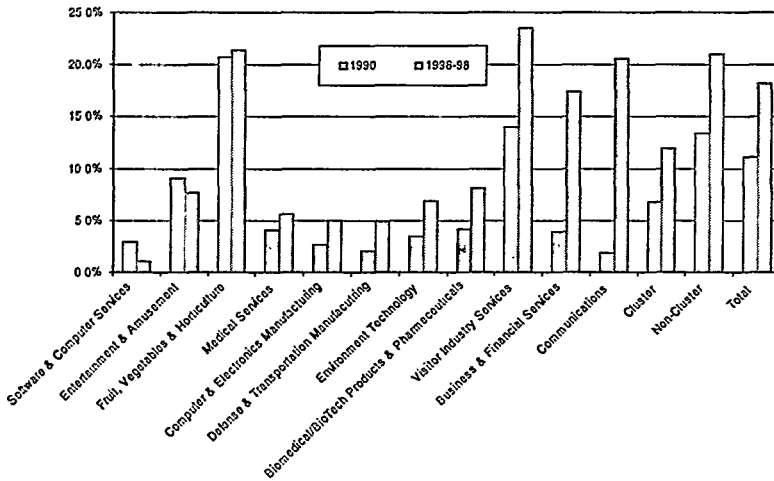


Figure 4.2 shows that increasing poverty in the region has been driven by clustered rather than non-clustered industries. At a more detailed level,

63. The first seven industry clusters in Figure 4.1 (Biomedical/BioTech Products & Pharmaceuticals through Business & Financial Services) are those targeted by regional planners to receive public financial support, and the subsequent five (Entertainment through Fruit, Vegetables, & Horticulture) are non-targeted industry clusters discovered by SANDAG but not selected as good candidates for public investment.

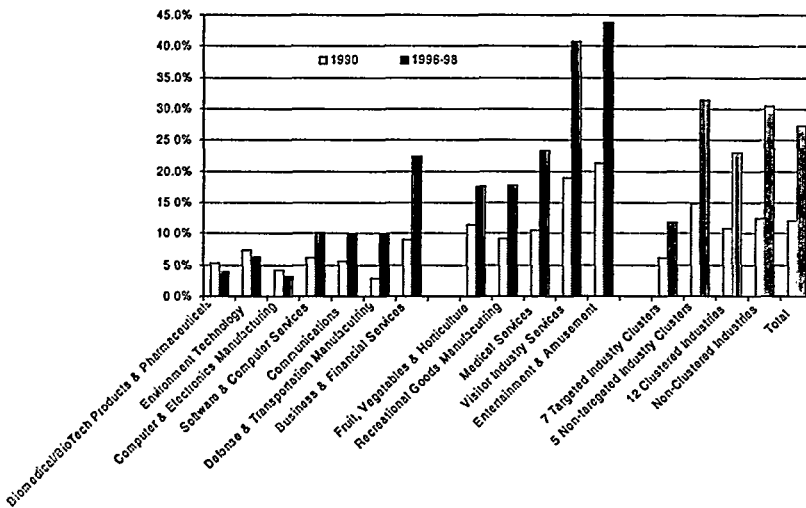
only four clusters experienced a declining proportion of working poor, and poverty grew much more rapidly in the seven targeted versus the five non-targeted clusters.

Figure 4.2: Percent Working Poor by Cluster, Ranked by Percentage Change, San Diego County, 1990 to 1998-98



Similarly, the percent of the workforce that is employed on a part-time basis has also risen in both clustered and non-clustered industries (Figure 4.3). The percentage of the labor force working part-time increased by 15.3% between 1990 and 1998, and the rise was greater in non-clustered and non-targeted clusters. Fully seventy-five percent of the clusters, however, increased the proportion of their respective work forces employed on a part-time basis.

Figure 4.3: Percent Part-Time Employment by Cluster, San Diego County, 1990 to 1998



This exercise reveals that the industry clusters that a region selects to receive government support (e.g., in the form of reduced taxes, subsidies and subsidized credit, lax anti-trust enforcement, and grants to large corporations) will depend on what the region's goals are. If the goal is simply to augment regional economic growth, then those clusters that are providing the highest average earnings ought to be promoted. This requires neither extensive consensus nor inclusive collaboration. In fact, historically policy reform in much of the Southwest, including San Diego, has often occurred by private investors securing the commitment of public authorities to promote growth and by excluding the effective representation of local communities. In short, "the institutional arrangements reformers put in place created small, relatively homogenous political communities in the midst of metropolitan areas that were quite diverse."⁶⁴ Still, research and regional planning efforts by SANDAG, the City of San Diego, and the SDR-EDC have been important first steps toward comprehending regional economic activity, and several CBO's have begun to link community concerns and resources with regional economic planning goals.

While there have been a number of new inclusive collaborative efforts in the region, it will suffice to illustrate the prospects in San Diego County for inclusive collaborative planning with two examples.⁶⁵

The San Diego Organizing Project (SDOP) is a faith-based, grass-roots coalition that represents thousands of people and drove the City Height's "Urban Village" project in Mid-City. This project, a partnership between the City of San Diego, the City's Redevelopment Agency, CityLink Investment Corporation, and the San Diego Foundation, brought together funds from redevelopment tax increment funding, federal loans and grants, and private funds including a \$5 million gift from Price Charities. The most impressive aspect of the project, however, has been that City Height's residents have participated in the Urban Village's design and development, resulting in a new police substation, a community service center, a library, a park and recreation center, a community gymnasium, and a community college continuing education center. Soon to come is a new retail center.

The second example the author is more familiar with, being the first Research Director of the Center on Policy Initiatives (CPI). CPI was created in 1998 with Rockefeller Foundation and other national and regional grants, and is rooted in both community and labor efforts. Using research, public education on regional economic issues, and community coalition building, CPI has had some early success in obtaining community participation and in influencing policymakers. For example, rather than simply presenting the results of its first study ("Prosperity and Poverty in the New Economy") after

64. AMY BRIDGES, *MORNING GLORIES: MUNICIPAL REFORM IN THE SOUTHWEST* 212 (1997).

65. See generally Marcelli, *supra* note 56, for other recent inclusive collaborative examples.

it was published, communities and their leaders were involved in over 100 meetings to discuss the findings before and after the report was completed. This directly informed the content of the report and educated community members about regional economic trends, and prompted a weeklong public radio (KPBS) series on inequality entitled *The Prosperity Gap*.

These two examples are encouraging but insufficient for several reasons. First, although SANDAG is in the process of revising their industry clusters, there has not yet been a discussion about the criteria used to generate clusters that includes community and labor organizations. If there were, it is reasonable to think that value-added per hour or some measure of inequality or poverty would rank with export orientation as a primary characteristic by which to group industries or evaluate industry clusters. Second, although CPI, SDOP, and several other key organizations have had some initial success in linking community and regional economic development efforts, to my knowledge no CBO in the San Diego region presently has the in-house technical expertise to understand or to do cluster analysis. Consequently, very few CBO's have the capacity to participate in the regional economic planning process. Most are locally rather than regionally focused.

As San Diego continues to think about the economic direction it wants to take in the near future, it is important to remember that planning efforts cannot be fully understood through a dichotomous collaborative-versus-conflict lens. Rather, collaborative efforts are best understood along a competitive-cooperative continuum. From this viewpoint, instead of lauding a collaborative effort as inclusive or ridiculing it as exclusive, we can evaluate it in terms of how various organizations are relating to one another, the longevity of the agreed-upon collaboration, and the breadth and substance of its mission.⁶⁶ Contrary to the notion based on the market and hierarchy myths that inequality is a necessary precondition for or consequence of individual motivation or regional economic growth, recent evidence from Southern California suggests that collaborative efforts that tap into both community and expert resources, and that share a broad mission which incorporates community concerns, are most likely to lead to outcomes that benefit business, community, and government constituencies. At first glance, SANDAG may appear to be such an attempt, especially given its openness to community feedback during the development of its economic prosperity plan. But little effort was made to include community input up front when the criteria for defining clusters were chosen. But as argued earlier, no CBO would have been able to participate in this capacity anyway.

This should not dissuade policymakers and community leaders from trying to work together to develop a regional economic plan that is the product of inclusive collaborative efforts. Only examples were offered where typically locally minded CBO's, regionally oriented government organizations, and business associations have begun to work together to make the region

66. See Mandell, *supra* note 48.

more competitive globally and residents of the region better off economically.

CONCLUSION

The story that inequality is a natural result of local or international competition rests upon the dubious notion that communities, businesses, and governments have little or no control over impersonal market forces. To the extent that the development of inequality and growth are aided by government policies, the conventional wisdom that the former is inevitable and a prerequisite for the latter is called into question. Accepting government intervention on behalf of business development and aggregate economic growth alone requires (1) buying into the idea that market forces are omnipotent; and (2) ignoring the very visible hand of government that more often intervenes regionally to assist corporations rather than communities.⁶⁷

This paper has briefly outlined recent theoretical and empirical research suggesting that earnings inequality can slow future economic growth. Beyond the traditional ethical or moral reasons sometimes offered for sharing the economic pie more equally, economists now have both theoretical and empirical cause to think that inequality can be a drag on a region's growth potential. Thus, a more egalitarian earnings distribution may permit those earning less to invest more in skills development and to rely less on public assistance. Another implication is that the demand for regionally produced goods and services would rise, further stimulating business investment. Most importantly, all of this could happen without threatening the global competitiveness of regionally based businesses. As even business leaders are learning, it may actually augment it.

We have seen that San Diego County does not have a good track record regarding earnings distribution, despite remarkable economic growth during the 1980s and 1990s. While gross regional economic product has doubled since 1980, earnings inequality has risen by twenty-eight percent.⁶⁸ But there is a growing awareness and increasing dialogue among researchers and policymakers in San Diego concerning segregated economic prosperity and how this may affect future economic growth in the region.

These efforts are in their infancy, however, and at least three opportuni-

67. See Dell P. Champlin & Janet T. Knoedler, *Restructuring by Design: Government's Complicity in Corporate Restructuring*, 33 JOURNAL OF ECON. ISSUES 52-53 (1999).

68. Readers may wonder why continued regional economic growth in San Diego is dependent upon a reduction of inequality given their coexistence in the past. It is important to remember that although increased earnings equality is not a precondition for rapid growth, it may be required to sustain it in the longer term. Some reasons include the public costs of maintaining poorer populations ("fiscal spillovers"), the social costs of spatially proximate poverty ("spatial spillovers"), the social disputes, and the opportunity cost of not upgrading the skills of local workers. See generally Paul D. Gottlieb, *The Effects of Poverty on Metropolitan Area Economic Performance: A Policy-Oriented Research Review*, National League of Cities, Washington, D.C. (June 1998).

ties for future research come to mind. First, there is a need to investigate the regional “institutional landscape” for purposes of identifying how industry, community and labor, government, and other key institutions such as media can more productively work together toward regional economic development. Second, there is a need to develop economic growth evaluation criteria and for a more inclusive discussion about cluster analysis to better understand how this can help the region grow together rather than apart. Finally, a more sophisticated statistical analysis of the sources of earnings inequality in San Diego County, including the broader effects of export-orientation, is needed. Regions have traditionally been concerned more about the deleterious employment effects of imports than the possible negative and positive impacts generated from rising exports.⁶⁹

Most academic papers would stop at this point. But more than future research is needed if San Diego County is going to avoid major economic potholes down the road. Before authentic collaborative work can proceed, there is the need to dethrone the dichotomous Cartesian thinking that dissuades regional cooperation. Several examples will suffice. First, rather than promoting income redistribution policies that are anathema to political conservatives and productivity neutral at best, what will more likely augment future regional economic growth is an improved allocation of productive resources and a redistribution of responsibility and trust toward persons not accustomed to working or being together. This will require reserving seats for community and union leaders at the regional decision-making tables, or creating them if not enough seats are currently available. Importantly, this approach neutralizes “something-for-nothing” arguments while simultaneously asking community members to think more broadly and regionally about ways of growing the economy and meeting their needs. Simply being at the table and being listened to is likely to increase trust and cooperation. Second, it needs to be recognized among those who currently make and enforce laws and policies that those who oppose institutions that help generate inequality do not automatically support strict equality. Third, most of those who argue in favor of sharing decision-making authority with community leaders and members are not anti-capitalists opposed to market competition or radicals wanting to overthrow government. Finally, collaboration does not require universal agreement on all topics.

A first step to overcoming these barriers to more collective and cooperative economic planning *within* San Diego County’s market-based economic system would be to acknowledge what this paper has hinted at, namely that more than individual characteristics determine regional economic inequality and growth. Although ethno-racial group, occupation, educational attainment and work effort influence earnings outcomes in San Diego County, so do structural changes in the industrial demand for labor, privatization, part-time

69. See generally Lisa M. Grobar, *Export-Linked Employment in Southern California*, 17 CONTEMPORARY POLICY ISSUES 97-108 (1999).

employment, and unionization. That Latino's have the highest labor force participation rate in the county, that the majority of those who are impoverished work, and that women have practically caught up to men educationally but trail them in earnings, should make us question claims that individual skill and effort alone account for personal economic success.

A second step would be to take what has been learned both nationally and internationally over the past decade concerning the negative relationship between inequality and economic growth and apply it to San Diego County. By reducing earnings inequality in the short term the region can be more confident of future economic growth. In part this will require that planners proceed with caution even with the technical apparatus of cluster analysis. As we have seen, inequality, poverty and part-time employment were found to be higher and rising in some clusters targeted to receive public financial support. Most importantly, community-based organizations need to acquire the capacity to participate effectively in regional economic planning and to be invited to participate in making the decisions that will not only affect residents' economic opportunities but also future regional economic growth. This will require that CBO's, including labor unions, begin to think more regionally and be willing to evaluate and act upon expert advice offered by various business and government leaders. In the end, a combination of policies that stimulate economic growth, improve the skills and employment networks of lower- and middle-income workers, and raise labor standards will be needed to achieve a shared prosperity necessary for San Diego to maintain its appellation of "America's finest city."

