

Working in America

Inclusive Economic Development Key Terms and Concepts

Background

States, cities, and local communities have an interest in their communities' economies and their ability to support a desired quality of life for residents. Many of these jurisdictions enact policies and work with their local businesses and other organizations to improve their economies. This is the practice of economic development. Economic development approaches can vary widely in their goals, the range of actors that are included, the resources expended, and more. This brief highlights a few of these approaches to provide context for the *Working in America* event, "Can Inclusive Economic Development Build Better Jobs and a Stronger Regional Economy?" organized by the Economic Opportunities Program at the Aspen Institute on January 27, 2016.

Inclusive Economic Development

- No official definition, but generally means economic development planning and practice driven by values of equity, transparency, sustainability, and community engagement.

"Traditional" Economic Development

- Often driven by government and private sector leaders and focused on attracting large firms from outside the community, as well as retaining and growing large or medium-sized firms.
- A frequently used metric is the number of jobs created, not necessarily the types or quality of jobs. However, in 2010, the International Economic Development Council (IEDC)—the trade association of economic developers—published a report on the role economic developers can play in creating good jobs and improving the quality of existing jobs.¹
- A common strategy is tax incentives. For example, a 2012 investigation by the *New York Times* estimated that state and local governments nationwide forgo more than \$80 billion of tax revenue annually as a result of business incentives.² States and regions often fiercely compete against one another for business attraction/retention deals, driving up the cost of the incentives. The organization, Good Jobs First, has researched and published extensively on business incentives in economic development: <http://www.goodjobsfirst.org/>.
- The IEDC has highlighted four trends that will reshape economic development in the future, including the growing need for talent, new types of incentives, metrics beyond simply number of jobs, and building from community strengths.³

Regional Wealth Building

The Aspen Institute [Community Strategies Group](#) defines regional wealth building as an approach to community and economic development that simultaneously:

- Maintains or grows the stock of the multiple assets that provide the base for a region's more prosperous future;
- Increases locally-rooted ownership and control of those assets; and,
- Helps low-income people, places and firms get ahead by always including them in the design and benefits of economic development strategies.

Community Wealth Building

Coined by [the Democracy Collaborative](#), community wealth building is an approach to economic development driven by:

1. **Place:** Leverages many kinds of assets rooted in community, for maximum benefit of local residents.
2. **Ownership:** Promotes local, broad-based ownership as the foundation of thriving, resilient local economy.
3. **Multipliers:** Encourages institutional buy-local strategies to keep money circulating locally.
4. **Collaboration:** Brings many players to the table, including nonprofits, philanthropy, anchor institutions, and cities.
5. **Inclusion:** Aims to create inclusive, living wage jobs that help families from all walks of life enjoy economic security.
6. **Workforce:** Links training to employment and focuses on jobs for those with barriers to employment.
7. **System:** Develops new institutions and support ecosystems, to create a new normal of political-economic activity.

Additional Resources

- “Where Labor Supply Meets Labor Demand: Connecting Workforce Development to Economic Development in Local Labor Markets,” Maureen Conway, Workforce Strategies Initiative, the Aspen Institute, August 2011.
- Previous *Working in America* events:
 - [Getting to Work: Improving Public Transportation for America's Workers, Employers and Economies](#), October 2014.
 - [Creating Good Jobs: Lessons Learned from Worker Cooperatives, ESOPs and B Corporations](#), October 2013.
- The Aspen Institute Economic Opportunities Program’s FIELD microenterprise initiative: <http://fieldus.org>.
- WealthWorks, a project of the Aspen Institute Community Strategies Group on more inclusive regional economic development: <http://www.wealthworks.org/>.
- PolicyLink’s Equitable Economy webpage: <http://www.policylink.org/focus-areas/equitable-economy>.

¹ *Creating Quality Jobs: Transforming the Economic Development Landscape*, Louise Anderson, et al, International Economic Development Council, March 2010.

² Louise Story, “As Companies Seek Tax Deals, Governments Pay High Price,” *New York Times*, December 1, 2012. <http://www.nytimes.com/2012/12/02/us/how-local-taxpayers-bankroll-corporations.html?pagewanted=all& r=0>, accessed January 20, 2016. Also see the *New York Times* searchable database of business incentives awarded by cities, counties and states: <http://www.nytimes.com/interactive/2012/12/01/us/government-incentives.html>, accessed January 20, 2016.

³ *Looking Around the Corner: The Future of Economic Development*, Emily J. Brown, IEDC, 2014.