



Monterey Bay
ECONOMIC PARTNERSHIP

UC SANTA CRUZ

Institute for
Social Transformation

BUILDING AN INCLUSIVE ECONOMY IN THE MONTEREY BAY REGION

Executive Summary

December 2023



Monterey Bay Economic Partnership

The mission is to improve the economic health and quality of life in the tri-county Monterey Bay region.

UCSC Institute for Social Transformation

Rooted in the Social Sciences Division at UC Santa Cruz, the institute's mission supports innovative scholarship that changes the world. The institute is a critical intellectual and social hub, connecting scholars across UC Santa Cruz and partners beyond the University, developing research-based solutions to urgent problems in the world.

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EXECUTIVE SUMMARY

Promoting inclusive economies has become an important goal in economic development strategies across the country and around the world. There is increasing recognition that inclusion is important not just for social and democratic goals, but also economic goals. At both a metropolitan and national scale, there is now strong evidence that more equitable regions and countries have better economic performance—stronger growth and more high quality jobs, greater resilience in the face of economic downturns, and more able to take advantage of new innovations and respond productively to economic shocks or structural changes (Benner and Pastor 2015; Berg and Ostry 2017). Connected to this is a recognition that traditional metrics of growth and inclusion, which focus on simple measures of economic output and income, are inadequate for a full understanding of our economy and economic inclusion. There is a growing movement towards developing a more complex and systems orientation to understanding our economy in a way that incorporates greater attention to ecological and social well-being (Kirchherr, Reike, and Hekkert 2017; Lang and Marsden 2018; Raworth 2017).

This report is designed to help community and business leaders throughout the Monterey Bay Area (Monterey, San Benito and Santa Cruz Counties) better understand the progress we are making towards a more inclusive economy, and to help identify priority areas that need attention. It is designed to provide indicators of our status and progress towards building a fully inclusive economy. As an indicators report, we don't go into depth here about the factors that might be causing the conditions we're seeing. Rather, we hope the indicators we present here can be a basis for discussion and further investigation into the causes of the patterns we see, and to develop strategies for addressing issues that these indicators may highlight.

In developing the indicators of progress we examine here, we have built upon a framework originally proposed by the Rockefeller Foundation, further refined by others at both metropolitan and national scales (Benner et al. 2018; Berube and Irons 2016). This approach recognizes five critical dimensions that are all important in some way to developing an inclusive economy. These five dimensions are conceptualized in the following way:

- **Equitable:** More opportunities are available to enable upward mobility for more people. All segments of society, especially the poor or socially disadvantaged groups, are able to take advantage of these opportunities. Inequality and wealth disparity are declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air and water.
- **Participatory:** People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners. Transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. Technology is more widely distributed and promotes greater individual and community well-being.

- **Growing:** An economy is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. There is increased access to living wages and decreased cost of living. Economic systems are transforming for the betterment of all, including and especially poor and excluded communities. Economic growth and transformation are not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.
- **Sustainable:** Economic and social wealth is sustained over time, thus maintaining inter-generational well-being. Economic and social wealth is the social worth of the entire set of assets that contribute to human well-being, including human produced (manufactured, financial, human, social) and natural capital. In the case of natural capital, human use must preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being. Decision-making must thus incorporate the long-term costs and benefits and not merely the short-term gains of human use of our full asset base.
- **Stable:** Individuals, communities, businesses, and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities, and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

In looking at these five dimensions, it is also important to lift up two key cross-cutting issues, that are rooted in the recognition that people might face barriers to advancing their well-being for two quite different reasons: they could be passively left out of economic opportunities, or they could be actively marginalized, either by being exploited or structurally excluded, by more powerful interests. Thus, in considering progress towards more inclusivity across all five

<p>INCLUSIVE ECONOMIES</p> <p>Expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.</p>	EQUITABLE	Upward Mobility for all Reduction of inequality Equal access to public goods and ecosystem services	Experiences of marginalized populations	Distribution of power
	PARTICIPATORY	Decision making involvement, transparency and accountability		
		People are able to access and participate in markets as workers, consumers, and business owners Widespread technology infrastructure for the betterment of all		
	GROWING	Increasing good job and work opportunity Improving material well-being Economic transformation for the betterment of all		
		Social and economic well-being is increasingly sustained over time. Greater investment in environmental health and reduced natural resource usage		
	SUSTAINABLE	Decision-making processes incorporate long-term costs		
		Public and private confident in the future and ability to predict outcome of economic decisions		
		Members of society are able to invest in their future Economic resilience to shocks and stress		

dimensions in our region, it is important to pay particular attention to marginalized populations, and to consider how power relations are distributed, in both formal and informal ways. This can help us develop solutions that are as dynamic as the very problems we wish to address (Benner et al. 2018; Benner and Pastor 2021). We consider this report to be just one step along the road of developing a more comprehensive understanding of economic well-being in our region and developing strategies for promoting greater equity across all dimensions of human life. The specific indicators we have chosen to include are intended to provide a window into broader trends, hopefully without overwhelming readers with too enormous amounts of data. But we also recognize this will present an incomplete picture. We welcome feedback and suggestions, as we will continue to improve this indicator work in future years.