REGIONAL INEQUALITY IN EUROPE AND THE UNITED STATES
TABLE OF CONTENTS

Regional Inequality in Europe and the United States................................................................. 1

Executive Summary .................................................................................................................... 1
Introduction .................................................................................................................................. 2
Understanding the Drivers of Inequality .................................................................................. 4
Lessons from Big Tech .............................................................................................................. 8
The Changing Way We Work ..................................................................................................... 10
The Communities Left Behind ................................................................................................. 13
Regional Inequality in Europe and the United States

Executive Summary

Economic inequality—between different regions, urban and rural communities, and various demographic groups—is a significant challenge in both the United States and Europe. The gap between rich and poor has widened markedly over the past several decades on both sides of the Atlantic, though the growing disparity has been particularly pronounced in the U.S. The rippling economic impacts of the COVID-19 pandemic threaten to exacerbate these trends, while other emerging factors such as automation, smart cities, and a higher education crisis may presage an even more unequal future.

The conference on Regional Inequality in Europe and the United States convened economic researchers and other stakeholders from 18 countries across the globe for a wide-ranging discussion of the drivers behind rising inequality, its societal implications, and opportunities to mitigate it. Participants considered:

- Emerging methods to measure economic inequality and pinpoint its drivers
- The role of technology as both a contributor to regional inequality and a possible part of the solution
- Various structural factors that contribute to inequality at national, regional, and local scales in the U.S. and Europe
- The technology sector’s impacts on regional economies and the concentration of wealth
- The complex role of educational institutions in providing economic opportunity while also reflecting the unequal economic realities of their communities
- Challenges and opportunities associated with increased automation and teleworking
While the causes of today’s economic inequalities are complex and multifaceted, lessons from communities across these two regions can offer valuable insights into how inequality arises and is maintained, along with the economic, policy, and social factors that could potentially help narrow the gap and improve the economic outlook for many.

Introduction

According to the World Inequality Report, in 1980, the top 1% of earners held about 10% of the national income and the bottom 50% had between 20-25% of the income. This was true for the U.S. and Europe. Subsequent decades, however, saw a dramatic divergence in the economic fortunes of those at the top and bottom ends of the income spectrum in the U.S. By 2016, the top 1% of U.S. earners controlled about 20% of national income, and the bottom 50% controlled only about 13%. While Europe did not experience this divergence to nearly the same extent, even there, those in the bottom 50% now control slightly less income than they did four decades ago.
Looking at these numbers regionally, the situation is even more stark. Analyses of European data reveal how income disparity and the groups of people who are at risk of poverty vary between cities, towns, and rural areas within countries. For the U.S., an analysis from the Economic Innovation Group showed that income growth from 2007-2016 was predominantly concentrated in large cities on the coasts, while the South and areas throughout the Southwest saw economic decline.

New empirical measures are needed to understand the development of these inequalities and to propose new policy approaches to address their repercussions for individuals, communities, and society more broadly. Are innovative activities increasing or decreasing regional inequality? How do inequalities develop over time? Is the COVID-19 pandemic accelerating regional inequalities? To address these questions, CREATE at the University of North Carolina at Chapel Hill’s Kenan Institute of Private Enterprise and the Institute for Economic Research and Policy at The University of Bremen co-hosted a virtual conference titled “Regional Inequality in Europe and the United States” on October 29-30, 2020.

The event, organized by Maryann Feldman and Alyse Polly of the University of North Carolina at Chapel Hill along with Dirk Fornahl and Torben Klarl from the University of Bremen in Germany, brought together a community of public policy, planning, business, geography, and economics researchers from 18 countries. Participants discussed recent advances in

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understanding economic inequality, including emerging measures and methods for tracking inequality, insights on drivers of inequality, and perspectives to inform policy approaches aimed at increasing equality. This report highlights conference themes and selected discussions; a full recording can be accessed Here.

Understanding the Drivers of Inequality

Addressing inequality in Europe and the U.S. requires new ways to measure inequality and a better understanding of the complex patterns that have led to today’s situation. An example of that complexity can be seen in the fact that technology advances are one of the primary drivers of inequality, yet technology has also been proposed as a possible solution. Participants underscored the need to examine inequality at a range of scales to parse how different drivers—such as technology, education, and structural change—come into play at various levels.

Technology

As technologies advance, they bring a great deal of change that can have widespread effects on labor. Tom Kemeny from Queen Mary, University of London, focuses on what makes the skills of technology workers so rare, highly remunerated, and spatially localized during some periods but not others. For example, in the 40 years before 1980, inequality did not increase in the U.S. even though new patents and inventions were produced at a rapid rate. In the 40 years since then, another period of profound technological change, inequality rose.

Kemeny and colleagues hypothesize that the effect of technological change on interpersonal and interregional inequality depends upon two specific features: a technology’s level of tacit knowledge, and its potential for disruption. Tacit knowledge refers to knowledge that cannot be rendered by machines but is instead embodied in people. This is related to interpersonal inequality because new technologies create a rising demand for workers with the tacit knowledge required to work with those new technologies. The resulting imbalance between demand and supply leads to high relative rewards for those in the know. Disruptive technologies, on the other hand, are general-purpose and linked to industrial revolutions. They set the economy on an entirely new path and cause a fundamental reconfiguration of labor demand. The researchers posit that technologies that are both tacit and disruptive create patterns that lead to inequality.
New measures are needed to assess how these factors influence inequality. Kemeny’s research group is using machine learning techniques to analyze patent information from the millions of books scanned into Google Books along with georeferenced data from the United States Patent and Trademark Office. A patent class is deemed more tacit if it contains words that are, on average, less commonly mentioned. A technology’s potential for disruption is assessed by examining the growth rate for each patent class, the number of classes mentioning a technology’s keywords, and the co-occurrence of a technology across patent classes. Ultimately, the researchers plan to relate these analyses to labor market data to create new measures of tacitness and disruptiveness.

One area of technology development that has attracted particular attention in recent decades is green technology, which is often discussed as an opportunity to boost regional economies. Philip Kerner from the University of Bremen examines the impacts of green technology investments on sustainability and economic development in Europe. Although green tech is likely to produce public returns, it is unclear whether private returns are positive. To complement research examining private returns at the country, firm, or industry level, Kerner sought to quantify private returns of green tech in Europe at a regional level.

Kerner and colleagues examined trends in green and non-green technologies across 270 European regions using patent data from the European Patent Office World Patent Statistical database from 1991-2015. Their analysis revealed a clear regional pattern for both labor productivity and green knowledge, with green knowledge highest in Central Europe and Scandinavian countries. However, the researchers found no evidence of positive private returns for green technology development for the regions studied. This finding suggests that investing in green technology is likely not enough to overcome inequality in a region.

Kerner speculated that the lack of returns may result from a double externality problem in that the beneficial environmental impact of environmental innovations creates a market failure because the private return for developing new environmental technology is lower than its social return. In the time period studied, environmental harm had not been priced by the market; as emissions taxes and other environmental incentives are implemented, the market for green tech may increase. In addition, because green technology development hinges on many factors that cannot be identified with the broad approach used, Kerner suggested it might be beneficial to consider more sophisticated measures of green specialization that line up with the smart specialization concept.

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5 McCann, P. and Ortega-Argilés, R. 2013. Smart specialization, regional growth and applications to European Union cohesion policy.
Economic complexity and education

Researchers are progressively examining the role of economic complexity in regional inequality. This concept encompasses differences in the sophistication of economic activities and includes factors such as division of labor as well as the distribution of inputs and outputs among groups defined by geography, activities, and demographics. Cesar Hidalgo from the University of Toulouse focuses on developing measures that can better capture economic complexity and provide insights on factors relevant to inequality.

Hidalgo and colleagues created an approach to reduce the geography of economic activities to a single number. Using linear algebra or machine learning methods, this number can be useful for understanding how economic complexity relates to economic inequality between countries, within countries, and between genders. With this method, the researchers found that between countries, economic complexity decreases inequality, whereas within countries, it increases inequality. This is explained by the fact that local mobility is higher than international mobility. For gender, the relationship between complexity and inequality depends on educational attainment. At lower levels of education, gender does not increase parity, but at higher levels, it does. Thus, gender wage inequality decreases as an economy’s knowledge intensity increases. Overall, Hidalgo’s work suggests that high economic complexity is associated with lower income inequality and that this relationship is strongly mediated by access to education.

Other researchers are examining the economic impacts of educational institutions themselves. Because colleges and universities are economically entwined with their communities, closures and mergers among these institutions strongly affect a region. Emily Rosenman from Pennsylvania State University studies how financial uncertainty and closures among institutions of higher education in the U.S. can exacerbate inequalities for racial minorities and places that are struggling economically.

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Minority-serving institutions are a primary driver of equity and educational access. Because many of these institutions serve local students, they often represent regional economic pillars that provide employment, training, and enrichment to their communities. Recent years have seen an uptick in closings and mergers in higher education that has been particularly pronounced in minority-serving institutions. While this trend has been underway for some time, it has been accelerated by the financial strains of the COVID-19 pandemic.

Rosenman’s research suggests the relationship between minority-serving educational institutions and their surrounding communities is a two-way street that exacerbates inequality. Geographically, institutions that serve minority groups tend to be concentrated in particular regions. Financial inequalities between institutions are tied to regional socioeconomic inequalities between the communities where these institutions are located. While college accreditation includes financial considerations, there has been scant examination of how racialized financial disparities influence institutions’ financial positions and thus the accreditation process. This situation may entrench inequality and make minority-serving institutions more vulnerable to crises such as COVID-19 and more likely to undergo closures and mergers. When these closures occur, the economic impacts on the surrounding community further exacerbate existing inequalities between regions.

**Socioeconomic disparities**

In recent years, it has become more apparent that changes in a society’s socioeconomic structures can lead to exclusions and social divides within cities and between regions. Since these changes take place at both local and national scales, there is a need for research approaches that capture where, when, and how disparities emerge across scales.

Andreas Erlström from Lund University has developed new ways to measure inequality at different scales to reveal drivers of regional inequality in Europe. He provided an overview of research on structural mechanisms in inequality. This research has shown that technology change initially causes divergence between regions depending on how equipped each region is to handle the change, eventually followed by convergence as the technology matures and becomes more standardized, which allows regions that were behind to catch up. At the same time, a shift toward a knowledge-based economy increases the spatial polarization between high- and low-skilled jobs, with the benefits largely concentrated in cities. However, institutions can mitigate the relationship between economic development and equality by enabling participation from many different social groups and encouraging long-term growth. Regional structures also play an important role in the performance of regions and their resilience to structural change. Finally, equilibrium mechanisms can influence inequality...
between individuals and regions. Research has shown that inequality between individuals tends to move toward an equilibrium after adjusting for structural change and that regions will converge to an equilibrium due to labor mobility and diffusion of growth.

To drill into these patterns, Erlström’s research group developed a multi-scale approach to assess trends in geographical areas ranging from the neighborhood level to large regions within a country. They used this method to analyze Swedish data from 1990-2016 using the employment register to gather employment information and the tax register to capture income and place of residence. Their analysis revealed a cyclic pattern of uneven development between regions, with divergence occurring during a fast expansion of the information and communication technology sector, followed by convergence after 2001. There was also some evidence that labor tended to be reallocated between lagging regions and prospering regions. The researchers observed that rising personal inequality is largely a metropolitan issue; while Stockholm saw increasing inequality and an increasing labor market size, less populous regions became more homogeneous and had a net constant decrease in labor market size.

Lessons from Big Tech

The rise of large, powerful technology companies in the U.S. has exacerbated inequalities on many levels, to the point that living and doing business in California’s Silicon Valley are now almost impossible for those outside of big tech. The emergence and evolution of this inequality in the U.S. have come with global impacts and can serve as an important case study for understanding wider inequality trends.

The rapid rise of tech in Silicon Valley has come with some significant problems. For individuals, housing has become extremely expensive and hard to find. For companies, the cost of doing business is becoming prohibitive for those lacking the resources of the large tech companies, which are virtually the only employers that can pay the salaries necessary to live in the area. Olav Sorenson from the University of California, Los Angeles hypothesized that the Silicon Valley story might have parallels with what happened to the Netherlands’ economy after the discovery of natural gas in the North Sea, a phenomenon known as the Dutch disease. There, the export of large volumes of petroleum from the Netherlands led to rapid currency appreciation that, in turn, raised the cost of manufacturing and led to deindustrialization. More broadly, the phenomenon describes situations in which an increase in one economic sector leads to a decline in other sectors.
To find out if something similar is happening in Silicon Valley, Sorenson examined inequality in Silicon Valley in terms of venture capital from 2003-2012. He estimated the relationship between increased venture capital funding over a five-year period and entrepreneurship, employment, and average income in the subsequent quarter. Industries were categorized as either part of the tradable sector of interest to venture capitalists, the tradable sector not of interest to venture capitalists, or the non-tradable sector. For the non-tradable sector, the analysis revealed that the infusion of venture capital in Silicon Valley is leading to an increase in entrepreneurship and employment, as well as more income inequality. This means that wages for those with lower incomes, such as bartenders and waiters, have stayed the same while those with higher incomes, such as dentists and doctors, earn more than they did previously. The analysis also revealed a decline in entrepreneurship, employment, and incomes in the tradable sector not of interest to venture capitalists; essentially, the tech sector crowds out other tradable industries. Overall, this analysis casts “Silicon Valley Syndrome” as a cousin of the Dutch disease—a situation in which a boom in one sector, whether natural resources or technology, engenders a decline in others.

How did Silicon Valley come to be so powerful? A variety of policy decisions and market factors helped set the stage for today’s big tech landscape and its geographic concentration. Frederick Guy from Birkbeck University of London argues that income inequality seen in Silicon Valley and a few other tech-heavy regions is closely tied to the interaction of monopoly power, agglomeration economies in technology clusters, and the power of financial sector actors over non-financial firms. He posits that deregulation and liberalization starting in the 1980s that was meant to enable market competition has led to monopolies and allowed platform-based tech companies to grow in spatially concentrated areas. When technology companies eventually needed finance, financial firms directed their investments into big tech, which essentially squeezed out markets with more competition and fueled further concentration of wealth. As this cycle continued, tech companies were incentivized to stay where they were located because of the concentration of skill-based labor in those places.

The monopoly power of big tech is evident in the fact that 84% of global spending on digital advertising goes through Google and Facebook. Another example is Amazon, which advertises both its services and those of others while also using its vendors’ data to compete against them. Guy argues that these monopolies are amplified by market power and noted that because of their nature as platforms, these companies end up being surrounded by startups creating products that work with their platforms. Since it is advantageous for the "giants" and the “minnows” to be located in the same place, this relationship further concentrates growth
within a small geographic area. Areas outside of these clusters are not simply left behind technologically and financially, but are actually held back by the monopolies’ domination of technology platforms and the concentration of skilled labor around them.

The Changing Way We Work

The way we work has changed tremendously over the past few decades and continues to evolve today. Automation is playing an increasing role in manufacturing, with a clear impact on jobs. Even in Europe, where income parity tends to be higher than in other parts of the world, automation has increased inequality. Economists have estimated that 10-47% of U.S. jobs will eventually become permanently obsolete due to automation;\textsuperscript{11, 12, 13} the COVID-19 pandemic has forced some large U.S. manufacturers and firms to accelerate their move toward automation in ways that will have far reaching effects on the labor market. In addition, COVID-19 has brought other workplace changes including a widespread shift to remote work, a transition that is likely to affect various regions of the world in different ways.

Automation

Automation can change the labor market in two ways, through a wage effect and through a composition effect.\textsuperscript{14} The wage effect occurs when a change in the demand for skills, typically non-routine cognitive skills, causes wages to rise for jobs requiring those skills. The composition effect occurs when jobs become completely automated as technology progresses and, therefore, disappear while new jobs are created to complement these new technologies. Mary Kaltenberg from Pace University studies these effects and how they might be acting in combination to increase inequality in Europe.

Kaltenberg and colleagues measured the effect of automation on inequality in terms of wages and jobs composition for nine European countries in 2002 and 2014. Using the Structure of Earnings Survey, the researchers analyzed inequality within a country as it relates to individual, firm, industry, labor market, and technology characteristics, using data from Frey & Osborne’s 2017 paper\textsuperscript{15} to determine various jobs’ risk of automation. Their analysis revealed

that automation is increasing inequality by reducing the demand and wages for jobs requiring lower levels of education. Disruptive automation technologies increased inequality in every country analyzed, with the changing composition of jobs playing a more important role in this than wage change. As workers move away from low-paying jobs with high and medium risk for automation toward higher-paying jobs with less risk for automation, inequality goes up. This increasing inequality affects the top half of earners more because the relative difference between medium and top earners is growing. Automation is also pushing a large share of workers toward more unequally paid jobs.

Is there a solution to job loss from automation? It is a common assumption that technological progress will inevitably destroy jobs and livelihoods. Nichola Lowe from the University of North Carolina at Chapel Hill, however, says there are ways to reduce the job loss, and thus inequality, linked to increased automation.

Lowe described several companies that are taking approaches that can save jobs while still integrating automation and other advanced technology. For example, Starsky Robotics in San Francisco is developing self-driving vehicles by pairing experienced commercial truck drivers with artificial intelligence experts. The company aims to design a new physical infrastructure that could allow truck drivers the opportunity to remain close to home and family by controlling large fleets of self-driving vehicles remotely. Another example is Ninety Nine Degrees Custom, based in Lawrence, Massachusetts. This fiber technology firm is partnering with the Massachusetts Institute of Technology while also hiring and training experienced apparel workers from the region, mostly Latino and South Asian immigrants, to develop high-performance fabrics and wearable technologies.

Lowe detailed four strategies for reducing job loss from automation. First, intentionally slowing the pace of technological adoption can provide time to devise worker-friendly solutions. A related approach is to use high-quality vocational training to enhance mobility for incumbent workers within the same organizational and industry setting. The third strategy flips the standard occupational hierarchy so that workers normally at high risk of further marginalization from widespread change are repositioned as technology-guiding experts. This gives workers the power to guide innovations in support of job-enhancing solutions. Finally, institutions can leverage deep funding for regional infrastructure while mandating worker protections through formal contracts and local hiring agreements.

Lowe points to the need for a coordinated industrial policy commitment to advance innovation, improve business management, and expand workforce development in support of innovation and equity. Progressive institutions can act as critical gatekeepers by

“The companies are challenging the dominant narrative around automation and employment by illustrating that innovation can be inclusive of blue collar workers and by placing less educated workers on equal footing with highly educated technology experts. They're really pushing and expanding what we typically mean by the knowledge workforce.”

– Nichola Lowe, University of North Carolina at Chapel Hill
ensuring that innovation and equity goals are closely aligned from the start. The fact that technological innovation, including forms of automation, can create a positive feedback loop for employment growth, speaks to an additional institutional opportunity for researchers to increase public awareness of dramatically different business models, even within narrowly prescribed technological areas.

Remote work

The response to the COVID-19 pandemic brought a remarkably swift move to remote work, but only for those with jobs that could be done from home. Rüdiger Ahrend from the Organisation for Economic Co-operation and Development examined how COVID-19 lockdowns can have different economic impacts in different places around the world depending on the share of jobs that can be done via teleworking. A better understanding of the ability of people in an area to telework can provide insights into the underlying forces that might be playing a role in inequality in those places.

Assessing the regional capacity of U.S. and European cities and regions to transition to remote work, Ahrend and colleagues found significant differences both between and within countries. For example, 50% of jobs in Luxembourg could be performed remotely compared to only 20% in Columbia. Within countries, the researchers observed a 15-percentage point difference between regions with the highest and lowest share of jobs that could be performed remotely. Large cities had a higher share of occupations amenable to remote work, which may compensate for the higher economic impact of COVID-19 shutdowns on cities. The researchers also found that the remote working potential of a region reflects the skills of the labor force there.

Remote working is likely to remain an important factor even after the COVID-19 pandemic subsides, with the potential for a variety of economic impacts. For example, workers are already starting to move from urban areas to semi-dense or rural areas. Ahrend posits that rural areas are more likely to benefit from this migration if they are not too far from a prosperous city and have attractive services, transportation infrastructure, fast internet connections, and a sizeable presence of other well-educated teleworkers. The importance of high-speed internet connections may limit teleworker migration to rural areas in many places, however. Out of 26 countries the team studied, only seven provide high-speed connections to more than 80% of households in rural areas.
The Communities Left Behind

Many of the patterns and technology developments that have emerged since 1980 are creating a dichotomy between the haves and the have nots. This is not only influencing how technology is being implemented and new policies are being developed but also the way people vote and the balance of power within countries. Understanding the risks of inequality and focusing on communities that have been left behind can inform new policy approaches that do a better job at reducing economic inequalities.

Smart cities

Smart cities initiatives aim to use sensors and technology to connect people and devices across a city, gathering data and using it to improve city operations for the benefit of the people in it. While such efforts are intended to make cities more efficient, sustainable, and inclusive, Jennifer Clark from The Ohio State University argues that smart cities efforts driven by the technology sector are following patterns that have in the past led to imbalanced access, opportunities, and outcomes.

There are several ways smart city implementations may exploit and maintain unequal arrangements. One big risk is that they will create a pattern of infrastructure investment where rich places keep getting more technological infrastructure and investment while poorer places are left further and further behind. These projects can also make a city’s labor environment more precarious, for example by enabling gig work. While ostensibly created for public benefit, they tend to use a city’s residents as test users for industry products and shift a place’s specific industrial specialization to unspecified “technology” specializations, creating a new type of competition and subsidization. In addition, the data extracted through these projects are a big part of the revenue model, but that model contains a lot of uncertainty. These potential downsides are exacerbated by the fact that smart city technology tends to be implemented through “fast policy” that circumvents traditional types of policy transfer and leaves out important steps such as trial periods or evaluation, creating more opportunities for failure.

Clark stressed that smart cities provide a platform for economic development, but they are not economic development by themselves. As technology introduces and magnifies inequalities in cities, she suggested the public sector might need to take a more active role in negotiating technology development and deployment, rather than simply allowing the people

“This [smart city development] follows the pattern of infrastructure investment where rich places keep getting more toys and poor people, poor places and places that are not commercially dynamic, don’t get those same technology toys. What that means is that [...] you don’t have the platform for the economic development that emerges and depends upon those technology assets.” – Jennifer Clark, The Ohio State University

and places to serve as prototypes in an industry experiment. To mitigate inequalities and
increase the beneficial outcomes from smart city initiatives, it is critical to have discussions
about how data will be managed and the need for consent and knowledge of the people
from whom they were gathered. Using a participatory planning process when implementing
smart city technology would help set priorities and provide the opportunity to tweak projects
to better align with local needs and priorities.

The rise of populism

Economic inequality has important implications for how people see the world and how they
vote. Andrés Rodríguez-Pose from the London School of Economics studies how inequality
has contributed to the rise of populism in the U.S., culminating in the election of Donald
Trump in 2016. Examining factors such as population density, interpersonal inequality, racial
composition, educational attainment, and social cohesion of different areas across the U.S.,
Rodríguez-Pose and colleagues found that no single factor seems to explain why certain
communities swung to Trump but that a combination of factors seems to be at work.17

The team’s analysis builds upon the thesis of Robert Putnam's 2000 book, Bowling Alone:
The Collapse and Revival of American Community, which argued that rising interpersonal
inequality combined with declining civic engagement threaten America’s democratic
structures. They posit that a third factor—long-term economic and population decline—plays
a key role, in combination with social factors, in fueling the rise of populism.

Comparing voting data from 2012 and 2016, the researchers found that the combination
of high interpersonal inequality with low social capital does not seem to account for places’
swing toward Trump. This can be seen in the fact that the poorer, predominantly Black
populations living in northern Philadelphia voted for Clinton and so did the rich white elite
living in the suburbs of West Philadelphia. Many other large cities with relatively low social
cohesion and high interpersonal inequality did not see a great deal of support for Trump. The
researchers did, however, find a very strong connection between employment decline from
1980 and 2016, and a shift toward voting for Trump—particularly in areas of the country with
strong social cohesion. Although no connection between declining income and the Trump
margin was observed, there was a solid connection when employment and population
debates occurred in combination.

17 Rodríguez-Pose, A., Lee, N. and Lipp, C. 2020 Golfing with Trump: social capital, decline, inequality, and the rise of populism in the US.
Tight-knit places in the U.S. with the longest periods of decline were most likely to support a presidential candidate they saw as shaking up the system. Based on this analysis, Rodríguez-Pose posits that a long term rise in regional inequalities, not interpersonal inequality, is the primary driver for populism in the U.S and that dismissed and declining American communities will continue to drive support for whoever is perceived to pay attention to them and promises to reverse neglect and perceived disdain.

**Inclusive innovation**

Inclusive innovation refers to the idea that innovation strategies by governments can play an active role in reducing inequality. This notion has become a key focus of economic development policy in the U.K. as well as U.S. cities such as Pittsburgh and Washington, D.C. Although inclusive innovation is supposed to consider how policies affect distribution of local growth, Neil Lee from the London School of Economics is taking a closer look some problems that can arise in its implementation.

The first issue is the fact that the concept itself is not clearly defined. This creates challenges with implementation and makes it hard to measure whether inclusive innovation policies are working. Another hurdle is that implementing inclusive innovation often goes beyond what local government can actually do. Inclusive innovation is often put forth as part of a national strategy but can be difficult to implement at a local or subnational level, where inequalities are often most stark. The result is that strategies are often stretched across scales, posing challenges for oversight, learning, and accountability.

Inclusive innovation is an attractive goal, but Lee cautioned that it risks becoming a meaningless buzzword that is easily dismissed and hard to implement. The appeal of inclusive innovation may inadvertently draw well-meaning policymakers to shiny new technology fixes, distracting from a focus on the complex causes of inequality such as entrenched racism and global economic trends. In short, although inclusive innovation can address inequality, it is not a panacea. Tackling inequalities will also require policies that address complex and long-standing causes inequality on the local level.

It is clear that there remain many large and growing economic inequalities in Europe and the United States. These challenges go beyond the countries discussed during this conference, as we have seen inequalities increase in most industrialized countries in recent decades. The current pandemic has further highlighted, and exacerbated, these inequalities. This conference, intended to be the first of a series, introduced various new metrics for assessing regional inequality and began to explore relevant policy proscriptions. The discussions
illuminated several potential topics for follow-on workshops, including: how can economic development policy shift moving forward to embrace and support places aside from the large cities that such policies have favored for over 60 years? And, similarly, are we going to see innovation continue to concentrate in larger cities, or will we begin to see more dispersion? For information about our next workshop, please be sure to sign up for the Creating Prosperity newsletter by emailing createprosperity@kenan-flagler.unc.edu.
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