

**Remarks of Secretary Shaun Donovan
Organisation for Economic Cooperation and Development/ Ford Foundation
Second Workshop on Inclusive Growth
Thursday, February 27, 2014**

- Thank you very much, Darren (Walker), for that kind introduction and for your outstanding leadership over the years.
- I'd also like to thank Secretary General Gurría (**GOO-REE-AH**) for all his incredible work to facilitate partnerships and progress throughout the world.
- Finally, I want to thank everyone with OECD and the Ford Foundation for organizing this second workshop on inclusive growth.
- As I look out across the room – I see a remarkable group of leaders who have gathered here to advance common interests and achieve common hopes.
- And I deeply appreciate the invitation to be with you this afternoon.

Inequality: A Defining Challenge of Our Time

- We gather together today to tackle a very real and growing threat to the future of our world: the opportunity gap.
- At this point in the program – you’ve already heard the stunning global statistics¹:
 - the more than 200 million people out of work.
 - the widening disparity between the rich and the poor.
 - the growing obstacles facing young adults just starting out.
- And the fact that this forum has drawn such a diverse audience shows that these conditions know no boundaries.
- Even here in the United States—the world’s richest country—troubling trends have been developing over decades.
- Since 1979, the top 10 percent’s earnings have risen from a third of total income to a half.
- Meanwhile—although productivity has risen roughly 90 percent—the typical household’s income has only increased 8 percent.

¹ At this point, the audience will have already heard from a number of presenters.

- Families are working harder and harder just to survive.
- And to compound this problem—if you are at the bottom—your chances of getting ahead are slim.
- A child born in the bottom 20 percent has less than a 1-in-20 shot of making it to the top.
- Compare that to a child born in the top 20 percent who has roughly a 2-in-3 chance of staying there.
- Why the disparity?
- Consider the story of Savana Dawson.
- Just 5-years-old – she lives with her mother in one of the poorest sections of Washington, DC.
- A faucet in their tiny apartment is leaking non-stop which is subjecting Savana to mold ...
... causing her to suffer from severe asthma and frequently become ill.
- And she's not alone.

- In fact, today in the United States – 36,000 children will miss school due to asthma.
- As a result, children like Savana—who are missing time in the classroom because they are in the emergency room—don't have a fair chance in life.

(PAUSE)

- Why the disparity?
- Consider the students at Maxfield Elementary School in Minnesota.
- The head of the school estimates that 98 percent of her students live in poverty.
- She told a newspaper about the anxiety that overcomes some of her students once the school day ends.
- Because of homework?
- No.
- Because of a test the next day?
- No.

- The reason why is because there is no food at home.
- Think about that: young people who don't know when they'll next be able to eat.
- Children who have to worry about where their next meal comes from—instead of learning and growing—don't have a fair chance in life.

(PAUSE)

- Why the disparity?
- Consider the tragic tale of Hadiya Pendleton.
- Last year—a week after performing at the President's inaugural festivities—the 15-year was back home in Chicago.
- Shortly after finishing her final exams – she was hanging out with her volleyball teammates in a park when a man mistook the group for a rival gang and fired shots at them.
- She was struck in the back and killed.
- Clearly, Hadiya Pendleton didn't get her fair chance in life.

- In short, across America – there are young people who aren't getting a fair chance simply because of where they were born.
- In fact—no matter how hard a child or their parents work—the single biggest predictor of their life outcomes, even their lifespan, is their address.
- This is simply unjust.
- As President Obama has said – **“success should depend not on accident of birth – but the strength of one’s work ethic and scope of one’s dreams.”**
- That’s why, later today, he will be unveiling his new “My Brother’s Keeper” Initiative. ²
- Leading foundations and businesses have joined together to invest \$200 million over the next five years to give every young man of color—who is willing to work hard and lift himself up—the support he needs to excel.
- This is an important effort because when young people are denied a fair chance to grow and thrive—not only do they and their families lose—but our nation loses.

² WH asked that you mention this announcement.

- Each year, children growing up in poverty cost the U.S. half a trillion dollars in lost wages, productivity and other costs – roughly the equivalent of 4 percent of GDP.
- And the single biggest cost is the lost potential because, if given a fair chance, these young people could be the next teachers ... scientists ... and entrepreneurs
- Young people here in the U.S. deserve better.
- And so do young people all over the world.
- Across the globe – there are 400 million children living in poverty who aren't getting a fair chance in life³.
- Opportunity shouldn't be a luxury.
- And in our increasingly connected world—where our futures are shared—we all have a vested interest in helping each other address these challenges.
- I am committed to this work.
- And so is President Obama.

A New Federal Approach

³ World Bank, October 2013 report.

- As he has often said—despite going to some very prestigious schools—his greatest education came from his days working as a community organizer on the South Side of Chicago.
- He saw firsthand what the pain of poverty does to communities.
- He saw the toll that crumbling schools ... boarded up businesses ... and unsafe streets took on families.
- He saw how distressed neighborhoods dimmed hopes and deferred dreams.
- So when he became President, he brought a unique perspective to the Oval Office – and was determined to put an end to the failed policies of the past.
- Historically – the federal government would look at a community in trouble and see only the problems.
- It would take the arrogant view that it knew best – while ignoring the assets on the ground.
- It would come in and wipeout entire neighborhoods – choosing to start with a blank slate, while ignoring local

leaders.

- And the end results were often disastrous.
- For example, in cities across the country, huge housing complexes were built.

- But, in many cases, these efforts made the problems worse because when a family chooses a home – they are choosing more than just shelter.
- They are choosing job opportunities ... schools ... public safety ... transportation and more.
- And too often – the federal government didn't take into account these other building blocks when developing communities.
- In fact, government often made things worse – isolating families from opportunities.
- No matter how great the housing was – it stood little chance of succeeding:
 - if children didn't have access to good schools;

- if seniors were afraid to walk in the neighborhood because of violence;
 - if young adults didn't have access to the transportation they needed to get to a job; or

 - if families couldn't get to a supermarket where they could obtain healthy food.
- All these assets need to be nurtured and connected with each other in order to turn around troubled neighborhoods.
 - But the federal government didn't operate in a coordinated way.
 - Instead, agencies operated in silos.
 - Historically, HUD focused on housing.
 - Education focused on schools.
 - The Department of Justice focused on public safety – and so on.
 - When President Obama was working in those poor

neighborhoods – he saw firsthand that this was the wrong approach.

- So during his time in office – we’ve worked to break down the artificial barriers that have prevented the federal government from working well with itself - and with local leaders.
- And we’ve done so with these goals of:
 - taking a comprehensive approach to community revitalization instead of addressing problems in isolation;
 - working with local leaders to support their vision for their communities; and
 - embracing creative new solutions to old problems to finally address issues like the opportunity gap in a meaningful way.

Place-Based Work

- Obviously different challenges require tailored solutions.
- That’s why my department is involved in a variety of place-based initiatives designed to expand opportunity for those

living there.

- At the regional level – we have partnered with the Department of Transportation and the Environmental Protection Agency to build economically resilient areas.
- We have issued 143 planning grants to urban ... rural ... and tribal communities that are home to nearly half of the American people, helping them spur economic development ... create jobs ... and cur carbon emissions.
- At the city level—through our Strong Cities, Strong Communities initiative—we have interagency federal teams working closely with 17 cities to ensure that they maximize their use of federal dollars and develop public-private partnerships that create opportunities for their residents.
- And at the community level—through the President’s Neighborhood Revitalization Initiative—we are working to increase resources available to local leaders that have come together with a common vision and a commitment to results.

- That's what's happening with an initiative we call Choice Neighborhoods.
- It is built off of a decades-old program called HOPE VI which was dedicated to transforming public housing.
- This effort did a lot of good, but we thought it was important to expand this work so that resources could be targeted towards all forms of housing – as well as other neighborhood amenities.
- And it's making a difference.
- Last fall, I visited Boston – which was one of the first five cities to receive Choice implementation grant dollars.
- And it was incredibly moving to see all these plans coming to life ...
... not only new housing units – but also the redevelopment of an old meat-packing plant which will create 100 new jobs and even the creation a Wi-Fi system for the community.
- In addition to HUD's efforts:

- the Department of Justice contributed \$400,000 to enhance public safety; and
- the Department of Education is working with partners to give children access to a quality education.
- And this is just one example.
- Last fall – I also visited with some of our partners working in a tough neighborhood in Chicago.
- This is an area that has been in distress for many years.
- In fact, when I visited it in August of 2011 – I arrived just hours after a drive-by shooting left four teenagers wounded.
- So there were a lot of problems in the neighborhood – but its residents didn't accept this fate.
- They saw possibilities – and they crafted a comprehensive vision to revitalize the neighborhood.
- Work is currently underway and, on my recent visit, I had this incredible experience standing in the middle of the street.

- Looking one way – I saw the work being done to transform distressed Section 8 apartments into mixed-income units.
- I could also see all the other work being done to reshape the area into a vibrant urban community.
- When I looked the other way – I saw vacant lots and other signs of urban decay.
- Transformation was literally occurring.
- It was one of those moments that captured how important the Choice Neighborhoods initiative is.
- In total, the partnerships created through Choice Neighborhoods are driving change and expanding opportunity.
- And at a time of tough budget choices – partners are investing \$8 for every \$1 HUD brings, generating incredible outcomes at the community level.
- Other agencies—including the Department of Justice and Department of Education—are achieving similar results with their comprehensive approaches.

- Just imagine the kind of impact we could have if we coordinated these efforts in some of the most distressed areas around the nation.
- That's exactly what's happening with an initiative called Promise Zones.
- Here's how it works.
- Local leaders have identified clear outcomes they will pursue to revitalize their community with a focus on:
 - economic activity;
 - improving education;
 - creating affordable housing; and
 - reducing crime.
- They submit these plans for review and, earlier this year, President Obama announced the first five Promise Zones.
- They'll get:
 - a competitive advantage for roughly 20 more federal – neighborhood-oriented initiatives;

- full-time AmeriCorps VISTA volunteers to support their strategic plan;
- a top notch team from all the key federal agencies to support local leaders;
- and more.
- Working together – we are going to bring new hope ... new energy ... new positive activity ... and new progress to these neighborhoods.
- Over the next three years – we are going to announce 15 more Promise Zones and ensure that more children won't have their life outcomes determined by their address.

Conclusion

- We are proud of this work , but let me be clear – we aren't content.
- And we won't be as long as there are children like Savana Dawson who are missing time in the classroom because they are in the emergency room.

- We won't be as long as children—like those at the Maxfield Elementary School—spend their days worried about where their next meal will come from.
- We won't be as long as young people like Hadiya Penelton are taken from us far too soon.
- And we won't be content until we give those 400 million children living in poverty across the world a fair chance to fulfill their full promise.
- That's why I deeply appreciate this chance to be with you today.
- It's a valuable opportunity to listen to each other ... and learn from each other.
- Now it's time to lead with each other.
- Together, we can close the inequality gap.
- Together, we can ensure that opportunity is not a luxury – but a reality across the world.
- And together, we can and must shape a stronger and more prosperous future for all the world's citizens.

- This is one of the great challenges facing us today.
- Let's meet this challenge with bold action.
- Thank you.