

THE BROOKINGS INSTITUTION

HOUSING, INCLUSION, AND SOCIAL EQUITY: A GLOBAL PERSPECTIVE
FEATURING DEPUTY PRIME MINISTER OF SINGAPORE THARMAN SHANMUGARATNAM

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PARTICIPANTS:

Welcome:

MARTIN S. INDYK
Executive Vice President
The Brookings Institution

DAVID RUBENSTEIN
Chair, Board of Trustees, Duke University
Co-Chair, Board of Trustees, The Brookings Institution

JAMES WERTSCH
Vice Chancellor for International Affairs
Washington University in St. Louis

Overview:

WILLIAM (SANDY) DARITY
Director, Samuel DuBois Cook Center on Social Equality and Samuel DuBois Cook Professor of
Public Policy
Duke University

Keynote Address:

Introduction:

MICHAEL SHERRADEN
George Warren Brown Distinguished University Professor
Washington University in St. Louis

Featured Speaker:

THARMAN SHANMUGARATNAM
Deputy Prime Minister
Singapore

Responses:

MARGERIE TURNER
Senior Vice President for Program Planning and Management
The Urban Institute

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

YUNN CHII WONG
Associate Professor, Head of Department of Architecture
National University of Singapore

DAVID CONNER
Former Chief Executive Officer
Overseas Chinese Banking Corporation

Panel 1 - Housing and Community: Role of Government in the U.S.:

Moderator:

RICHARD REEVES,
Senior Fellow and Co-Director, Center on Children and Families
The Brookings Institution

Panelists:

JACK MARKELL
Governor
State of Delaware

SETTI DAVID WARREN
Mayor
Newton, Massachusetts

XAVIER DE SOUZA BRIGGS
Vice President
Ford Foundation

Panel 2 - Housing and Social Equity in Selected Nations:

Moderator:

ANIRUDH KRISHNA
Edgar T. Thompson Professor of Public Policy
Duke University

Panelists:

NGEE CHOON CHIA
Associate Professor
National University of Singapore

RICKY JOSEPH
Research Fellow
University of Birmingham (UK)

SUKHADEO THORAT
Professor
Jawaharlal Nehru University

MOLLY METZGER

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

Assistant Professor
Washington University in St. Louis

Concluding Observations and the Way Forward:

RICHARD REEVES
Senior Fellow and Co-Director, Center on Children and Families
The Brookings Institution

WILLIAM (SANDY) DARITY
Director, Samuel DuBois Cook Center on Social Equality and Samuel DuBois Cook Professor of
Public Policy
Duke University

YUNN CHII WONG
Associate Professor, Head of Department of
Architecture
National University of Singapore

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P R O C E E D I N G S

MR. INDYK: Good morning. Thank you for joining us early morning after a long Thanksgiving weekend. It seems to be cruel and unusual punishment, but we have a very big program to get underway and wanted to get started.

I'm Martin Indyk. I'm the executive vice president of The Brookings Institution. We are delighted to have the opportunity to host this very special gathering, the International Symposium on Housing, Inclusion, and Social Equity.

The subject itself is an urgent and compelling one. The relationship in particular between place, race, and lack of opportunity has been driven home to us here in the United States by the dramatic highlighting of those inequalities in places like Baltimore and Ferguson. And it is for that reason that Brookings itself has taken a very important initiative to focus our intellectual resources across three of our programs -- our Metropolitan Program, our Economic Studies Program, and our Governance Studies Program -- to bring together our scholars to work on this bundle of issues which have defied effective solutions now for more than five decades. We know what the problems are. We don't seem to be able to come up with effective solutions.

And that is why we're particularly happy to have the opportunity to host this international symposium because there is much that I think we can learn from experiences not only around the United States, but internationally, as well. And for that reason we're particularly pleased this morning to welcome the deputy prime minister of Singapore, Tharman Shanmugaratnam, who as the person responsible in the Singapore government for housing policy, has a particularly important set of insights on these challenges.

I'm also very happy that we're able to have this symposium as a partnership with two other American institutions that have great importance and roles in these areas. I'm speaking in particular of Washington University in St. Louis. Brookings and Washington University have a very close partnership that stems from the fact that the founder of Brookings, Mr. Brookings himself, also played a critical role in the development of Wash U. in St. Louis.

And we're also very pleased to be partnering with Duke University in the form of Sandy

Darity and the Samuel DuBois Cook Center on Social Equity at Duke University. Our own contributions today and in the ongoing research comes from Richard Reeves and Belle Sawhill and the Brookings Center on Children and Families. And so we have this dynamic partnership between two great universities, the Singapore government and Brookings itself.

And so on behalf of Brookings, I'm very happy to have the opportunity to welcome you all here today and online. And I wish you the very best with your deliberations on a very urgent and critical issue. Thank you. (Applause)

I was supposed to introduce David Rubenstein, who wears two hats this morning. (Laughter) He is the co-chair of The Brookings Institution, but he's also the chairman of Duke University. And so in both capacities we thought it was very appropriate for David Rubenstein to welcome you and to see him this morning.

David, please. (Applause)

MR. RUBENSTEIN: Thank you very much, Martin. The third hat is actually in my private business operations I have a very close relationship with Singapore and I've spent a lot of time in Singapore, and the government of Singapore has been very close to my firm through its investment arm. So I wear three hats: Duke, Brookings, and a great lover and fan of Singapore.

For most of organized history the concept of equality did not exist. You can say that Homo sapiens are on the face of the Earth for roughly 200,000 years. The idea that they were going to be all treated equal didn't really exist for most of that time. In fact, if organized history is roughly 10,000 years old, you could argue, in the East and the West, it was really only about 100, maybe 200 years ago that the idea that people should be treated equally came about. And it came about in something that Thomas Jefferson wrote. In the Declaration of Independence he said, "We hold these truths to be self-evident, that all men are created equal."

Now, of course, when he wrote that, he had two slaves with him, he owned about 100 slaves, so how could he have written that? Well, he meant it in the sense that people were created equal, but he didn't think they could live together. But those words became the inspiration for many people in this country and around the world, the idea that people could be equal.

One person who thought that they really should be equal was Abraham Lincoln. And ultimately, when the Civil War arose, because we didn't really have equality because we had slavery until the Civil War, Abraham Lincoln did something about that. But even after the Civil War and with the 13th, 14th, and 15th Amendments, we didn't really have equality because of the Jim Crow laws. And even after the civil rights revolution of the 1960s, we really didn't have real equality. The laws changed a bit, but we still didn't have real equality. We've made a lot of progress in racial equality, religious equality, gender equality, but we still are not where we should be.

Housing equality, it really is something that has to be given a lot of attention now because it's clear from all kinds of studies that if people don't grow up in housing that is appropriate for them, they have a very limited chance of growing up to be citizens who can rise up through our system. Social mobility is very modest if you grow up in housing that is inadequate. Studies repeatedly show that income is measured, to a large extent, by where you grew up. And if you grew up in housing that's inappropriate, your chance of rising is very, very modest.

And so today, we have an opportunity to discuss how we can do things in our society to make it possible for all humans, all people -- not just in the United States, but all around the world -- to grow up in a society where they have housing that is appropriate to live in, appropriate to foster education, appropriate to foster conducive conduct between other human beings. If we don't do that, we're going to be condemned in these countries and all the countries around the world to a life where certain people are not going to be having a chance to be equal. And the concept of equality is one of the most important concepts that I think has ever existed on the face of the Earth, the idea that all people have a chance to be equal and they should be given their potential to do that.

Now, today, at this conference, we have a chance to talk about that. We're not going to solve housing inequality at this conference, but we can make a start in bringing to the fore some of the issues that have really been raised by many scholars in recent years when they have noted that people who grow up in housing that is inappropriate do not have a chance to rise up and do not have a chance to fulfill their potential and do not have a chance to really be equal to other citizens who grew up in better housing. So, hopefully, this conference and other things that can follow from it can live up to the idea that

we can make our country one that truly is equal not just in racial equality or gender equality or religious equality, but also in housing equality. And that is a very important thing that I hope we can get out of this conference.

So thank you very much for including Duke in this. Thank you. (Applause)

MR. WERTSCH: Good morning. My name is Jim Wertsch. I'm vice chancellor for International Affairs at Washington University in St. Louis. And I'm delighted to be here for a couple of major reasons having to do both with The Brookings Institution and with international studies with places like Singapore.

As Martin Indyk noted, Washington University has a long history with The Brookings Institution. Brookings Hall was named as such on the Washington University campus in 1928. Robert S. Brookings was here helping found The Brookings Institution in 1916. And so this relationship has gone on for some time and it's one reason that we're delighted to be part of this meeting today.

The other is Washington University has created a new kind of major initiative on globalizing our university through an organization we call the McDonnell International Scholars Academy, which was founded 10 years ago. This is an academy in the sense that it brings in people from partner universities and does relationship-building and collaborative research with them. We have 28 partner universities, including the National University of Singapore, which was one of our founding partners in the McDonnell Academy. We recruit scholars from there, but we also do collaborative research. And today, we're seeing one of the outcomes of having the National University of Singapore as a founding partner in the McDonnell Academy.

Michael Sherraden, Professor Michael Sherraden, my colleague from Washington University, is the ambassador -- we call the ambassador -- to NUS. And he's helped build relationships there for many years, actually, but now we're starting to do this more in the area of the Next Stage Institute, which is an initiative that's between Michael Sherraden and Washington University and U.S. And we look at being able to deal with the kind of large-scale issues that David Rubenstein just mentioned as something that needs to be done on a global level. And hence, our partners around the world become very important in this respect, and today is an example of that, how we can look at housing

equity as an issue that exists not only in the United States, it certainly does here, but the role model that we can find in places like Singapore and the ways that we can come together with better solutions maybe for places everywhere.

So thank you very much for having Washington University as part of this. We're delighted to be here and I look forward to some of the ideas we come up with today. Thank you.

(Applause)

MR. DARITY: Good morning. I'd like to say thank you to David Rubenstein for his profound observations about the history of human attitudes and beliefs about inequality and for representing Duke University. And I'd also like to thank Richard Reeves for his enthusiastic response when Michael Sherraden and I approached him about the possibility of holding this convening at Brookings. And I also would like to extend an additional thanks to Zhou Li at Washington University and Wynne Wright at Duke for all their support and help in making this conference come together.

The genesis of the conference took place in the context of the strategic planning process for our new Samuel DuBois Cook Center on Social Equity. Michael Sherraden generously agreed to participate in that process. And while he was in Durham, we had a conversation about the deputy prime minister of Singapore, Tharman Shanmugaratnam, giving a series of speeches about Singapore's success in eliminating residential and social segregation.

So the question became whether or not the strategies that had been pursued in Singapore could be applicable elsewhere. Was there a possibility of translating the policies that had been pursued in Singapore to countries that exist on a much larger scale with a very different political culture? And that was the basis for us putting this conference together. And we're very pleased at the deputy prime minister's willingness to give the keynote address here.

The theme of this conference is deeply simpatico with the mission of our new center at Duke. The Samuel DuBois Cook Center on Social Equity is focused on the problem of inequality and it is Duke's major initiative to try to address the problems of inequity and unfairness in the world as well as, of course, in the United States and our home state of North Carolina.

I'd like to mention briefly one of our major projects that is now underway. It is the Ford

Foundation-funded National Asset Scorecard on Communities of Color. The Ford Foundation's provided support for this with Darrick Hamilton at the New School and myself serving as the principal investigators on the grant. The grant involves the surveying of finely defined ethnic groups in various metropolitan centers in the United States to try to capture substantial information about their net worth position.

We have surveyed five cities thus far and we're now in the process of generating a set of reports. Those cities are Miami; Los Angeles; Boston; Washington, D.C.; and Tulsa, Oklahoma. And one of the aspects of the study is a focus on housing and neighborhood quality issues. That's central to our major projects. And I must mention, particularly since Martin Indyk started the conference with this observation, that the next city that we're going to survey is Baltimore, Maryland.

Finally, I'd like to take the time to thank Michael Sherraden for his enthusiasm about this project, as well, and for his thoughtfulness about how we might put together a convening that could address these serious issues. His work on asset development for those who are poor has been a signal body of research that has reshaped the way in which we think about the prospects of altering the wealth distribution in our society.

I particularly want to make note of the experiment that's been conducted in the state of Oklahoma, the SEED Project, which provides an opportunity for the development of child trust funds for young people in that state. There's actually some very, very interesting issues that that project has raised that we have to think about, but it's a very, very important step in trying to change the conditions of opportunity for young people in the United States. I think, in my opinion, that's one of Michael's central contributions, but he's made many, many more as leader and director of Washington University's Center on Social Development. And we will hear from him next. (Applause)

MR. SHERRADEN: Thank you very much for being here. I'm Michael Sherraden and I appreciate all the comments. Thanks, Sandy, for a positive word about our center.

I also want to say thanks to Brookings Institution. I think Brookings Institution was officially part of Washington University originally a long time ago, so some of us have not quite let go of that. (Laughter) So we do feel a strong kinship to this institution and currently renewing that relationship, and Jim's very active in that. And we look forward to that partnership going forward.

Sandy has also been, and Duke, been terrifically great partners in this work. Sandy was the first person I called, you know, when we were able to put this conference together. He's just started a new Center on Social Equity, the Samuel DuBois Cook Center, which is going to be doing really excellent work going forward, and we look forward to that partnership in the United States and beyond.

NUS is also a partner institution here, and so it's not just the government that's represented here, but also the academic institution. And I think you will see by some of the speakers from NUS that not everybody is of a single mind about these policies. And actually, one of the benefits of this conference today is that there will be some give-and-take and people have different views and raise different aspects of issues, and I think that's what will make this day particular productive.

I would say this is a perspective very much from the United States that if we don't figure out housing and race, residence and race, our prospects don't look that good. We are a country that is going to be a minority European descent and a majority people of color in the not-too-distant future. And to have sharply segregated residential segregation which leads to -- and also segregation by class, a sharply divided or intensive neighborhoods full of poverty leads to very poor outcomes in general for the children that we want to raise for the next generation. So this is not a viable strategy for the United States and, in my view, we're not really even talking about it in the terms that might set the stage for solving this problem.

So, as mentioned, I also have a professorship in Singapore, and you will hear that Singapore has a very different strategy about housing policies. So I think the goal here is can we put some different perspectives on the table and consider how we can learn from each other?

I would say a word about Singapore. Briefly, Singapore is a very innovative little country. It doesn't regularly engage in policy discussions internationally, at least in social issues, maybe more so in economic issues under the current deputy prime minister, who's very active internationally. But Mr. Tharman has begun to speak a little bit about social policy, as mentioned, and so I asked him. We were both in Singapore at the same meeting in July and he agreed to come and speak if he could work it out. He's a very busy guy and he's in town, I think, for a committee with the International Monetary Fund, the Policy Committee, so we were able to work out this conference. So we're grateful to the deputy prime

minister for making time for this meeting.

Singapore's very innovative and very creative about social policy. I would think of it mostly -- I've been studying and working in Singapore for 25 years, I guess. Very innovative strategies, very different, very distinctive that may not apply to other places or may, but these are examples that should be considered in international policy discussions. And you'll hear more about that going forward.

Turning to our really excellent speaker today, the Deputy Prime Minister Tharman Shanmugaratnam has been deputy prime minister since 2011. He is also the chairman of the Central Bank, the Monetary Fund of Singapore. Before that, before entering politics, he was the managing director of the Central Bank, so he has a lot of international central banking experience. He's also the chair of the International Monetary and Financial Committee, which is a policy committee of the International Monetary Fund. He has been the finance minister for a number of years. He has been the education minister. I had the privilege of introducing him in Singapore I think in 2007, when he was education minister and I think second finance minister, so he's done an awful lot since that time.

He also now holds a new position in Singapore as coordinating minister for economic and social policy. And I'm not quite sure what that means, but it's a very Singaporean kind of way to think that you would put economic and social policy together.

And I just want to, as one final point, emphasize this, that in the West, in much of the West, we think about social policy as a kind of residual, that the economy generates resources and then with those extra resources you can do some social policy. That's pretty much the underlying assumption.

In Singapore, the assumption really is that you have to develop the people and the society and the economy together. It's a very conscious strategy, quite different from the way that we usually think.

So I hope that sets the context for what the deputy prime minister will offer. And so I turn it over to Mr. Tharman. (Applause)

MR. THARMAN: Well, if anyone thought multiculturalism doesn't have a chance, they should have heard how everyone starting from Martin Indyk pronounced Shanmugaratnam perfectly. (Laughter) I mean perfectly. That's something.

But thank you very much for inviting me. I think we've had a very thoughtful set of opening remarks. And I'd like to thank especially Sandy Darity and Michael Sherraden and Richard Reeves for actually pulling us all together, thinking through the panels, thinking through the speakers, and I'm very happy to be here.

We're really talking about something that's the defining challenge of our times around the world. It's not just an advanced country issue, although we know what's happening in France and the United States and elsewhere. It's also across a whole range of developing countries. We've got serious problems, serious challenges that have to do with social inclusion and social mobility everywhere. In advanced countries, they went through a burst of mobility after the war, very unusual circumstances, an economic catch-up as well as a social catch-up. The developing countries, some have succeeded in unleashing a wave of social mobility, but most haven't. So it remains a challenge that's not just been with us for some time, but, unfortunately, in many ways is getting tougher and more important.

And in Singapore, too, we have this challenge. We've always thought of it in terms of economic and social policies intertwined. We never had the luxury of thinking of them as separate arenas for policy. And even today, we think of it not just because we appoint a minister in charge of it, we think of it as one and the same.

Our challenges are very hard to disentangle and identify as economic or social. We have challenges like everyone else of income inequality. We're a market economy and extremely exposed to the world, to global economic forces. We are seeing gradually a slowdown in social mobility as has happened in all the mature societies.

And we know that keeping a multicultural society together not just in name, not just in form, but in spirit is continuous work. It's continuous work. And that project goes back to the time we started off as a nation, the time of our birth, because we were an unusual country: multiracial from the outset and multiracial as a project. That's why we became independent.

We are also very diverse with regard to religion. There was a Pew survey or a Pew study last year that had Singapore as the most diverse country in the world when it comes to religion.

So we have to contend with these facts as reality, but we also have the opportunity of

transforming these circumstances into something that's a virtue, something that people take pride in, something that gives us strength, something that makes us distinctive. I'll go through a set of slides very quickly just to set out some interesting facts about Singapore and how we compare with some other countries.

Let me try and manage this. So this takes off from what Raj Chetty presented at Brookings earlier this year. He had pulled together a number of studies. If you just ignore Singapore for a moment because that comes from our own estimates at the Ministry of Finance, the rest is Raj Chetty's work, pulling together the best international studies, the best studies in each country, common methodology wherever possible. And this summarizes a whole range of indicators on mobility.

This measure captures the proportion of people who start off in the bottom ranks of society and who end up -- who start off with their parents being in the bottom ranks of society, but they as children end up by the time they're in their late 20s and early 30s in the upper bracket, defined as income in this instance. And, you know, it's not an unfamiliar picture.

In the United States, 7.5 percent of those in the bottom 20 percent end up in the top 20 percent. Denmark is well known as a European example where there's still a fair bit of mobility. About 12 percent of them make it up to the top. Canada, although it's just beside the United States, is quite a different society. And then Singapore, partly because we're a younger society and partly because we put a lot of effort into it, we're still achieving a fair degree of mobility. And this is the latest cohort, that's late 20s/early 30s.

But we face the same challenges as every mature society. It gets harder over time, even in a meritocratic system. It gets harder over time because the advantages that come to children of parents with education, with income, and with a whole range of social know-how as to how to make your kid succeed, those advantages don't diminish over time. They have tended to grow. So we face the same challenges. That's the first slide.

The second slide, very quickly, we've managed to get relatively even income growth across the spectrum of our society. Not always. In fact, a decade ago, we had significant stagnation of those in the bottom, and we've done some things about it. We've -- oh, I'm sorry, I have to press the --

(Laughter) -- okay, that's real mobility.

So we've done something about it. We've put effort both through ERTC-type schemes, you know, tax credits if you work, as well as a whole range of other measures to maximize the potential of everyone, even if you start off without too much education and you're doing a relatively simple job. But this is continuous work, achieving an even spread of incomes and, in particular, avoiding a growing gulf between the average in your society and those in the bottom ranks income-wise. So we have done better than most, but it's continuous work.

Next. Now, this is a very interesting slide and I'm not going to go through the technicalities, but it is, in a sense, the educational version of the typical mobility indices that we look at. Now, this comes out of the OECD PISA study and we know the basic results of the PISA study, who's on top, you know, Singapore, Korea, Shanghai, and so on; mathematics, science, and even things like problem-solving, which are not things that you prepare for by rote.

But this is a different indicator. This looks at the percentage of those who are socially disadvantaged, who actually perform at the top end, and this is by age 14 or so, early high school years, the percentage of those who come from a disadvantaged background, who perform at the top end. And that's a very important figure because education is still our most important instrument for achieving social mobility.

The proportion of those in the bottom 25 percent to be precise who make it into the top 25 percent of OECD performance, adjusted for socioeconomic background, in Singapore is quite high. It's 15 percent out of 25 percent, more than half. So that's an important measure of mobility, but, as I'll speak briefly about later, it's a whole set of -- it's about institutions, it's about people, especially head teachers and teachers, and it's about a culture with an education.

Next, homeownership, which I'm going to dwell on a bit later. Now this is just something fairly well known. In fact, these countries are not countries with low homeownership, by the standards of most advanced countries. I mean, the United States, for instance, is relatively high on homeownership, but this has been central to Singapore's strategy. Homeownership across the whole spectrum of society, including, as I'll mention briefly later, including for those who would ordinarily be thought of as too poor to

afford a home.

And this slide is one of the most interesting slides in the light of everything we observe in the world around today. I didn't choose the United States because I'm trying to pick on American cities. It's just that the U.S. is one of the few countries that publishes this data, that publishes data on residential distribution by ethnicity in every city, in every metropolitan area and by neighborhoods within the metropolitan areas. And what this looks at is within a metropolitan area, which has many neighborhoods, how segregated are the neighborhoods? How segregated are they as far as ethnicity is concerned?

So the closer you are to 100, the more segregated it is. And the closer you are to zero, the more evenly distributed it is, in line with the average for the whole metropolitan area.

No surprises as to the cities that are on the top in the United States, Detroit. If you're interested in the figure for Ferguson or St. Louis, which includes Ferguson, that's about 71, which is close to the top; Baltimore, 64, so well above average in terms of the extent of segregation by race across neighborhoods.

Singapore, as I'll come to later, this has been a matter of public policy, avoiding racial segregation. It's never perfect because you never get an even distribution of ethnicity in every neighborhood. There's individual choice, there's family choice, but we've tried to constrain those choices so as to minimize the extent to which one neighborhood is different from another because of ethnicity, and it's the central plank of our social policy.

Next, and I'll explain later how we get to this point. As a result of our policies, in our neighborhoods we've been able to achieve a roughly even appreciation in home prices and home equity across the whole spectrum of homeowners. And that includes low-income homeowners, which is the first bar, which is really principally low income, those who own what we call a three-room housing development-bought flats, the smaller flats. In fact, we've done a little better over the course of this 35 years. This is 1980 to 2015, so 35 years. They've done a little better, but the central point is the lower income group has not been left out in the accumulation of wealth through homeownership; has not been left out in the accumulation of home equity. And that's, again, central to our strategy. That's the economic benefit of the social strategy that we've adopted.

This is a public housing neighborhood, flats, apartments of different sizes, close proximity to each other, but critically sharing quality public spaces, social ownership of public spaces, shared ownership. Close proximity to everyone, it doesn't belong to one block or another or one class of apartment owners or another.

This is 2012, relatively new, but even if you go to all the states, like those in my own constituency, you'd see the same. And every time I get a serious foreign visitor coming to Singapore and I've had dinner and a chat with them, I don't take them to the tourist attractions. I bring them to my constituency. I walk them through the park that everyone uses on the way home or the way to work. I take them up to some of our residents' homes, so they know what it's like, the type of quality you get in everyday living for an ordinary person, for an ordinary citizen.

And I take them, finally, to dinner to my hawker center in my constituency, where you've got stalls of all sorts, individual proprietors running the small stalls, and everyone eats there, different ethnic groups, different social groups. That's the secret sauce of Singapore, the neighborhoods.

And finally, extremely important, recreation, parks. Regardless of your status in life, access to quality parks and waterways not too far from your home; the park connectors, I guess (inaudible) in New York is a park connector, green avenues that connect parks together. And this is still a work in progress. This is what you see today, but, by 2030, it's going to be much more widespread. Today we've got 8 in 10 households, 8 in 10 Singaporean households, have a park within 10 minutes' walk, about 400 meters. By 2030, it'll be 9 in 10 parks, quality spaces for young and old, whether they're serious about their sports or they just want to have a jog or want to be with the grandkids. Quality spaces for everyone not far from home regardless of your social status.

So that's the slides I wanted to show. Now let me give you a perspective of why we've done what we've done and how we go about it. And I'll spend a little more time on housing policy.

But basically, as I say, the secret sauce is our neighborhoods, the composition of the neighborhoods, and the way the neighborhoods are designed so as to maximize interaction and give us the best chance of achieving an integrated society. Give us the best chance. They're designed for that purpose.

And it's not just about the numbers, about ratios of ethnic groups in different neighborhoods. It's about the everyday experiences that come about because of your design. It's walking along the corridor every day, taking the same elevators down. It's the way your kids grow up in the playgrounds or in the primary school nearby. It's about the peers in the neighborhood that you either fall for or aspire to be like. It's about both the opportunities and the traps that come from living in a neighborhood, where you either have influences that you get sucked into, that take you down a path that doesn't lead anywhere, or you have opportunities that come about because you notice someone else and all your friends are rushing to school, they're doing their sports, and you do things together.

So neighborhoods matter. The culture of neighborhoods matter, but it doesn't come about by accident. It's got to be planned for. It's got to be designed. And the nice thing about all our societies is that people are actually looking for something positive in their lives. And if you can provide that opportunity, if you provide the scope of interaction, positive things tend to happen.

The core of it is public housing. And linked to public housing, the schools, the hawker centers, the parks, the common spaces, but public housing is the core of it. And our policy evolved over the years. It really started out of necessity. We had congested, unsanitary urban living, slum-like conditions in villages even in the rural parts of Singapore. They were ethnically concentrated, but it was also a very low standard of living. So it started out of necessity in the years before we obtained independence and especially after independence.

But what started off as a battle of necessity, just providing a basic standard of living that every citizen deserved, evolved to become an active strategy of achieving social integration through public housing. And what started off as a policy that was aimed principally at those from the lower-income group and eventually the middle-income group because a policy that catered to the majority of society, from the lowest income to the upper-middle-income group. And many young couples who eventually end up being in high-income brackets start off in housing development-bought flats. They start off in public housing. So they, too, start off and develop an ethos, that same ethos that everyone has, as a result of our public housing strategy.

So we know it caters to well over 80 percent of the population living in what we call public

housing. It's not social housing as you know it in many countries. Its high-quality apartments developed and planned by the public sector, but is a private asset. You buy and sell your apartment on the open market, it's a private asset. What's critical is that it's planned with public policy in mind, getting a social mix into every neighborhood, and ensuring that the common spaces are socially owned, social ownership of common spaces. So it's privately owned apartments, which people buy knowing that it's an investment asset and a potential retirement asset, but social ownership of the common spaces and a design and rules that give us the best chance of achieving social integration across a broad span of society. So it's not social housing as you typically know it. And what it means is we achieve income integration of social groups, the varied income, and integration of different ethnic groups.

How do you achieve integration in the same estates of different income groups? First, they're designed such that apartments catering to the different groups are in very close proximity to each other. If I take my constituency, the lowest income group live in rental blocks. And that's a very small proportion of Singapore's population. Five percent of Singapore's population lives in public rental blocks. It's those for the lowest incomers.

And I've got several blocks at my constituency that cater to that group. Fifty meters away from where they live are the apartment blocks catering to the upper-middle-income group, what I had on the slide earlier as five-room flats, 50 meters away, not even across a road with traffic, but across a service road within the same estate, 50 meters away. Same estate, same parks, same slides and swings. Proximity matters.

The second thing we have to do, of course, is make sure it's affordable to the low-income group because the low-income group in most countries can't afford to own a home existing from renting a home. And we do so through the public budget. That's fiscal policy. We do so through the public budget, a grant that's given on a progressive basis to low- and middle-income individuals based on their income. And it's a very significant grant.

To get an entry level flat, which we call a two-room flat, in Singapore that's the entry level, but it's actually the same. Our low-income group in Singapore, the size of their apartments is about the average for Hong Kong and Tokyo, so they're relatively well provided. Smaller than the other flats in

Singapore, but it's a decent standard of living.

To buy that small apartment as a low-income person, someone who's in the bottom 20 percent, you get a public grant that's typically, if I take this year's lodgers, typically it's about 70 percent, 70 to 75 percent of the price that you have to pay, it comes from public grant. And the remaining portion of the price, you get a loan from the Housing Development Board and you pay down the loan over a long period using savings from your Social Security contributions, which is another Singapore innovation, the ability to use your Social Security contributions to invest in an asset that can, hopefully, accumulate over time.

So it's affordable because of fiscal policy, because of grants that make it affordable. And that's the income side of it, but how about ethnicity? That required rules.

We have only achieved what we have wanted to do because we introduced rules. And this is, until today, the most intrusive social policy that we have in Singapore, but probably also the most important and particularly in retrospect and particularly when we look around the world, this is the most important social policy in Singapore: rules that ensure that you don't get large ethnic concentrations in any particular neighborhood. It didn't start off that way. It started off with us moving people from what were villages and urban contributions that had significant ethnic complexions to them. It took the same housing estates.

But over time we found through the resale market, when people saw their flats eventually, that you got greater and greater concentrations of ethnic groups in different neighborhoods. There were some neighborhoods with a significant over-concentration of Chinese were the majority population. There were some with significant concentrations of Malays with about 30 percent of Malays living in a neighborhood, although the national average is 15 percent. And when it came to applications for flats in those neighborhoods, it became over 50 percent of applicants being Malay.

So we realized that, in the late '80s, that we had to do something a little more intrusive. We had to put caps on the proportion of people from each ethnicity who would live in a particular neighborhood. Caps for each apartment block, caps for each precinct or enclave within the neighborhood, and caps for the neighborhood as a whole. That's intrusive. It doesn't tell someone where

they should go to live. They're free to choose an apartment anywhere in Singapore. But there are caps within the neighborhood. And once you reached that caps and your particular ethnicity that's hit by that cap, then you look elsewhere for a flat.

It's has been extremely important. That's what's held our society together. And the everyday interactions, the growing up together comes about because people are living together in the same estate and not far from each other.

So that's income and ethnicity, but how do we make sure that inclusion, social inclusion, is attractive? How do we make sure that people enjoy living there and want to live there? Public spaces are critical. The quality of apartments, of course, is critical, but public spaces are critical. And the public spaces I'm talking about involve the parks that I talked about, it involves eating establishments and particular our hawker centers and coffee shops a very wide span of our society goes to. In fact, about a third of our population visits hawker centers at least twice a week, if not more often.

It involves community clubs in every constituency where you have a whole range of activities catering to different groups. It involves access to jobs wherever you live through public transport and, if you're better off and you've got a car, through private transport: car parks, the roads. So public facilities are critical besides ownership of flats.

Silver standards, a greatly neglected area, avoiding the broken window is critical in Singapore. Avoiding the broken window. Every resident pays a service and conservancy charge, and they expect good service from the town council that runs their estate. If the lift breaks down, the service standard is it's got to be repaired within 25 minutes. If the power breaks down, which is rare in Singapore, but sometimes you get a major power failure, 75 minutes. If the water supply's obstructed, also very rare, but if it happens, 40 minutes. And now using technology you can send your complaints instantly and make sure it gets attention. Snap and send.

And we set up a municipal service office that collates data on problems all over Singapore -- traffic problems, other municipal problems -- so that there's a bright light shining on the problems and public officers accountable for trying to solve them across agencies. So service standards matter, avoiding the broken window.

Third, I spoke about public spaces. I spoke about service standards. A third critical component is rejuvenation of public housing estates. Avoiding the state of disrepair that comes about quite naturally all over the world, by rejuvenating it using public funds, we rejuvenate the estate as a whole, improve the parks, the neighborhood, bring in new facilities, new exercise equipment as people get older. A whole range of things that the community wants and provides feedback on. That's paid for by the government 100 percent. Significant upgrading, which we call the Neighborhood Renewal Program, once every 20 years or so -- a little less than 20 years.

But we also upgrade individual apartments, although they were sold and they're a private asset. But as part of the public housing scheme, every 20 years or so we go through a home improvement program, where the government will (inaudible) the cost of upgrading the home. Typically work on the bathroom, the ceilings if there's some falling concrete, changing the doors and the like, largely paid for by the government, but with some copayment by the owner of the home.

So rejuvenation is extremely important. And rejuvenation across that span of public housing for the low-income to the upper-middle-income, so that everyone's home and everyone's block is spruced up from time to time, and no one feels that they're living in a part of a neighborhood that's worse than the others. So that's the third component of it.

How do you link this to the most important strategy, which is schools? That's an extremely important part of our Singapore story. The nice thing about primary schools all over the world is that they tend to be close to the home. Parents tend to send their kids to primary schools quite close to the home. So once you've got that social mix in the neighborhoods, you also have the social mix in grade one and all the way through primary school in most schools.

But it's also critical to ensure even quality of teaching and the educational experience across the schools, that's critical. And it comes about by us having a public school system. All primary schools are public schools. There are not private schools. And at the secondary school level, or what you call high schools, out of about 170 secondary schools, we have 3 private schools and they're not at the pinnacle of the system. They're more like safety valves.

So it's a public school system and we can then decide on admission procedures in

primary school, admission based on where you live, but paying recognition to the old school ties that also exist, father or mother, and to the fact that you've got a sibling in the school. So finding that balance between school ties and proximity to the home so that you do get that social mix. And once you're getting into secondary school and beyond, meritocratic entry based on a range of merits, academic as well non-academic merits.

Continuous work. We still have some schools with significant ethnic concentrations. That's continuous work, but it's critical, not just rules to get the right mix of students, but offering everyone a high quality of education wherever they are on the island. And that means public schools, centralized teacher training and teacher posting, and movement of principals or head teachers around the school system where no principal stays in the same school for more than six or seven years, by and large. If you're doing a good job, please move on to another school and do the same. If you're not doing a good job, you might need a change of environment. You move to another school and someone else will take over from you here.

So that movement of people and movement of good people across the system is what ensures that you don't get this gulf in the middle of the school system. You don't have high peaks and deep valleys. You have a high average level of education in every sense of the term "education."

And if you look at our primary school leaving examination, we've got a national examination at age 12 to decide on which schools you go into. It's one of the criteria for which schools you go into. We've got about 177 primary schools. The top 5 percent of pupils on this national examination come from 170 of these 177 schools, so they're all around the island. All around the island, students ending up at the top. And it comes about not just because of their innate abilities, but it's a system. It's good people, good teachers all around the system.

I've covered schools, I've covered parks, I've covered the common spaces. Another very important dimension which I'll touch on briefly: places of worship and places where you can practice your culture. Multiculturalism doesn't mean you even everything else out and everyone becomes the same as each other. It means providing that space and giving respect to people of different faiths, but preserving common space in every neighborhood and in every school. And because of our mixed neighborhoods we

also plan for places of worship of the different faiths all around the island. In my own constituency I've got a mosque and two churches. In many other constituencies they've got Chinese temples together with churches or mosques.

So it becomes normal, the sounds, the vibes, the physicality of a multicultural society is part of everyday life in Singapore. It becomes normal. They're inconvenient sometimes, but the sense within you that there's something attractive about that society, it grows on you and it develops over time. Because people get used to it, it becomes part and parcel of life. Most public housing apartment blocks have a void deck. The ground level is a void. It's an empty space which can be used for everything. And on many nights it's used for Chinese funeral wakes and sometimes on weekends it'll be a Malay wedding with all the joy and vibrancy of a Malay wedding. And on the last day of the wake the temple rights are performed, people can hear what's going on and that becomes part of life. It becomes part of life. So providing the space for people to practice their cultures and keep their own faiths, but making sure it's taking place in neighborhoods and in schools where the common space is critical, where everyone is the same and equal is extremely important.

We're not perfect. We're still evolving and we've got interesting opportunities ahead. And I'll highlight two very interesting opportunities coming out of the use of neighborhood spaces that are the opportunities of the future.

The first has to do with schools. A quality school system alone, a quality system of universities and institutes of technical education and polytechnics alone is not enough for the future. We have to make life-long learning and reinvestment in every individual through life the norm because of the way technologies are evolving, the way jobs are evolving both predictably and unpredictably. And that's our most important economic and social policy for the future. We call it "skills future."

But it can't just be a top-down matter. It's not just what your employer decides and on-the-job training and a formal course you go to in some educational institution. It's got to be individually driven, as well. And it's got to start with the individual who's working during the day, has a family to spend time with, usually you're a bit tired after work or during weekends you want to relax. It's got to be convenient. It's got to be attractive. And having the learning facility in the neighborhood, using our

community clubs and other community facilities, is going to be a real opportunity, making it easy, breaking the inertia. No matter where you start, you can start learning something in the community, something which you find helpful to your job or something to develop yourself in case there's a job further down the road you might be interested in or in case you develop a hobby that you end up taking very seriously. So continuous learning and life-long learning also has a special dimension to it, and neighborhoods play an extremely important role, easily accessible learning.

Second, challenge and opportunity is for an older society. And one of the challenges of healthcare all over the world is to bring healthcare closer to the home or bring it into the home. It makes a lot of economic sense because concentrating healthcare delivery in hospitals and particularly acute hospitals is the most expensive way to go about it and not the most pleasant way of being treated and cared for. Having something close to the home where your family members takes you down in the morning or you can walk there yourself and being able to be cared for at home using telemedicine and having a nurse or an allied health professional visit you from time to time at home becomes critical. So there, again, community facilities in the neighborhood become critical.

And as our society becomes older, this is a real opportunity to raise the quality of life in the golden years so that people are not just living longer, but they're having meaningful lives with humane and affordable treatment and a sense that they're not being dislodged from the home or the family. That, too, is something we're taking very seriously: nursing homes, community care facilities, day care, and rehabilitation and home nursing. A very important direction for the future.

Let me conclude, I'm just about on time, by making a couple of broader points which have to do with social and economic policymaking, which have to do with individual choice, market forces, and the role of public policy. We now understand better from experiences around the world and over the course of -- over the decades, we understand the invisible hand of the market better. It's a powerful force, largely for the good in most societies. But an unregulated market leaves significant social costs that don't diminish automatically over time and they're also extremely inefficient in economic terms, as we know from the global financial crisis.

The consensus has shifted and most people who are not crazy know that we've got to

regulate markets. That's the economic market, but what about the social market? What about society?

We also know, and we don't need reminding, that societies don't naturally tend towards some equilibrium. They don't naturally trend towards harmony, particularly ethnic and religious accommodation and a deepening of the spirit of harmony. It's not a natural tendency in society. It's not part of the natural workings of society that you get people wanting more and more to live with people who are different from them. And unlike financial markets, which finally revert to the mean and come back to some equilibrium after a tortuous path and after creating great damage sometimes, in society there's no reason to expect a reversion to the mean because social forces just as easily and from what we've seen do perpetuate themselves and you move further and further away from the center towards the extremes. Polarizing forces a part and parcel of an unregulated society.

So we need the visible hand of public policy to mitigate the invisible hand of the market, both the economic market as well as the invisible hand of social forces. We need the visible hand. And the real issue is how you go about it. Do you do it upstream, which is our preference? Do you intervene upstream, put in place the guardrails, put in place the rules, put in place the incentives, make it attractive for people to live together, and keep working at it or do you wait for things to happen on their own cause and intervene downstream where you're forced to and often in a very heavy-handed way? And do you wait for social costs to build up downstream? That's the real question.

So we should avoid the easy intellectual bifurcation where people accept that you've got to intervene in the economic market to redistribute, to make sure that there's some inclusivity at work, but it should sort of feel a bit uneasy when it comes to social interventions. It looks like social engineering. But that's actually a superficial concept. You either do something upstream that's meaningful, provides the right incentives, or you deal with the problems downstream, which are typically more costly to individuals as well as to the public purse. And it's not just a financial matter, obviously. It's about the legacies that are very hard to undo, the legacies that come about when society becomes more divided, particularly along ethnic and religious lines, are very hard to undo.

So that's the real choice. Do you do it upstream or do you do it downstream? And it means not veering from one extreme to another, not trying to intervene in everything you think you can do

better than individuals and families do by their own choices. And we have to remember that, you know, economic policy is an inexact science, but social policy is even less predictable and has unintended effects that keep surprising us. So there's no predictability in this, but we've got to do something and not pretend that the natural workings of society lead us to a better place. And that means having some forms of nudging, putting in place guardrails, putting in place buffers, providing incentives for people to interact with each other, engage with each other, live together, go to school together. You need some soft forms of encouragement, incentive, and sometimes some rules that constrain choice in order to avoid a situation where choice is taken away from people downstream because opportunities get diminished. That's really the nub of it all.

And learning from each other on which forms of nudging and incentives work better, although in very different contexts, obviously, is what we have to do. Keep an open mind, but know that we can't just leave it to the market and you can't just leave it to society. We've got to do all we can in ways that people find acceptable and attractive to keep society fluid, to ensure that disadvantage doesn't pass from one generation to the next, and to ensure that multiculturalism is a source of pride for citizens, and to ensure that society's at peace with itself.

Thank you. (Applause)

MR. SHERRADEN: Thank you very much, Mr. Deputy Prime Minister, really excellent comments that I think will stimulate some really great discussion.

I'll invite respondents to come to the panel. I'll introduce them as they come forward. Margery Turner is Senior Vice President, The Urban Institute, a national expert on urban planning and communities, was formerly a Senior Administrator at the Office of Housing and Urban Development.

Yunn Chii Wong is the head of the Department of Architecture at National University of Singapore. I'm pleased to say he has an undergraduate degree from Washington University in St. Louis. His early experience was studying the Pruitt-Igoe Project in St. Louis, which is the exemplar of failed public housing in America, and has affected his views about housing and architecture.

David Conner is the recently retired Chief Executive Officer of OCBC, Overseas Chinese Banking Corporation, Singapore. David was in Singapore in that role for about 15 years. Previous to

that, working in banking in other countries in Asia, has recently returned -- David is also an undergraduate from Washington University in St. Louis.

I didn't realize we had our own people on the panel here, but we do.

They all have very independent views and particular views. We have quite a mixture here for respondents, so we will start off with Margery.

MS. TURNER: Thanks very much. Thanks for the invitation to be here today. It's really been fascinating and inspiring to learn about the principles and the tools at work in Singapore.

I'm going to give a bit of a U.S. perspective as a starting point for the conversation of the day. Earlier this year, the economist, Raj Chetty, released new research that really shook up the U.S. conversation about place and economic opportunity, about place and economic mobility.

His findings extend and reinforce a substantial body of existing research on the importance of where we live, where our housing is located. They convincingly show that every year of exposure to a more opportunity rich community improves a child's chances of economic success as an adult.

We also know from other research, including research by Pat Sharkey, that some of the effects of living in a distressed community extend across generations. This is an issue of long term economic advancement and opportunity.

Some people are using this new evidence to rehash a very tired debate about people based policies versus place based policies. I've been arguing for some time that we need to get past that dichotomy, that we really need to pursue place conscious strategies for helping low income families gain access to opportunity, and to share in our country's prosperity.

This argument is based on some key facts from our recent history, a history that's quite different from Singapore's. Over many decades, both public policies and private market practices in the United States have explicitly built neighborhoods of poverty and distress by simultaneously excluding poor families, especially families of color, from neighborhoods of opportunity, and disinvesting in the neighborhoods where poor people, particularly people of color, were clustered.

Reversing that legacy, I think, requires combination strategies that address both the

disinvestment and distress plaguing poor neighborhoods and the barriers that exclude low income people from neighborhoods of opportunity. These are strategies that advance both revitalization and inclusion.

I think that means doing four things at the same time and for a long time. This doesn't change over night. The first is investing in the most urgent needs of poor neighborhoods, safety, good schools, healthy places to play, and access to jobs, so kids growing up in those neighborhoods can get a foot hold on the ladder toward economic success.

Sometimes that's going to mean linking the residences of poor neighborhoods to assets in other neighborhoods. In effect, making where they live matter somewhat less.

The second key element is when those investments in poor neighborhoods start to pay off and those neighborhoods begin to attract higher income residents, we need to ensure that the neighborhood's original residents and people like them can afford to stay, can have continued access in those neighborhoods, by explicitly preserving affordable housing before the market takes off, and minimizing displacement.

The third element is eliminating the barriers that block poor families, especially families of color, from finding affordable places to live in other neighborhoods of their choice. That means building or explicitly acquiring low and moderately priced housing in every neighborhood, city and suburban.

Finally, fourth, helping poor families who want to move to safe neighborhoods with good schools and other opportunity enhancing amenities, using tools like the Affordable Housing Voucher Program along with landlord outreach, mobility counseling, and really explicit search assistance.

Advocates who are committed to one side or the other of that old people versus place debate sometimes suggest that it's naïve of me to argue for this kind of combination strategy, that resources are limited, and we have to choose, or if they are economists, they may say I have to decide what's the best use of the marginal dollar of public investment.

I really think that the evidence teaches us that the goals of neighborhood inclusion and neighborhood revitalization have to be viewed as interdependent, not competing. Neither can be fully realized if the other is neglected.

To give an example of that, I think when residents of an opportunity rich privileged

neighborhood perceive that the places where poor people of color live suffer from severe distress, their fears and prejudices are reinforced. It is much harder to achieve the goals of mobility and inclusion.

Similarly, when affordable rental housing remains concentrated in lower income sections of central cities and exclusionary zoning barriers remain unchanged in suburban jurisdictions, a neighborhood revitalization strategy is going to find very few options for where to build replacement housing, where to relocate the original residents of distressed properties.

If that revitalization effort takes off and triggers renewed market demand, you will see an inflow of higher income people resulting in increases in property values and rents that leaves the lower income residents with very few choices about where to live, and in some cases, may just lead to the re-concentration of poverty in another nearby neighborhood.

Again, these are interconnected, interdependent goals, not competing objectives.

Often I think the perceived conflict between mobility or inclusion strategies and neighborhood revitalization initiatives stems from the fact that in the U.S. we typically assess these investments one initiative at a time, rather than thinking about portfolios of investments that achieve strategic goals.

If you think from the perspective of a local policy maker who has to decide where the next million dollars is going to be spent, then indeed there may be a conflict between launching an assisted mobility program, preserving affordable housing, or building mixed income in a distressed neighborhood.

One strategy is in fact going to have to win out for that next million dollars, but if you could incentivize a more deliberate city wide planning process, more proactive, allocating perhaps \$5 million over a couple of years to tackle concentrated poverty, segregation, neighborhood distress, you would certainly decide all three of those initiatives are part of the portfolio and invest in all of them.

It's really critical in the U.S. that federal policies incentivize this kind of city wide or better yet region wide planning and decision making, and help build the capacity locally to carry it out.

I'm encouraged that in recent months the American public, many in the media, and pretty much all the presidential candidates have expressed dismay about growing inequality in the U.S. and barriers to upward mobility.

Persistent poverty and inequality we know are extremely complex problems. They are daunting challenges. They are going to require a sustained attack across multiple domains and at multiple levels of government.

I would not argue that the kind of place conscious strategies I've been talking about provide the whole solution, but I think they have a really essential role to play, and they have been left out of this conversation for too long.

Given the really compelling evidence that residential segregation, poverty concentration, and neighborhood distress exacerbate inequality and block economic mobility, we really can't build toward a future of shared prosperity and opportunity if we fail to tackle the intersection of poverty, place, and race in our country with strategies that tackle both the disinvestment and distress that currently plague poor neighborhoods and the barriers that are excluding low income people, and especially people of color, from neighborhoods of opportunity.

For me today hearing about how Singapore is tackling these issues, it really fuels my optimism that the U.S. could overcome the legacy of our past policies and market forces, and build a next generation of neighborhoods that are really opportunity enhancing and inclusive. Thanks. (Applause)

MR. SHERRADEN: We will give the Deputy Prime Minister an opportunity to respond to the respondents, and then when we have gone through all three, we will open up to the audience.

MR. SHANMUGARATNAM: Should we do them together?

MR. SHERRADEN: As you would like.

MR. SHANMUGARATNAM: I think that is better.

MR. SHERRADEN: Okay; good. We will turn to Yunn Chii Wong.

MR. WONG: Mr. Shanmugaratnam, I think it is wonderful to hear you in person talking about defining the politics in Singapore, and the accessibility, particularly in housing, of amenities, particularly very significantly in the construction of our society.

We talk about what we have in Singapore is like a trampoline to a safety net, and I want to maybe work on that metaphor a little more and try to get at some of the challenges that might test really the strength of that trampoline.

I think there are two things. This always appears very strongly. Number one is I think the audience got a very clear idea that in Singapore much of the policies are intrusive, top down, and looking forward, in the near future, and I think you also heightened this as one of the concerns, how do we take things out to create more resiliency of our communities. I think most of you will know that the family base -- I think changing demography would have tremendous impact.

I would like to hear your view on how you are preparing yourself for this transformation in the demographic landscape. I think in part you have alluded to the aging population, but there are new people coming in, and so on.

I really do believe the way forward is indeed the development of schools and seeing this kind of social experiment respond to the needs of producing perhaps new kinds of industries and new kinds of innovations that will move Singapore forward.

That is one part, the demographic transformation, and the preparation and the resilience of the new models.

I think the second one is more difficult, and I think it's an ideological one. I'm talking about some politics, that is extremely difficult.

I remember my son going to SGI, and he was not in the top class in his school, and I asked him hey, why are you not in the top class, you are very good. He came out in the top 10 percent. He was still not in the best class. Part of the best class at SGI was Vietnamese students, Indonesian students, and others. His remark was oh, because they are hungry, I'm not. (Laughter)

Pretty much talks about the issue forward for generations of Singaporeans who somehow are assured there are these safety nets in place, and they don't need to try as hard as they should. I'm not saying my son is symptomatic of this generation.

I do see these issues raised in schools where because of the situation of being told what to do, the difficulties of breaking out remains a big issue, so cascading this, maybe the question is maybe how do we think more of some kind of ground up participation of communities in defining the conditions.

I think most of our audience members here would not know but you can be assured that all the housing has all the lightbulbs in the corridors lighted up every day. The grass is well cut. Our

garbage is removed on time.

How can we create new policies where indeed, the structural part is provided by the states, but more of the life of every day is created by local people? Mr. Shanmugaratnam showed us a very beautiful picture of the common spaces. I think long term maybe we are thinking of how do we empower and engage communities to take care of these landscapes. If you talk about resilience and maintenance of landscapes, this would provide that kind of outlet.

The question is really how to tweak the model of delivery and delegate this to more community ground up conditions. I think addressing this will get a sense of whether this is the primary changes for the future landscapes of Singapore.

MR. SHERRADEN: Very good. Thank you very much, Professor Wong. David Conner.

MR. CONNER: Thank you, Michael. In the interest of full disclosure, I think it's important for me to relate the fact that I'm a long term observer and huge admirer of Singapore and Singapore's policies and successes.

It started in 1985 when I moved to Brunei to head up Citibank's operations there, and my boss was in Singapore, which is pretty close by. I traveled to Singapore quite a few times before moving there to head up Citibank's operations in 1991, six years, and then coming back to be engaged with OSBC.

I've often said that Singapore is a wonderful place. They are effective planners. They are very diligent in execution, and when they do make mistakes, which is rare, they are quick to adjust and improve and get back on track to run a very efficient country, indeed.

I'm a huge fan. Reflecting on how could I contribute to this conversation, I thought the best way would be to relate OCBC's experience in financing Housing Development Board flats. To go back to 2003, we were struggling for top line growth in the bank. We had gone through a period of the post-dot.com bust in 2001, SARS in 2003, which caused economic difficulties, and the government then announced that they were going to allow the private sector, the private banks, to finance secondary purchases of Housing Development Board flats.

I say secondary. Primary purchases were still going to be financed, and to this day as far

as I know, are still financed by the HDB itself.

We saw this change as a significant opportunity, and we in fact had been reflecting on the fact that when there are significant changes in the marketplace, those changes, disruptions, whatever, signal an opportunity to take significant market share.

I challenged the OCBC team to take 50 percent, no less than 50 percent, of the new secondary purchase market to finance mortgages for Housing Development Board flats. Our team did a fantastic job. They reorganized. They expanded the branch we had that was in the HDB Center, so we could take applications efficiently. We re-engineered, so to speak, our processes so we would be quick in terms of responses for approvals and processing the necessary documentation, so on and so forth.

When the market opened, we quickly took 50 percent market share, which was very satisfying, and we thought how could we go wrong financing Housing Development Board flats. Clearly, this is rice bowl housing, bread and butter housing, whatever you want to call it. People want to retain their homes, so they pay their bills.

We were intentionally absolutely color blind. We didn't look to any ethnic group and we financed any and all flats, including the three bedroom flats or the three room flats that the Deputy Prime Minister mentioned.

We had a building and a rapidly growing portfolio which we thought was quite attractive, and then six/nine months later, we started to realize we had some problems.

There were certain ethnic groups, not to be mentioned, and the lower income flats where people simply didn't pay, so we had a fairly sizable problem mortgage portfolio which was a big surprise to us.

You could argue we should have had better data on who pays and who doesn't pay. The reality in Singapore is there is a Credit Bureau and a Credit Bureau existed in those days, and basically the banks would share through the Credit Bureau information on people who got over extended with debt or whatever.

That was limited to a fairly high income segment of society because the banks in Singapore to this day, as far as I know, are still not allowed to give unsecured credit to anyone that makes

less than 3,000 Singapore dollars a year, which is roughly \$22,000 to \$23,000 U.S. dollars in today's exchange rates.

The banks were not allowed to do lower income unsecured credit, so we had no information base on that segment of society. Of course, HDB had the information, but they weren't sharing it. The power companies had the information, the utility providers had the information. Again, that wasn't being shared through the Credit Bureau.

We had a problem portfolio. That meant we had to foreclose on quite a sizable number of flats and move people out. We realized this is again public housing, and that we had to be extremely careful in foreclosing on these properties.

We worked closely with the Housing Development Board to help people move from the flats that they weren't paying for into rental properties or whatever. We took a very long time, if you will, where normally we would foreclose on a mortgage fairly quickly. In Singapore, the courts are efficient, the system works very well.

We clearly were dealing with housing that was HDB housing, and we had to be very careful. We worked with the HDB. They were very cooperative in dealing with the problem portfolio. We worked through the difficulties and adjusted our underwriting approval standards so we wouldn't get more of these problem loans.

The lesson, I think, is very clear. One, a public and private partnership can work, and it can be quite effective. This, of course, took a burden of financing away from the government of Singapore and moved it to the private sector. The fact that we were conscious. We were actually at one point accused of causing political problems because many of these people who couldn't pay and we had to foreclose on were actually going to their members of Parliament and complaining that big bad OCBC was treating them badly.

Again, we took much more time than we normally would to foreclose on these properties. We cleaned up the portfolio. It is a very solid portfolio today, and OCBC has been a great source of financing for us.

I think it's quite clear that there will always be some people in society who either can't or

won't pay their bills. In the situation of Singapore and HCB housing, typically, as the Deputy Prime Minister mentioned, the servicing of mortgages in HCB is usually from the Central Provident Fund contributions that both employee and employer make to the Social Security Fund, which is called the Central Provident Fund.

Therefore, there shouldn't be a problem, but there was a problem with some of these loans. I think it's a very interesting reality that there are some people in society who simply can't deal with their debt or they don't want to, whatever.

The reality is that the government of Singapore still handles these cases with compassion and with care because there is a moral hazard if you're selling these flats at subsidized rates to begin with, you're contributing quite significantly to the wealth of each and every individual who purchases them, and at the same time you need to support some of the people who fall out of the system.

The government of Singapore does that very well in my opinion without necessarily signaling to more and more people that they don't have to pay and they will still be taken care of.

It is effective, but perhaps, Tharman, you want to reflect a little bit on how you deal with those problems.

As I say, from my vantage point, the conclusion is that a public and private partnership can work very well, does work very well today, but we made our mistakes and learned our lessons there from. Thank you very much. (Applause)

MR. SHERRADEN: Really terrific responses and questions for the table. We will first let the Deputy Prime Minister respond.

MR. SHANMUGARATNAM: Thanks, Michael. Three very thoughtful sets of points and from quite different perspectives. I'll take it in reverse, not in order of difficulty. (Laughter)

First, starting with David's, it is a very important lesson we all learned, the criticality of credit assessments. The problem with the U.S. subprime crisis, as we know, although it was magnified by the slicing and dicing of products and distributing them all over the world, the problem was at its heart a relatively simple one.

The weakening of standards of credit assessment at the time that a loan is given, and in

many instances, the absence of credit assessment altogether.

It's something which we have learned, because we started off on our own public housing loan scheme without much credit assessment. Everything was going up in those days. Home price appreciation sort of came with income growth and GDP growth. Everyone's incomes were going up and they were able to afford their loans.

Obviously, that was too simple. There were some people who went for an apartment that was larger and more expensive than they could pay for over time, or something happened to their jobs. They fell into bad straits.

We have now been much stricter on credit assessment and particularly in the last decade, not just the banks having to improve the way they went about it, but even as far as the Housing Development Board itself is concerned, we have introduced stringent credit assessment.

Everyone can afford a home because we are developing homes that are sized to everyone's needs. The two homes I spoke about, which give the lower income group the chance to own a home, and a decent sized home by international standards for that income group. If someone wants to buy a much larger home in the hope that their incomes will go up over time, we will ask them to think again, and there's a limit to how much of a loan we are willing to give.

There has to be a fairly stringent credit assessment at the time someone is buying their first home. That's critical to our whole process now. That's the other side of the coin from wealth appreciation.

I had shown a slide earlier about how home prices have gone up over time for every category of housing, and in fact, the lower income group has seen a larger appreciation in home prices compared to not just those with the larger flats, but even private property over the last 35 years.

The other side of the coin is if you want to keep that up, there has to be stringent credit assessment so people are able to pay down their loan over time and they don't run into great difficulty and have to sell it at a loss on the open market. That's an important point.

I just want to say that the policies I described, the social, the design of neighborhoods as to ensure social mixing by income group and ethnic group, the provision of quality public spaces, has

given us a bonus. It has given us home equity appreciation for the lower income group that would not have been possible if they were living by themselves, in an enclave by themselves or a neighborhood by themselves. That is the big difference. We have something for free.

By designing neighborhoods so they are mixed neighborhoods with quality spaces and attractive for everyone to live in, everyone's home equity goes up. That's a little bit of a rarity around the world. We got that for free, not by artificially fixing the prices on the open market, which we can't, not by a continuous stream of public subsidy, but by upstream design, by putting everyone together, every neighborhood is a mixed neighborhood.

We have disadvantaged persons. We have disadvantaged families. We have at risk youth. We don't have a single disadvantaged neighborhood in Singapore, and we don't have a single at risk neighborhood. That's the difference. We have disadvantaged families but no disadvantaged neighborhoods.

That's the social dimension of it, but there's an economic benefit which we got for free. Everyone's home equity has gone up over time. How sizable is it? If you look today at a retired couple, say recently retired, in their mid-60s, they are living in our smaller public housing apartments, the three room flat, which is quite typical for that socioeconomic group, and this is real data, those who are retiring today at age 65.

They will have accumulated in that three room flat home equity of about 350,000 Singapore dollars by the time they retire. They bought the home in their late 20s or early 30s, retired at 65. They will have accumulated 350,000 of home equity. In other words, they paid down their loan and they are left with this equity in the home. That's about 260,000 in U.S. dollars.

How much is that as a percentage of their pre-retirement income? When you think of retirement adequacy, you're thinking of some sort of replacement ratio based on your previous incomes. In retirement, you typically need less, so you don't need 100 percent of your pre-retirement income.

The home equity alone if monetized is equivalent to about 40 percent of the pre-retirement income of that low income couple, a couple that is around the 20th percentile of the income ladder.

It's a very significant asset, and a real challenge in Singapore today is encouraging people to monetize it. We have devised schemes to help them monetize it with some public grants coming in to incentivize them.

Selling back part of your lease to the government, to the Housing Development Board, making it easier for them to right size, the kids have moved out, the grandkids visit on the weekend, but they like a smaller flat. Free up some of the equity in their larger flats.

So, a whole range of schemes. It is still a challenge because people generally are quite keen to stay on in the homes they have lived in and hope to pass on the asset to their children. It's fine if the children continue to support them. It's fine. That's a family decision that they make.

If in fact they need cash and they need more support, it makes sense to get some of the value out of the home, even if you continue staying there.

So, this is a big challenge for the future, which leads me to Yunn Chii's point. It is a very significant trend we are seeing in Singapore and many other Asian societies. The changing character of the family when it comes to where people stay.

It started off with nuclear families being formed, so no longer three generations but just two generations, parents and kids and grandparents somewhere else. We have seen a growing number of elderly singles, not just couples staying somewhere not too far from the kids and grandkids, but elderly singles, a growing proportion.

That's something we should do something about, give them meaningful and satisfying lives. We have introduced now a scheme to give an extra incentive for children to stay near their parents. It's a larger grant. Also, we need a way in which people who are staying alone, have friends in the neighborhood, and can themselves be active, and that leads me to the other point which Yunn Chii made, which is the scope of volunteerism and community action, that is not just government driven.

Frankly, there is quite a bit of it taking place in Singapore that doesn't meet the eye, and the further away you are from Singapore, the less this is obvious.

There is a tremendous amount of volunteerism in Singapore that takes place every week. It's growing. Not because government says it is the right thing to do, but people are finding that they want

to be useful. Retired people want to be active. They don't just want to be dependent on others to help them, they want to be out there helping others.

We have young kids getting involved in voluntary activities and then staying on and becoming youth leaders and eventually becoming community leaders.

That's a very rich layer of society to be developed. We have to develop that layer of society, and I agree entirely with Yunn Chii, a resilient society is one where people feel responsible not just for themselves and their families, which is fundamental, but they feel responsible for others, the people they live with, their neighbors, others in the community, or they feel responsible for a cause.

We have to develop that, develop civil society, but provide that space for people to do their own thing at the neighborhood level, and particularly in light of the challenges we all face.

Social mobility is going to require much earlier intervention in people's lives. It's not just about institutionalized intervention through schools and the like. It just requires good hearted volunteers to be there interacting with a kid who doesn't speak the language at home, doesn't have the confidence to know he or she can learn. It requires a lot of interaction by friendly souls.

The other side of the spectrum, the elderly, that's going to require a lot of effort, not just by nurses and doctors and institutionalized medicine. It requires the friends of the neighborhood. We all know how emotional health matters so much to your physical health.

The challenges that we face, we are going to have to do more as a government, but we also want to develop that rich layer in society that makes it a much better solution, a solution that people feel better about.

I have to be a little modest about commenting on Margery's presentation because I'm not familiar with the complexities of the situation you face in the U.S., but I must say from what you have said, I think you have challenges, you have serious challenges in many American cities, but the directions which you are proposing seem to me to be a practical way forward.

I say that with some humility because I know how complex these things are. I would just emphasize one point, which came out of my presentation as well.

It can't be just about the rules and incentives, and there are some cities that are

introducing very interesting tax incentives, for instance, to encourage developers to provide a range of housing across income groups, it must involve quality public spaces. It must be attractive to the middle class and the upper middle class to want to live in that neighborhood.

It must create a feeling of shared prosperity, because everyone takes part in something that is really a very enjoyable part of their lives, a quality park, high quality playgrounds, new types of equipment for the elderly. Public spaces are important. They are a key public good, and they often are neglected by planners.

People must want to be there not just because of the incentives or because you are forcing them to be there, and the developers also provide a certain amount of local housing, they have to want to be there because it's a nice neighborhood to live in.

MR. SHERRADEN: Excellent respondents and responses from Mr. Shanmugaratnam. We will turn it over to the audience. The woman in the back raised her hand first.

QUESTIONER: Thank you. My name is (Inaudible). The Deputy Prime Minister talked about the high cost of reversing legacy, and in the United States, the legacy is not one of naturally caused racial and ethnic segregation or a segregation caused by neglect of public policy, but in fact it is a segregation caused by public policy, by things such as written underwriting standards by the Federal Housing Administration many decades ago, and practices in the real estate industry of explicit discrimination, and practices such as restrictive housing covenants.

In addition to this legacy, we also have the political context of complete lack of political will, to support integration. I'm going to quote something that Presidential Candidate Jimmy Carter said in 1976 in a campaign that he actually won, an election that he won.

In his campaign, he said "I see nothing wrong with ethnic priority being maintained. I would not force a racial integration of a neighborhood by government action."

He later explained what he meant by saying "What I say is that the government ought not to take as a major purpose the intrusion of alien groups into a neighborhood simply to establish their intrusion."

In this context, with this type of legacy and this type of political climate, what chances do

you see for the United States to actually achieve integration?

MS. TURNER: I agree with you that the United States built our economic and racially segregated neighborhoods through public policy and through the behavior of market institutions, and that it has created a legacy that is extremely difficult to reverse.

I also think in listening to the tools that are being applied in Singapore, we are a federalized country. We lack a tradition of centralized planning and neighborhood design. We completely lack any entitlement housing subsidy that closes the affordability gap.

I think there are a lot of reasons, and as you point out, we have a political culture that I think refers to efforts to overcome the legacy of the past, refers to those as changes of social engineering and rejects them as unacceptable, not recognizing that we socially engineered ourselves into the current situation.

I think there are a lot of reasons to be pessimistic. I am at the moment optimistic, partly because I'm an optimistic person. Also because I really think the focus of national policy conversations on inequality and on barriers to economic mobility, and frankly, this new evidence that Raj Chetty has produced that has really shifted a lot of people's thinking about the role that neighborhoods and segregation play in inequality and blocking mobility.

I think those circumstances may create a moment to build upon, to begin to shift our public policies and our public conversation, so that 20 to 25 years from now, we look back and see this year as a year that we began building a next generation of neighborhoods instead of rebuilding the last generation of neighborhoods.

That is a very optimistic view, and it's going to take a tremendous amount of work and people willing to take political risks.

MR. SHERRADEN: I think the next hand up was Derick Hamilton.

MR. HAMILTON: I guess one concern of the Raj Chada research, and I haven't heard him say this himself, but the integration strategy seems to be focused on somehow developing the cultural effect of a certain community so they can develop better by integrating them into spaces with people that are more responsible.

I find the Singapore example a nice contrast because the emphasis seems to be on asset development, both public and private asset, and providing the parks as well as providing people with wealth, literal wealth, by ownership.

That was a comment, but a question would be if you ignored the fact that we spend so much on military, I guess that's hard to ignore, are we just not spending correctly in our approach? I liked the metaphor of upstream versus downstream approach. Could we end up with a more efficient equitable outcome if we took what we were doing and did it in a more efficient way by focusing on upstream as opposed to downstream policy and asset as opposed to subsistence?

MR. SHANMUGARATNAM: If I could take the liberty of replying, I think you're right. You either engage in social interventions, and if you like, social engineering, by design, as intelligently as you can, and with the best public purposes in mind, or you engage in social interventions and engineering by default.

Typically, if you do it by default, once problems have accumulated, first, the problems are modular and they are more expensive.

MR. SHERRADEN: Any other comments on that? (No response)

QUESTIONER: Good morning. Thank you very much. In urban areas like this one that we live in, management of income and inequality at schools is often percentage of children in a free lunch program. You have some schools where there is zero, and some schools where there is 70 or 80 percent.

School districts feel making the schools equal is sufficient as opposed to more diverse. My question to the panel in light of the next panel is is equal ever the appropriate goal, even if they are separate? Do you understand the question? Is equal enough?

MS. TURNER: Well, I grew up on the principle that separate is inherently unequal. Here I would come back to my "both/and" approach. My argument would be that we need to invest in the schools that are currently serving lots of poor kids, and make those schools absolutely as effective as we possibly can.

I am tantalized by this notion of moving the strong principles around as opposed to sort of

allowing the strongest capacity to cluster in the most privileged schools.

I think if all we do is try to invest to equalize the quality of schools, we will fail in our ultimate goal, and this is why to me creating more opportunities for income mixing, both by revitalizing neighborhoods so they are attractive to a greater diversity of families and opening up neighborhoods that have great schools and have excluded lower income people. That needs to be part of the answer, too.

A third part of the solution can be sort of breaking this iron link between where a family lives and where their kids go to school. Getting that right so that every kid has a real shot at attending the school that is a good fit for him or her, getting that right isn't easy or automatic, but those are the approaches I'd take, again, a mixed strategy.

QUESTIONER: My name is Cosmos Feltt (phonetic). I work on these issues in the context of Sweden. I was pleased to listen to the Deputy Prime Minister. He reminded me about how we have dealt with these issues for a long time.

We have generally been fairly successful in some of these contexts, but we have a new issue now, which is that Sweden in the last two months received the equivalent of one percent of our population in refugees from Syria. That is added to what we received in the rest of the year.

We are looking at long time adding a couple of percentages a year in new populations coming to Sweden from a very distinct ethnic and social group.

It raised a debate in Sweden whether there is attention in terms of what it can take on and what it can sustain.

In your ambition to drive social integration, do you also perceive a limit in terms of what stability that requires you to have? If you see my point.

MR. SHANMUGARATNAM: I think there is something noble about Swedish society and the way it accepts people who are fleeing from misery and trouble, and the Swedes are taking in a larger proportion of refugees than any other European nation.

For this to work, and I say this with the disadvantage of distance, but for this to work, two things are critical. Schools and jobs. Quite apart from everything else we're talking about, which is about neighborhoods and place. I'm aware of significant concentrations in Sweden and in some other areas of

immigrants, so there is still work to be done there.

Sweden went through a major experiment with the privatization of schools about two decades ago that hasn't worked out very well. It didn't have the benefits that were intended, and in fact, standards overall in schools, as measured within Sweden itself, have declined.

The gaps between those who have it and those who don't in terms of wealth and educated parents have widened, because they are now choosing a school where most of the other people are your own type.

That hasn't worked out well in Sweden and has gone against the grain of any egalitarian that Sweden had. In my opinion, that is a key question for public policy, and I've spoken to senior Swedish policy makers and some very thoughtful observers who also feel that's the issue that has to be addressed. You're not going to get social inclusion with a private school system.

Second, jobs. The biggest contradiction in Europe in this whole situation, and I say this without any intention to criticize Europe, but it has to be emphasized, it is taking in refugees in a way that few other countries in the world are doing.

The real challenge is in reconciling an open attitude towards migration with closed labor markets. The problem of insiders versus outsiders in the European labor market is sharper than in any other advanced countries. In other words, the protection of those who already have a job against young people, minorities, and women. It's well known. I'm not saying something new.

To have a policy that's generous towards immigrants and those who are refugees especially, to have that work for your own society, it has to go hand in hand with an opening up of the labor market. That's a challenge in Europe. That's a big challenge.

I believe steps can be taken, but there is currently a contradiction in public policy.

MR. SHERRADEN: I've lost track here. Let's take this gentleman and then that gentleman.

QUESTIONER: Deputy Prime Minister, my name is Mark Safenivan (phonetic). My question is Singapore has a very unique environment where the government is very closely intertwined with private investment, like Temasek Holdings and GIC.

So, government policy has in many ways private equity investment to back it up, to exercise its investment direction and reach out to social engineering. The U.S., on the other hand, has this chasm between government policy and access to the type of money that would be needed to exercise that investment.

Can you share some of your thoughts on how the government may be able to help steer investment firms, like the Carlyle Group, for example, to put some money in the direction of facilitating the development of affordable housing in this way?

MR. SHANMUGARATNAM: I'll have to clarify first that the government ownership of enterprise does not have a social mission. First, the GIC and Temasek that you mentioned. The GIC invests entirely overseas. Its mandate is to invest overseas. Temasek has a significant stable of Singapore companies that are a matter of historical heritage. Government ownership of economy is somewhere between 10 or 15 percent of the economy, not overwhelming because we have a very significant foreign stake in Singapore and a very significant private stake.

Those are companies that have to be run on a commercial basis. They are listed companies, accountable to shareholders that are all over the world, and the few that are not listed are corporatized and run as if they were listed.

The one thing that Temasek aims to do differently from some private shareholders is to take a long term view, to build long term value in these companies. It's an economic objective and not a social one.

We do not want to burden our sovereign wealth funds with a social mission, because that's used in many countries as an excuse for many things, not always positive or not always working out as intended. It is far better that the government gets a stream of returns from the sovereign wealth funds that then can be used in the budget, social policies, investments in the future, used in a way that is subject to parliamentary debate and decided on by the government. That is a better strategy.

QUESTIONER: My name is Carlos Campbell. I've spent the majority of my adult life trying to deal with some of the issues associated with housing. Let me give you some background, which I think is appropriate.

When I came here in 1965, I was assigned to the Defense Intelligence Agency. I tried to get housing. I was turned down by about 39 places. I wrote an one page letter in 1968 which resulted in getting the River House desegregated, was 1,661 units, so people found out I was a bit of a hell raiser. Senator Mondale asked me to testify in front of his committee, which I did.

I was optimistic because we had a Fair Housing Act in 1968. I ended up working at the Department of Housing and Urban Development, and many years later, I was the Assistant Secretary of Commerce for Economic Development in the Reagan Administration.

With all this experience, today, I have never been more pessimistic, for this reason. In 1923, Le Corbusier said that "Building is at the root of social unrest." What I'm seeing today is a proliferation of dystopian communities with a breakdown in families, with a criminal injustice system that has incarcerated 2.4 million people.

I do not think we have ever had a single U.S. President that was an advocate for integrated housing or for equitable economic models, if you will. Nothing but lip service.

I believe as an optimist that Christopher Frye was right when he said "Strange how we trust the powers that ruin and not the powers that bless." I think we will have a turnaround but it will not happen as a result of rational forces. It will happen as a force of irrational behavior and irrational conduct. I think that is a terrible thing to say.

That gives me hope because people will only take so much. My question, Mr. Prime Minister, is how do you transfer what appears to be a very successful social policy into an economic reality in the United States?

I will say this the last time, one of the biggest obstacles to progress in the United States in housing and urban development is the U.S. Department of Housing and Urban Development.

QUESTIONER: First of all, I'd like to say to Carlos that we are both residents of Reston, Virginia, and Richard Merrick in the back, and it's one town that 50 years ago planned for economic and social and racial inclusion. Robert E. Simon died about two months ago at 101. I think it's an example of policies that had tremendous impact on human beings.

My question has to do with people with disabilities. I'm on the Board of the National

Disabilities Institute, and people with disabilities are the most impoverished disproportionately, the most segregated disproportionately, the most unequal in our society.

How is Singapore addressing the issues of people with disabilities in terms of inclusion and opportunity?

MR. SHANMUGARATNAM: Let me say a few things, and I think Margery wants to add a more informed view. I say that because I'm not emerged in the problems that you have, and I can only speak from a vantage point that is quite different from where you are starting off with, but I do follow the American literature and I do follow your debate.

I will just say a couple of things. First, there is a tremendous amount of study, very good study, on why things go wrong, why kids fail, why you get a certain social pathology developing in some neighborhoods and not others, and that's extremely useful.

I think you also need a lot more understanding as to why some things work. The resilient kids I had a slide earlier on, you have many examples in the United States of people who somehow rise out of difficulty and do something exceptional.

I think quite apart from the fact that they might have some ability that no one noticed, it very often, from what I've read, has to do with family, peers, a teacher, someone who gave them a second chance when they were in high school. Individuals matter.

If we learn more about that, the techniques of school management, the way in which you keep kids occupied in something they enjoy rather than having to find something else they enjoy that's outside of the school, I think we can create a culture that is optimistic about how we should solve things.

The pessimism comes out of a very real description that you talked about. In order to get optimism, we must know it has worked somewhere, it has actually worked somewhere, with these families, this neighborhood, that set of schools.

When we know what has worked, it is the job of public policy, it is the job of those who are in politics to support what works and put more resources into it, train the people and help to scale things up. It will take time, but I feel that's important.

To get people to integrate, you cannot just be the redistributed mind, I'm doing this in

order to help someone else or another group. It has to be because everyone feels that look, you're going to become a better society as a result of this, and we all are going to be better off. I think that spirit of optimism does exist in the U.S. in many parts.

I, myself, as an education minister, and even on every trip I make to the U.S., I make it a point to visit schools. I make it a point to visit schools every time I come to the U.S., and I find outstanding examples in the United States.

The last one I visited was The Bronx Center for Science and Mathematics. Public school with some charter like qualities about it, but a public school. Different E-thoughts amongst the teachers. Different E-thoughts amongst the students. Strict discipline but empathy and a conviction that everyone can actually do much better than they thought they could.

MR. SHERRADEN: Okay. We have run out of time. As the person coordinating here, I just want to make one additional comment because I think it's relevant.

I very much appreciate David Conner's comments about the importance of credit, and the Deputy Prime Minister's response about the importance of credit, that not every family is going to be able to maintain a mortgage.

I would like to add that in Singapore -- there does need to be as good information on credit as possible, and then decisions have to be based on that. There will still be families who get into difficulty, and I know, because I'm a social worker, and I know what happens in the community in Singapore, extraordinary efforts are put into families that might need some assistance to maintain that mortgage.

There is an additional social investment, I would call it, in stabilizing those households. Also, an important part of the picture.

We're going to take a break now. Following the break, we have a very interesting panel on the role of government. I think you can see that's a topic that has been tee'd up here very well. We will have that session before lunch.

The slides of the Deputy Prime Minister are printed out and they are on the table in the back if you would like to get them.

Thank you very much. (Applause)

(Recess)

MR. REEVES: So my name is Richard Reeves. I'm a senior fellow in economic studies at Brookings and co-director of the Center on Children and Families, which is co-organizing this event today. I would like to add my thanks to the co-organizers of this event. I admit to a degree of trepidation, four institutions, people from four countries, three elected officials, an all-day event Monday after Thanksgiving, what could possibly go wrong. But so far, so good and I appreciate the spirit in which the collaboration has taken place.

As Martin said at the beginning, the intersection between place, race and opportunity and inclusion is a growing concern to scholars in all walks of academia I think, but in particular to use at Brookings today. And I think we've started our day incredibly well. I'd like to add my thanks also to the deputy prime minister for his thoughtful contribution and for that of the panelists. So I'm going to get out of the way, very briefly introduce three panelists for this session, after which there will be an opportunity for Q&A. I'd also like to add my thanks to the people who are watching this live. Last count, there was more than 200 people watching this from the comfort of their homes or offices down the lens. Thank you for that.

So first, we're going to hear from Governor Jack Markell. He became the governor of Delaware in 2009. He's also been elected as both chair of the Democrat Governor's Association and to the National Governor's Association. I did not know until I looked more closely, his MBA is from the University of Chicago. So I think we can describe him as a Chicago school Democrat. (Laughter) And I look forward to hearing what he has to say. It's an area of great interest to him in his work, I know.

And then to his left and speaking next will be Mayor Setti Warren, also elected in 2009, mayor of Newton, Massachusetts. And I'm pleased to say he's been working closely with Brookings on a new approach to opportunity and mobility. He's also an Iraq veteran and through his work on the U.S. Conference of Mayors Advisory Board, has also been working with us on issues around mobility and poverty. So we're delighted to welcome him.

And then lastly, we're going to hear from Xav Briggs who is vice president of the Ford

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Foundation, where he works on economic opportunity and assets. And many of you will know that the Ford Foundation has recently said that inequality is going to be the guiding mission of pretty much all its work going forward, which I think puts him in the hot seat. He also has experience of government at a national level in HUD, and he is an expert in the field. And anybody who is doubting he's an expert in the field, I point you to this book, currently available on the Brookings website, which is *The Geography of Opportunity* edited by Xav Briggs. It's a Brookings book. That is the definition of expertise, ladies and gentlemen. (Laughter) So we're going to hear from him later, and it's still there on the shelves. So it's still for sale.

Now, what I'm hoping that we'll address in this session is the role of public policy and the role of government in declustering disadvantage. Unlike Singapore, where you can confidently say that there are disadvantaged families but no disadvantaged neighborhoods, in the U.S., we see a clustering of disadvantage on different dimensions in space and by place, educationally, economically, socially and in all other dimensions. And so the question at hand here is the role of policy at our national level, at our local level, at a state level in helping to decluster those disadvantages, to pull apart the disadvantages that in the U.S. layer on top of each other in space.

And as the last session I think pointed out, whereas Singapore has had an intentional policy against segregation as many of the speakers pointed out, the U.S. historically, in particular, has had policies that pointed in the opposite direction. So to say that we don't start from the same place would be an understatement. But nonetheless, I think there may be lessons here for all of us, not least around the intentionality of acting upstream to prevent problems downstream. And what role their might be even within the U.S. context for public policy to do that. So with that, I'm going to give each of the speakers say ten minutes or so to outline their thoughts and then we'll move to Q&A, so, Governor, thank you for being here.

GOVERNOR MARKELL: Well, thank you, Richard and I want to thank Richard and Bill and the entire Brookings team for putting this together because it does seem to me that this issue is just, is that important. Certainly when I decided to run for office in the first place, if somebody had asked me to describe in one word what I cared most about, it would have been around the issue of opportunity. And it

staggering to me that a country that for so long prided itself on the possibilities of economic mobility and it really not mattering as much where you were born compared to some countries in terms of where you would end up. You know, the story has reversed itself and I think, you know, there's been a lot written about the social mobility in this country not being A) what it once was, and B) not being what other countries have managed to achieve. And if anything is core to the American Dream, it seems to me that that ought to be it.

You know, in our focus, we've done some things on the housing side, which I think are good and important, but we've really invested primarily around human capital, because it has seemed to us that if we're really going to deal with issues of economic inequality and I think the focus on economic inequality is absolutely the right focus. And if we're going to focus on issues of social mobility, then focusing on the human capital is the place to be. And so we have done this in a number of ways and I just want to run through a number of them. And they may sound like disparate pieces, but they're really all very much connected. And we really thought it from the very earliest stages going through, and I'll walk through it chronologically for you.

First, there has been significant research done on the importance of quality early childhood education and this research comes from places like the Federal Reserve Bank in Minnesota. I mean so this is not just about what feels good, this is about what actually works. And in this case, the Federal Reserve Bank in Minnesota has said that the most effective economic development investment that a state can make is in early childhood education. And so whether you look at it from that perspective, or you look at it from the perspective of having met, you know, hundreds, thousands of young children who by the age of five are already thousands of words of vocabulary behind their peers, they've got a deficit in their vocabulary of a thousand, you know, thousands of words. These are just, these are tragedies. And so we have made a very significant move because we do believe a focus and a real investment in early childhood education is one of the most important things we can do.

So what we've done in Delaware, five years ago, if you look at low income students in Delaware, low income children, five years ago, five percent of the low income children in Delaware were enrolled in the highest quality early childhood centers. Today, five years later, 58 percent, so we've gone

from five percent to 58 percent being enrolled in the highest quality early childhood centers. I won't take the time now to explain how we did that. It's certainly been through an infusion of money, but it's been through a thoughtful infusion of money. It's not just about throwing money at the problem. It's really been about investing in quality in a very transparent way.

And so we think for those children, this is a game changer. And we think it's one of the most important game changers that we can invest in at that stage. We've also invested very significantly in a whole series of K-12 improvements. I know this is really not the place to do that, but everything from higher standards to better data to raising the bar in terms of getting into teacher preparation programs, improving what the teachers do while they're in the programs and then getting out into the classroom, a whole series of improvements there, which during the Q&A, I can talk about.

And then you get to the other end, sort of after K-12. First, we've done some, I think, really important work following on the research from Professor Caroline Hoxby at Stanford focusing on high performing, but low income students. And the truth is there are a lot of high performing, low income students around the country who could absolutely be successful in college, but who never apply, either because they think they can't afford to pay for it, or because it's not within the realm of experience of their families to think about applying to college.

Now, what we've done, we have a bit of an advantage in Delaware, because for five years now, we've actually paid, the taxpayers have paid for every high school sophomore and junior to take the PSAT and the SAT during the school day. So students don't have to come in on the weekend, they don't have to pay for it themselves. And what this means is that our participation rates are off the charts, but it's allowed us to identify a lot of students who absolutely are capable of succeeding in college but who previously literally would not even have taken the SAT because it just would not have been something that they thought was in their plans. And so what this has enabled us to do, we formed a partnership with the College Board. They went out and secured application fee waivers to up to eight schools because the truth is for a lot of these students, the \$75 or \$100 that you have to pay to apply to college, that is reason enough for a lot of these students not to apply.

And so they went out, they secured application fee waivers to up to eight schools. We

have a very aggressive outreach campaign to these students. Every high school in the state has now a college application month, students during the school day work on their common app, during English class they work on their essay, and we've brought in volunteers and financial professionals to work with students and their families on the financial aid forms. And what this has allowed us to do is to basically, we set a goal. We wanted 100 percent of our college ready seniors to actually apply to college. Previously, we had been closer to 80 percent. We're only in our third years, but in years one and two, 100 percent of our college ready seniors applied, 100 percent were accepted, virtually all of them enrolled.

And so we're a small state, but in Delaware, that's an extra 250 students a year who are actually going to college. We recognize college is not for everybody. So we have similarly invested in what we call our career pathways. We've looked at a lot of students who drop out of high school. And the truth is many of them are very intelligent but they just feel that what they're learning in high school is not particularly relevant to what they want to do for the rest of their lives. And that is one of the populations that is very much benefiting from our career pathways. So in the three year period starting last year, this year and next year, we will have gone from one school, this year 15, next year 29 high schools will have over 5,000 students participating. These are high school juniors and seniors who during those years can take college level classes in everything -- there are ten programs, computer programming, engineering, manufacturing, culinary, a whole variety of fields. And during that, they'll graduate high school, high school diploma, they'll have 600 hours of community college or four year college under their belts. So that means they'll have college credits under their belt. They'll also have, they'll graduate with a certificate of real credentials that they can present to employers. And we think that is also incredibly important.

And then the last piece I'll mention, a big passion, a big focus of ours, really to address this issue of economic inequality has been to say we have a lot of employers over here who want to hire people. They have vacancies. And then we have this entire population over here of people who want to work and nobody gives them ever, nobody ever gives them a shot because they don't have the skills. And this population includes at risk kids, it includes people with disabilities, it includes people coming out

of our prisons. And we have a series of programs focused on that population. On the at risk kids, we take the kids who have been most at risk of dropping out of high school. And we've entered into a partnership with employers in the healthcare field, with our community college and with McKinsey. McKinsey actually has a not for profit arm. And they have designed training programs for at risk kids where they embed teaching CNA skills with the social skills that are so often lacking. And we're now on our third cohort of kids, every student who has graduated, excuse me, every student who has gone through has actually gotten a job. We're doing similar things for those who have been incarcerated. And so my main passion and I think it is very responsive to this issue of economic inequality is to say we have a fundamental responsibility to look at all of these people over here, whether because of disability, whether because of incarceration, whether because of really challenged upbringing, whether it's because of addiction, all these folks over here who want to work and are not given the shot and it seems to me there's no way we can be successful as a community, as a state, as a country, if we allow so many able bodied, able minded people who want to participate and work to be left on the fringes of society.

And so our primary vehicle for attacking the issues that are really at the center of this conversation is to bring together the employers who want to hire people with the people who want to work but need the skills. And that's really been a major focus of our efforts.

MR. REEVES: Thank you, Governor. Lots of questions already, from me anyway, but let's move on to Mayor Setti Warren from Newton.

MAYOR WARREN: Great. Thank you very much. Great sitting with you governor. I want to dovetail off of some of your remarks. I think we heard a little earlier about the American economy and how it's changed dramatically from the last half century to this first part of the 21st Century, the type of jobs that are available today, as the governor mentioned, that pay higher take a lot more skill, but they earn higher income. Over the last ten years, what we've seen in this country, unfortunately, is the growth of income, which is why we're here today.

Folks that have higher level of skill, who have a generational advantage in the upper echelon of our society are succeeding and they are doing very well. Folks at the middle class level and below are not. We know the World Economic Forum mentioned the fact this year in their new report

around income inequality worldwide, in the United States, medium household income has not kept pace with growth. When you look at what's happening in our cities, and I want to talk about how cities and states can really be the engines of innovation to solve this difficult problem. When you look at what's happening in our cities today, underneath those numbers lie some really startling facts. Some of them I just want to mention to you this morning.

Thirty-five percent of low income students are now graduating from high school in the United States today. Forty-five percent of the student body in high schools are low income students. Think about that. I want to talk about Massachusetts and the regional area that I come from in Newton, in and around Boston. In the last five years, according to the Boston Foundation who does great work around this, there's a couple of facts I want to mention to you. Spending on housing and transportation and food has risen 28 percent. But as we come out of this economic recession and unemployment goes down, 85 percent of the new jobs in the Boston area are service level jobs, \$38,000 or less. So when you think about those numbers, the fact that the new jobs, many of the new jobs that are being created are not rising at all with the level of unemployment going down. And the cost of basic staples like housing and transportation are going up, that's like a pay cut for people who are working really hard out there, working families.

So how do we address this? How do we look at it from a city level? I've proposed that we adopt the work of some of the work that's going on here at the Brookings Institution. I chair a community development housing committee for the U.S. Conference of Mayors. I've chaired that committee for the last four years. And what I've recognized after sitting with Isabel Sawhill, who's here and Bruce Katz and others, and Richard, we have to make sure that people's income levels rise as unemployment goes down. And we have to make real investments in it.

There's a terrific benchmarking report that was authored by Isabel and others that shows benchmarks through the course of a person's life, from birth through adulthood. And these benchmarks reveal that if there are interventions that occurred at an early age from birth, the health of the mother, through middle childhood, basic reading skills, math skills and social emotional learning to high school, avoiding criminal record, if possible, avoiding having a baby as a teen, and then on to adulthood, earning

300 percent over the poverty level. If we concentrate on income levels and we look at the types of interventions that can occur to get folks at an early childhood level all the way to adulthood to earn a higher income level, they will be able to be self-sustaining. And there's a lot of data and benchmarking around this. If we do the proper interventions, close to 70 percent of children who fall within those interventions are self-sufficient and hit the middle class.

In addition to that, we've got to create jobs at the regional level. The regional metro economy unit here from the Brookings also produced an innovation district report which really promotes cities and states investing in assets to grow entrepreneurship and investment innovation regionally. Not every city is going to create accelerated incubators, but certainly we can create the opportunity for entrepreneurship and investment and higher level job creation in areas that matter.

And finally, we have to be ready for folks when they gain retirement age. We know, the prime minister illuminated this, and others, deputy prime minister, if people don't have the assets as they grow older, and we have an aging population, we will have seniors in our community and people of retirement age that aren't able to take care of themselves. So what I propose is that we adopt a policy framework based on research and evidence based benchmarks as Newton has and others in and around the country taking pieces of this. Second, we do three things and we do them in a combined fashion. We invest in education, and we have to reinvent education here in the United States. The governor mentioned we have to invest in early childhood programs. There's a lot of science that interventions with children and families early on, particularly with children that, where their brains are developing, if we intervene at birth through before kindergarten, there's a huge upside. All the way up through the K through 12 system, we need to make sure children and families are getting the right supports. We know by research and again, families with higher income have the ability to provide supports for children outside of the classroom. So we've got to provide an architecture for children and families outside of the classroom, all the way through adulthood. That also means investing in apprenticeships and workforce training, so that people are able to take advantage of the jobs, the fastest growing jobs right now in the United States, advanced manufacturing, health science, life sciences and all the rest.

We also have to make sure we invest in infrastructure. That's the second thing. Housing

and transportation needs to be accessible, it needs to be affordable and so do good transportation systems. And we have to look at these in a combined fashion and not in a siloed fashion. And third, as I said, we've got to make sure we're investing in good opportunities for good paying jobs in from a regional concept.

Cities are doing this right now all across the United States. For instance, in Boston, one of the things that Mayor Walsh initiated was something called SkyLab and the Roxbury Innovation Center where he invested in giving people from a neighborhood in Roxbury the skill set and opportunity to build entrepreneurs right inside of Roxbury. He just started this. It's a great, innovative, innovation that he started.

In Louisville, the mayor of Louisville set up, actually went into public housing units in Louisville and he gave young people an opportunity to start their own business, a web-based business and gave them training to code, again providing the connectivity between the innovation economy, the jobs of the future and making those investments in young people.

In Holyoke, Massachusetts, Governor Patrick, our previous governor, worked with the city of Holyoke, which has high unemployment rates, to create an innovation district right in the center of Holyoke to provide new job opportunity and entrepreneurship in the town of Holyoke. In my own town of Newton, Massachusetts, which is a high performing district as far as education, we have pockets of poverty. Five of our elementary schools have kids where there's 30 to 40 percent kids on free and reduced lunch, and as we've seen, there's a huge achievement gap with the kids of higher income and lower income even in my district. So we started interventions three to four years ago with kids of color, low income kids outside of the classroom to provide them with supports that they can gain and go to higher level classes, honors and AP the last four years. And it's working. Many of the students that were a part of that program are achieving scores just as high as kids from wealthier families.

This can happen. We can model it at the ground level. But we've got to use evidence and research based work and measure how we're doing and not be afraid to innovate. We have to communicate with our state and federal partners that we want to increase economic mobility with

investment but with smart investment, as illustrated by the governor who is doing extraordinary work in a lot of these areas. Their inventions with children and young people and workforce training is working. I'll stop there. Thank you.

MR. REEVES: And last, Xav Briggs.

MR. BRIGGS: Thank you, Richard. It's an honor and a delight to be here with the Governor and the Mayor and with all of you. First a quick moment of, a quick bit of framing or a qualifier, given Richard's question. As he mentioned, the Ford Foundation, we've decided to put everything we have and everything we know against inequality, to focus on combating inequality. We see these issues of housing and social inclusion as critically important in that larger effort for a number of reasons. Housing and housing segregation in particular, is deeply implicated in social and economic and also political inequality. And it's important to the solutions as well. But too often in the American conversation, housing is merely that. It's context, it's background and it stays in the background. And I think we really want to think hard about how we work together to change that, rather than merely debating some set of policy changes that if you could create the room for them or if you could create constituents for them, they could be powerful, they could be effective, but you can't create the room. I'll come back to that in just a moment.

On the question of the role of government, I think broadly, there are two strategies, or two buckets worth thinking about. And in each, there are many policies. Some we've learned more about than others, some are more easily supported politically than others. But really there are quite a few policies. So one set of strategies has to do, it seems to us with severing the link, or at least mitigating the link between zip code or zip codes in which you are born and raised and your life chances. And we've talked so far on the panel quite a bit I think about that one. It has to do with things like human capital investments, starting as early in life as possible we've learned is apt to be most effective and also most cost effective.

But really, and this to the Mayor's framing as well, taking more and more a lifecycle approach, thinking about cradle to retirement in a sense and the variety of life stages that people pass through and what they need in these different stages. But in this first bucket you have, since we're

focused on the U.S., I'll call it a very American idea. I think it is a very American idea, and that is the idea that no matter where you live, no matter where you're from, you should have a fair shot. And that requires mitigating these links between your zip code and where you live and what your life chances actually are. Your exposure to serious crimes, your opportunities to build human capital, to access changing job opportunities, in a changing economy as you put it, Mr. Mayor, an economy increasingly driven by innovation.

But that first bucket is all about changing the powerful links that exist in our country between where you live, where you're able to live and your life chances. It's not about changing the residential patterns themselves. That's the way I'm framing it in any regard. Changing the links between where you live, rather than where you live. We've said a lot in that first bucket so far. I will only add briefly that our sense is that we are on the eve of a whole new chapter, not only in early childhood investments, but also things like alternative credentialing, alternative pathways, a variety of ways of better understanding young people's talents. You think about the things that Google Analytics does and all sorts of ways to use big data creatively to get a better sense of human potential. Very, very exciting. But there's not, those things do not in and of themselves address the thorny issue of entrenched segregation and expanding housing opportunity itself.

So I want to take just a few minutes on that second one as well. In that bucket, one of the roles of government of course, is to protect people from housing discrimination, protect people from illegal discrimination. And without going into detail about it, we'll see if there's Q&A to explore these particular issues further, without going into great detail, government needs to be creative in committed in that domain, in addition to the others because frankly the marketplace keeps changing. Real estate, like everything else has moved into the digital space. That means the nature of discrimination is evolving. It has, for many years, operated over the telephone before people even show up to look for a housing unit, things like discrimination based on accents and social registers, detecting or inferring one's class background, racial background, etc., etc. and denying the availability of units or steering people towards particular neighborhoods, not others.

That area at least calls on government to enforce the law and we have learned a lot

about what it takes to do that effectively. And it's not easy, to say the least. It is often difficult to detect and even when detected and when charges are brought, penalties may or may not be meaningful. So there's a whole conversation about how to enforce the law.

But the last, and perhaps most crucial and intractable bucket in my view has to do with actually affecting the location, the cost and the access to affordable housing in this country. And it's important in part because enforcing laws against discrimination is not and has never been enough. A lot of the forces that drive segregation that create, as Richard termed it, clusters of disadvantage are perfectly legal. They have to do with whites, for example, who continue to have the widest number of choices in the housing market, choosing particular communities and not others. They have to do with things like inequities in infrastructure investments, inequalities in school performance and school investments, a whole range of things that help to set the structure in which people make their housing choices.

So it's not enough to enforce the law because many of the drivers of segregation and many of the things that connect segregation to inequality and diminished opportunity are perfectly legal, they're just socially costly and problematic and politically challenging to take on. And it's critical then in that last domain to ask where are we and where have we come, you know, 50 years, roughly 50 years on from the riots of the 1960s, the civil unrest of 1967, in particular, over 100 American cities in flames. The (inaudible) commission report and the landmark sort of effort to look at this domain, at clusters of disadvantage, at ghettoization, to be blunt. Fifty years on, we're seeing the limits of a given set of federal policy tools. The federal government has a limited appetite to spend in this area. It is fair to ask to whether the federal government should pick up the full costs of decisions that are often made at the local level through things like land use policy. And it's high time we revisited what we've been trying, how far we're getting and where we're running into serious barriers and need to try some new things. So with that puzzle, rather than answer, I'll thank you.

MR. REEVES: Thank you. Thank you to all our panelists. I'll just take the liberty of asking maybe one or two questions and then we'll open it up in the 25 minutes remaining. Xav, I'm glad you framed it that way, the distinction between these two approaches, one of which is to try to weaken, if

not sever the link between where you're born and your outcomes, and the other, to do something more upstream, to use, I should have acknowledged that Deputy Prime Minister Shanmugaratnam, did I get that right? Pretty good, is in the front row and listening to this. Of course, one of the ways that you dealt with the issue of legal, but costly clusters in Singapore is by making it illegal, by having legal caps, right, which is not only slightly different to the U.S. but diametrically opposed to the U.S.

And so I'm slightly wondering whether, given what you just said, Xav, I'm going to direct this to the two elected officials. Do we turn to human capital approaches and to these attempts to untie a place from outcomes just because that's really where the action is? There's just, given you have localized government, you have a much freer society than in Singapore. I'm sure there would be constitutional challenges to some of the interventions you mentioned. That actually is just so hard, so bucket two is just much harder, right. It uses a lot more political capital, it's very difficult, you go up against local interests, you're into zoning, it's very, very hard to move bucket two, which is why inevitably you come back to bucket one, which is well at least help the kids who are born in those poor neighborhoods have a better outcome. Which is where I think both the governor and the major were leaning, and I just wanted to ask you whether that isn't because it's just too hard to do bucket two, so we go to human capital because human capital is easier than housing in the U.S.

GOVERNOR MARKELL: That's a great question. That's a great question. Let me first say, bucket one is not so easy, either.

MR. REEVES: Right. Okay.

GOVERNOR MARKELL: And, but I think, I mean there's no question and I wish you hadn't stopped when you did because I thought you were on the cusp of saying and sort of here are the other things that we ought to do, you know, enforcing the law is not sufficient and here are some other, and I would love to hear, and therefore, here are the other things.

Look, I mean in the long run, and I think there's pretty good evidence that if these kids get a better education and they have the skills that they need to get a better job, there's a much better shot that they are going to be in a position where they can move out of the communities, or if they stay in their communities, they're going to be able to make them better.

And so I wouldn't minimize the importance of number one. That's not to say there may not be, there probably are some more creative things we can do on number two beyond what we're doing. But I'm telling you, the just, the number one alone is extraordinarily difficult and extraordinarily important. And when you see, when you meet the families from these communities and let me put it this way. The mayor talked about the importance of intervening at birth. I think there's a pretty good argument to make about intervening before birth in one of two ways. One of them in programs like the nurse family partnership which literally start following moms when they become pregnant and then for a couple of years after the baby is born. And it's one of the very well researched programs that actually does work in terms of improving outcomes for kids.

You could also make a pretty good argument that one of the most beneficial things we can do is help more babies be born when they're wanted. And you know, sometimes that may mean you know, delaying by a few years and there are approaches out there. And whether it's the, particularly I'm thinking of the long acting reversible contraceptives, which are starting to gain some favor around the country. But the chaos that so many of these children are born into, even with all of the investments in early childhood, even with all the investments in after school programming, even with the extra investments in K-12, there are so many challenges that these kids have that the benefit to them and to their families and to their moms, who don't have to drop out of school or don't have to stop working in order to care for a newborn. The difference between having the baby at 16 or 17 as opposed to 24 or 25 is just extraordinary. And I think these are also some of the things we need to be looking at.

MR. REEVES: So if I had Belle Sawhill's book, I'd be holding that up at this point. But I do want to--

MAYOR WARREN: Can I, very brief, two quick things and one of them I touched upon earlier. I think we have to do both. The city of Newton is a suburban community, it's right outside of Boston, it borders Boston. We have to, and cities like Newton, build affordable housing, diverse housing in order for our communities to actually be strong. I believe that a good diverse community is a stronger community. We have a project right now in Newtonville, which we're building mixed use apartments right next to transportation, even though that transportation needs to be upgraded.

The second thing we have to do, we have to, and I mention this, integrate our thinking

around infrastructure, housing, education, and job opportunity. The Crittenton Women's Union in Boston does a brilliant job in combining these. What they do, eight years ago, they reinvented themselves and they have a terrific mobility mentor program based on science that provides wrap around direct intervention for women, because we know the majority of families who are poor or low income in this country are headed by women. And it seeks to do two things. One, it gets those women the opportunity to be self-sufficient, off of public subsidy and gives their children an opportunity to take advantage of the school system at the same time.

They have had an incredible success rate in the limited time period and looking at their cohorts. We need to continue to explore and expand programs that take this holistic approach at looking at the infrastructure, in fact we're piloting a program in Newton with the Crittenton Women's Union and Newton Public Housing are right now that combines all of these aspects together we need to, and then track it using metrics.

MR. REEVES: Xav, I'm going to come back to you, both to carry on, if there was more to be said, but to do so in the context I think of this tension between family and individual and community choice about who I live with, what kind of neighborhood I live and the collective good of more integration, so even if we can agree, look, wouldn't it be better if we were more integrated, does that allow me to say to a local community, well you may only want to live in a particular kind of community with particular kind of people, but that's tough, right. I, the central government or the state government, am going to intervene, socially engineer to use that term, to actually create the collective good of more integration. Because that seems to me to be the tension here at a quite deep level between the rights of individuals, families and communities to live in places and with people who they want to and the collective problems that deep segregation results on downstream.

MR. BRIGGS: Well, long before you get to dilemmas of choice, if I could label that, what you just said, in that way, you know, it turns out for example, that rumors that very poor people mostly want to live with each other, or people of color mostly want are greatly exaggerated and quite misunderstood. We have created ghettos. They are chosen largely by societies, not by individuals. And I want to say first of all--

MR. REEVES: To be clear, I meant more affluent people and white people choosing who they wanted to live with, rather than the other way around. Just to clarify my comment.

MR. BRIGGS: Fair enough. Well coming back to that, the Governor's right that bucket one is enormously important and not easy. And the Mayor is right that we need to do both. And I'm not saying that simply to sort of split the difference and come to an easy consensus. I think there are practical reasons to do both because it gives you more leverage over the problem. I think there are political reasons to do both because it's more pragmatic, and I think there are moral reasons to do both, and the moral reasons are somewhat different under each of the buckets.

Under the first, it seems to me that the morally compelling rationale is that no community should be a dangerous trap, denier of human opportunity. So everywhere ought to clear some bar, some threshold standard as a platform for opportunity and sadly, many of our communities do not, as of now, as we know them.

The moral reason for number two is a little bit different for bucket number two and that is Richard, more, what you underlined. That is that we have these massive social spillovers if you will when we say well, let's just let the market and our current approach to land use work the way it works. And if you can afford your way in, you're more than welcome. As a moral matter, you know, there ought to be a sense of shared responsibility for creating opportunity for a range of people, a wide array of backgrounds and I think that when you look at communities that are well served by transportation as the Mayor underlined, decent schools, safe streets and other things that make them structurally strong and attractive, those are the very places that are attractive to people of a range of means, to your point. And that tend, over time, to become and to remain integrated. We have a lot of evidence on that in point of fact.

But you get there in part, through a kind of social compact, through an agreement, you know, that there are threshold standards. In Massachusetts, there's a state framework. In a variety of states of course, there are degrees of inclusionary zoning, inclusionary land use policies, so communities do take responsibility. It turns out to take more than the permitting. There also has to be the finance, but now, with America changing, with so much more evidence on these things, with so much more attention

to the quality of infrastructure, the need to think about aging in place, a whole slew of issues, I think we're 40 years removed from forced integration and that sort of very narrow conversation in this country, something of a dead end, frankly. For both progressives and conservatives, it turned out to be a dead end. We can now have a much more holistic, a more wide open conversation about how to create inclusive communities.

MR. REEVES: Yes, so in some sense it does become a political or persuasive challenge as well, right because you need that compact as you put it, but that compact doesn't happen by magic.

GOVERNOR MARKELL: And to that point, I mean I think the compact, if the compact doesn't include money, it's probably not going that far. And so I mean I think we can change policy and changing policy is important. We absolutely, obviously recognize, I think you're right, enforcing the law is necessary but insufficient and so the question -- and when you talk about money, we also know that really to go to scale, the private sector is going to have to be enticed. And so one of the things we've done in Delaware is we've invested over the last year and a half in what we call our Downtown Development District Program, which essentially provides up to a 20 percent rebate to, it could be individual homeowners in particular districts or developers working on new projects. And the idea is a relatively small amount of money should leverage a much bigger amount of private money.

So so far, about \$7 million dollars has leveraged, and this is just in a year and a half, has leveraged \$114 million of private money. Now, some of that is for Habitat for Humanity, some of that is for higher end projects, but it really is a mix. We have in Wilmington the first new sort of ground up residential buildings on Market Street in 50 years have gone up over the last six months, and the diversity of people who are moving into them is really untold, quite extraordinary. And so I think enforce the law, yes, change policy, yes, but money, if you don't talk about that in a very real way, you're probably not going to get anywhere.

MR. REEVES: I told you he was Chicago school. Okay. So let's go back to the audience. Please keep your questions as brief as possible and I'll ask the panelists to do same with their answer. That gentleman there in the red sweater had his hand up first.

SPEAKER: I have a question for Mr. Governor. Just so that our conversation becomes

and encompasses even larger audience, I guess for a lot of people in the room, the concept of social engineering is very acceptable and so on and so forth. But I guess in the United States, almost of half of population is probably allergic to the term itself and so on. And I would ask what it the conservative case for that? For example, in Singapore, a lot of people say that it's a Republicans paradise, some say it's Democrats paradise, but certainly when the case for social engineering in education, housing, community mixing is made, it should also be addressed probably even a very targeted manner to the conservative parts of population and the United States, knocking on the door of a person and selling this, what would you say to someone, retired from military, for example, thank you.

GOVERNOR MARKELL: I'm not sure what you mean by social engineering in this case.

MR. REEVES: Yeah, why don't you define what mean by social engineering for the purposes of your question.

SPEAKER: I mean, for example, the policies that are characterized by discretion and that are aimed at particular parts of population.

MR. REEVES: Can I give, let's say for example, you're trying to persuade someone it's a good idea to change the zoning laws to allow many, many more affordable housing units.

SPEAKER: Yeah, yeah, for example, yes, sure, yes, that would be.

MR. REEVES: So you're saying that for a progressive, okay, straight up and down argument, this would be better, but how do you make that argument to a kind of conservative. I might ask the Deputy Prime Minister in a moment if he'll answer that. But I'm just going to take a couple more, if that's all right, and let's gather a few more up. Yes, lady right there at the back, yes. Right.

SPEAKER: I was wondering, I'm sort of interested in interrogating this link or paradigm of linking social mobility and upward social mobility with educational attainment. We know that the median black household with a college degree is \$23,400 while the median white household with a college degree is one thousand eighty-five hundred, five hundred. So I'm just, sorry. But I'm curious if you can interrogate this link and also sort of on a policy level or public sector level, especially in conversation with the prime minister, asset building in closing the gap, the racial wealth gap, because I don't think educational attainment is necessarily linked to that as proven right there.

MR. REEVES: Right, so it doesn't solve everything, but it does nonetheless act hugely as an upward mobility aspect. I'm going to take one more and then I'm going to come back to the panel who are all kind of dying to get in. Yes, the gentleman there.

SPEAKER: Thank you.

MR. REEVES: And then we'll come back. If we're quick, we'll have time for another round.

MR. CHECKA: Larry Checco, I would like to ask a question about attitude and language, i.e., I was raised in a project environment and my, you know, we used to, you know, as kids, it didn't matter, but as we grew up, what did that mean, we grew up in a pro-, it sounded like a science project. Then we called it housing projects, then we called it affordable housing, and now we call it workforce housing, which really grates on me because workforce housing to me looks like a coal mine. I don't think we're in the business of providing affordable housing. I think we should be in the business of providing homes that people afford, can afford. Because this is the separating, it's language that separates us in this case. Affordable housing means those folks. The attitude question is I heard this before and it really makes a lot of sense to me. Somewhere during the Great Society, we turned poor people, into liabilities that need to be managed versus assets to be developed. And I think we need to change that to begin with, thank you.

MR. REEVES: So actually, start with Xav, if that's okay, and come this way. Please don't feel a need to answer all the questions, we have the conservative case for what would be considered progressive policies, does education actually do as much in terms of social mobility, particularly in terms of race gaps, and then I think this kind of point about language and attitude that underlie some of it. But I mean I definitely want you to try the first (inaudible) you know, even the median voter perhaps, not necessarily the conservative voter, but to persuade them of the case that you made earlier that there's a moral or social compact.

MR. BRIGGS: First of all, I guess I distinguish appealing to enlightened self-interest from making a moral case. And I think both are important. And if working on that book about a decade ago and talking about it around the country, taught me one thing is that there are limits to the enlightened self-

interest approach and one ultimately does have to have a conversation in this country and every other about how much inequality will we tolerate. How much is morally acceptable and how far are will willing to go to do something about it.

The enlightened self-interest case includes things like making the fiscal case for smarter more farsighted approaches and inclusionary housing along with infrastructure and climate resilience and a host of other things can be a part of that. The social determinants of health can even be a part of that now. This is a population health concern, not just an individual opportunity issue. The question of, I'm going to leave education and its ties to financial returns and assets and leave it to others to address that if you don't mind, and just make a point about language.

You know, I think your point is well taken that language often divides us. There are enormous stigmas associated with some of these phrases, especially in America, as you know, the phrase public housing specifically. It's virtually a synonym for ghetto and distress. And that didn't happen overnight and many decisions and many actors contributed to that. My sense is, and this is a longer conversation, we're going to need, see that point about needing more than one approach, we're going to need more than one approach to the challenge of housing affordability and inclusion as the country becomes more racially and ethnically diverse, as our population ages, as our economy goes ever more directly toward innovation as a driver of all things. And that innovation is driving a lot of inequality between places right now, which is quite serious. We're going to need both supply in some guise, however it's described, and a host of approaches for helping consumers in the marketplace to afford what they want, which may be what you were hinting at, but I think that's a longer conversation.

MR. REEVES: Setti?

MAYOR WARREN: I just wanted to respond to the question back there about education attainment. I think what we're seeing in Massachusetts, there are certain clusters of Massachusetts and we talked about this a little bit, where the innovation economy is really growing, in and around my area, Cambridge, Boston, the Seaport District. This is happening in other cities as well, even cities who have been struggling. If you look at pockets of Detroit, it's coming back, including Chicago and St. Louis. The question is how do we connect this boom that we're seeing in higher wage jobs with people who have

been locked out in underserved areas outside of them.

And there's two things I want to mention and focus in on, separating housing for a moment. One is reinventing education and that is creating high school internship opportunities and apprenticeships through college, connecting community colleges with co-op opportunities and then lifelong learning outside of those institutions where traditionally in the trades, one would be able to have an apprenticeship in construction, we need to expand that into the new growth industries that are higher wage paying jobs, advance manufacturing, the life sciences, the medical and health fields. We have to provide an architecture outside of K through 12 and the four year or two year college opportunity. And we've got to start building those and that does take investment. And I know Secretary Perez in the Obama Administration is starting to introduce this. And we know, for instance in Germany and other places, they've been successful with certain types of (inaudible).

The second thing I want to harp on is transportation. We've got to, even in places like Massachusetts and beyond, create the opportunity for accessible transportation outside of these areas where we see growth and innovation. People are getting into their cars who can afford it, and buying homes and driving into these, for these jobs opportunities oftentimes where people are working really hard, they're looking to attain additional training. They're outside of an area, they can afford an apartment or a house, and they're outside of an area where they can access these jobs and also access the opportunity for higher education and attainment.

So transportation, we have to make an investment in good, solid innovative transportation. We did it 50 years ago, 60 years ago with our highways. We need to update our transportation system so that they're accessible. So I think that that, in addition to housing and the traditional investment in education needs to happen to help lift wages for people.

MR. REEVES: Did you want to comment on this question of secular, is there a microphone? Particularly on this question of, I heard you say almost that you designed the social compact in from the beginning, that it was intentional to create that moral sense as well in your policies. Do you see that explicitly? Is there a moral dimension to your policy making?

MR. SHANMUGARATNAM: So I think first, and again, I'll have to say this with some

humility because I'm not immersed in your problems here. But it seems to me that there are real lessons from both the left and the right. There are red truths and there are blue truths in the United States. There is something to the conservative argument that values matter and the values of personal and family responsibility do matter. They matter not just because it leads to some economic verve in your society, but they also matter because it leads to a better society. But it's not good enough. Having the right values is not good enough. You do need to shape opportunities starting from young, through public policy and social interventions. We know that, and I made the argument earlier on about how it's difficult enough in economic markets, difficult enough in financial markets. It's even more of a challenge with the social market because there's no equilibrium that this leads to. Social forces perpetuate themselves.

I think the argument that bridges the red and the blue and the left and the right is the argument that everyone gains when you human capital is built up across your society. Everyone gains. It's not a redistributed gain, it's not a win-lose argument. Everyone gains when human potential is increased across your society. Employers gain, workers gain, everyone gains because of the potential of that society. Everyone gains when social capital is built up, quite apart from human capital in the narrow sense. When social capital is built up, everyone gains, everyone feels better off. And that's something that both the left and the right agree on, at least in their hearts if they don't in their minds.

So our real challenge is to intervene in the way that progressives want to do, but in a way that supports rather than undermines the values of personal and family responsibility. And that's why, in an imperfect way in Singapore, we choose to focus on a few things that just engender that sense of personal responsibility and that sense that you're earning your own success. Owning a home leads to many things. The studies in the U.K. and the U.S. and so on, it changes the family culture. It also means you tend to stay on the job as much as you can because you've got to pay down the loan and you don't want to lose your home. You don't want to lose it halfway through servicing your mortgage. You want to keep the home and that leads to many things. Home ownership goes with work and it goes with a sense of responsibility for your family.

Supporting people at work rather than supporting people not a work is again fundamental. The EITC in the United States, what we call work financing (inaudible), you've got to give a

leg up to people with low incomes, and there is a role for redistribution. But it's better to redistribute through work, rather than to redistribute when people are out of work, because that has a set of social forces that develop over time that then increase the problem.

Education and learning, provide every advantage to someone who starts with disadvantage so that they can, so that they can reduce the odds that are against them early in life. But that requires effort. Parent, child, it requires some discipline, it requires some effort. Success doesn't come automatically. So providing hands up, hand ups, sorry, hand ups rather than handouts, emphasizing action by the individual, by the family, but supporting them and not thinking that if people are left on their own, you get a better society. There's so much bridges between the left and the right and it leads to a better society that everyone benefits from.

MR. REEVES: Thank you. So you've been promoted in questions a couple of times to Prime Minister. I'll just say that if it doesn't work out in Singapore for you, then I think there's a future for you as a centrist politician in the U.S. (Laughter) You'll be a tough act to follow in Delaware, but maybe we're seeing a successor. I'm going to give the last word to the Governor.

GOVERNOR MARKELL: Well, thanks and it's great to be with the Deputy Prime Minister again. We were together about six or seven months ago at St. Gallen, Switzerland when he held the entire audience rapt as he has done here. And what I want to do in closing out is actually to build on what he just talked about. Before he spoke, I was going to say I was going to really try to link together a couple of comments that came from this side of the room. One around this view that low income people are often seen as a liability rather than an asset and then essentially is how much inequality will we tolerate?

I think the Deputy PM did a great job on that last point where he basically says everybody gains. You know, when we make things less equal because people because people earn more, everybody gains and it really should not be a big philosophical debate. But this point that he made toward the end about redistributing through work, I want to give you three examples, because the question is how do we get from the philosophy to actual real world examples, and I want to give three real quickly.

The first has to do with people with disabilities. The unemployment rate for people with

disabilities is absolutely enormous. It's a tragedy because there are so many people who want to make a contribution and who want to work and who are not given a shot. So I want to tell you about one particular case. We've done a lot on this area generally in Delaware, but I want to tell you about one particular one. About five years ago, I was reading a blog entry in the New York Times about a guy in Denmark. He was on the fast track in the information technology industry at an employer in Denmark. And he had a son who was two year old who was diagnosed with autism. And having a child with autism was not really in his life's plan and the more he learned about autism, the more concerned he was about the kind of future his son would have. And so he ended up quitting his job and he decided to start an enterprise that would vet and train people with autism for jobs in the technology industry. A lot of people with autism can do a lot of great work in software testing, data analysis and the like. To make a long story short, he now lives in Delaware. He moved his family here, he's working throughout the country and he's already trained 55 people in Delaware with autism who are now working.

But he has a metaphor for the people with autism and the metaphor is the dandelion. Children love dandelions. They play with dandelions, they blow at the dandelions, they make necklaces of them. Dandelions actually have powerful medicinal properties. But what is it that when we buy a house and we have a yard, the first thing we do is we mow over the dandelion. Is the dandelion an herb or is it a weed to be mowed over. And I think that is one example, when you focus on the ability rather than the disability, these people, the folks I'm talking about, are now they're working, they have a reason to get up every day, they're making contribution, they're part of a team, part of something bigger than themselves, they're earning a paycheck and they're paying taxes. And there are millions of those people in this country who are of low income generally because nobody gives them a shot. And the question is are we going to give them a shot.

That's example number one. Example number two, we have in our state, a lot of financial services employers, JP Morgan, Chase, Capital One, Citi, Barclay's, Discover, tens of thousands of jobs, many of them in the IT industry. And a year ago when I was talking to the employers about their recruitment strategy, I asked them what was their recruitment strategy, and they said well, our recruitment strategy is to hire away from each other. It's a lousy recruitment strategy. So we convened all of them,

and these are businesses that are normally competing like this in the business world. But they agreed to work together when it came to the idea of developing a new pipeline of people.

The folks who I talked about earlier who were over here, who just want to have a chance to work but aren't working because nobody will give them a shot. So one of the first things that has come out of this is a brand new programming school in Delaware. The first class of 19 people is about a week and a half from being finished. Every one of them has a job. The average salary for, half of the class, the average salary before they started this was \$22,000 a year. Their average salary coming out is \$55,000 and higher. And this is a group of people who come from a lot of different backgrounds, who wanted something more. There was some light level of intervention, basically by the government to convene these employers and to say how can we all work together on behalf of making sure you've got more people to choose from, and there's a group of people over here who want to work or who are unemployed or underemployed and look now, they're actually being given a shot. That's the second.

And the third, and it gets to this issue of the Deputy Prime Minister mentioned, the EITC. I look at the EITC as an example of something that's bigger, which is really sort of financial empowerment more broadly. We have a program in Delaware called Stand By Me. We started it a couple of years ago, and we have financial therapists. They're not CPAs, they're not CFAs, we call them financial therapists, who are embedded at some of our employers, generally employers who don't pay a whole lot of money, shopping centers, our grocery stores, our casino, lots of employees who don't make a whole lot of money.

This program, in a couple of years, has now touched tens of thousands of people, many hundreds have increased their average credit score by 50 points. And I remember one guy, it was at Dover Downs Casino about five months ago, met a young man. He told me he had been in debt, desperately in debt and this program started, very light intervention by the state, but a little bit. The program started and without earning a dollar more, from going and, he went from being in debt to saving \$300 a month, and to now owning his first home.

So if the question is, you know, what is the case to be made, I don't care whether it's a liberal audience or a conservative audience, the question is what could actually change the facts on the ground. And I think these are just three very practical examples of where a light level of intervention has

a profound impact on people actually either climbing out of poverty or climbing further up the income ladder, and that's the business that we all are in.

MR. REEVES: Thank you. I hate to draw this to a close, but I have to do that to allow you all to have some lunch. So I'll that. Perhaps the one word that's come out for me is intention, that we need to be intentional about this now. It won't happen automatically, it won't happen by default, and so if we're serious about tackling these problems, that has to be intentional on the part of policy makers.

I'll make just a quick housekeeping announcement before thanking and closing. There is lunch being served in the room next door. We recommence at 1:00 o'clock with an expert panel on housing that will dig even further into these issues around housing, so please have lunch, please be back at 1:00 and please join me in thanking our panel, Governor, Mayor and Xav.

(Applause)

(Recess)

MR. KRISHNA: Good afternoon, everybody. We're about to launch off on the penultimate panel of the day. You can't hear me? Thank you. Better now? Thank you.

Okay. If everyone is ready, we have a minute to go, but what's a minute between friends? We can start right away.

Thank you very much for coming to this panel on Housing and Social Equity in Selected Nations. We heard a great deal this morning about housing, social mobility, public policy, and cities in different countries, but since we all really come here for the excellent lunch provided by Brookings, we can now start on the serious part of the discussion, adding one more element to the mix that was introduced in the morning, and that's the element of globalization.

So big cities acquiring a growing role in a world being reconfigured by globalization have begun to reflect the consequent inequalities. Differences between space age and stone age housing options have been etched onto the urban landscape in developing countries' cities where glass wall concrete towers look down upon the hovels of slum dwellers, but so too in richer countries. Inequalities are engraved upon the maps of cities with people who live on the wrong side of the tracks experiencing

deficits and social provisioning and opportunity. These distinctions can reflect and reproduce longstanding race and ethnic divides, closing off rather than upholding social mobility options.

This panel, with speakers looking to four different parts of the world, is therefore, timely, addressing the questions, what can we learn from a cross-national discussion of residential segregation and well-being? What does growing up in a particular type of neighborhood imply in terms of an individual's future prospects? How does a common aspiration for a securer border and a good address translate into diverse livelihood strategies for richer and poorer, younger and older families? What does all this suggest by way of a more equitable and forward-looking public policy? And how does all of the above relate to the setting of different benchmarks about appropriate assistance, notions of the deserving and undeserving poor in different countries? I was quite amazed at what Singapore has been able to do. We'll hear some more about this.

The four eminent speakers on this afternoon's panel will each speak to one or more of these themes, starting on my left with Ngee Choon Chia, who is associate professor in the Department of Economics at NUS, co-director of their Next Age Institute, coeditor of the Singapore Economic Review. Today, she will look principally at the likely tradeoff between the housing-related needs of young and old, between housing equity and retirement adequacy.

To her left we have Ricky Joseph from the United Kingdom. He is a research fellow at the Center for Household Assets and Saving Management at the University of Birmingham. Dr. Joseph has vast practical experience with local government and voluntary sectors working in the fields of homelessness, housing advocacy, and housing management. He will consider the role today that policy plays in shaping and not mitigating inequality, a theme that is also developed by some of our other panelists.

To Ricky's left is Sukhadeo Thorat, chairman of the Indian Council of Social Science Research. He sits on the board of the Housing and Urban Development Corporation, has been director of the Indian Institute of Dalit studies, is an eminent public personality in Indian, having won the Padma Shri, a high civilian honor in 2008, as well as the Mother Theresa Award in 2009. He will speak to us today about the dissemination faced by lowest caste people in accessing rental housing in New Delhi.

And last but not least, to the extreme left, is Molly Metzger, assistant professor at the Brown School of Social Work at Washington University at St. Louis, and lead faculty director of the Inclusion Housing Initiative at the Brown School. She will also highlight the role played by major national and local policies that have resulted in highly segregated and unequal housing in U.S. cities.

So without further ado, I'm going to give 10 minutes to each of the panelists to wrap up their presentations, and then with perhaps a short remark from me, we'll open it up for discussions. So.

MS. CHIA: First of all, thank you very much for the opportunity to continue telling the story, the Singapore story on housing policy. The DPM already has given us an excellent narrative from this, and I'm just continuing the story.

Now, the story of Singapore's housing policy for housing inclusion is made possible because of two very important institutions. These two institutions make home ownership for the masses a reality. First, you have heard of the Housing Development Board. I'm going to call it HDB. HDB was set up in 1960 to build emergency public housing on state-owned land. The initial focus of HDB was to provide affordable public rental housing. In February 1964, the homeownership scheme for the people was conceived to encourage Singaporeans to have a stake in the newly formed country, to have a sense of belonging, and to promote (inaudible). Under this scheme, existing tenants were encouraged to buy their flats through subsidize mortgage loans, an attractive repayment scheme. Despite this, home ownership rates remained low as most workers do not have the purchasing power. After two years into the implementation, home ownership was only five percent.

While HDB addresses the supply side of the housing market, there is still a missing link on the demand side. To address the affordability issue on the demand side, an innovative social intervention was introduced which was also mentioned by our DPM; that is to tap on the compulsory retirement savings. Retirement savings is administered by the Central Provident Fund. I'm going to call it CPF in my talk. In 1968, the CPF Act was amended to allow members the option of withdrawing part of their retirement savings to pay for the housing loan. And also to pay for the down payment of their house. This HDB-CPF link ushered in a very unique and innovative housing financing mechanism, which made home ownership a reality.

As you can see from the slide here, buyers of public housing, as long as they are working, they will contribute to the Central Provident Fund, and these contributions from the employers and employees are a percentage of the monthly wage. Part of this savings can be used to pay for the mortgage that they take up from the HDB. So the HDB housing loan was given from the HDB to the buyers, but the payment was monthly remitted from the CPF Board to the HDB. And as the relationship between the CPF Board and the government -- because the CPF would buy bonds from the government and the government would give grants to HDB to build and develop the flats.

Today, 80 percent of the Singaporeans live in HDB housing. The CPF-HDB link has increased home ownership from 30 percent in 1970, to 90 percent in 2013. Such broad-based home ownership as we have seen is unparalleled. So while home ownership is not unique, we are proud to say, with much humility, of course, that instituting a mechanism to make home ownership affordable to all Singaporeans, including the low income household, is unique. So HDB dwellers are basically very contented with the assets they have acquired.

In a study conducted by HDB in 2013, most HDB residents view a sense of belonging and are house-proud. Ninety percent of these HDB dwellers see their HDB flats not only as a roof over their head, but also value for money, and it's one of their most important household assets.

So this is HDB. Public housing, unlike the kind of public housing you may have seen, these are not private housing. The one on my right is one of the newer estates. It comes in loft form, so it encourages multi-generational living. Okay. The one on the left here is an older estate. Here you can see the neighborhood. HDB dwellers, they not only live there but they do all the shopping, they go to (inaudible) centers there, and there is community bonding there.

So high-rise and high-density living afforded a way for Singapore to implement the ethnic integration policy. So under the ethnic integration policy, as you have heard this morning, HDB blocks a neighborhood, a clearly defined racial quarters. So in any blocks or estate or neighborhood, the diversity of ethnic competition must more or less reflect the competition of ethnic groups in Singapore. This policy was implemented to prevent the formation of any enclave and promote racial harmony in the HDB neighborhood.

Here is the ethnic distribution over the years. Chinese continue to form the majority of HDB dwellers, followed by Malays, Indians, and others. Compared to the international ethnic composition, there was a slight overrepresentation of Malays among the HDB resident population.

Housing policy is also meant to promote pro-family ties. So there were generous housing grants given for buyers who buy a HDB flat closer to their parents. So this table here shows the trend of one generation, two generations, and three or more generation households in living HDB. The proportion of elderly households with multigenerational families has risen, indicating that more married children, they are actually living with their elderly parents. So we do have flats that are like granny flats so that the parents can live close to the children while giving the children their space and privacy.

Okay. One implication -- or actually, I want to also say that in terms of social inclusiveness and also social economic integration, as you have heard from the DPM, to avoid segregation by class, each HDB neighborhood has a mix of flat types. So lower income households typically buy smaller flat types, mostly two or three rooms. The middle class tend to buy four rooms, and upper middle class, the larger five room flats. So in a typical HDB estate, there will be a mix of different flat types so there is a kind of social economic integration in the HDB estate. So public housing neighborhoods do help to form a bridge -- to bridge the social capital to have a sense of belonging to shared spaces.

Now, this unique way of funding housing through the CPF, however, has an implication on retirement wealth. While most of the retirement wealth is accumulated as housing wealth, we can say that our social security system is really an asset-based social security. Over 70 percent of the flat owners service their housing loans solely with their CPF savings. Therein comes the problem because CPF savings depend very much on employability. So whenever people are unemployed or experience periods of unemployment, then these people may have a problem paying the mortgage. The liberal use of compulsory savings to finance housing has created a class of asset-rich retirees. They, however, may be cash poor, especially for retirees who were low wage workers.

The table here showed that there is a tradeoff between housing consumption and retirement adequacy.

Before I come to that, the CPF scheme while helping people to accumulate assets, it had an issue with retirement adequacy and the slide here shows that buying a bigger home means taking a bigger loan, and therefore, less saving for retirement, and therefore, a lower net replacement rate upon retirement.

For y last two minutes I'm going to emphasize two challenges. First, policy issue and challenge is regarding the asset-based social security. While retirees have a housing asset, the issue now is how to unlock the housing equity. They can do a few things. They can sublet a room, they can (inaudible), they can do a lease buyback scheme. A lease buyback scheme is to basically sell the remaining lease of the HDB to the HDB in terms of the proceeds will have to be a new tice. Okay?

So that becomes an issue because people who buy beyond what they can afford, it means they will have less in their retirement savings and to finance their retirement, there is a need for them to be willing to monetize that housing asset.

The second issue I want to highlight is Singapore had taken a lifecycle approach to its public housing system, catering to the needs of the young couple and the elderly. Housing is not only a home but it's also an investment and it's also a retirement nest. So to make housing affordable, housing grant schemes were introduced to help young couples buy subsidized housing, and we have heard this morning that the assets are being enhanced to the rejuvenating of the older estates.

So the final part, housing is supposed to be monetized to finance retirement. Such lifecycle approaches lead to a policy dilemma. On one hand, house prices need to rise adequately to be unlocked for retirement. On the other hand, house prices need to be kept affordable for homebuyers who want to buy in the resale market.

So the table here -- my last table here is survey results from the HDB. It shows the preferred housing types to move to. Notice that for the future elderly, those who are 55 to 64, many of them, about 15,000 households, they indicated the preference to move to a smaller flat type. For the elderly, about 6,000, okay, they are -- they indicated they are willing to right size. So in order to right size, they had to put up their apartment for sale. So there is a problem that this might -- the dynamics in the housing market and moving forward, I think there is a need to address this economic issue of increased

supply of HDB flats in the resale market.

With this, I will stop. Thank you.

(Applause)

MR. JOSEPH: Thanks, Chia.

First, I'd like to thank you for this invitation to talk at this housing symposium. I think the topics we're going to talk about or we've been talking about today are very important because I think housing equality is important because it affects -- because (inaudible) housing has an insecurity, homelessness, the ability or non-ability to support family members through intergenerational exchanges, all are important in terms of our life chances and equality for life. So I think these debates are really important. But they also need to be seen within the wider debates around social inequalities within society.

What I'll do is I'll focus on one aspect of housing inequality which is wealth inequality and look at that in terms of from the UK context and look at it in the way that successive government policies has had the effect of polarizing different housing tenures to promote home ownership and how that has helped to increase inequality, particularly in terms of housing wealth.

We are fortunate in the UK that we now have new datasets that enable us to get a much better picture on the social geography of wealth inequality, and what I'll do is share some of that data with you. I'll argue that state policies to support -- UK state policies to support more people enter home ownership may have created further housing and social divisions and has the effect, I think, of redistributing state resources from -- to individuals who perhaps are already well housed and of well financial resources as well. So I think -- and that's within the context of the UK economy, which is making significant public sector cuts and also significant wealth reforms as well.

So my first point is really that social inequality lies at the heart of any understanding of housing inequality, and I think we've heard today different aspects of that. But I think that social inequality housing problems and issues need to be seen in a bigger context of inequalities within society. And I think to better understand these concepts and how they play out in home owners, we have to look beyond incomes, lifetime incomes and employment, and we need to draw attention to the fact that they shape

outcomes and experiences over time and place as well.

So some of those issues are inequality and resources. We don't all start from the same starting point, and our needs are different. So our needs are different and there are differences in terms of our age structures, health, disability, migration patterns, and discrimination as well.

Also, the way that local national policies redistribute resources and opportunities is important, and one aspect which I'll focus on is really the way the homeownership policies have -- successive governments have promoted homeownership at the expense of other tenures, which had the effects of polarizing tenures, housing tenures. And also, the availability of affordable housing at different special levels and how different groups access it and how these access over time. These are all very significant factors.

So all this means is the housing inequality and homeownership sets cannot be read in terms of lifetime incomes and employment or limited range of household characteristics, but it's affected by historical legacies. And I was pleased today that, you know, the point was made that we need to look at these things, these issues over -- across generations as well. How current investment in housing takes shape, and there's also the structure of the (inaudible) case. We heard about economic markets and social markets, which I think is important, and we need to look at the way that different groups have access or limited access to those as well.

So what these mean, what this means is we need to take a life course perspective when we look at housing inequality, which takes into account how these all reinforce and reproduce historical inequalities as well. And I think that we also need to look at these things. Things don't happen by accident in time and place. I think we need to look at these within the structure of inequalities in society. I think within the UK there is a growing concern that the deficit reduction and welfare reforms are going to lead to widening inequality across wealth in housing and also in terms of homelessness.

For my second point, I'd also like to just focus very briefly on one aspect of housing inequality, which I think kind of summarizes or crystalizes the way the dynamics of these different factors, and that's really in terms of inequalities as it feeds fruits of wealth inequalities. As I said at the start, in the UK there is new datasets which provide us a much stronger and sharper focus on inequalities and wealth,

and what that says is that there are inequalities of wealth particularly shaped in terms of ethnicity and race.

I think just to set in context, in the UK, since the 1980s, there has been growing inequality in society, but at the same time what we've also seen is the expansion of homeownership supported and promoted by successive governments, which have increased inequality particularly in terms of housing wealth. And also what we see, the current concerted governments have introduced further measures to support and promote home ownership, particularly amongst people living in not-for-profit independent housing, which would give them the right to purchase their homes at a discount, and that program over for years is estimated to cost about six billion pounds, or about \$9 billion. So what we're seeing is a shift of state resources at a time of severe economic stress to individuals and houses who are particularly well resourced and housed as well.

So housing wealth accounts for about 42 percent of household wealth in the UK, and that's up from 22 percent of household wealth in 1971. So housing wealth has increased quite significantly over the years. And we know much more about the socioeconomics of wealth inequality. So what we know is that there are considerable inequalities, and not just between ethnic groups but also within ethnic groups as well. And I think it's important when we have the discussion around different social groups that we look, pay attention to differences and inequalities within social groups which can potentially be larger than inequalities between groups as well.

Just to give you just a snapshot of what the latest data on wealth in the UK looks like, in 2010 to 2012, which is the year that the survey was done, what they found is that households that define themselves as Indian households had the greatest level of non-pension wealth or housing wealth, and that amounts to about \$300,000. And this compared to about just over \$230,000 for white, British households as well. But when you look at Black Caribbean households, that figure amounts to about \$51,000 as well.

So the big variations which exist, even if we control socioeconomic status, these ethnic-based inequalities of wealth relate to lifetime inequalities in income and employment but they don't just simply reflect that. They also reflect issues such as when the individual entered the homeownership

market, where you lived at the time you arrived in the UK in the case of ethnic minority groups, and the resources that you bring with you, and the discrimination that takes place in the housing market.

Another factor as well is intergenerational transfers before and after death. So the discussions of asset values of wealth and inheritable is important to conduct those within the framework of household stratification, as well as between tenures as well as polarization between tenures.

The final point I'd make is that although certainly most discussions on housing wealth tend to focus on people in the homeownership sector in the UK are kind of a very obscure point which is often missed in a lot of the debates is in the UK we have plenty of subsidized public housing, so housing which is provided, rents which are below market rents. And there are steps by governments to try and reduce the security for people in those tenures. But I would argue that the subsidized rent that they have, below market rent they have is a form of wealth which although the individuals are not able to realize, but it's also for those individuals an important asset which I think is important to consider when we look at wealth, not just being confined to the homeownership sector as well. So I'll stop at that point.

MR. KRISHNA: Thank you, Ricky. It seems criminal at some level to invite somebody from halfway across the world and to get them to share all the wisdom they possess in 10 minutes. One could have heard from anyone on the panel for two hours and then wrap. But unfortunately, that's not how the thing is, and I am the wicked timekeeper here, so I have to play that role for now.

Professor Thorat?

MR. THORAT: Thank you. Let me begin with a profound thanks to the organizers for inviting me for a very important issue related to housing.

What I'm going to do is to share with you the Indian experience (inaudible) country experience. The problem of (inaudible) segregation is stagnation and inequality which seems to me is a very (inaudible) problem in India, and I don't have any time or literature to share with you the general problem. What I'll do is to just share with you the problem of discriminative communities between a group or social group, and the discrimination that they face and obviously, the unequal outcome that the housing rental market produced.

I'm only going to confine to a group called low caste (inaudible), and their experiences in

the urban rental housing market. I'm not touching the (inaudible) market. This is an ongoing study and the (inaudible) part of that is going to come later, but I'll share with you some of the results of the rental market study and put it in a larger context.

You must understand that the Indian society is a typical society. Hindu constitutes about more than 80 percent of the population, but the Hindu religious group is also characterized by stratification into several groups called castes. And this stratification is based on hierarchy and inequalities. And I'm only sharing with you the results of the lowest group which stands at the lowest hierarchy of the caste system and they are called (inaudible) castes which they are the counterpart of the African American exactly. But the population of this group is 201 million, probably five times that of African Americans, so you can understand the problem. And they have a very low status. They used to have a very low status in terms of customary law, and they continue to face the discrimination, if not in the original form but in a modified form, if not also in all forms.

Now, this community faces an exclusion in social sphere because the system is based on isolation and exclusion, but this isolation and exclusion is not only social; it is also residential, and therefore, we have a problem of residential segregation, which comes through the process of discrimination. If (inaudible), for example, almost 69 percent of the population is (inaudible) according to the latest census of population 2011, in each of the villages in India, the houses of the low caste are away from the houses of high caste. So residential segregation is a very, very clear reality in the entire rural sector of India where we have 70 percent of the problem.

Now, that residential segregation has its own outcome then. It doesn't depend only with respect to residents and houses being separate living away from the high caste, but they will affect their access to amenities -- water, drinking water, rural electricity, sanitation. So because of the residential segregation, this section then happened to suffer from the access to the amenities.

Now, as the urban edition maybe changed, close to 30 percent of the population is urban now, and urbanization has brought considerable change, of course. You have mixed localities, particularly in the public housing. We don't have studies to say how the private housing is with respect to segregation. But the study that we did was for the cities, and I just want to share with you that that study

brings up quite clearly that the low caste sections face significant discrimination and exclusion in the urban rental housing market. We use typically American methodology where we form the pair, the high caste and the low caste, but all the characteristics of this group are similar except that their caste background is different and that caste background is captured with the family name.

And the first experiment based on telephonic responses and face-to-face interviews, and also if you take case studies. We talk to (inaudible) persons individually the kind of discrimination that they face and I will not go into greater detail, but the broad -- the (inaudible) that you get is that 41 to 51 percent of the low caste with similar characteristics and attributes as the high caste, face a denial of renting by the high caste. So there's a really, really high level of discrimination that is being faced. Part of this outright denial, the moment you come to know the caste background is because the people do not vary much in terms of appearance, but a substantial part is that once it is given and the caste background is (inaudible), then you are the subtle mechanism and ways to which you are made to sort of sort of exit from the context. So I think the rental housing, urban rental housing market, it has improved the situation, but still, it is carried forward from the rural to urban area in various forms, and the low caste rental group faces a significant denial and discrimination in the urban rental housing market, which has their own outcome.

There are consequences of this denial. I think the (inaudible) that come out quite -- not quite clearly, that it takes more time for searching house, which means searching cost is more. They also land up in localities which are not of their choice. They have a high income but they are pushed to the low localities, leading to the (inaudible) caste localities, leading to segregation then. You would like to be away in a locality which is confirmative with your income but because of discrimination you land up in your own locality, as it is a long commuting cost, transportation cost, and there is a whole lot of psychological pain and agony that goes when you search the houses. So these are the problems that quite clearly come out.

Now, the last point that I would like to make is that I don't think we're aware about it. Sorry, we are aware about it that this problem exists and exists in a significant manner. But in public housing, to some extent it's exactly like the Singapore model, but I think there are no policies. I

(inaudible) of about six to seven cities in India. There is no provision of nondiscrimination whatsoever, and there is also the need of affirmative action policy in location of land, providing finances, and other things.

Well, this is the tip of the iceberg that I wanted to share with you, but the problem is a lot bigger and we have not begun to recognize it or realize it. Thank you.

MR. KRISHNA: Thank you Professor Thorat.

Professor Metzger?

MS. METZGER: Thank you. Thanks so much to Michael and to Sandy for this invitation. It's a real pleasure and privilege to be here.

So I'm going to build off some of the comments that were made this morning about inequality and segregation in the United States context. Before I get into the slides, I wanted to make a couple of points that I think weren't really made this morning, and the first is that when we talk about the issue of residential segregation by race and ethnicity and by social class, the conversation this morning really focused on why that is problematic in terms of communities of color concentrated poverty, but I wanted to also add to this conversation the need to think very critically around concentrated affluence and the concentration of white households. And when you look statistically, white households and affluent households are actually much more likely to be surrounded by people who look like they do than households of color, so I think it's important to really talk about both sides of the coin.

And the second point has to do with the issue that was raised this morning about whether we should be feeling optimistic or pessimistic in this moment about where we're headed from here. We've been very clear today about some of the problems we face in the United States, but is there any reason for optimism? And I'm not going to say that I'm as optimistic as maybe Marjorie spoke of this morning, but I do think that it's important to think about the moment we have in history right now around the Fair Housing Act. And I'll talk a little bit at the end of my remarks about a couple decisions that have been made in the last year that have really upheld the Fair Housing Act at a moment where some people thought it was hanging on by a thread. So it could be worse.

So a couple of framing comments just around income inequality and wealth inequality in

the United States. So this is a figure from Sean Reardon and Elizabeth Bischoff's work looking at the rise of income inequality since the 1960s. And I wanted to point out one thing here. So the dotted line is the genie coefficient. So overall inequality by income in the United States which has been rising steadily since the 1960s. But when you look at the dark line on top, that's the 90 to 50 income ratio. So the ratio of what households earn at the 90th percentile versus the 50th percentile, whereas this lower line is the 50/10 ratio. The median split versus the lowest income households. So you can see what this picture demonstrates is that the increase in the income inequality is really driven by the upper end of the spectrum pulling away. And it's a very similar pattern that we see in terms of residential segregation as well.

So in terms of wealth inequality, the picture is even more stark. So in the United States, 10 percent of families control almost 70 percent of household assets, and one percent control almost a third of household assets. And when we break this down by race and ethnicity, the picture becomes even more stark. So this is a very coarse look at the statistics. Professor Darity's work and Professor Hamilton's work shows these statistics with a much finer grain of detail by specific racial and ethnic subgroups but it's kind of at the coarsest level. Looking at white, African-American, and Latino households, we see that white households have -- the median white household has approximately or over \$120,000 in assets, whereas African-American and Latino households have -- the median household has less than \$20,000 in assets.

And again, the point I want to make here is that this is really a function of social engineering. This is not sort of a function of market forces; this is a function of policy forces that we haven't really dealt with in this country.

So I talked about income and wealth inequality. Those patterns play out spatially as well. So the deputy prime minister foreshadowed some of this this morning about the statistics in the United States around segregation. You know, there are a lot of different ways of measuring segregation. The numbers I present here look at the black-white dissimilarity index. So often these segregation measures are binary, so they look at the differences between two groups, so these are, of course, over simplifications of the complexity of urban areas, but when we focus specifically on black-white

dissimilarities, these numbers can be interpreted as the percentage of one group that would have to move, such that they would be totally interspersed among the other groups. So, the percentage of white households who would have to move in order to be totally integrated among African-American households.

And these are some of the metropolitan areas in our country that have the highest rates of black-white dissimilarity. So look at the region where I live, the St. Louis region, 73 percent of white households would have to move to be fully integrated into African-American communities or vice versa, so what many scholars have called hyper-segregation. We still live in a very separate society.

This shows my region, St. Louis. The city of St. Louis is sort of the seed-shaped boundary here. The white area is the neighborhoods with over 75 percent white households. And again, to make this point, preferences and decisions by white households, there's a much stronger preference for I would say racial isolation. When we talk about racially concentrated areas, white households are more likely to be surrounded by other white households than other groups are to be surrounded by their group. So you can just see sort of like the whites was of St. Louis County. I think that this is an area that deserves additional research understanding these patterns and the ways that policies undergird decisions that households can make.

So I'm going to have to -- because of time limitations, I'm going to have to go rather quickly over these policies issues, but I did want to cite a couple of articles that I think are extraordinarily helpful. One is Ta-Nehisi Coates's piece from The Atlantic, The Case for Reparations. The other is Richard Rothstein's piece for the Economic Policy Institute, The Making of Ferguson. So both of these essays go into detail about the history of public policies that have created the landscapes that we live in in the United States.

So there are a number of policies that are implicated in the patterns that we see. There are local policies, such as in the early 20th Century explicitly racial zoning. So municipalities setting themselves up and literally defining in written law that it was a "whites only" town. Of course, this illegal now, but it was legal and became real in our neighborhoods and became a very durable form of structural racism for decades in the 20th Century. Also, a previous speaker mentioned restrictive covenants. So

covenants that were attached to deeds that said, you know, if I'm a white homebuyer, when I sell this home, I will only sell it to another white homebuyer. So again, maintaining the racial exclusion of certain communities.

But these aren't just local decisions and they aren't just private decisions. With the creation of the Federal Housing Administration in 1934, the Federal government became involved in allocating resources disproportionately to white areas and literally drawing red lines. So these are examples of maps from cities all over the country where neighborhoods with African-American populations were literally cut off from mortgage insurance because of the presence of African-American households.

And so in 1968, we passed the Fair Housing Act, but despite that passage, these patterns that we've inherited have been recreated, reconstituted through a series of policies that would appear on their surface to be race neutral but actually have the impact of perpetuating the previous explicitly racial policy that we saw in the pre-1968 era.

So I'll have to go rather quickly through these but they include the way that we fund education, the interest deduction we give on our income taxes for mortgage-related expenses and how that perpetuates some households' ability to develop wealth while others remain limited. And so I wanted to spend a couple moments on the Fair Housing Act and I think the reasons for either hope or maybe slightly less despair. So in 1968, we passed the Fair Housing Act. And Xav Briggs mentioned earlier that this made it illegal to discriminate on the basis of race and ethnicity as well as other protected classes, including disability status, national origin, religion.

But the Fair Housing Act wasn't just about outlying discrimination. It was also from 1968. It was about this task of what is called affirmatively furthering fair housing. So it's not enough to crack down on discrimination by mortgage providers or landlords; it's also, since 1968, is supposed to be about looking at laws of municipalities, of states, and looking at how racial segregation has really codified and challenging those things at a structural level. So it's not just about individual discrimination; it's really about how the system works as a whole. And part of that has been about this issue of disparate impact. So does there have to be an explicit racial intent in the case of discrimination? Or if a policy has a

disparate impact on a protected fair housing class, is that still a violation of the Fair Housing Act? And earlier this year the U.S. Supreme Court upheld this provision of the Fair Housing Act. And again, many advocates were afraid this was a moment where the Fair Housing Act really could have been potentially gutted, but it was a case brought by the Inclusive Communities Project in Dallas, taking on the Texas Department of Housing and Community Affairs for citing low income housing almost solely in low income communities of color. And even though low income housing on its face is not defined in racial terms, because it is functioning within a system of structural racism that is very much racialized, that we can still bring a Fair Housing suit in this instance even though the language isn't explicitly racialized. And so the Supreme Court upheld that interpretation of the Fair Housing Act. And then the next month, the U.S. Department of Housing and Urban Development issued a new rule. Now it's called the final rule. It is also changing the way in which we implement the Fair Housing Act. And so essentially, it's providing stricter guidelines to municipalities in terms of how they report segregation and inequality, and it's also holding them accountable to actually implement this idea of affirmatively furthering fair housing.

So I just wanted to say thanks again to Michael and the Center for Social Development. They've been supporting my work at Washington University, and what we are looking to do with our work on inclusive housing is to think about, you know, given this requirement of affirmatively furthering fair housing, what does that look like? How can specific policies be changed in order to actually get this done? And so that's the work that we're engaged in with the Center for Social Development. Thanks.

(Applause)

MR. KRISHNA: Thank you all. Before I turn to you for questions I'm going to ask just one of my own. There was a phrase that the deputy prime minister used this morning that he should consider copyrighting, which is I'm not deeply immersed in any of these contexts but I did see a common current running through some of the things you were saying. And many of you spoke about legacies and attitudes, and there was a comment made in the previous panel about an acceptable level of inequality which probably varies, definitely varies across contexts. How much would you say that what we see today by way of housing inequalities and racial and ethnic segregation is a product of what people in your societies have been conditioned to believe is acceptable or is a matter of shared public attitudes, which is

the same thing. Any of you can answer it if you choose to.

Would you like to go first?

MR. JOSEPH: Yeah, so, okay. It's a difficult one because I think that, you know, what we have to do is to think about, you know, what's the cost of inequality, the cost to (inaudible) a society if things continue as they are.

I think the other thing really is really about public attitudes as well because, you know, most opinion polls, if you ask the general public, you know, in the UK, do they think inequality is wrong, do you think, you know, most people would say, yes, it's wrong, and most people would agree that society and government must do something. But the problem then is really translating that public support into action, and I think a lot of it is really to design policies which are underpinned by principles, which you can buy into in terms of showing it's a win-win situation and the policies can provide a greater equity. And I think the starting point is that we are all starting off from different points and the policy has to recognize that we need to design policies to enable people from different starting points to have equality of opportunity as well.

Professor Thorat?

MR. THORAT: Interesting question, but I think the inequality comes next. What is the level of inequality that we can tolerate? But in countries like India and many other countries in South Asia, the first thing is to provide the minimum. Whether everybody has a house, everybody gets something to eat, everybody has access to education, everybody gets drinking water and sanitation facilities. So I think the first issue is to provide a minimum of what is called human development. And after (inaudible) question of what difference we tolerate. So I think at the moment we have both the problems. We have a huge inequality, many indicators of human development that I mentioned, but at the same time there is a significant number of -- section of population which do not have the minimum needs, about 20-25 percent of the people are poor. There is a substantial portion of population which is houseless which is the houses which are not suitable. Sixty percent and a little more than that do not have drinking water at the house, electricity, and sanitation, so I think this is a two level question. First, to provide minimum and then the question of gap comes in.

MS. METZGER: And I'll respond as well. So I think that we have -- we've shown that we've had a very high tolerance for inequality, unfortunately, of course, and that has to do with a couple of different myths that we tell ourselves, especially white and affluent Americans, around the 1960s era, and we like to believe that through the Fair Housing Act and through the Civil Rights Act and other gains of the 1960s, that we sort of solve these problems so people allow themselves to rest on that. But, I mean, as we've seen certainly with the case of housing, we have not fully implemented that law, but I think people have developed a story that we have.

MS. CHIA: Probably I can share this. When some of us -- we have a high school friends reunion and we all agreed that when we were growing up we were all equally poor. So therefore, in the '60s, I think we are very equal because we are all equally poor. But as we progress, inequality becomes a major issue. There's a divide between haves and have nots. But if everybody have not, then you don't have the same inequality.

When I was growing up in Singapore, I felt this very much because we used to live in a -- not in HDB when we were younger. I recall times that we had to move because my mother was having too many children and it's too noisy. So when we moved to the HDB flat, I think that's the greatest joy that we had, that we need not move again. So I hear this story from my parents very often.

So what I'm trying to say is that it's really a matter of attitude and what is acceptable.

MR. KRISHNA: Thank you very much.

Questions? Yes, back there.

MR. WIGGINS: Good afternoon, panel. My name is Todd Wiggins, and my business is called Urban Revival Media. And I really appreciate the presentation.

Some of the things that you presented, Molly, we've been hearing for the last 20, 30, 40 years, however long we've been living, and frankly, I'm tired of it. I'm tired of these maps. I'm tired of hearing the terms "black" and "poor" used in the same sentence and "white" and "affluent" used in the same sentence.

I will ask my question, but I would mention a particular movie. It was called Be Cool. It came out in 2005. Cedric the Entertainer played a successful drug dealer living in a predominantly white

neighborhood and living as well as his neighbors with his own business. Unfortunately, it was a drug business, but it was a successful business. There are many people these days who are exceptions to the rule that you painted with this picture with this picture. I think there is a motivation index and an education index that needs to be charted because I feel these days I can go where I choose to go for the most part. So I would like to say that there is a positive side of the picture and in some ways we have made progress.

My question is can you give me examples of people who have made progress that are exceptions, and can we hold them as examples of what we are trying to consider progress?

MS. METZGER: Thank you so much. May I?

MR. KRISHNA: Please.

MS. METZGER: So your point is incredibly well taken. I was asked to talk about U.S. housing policy in 10 minutes, so I glazed over an awful lot, and that's one of the important things that I did not discuss in enough detail. I mean, the black middle class is growing. One of my mentors, Mary Pattillo has done a lot of work on this. As someone from the audience pointed out earlier, there are still -- this issue of wealth inequality still has tremendous impacts regardless of a shrinking divide in income inequality by race. So I think these points around housing policy are still incredibly important, but your point is well taken. If you look at the direction that issues of segregation are moving over the time, the issue of racial segregation is moving in the direction of more integration, especially as the black middle class grows, while if we look strictly by income, it actually looks like the pattern is getting worse. But I just wanted to say thank you for your comments. Well taken.

MR. KRISHNA: Thank you.

Before I come to you, Darren, there was one comment. Yes, ma'am, yours.

SPEAKER: As important as the discussion is between black and white, there is also the issue of inclusion of immigrants, Hispanics, Mexicans, whatever throughout the country. And most communities have residential zoning, in particular single family zoning versus multifamily zoning. And usually they are in separate areas. So my question to Molly and to perhaps the gentleman more from England is we heard this morning about income integration within community structures in Singapore, and

with the kind of zoning that we have in this country and perhaps in England, doesn't that just reinforce income segregation by keeping multifamily developments affordable or not out of single family areas and therefore, you don't get the newcomers into those areas?

MS. METZGER: Yes. In a word -- would you like to?

MR. JOSEPH: Yes, thanks. I'll just step in briefly. I think you raised a really important point, which I think is really important to emphasize because I think in the UK over the last 20 odd years or so, what we've seen is quite a profound population change, and a lot of that population change has been driving by migration patterns. And I think a lot of the ways that we look at populations historically in terms of large organized ethnic groups have migrated to the UK from former colonies. That is quite antiquated now in terms of new patterns of migration. A lot of that migration is due to instability in other parts of the world. A lot of it due to people arrive in the UK for employment. So there is a term called "super diversity," which draws in this whole idea that we have to look at migration and population demographics in a different way, and rather than looking at communities in blocks, that we have to take into account people have different ethnicities, different nationalities, different religious affiliations, different immigration statuses, which has a lot of profound implications to the way that we understand social issues. And I think that we have to move away from making assumptions about communities, and particularly ensuring that new communities are forming; that we have the tools to identify who they are, where they live, and what their needs are, and that resources are targeted to them as well.

MS. METZGER: Yeah. And just in a word to your question, the answer is yes. I definitely agree with that. As this new -- the new final rule around affirmatively furthering fair housing comes out, it will be up to municipalities if they want to continue to receive federal funds to decide what they are going to do to address exclusionary zoning. So, you know, higher density zoning and being very intentional about that, thinking about planning, especially around transit-oriented development, that is one of the areas that we could do better.

MR. KRISHNA: The gentleman over there, please. Yes?

SPEAKER: So I want to return back to the point that was -- oh, of course you're going to get it. I'll start with the reference to the movie Be Cool, which is actually one of my favorites for comedic

value, not for social value. (Laughter) But Cedric the Entertainer, his character was not a drug dealer, but rather a successful music producer in the movie. And then I'll also point out that the argument of exceptionalism, which might be yourself, the problem with using that as evidence is that without looking at proper counterfactual, you need proper counterfactual to make that argument. What about the countless number of examples of -- I don't know if you're motivated or not, but highly motivated people who are not successful. So just pointing out exceptional as arguments for why can't they emulate these individuals, well, that's a problematic argument to make.

And then I'll get to -- the point, I'll say wealth. In terms of wealth also, we know that the racial wealth gap is as large today as it's ever been in a country, and despite improvements in education disparities between blacks, whites, dramatic improvements since 1940, as well as a narrowing of the income gap up to around the mid '70s, but yet wealth still remains highly pronounced and is probably the most predictive indicator of one's life chances no matter what the domain is.

And then finally I'll get to a question, which is it seems like the panel has provided an example of good social mobility programs with Singapore and then some attempts at social mobility policies but are not quite as successful as Singapore. So my question piggybacks on the immigration question as well. Is there an attraction of immigrants into Singapore as a result of the successful social mobility policies? And if so, how does Singapore deal with the attraction?

MR. KRISHNA: I'm going to suggest that since we have a limited amount of time left and there are a number of people who raised their hands, that we collect a bunch of questions and deal with them together. So maybe, do you still have a question, sir? Yeah.

SPEAKER: Yes. First of all, I'm delighted to see you doing the research that you're doing in fair housing.

A couple of observations. I've studied -- I wrote a book called *New Towns: Another Way to live*. And I study the housing in the greater London area and also in Sweden, and I think that one of the things the Swedes and the Brits have discovered is that when you go up in high-rises, and I think this is critical, because today, more people live in urban areas than otherwise. The Scandinavians found that above the fourth floor -- and the Brits, basically the same thing -- up to the fourth floor is called the human

scale. Above that, all the behavioral anomalies increase exponentially -- divorce, alcoholism, suicide, things like that. So given -- and you can go online and research this by the way -- given that trend, and given the concentration now in cities, it begs the question as to whether or not high-rises are healthy.

The other thing I want to mention is that I spent a lot of time in China, and they in 20 years move about 400 million people from the rural areas to the urban areas and they're making the same mistake. I think the challenge -- I don't like the word "fair" anymore, and I don't even like the word "equal." I think equitable is the key word. And I think one way to make housing equitable is to provide access to services, and that's the big discriminator. Whether or not you have access to services where you live. So, but I wanted to applaud you for your research, and I just want to thank you for this panel because I've learned a lot today.

MR. KRISHNA: Thank you. One last question. Yeah, just back there, please.

SPEAKER: I just want to echo again, this has been a great series of panels and I appreciate this last one.

To this last piece about access. So we speak a lot about housing, but we never really talk about where housing should be. Primarily here I work with a lot of real estate developers across the country who are recognizing that while urban development is by far the dominant preference among millennials and aging boomers, but the question really goes down to how is the transportation where many of the high cost places where high job opportunities are located have great transportations options. So I really would like to hear how maybe particularly in other countries this is dealt with and maybe Molly, you can come back and talk about how, too, the fair housing conversation really connects with. HUD actually use to have a major role in transit but today that conversation is basically siloed in DOT, and there have been efforts for those two agencies to talk, but you really can't talk about fair housing or equitable housing -- I like to say attainable housing -- without having a true concept of how you have increased transportation access without having those two agencies talk to each other. So I'd just love some comments.

MR. KRISHNA: One last question. Right in front. No? Oh, you were saying five minutes. Yes, I'm aware of that. (Laughter)

Okay. Why don't we then, because we have five minutes, wrap this up? And I don't see any other questions. Let's start with you and go down the same order we started.

MS. CHIA: Okay. I'll try.

Singapore basically is a migrant society. When migrants came to Singapore, there was a natural self-selection because of social capital bonding. So the Chinese used to select themselves and live south of the Singapore River, the Indians north of Singapore River, and Malaise for the north. That was before we had this public housing scheme. But this housing was kind of not so ideal with limited amenities. So when HDBs started to be built, many of these migrants, they were very happy to move into this public housing. So that in a way solved the problem of enclave that would form.

But talking about today's new migrants, new migrants, they cannot buy a HDB flat directly from the government. They have to go to the secondary resale market, and that is governed by the ethnic integration policy cap. So a Chinese migrant from China, will definitely need to buy a resale flat that was previously owned by a Chinese to maintain the ethnicity composition. This is also true for the random market. I hope that somehow explains the situation in Singapore.

MR. JOSEPH: Yeah, thank you.

I think what I'd say is that the problem -- talking to housing, because housing is not just about where you live but it's also source and store of wealth. And unfortunately, we live in a highly uneven and unequal society where power structures are kind of distorted. And we resources are controlled and limited. And so any discussions we have around housing policy or social policy or public policy has to recognize unfortunately those basic facts, and that's the reality, that's the context in which we try and explore some dissolutions to these difficult problems as well.

I think I'd be interested to find out from Derrick and Todd this DBD you talked about because I can add that to my list as well.

I think in answer to the question around where you locate housing, I think the problem is particularly in say the UK, a lot of new housing is built by the private sector, so a lot of those decisions are market driven, you know, where builders are able to make profits and also in terms of planning policies as well. So again, we can't move away from the economics of markets and social markets and what

decisions we make around interventions in order to meet our needs. And also finding housing needs, with new communities, new populations, we need to try and avoid making assumptions around the types of housing needs and household formation and types, so we need to understand the fluidness of needs as they present as well.

MR. THORAT: I just want to make two points. Yes, in the process of migration from rural to urban areas, how does the settlement pattern, the residential pattern form? I think beyond social origin, like caste, religions mattered. Original background matters. The people coming from the same regions, people from the same religious background, tend to come together to form the housing society when they are given the choice. So I think the segregation that we observed in the rural area get transported into the urban area to a greater extent.

But there are also forces which break it down. For example, the public housing, like on the pattern of Singapore, if you ask me about India, there is a large scale public housing constructed by the government, and it is exactly on the pattern of Singapore that the government will provide the bulk of the funding and the household, then take a loan from the organization where he or she serves and pay back in installment. That is a lot more secular. That is a lot more egalitated in nature. I think the problem that the speaker from Singapore had mentioned that when you draw the money from your (inaudible) for the housing, after retirement, you end up with more real estate but no cash flow. In India, they have given a development (inaudible) that you can draw a certain amount of your deposit for housing. Not all of it. It's 20 percent or 30 percent. You can almost buy your deposit, but the rest you are to keep after retirement.

The other point I'll make very quickly, my feeling is that all housing societies which are under the initiative of the people tend to be around their identity. If you are registering a society and building houses (inaudible) and coming together and raising the funds, the tendency is to have it around the identities -- religious, caste, (inaudible) and others. But the open-private builders, they build the houses in thousands, several thousand houses, there they will sell it to anybody without any constraint of the background. So I think multiple forces are a thing within the cities in the process of migration. Thank you.

MR. KRISHNA: So you've got 30 seconds left.

MS. METZGER: Okay. So I'll speak quickly to the transit question, so, and to a term that Margery Turner used this morning, which is "place conscious policy." And the segregation statistics I presented were high but they weren't 100 percent. Right? So we do have neighborhoods that are diverse, and then the question is will they remain diverse or are these gentrified neighborhoods? There is a group in San Francisco that put together a great prime and gentrification, early warning tool kit, and one of the best ways to predict it is where is there going to be a new transit stop? So that is a really key -- right. And so that's a key area to build affordable housing. It's predictable, even in weak housing markets, like St. Louis, we're seeing gentrification happening. So I see that as a huge opportunity.

MR. KRISHNA: Thank you very much. Thank you very much, audience. Thank you very much, panel. You did a great job.

(Applause)

MR. REEVES: We've arrived at the final panel. This is just going to be a few wrap-up comments, a very brief 15 minutes. Sandy Darity from Duke, Yunn Chii from National University of Singapore, and then myself, from Brookings, we're just going to offer literally a few closing thoughts before proceedings formally close. So Sandy, why don't you kick us off?

MR. DARITY: I was particularly struck by the observation earlier in the day that we need to actually construct a system of social security over the lifetime. I think that's actually a very, very important observation. I think we need to reemphasize the importance of providing support for individuals at all stages of their life. Jim Heckman's mantra about early childhood support has the potential effect of creating a triage where we ignore or overlook or bypass the needs of children who are somewhat older because presumably they can't be helped. I think that's absolutely incorrect.

I also wish that we had had some conversation about the relationship between neighborhood conditions and health outcomes. I think that's vital, both emotional health outcomes as well as physical health outcomes. But you know, hopefully in future efforts to pursue these types of issues we will do that.

I want to push back a bit on some of the commentary on the second panel today where

both the governor and the mayor seemed to treat education as the silver bullet that would solve all of the social problems. I think in the question and answer they conceded that that was not quite the case, but that was the only policy emphasis that they offered.

If we are concerned about racial inequality, and I think we must be, then racial inequality is not bridged by education. You can improve your status if you are black, relative to other blacks, by getting additional education, but this will not do much of anything to close the gap between blacks and whites. So, for example, the unemployment rate for blacks with some college education is higher than the unemployment rate for whites who have not finished high school. Similarly, blacks with a college degree have a lower net worth by approximately \$10,000 than whites who have dropped out of high school. If we pay greater attention to the distinction between wealth and income, we even can recognize that differences in self-employment rates that are not associated with the proportion of the population that is of recent immigration are largely attributable to differences in wealth. That is to say you have to have some assets to build a business and to have it be sustained.

So I want to push back a bit about education as a panacea. I am certainly not against education. I'd be a hypocrite if I was to say that, but it's not going to do much to solve the racial achievement gap. Indeed, Janelle Jones, who is one of our Cook Center researchers, has shown in her own work that 10 percent of blacks who have STEM degrees from undergraduate schools are currently unemployed, and I think it is at least 10 percent. I think there are some estimates that are higher.

The last comment I'd like to make is that I think that there is an overemphasis on job creation versus what I would refer to and what Derrick Hamilton and I have been proposing, which is a job guarantee. The Federal government should provide the assurance to all citizens that they can receive employment at their desire through the structure of a public sector employment program at nonpoverty wages. There is a host of social problems that we would eliminate if we were to do something like that, which would have very little to do with the spatial characteristics of where people live.

So I want to throw those comments out because I guess I was provoked this morning, and so there you have it.

MR. REEVES: Yunn Chi, any final thoughts?

MR. WONG: It's interesting. Just now there was a presentation, I think an overview of the historic spatial geography that was produced out of the colonial plan. I think what characterizes Singapore and the success of housing in Singapore is in a sense we dismantled the spatial geography that was produced from colonial times, which placed people in those areas that were mentioned, along the rivers, as if people in a sense, because of their ethnic origins, because of their status at a point in history, fits those areas. So I suppose (inaudible), I think, being more resilient, can stay in the swampy areas. The Europeans with better genetic formations would be in in the healthier area.

So in the process of I would say modernization and (inaudible), there was a very conscious effort to dismantle the geography and reposition, relocate them in a (inaudible). I think it was mentioned, someone mentioned about the pathological aspects of living in high-rises. I think that has never proven to be the case in Singapore, and I suppose we come back to this fundamental realization by most that if you are disadvantaged from the start, you turn the disadvantage into advantage.

I never cease to be amazed by all my French professors who came to visit Singapore, and after dinner he took a smoke and stood there quietly and said, "You know, are you sure there are people living in these flats?" I said, "Why do you ask?" He said, "It's dead in the evening, you know, and everybody -- they're so quiet. This would never happen elsewhere." And I said, "Well, the situation is that under the kind of propinquities of the blocks, there is a recognition that once welfare depends on the other." So in a sense I think what was a disadvantage in a high-rise urban situation, quickly was accepted as something that's given that cannot be turned around, but how do you turn that into an advantage? In a sense, I think a great part of the success of Singapore is the kind of austerity. I think what the DPM talked about in some of his interviews as taking responsibility for individual actions, and so while he talks a lot about the hand that shaped Singapore, (inaudible) never talk about the individual responsibilities take by all the different races in Singapore to recognize that they have to live together in the kind of limited state.

So the choice of housing I would say is fait accompli. I mean, we do have options, and 90 percent (inaudible) people stay in high-rises, but that said, what was not shown I think in the slides, but I think it was mentioned by the DPM, was that the presence of single-family land properties,

condominiums adjacent to all this public housing is something that we take for granted. In fact, I walked an American professor just recently, about three days ago, in one of these new towns called Tampines. And he was surprised. "Are you sure these are people next door in the semi-detached high-rise houses like to have this high-rise next door?" I said, "Of course." It is, in fact, always a continual reminder that if they don't shape up, they might end up in public housing. And likewise, the people in the public housing looking down at the semi-detached houses and saying, "This is what I want my children to be in in the next generation."

So the sense of social mobility is not only immediate but it's also probable and what you call visible. I think that plays quite a bit in the formation of our sense of (inaudible). It's also in all the statistics that we talk about, but physically, I think you can see that for sure.

There was a question that talked about the "silver bullet" in the formation of successful communities. I think the fact of the matter is we feel that the best guarantee in the formation of a healthy society is in a sense giving a sense of stake holding. I think this is another very important political instrument in Singapore. By creating stake holding, ownership, while you lock people's efforts into place, it also means that they have to ensure that the things that they own, the assets they own are continued and kept. So the collective disadvantage, again, is turned into a sense of positive aspect.

I think moving on, I think the general winners is that the shape of housing cannot be just from top down anymore; rather, there has to be a serious rethink about disbursements of facilities in perhaps a more integrated way. That's not to say that the status that we have now is not integrated; rather, the future of housing and housing states has to be to take in really the real consummation of the lives of the family members, the aging in place, and creating more resilient communities beyond the individual nuclear families.

On the case of the American situation, I'm out of my debt in talking, but I did write my own slight introduction to myself that studying in St. Louis, as I said, I had the horrific experience of witnessing the (inaudible) and I never cease to be invited by (inaudible), I think, at Washington U. I think, Rainwater, I think is his name, who mentioned something that really stuck in my mind. And it was also something that my professors mentioned to me. He said, "You know, in providing public housing, you

have to do what is very contrarian." And I said, "What do you mean by that?" He said, "Well, you give the people the best." I said, "How can that be possible? Because they don't have the means. Why should we give them the best?" "Well, if you give them the best, you are actually promoting their self-esteem and giving them the feeling, the realism that they have a purpose in life, and for that reason, they would strive even harder. And I said the reason I feel is not because of poor design by Minoru Yamasaki; it failed because of the sense of lack of social mobility, a sense of entrapment, a sense of imprisonment in the urban setting.

So that actually means a very important housing configuration that I teach as the teacher in design, is how to continuously imagine futures of human communities that has all the latitude and potentialities of eras, changes, expansion, and flexibility, and I think (inaudible) some of the very important things that we are thinking about in Singapore about the next generation of public housing. So it's not so much the top-down kind of delivery, but rather the bottom-up possibilities in making adjustments to those housing environments.

So I think for us, this is going to be a new disadvantage, but hopefully, I think, hopefully my generation has the gumption and the strength like our pioneers, you know, to expand on that and build up. And I believe that really everywhere, I think there are potentials for communities to do that. And sometimes, of course, legacies are such that there seem to be impediments, but of course, I'm leaving this session full of knowledge and also optimism that the problems that we face in Singapore, on a small little island of 700 square meters -- maybe small compared to the kind of issues that people face elsewhere.

Thank you.

MR. REEVES: Thank you.

I'm the only thing standing between you and the door, so I'll be as quick as I can.

I was struck, too, by the turn to education and human capital from our elected officials and, I think, as I said, I think it's because that's a safe place to go in terms of U.S. politics. Education is the greater leveler in the history of the U.S., and so it was a much safer place to go. But what that means is unless we tackle the kind of upstream and more entrenched kinds of inequality, it will always be a

heavy lift. And to the point about exceptionalism, it means that it will require people to be exceptional to escape from some of those communities, and even if there are a few, the danger is we point to the exceptions and kid ourselves that they're the rule. So there's a huge danger.

I agree about the need for a life cycle approach. In fact, we do a bit of work with Jim Heckman here, and he said at an event recently, he said, "I'm actually really worried that everyone is just obsessed with the early years now and they're forgetting about the rest. And I said to him, "Whose fault is that?" But it does seem to me, having listened to all of this, the one thing I would like to hear more about, maybe for another day, is the double-edge sword of promoting home ownership as both a social and economic policy. We could really have drawn that out in the UK context where I'm from versus Singapore and the U.S. I would love to hear more about that at some point. But it does seem to me that the question for all of us is how in a political, social, and economic context that we're working in, how can we tackle in a slightly more upstream way these entrenched space-based inequalities rather than just trying to deal with the consequences further down the line? And it seems to me that does require this intent. It has to be intentional. Societies don't gravitate towards lack of -- they don't gravitate to integration and equality. You have to lean against it pretty hard, and that's why Singapore is quite interesting. Singapore had no choice but to aggressively manage its housing market because of its size and population. It did have a choice as to how aggressively it would promote integration, and having had the chance to be in Singapore a bit earlier this year, it strikes me that the kind of founders, particularly after the accidental birth of the country, were obsessed with the need for ethnic and racial harmony, terrified that that would be what would tear the country apart. So it's almost actually hyper-intentionality around it which you see now in policies around caps and so on. It's hard to imagine a society that has been more intentional about preventing segregation, and it may be quite hard with a few dishonorable exceptions to think of one that's done worse on this front than the United States. In many cases, actually enforcing segregation rather than opposing it. So that kind of question of intentionality and what we do about it struck me.

The other two thoughts that linger in my mind, the role of markets. To what extent we're marshaling markets to work more effectively and more equitably and to what extent we're stopping markets from working. One of my colleagues here, Jonathan Rothwell, has said recently that actually an

absolutely free market would be much better for the U.S. in terms of housing than what we've currently got now. Zoning is kind of a form of protectionism. It's against free markets. And so it's interesting to me to think about that and what's the role of policy in its interaction with markets. Markets aren't necessarily our enemy here. In many cases markets may be our friend.

And then the second point was about morals, and I think Xav made this very clearly, is that in the end there may be a limit to how far we can rely on enlightened self-interest and instrumental arguments, so this is really in your interest. And at some point you may have to face the fact that some of this is actually a collective action problem and it does require some of us even to make small sacrifices at the margins in the service of some greater public good, but that is a macro-political problem which lies well beyond my reach today.

I will say, however, that tomorrow is the first day that I can legally apply for U.S. citizenship, having held my Green Card for three years, and so I decided to wait until this conversation had taken place. I can report that despite some of the disappointing evidence that we've heard from today, the sufficient optimism on my part and desire to be part of the solution, but I will, in fact, be submitting my application for U.S. citizenship tomorrow, so wish me luck.

Please watch the space. Brookings is going to stay in this space. I'm very grateful for the partnership that's been offered by the other institutions here. You've heard of the work they're doing. Brookings, too, will continue to work very strongly in this space, and particularly around the interaction between race, place, and opportunity.

You've all been good enough to stay. You will notice that the deputy prime minister came back a couple of times during the discussion. That was noticed. That doesn't always happen when we have visiting dignitaries, so we noticed that. Your punishment for staying is for me to ask you to take your trash out of this room, into the one next door, because otherwise there is no way to get it picked up. So I apologize for that.

It remains only for me to thank all of you for coming -- our cosponsors, all our speakers, all our panelists. Please join me in thanking everyone who contributed to this.

(Applause)

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