

# Blueprint for American Prosperity

Unleashing the Potential of a Metropolitan Nation



Since November 2007—a full year before the election—the Metropolitan Policy Program has inserted its Blueprint for American Prosperity into the debate over the nation’s economic future and how best to achieve widely-shared prosperity.

Premised on the four main factors that drive prosperity—innovation, human capital, infrastructure, and quality places—the Blueprint argues that federal policies must empower action and solutions where these assets are concentrated, in America’s metropolitan areas.

The current economic crisis only reinforces the primacy of metropolitan areas and their assets as building blocks both for short-term recovery—addressing home foreclosures and job loss—as well as the nation’s long-term prosperity. To emerge from this crisis and establish a solid footing for the future, the nation must seize this metropolitan moment and forge a new partnership between the federal government and the regions that drive our economy.

And it must be a true partnership. Just as metropolitan areas can’t go it alone on issues of national import—such as transportation infrastructure, energy policy, and competitiveness—neither can the federal government go it alone without significant input and collaboration from metropolitan America.

The stakes are very high. Because of the staggering sums involved, the federal recovery role in 2009 will set our policy course for years to come.

Over a decade of Metropolitan Policy Program work compels a Blueprint approach of marshaling metro assets in concert with a re-envisioned federal partnership, urging reform as this country invests in the future.

## **The Economic Landscape**

*“The most important drivers of competitiveness are not national. They are regional and local.”—Harvard economist Michael Porter*

Long before the current financial crisis, rapid technology advancement and global economic liberalization were bringing more national and regional economies into competition with the United States. The current crisis exacerbates some of those pressures while seemingly alleviating others. Yet, when the economy recovers, income inequality and relentless pressure on natural resources and demand for unsustainable energy sources will loom ever larger.

To achieve true prosperity, our nation must leverage its key assets—innovation, infrastructure, human capital, and quality places—principally concentrated in metropolitan areas.

For instance, the largest 100 metros represent just 12 percent of the nation’s land area and 65 percent of its population but account for 74 percent of the nation’s college graduates, contain 77 percent of all good-paying “knowledge” jobs, originate 78 percent of all patent activity; and handle 79 percent of the nation’s air cargo in this global trade economy.

Thanks to these cumulative assets, the largest 100 metro areas alone generate a massive 76 percent of the nation's gross domestic product, and 42 of America's metros—if treated as nations—would rank among the world's largest 100 economies. Competitiveness expert Michael Porter of Harvard Business School has suggested that there is no such thing as a national economy, but instead a network of linked metropolitan economies.

Finally, the Blueprint argues that these economic assets will be more fully maximized if the federal government gets its own house in order. It must lead with vision and purpose on those assets that transcend local and state borders, like immigration and freight transport. It must empower local and regional leaders to respond to their own social and economic realities with integrated and multi-jurisdictional solutions. And the federal government must end politics-as-usual by adopting transparent, data-driven, and outcome-oriented decisionmaking.

## The Policy Response

*Washington remains trapped in an earlier era, wedded to an outdated "urban" agenda that focuses exclusively on the problems in our cities, and ignores our growing metro areas; an agenda that confuses anti-poverty policy with a metropolitan strategy, and ends up hurting both. —Then presidential candidate Barack Obama*

Several Blueprint policies address the immediate economic crisis and the people hardest hit by the current downturn. Others provide a solid foundation for national prosperity in the long term. All of the federal policies urge a new way of doing business to leverage the drivers of prosperity where the economy primarily exists—in the nation's metro areas.

Some recent examples of policy uptake, including recommendations that have been integrated into the federal government's American Recovery and Reinvestment Act and the president's FY2010 budget proposal, include the following:

- As a testament to the experience and innovative thinking at Brookings, Bruce Katz was served as co-chair of the HUD agency review team for the Obama administration. Other senior members of the Metro Program—such as Amy Liu, Mark Muro, Rob Puentes, and Andrew Reamer—served as transition advisors for various agencies. Since the inauguration, these relationships have continued, with many federal agency staffs actively considering the program's ideas on foreclosure mitigation in urban and suburban areas, infrastructure, energy and green technology research and innovation, the link between housing and transportation, and Gulf Coast recovery.
- The administration's proposed FY2010 budget includes new transportation and infrastructure programs inspired by recommendations found in the *MetroPolicy* and *Bridge to Somewhere* reports. One is the proposal to create and fund a National Infrastructure Bank to provide financial assistance to qualified and innovative infrastructure projects of national or broad regional significance, such as major road, railway, port, or water/sewer infrastructure projects. The president is looking for \$25 billion over five years for the effort. The budget also proposes national investments to improve inter-metro area passenger travel such as high-speed rail at \$1 billion per year for five years and \$800 million to modernize our outmoded air traffic control system.
- The proposed FY2010 budget also includes a request for \$50 million for a regional innovation cluster program through the Economic Development Administration, along the lines of the

proposal in the *Clusters and Competiveness* report. The report's co-author, Karen Gordon Mills, has recently been named head of the Small Business Administration.

- The proposed FY2010 budget also calls for applying some \$15 billion a year of revenues from a future cap-and-trade system for reducing greenhouse gas emissions reduction to funding “vital investments in a clean energy future,” as recommended in the *Shrinking the Carbon Footprint* report. Such investments to speed the investigation, development, demonstration, deployment, and commercialization of renewable and efficient energy technology represent an important start toward moving the energy research & development portion of the innovation budget to a needed \$20 to \$30 billion a year.
- The FY2010 budget proposal also indicates increased assistance for lower-income workers through the tax code. It proposes to make permanent and in some cases enhance tax changes in the recovery package targeted to these workers and their families, such as the Making Work Pay Tax Credit, and a more generous Child Tax Credit and Earned Income Tax Credit, as recommended in the *MetroRaise* report and supporting Brookings research.
- The recently-passed American Recovery and Reinvestment Act reserves \$650M in an "Innovation Fund" for the U.S. Department of Education to award to local school districts or nonprofit school partners (e.g., charter management organizations) that have shown significant progress in closing the achievement gap. This is a form of the "Grow What Works" idea embodied in the *Changing the Game* report.
- The Senate Banking Committee is exploring the possibility of *MetroPolicy's* “Sustainability Challenge Contracts” to encourage states and localities to devise a broad vision for coping with congestion and carbon emissions encompassing transportation, housing, land use, economic development, and energy policies.
- The recommendations found in the *Energy Discovery-Innovation Institutes* report are being pursued on multiple fronts. Members of the U.S. Department of Energy's transition team helped us craft this policy idea, and discussions are underway with Secretary Chu and his staff. On the Senate side, we have briefed or worked with the staffs of Senators Harry Reid (D-NV), Debbie Stabenow (D-MI), Jeff Bingaman (D-NM), Sherrod Brown (D-OH), and Byron Dorgan (D-ND). On the House side, we have presented our recommendations to several members, including ranking minority member on the Committee on Science and Technology Rep. Ralph Hall (R-TX); vice chair of the Committee on Science and Technology Rep Daniel Lipinski (D-IL); and vice chair of the Subcommittee on Energy and Environment Rep Gabby Giffords (D-AZ).

### **Traction and a National Constituency for Reform:**

*“The premise of the Blueprint project, that we are a nation composed of vibrant, innovative, urban areas, I think is unassailable...The Blueprint calls for re-thinking the map. Instead of thinking of ourselves as a collection of states, a notion that was imagined in the 18th century, we should organize ourselves as a network of metros that provides the vast majority of jobs, ideas, and innovations.”*  
—Greg Nickels, Mayor of Seattle

Unique from other institutional efforts to inform federal decision-making, the Blueprint is rooted outside of Washington, informed and guided by local and regional public, private, and nonprofit leaders around the country.

The federal government can not set the nation on a path to recovery without these local and regional leaders.

To advocate and establish this federal partnership, to turn traction into action, the Metropolitan Policy Program has built two Blueprint leadership networks—the Metropolitan Leadership Council (with 31 current members) and the Metropolitan Partners network (with 100 current members) to continue to refine and inform our efforts.

Many local and regional partners are using the Brookings Blueprint materials to shape their positions, legislative outreach efforts, and op-ed strategies on the economic recovery package, particularly around infrastructure and energy innovation investments. Leaders in the Intermountain West are forming a five-state gathering and strategy to determine their approach to federal transportation reform. And a newly created Great Lakes Chambers of Commerce has developed a five-point federal reform agenda, much of it based on Blueprint ideas.

While these leaders are calling for a new federal order, they in turn are innovating, using the Blueprint to influence and establish new ways of framing, connecting, and governing in their own regions. In Seattle, the creation of a new metropolitan forum, as well as a metropolitan mayors caucus, will advance a shared vision for the region around sustainability and infrastructure. In Kansas City, a research and policy initiative will build consensus around common goals and strategies to strengthen the Heartland region's competitiveness, both nationally and globally. Philadelphia has begun to develop a metropolitan mayor's caucus, as well as a regional infrastructure initiative, with help from the Pennsylvania Economy League. And the Tampa Bay Partnership has used the Blueprint to develop a three-year strategic plan that focuses on a regional transportation strategy to bolster the greater Tampa Bay community.

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In the months and year ahead, the Brookings Metropolitan Policy Program will continue to ensure that goals of the Blueprint—informing leaders about the primacy of metro areas and solidifying a true federal-metro partnership—will be realized. To do that, we will continue to work with our national and metropolitan partners to advance federal and state reforms. We will tease out and advocate for reforms to build our human capital and opportunities for upward advancement for all families and workers, and shore up entrepreneurship and public-private investment, especially in our inner cities and core communities. We will deepen our call for a new era of governance that will improve the federal-state-metro relationship and identify new federalist and regional institutions and models to promote national prosperity. And through all this, the program intends to be even more nimble and responsive to the demand for ideas from members of Congress and the Obama administration, serving as a direct resource wherever possible.

Economic distress, combined with a new administration and Congress, demands—and makes possible—significant federal reforms. The goal of federal reform must be to support metropolitan areas—the engines of our economy—by shoring up the drivers of prosperity: innovation, human capital, infrastructure, and quality places. To get there, the federal government must lead, while empowering metropolitan areas and insisting upon maximized performance at every level of government.

The result: A prosperous America made up of vibrant metropolitan economies that foster a strong and diverse middle class and promote a more energy independent, sustainable future.

## About the Metropolitan Policy Program at Brookings

Created in 1996, the Metropolitan Policy Program provides decisionmakers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit: [www.brookings.edu/metro](http://www.brookings.edu/metro)

### The Blueprint for American Prosperity

*The Blueprint for American Prosperity* is a multi-year initiative to promote an economic agenda for the nation that builds on the assets and centrality of America's metropolitan areas. Grounded in empirical research and analysis, the Blueprint offers an integrated policy agenda and specific federal reforms designed to give metropolitan areas the tools they need to generate economically productive growth, to build a strong and diverse middle class, and to grow in environmentally sustainable ways. Learn more at [www.blueprintprosperity.org](http://www.blueprintprosperity.org)

### The Metropolitan Policy Program Leadership Council

The *Blueprint* initiative is supported and informed by a network of leaders who strive every day to create the kind of healthy and vibrant communities that form the foundation of the U.S. economy. The Metropolitan Policy Program Leadership Council—a bipartisan network of individual, corporate, and philanthropic investors—comes from a broad array of metropolitan areas around the nation. Council members provide us financial support but, more importantly, are true intellectual and strategic partners in the *Blueprint*. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their engagement even more valuable. To learn more about the members of our Leadership Council, please visit [www.blueprintprosperity.org](http://www.blueprintprosperity.org)

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