

# EXECUTIVE SUMMARY

The stakes are high as the United States approaches the 2008 Presidential election.

Often unsettling forces are rapidly transforming the world in which we live and the rules that govern how our families and communities thrive. These forces pose a series of historic challenges and opportunities for the nation:

- How does the American economy maintain its edge in the face of quickening competition abroad, and continued restructuring at home?
- How can we grow the education and skills of our workers, and secure more broadly shared gains from economic growth?
- How will our nation combat the threat from global climate change and achieve greater energy independence, given continued U.S. population growth?

In short, the effort to secure American prosperity in the 21st century confronts a series of new realities.

These new realities, in turn, demand a reality check about who we are as a nation, and how we will succeed in the future.

The United States is not the nation of gentleman farmers in which our founding fathers lived. Nor is it defined by the teeming, polluted, industrial cities of a century ago.

Today, our nation—and our economy—is metropolitan. U.S. metropolitan areas—complex regions of interwoven

**Today, our nation—and our economy—is metropolitan.**

cities and suburbs—are home to more than eight in ten Americans and jobs.

These metros range from global economic centers like New York, Chicago, and San Francisco; to major trade hubs like Louisville, Houston, and Seattle; to smaller, highly productive centers like Bridgeport, Durham, and Des Moines. They concentrate and strengthen the assets that drive our economic productivity, grow the skills and incomes of our workers, and contribute to our environmental sustainability. Our major metro areas reflect the face of America in a global economy where, for the first time, more than half the world's population is metropolitan.

This report argues that the ability of our nation to meet the great economic, social, and environmental imperatives of our time thus rests largely on the health and vitality of our metropolitan areas.

Yet U.S. metropolitan areas, for all their economic might, face a series of troubling challenges that hold back our nation's prosperity. And as local and regional leaders across the nation struggle to surmount these challenges, they confront a legacy federal government maladapted to dynamic metropolitan realities.

Along these lines, *MetroNation* draws the following conclusions:

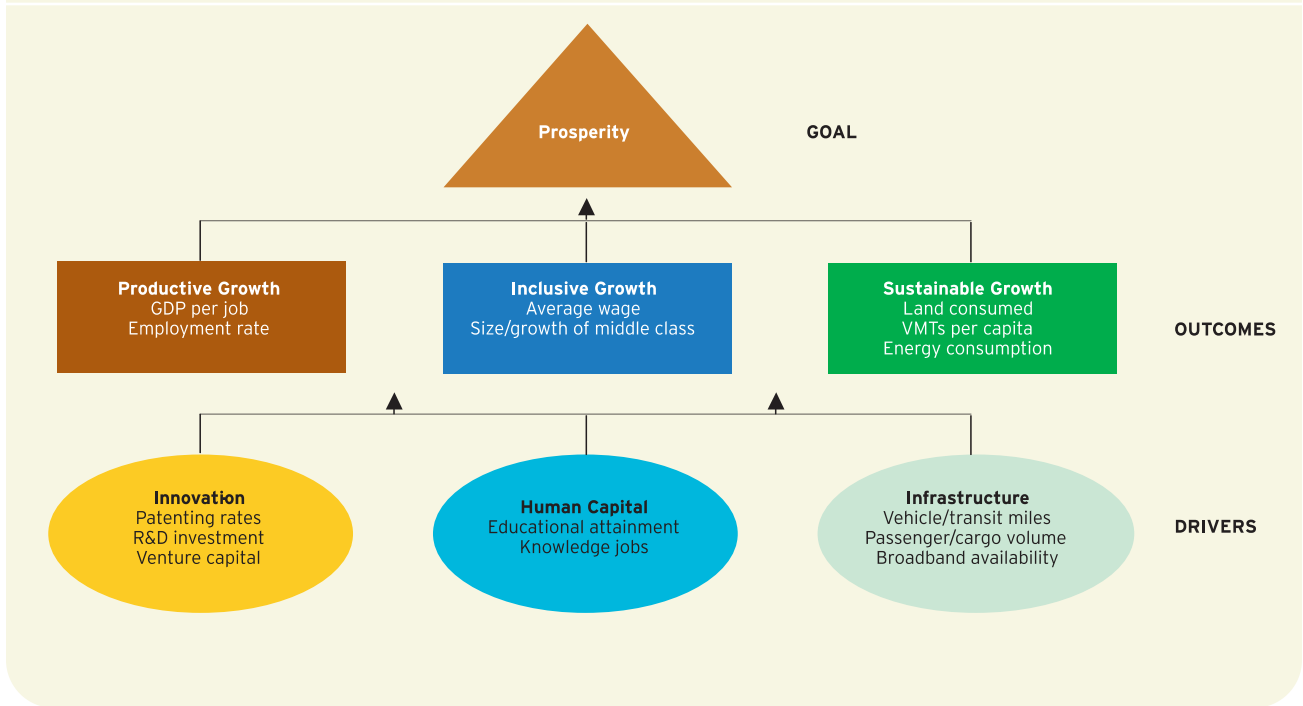
**1. New challenges to American prosperity have emerged.** Profound changes in the global and domestic economy present America with a series of historic challenges:

- **The U.S. economic powerhouse faces expanded global competition.** Economic liberalization throughout the world, skills upgrades in developing countries and massive technological advances mean that the United States faces expanded competition for jobs and investment. China and India alone accounted for more than 40 percent of global economic growth from 2000 to 2005.
- **Our domestic economy continues to restructure.** The share of U.S. jobs in manufacturing has fallen from 31 percent to 10 percent over the past half century. Meanwhile, services employment has risen to two-thirds of all U.S. jobs. Accelerated "offshoring" in both sectors threatens to bring about economic dislocation for American workers and firms in the future.
- **The U.S. labor market has become more economically polarized.** Wages for highly educated workers have risen considerably over the past 30 years, while those for less educated workers have stagnated or fallen. In part due to this polarization, the typical American family has not benefited from recent economic growth to the same degree as in previous generations.
- **Demographic shifts portend new economic challenges.** An aging workforce, combined with projected population increases among historically less educated groups, will test the nation's ability to sustain its economic leadership, achieve rising standards of living for all, and provide for a growing retired population in the future.



**The ability of our nation to meet the great economic, social, and environmental imperatives of our time rests largely on the health and vitality of our metropolitan areas.**

**Investment in innovation, human capital, and infrastructure helps drive American prosperity**  
 Prosperity outcomes and drivers, and common measures of each



**True prosperity requires productive, inclusive, and sustainable growth.**

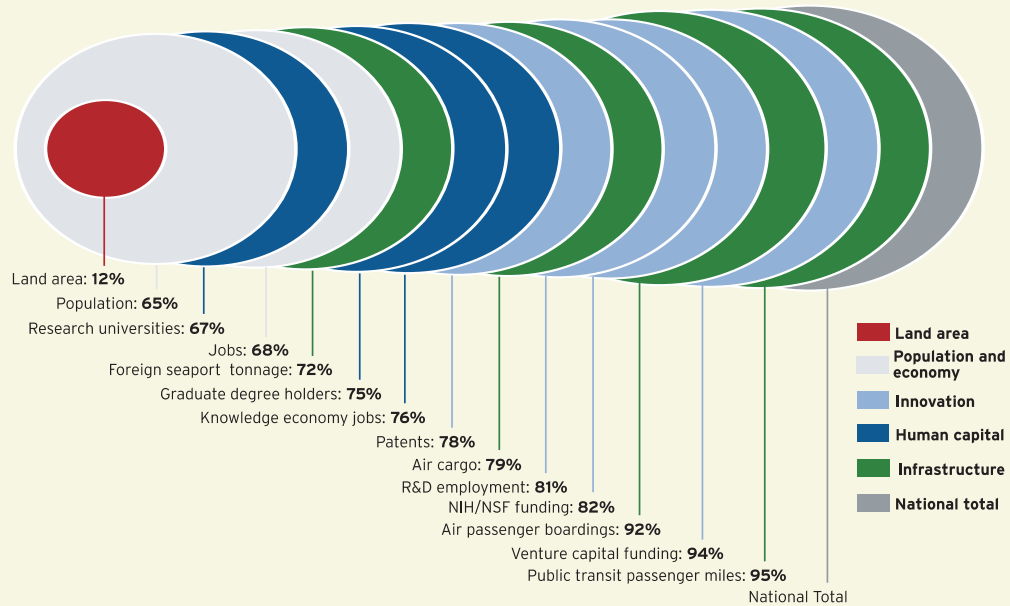
■ **Global growth and domestic consumption have exacerbated natural resource pressures.** These trends have raised the price of energy and increased the threat to low-lying coastal areas and sensitive ecosystems from global climate change. With the United States set to add another 120 million people by 2050, such resource pressures are likely to intensify.

**2. America's metropolitan areas are the engines of national prosperity.** In a global economy marked by a highly competitive, interlinked network of major city-regions, America's efforts to extend prosperity depend more than ever on the success of its metropolitan areas:

■ **True prosperity requires productive, inclusive, and sustainable growth.** Our nation must aspire and act to maintain its economic leadership, foster a strong and diverse middle class, and advance efforts to address climate change and achieve energy independence. These three growth goals are not mutually exclusive, and can actually reinforce one another.

■ **Investments in innovation, human capital, and infrastructure help drive American prosperity.** Strategic public and private investments in these core assets—and in the quality places where they come together most forcefully—contribute crucially to productive, inclusive, and sustainable national growth.

**Major metros aggregate fundamental drivers of prosperity, and generate 75 percent of U.S. GDP**  
 Percentage of national activity in 100 largest metro areas, various indicators, 2005



■ **America's metropolitan areas aggregate its key drivers of prosperity.** The 100 largest U.S. metropolitan areas contain 65 percent of the nation's population and 68 percent of its jobs, but gather even larger shares of innovative activity (78 percent of U.S. patent activity), educated workers (75 percent of graduate degree holders), and critical infrastructure (79 percent of U.S. air cargo). As such, they generate three-quarters of U.S. gross domestic product. Their successes, and those of the nation's smaller metro and rural areas, are inextricably linked.

■ **Major metro areas strengthen key prosperity drivers.** These metro areas possess agglomeration economies—geographic clusters of related firms and large pools of workers—that enhance productive growth. What is more, these economies foster the quality places—vibrant downtowns, attractive town centers, and historic older suburbs—that by virtue of their density and diversity help speed the acquisition of human capital, and contribute to resource-efficient sustainable growth.

**3. To achieve American prosperity, we need a new federal partnership to promote metropolitan prosperity**

For all their aggregate strength, America's metropolitan areas face a series of troubling challenges that hold back our collective prosperity. Their collective productivity growth rate has begun to slip, their college degree-earning pace has slowed, and their sprawling development patterns continue to fuel elevated greenhouse gas emissions.

Yet our metropolitan leaders find our national government absent and adrift, largely unaware of the new economic, social, and environmental realities enveloping metropolitan America. A new partnership between federal, state, local, and private-sector leaders, a *Blueprint for American Prosperity*, is needed to help our metropolitan areas innovate and prosper in a fast-moving, unpredictable world.

**T**hough our nation faces new and unprecedented challenges, we begin from a position of great strength. Much of that strength vests in our nation's major metropolitan areas, which contain the bulk of our most important prosperity drivers. To succeed in a metropolitan world, our national government must value and strengthen our metropolitan assets. Only by recognizing that we are a metropolitan nation can we achieve the productive, inclusive, and sustainable growth that should define American prosperity in the 21st century.