

BROOKINGS

1775 Massachusetts Avenue, NW
Washington, DC 20036
telephone 202.797.6000
fax 202.797.6004
web brookings.edu

Metropolitan Policy Program

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CONTACT: Michelle Daniels, 202-797-6270, mdaniels@brookings.edu

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LONG-TERM PROSPERITY REQUIRES NEW FEDERAL - METROPOLITAN PARTNERSHIP

Brookings Study Finds Aging Federal Policies Out of Step with Current Regional Realities; Presidential Candidates Silent on Metro Area Needs

(WASHINGTON, June 12, 2008)

As the presidential campaign moves to the next phase, a new report from the Brookings Institution contends that the nation's road to economic recovery runs directly through our metropolitan areas. Long-term prosperity, the study finds, demands that Washington and metropolitan areas work together in new, innovative ways.

Entitled "MetroPolicy: Shaping a New Federal Partnership for a Metropolitan Nation," the new report argues that the relationship between the federal government and metropolitan areas needs to be fundamentally overhauled. The report is being released today in Washington as part of the first-ever Summit for American Prosperity.

, The largest 100 metro areas, after decades of growth, alone now generate three-fourths of the country's domestic output and are the engines that drive the national economy, the study finds. Metropolitan areas are key, the report notes, because they attract and concentrate the critical assets that determine prosperity in the global economy: innovation, human capital, infrastructure, and quality places.

“Unfortunately, though, our federal government has gone adrift and is out of step with the way jobs, opportunity and quality of life are created in metro areas,” said Bruce Katz, vice president and director of Brookings’ Metropolitan Policy Program and co-author of the report with Brookings’ Mark Muro. “We need to fundamentally re-imagine and remake the partnership between the federal government, states, localities, and the private and voluntary sectors to unleash the unfilled potential of metro America to ensure that we continue to compete and prosper,” Katz said.

“The presidential campaign has been virtually silent on the economic primacy of metropolitan areas in the United States today and the need for real change in federal policies that affect these places,” Katz added in remarks introducing “MetroPolicy.” More than 900 elected officials, business, civic, political, environmental, and university leaders will attend the Summit for American Prosperity in Washington on June 11 and 12.

“We desperately need our federal government to lead where it must because the big challenges transcend parochial borders and require national vision, direction, and purpose,” Katz said. “At the same time, we need our national government to empower metros to work on their own and unleash the potential for innovation and experimentation that naturally resides closest to the ground.”

The year-long “MetroPolicy” study compares America’s 100 largest metropolitan regions, which encompass cities, suburbs, exurbs, and even rural areas.

Brookings’ researchers found that:

- Productivity growth has slowed and now trails many European and Asian nations
- The size of the middle class in metropolitan areas continues to decline
- Sprawl, congestion, and increased carbon emissions are prime products of metropolitan areas, as vehicle miles traveled in the largest 100 regions grew twice as fast as the population from 2000 to 2005

“Virtually no metropolitan area in America can be said to have secured true prosperity” today or for the near future, the report says. Only one metropolitan area – Boise, Idaho – ranks in the top third on the three key dimensions of prosperity: productivity, inclusivity, and sustainability, according to analysis of nearly 30 key indicators. The report finds , it is in our nation’s overall best interest to empower local leaders to build truly vibrant and healthy communities.

“City, suburban and regional leaders often find decades-old Washington policies discourage or even bar innovative regional solutions,” the report says. “The ability of (metropolitan) leaders to master change and determine outcomes by themselves remains partial at best.”

As part of Brookings’ ongoing *Blueprint for American Prosperity*, the report suggests a series of recommendations to tune federal policy to metropolitan needs. The aim is to ensure all metropolitan areas can build the fundamental drivers of prosperity: innovative thinking, well-trained workers, world-class infrastructure, and quality places.

Among the “MetroPolicy” recommendations:

- Create a lean and nimble **National Innovation Foundation (NIF)** to unite and amplify the nation’s currently fragmented efforts to boost job-creating innovation in precision manufacturing, technology, clean energy, environmental, and other industries (Legislation to create the NIF was introduced last week in Congress by Sens. Susan Collins, R-ME and Hillary Clinton, D-NY.)
- Stimulate the job-creating power of regional industry clusters by establishing a flexible, collaboration-oriented **CLUSTER** (Competitive Leadership in the United States through Economic Regions) investment fund to promote business-led regional networking to expand markets and innovation (also included in the Collins, Clinton bill)
- Completely **overhaul national transportation policy** to enable targeted investments in the places at the cross-roads of the global economy: our major ports, freight hubs and rail corridors”
- **Expand the Earned Income Tax Credit (EITC)**, the nation's most successful anti-poverty program for the working poor, for certain types of workers and families, and give recipients greater access to the credit's benefits throughout the year to help them meet rising costs of living
- Issue a national **Sustainability Challenge** to entice metropolitan-area leaders to design and implement truly integrated transportation, land use, housing, and economic development plans to promote quality places and environmental sustainability. As much as \$100 million or more per challenge could be awarded competitively to partnerships of states, metropolitan areas, localities, or regional business alliances that devise the boldest proposals for improving regional development patterns or reducing carbon emissions. Winning metro areas would also gain authority and flexibility to align federal programs in support of their vision

Simply put, Katz said, “The federal government must lead, empower and maximize performance. We must alter the way we govern so that our metro communities can achieve their fullest potential as our engines of national prosperity and in so doing, resolve some of our most pressing national challenges.”

The “MetroPolicy” study is a key part of Brookings’ Metropolitan Policy Group’s ongoing *Blueprint for American Prosperity*. The Brookings Institution is a private nonprofit organization devoted to independent research and innovative policy solutions. For more than 90 years, Brookings has analyzed current and emerging issues and produced new ideas that matter—for the nation and the world. The Metropolitan Policy Program, created in 1996, provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas.

The full report, including metropolitan areas’ performance on key indices, is available at <http://www.brookings.edu/metro/MetroPolicy.aspx>

For more information on “MetroPolicy,” on other papers in the *Blueprint for American Prosperity* series, or on the Summit for American Prosperity, contact Michelle Daniels, Media Relations Officer, at 202-797-6270 or mdaniels@brookings.edu.

About the Metropolitan Policy Program at Brookings

Created in 1996, the Metropolitan Policy Program (MPP) provides decision makers 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.

About The Blueprint for American Prosperity

“MetroPolicy: Shaping a New Federal Partnership for a Metropolitan Nation” was prepared as part of MPP’s *Blueprint for American Prosperity*, 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.

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