

THE BROOKINGS INSTITUTION

BLUEPRINT FOR AMERICAN PROSPERITY:
UNLEASHING THE POTENTIAL OF A METROPOLITAN NATION

Washington, D.C.

Tuesday, November 6, 2007

Welcome

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President, The Brookings Institution

Introductory Remarks

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Former Chair, Brookings Institution

Keynote Address

THE HONORABLE HENRY CISNEROS

Chairman, CityView, and former U.S. Secretary of Housing
and Urban Development

Presentation

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P R O C E E D I N G S

MR. TALBOTT: I'm Strobe Talbott, the President of the Brookings Institution, and I want to offer my own word of welcome to all of you, and particularly to those of you who have come a considerable distance to be with us here today for the launch of the Blueprint for American Prosperity.

I want to say just a few words here at the outset about Brookings' commitment to the general subject we're going to be talking about today.

This institution is 91 years old. The Metropolitan Policy Program -- or what we call simply "Metro" -- is a mere 10 years old. But anybody who knows this guy down here in the front row, whom you've already seen on the silver screen, Bruce Katz, will appreciate how much he and his colleagues, Amy Liu and others, have been able to do in that relatively short period of time.

Metro, when it started out 10 years ago, was a unit within our Economic Studies Programs, but it subsequently became a freestanding policy research program in its own right. It's the first new research program that we have started here at Brookings in practically 60 years. And it's no exaggeration to say that Metro has had a transformative effect on what we do at Brookings, how we do it, and where we do it.

It has helped make this institution from a Washington think tank into a truly national think tank.

Bruce Katz and his colleagues have helped take our specialty at Brookings, which is fact-based, independent public policy research, and apply it directly to institutions of governance at the state and local level. All you have to do is ask the mayors of cities like Louisville, governors and legislators in states like Maine, Missouri, North Carolina, New Jersey and Pennsylvania, or in regions like the Intermountain West, which is made up of Utah, Colorado, Arizona, New Mexico and Nevada. The scope of Metro's work is symbolized by the presence here today of over 200 representatives from 25 states.

I might add that Metro has also been a driver in the process of Brookings' becoming an increasingly global think tank. Jim Robinson, in the film clip that you just saw, spoke about the growing competition between the United States and countries like India and China. But there is also a lot of collaboration between our country and those countries. And Metro has been very much part of that.

Bruce and his colleagues have been in discussion with the leaders of Mumbai in India. Just a little over a year ago I was with a Brookings delegation that was in China. We visited a metropolitan area around Chung Ching, which has a total population of 24 million people. And

when we met with the mayor of Chung Ching, he knew about Brookings. And the reason he knew about Brookings is because he knew about Metro. And, moreover, he wanted very much to be in touch with Bruce and our Metro program to talk about ways in which -- how to put it? -- they could perhaps translate the phrase "smart growth" into Chinese policy.

You've already had, of course, a glimpse of Bruce and of Jim Johnson on the screen, and now you're about to hear from both of them in person.

The first up is going to be Jim, whose vision, dedication and generosity made it possible for this program to become what it is today. I might add in a personal vein that I have my own debt to Jim, because as the Chairman of the Brookings Institution Board, he brought me here a little over five years ago.

Now, much more pertinently, to the business of the day, a decade ago Jim brought Bruce here to Brookings from HUD, where Bruce was chief of staff to Secretary Cisneros who, of course, will be our keynote speaker at lunch.

So, all in all, Brookings has a huge debt to you, Jim. And I think over the next couple of hours, all of you who are participating in today's event will understand why.

So, Jim, over to you.

(Applause.)

Introductory Remarks

MR. JOHNSON: Good morning, everybody. Thank you for being here.

As some of you may have guessed, we have something to announce today. It is called a “Blueprint for American Prosperity.” And what is it, in a single sentence? I think this is important.

It’s a multi-year initiative aimed at creating a new Federal partnership with state and local leaders and with the private sector to advance American prosperity.

The Blueprint offers a core, what I think is a very powerful argument. And that is the ability of the United States to compete globally and to meet the great environmental and social challenges of the 21st century rests largely on the health, vitality and prosperity of the nation’s major cities and metropolitan areas.

The date of the launch, as has already been referenced, is quite deliberate. We stand now exactly one year from the 2008 elections. And I believe, at least, that following those elections we will have a unique opportunity for a fresh start on a number of critical issues facing our country. And I think we need that fresh start.

We also stand at an important crossroads. America is experiencing a period of profound global and domestic change, increasingly global competition, economic restructuring at home. And dramatic demographic shifts are rewriting the rules of how we produce jobs, how we build wealth, and how we conserve our natural resources.

As a nation, we face an urgent set of challenges that we can no longer afford to ignore. How does the American economy maintain its cutting edge, given rising competition from abroad and economic restructuring at home? How do we grow the education and skills of our workers so that the benefits of economic growth are shared widely? And how do we grow in environmentally sound ways, while securing our energy independence, given that our population will expand by 120 million people by 2050?

In short, how do we prosper with an economy that is productive, a society that's inclusive, and an environment that's sustainable?

Our answer: to achieve true prosperity, we must leverage the key assets needed to excel in today's global economy. They are innovation, superior infrastructure, outstanding human capital and quality places to live. And those assets are principally concentrated and leveraged in our metropolitan areas.

As the video you saw earlier illustrates, and as the research of the Metro program demonstrates so convincingly, the popular image of

America as a nation of small towns and rural communities is outdated. We are a metropolitan nation.

The United States boasts 363 metro areas, and these are the key facts. Over 80 percent of America's population lives in metro areas. The nation's top 100 metros generate 75 percent of U.S. GDP. Those same hundred areas are home to 76 percent of good-paying knowledge jobs, and are the source of 94 percent of its venture capital funding.

America's metro economies are the nation's economy. And our Federal policies must reflect this new reality.

For too long the Federal government has been, I'd say, asleep at the wheel. Federal policy has failed to keep pace with the dynamic change occurring in this country and, far too often, the immense potential of our metro areas and their efforts to innovate are being impeded by outdated, outmoded policies that no longer reflect the economic and social realities of the 21st century.

This Blueprint for American Prosperity is needed. It's a comprehensive plan to provide American metropolitan areas with the tools they need to strengthen their economies, build a strong and diverse middle class, and grow in environmentally sustainable ways. The Blueprint for American Prosperity represents the culmination, as Strobe said, of 10 years of research, policy analysis, and on-the-ground experience.

The Brookings Metro program has emerged as the premier research and policy institution in the U.S. focused on the health and vitality of cities and metropolitan areas, and leading source for independent non-partisan research and analysis of challenges and opportunities facing metropolitan America.

With the Blueprint, the Metro program is now drawing on the impressive depth of research, analysis and experience to provide us with the vital insight into the demographic, social and economic forces that, in fact, are transforming our society, and a comprehensive plan for positioning the United States to meet the great challenges and opportunities of the 21st century.

To launch the Blueprint today we're releasing a paper called "MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity." The paper's author, Alan Berube, the Brookings Fellow and Research Director of the Metro Program, has quantified how key drivers of American prosperity are concentrated. This is the first in a series of papers that will be releasing over the coming months to advance the Blueprint.

In March we will release a second major paper called, "Unleashing America's Metropolitan Potential: Toward a New Federal Partnership for Prosperity," which will outline more specifically the failure of our existing Federal approaches and the kinds of Federal reforms that are

needed to unleash the economic potential of metro areas and, by extension, the rest of the nation.

In addition to setting the broad policy framework for a new prosperity agenda, we will also be releasing a series of in-depth policy briefs that outline specific achievable reforms in a dozen key policy areas, including transportation, innovation, investment, workforce housing, industry clusters, green buildings, energy research and wealth building.

The Blueprint is principally being guided and supported by the Metropolitan Leadership Council. The Leadership Council is a network of business and philanthropic leaders that is geographically and politically diverse. Currently the council includes eight corporations, eight individuals, and four foundations -- many of whom are represented here today. And thank you all for your support.

You can find a list of the Council members included in the materials you received at the registration table. The only name not included on that is the Bill and Melinda Gates Foundation, which just last week joined the founding members of the Metropolitan Council.

The Metro team is also being advised -- I think very importantly -- by a group called Metropolitan Partners. This includes elected officials regional business alliances and civic groups, university presidents, and

practitioners from metro areas around the country who are serving as active advisors and supporters of the Blueprint.

During the coming months we will continue to develop both groups, to work closely with them, in the strong belief that national policy is most successful when it builds from the knowledge and expertise of local and regional leaders.

Today we are kicking off this initiative in the nation's capital, but in the coming months we will be traveling throughout the United States to hold regional forums in metro areas across the country. Those metro areas represent the heart of the nation's most dynamic growth and innovation. The forums will bring together local political, business, university and civic leaders who are striving every day to create the kinds of healthy, vibrant communities that are the foundation of our country's future.

We are facing a time of great national challenge. The stakes could not be higher. But this is also a moment of great opportunity. This time we need to get it right.

Now it's my pleasure to present to you Bruce Katz who, I know, many of you know, who has done a remarkable job in the last decade, and will have a lot more to tell you than I just did about this important program.

Bruce.

(Applause.)

Presentation

MR. KATZ: Good morning, everyone.

First of all, I just want to thank Jim and Strobe for those introductions. And, more importantly, for their leadership of this institution, and their unwavering support of this endeavor. And I want to add my welcome to Brookings to everyone who's in the audience today, and the people who are watching on the Web. You've worked closely with this program over the past decade, and we really treasure your guidance, your collaboration and, to be frank, your friendship.

One year from today the United States will elect its 44th President -- the first election since 1952 when no incumbent President or Vice President will run as the nominee of either political party.

But the 2008 election is important for other reasons. My talk today will offer the following propositions.

First, dynamic, often unsettling, forces are transforming the world in which we live, posing stark, urgent challenges for the nation.

Second, to prosper, nations must leverage four key assets: innovation, human capital, infrastructure and quality places, which concentrate at an unprecedented level in metropolitan areas.

Third, across the U.S. city and suburban leaders are at the cutting edge of innovation, yet they are for the most part going it alone, since the Federal government is outdated and out of step with rapid change.

And, finally, the U.S. needs a blueprint for American prosperity, a new Federal partnership with state, local and private sector leaders to strengthen metropolitan economies, build a strong and diverse middle class, and grow in environmentally sustainable ways. As Jim said, at a time of great national challenge, where the stakes could not be higher for our country, we need our Federal government to be purposeful, deliberate, disciplined and cognizant of the new spatial realities in America.

In sum, we are a full-fledged metro nation, and need to change our mental map of the United States, from a union of 50 states to a network of 363 highly connected, hyperlinked and economically integrated metropolitan areas.

The calculus is quite simple. Our nation's ability to grow and prosper and meet the great social and environmental challenges of our time is at risk unless these metropolitan engines of national prosperity are healthy and vital.

We are a metro nation, and it is high time to start acting like one.

So let me begin with the initial frame. Dynamic forces pose stark challenges that test American prosperity.

Now, America begins a new century in an enviable position. Our \$13.2 trillion economy is the world's largest by far. We represent just 5 percent of the world's population, but generate 20 percent of the world's economic output. Now, this compares well with our major competitors, countries like Japan, Germany and China.

Yet beneath these positive realities lie signs of intense disruption and structural change. Three challenges stand out.

First, our ability to extend prosperity is tested by rising competition abroad and continued restructuring at home. We are experiencing a global economic revolution. The global labor market has literally doubled since 1980 as previously isolated nations -- China, India, Brazil, Russia -- have embraced mainstream capitalism. China alone accounted for roughly 30 percent of global economic growth during the first half of the current decade, and fully half of the Fortune 500 companies in the United States have established off-shoring relationships in India. Both countries, and others, aspire to compete directly with us at the highest, most knowledge-intensive levels of the economy.

Economic changes abroad have fundamentally altered what Americans do at home. Since 1970, the share of our labor force employed in

manufacturing has declined from 25 percent to 10 percent. Today, service industries employ more than two-thirds of our workers. Now, while this shift has enabled many Americans to be employed in high-value service sectors such as finance, consulting and legal, many more are employed in lower-skilled, low-paying niches such as hospitality, child care and food services.

Our people are anxious and uncertain about the nation's economic future -- and rightly so.

Second, our ability to share prosperity is threatened by widening income inequities and a growing demographic divide on education and skills. With economic changes, wages have grown more unequal. U.S. workers without a high school diploma saw their real wages stay virtually the same over 30 years. By contrast, individuals with a college degree experienced significant real-wage growth over this period.

Our changing economy has created what we call an "iron law of wages;" namely, the more you learn, the more you earn.

The real income gains, of course, are at the upper end of the economy. The top 300,000 earners in our country collectively have almost as much income as the bottom 150 million -- nearly half the population.

Now, given changing demographics, income inequality could actually worsen over time. An estimated 51 million baby boomers will retire

by 2030, a number greater than the cumulative population of our 25 smallest states.

Now, who will take their place? A younger, more diverse workforce. By 2050, African Americans and Hispanics will grow from about 25 percent to nearly 40 percent of the working age population, and will account for more than 90 percent of total growth in that age range.

Yet the rates of educational attainment are lowest among these fast-growing groups. In 2006, only 13 percent of Hispanics and 18 percent of African Americans between the age of 25 and 44 held a bachelor's degree, compared with 34 percent of non-Hispanic whites, and 59 percent of Asians in the same age group.

Our workers are anxious and uncertain about their own futures and those of their children, and rightly so.

And, finally, our ability to sustain prosperity is challenged by rapid population and development growth. The United States already faces hard choices on the environment. We are the world's largest energy consumer, and the largest emitter per capita of greenhouse gases.

This is not just about coal-fired power plants or lagging auto technology. Our sprawling patterns of development help explain why the U.S. continues to rank first among major economies in per capita carbon dioxide

emissions, with roughly double the emissions rate of the United Kingdom and Germany.

Our projected growth will exacerbate these challenges. Unlike European nations, the U.S. is projected to grow rapidly, by another 120 million people, by 2050. Incredibly, that is the equivalent of growing another Northeast and Midwest in just the next 43 years.

It is estimated that just between now and 2030 we will develop another 213 billion square feet of homes, retail facilities, office buildings and other structures. That's double the amount of built-space in the United States today.

How we accommodate a growing population and economy, whether we break the pattern of sprawl-as-usual will significantly influence whether we as a nation secure our energy independence and forge solutions to global warming and climate change.

Our citizens are worried about the environment they are passing on to the next generation, and rightly so.

So here is our second proposition. To prosper, our nation much leverage four key assets: innovation, human capital, quality places, infrastructure -- that principally concentrate in metropolitan areas.

What matters today? Innovation matters, because a nation's ability to invent and exploit new products, new processes, new business

models is critical both to compete globally and resolve challenges like climate change.

Human capital matters, because innovation demands a workforce with levels of education and skills that are continuously furthered and upgraded.

Infrastructure matters, because state-of-the-art transportation, telecommunications and energy distribution are critical to moving goods, ideas and workers quickly and efficiently.

And quality places matter, because a changing economy, expanding population and challenged environment re-values cities and the attributes of urban places: dense form, diverse populations, distinctive neighborhoods, downtowns and waterfronts.

Leveraging these four assets and maximizing their impact and potential is the only way that the United States can meet our historic challenges.

So where do we find these central assets? Well, they do not exist in the abstract, nor are they evenly distributed across the landscape of nations. Rather, they come together, gathered and strengthened, in metropolitan places.

Here is the real heart of the American economy: 100 metropolitan areas that, after decades of growth, constitute 65 percent of our

national population and concentrate the workers and firms that fuel the economy.

In the U.S., as abroad, high-value economic activity is clustered in major metro areas. Globally-competitive firms crave proximity to thick pools of qualified workers, to specialized legal and financial support, to institutions of higher learning, to modern infrastructure, to other firms, so that innovations can be rapidly shared.

This is not just an American phenomenon. A majority of the world's population now lives in urban and metropolitan areas. By 2030, that share will grow to 60 percent.

Across the globe, national economies are fueled by metropolitan economies. There are now over 400 metros in the world with over one million residents, compared to only 12 in 1900, and 83 in 1950. There are now 20 mega-metros, with populations of more than 10 million people, only two of which -- New York and Los Angeles -- are in the United States. The big places are getting bigger.

So what is a metro? Well, the official definition is pretty straightforward, quite boring: a dense area of 50,000 or more people, together with the surrounding jurisdictions from which it draws the bulk of its workers.

But the best way to get a handle on this question is to view these places from the ground up.

Let's take Chicago as an example: a humming, thriving economy with a population of 9.5 million people, spread over three states, one major city, six satellite cities, 14 counties, and 554 separate municipalities and townships.

In the past we've tended to focus on the differences between these jurisdictions, yet these differences melt away under economic inquiry. The assets Chicago-land needs to compete nationally and globally are spread throughout the region. Major employment hubs, key colleges and universities, major hospitals and health care facilities, a network of parks and green space. And the infrastructure: airports, rail and transit, and the road network needed to move people and freight.

The cumulative impact of these assets is stunning. The Illinois portion of Chicago-land contributes more than 78 percent of the state's economic output, but houses only 67 percent of the population of the State of Illinois. Incredibly, 93 percent of the economic output is generated by the state's 11 metropolitan areas. Illinois, like many other states, is a metro state.

Now, Chicago's story is a fairly typical American narrative. Across the U.S. our metropolitan areas concentrate those assets that matter most in today's economy.

The top 100 metro areas alone take up only 12 percent of our land mass, but house 65 percent of our population, and generate 75 percent of

gross domestic product. On innovation, they produce 78 percent of all patents, 82 percent of NIH and NSF research funding, and 94 percent of venture capital funding.

On human capital, they gather 74 percent of adults with a college degree, 75 percent of workers with a graduate degree, and 76 percent of all knowledge-economy jobs.

On infrastructure, they handle 72 percent of all seaport tonnage, 79 percent of all U.S. air cargo weight, and 92 percent of all air passenger boardings.

And on quality places, they congregate 79 percent of performing arts establishments, 90 percent of our city populations, and 95 percent of public transit passenger miles traveled.

With these assets, our major metros concentrate, not surprisingly, the economic clusters that drive our national economy: motor vehicles in Detroit, Cincinnati, and the metros of the industrial heartland; aerospace in Seattle, Dallas and St. Louis; pharmaceuticals in northern New Jersey, San Francisco, and the Research Triangle; finance in New York, Chicago and Boston; information technology in Silicon Valley, Atlanta, and Washington, D.C.; energy in Houston, New Orleans and Los Angeles -- and so on, and so on, and so on.

The bottom line is this: U.S. metros are driving not just our economy, but the global economy.

But just as the economy is concentrated in major metros, so are many challenges: the constant pressure to innovate in the face of global competition; the legacies of the industrial economy -- aging infrastructure, polluted lands, rivers and lakes; The imperative of educating disadvantaged youth in inner cities and older suburbs; a shortage of housing that is affordable for workers; growing traffic congestion; and the environment-shaping effects of climate change.

Well, that takes me to my third point. Local and regional leaders are innovating to resolve these challenges, but they cannot go it alone. Across the U.S. city and suburban leaders are at the cutting edge of innovation, bubbling up the energy and ideas for national change.

Metros like Greater Cleveland, Milwaukee, Raleigh-Durham, San Diego, they're making strategic investments in the clusters that drive their economies and the myriad institutions -- job training firms, community colleges, research universities -- which support those clusters.

Yet a metro can't go it alone. A metro can focus on building its economic strengths, but its economy is profoundly influenced by Federal monetary, trade, regulatory and investment policies.

Metros like Greater Chicago, Los Angeles, Miami, New York are building the middle class by working to integrate immigrants into mainstream economies, produce affordable workforce housing close to employment hubs, and boost educational attainment rates.

Yet a metro cannot go it alone. A metro can focus on reducing income disparities, but only the Federal government can close the gap between wages and the cost of living.

Metros like Greater Dallas, Denver, Kansas City and Seattle are trying to grow in sustainable ways by remaking traditional downtowns, investing in state-of-the-art transit, or advancing the building of energy-efficient housing.

Yet, again, a metro cannot go it alone. A metro area can focus on environmental sustainability, but only the Federal government can regulate industries on a national scale.

A rapidly changing world, in short, demands an accountable, strategic, dependable partner at the national level if metros are to resolve their myriad challenges and realize their full potential.

Our global competitors are beginning to provide this kind of leadership. China is well on its way to building the most sophisticated network of ports and freight hubs in the world while trying to replicate our network of advanced research institutions and universities. Germany is

strengthening the rail and telecommunication connections between major metro hubs like Berlin and Hamburg and Frankfurt and Munich, and the rest of their country. Spain has become a hothouse of alternative energy production in wind and solar power, spawning new specializations and jobs in finance, legal, investment and other fields.

Yet America's metros find our national government strangely adrift, ignorant of the dynamic changes sweeping the country and the new spatial geography of our economy.

Our Federal government is mostly a legacy government, a collection of ossified agencies carrying out decades-old programs and policies, through means and mechanisms suited to a pre-internet world. As a result, our Federal government is out of step with rapid change, and is failing to leverage those assets that drive secure and sustained prosperity.

We know that innovation is the fuel that drives our economy, and the key to unlocking sustainable solutions. And past Federal investments in science unleashed new domestic markets in health care and information technology.

Yet Federal information policies today are highly fragmented, insufficiently attentive to the commercialization of research, and blind to how innovation and jobs from the intense interaction of firms, industry association, workers, universities and investors.

The result: America's historic lead on innovation is shrinking. Productivity growth is faltering. And the nation's ability to compete in next generation clusters like renewable energy is slipping.

We know human capital is the raw material that furthers innovation. We know that education is the ticket to the middle class. And past Federal policies did build a network of higher ed institutions which are the envy of the world.

Yet Federal education policy today is intensely compartmentalized, failing to draw the critical linkages between K through 12, college education, and skills training, so that proficiency in lower grades translates into what matters: high school diplomas and college degrees.

The result: America's education pipeline is leaking. The U.S. ranks 16th among industrialized nations on the share of individuals who start and then complete higher education -- and with only 10 -- only 10 -- of every 100 African Americans and Latinos entering ninth grade earning a post-secondary degree.

We know infrastructure is the tissue that connects us to the world, knits our nation together, and makes our metros function. And past Federal investments in road, rail and air, made this country what it is today.

Yet Federal infrastructure policy today is an unaccountable free-for-all, geared more to building bridges to nowhere than maintaining the ones

we have, developing world-class transit, or unblocking the movement of freight at our sea, rail and air hubs.

The result: physical neglect and congestion seriously compromises the efficiency of a network that is crucial to the national interest, with a price tag conservatively estimated in the hundreds of billions.

And, finally, we know that quality urban places, cities and older suburbs, are critical to our ability to attract and retain innovative firms and talented works, and grow n energy-efficient and environmentally sound ways. As Secretary Cisneros would attest, Federal policies in the '30s and '70s, while imperfect, did help transform the downtowns of cities like San Antonio.

Yet Federal housing policies today fuel the expansion of McMansions at the periphery of metropolitan areas, while failing to address the rapid suburbanization of poor people and employment opportunities.

The result: dispersed low-density growth -- energy sapping, congestion inducing, fiscally dissipating -- dominates the American landscape. We are simply unprepared as a nation to accommodate the next 50, let alone 120, million Americans.

So we come to our final point: changing times demand a blueprint for American prosperity, a new Federal partnership with state, local and private-sector leaders to strengthen metropolitan economies, build a strong and diverse middle class, and grow in environmentally sustainable ways.

We have come to a point in our nation's economic evolution where the roles and relationships between different levels of government need to be reexamined and radically rethought.

Now, the mid-20th century model of a Federal government sitting on top of a pyramid, raining down resources to states and localities did work well for the '30s and '50s when the nation was still building out and connecting within. And the late 20th century model of devolution pushed responsibilities out of Washington down to states and localities, sometimes with sufficient resources and flexibility -- oftentimes, to be frank, not.

We now need a 21st century compact, a shared partnership which reflects the distinctive realities of our moment: fast moving, super competitive, volatile, and metropolitan led.

Now, clearly there are critical areas of domestic policy where the Federal government must lead because of the need to have national uniformity or match the scale or geographic reach of certain problems.

Yet there are other areas of domestic policy where metros should lead; where we should, in essence, flip the pyramid and put the Federal government squarely in the service of state and local leaders whose quintessential knack for solving problems are driving this country forward.

So what does this look like in practice?

Over the course of the next year, as Jim laid out, our Blueprint for American Prosperity will identify concrete reforms for the next Administration and Congress that can measurably advance key national priorities, boosting innovation and productivity, making work pay for low-wage workers, replicating the best examples of urban school reform, achieving higher and higher levels of educational attainment, integrating immigrants into the mainstream of American life, increasing the supply of workforce housing, improving transportation within and across metros, and making energy efficiency in our homes part of the solution to climate change.

Now, we are working closely with our metropolitan partners to ensure that each of our recommendations builds from their innovations, and is geared to unleashing the energy and talents of entrepreneurs and leaders across the country.

But here are just some specific ideas that we are thinking about.

First, what if the Federal government leads where it must, engaging in those crucial areas that demand national vision, national scale, national capacity? We will recommend embracing a Federal infrastructure vision for our times that is evidence based, outcome driven and performance measured -- and uses infrastructure to advance broader national priorities, rather than narrow parochial aims.

Now, we will, of course, recommend funding states to maintain or preserve our vast interstate system. But we will propose focusing targeted attention on those gateways and corridors that are the critical nodes of international trade and inter-metropolitan commerce -- ports like L.A. Long Beach, the fifth busiest in the world; rail freight hubs like Chicago; passenger rail corridors in the Northeast and the Southeast; air freight hubs like Memphis and Louisville.

We will also recommend giving major metropolitan areas the resources they require to expand transportation choices, as well as the incentives they need to reduce congestion through smart interventions: technological advances, market pricing, innovative financing, sensible growth.

Second, what if the Federal government empowers metros where it should, giving cities and suburbs the ability to tailor Federal tools to metropolitan realities?

We will recommend that Federal housing policy be revamped to enable cities and suburbs to produce economically integrated workforce housing in the right places -- near employment hubs, near quality schools, near transit corridors -- and give localities the incentives to reduce regulatory barriers that unnecessarily constrain market supply and inflate costs.

For the first time, housing planning would be tied directly to transportation decisions. And the administration of housing programs like

vouchers would be carried out by metropolitan entities, rather than parochial bureaucracies, so that the geography of housing opportunities matches the geography of housing markets.

And, finally, what if the Federal government organizes for success? To maximize its own effectiveness and further release the creative energies of states, localities and the private sector?

We will recommend a new national innovation policy. At the heart will be a purpose-driven national innovation foundation to bring under one roof and ramp up the government's fragmented efforts to boost commercial innovation in fields such as precision manufacturing, information technology, clean energy, and the environment. Modeled on successful efforts in Europe and Asia, the foundation will both align with the new reality of mass innovation, investing in smaller firms, a broader array of sectors, and enable metros to tailor what are now a blizzard of separate, unrelated programs and policies to their own clusters of economic strengths.

Now I know what some of you might be thinking. (Laughs.) You may be asking, as *Time* magazine queried months ago, you know, "Who needs Washington?" You know, after decades of Federal drift, isn't state and metropolitan innovation sufficient to take this country forward?

We believe the right question is: What could we accomplish is a nation if Washington got smart?

Now, whether we appreciate it or not, the Federal government is involved, with money, with rules, with powerful institutions in large sectors of national life. The challenge is how to make the Federal involvement catalytic and current with the dynamic changes at play in our nation.

And we believe change is possible. Because we see it every day in dozens of metropolitan areas across the country, where bipartisan coalitions come together to solve pressing challenges. Our national leaders need to be equally pragmatic and results oriented.

So let me end where I began.

A new global order has positioned metro areas, cities and suburbs together, as the engines of our national prosperity and the vehicles for achieving social progress and environmental sustainability. These communities face historic challenges that test their prosperity and that of the nation. But they also have ample assets, dedicated leaders, and boundless potential.

In the next year we need to use this historic Presidential election to galvanize a discussion of what is possible in our metro nation. We can spur innovation in our firms and workers and create vast new markets for high-value products and services and, by so doing, attain the good life for hundreds of millions of Americans.

We can build an educated and highly-skilled workforce that is racially and ethnically diverse and, by so doing, both maintain our competitive edge and narrow the historic disparities that have marred our democracy.

And we can accommodate the next 120 million Americans in quality communities and, by so doing, augment our energy independence, protect our environmental treasures, and enhance our quality of life.

These things are possible, but they new national vision, and a new federalist compact that recognizes once and for all that we are a strong and vibrant metro nation.

I firmly believe that America can act with vision, with imagination and with confidence. And I firmly believe that our nation can master the possibilities of the 21st century.

We are a metro nation. And now it is time to start acting like one.

I look forward to your questions.

(Applause.)

MR. PEIRCE: So the drill here is, for people in this room, raise your hand. And there are people with mikes who can come and assist you. And for those of you in the overflow room, please write down any questions you may have on the index card that was placed on your chair, and pass your card to the Brookings staff.

And we're going to try to take as many questions as possible before the panel comes up here.

So -- I can't really see a thing up here, so maybe we can turn off, or turn on the lights and I can see some folks and we can start taking some questions.

Rick?

SPEAKER: Hi, Bruce -- terrific presentation.

I want to back to your Chicago graphic which showed that the economy is one unit, but we have all this fragmented governance. And I gather it's in your vision at the national level that the government, by itself, can't solve these problems.

MR. KATZ: Right.

SPEAKER: Do you have similar ambitions to try and help build these partnerships at the regional level?

MR. KATZ: Yes -- what I see happening around the United States -- and Chicago's a perfect example of this -- and Secretary Cisneros just walked in, and I think he helped prompt a lot of this in the last 15 or 20 years.

What we see happening around the United States is many cities and suburbs, particularly in fragmented parts of our country, are really beginning to collaborate to compete. Now, sometimes that's quite formal.

You can go back to the Portland model from the '70s, or the Minneapolis model from the '70s.

Increasingly what's happening, there are these informal collaboratives -- The Metropolitan Mayors Caucus in Denver, that really John Hickenlooper referred implicitly to, or the Metropolitan Mayors Caucus in Chicago that Mayor Daley has really been a big part of catalyzing. And these metro mayors caucuses sit on an informal basis to really decide the big issues, the big environmental, infrastructure, workforce and housing issues.

I think the Federal government has a particular role in what I would call "functional regionalism," in terms of how we allocate resources down with regard to infrastructure, I believe with regard to housing, ultimately with regard to workforce and economic development. We can help, we could actually fuel, we could actually leverage up these informal collaboratives which are emerging around the United States, and through the allocation of Federal resources really propel them forward.

To some extent that starting in the early 1990s with ICE-T, because ICE-T, the transportation law, began to push Federal funding down to so-called metropolitan planning organizations. I think that's actually been a spur for smart regional and metropolitan activity.

But we're at the shallow end of the pool on this. I mean, we've got to basically, in the next decade or so, increase, expand, really take this to the furthest end of the envelope.

But I'm encouraged by what's happening locally at the metro level.

Other questions?

There's one in the middle, over here.

MR. BISHAK [ph.]: Bruce, Greg Bishak, Appalachian Regional Commission.

Your impressive vision of a metropolitan American innovation raises the question about how rural America might benefit, given that it's the steward of over 88 percent of the land mass, the natural resources, the flow food, fiber, energy, water from the rest of the nation to serve, essentially, to the metro nations.

And I'm curious about how you see to integrate these disparate needs and policies together with your metro blueprint.

Thank you.

MR. KATZ: I think that's a great question -- and that's usually the first question that's asked at any of these. But since Rick is here, we did the other one first.

(Laughter.)

You know, I don't think that what this is about is between a competition between metro and rural America. I think the relationship between the metros and the rural areas is completely synergistic and symbiotic.

In fact, when you look at Alan's paper, "Metro Nation," just because these metros have extended so far out with their commuter sheds, we now have half of Americans who live in rural places literally living within the confines of metropolitan space.

So the relationship between metros and rural areas, I think, in many respects is more integrated today than it's been in a long time. Obviously rural areas depend on metropolitan areas for their markets, but also for the specialized kind of institutions. I think of Kansas City metro, and how that metro really sort of plays an important role in sort of finance and strategic advice to agribusiness throughout the Midwest.

So I don't think this is a competition. But what it is is essentially, I think, a vision about America understanding who we are in the 21st century. Obviously, the Jeffersonian ideal and the ideal of small-town America, you know, basically dominates our country's vision of itself. It is out of sync with the way we live, the way we work, the way we get the business of this country done.

So this is a sort of a call to modernize our vision, and to have it better reflect the reality of our times, and the true spatial geography of our economy.

But make no mistake: if metros are strong, healthy and vital, rural America will benefit dramatically. And I think that's the kind of conversation we need to set off in this country.

Umm -- there's another one over here.

MR. HOOLIHAN (ph.): Dennis Hoolihan with AFSCME.

On that spatial question, let's look at the political dynamic of it, particularly in implementing any program at the Federal level.

What's your analysis of the metropolitan voice, particularly in the spatial distribution of the Senate?

MR. KATZ: Well, a couple different issues here. I'll talk about the Senate last.

I think the metro coalitions are less than the sum of their parts. I mean, I've done a lot of work in states around the country -- Pennsylvania, Maine, Ohio -- and what I find in those states is that the rural voice, the non-metropolitan voice, even the small metro voice is very strong. It's very organized. The rural townships tend to be some of the strongest constituencies, really, in any state legislature, because they're small places that speak through one institution and one constituency.

Metros, you know, tend to be somewhat messy and contentious. You'll go into any given state -- you know, take Pennsylvania, for -- well, that might be too messy and contentious --

(Laughter.)

But in any event, you know what I mean. You know, you sort of talk to Pittsburgh and Philadelphia and Scranton and Wilkes Barre and York and Lancaster and so forth, and you say, "Well, how about you folks really begin to act in unison at the state legislature around infrastructure, around innovation -- " -- around all this stuff. And it's almost like a grudge match. You know, "Well, Pittsburgh gets this, then Philadelphia won't get that." And, you know, God forbid the smaller metros should ever do anything.

So I think what we've got to sort of envision here is a different way of acting, first and foremost, within and among metropolitan areas, at the regional scale, at the state scale and, ultimately, at the Federal scale.

Very few Congressional delegations, I think, really act the way Mayor Hickenlooper and Mayor Daley act. I mean, they don't really think about the fact, across, you know, Democrat and Republican or liberal and conservative lines, of how they need to basically focus on not just the earmarks of national policy but, more importantly, the systemic and structural policy reforms that would fuel health and vitality.

And now we go to the Senate. And I worked in the Senate for six years, on the Senate Banking Committee. And I think what this is about, ultimately, is a more -- and it goes back to the rural question -- a more clear and coherent understanding of what those states need to ultimately compete globally today. We don't build -- we don't need to build roads to everywhere, in South Dakota, in North Dakota, in Montana, in Wyoming -- in a lot of these non-metropolitan or slightly metropolitan states. What we really need to think about for those places is a much more dramatic vision of connectivity around telecommunications, broadband, wireless and so forth.

I mean, that's what's going to make these states, both their metropolitan areas -- because every state has a metropolitan area -- and some of the rural hinterlands competitive in a very different environment.

And, you know, the way Washington works everything is very siloed and stovepiped and compartmentalized, so we talk about infrastructure, or traditional infrastructure over here, and then we talk about telecommunications policy over here, and then somewhere else we talk about farm policy and so forth and so on.

We need to have a much more integrated and holistic view of what metros need to succeed and prosper and what rural areas need to succeed and prosper, and the kind of national trades -- smart, strategic national trades - - that can then ensue.

That's the way governors think, increasingly, about their states. That's the way, obviously, mayors and county leaders think about their metros. We've got to take that holistic vision, where you really join up all these disparate policies and programs and bring it up to the national level. And we need to have, obviously, a lot of, you know, off-site, off-the-record conversations between leaders of these states, particularly in the Senate, so that we can move towards a much more balanced vision for the future.

So I think this is possible. I fundamentally believe it's possible politically, but I think it's necessary economically and environmentally. If we do not act like this, we are not going to meet our historic challenges. And then we will see drift in this country, and we will basically fail to meet what are not just national priorities but, clearly, global priorities.

SPEAKER: I'd like to understand more about your vision for the way Federal resources should flow.

As you know, basically, the Federal government implements the programs and earmarks that are passed by congress. Are you advocating for something more like revenue sharing, or more combining programs and block-granting based on needs-based formulas, or some kind of competition based on criteria that encourages regionalism.

How should those funds flow?

MR. KATZ: Well, I think we're talking about a range of things, given the sort of scope of challenges and opportunities in metropolitan areas. I mean, some of what, obviously, we're going to call for -- if you take, for example, you know, making work pay so that low-wage workers can have the income sufficient to make ends meet and begin to save for retirement and so forth. I mean, those kind of funding, and expanded earned-income tax credit, will flow directly to people. And then the question is how to ensure that everyone who's eligible signs up, and that they have easy and fair access to tax preparation.

I think with regard to other sets of programs, I think we are envisioning some different ways in which funding would be allocated. As I said on infrastructure, for example -- which is probably the best example of a system in the United States which has completely broken down at the national level. There is no accountability in the system. There is no vision anymore. There is no coherent approach. It's a trough, essentially, at which many participate.

We basically say from the get-go: we need to send money to the states to basically maintain and preserve the interstate highway system. But -- we're going to have to have some pool at the national level, which is basically an evidence-based, competitive way of distributing funds that go to the major

gateways and corridors, because they're at the heart of American economic life.

To think that L.A. and Long Beach, by itself, through whatever allocation comes down to California, or whatever allocation comes down to the L.A. metro, by itself can handle the fifth busiest port in the world, with all the environmental and congestion implications of that is crazy.

I mean, we have got to basically understand that because of economic restructuring here and abroad we have to think differently about the national transportation map of the 21st century compared to the mid-20th century.

So I do see within some of these activities of the national level beginning to change allocations. Now, obviously, the way to do that -- which gets to one of the questions I got from the overflow room -- is to have a pretty frank conversation about money, and a pretty frank conversation about investment.

I think when I think about the fiscal impact of what our proposals are, first what I think about is: we are calling for the Federal government, first and foremost, to cut to invest; to become more disciplined, to become more focused, to become more accountable. There's a lot of activity at the Federal level at this point which is not -- does not meet any kind

of return on investment kind of metric. And we need to find those areas and basically redirect and shift funding to the core needs.

Second, we fundamentally have to leverage to invest. We are not using market mechanisms like congestion pricing in our major metros, and we are not using the private sector, I think, sufficiently to deliver the next generation of products.

Take energy-efficiency housing. The Federal government can catalyze like it did in prior generations an entirely new market of green building and energy efficiency in the United States, and then the private sector will take it forward. Again, the cost of that is not going to be that substantial. So we have to leverage to invest.

Finally, we do need to make some investments here. And we need to make some investments un-apologetically, because our competitors are making these investments.

All you have to do is go to China and see the kind of network that they are building of ports and freight hubs, gateways and corridors. And it is scary. Because you come back to JFK, you know, and you are embarrassed to be an American.

You know, we have a third-class infrastructure in the dominant economy in the world. And we are going to have to find new strategic ways, innovative ways, to basically upgrade and modernize.

So, cut to invest, leverage to invest and, ultimately, invest. Because that's what it's going to take to meet our historic challenges.

Now, I just wanted to answer another question from the overflow room, and it comes from Bruce Fisher, who's the Deputy County Executive of Erie County, New York.

And it says, "The old cold metros of the upper Midwest, the Great Lakes, and the old Northeast are in need of ending loss -- population loss, capital loss. Will Federal will be there to invest where growth is slow?"

We, as you know, have a Great Lakes Initiative that is being run and organized by John Austin from the University of Michigan. And that's very much part of this Blueprint initiative. Because we want to show what the kinds of Federal policies need to happen because of metropolitan centrality, but then we want to nest it in the Great Lakes and the Intermountain West, the slowest growing portion of the country, the fastest growing portion of the country, so people get a good idea of how these disparate Federal policies will play out in different regions.

When I think about the brutal industrial transition going on in our industrial heartland, I think a lot about what is happening in Europe and Japan. Because what is happening, basically, in Ohio and Pennsylvania and upstate New York and Michigan is really no different than what is happening

in northern England, northwest Germany, northeast France, northern Spain and portions of Japan.

The difference is that those countries understood that they were going to have to use public policy to catalyze new markets. Only one of the top 10 wind turbine manufacturers in the world is an American firm, GE. None of the top solar panel manufacturers in the world is an American firm.

That did not happen by accident. That happened because those countries took the regulatory steps necessary on climate and the environment and then focused with the kind of intense research that advanced innovation that helped fuel markets.

We have not done that in this country. We basically allowed our industrial heartland to wither away, even though they have the talent and the energy and the skills and the legacy of doing great things.

And this is not about old industrial policy. This is really about being smart and catalytic about a fiercely competitive world, and what it is going to take for this country to maintain its edge.

So I think if we have a focused attention on innovation, a focused attention on human capital, a focused attention on infrastructure, building from the assets -- the amazing assets -- of the Northeast and the Great Lakes, which is the greatest, most highly advanced network of research institutions in the world, we can regrow these places.

But it won't happen willy-nilly. The private sector is not going to take it on by itself. It's going to have to be because the Federal partner re-engages with the states and localities.

So there is a lesson here. I mean, we joke about, "What are you going to learn from Europe?" "What are you going to learn from --" -- well, it is criminal that we do not have the firms in alternative energy that these other countries have. And we're going to have to basically wake up and do what it takes to succeed in this century.

Any more questions?

And then someone's going to tell me to shut up.

(Pause.)

This is a very interesting question, actually, and it goes to sort of a broader vision, which maybe we'll take on at the Metro program and maybe not.

"You've mentioned some examples of metro collaboratives among mayors. Are there models in higher education that pose opportunities for innovation?"

This is a really interesting question. Because the role of higher education in the United States has dramatically changed in the past several decades. I mean, we used to think about these institutions as sort of "over

there.” You know, do they pay property -- I mean, you know, crazy kind of discussions about the role of higher ed.

They are at the heart of many metropolitan economies, whether it’s through advanced research and innovation, whether it’s through their job training function. I mean, in Cincinnati, I mean Nancy Zimpher, who you’ll see on this panel is probably the major redeveloper of the core of Cincinnati because of the real estate they own.

What I see happening among universities at multiple levels is this kind of networking and coalition building that could dramatically affect not just their own health and vitality, but the health and vitality of the places in which they’re located, and national and state policy.

So, Nancy and Dr. Proenza from the University of Akron are here today. They’re part of a very innovative network of urban universities that Nancy will probably talk about, that I think pose real challenges to state and Federal leaders of what a 21st century higher education policy looks like, compared to the 1860 policy of land grant universities.

And then in the Great Lakes we see very promising collaborations, across the Big Ten and others, around advanced research and innovation. Just like metros are beginning to collaborate in corridors and gateways, particularly those that cross state lines, a lot of these higher ed institutions are beginning to collaborate as well.

So this is not just about government. I mean, this is not just about, you know, Federal, state, local, getting the boxes right; you know, getting the structures right. It's about tapping into these broad networks of corporate, civic and political leaders and either working with them in a sort of a targeted way, or working with them as part of broader networks.

Another question over here, and then we're going -- one more, and then I'm going to leave you all.

MS. VARE (ph.): Sandy Vare with Ridge Global.

It seems to me that getting regional and national folks in all those sectors to think collaboratively for regional or national prosperity really requires a lot of -- well, it's a paradigm shift, and just awareness. And, you know, how do you get people to think collaboratively to be competitive?

So is there an awareness campaign, or some kind of a grassroots effort in these plans, that says let's get people to change their way of thinking?

MR. KATZ: This is it

Our vision here is to purposefully build a network of corporate, civic, political, university, environment and community leaders from major metropolitan areas in the United States. And when we go to most places -- and there are exceptions, there are exceptions -- but when we go to most major metropolitan areas in the United States they understand the metro is the real geography of the economy, that they're in a different game competitively, socially,

environmentally, and that they're going to need to get beyond the sort of kind of parochial divisions, city-versus-suburban divisions, you know, metro-versus-rural divisions that have really dominated their politics and paralyzed their politics. So, I mean, you know, I don't want to be Pollyannaish about this, but I do see a different ethic among corporate, civic, political leaders in the United States today in the major metropolitan areas.

And I think our ambition here is to try to deliberately build and grow and nurture and sustain that network so that within metros you can have that tight leadership class -- and I should mention unions, as well, because I think labor's a major portion of this -- a tight leadership class that is really thinking about, "Where are we going to be in this region in the next 15 or 20 years, given our assets, given our liabilities, given our relationship with the state and national government?" And then connecting those metros together so that they can begin to converse across the major metros in politically smart and strategic ways so when it comes to the infrastructure bill, when it comes to the innovation bill, when it comes to the higher ed bill, when it comes to the next generation of No Child Left Behind, their voice is heard in Washington.

Okay? So we are, I think, maybe in some delusional way -- all right (laughs) -- but that's what's good about being in a think tank --

(Laughter.)

-- sorry, Strobe. They actually allow you to go off and think great thoughts, about eight out of 10 of which are pretty stupid, but, you know, they allow you to do it.

But in an ambitious way we want to help fix, in some respects, what's politically broken in the United States -- is that metros drive the economy, they house disproportionate numbers of our people, they are the vehicles for achieving most of the major goals we have as a nation, and yet politically they seem to have less power than they should at the state and Federal level.

So we will do what it takes -- and then we'll organization a 501(c)(4) so they can take this on -- to basically help grow this network.

And, with that, I would like to shift so that you can meet some members of the new network, I suppose: a panel of metropolitan leaders around the United States.

And to basically orchestrate this panel we have Neal Peirce. And many of the people in this room know Neal. I would just say that he, in his day job, is a state and local trends reporter. And as many of you know, his pieces are syndicated by The Washington Post Writers Group.

He's also, very importantly, the Chairman of City States, which is this network of fellow travelers who works on regional issues around the country. He authored a book called *Citistates: How Urban America Can*

Prosper in a Competitive World in 1993. You know, when I think about, you know, the five things that most influenced my intellectual evolution in the 1990s, it was Henry Cisneros just by himself, but also Neal.

And he's just done amazing work in this country consistently for a long period of time.

So I welcome him up to the podium.

MR. PEIRCE: That was a pretty spectacular start to the day, and I have to say as a journalist who has spent a good part of his life or career working on metropolitan regions and what their potentials are and going and studying in a lot of them across the country, this has really been a fantastic morning to see the growth of recognition of what they really mean not just in themselves in their potential, but what they mean for the United States and the profound challenges to the federal government and other types of challenges of the federal government to think through how it can be the partner that makes the country work this way. Big questions, how much Americans will cotton up and warm to the word metro, there are all sorts of issues here, but the vision is a very interesting one of the potential of this country.

We have a panel this morning of folks who are from various parts of American society to comment for you in various ways. You have their biographies in your packets, a brief biographical sketch for each person. I'll ask

them a question, we'll go around a couple of times and then ask for questions from the audience.

Our first panelist immediately to my right is Mark Ernst who is the CEO of H&R Block. This is a pretty large company, a Fortune 500 company, \$4 billion in revenue each year, services to almost 23 million clients in 14,000 offices around the U.S., Canada, and Australia. And it's not just income tax work, H&R Block also provides tax and other financial services including personalized financial advice for people about retirement savings or their financial opportunities, and it tries to be a pretty engaged corporate citizen in communities where it does business, invests quite a bit in organizations and foundations in its communities. Mark Ernst it's worth noting is a civic leader himself, a founding member of the Metropolitan Leadership Council that is supporting Brookings' initiative that you have been hearing about this morning. In Kansas City he's very active with the Civic Council of Greater Kansas City, the H&R Block Foundation, of course, and the Greater Kansas Community Foundation. So Mr. Ernest, it's great to have you here this morning.

MR. ERNST: Glad to be here.

MR. PEIRCE: Could you tell, sort of a double-barreled question, what resonated for you about the message that you heard this morning? And then a little bit of a follow-up, will corporate America get it? Will they understand the

importance of this message? Will they support the political agendas to make it happen?

MR. ERNST: I guess a couple of things stood out to me as I heard the discussion. Clearly, metros as an economic cluster is something that those of us in Kansas City civically have been working on and see very clearly. I'm not sure I realized that everybody was seeing the same issue and working on the same issue simultaneously. But also we also know that metros are sort of a social challenge cluster as well and all the old issues that we are carrying over need to be solved simultaneously if we want to move the metro forward.

What stood out to me I guess is that I didn't hear in the discussion that in my day job I observe that much of the federal policy is delivered through what taxes are not collected through different (inaudible) so things like much of our policy around housing at the federal level is really driven through the tax code and directed at folks who can afford those McMansions because they get the benefit of the tax deductions that come along with that, and those folks who can't afford those don't get the incentives that come along from the federal government. So I think there is embedded federal policy in a lot of different things that we don't necessarily see that would otherwise be thought of as flowing directly through earmarks or other things that are kind of lost in the way in which we deliver tax policy. So that's one observation I guess I picked up.

And the other really is that many of the social challenges that we have to face in metropolitan areas are going to be solved at the local level. We in Kansas City have been working now very aggressively for the last 10 to 15 years on sort of strengthening the urban core and really driving and sort of creating a sense of place. And as we were doing that I must tell you in most cases the federal policy implications or federal government just wasn't even a factor in our thinking because there was nothing to consider. There might be an earmark here or an earmark there that you might pursue, but fundamentally it just never came up.

MR. PEIRCE: Could you come back to the corporate community and their view?

MR. ERNST: I'm not very encouraged personally because I think that what most corporate leaders today know is that to be successful on Wall Street you really need to stay very focused on the short-term and these are long-term challenges and long-term issues and much of our decision making is about to place people and resources to get the most return in the shortest amount of time and quite often most recently that has been in other parts of the world, not in our American cities.

MR. PEIRCE: I suppose that is something that federal policy can look at, those incentives, but what you were naming or suggesting in your answer

was a change in a huge number of federal policies, and this was also inherent in Bruce's presentation.

MR. ERNST: Yes.

MR. PEIRCE: Mayor A.C. Wharton, of Shelby County, Tennessee, is with us, with 909,000 residents in your consistency which includes of course the city of Memphis, but really you have a state metropolitan region, Tennessee, Mississippi, Arkansas. I understand that you were key to founding a clean air coalition in your region with leaders from government, health, utility, transportation, business, and so on, across these three states. And that you've also been Chair of the Memphis Metropolitan Planning Organization, the MMPO, so you see how all the wheeling and dealing gets done for roads and transportation under current federal policy. I also understand you've done a smart growth initiative and the first uniform development code in the county and that you serve as Vice Chair of the Tennessee Higher Education Commission.

I would like to ask you, Mayor Wharton, first your overall view as a major American mayor on this proposal which you've heard this morning, and then maybe you could come combine that a little bit with this question of states and state lines. I understand you've addressed some of the state lines in your region as the Great Wall of China. How can these metro issues we have heard about discussed this morning really work unless there are major incentives to get the state governments to collaborate?

MAYOR WHARTON: First, I think the most helpful contribution will be that it will enable us to lift it from the rhetoric and take it to the rationale. Unfortunately, those of us who are elected by urban constituencies have to work with folks who in my case don't have to vote for me and they're completely outside the state so it's not a matter of whether they would or not, but I've got to work with them. In order for me to keep the folks at home, I basically have to address from one perspective which quite frankly causes great fear to those in the surrounding states and what this does is it gets it above the rhetoric and says forget about the way Wharton may have said it, look at the rationale, so I think that's where we'll get a major contribution.

When it comes from the perspective of states, as you know, Memphis is known for its blues and there's a song down there called "I Can Do Bad All By Myself," and there are a number of areas in which the federal government is very good at helping us to bad and we really don't need any help in doing it bad, we can do that alone. For example, you mentioned clean air, for example. To deal with clean air, the monitor that determines whether I'm in compliance is not located in Tennessee, it's in Arkansas. The scientific conditions that contribute to the quality of our air are impacted greatly by what happens in the state of Mississippi, but Mississippi has been declared attainment so I have no control over what they have to do. If they would simply as Bruce said somehow look at a rationale and not some distinct geographical line which makes no sense

whatsoever, that's an instance if they'd sort of move out of our way I think we could work this thing out.

You mentioned the Great Wall. It took me maybe 45 minutes to get to the top there. I've been in the office now almost 6 years and I've not been able to cross the wall between Mississippi and Arkansas yet. With the right kind of help from the federal government, not new money, by the way, quite frankly, but coming up with regulations, and the same holds true in health care in which if I deliver a service to someone from Arkansas and the cost of that service is \$500, I am not reimbursed by my standards, but I have to go and plead with Mississippi which may pay me or may not pay me for that service. Again, these are all present dollars, not new dollars, but there are instances in which the federal policies simply have not kept up with the realities of the world in which we live today.

MR. PEIRCE: So this metropolitan agenda then, part of it would be simplification and reorientation of federal rules and regulations?

MAYOR WHARTON: I think simply looking at it from above. When you're down there it's hard to see how you look, but when you look at these maps up here you really get a good look of who you are, and it's hard to see that when you're down there, so simply given a new perspective and the right federal policies to back up that perspective would be immensely helpful to us.

MR. PEIRCE: Thank you. Our next panelist is Nancy Zimpher who is President of the University of Cincinnati and a leader among urban university leaders. She became the first female president of the University of Cincinnati in 2003. She has been an activist university president working very hard on partnerships in her own community. She chairs the Uptown Consortium, a five-way partnership in neighborhood development right close to the university's campus. And nationwide, she chairs the National Association of State Universities and Land Grant Colleges and the Urban Serving Universities Coalition. So obviously you're right in the heart of this whole question of the relationship of universities to communities. Previously Nancy Zimpher served as the Chancellor of the University of Wisconsin-Milwaukee. One of her great interests is teacher education, urban education, that's where she started from, and has now moved and added to that the whole metropolitan agenda in her activities. Nancy, could you give us what resonates for you in the message that we've heard this morning? And maybe merge that a little bit with how the urban universities are part of and need to be developing as leaders in the metropolitan coalitions we've been hearing of.

MS. ZIMPER: I would be glad to do that. Thank you, Neal, and congratulations Bruce and Amy and Alan and the whole of the Brookings Metropolitan Program. I think it's just so exciting and so right and such the time, and every time I get a chance to give a state of the university address -- whatever I

end it with, and we're a metro nation and it's about time we started acting like one. So you've given me a real closing statement, and what better place to say that but on a campus whose name mirrors the city and think of how many universities across the country, the University of Akron, but really coast to coast where a great city needs a great university and great universities need great cities. And by the way, it's just a river, the Ohio River, between Kentucky and Ohio, and it's difficult to eclipse, it's still a barrier at times.

I am struck by the final resolve to call this metro nation. There will always be a tension between groups and geographies and I think this is as Bruce said not a dichotomy, not an either/or, but a relational situation between metro and rural that can really work for us. So I have been using the word city, I have been using the word urban, but the first thing that struck me about the whole thing is the seismic demographic change, if people don't get anything else get that this is a metro nation.

Secondly, Neal, I would be less than honest if I didn't say I nosed my way under the tent. I don't think it's obvious that people think universities are going to step up. And we are not a monolith. We're like thousands of institutions across the country from community colleges to small liberal arts institutions public and private, to the research giants, the land grant institutions that were seeded in 1862, so we are no more monolithic than mayors or states or the corporate structures. But because of that, about 30 years ago apparently the city

universities located in Major League Baseball cities, you wouldn't understand this, somehow it is root to a coalition that built and now 30 years later we overlay most of the 35 largest metropolitan centers that Bruce and Brookings and talks about, of the 100 or the 363, I guarantee you there are universities right there. It should be obvious that we contribute to human capital and certainly the innovation, but as Neal said, our work in our neighborhoods in Cincinnati with the hospitals and with the zoo make us really a quality places agenda, look to universities like Penn in Philadelphia and Trinity in Hartford, the University of Akron in Akron, Cincinnati, keep going across the country, the University of Minnesota which is a perfect example of a great big sprawling historic land grant institution is doing tons of work in the Twin Cities. So we want to be the wing beneath the sails of this agenda. We aren't that well coordinated, but we are starting, and I think we can contribute to not only innovation, quality places, and human capital, but certainly infrastructure as well.

MR. PEIRCE: Incidentally, doesn't that mean that boards of trustees need to look for presidents who are willing to take a leadership role in their communities and not sort of simply tend the store?

MS. ZIMPHER: Well, I think so because I like my job and I'd like to keep it, and of course many of our board members, our corporate leaders have been political leaders. But I will say this about universities, they are very entrepreneurial. We are kind of like holding companies. We have just

profoundly smart, intelligent, independent people you don't lead by command and control, you lead by influence and cajoling and incentives, investment from the federal government. I really think one of the more radical ideas that I've been thinking about is since we are riveted to NIH and NSF, what is the rules for allocation required that the universities were intimately involved say in K-12 education or neighborhood development? How could we take the funding that does exist and incentivize the behaviors of institutions who live on this federally funded mandate to the metro areas? So I could say more about the individual work in Cincinnati which I would like to do, but I just want to speak for the potential and the opportunity of universities to step up.

MR. PEIRCE: Thanks very much. Rey Ramsey is CEO and co-founder of One Economy Corporation, the nation's leading nonprofit organization and one of the leading nonprofits in the country in the field of technology. Prior to the founding of One Economy, he served as President and Chief Operating Officer of the Enterprise Foundation involved with many of our vital housing programs in the country, but One Economy is working with local governments, neighborhoods, and nonprofits to secure broadband access for low-income families and also provides web-based online content including something called the Beehive multilingual Internet portal that provides tools and information about financial services, education, jobs, health care, family. And another one is Ziproad.org, an online education tool that helps students, parents, teachers, and

caregivers find education-related resources in their communities. In other words, new and inventive applications of technology for our time. Rey, I would also like to hear what resonated for you in the presentation this morning and maybe you could relate that a little bit to the importance of broadband technology in our metro regions.

MR. RAMSEY: Good to see you again. I want to thank Brookings and Jim Johnson and his leadership and Bruce. It's been fun to roll up my sleeves with them and do a little bit of work behind the scenes. Watching his video, I was thinking several things. One, just sort of smiling looking at Bruce and thinking of Al Gore and thinking maybe you'll be nominated.

MR. PEIRCE: I wanted to say imagine if you were president and Bruce Katz were your chief of staff, you'd never have a quiet moment.

MR. RAMSEY: My other observations in watching the video and hearing the presentation were two. One is the three adjectives that were used, that Bruce used to say what we need as a partner in the federal government, the dependable, accountable, strategic. So I think if we reflect on what that means and sort of extrapolating out, I think that's very important, so emphasizing that there needs to be a partner. I think this effort does a good job of distilling what could be an endless conversation about how to make things better.

Where do you start? So if you start by saying we've got these communities, these engines of economic prosperity, they need a partner, and then you can go from there. Then the second thing, thinking of the corporate world and the telecommunications world, one of the most innovative companies, not to just pick one, is Intel and their former chairman Andy Grove had a phrase that he always used and it was that "corporations need strategic inflection moments," and by that, moments of time where you just time out and let's actually think about who we are and where we need today, and today is the beginning of a strategic inflection point at least I hope for the country which is movement.

MR. PEIRCE: Election season is an inflection moment. Are they the same or is it quite a different thing because we heard a lot this morning about the election season.

MR. RAMSEY: Right.

MR. PEIRCE: Can these types of messages and rethinking of who we are and how we move and what our focus is really occur in an election year do you think?

MR. RAMSEY: Neal, one can engage in wishful thinking, but what's important is that this blueprint is a beginning. Bruce was saying it last night, a group of us were together talking about it, and he said this is a beginning, and it's not just the presidential campaign, but it's got to go beyond that, and that's

why this network is going to be built around the country that's going to work on the issues.

MR. PEIRCE: Good. I'll ask one more question and then we'll go to questions from the audience and invite people to be thinking of what they would like to ask. Mark Ernst, you've taken a lot of interest in the federal tax code and who it gives favors to and who it doesn't. Against the issue of building low-income workers' wealth and capacity to succeed in our society, could you talk about that a little bit in terms of your interest as it relates to the agenda you heard laid out this morning?

MR. ERNST: Sure. I think the agenda that really talks about making metropolitan areas successful for a new form of middle-class which has been in many ways shrinking is going to depend on how do we provide incentives to working-class folks to succeed in this new economy. There's a lot of things that go into that, education is clearly a fundamental building block and that is an urban challenge in a lot of ways, but also economics of low-skill workers, and helping generations change from a low-income family status to middle-income status takes a lot of different things. In a lot of ways, the earned income credit is perhaps the most prominent example of trying to help reverse that and help people who might otherwise not have the incentive to work to build a tradition of work in their families. But frankly, a lot of other incentives that are build into the tax code are upside-down.

I mentioned earlier the notion of our housing incentives. If you are me, you have an incentive to have a very big home because I get a lot of tax breaks for doing it, and maybe the most damaging of all of those is our savings policy. In the United States to save for your own future if you are high income, you get a lot of incentives to put money away into your 401(k), to put money away into deferred compensation plans, and for every dollar you do that, effectively the government is going to put a dollar in there for you as well if you're in my tax bracket. On the other hand, if you are low income, you have no incentive, you get no incentive whatsoever, and frankly, the issue is completely backwards, the people who need the greatest amount of help are those who get the least under our current policy structure which is built through our tax code.

MR. PEIRCE: What this means is that metropolitan regions with large low-income populations in many of their older suburbs and inner cities have a critical interest in seeing more people make it in order to raise the economic level within their regions, a sort of everybody-can-succeed agenda, and that's what they're asking the federal government for I guess is what we're hearing here.

MR. ERNST: I think that the whole notion of income inequality is a growing issue. It's a particularly growing issue in our metropolitan areas because of the severe concentration of low-wealth families. And at the same time you the reverse of that which is the greatest amount of wealth and the highest achievers and successful folks are also concentrated in these areas and you

see the most stark contrasts I guess. And that I think more than anything, and maybe this will become part of the current political debate, is creating a lack of social cohesion as people see those who are making it and those who aren't and the risks that creates to our society.

MR. PEIRCE: It can either be an us-versus-them debate or let's have an everybody-succeed debate, and I guess you'd like to see the second emphasis.

MR. ERNST: Absolutely.

MR. PEIRCE: Mayor Wharton, the federal government mandates lots of things for places. It mandates emergency preparedness plans which may or may not work, but hope they will, if emergencies occur. But what do you think about federal mandates on traffic congestion or what you do or don't do about light-rail systems or air quality? Are you hearing the right federal mandates these days or do they need a total rebuilding?

MAYOR WHARTON: Fortunately with respect to emergency preparedness and planning, we are, and I suppose for understandable reasons. As you know, Memphis is located right on the New Madrid quake and it's not a question of if we're going to have the big one, the question is when. Of course, we have no warning system for earthquakes so we're all in that together and we are planning on a tri-state and regional basis for that. I would like to see the same thing in the area of transportation. Of course, when it comes into light rail and

others, the mandates that you have to show, and I never understood this, only Washington could come up with the phrase that said that it has to be fiscally constrained and I have never figured that one out. We're not able to show fiscal constraint. I don't know of anybody who has ever at its inception shown that light rail is going to be fiscally constrained. It's the greater benefits that flow from it. Nobody operates light rail out of a till box. So if we could shift away from that as the lead criterion, certainly you ought to look at financial feasibility as one component, but it should not be the tail that wags the dog as it is now.

Neal, if we could have the federal government to encourage and push reform in what is happening with the same intensity that they push cooperation with respect to what might happen we would be much better off. I know my air is dirty and ought to be better, but I do not have the same intensity from the federal government to say get together and work it out.

The big one is going to come, whether it's next year, 5 years, 10 years, I don't know, but it's not here yet, but dirty air is here today so if we could simply get the federal government to focus on what is happening the same way they're focusing on what might happen, I think we would be a long way down the road.

MR. PEIRCE: Sounds like a conversation that needs to be practical but also have a political edge to it.

MAYOR WHARTON: Absolutely.

MR. PEIRCE: Nancy Zimpher, I'd like to ask you a little bit about education. It seems that the federal government these days has its No Child Left Behind program and it has Head Start program, but it doesn't seem to connect with the rest. Is there a way the federal government working in the education sector could be a more helpful partner? We're not just sitting here talking about money, but I think incentives, rules, regulations, vision, research.

MS. ZIMPHER: Absolutely. Absolutely, Neal. I'll use the Cincinnati example, but I think it could be generalized for this group of urban-serving universities that we hope will contribute to this agenda. In Cincinnati in most urban areas, there is a huge attrition. We tend to count from ninth grade to twelfth grade and we say we're graduating about 75 percent of the students, but if counted for kindergarten, the figure would be much less, it would be much lower than 50 percent. Teachers are dropping out of our urban settings almost higher than students are dropping. Fifty percent are gone after 3 years. Remediation is still required. Forty-four percent of all the kids who come to college in Ohio still need remediation.

So if you look at the education pipeline which Bruce said is leaking, and it is leaking across the board, it really is a birth-to-career phenomenon. But of course, at the federal level we don't do regulation and legislation from birth to career, we do early childhood in HHS, we do K through twelve in the Department of Education, but that's separated from postsecondary

education. We regulate postsecondary education through the Higher Education Act, should it ever be reauthorized, and we regulate elementary and secondary education through the Elementary and Secondary Education Act/No Child Left Behind, and that is not connected to the Department of Labor and career development. I don't really need to say any more, but I will.

I do think that we can eclipse this but it's pretty much at the local level. In my experience, university presidents have been conveners. They have a great deal to gain by a bright and competent freshman class. They shouldn't just point fingers at elementary and secondary. Last I heard, universities still prepare teachers. That suggests a sort of supply- chain relationship. And more accountability on the part of universities for the quality and caliber of learning that occurs in elementary and secondary education. That is a huge order. Could the federal government organize in a more systemic way? Absolutely, yes. Would it take more money or better-directed money? I think the latter could prove successful.

In our drive toward accountability, I think all the pressure, all the burden is on elementary and secondary schools, primarily elementary schools, with factoring in the quality of the teacher and the responsibility of higher education. So really our participation in this agenda requires that we make ourselves somewhat vulnerable and susceptible to the consequences and failures of elementary and secondary education because we need to be a better partner and

I truly believe the federal government can provide the incentives to help us work more systemically together, and I think that's really possible and it's certainly an effort we're making in Cincinnati and Northern Kentucky.

MR. PEIRCE: Mayor Wharton?

MAYOR WHARTON: Just briefly, just to underscore that, I have responsibility for a 3,200 Head Start program which is under HHS. I think most experts in the field would concede or agree that Head Start is a good program, it's a successful program. To the degree that those who say it has failed, it's because they test them after they reach age 8. That's when they are out of my hands and the gains that they may have picked up by way of Head Start, they don't lose them in Head Start because we test them each year, they lose them after I've passed them off to an entity over which I have no control. No money is required there to simply say that I ought to, fortunately I'm doing that already by what we call dual enrollment, but that should be the mandate that there is some continuity between Head Start and K through twelve, and before that. When we had the Welfare to Work we had a golden opportunity to begin progress mapping on the children when they were going to a federally funded daycare center but we missed that golden opportunity with a whole generation of children.

MS. ZIMMER: Or even prenatal care. I mean, when you talk about the pipeline and you start early and you're persistent, that's where the opportunity is. And I will say, in our community and I believe in Memphis and

Akron and other places, a coalition of higher education, K-12 education, early childhood education, corporate leaders, civic leaders, and philanthropists, together can make a profound statement, but that probably has to be community, by community, by community, and get the politicians on board and to see what can happen in that regard is probably what the campaign ought to be about.

MR. PEIRCE: In the preparatory materials we have heard Bruce's talk had focused repeatedly on this issue of the American workforce of the future and the browning of the American workforce, the number of minorities, and the low graduation rates. Rey, I really wanted to ask you about that in relation to broadband and technology. What is the possibility within metro regions for example for broadband, better use of technology outreach, to the populations that are not getting high community college or university entrance rates now and who are failing too often in school? What's the link there to help in those types of issues so we do have a more able workforce and not face real worker shortages 10 to 20 years down the road now?

MR. RAMSEY: Two parts, Neal. First, let me just say one thing because it is easy to say everything that the federal government does is wrong, but let me point out wrong thing in telecommunications that they got right, although it was a long time ago, and that's when there was a federal will to make sure that everybody could have a telephone. So we passed the Universal Service Act, we made sure there was a funding formula associated with that, we made sure rural

areas as well as every urban area, everybody could have a telephone if they wanted one. We still are grappling with the fact that so many people in the United States who want broadband actually can't get to it. In parts of metropolitan areas, you would be surprised don't have access. I was speaking with the mayor earlier and he said it's like the superhighway came through and they forgot to put an off ramp in certain neighborhoods and we still have that issue. So the federal government can play an important role by encouraging investment and spurring competition where competition is necessary. If you go to South Korea and other nations and you look at how they are applying technology, you would see huge gaps between the United States and those nations. The linkage between education and technology is actually profound and there have been a number of studies. The Milken Institute and other entities have done studies to show when you bring broadband into the home and you open up the world of possibilities in terms of accessing information, you have a difference in the educational attainment of those students because it's a total learning environment. No longer are you looking at a learning environment only being in the classroom, you're looking at the classroom, the community, and the home. That's all stitched together by the possibilities of technology.

And when I sit with folks and talk with them, I was talking with a leader from Hopkins and he was talking about how they teach anatomy and their ability to bring in professors from all over the world. I said isn't it wonderful that

you could do that, but yet we have people who are living in parts of Baltimore and other cities who are in poor school districts? We have the technology to bring teaching instruction whether it's math and reading into those areas and into those homes and yet we don't do it. So actually the technology is there, it's the will to apply it in those places, and the lack of federal policy to make sure the infrastructure is there and the human capital is in place.

MR. PEIRCE: Actually, this is an agenda that would like metropolitan and rural interests isn't it?

MR. RAMSEY: Absolutely.

MR. PEIRCE: Because the rural interests, that's where there more redlining, so to speak at the moment on broadband access.

MR. RAMSEY: There's no question about it.

MR. PEIRCE: And then capacity to keep smaller schools and all sorts of things that are important to rural folks as well.

We have had a good assortment of opinions from our panel. We're going to hear now I hope with some questions from the audience, so we're ready to go on to audience questions. I am anxious to hear anyone. Please stand and identify yourself, sir.

MR. RIVERA: I'm Hernando Rivera (ph). In terms of (inaudible) and the workforce of the future (inaudible) comes to mind (inaudible) but in addition to those, you mentioned the earned income tax credit and of course

minimum wage increases. The problem with minimum wage increases, it takes 10 years for that to occur in the present political environment (inaudible) the earned income tax credit is that very few at least in terms of (inaudible) I think it's still (inaudible) what do you see as solutions in terms of the workforce of the future (inaudible) in terms of (inaudible)

MR. ERNST: In the United States broadly, the estimate is that only about 60 percent of the people qualified for an income credit actually apply and get the benefit. That oddly enough makes it one of the most highest-penetrated programs of any federal program. But it still really lags what the opportunity is.

MR. PEIRCE: You're advising clients aren't you?

MR. ERNST: We are advising clients and we would like to think that 100 percent of those who come to us who qualify actually receive the benefit. But I think that's one of the challenges of it, is that with the earned income credit you're really linked to two things the right way which is the earned income credit in many ways has been the solution to the lack of increase in minimum wages and it solved the problem of not causing minimum wage increases where it may not be economically viable, but at the same time dealing with sort of low-wage jobs for folks who are otherwise trying to raise a family, and the earned income credit is really targeted for those folks who are trying to raise a family and typically have qualifying children. But it is a very complicated program, it has very, very

complex rules to apply, and many of us have worked hard to do a lot of outreach, to do a lot of education, a lot of work -- Income Tax Assistance Programs out there to try to help people be brought along to understand how this program works. But it is clearly a challenge to make sure that people know that they qualify.

MR. PEIRCE: Next question? Yes, sir.

QUESTION: (inaudible) baby-boomer. I have heard a lot of comments about institutions, disincentives, to change, Balkanization, and legacy programs, not much about individuals' disincentives to change. For instance, if people are getting close to retirement and have a lot of their wealth in a large single-family house and companies that depend on oil or SUV manufacturing, has there been some thought given to how to remove some of those challenges that we may face in terms of achieving political change?

MR. PEIRCE: Interesting question. I don't know who wants to respond to that, but there are a lot of political challenges here. You don't easily come out against McMansions in America, and a lot these built-in incentives are very strong for a status quo in multiple fields as opposed to the targeting of policy direction that Bruce was describing to us this morning.

MR. : One of the observations I have is that one of the challenges and one of the great things about America, but one of the challenges about America, is that so much of our policy depends on people's aspirations to

one of the haves and therefore we are very willing to accept policies that reward the haves because we all imagine that some day we're going to be one of those. So the whole debate about the estate tax is a classic example of this in our current environment, and I think McMansions and the incentives that are out there, it's hard to argue with we ought to help people achieve the American dream and the sound bites that you can build around those kinds of notions appeal to so many people politically that it's just too simple to reinforce what Americans want to believe about ourselves. And the whole notion, I think Bruce talked about it this morning, that we have to reconceive of who we are is maybe perhaps the most important thing that could come out of this discussion because we are no longer this agrarian kind of collection of communities, we are people who live in metropolitan areas that depend on sort of this new kind of cohesion within these metropolitan areas that we all, or most of us, live in and we need to succeed in. But the notion of the American dream is not to have that penthouse in downtown New York, it is a very different kind of an imagined success story of having the SUV in the suburbs where the children go to a great school and that is politically very appealing to a lot of people.

MR. PEIRCE: Rey?

MR. RAMSEY: Yes, and I think both politically and practically it's not possible to sort of say we're going to social engineer people into where they live and how they're going to live, it's a question of where the federal

government is incenting and if they're going to incentivize sprawl versus are we going to incentivize smart policies like what's happening in Portland, Oregon, and places like that. So I think it's more a discussion about that versus we're going to stop you from doing that because that would be politically impossible.

MS. ZIMPHER: I know this is a financial question, but it needs to be said that our domestic will to help grow prosperity can be at an individual level. We have 51 million boomers in the next 30 years, I think that was what the slide was. A lot of we think are going to come back to school, they're not going to get degrees but they want an education that will serve them. We just formed a collaborative with Procter & Gamble to design products that better meet the needs of the post-50 boomer generation. But what we need is a tax credit for volunteerism, for the talents of the early retiree boomer. Every child in our nation's metropolitan areas deserves an advocate. That advocate is not always in the home. We are random about this. We love tutoring and mentoring programs, but they aren't organized to really serve the educational needs of our students. They kind of serve the humanitarian needs of us as adults, but they're not systematically connected with what kids need to know and be able to do. So I would think that the country is ripe for presidential campaigners to suggest more domestic policies around ideas like urban volunteer systems, WTA projects, domestic Peace Corps, it's just there and it doesn't ever get organized in our

country, and it's not about your taxes, it's not about where you live, it's not about the American dream that's financial, it's about the American dream that's personal.

MAYOR WHARTON: Just briefly, at one time in my career I was a criminal defense lawyer but my mom wanted me to get into something honest so I got into politics.

(Laughter.)

MAYOR WHARTON: I don't think it's an either/or, choosing individual responsibility or institutional responsibility. The reason I mentioned criminal defense is that a person who aids and abets is just as culpable as the main culprit and what our government has done unfortunately has aided and abetted some of this less-than-responsible conduct. If you will recall in our initial layout of interstate highways, you did not have six or seven exit ramps within 10 miles of a municipal border, you jumped on the interstate to go the distance. If you look around our cities now, the interstates that once had two or three ramps within 3 or 4 miles, it's basically a ramp every 2 miles, so it makes no sense to talk about economizing when you can jump up and get in and get out and you're not sitting in traffic that long.

In health care for example, we'll pay for hospitals to amputate your foot if you're a diabetic and you don't take care of yourself, but we won't pay you to go to a nutritionist or a dietician and learn how to eat, so what's the incentive for the medical community to say, look, you'd better go learn how to eat, you

won't get paid for that, but you can pick up \$1,500 or \$3,500 for whacking off somebody's foot. I don't think we have to cross a line between individual responsibility and institutional responsibility.

MR. PEIRCE: It almost suggests to me though a national politics of we're in it together rather than we're in it as separate groups and competing camps, and I haven't heard that really articulated except in foreign policy in some ways we hear it articulated, whether it was good or poor judgment is a matter of debate, but we don't hear this all in it together in a domestic economy stated very often. Maybe that's where some of the political possibility would come for the kind of agenda we heard this morning. Another question?

MS. MARTINEZ: Sylvia Martinez. There seems to be a backing away from distance learning after there was a great deal of enthusiasm. Somehow it has not reached its full potential. Since Rey Ramsey is there and the president of the university, I would like to hear your views on what we might do to enhance distance learning.

MR. RAMSEY: I think that the number-one or one of the big issues on distance learning is the issue of comfort and convenience, and you've got to make it comfortable and convenient for the individual, and for a while so much of distance learning was sort of driven into a center-based model where you're asking people to come home from work, go out to another place, et cetera, and so the drive has got to be to make it in the home. So you take a company like

Sylvan Learning who's got all these centers, they started something a number of years ago called Sylvan and I happened to be involved with them on that for a while and I posited to them this will work better when it starts in the home, so actually as a business they said let's take a look at it because they center-based and now they've shifted it into the home and they've been doing extremely well in terms of supplemental education services under the No Child Left Behind Act.

So I think it's important with all of these things whether it's distance learning or whatever to always think about how do we make it comfortable, how do we make it convenient, because that's going to ultimately make it part of a person's culture. And looking at government I often say that we should be thinking about letting people be online, not in line, and if we think about it that way, then we'll have a 21st century government.

MS. ZIMPHER: Universities are becoming increasingly more comfortable with the brick-and-click environment, students are not only dual-enrolling at two and three universities at the same time, if you have kids you know this, they are taking on-campus courses and distance courses simultaneously. So in our institution and other Ohio institutions, we're on a growth pattern for distance learning. I will tell you it's very labor intensive. It's not coming to another site, it is highly personalized and convenient, but to make it a high-quality experience really means there's a lot of staff, faculty-and-staff support for it, which I think the federal government could help us with. But I also

think that with states declining in their support at least for public higher education, this is one of the things that we consider to be a revenue growth opportunity and as such I don't see it going backwards, I see it going forward, and the customer, the market, is going to insist on that. That's what the students want.

MR. : I might add something to that related to the private sector because we educate about 100,000 people a year and we have about 50,000 of those folks who are doing distance learning through online training programs that we put them through every year, and it just has been invented as part of the culture of the organization that you meet people where they want to be met. So I'm not sure that there's not support for it, it just may be so much in the fabric of what goes on today that we don't hear about it much.

MR. PEIRCE: Another question?

MS. MILLS: I'm Karen Mills. I'm interested in the connection between innovation and job creation, and you're all involved in job creation because all those jobs happen at the local and metro level. But if you had a message or a question to give to somebody at the federal level, say the senators who also all come from the states, what would you tell them? What federal legislation would you try to influence that would help this connection between innovation and job creation?

MS. ZIMPER: Local investment. I think one of the big challenges for us in between the two coasts is where capital gets invested and

what could we do to really foster the kind of commercialization that's possible and is emerging but we're undercapitalized and we're undercapitalized because people who have the wherewithal to invest are investing where there is already substantial success. So I see it as what would be the incentive for increasing investment in local collaborations which will create jobs that stay home.

MR. : And I would just add to that that I would think about more in research-and-development credits and making those permanent so that it doesn't have to constantly come up for different kinds of reauthorizations, and I think I would target those to certain key areas. If you look at medicine, health, we know we need more innovation in those fields all the way from medical records to other things, and yet we're not doing it and so we've got to think about how the federal government could be a bigger partner there.

MR. PEIRCE: Other questions?

MS. POWER: Hello, I'm from London, I'm Ann Power, and I feel a bit of an interloper in being the only foreigner who seems to have asked a question so far. But I am really puzzled by one thing. I think if this was a European meeting, people would be taking for granted that we just have to do something about, for example, social inequality, environmental limits, congestion, public transport, minimum-wage type underpinning. We wouldn't know how to do it and I think Europeans can be quite hypocritical about America and we wouldn't necessarily be better at it, but there would be a sense of drive that we had

to do it in a sense of revulsion at the kind of difficulty of persuading people it was the right thing to do, whereas I was very struck by what Mark said and party what Nancy has been saying that somehow you've got to sort of assume that people won't really want to do these things and we've got to kind of try and drag them through I don't know what. It is very unclear quite what you're going to drag them through. So I'm just puzzled by the way America seems to stand out as not having the right sort of tools to do what Bruce has set out as an absolute imperative. If you're China, you're just told to do it, and if you're European, you just feel you're so packed in that you have to do it, and if you're American you feel you're so free that you don't have to do it.

MR. PEIRCE: Well said.

MS. POWER: I would really love an honest response. I know we shouldn't really listen to Michael Moore, but he does sort of capture that problem slightly.

MR. PEIRCE: What do you all think about that question? It's a real easy question.

MAYOR WHARTON: Unfortunately we as a people have gotten addicted to incentives being there. My section of the country would have never developed were it not for the Tennessee Valley Authority coming in and cheap energy, cheap fertilizer, and all of those things.

MR. PEIRCE: Yes, but the TVA was a federal vision.

MAYOR WHARTON: Yes, it was.

MR. PEIRCE: We used to have those, remember?

MAYOR WHARTON: It was a good federal vision that is a different breed of federal vision. But we've gotten addicted to that and when Mayor Bloomberg mentioned incentives for parental responsibility there were all sorts of alarms that went up, but quite frankly, that's not too far out of step with the way we have come to do things. So maybe with the right kind of incentives which wean us away from this addiction which many of us are discussing here, we'll be able to inculcate that sense of responsibility.

And there may be some areas in which we have to prime the pump with incentives. For example, one of the greatest barriers to the kind of workforce we're going to need are the number of individuals with criminal pasts and criminal records who are totally excluded from the job market. It may be that it takes an incentive to get an employee to say I'll take a chance, free me from some liability and I'll take a chance. Once that employer sees that that man or woman who has had a bad past really comes in there and says by George I'm going to be a good worker, maybe the moral side will come in them, but I think we're going to have to prime the pump continuously with these incentives until the moral responsibility or the sense of revulsion kicks in.

MR. PEIRCE: I want to ask the panel though, we've heard about a presidential election happening in the next year. Is there a role for candidates for

president to raise the higher vision of how we collaborate rather than fight each other for special interests?

MAYOR WHARTON: I don't want to monopolize, but if you take Shelby County at midday, if everybody had to cast their vote at midday, it wouldn't be red, it wouldn't be blue, it would be purple because my population changes and I think the candidates are in an excellent position to not see red, to not see blue, but to see purple because that's what we are. And if you look at places like Memphis where you have upwards of 50,000 or 60,000 people who come in there and work and then leave at sundown, the candidates are in an excellent position to see that reality and to focus on that and to get focusing themselves that way.

MS. ZIMPER: We've been very successful in our own idiosyncratic way. Universities have not had to go it with somebody else, they've been able to get federal funding and do what they needed to do and reward their faculty. But for instance, universities which used to be relatively walled environments are looking out the door and seeing that the neighborhoods around them are high poverty, high unemployment, low homeownership, and so perhaps I think one of the greatest drivers is not necessarily more money, but the fact that we understand that our very future is being compromised by the absence of being good caretakers of our community.

So then now that we are awakened and we're working in our communities, we understand that transportation and housing policies and employment policies are getting in the way of our being able to reach out and be helpful. So I really think there is a sense of awareness that's being raised by institutions that were traditionally isolated reaching out and then they're running into barriers in the way we make policies that are going to have to be changed. So I really don't think it's the federal government or somebody that's going to fix this, I think we are awakening to our reciprocity, our synergies, and we need the support and help of the government. And of course, there is no better solution here than inspired leadership and I really think what Metro Nation is all about is to get our political candidates to raise the level of the conversation and the rhetoric to something where together we can, and we have not been a nation of together we can in our recent past.

MR. : Neal, back to the original point which I think is actually fascinating, I have to admit I did my graduate work in economics at the University of Chicago so they would hate to hear me say this, but I think in the United States we have the sense that free-market capitalism can and should apply to everything that goes on and, therefore, this kind of winner-take-all, we'll all rise somewhat higher because we have this intense level of competition at everything, I think maybe this is that moment in time and maybe this election will test this idea that as more and more of us are concentrated in metropolitan areas, we don't

have the luxury of competing exclusively because what we do to win has spillover effects on all of our neighbors and it goes to the lack of neighborhoods and lack of cohesion in our metropolitan areas. So maybe the time will come, but we have had this 25- to 30-year trend now of saying let's just get out of the way and let people compete and somehow the winners will win and if the losers see the winners winning they'll work harder and succeed more. I think that society doesn't exactly work that way and in Europe people have had that observation because maybe the density has caused people to care more about each other as neighbors rather than as competitors.

MR. PEIRCE: And Bruce was defining it as not just a beneficent federal government, but a smart federal government.

MR. : Yes.

MR. PEIRCE: And I think that's a little easier to sell than just the federal government will take care of you by far. I guess we have time for one or two more questions.

MS. WAITS: I'm Mary Jo Waits with the Pew Center on the States, and states is the key word here which is a word I haven't heard today much. So I guess I will take the opportunity, no offense, to the agenda being about the federal government and metropolitan areas, but what's your reaction to what should the states be doing to facilitate this framework that Bruce has laid out both in terms of the barriers as well as helping incentivize different behavior?

MR. PEIRCE: I was hoping you'd answer that question.

MS. WAITS: I'm listening today.

MR. ERNST: From my personal observation in Kansas City, which is I live in Kansas and I work in Missouri and that state line is every bit as prominent there as it is in other places. We don't have the physical barrier of a river or something mark it, so you actually just cross a street. But one of the two observations I would is, one is in the state of Missouri as I understand it, about 70 percent of the GDP of the state of Missouri is from the St. Louis and Kansas City metropolitan areas, yet I can assure you politically we have nowhere near 70 percent of the influence over the policy-setting at the state level. That could be argued that we don't have our act together, that we don't have the right kind of social structure to influence, but I think it also may have to do with the structure of the state government that really rewards geography more so than people, so that's one observation.

The other observation which is some days we love it and some days we hate it, that state line and having people from two states competing with one another across the state line within the same area is most days a big issue. And while we talk about breaking down that barrier, the simple fact of the matter is go back to work and try to figure out to get your little community advantage and you look to whichever state you happen to be in to make that happen. And while we have had various attempts to get state officials to agree to a halt to

escalation, that halt lasts for about 6 months and then it starts over again, and I don't know what's going to change that.

MS. ZIMPHER: I want to compliment Brookings. I didn't warm immediately to older industrial cities as a classification for Cincinnati, but we're growing into it because eight or 10 cities in Ohio have that characteristic. They have emerged very slowly from the post-manufacturing or failure to move into the advanced manufacturing era. So I think we have an agenda. I think the governors have to take some real responsibility here. I don't think 50 governors or principalities beyond that can necessarily do it, but shame on the Great Lakes if they can't do it, John Austin and others. Seven or eight states have a common economic formula, it is underexposed, it's underdeveloped, it would take us out of the Rust Belt era and into a really smart economic era, and I do think that governors should be chided a bit for not stepping up because it's right there in front of them. And I am very proud of the fact that I think Ohio's governor is going to do that and other states as well.

MR. PEIRCE: What feeds suggestions in the whole metropolitan initiative here is that the national government, but I think Bruce would also say state governments, understand the economic engines and the potential that the metro regions are and try and sell investing in them, not them against the rural or small towns, or not trying to be in favor of one group versus another, but adding to the wealth within the state. In one sense, the metro regions are cash cows as I

believe you were sort of referring to them a moment ago, so the question is both national leadership and then state leadership to see what is the way that we can maximize resources and let the society succeed rather than being always fighting each other for little pieces of the pie.

I allowed myself the last word. I don't know if I'm supposed to do that as moderator, but at any rate I have. I understand that we are now going to hear from Henry Cisneros in a moment and the people who are in the overflow rooms are cordially invited to come and join us in this room. There are some seats now, I believe. Thank you all very much.

(Applause.)

MR. JOHNSON: -- all over the country, to do very useful and important things, and to prepare and to come and to be in Washington with us is fabulous.

So, thank you very much from me and everyone else.

In 1981, Henry Cisneros became the first Hispanic-American mayor of a major U.S. city when he was elected to the top post in San Antonio. He went on to serve four successful terms, becoming one of the most effective U.S. mayors in the 20th century.

From 1993 to '97, he served as Secretary of the Department of Housing and Urban Development, where he carried out what are widely

acknowledged to be the most dramatic reforms to Federal housing in the past several decades.

Since leaving HUD he has continued to distinguish himself as a leading thinker practitioner on issues as disparate as affordable housing, immigration and urban revitalization. He is currently the chairman of CityView Companies, a community-building firm dedicated to producing workforce homes in American cities.

I really can't think of a better person to help kick off the Blueprint. Secretary Cisneros' career has been dedicated to improving the condition of America's cities and suburbs and their residents. His efforts at HUG offer powerful evidence of how, through innovative thinking and thoughtful, purposeful engagement, the Federal government can transform seemingly atrophied public policy and unleash the powerful potential of urban and suburban markets.

The Public Housing Initiative he developed as Secretary remains one of the most successful urban initiatives yet developed, and it stands as an inspiring example of the type of bold, innovative Federal effort the Blueprint is calling for.

And his writing and efforts have played a pivotal role in helping to transform our understanding of America as a metropolitan nation. In 1993 he released the hugely influential book Interwoven Destinies, which

articulated a metro vision of the United States. And during his tenure at HUD, he commissioned a series of groundbreaking reports that for the first time demonstrated the powerful impact of America's metros on the world economy.

The Blueprint, in many respects, builds on your vision, Henry.

Thank you for being with us.

(Applause)

SECRETARY CISNEROS: Jim, Thank you very much. What an exciting and uplifting morning it has been to see so many things that I believe in presented so well. And presented by people that I so respect -- inspired by Jim Johnson in his leadership of Brookings over many years, supported by Strobe Talbott in his present leadership of Brookings, and generated by Bruce Katz, one of the people whose intellect and capacities I admire most in the country.

Congratulations to your team for this wonderful, wonderful job.

I thought this morning what I might do is try to underscore the ideas that have been presented today that are so well grounded in human experience and American history.

From the first gatherings of human beings in groups larger than nomadic tribes, for protection, for food production, for division of labor, for trade, for worship, came urban places.

In the Fertile Crescents of the Middle East to the great cities of Mesopotamia and Egypt, from China to India to Europe, the urban form evolved, into the Italian city-states where the arts of diplomacy and arms made possible the arts of painting and literature; where trade abroad enabled great architecture at home.

In the North Atlantic nations, in the new world, urban places have been the settings where essential national processes have played out; where people work, learn, recreate, live and govern themselves.

In American history, our urban places have been the points of origination, the building blocks of national process -- nothing less. In these places some of the epic processes of the American narrative have unfolded: work.

A great nation sustains itself through work. From the labors of its people, from their productive capacities come national power. In the American colonies, work included trade with England, with shipbuilding and ships in Boston, waterborne commerce originating in New York City through the Erie Canal into the interior, and Great Lakes waterborne traffic that drew industries to Cleveland, Buffalo, Detroit, Chicago and Milwaukee.

A network of great cities emerges along America's rivers: the Queen Cities, Cincinnati, Pittsburgh, New Orleans. And St. Louis played the

double role of river city as well as point of embarkation to the great opening of the West.

It was work in the cities that preserved the Union, as armaments made in factories in Hartford and Lowell and Bridgeport and Rochester and Harrisburg overwhelmed the economy of the rural South. After the war, the iron horse opened the way to feed the nation from the stockyards of Chicago and Denver, Omaha, Fort Worth and Kansas City -- even as, in the West, clipper ships sailed to the Pacific and Alaska from Seattle and San Francisco, and in the East the industrial revolution matured in Toledo and Akron, Louisville, Rockford, Moline, Davenport and Grand Rapids, each of which developed a specialization in making particular things for the country.

So that when World War II required an arsenal of democracy, tanks rolled off the lines in Detroit, ships were launched from yards in Oakland, and airplanes flew out to Long Beach.

Over the last decades, metropolitan areas that were little more than towns 50 years ago have become pillars of the national economy: Atlanta and communications, Charlotte and finance, Miami in trade and banking, San Diego and the biosciences, San Jose and technology.

In American history, the metropolitan economies drive the way the nation works.

Learn. A great nation helps its people learn and, in so doing, transforms their potential into national prosperity. That's what America did when it used its public schools of New York to transform the children of immigrants into students at the City Colleges of New York, and then into a Secretary of State, a Nobel Prize winner, a Pulitzer Prize recipient, university presidents, financiers, doctors and scientists.

I deeply respect the legacy of the land-grant institutions in rural places like Lansing and Stillwater and College Station and Auburn, Alabama. But the nation has needed its city schools: the city public colleges created in Ohio, like the University of Cincinnati, University of Toledo, the University of Akron, and community colleges all across the country; the great Catholic schools that set as their mission the integration of immigrants -- Marquette in Milwaukee, Villanova in Philadelphia, Fordham and St. John's in New York City, Loyola and DePaul in Chicago, and Xavier in New Orleans, which took on a special mission of creating the African American middle class.

And then there are the anchor institutions who, today, create the sense of purpose for entire metropolitan areas, like Johns Hopkins in Baltimore, the University of Miami, Tulane, carrying an extraordinary load in the revitalization of New Orleans today; the University of Southern California, which has been an anchor for South Central Los Angeles since the civil

disturbances there; Washington University in St. Louis; the University of Pittsburgh, transforming that city; the University of Illinois-Chicago.

In American history, urban education has helped the nation learn.

Recreate. The greatest nations have places where people recreate, where we celebrate our national heritage and our human inheritance, where the human spirit is uplifted by the genius of the painter, the grace of the dancer, the athleticism of a ballplayer, the wisdom of the writer, the skill of sculptor, the inspiration of the preacher.

In American history, urban places have been home to our churches, our temples, our museums, our symphony halls, opera houses, ballparks, stadiums, convention venues and hotel conference centers. The National Cathedral in Washington, the Getty Center in Los Angeles, the Statue of Liberty and Central Park in New York, the Museum of Natural History in Chicago, the Opera House in San Francisco, Camden Yards in Baltimore, and Coors Field in Denver; the Nasher Sculpture Garden in Dallas, the Calatrava-inspired Museum of Art in Milwaukee, the Mormon Tabernacle in Salt Lake City.

Our urban places give us identity, our common purpose. We even capture that in some of the relationships with our athletic teams: the

Pittsburgh Steelers, the Seattle Mariners, the Dallas Cowboys, the San Francisco Forty-niners, and, yes, the New York Mets -- Metropolitanans.

(Laughter)

The metropolitan places are where America comes together

Live. The greatest nations bring their people to live together.

In the greatest nations, out of the diverse masses are formed civil societies. In American history, the Lithuanians of Sinclair Lewis' The Jungle gathered in Chicago tenements as their first step towards Americanization.

A half century later, African American field workers from Alabama and Mississippi provided the manpower for automobile plants and steel works in Detroit and Chicago. And today those metropolitan areas have among the largest African American middle class groups in the nation.

Their routes of passage to life in the American middle class is the route of the Irish in Boston, of Poles in Detroit, the Slavs of Cleveland, the Jews of New York, the Germans of Milwaukee, the Swedes of Minneapolis, the Chinese of San Francisco, the Latinos of San Antonio, the Vietnamese of Anaheim.

In America it has been the machinery of urban life which has provided the stepping stones to a better life.

Governance. Finally, great nations find the ways to govern themselves. In American history many of the most important processes of

governance have played out in our urban areas. In a sense of civic engagement it's been raucous, rude, sometimes brutal: the self-serving efficiency of Tammany Hall, the practical sense of Saul Alinsky in *Back of the Yards* Chicago.

In the streets, in the neighborhoods, at the polling places, in the union halls, we've worked at how we govern ourselves -- governance in the sense of being the action-end of state and Federal programs: the WPA, decent housing after 1949, equal opportunity after the Great Society, voting rights, welfare reform in the Clinton Administration -- all of these took effect in physical places. And for the majority of Americans those physical places were our metropolitan areas.

The history of American progress writ large is, in substantial measure, a metropolitan and urban phenomenon.

The issue appropriately joined here today is how to create the next wave of American progress; how to sustain the nation's prosperity; how to extend the greatness of the American experiment.

Bruce's four linchpins are precisely correct. First, dynamic forces are reshaping our world. We have to think in new ways.

Secondly, nations must act upon their assets. They have assets, we must be able to know how to build upon them.

Thirdly, U.S. metropolitan leaders are presiding over innovation of all kinds, but largely going it alone.

And, fourthly, this Blueprint for American Prosperity is needed to create new partnership using metropolitan areas as the historic platforms that they can be.

Just as metropolitan areas have been engines for some of the greatest advances in American history, so too can they serve the 21st century imperatives of national progress.

Metropolitan areas can sustain work and the hope of advancement, when 76 percent of the nation's knowledge jobs are in the 100 largest metropolitan areas.

Metropolitan areas can support learning which will unleash human ingenuity, when 74 percent of the tier-one research institutions are in those 100 largest.

Metropolitan areas can uplift our spirits when critical masses of the nation's creative talent flourish there.

Metropolitan areas are home to the neighborhoods where it is worth working to preserve safety and dignity and family peace of mind, when 65 percent of the nation's people live in just the largest 100 metro areas.

Metropolitan areas are worth the effort to govern ourselves with fairness and inclusiveness, when 76 percent of our GDP is generated in only 100 urban places.

Our metropolitan areas are the places where our nation can address the challenges of our times. Going forward into the new century, we can be a nation with an economy that has the competitive attributes to succeed in global competition, even as we prepare the way for a new middle class.

I noticed an announcement yesterday that a Chinese company has now become officially the largest enterprise in the world. There is no question but we're facing massive competition in the years to come; competition we probably have not seen before in this form. And yet, even as we compete and see forces that drive wages down in global context, we can build a new middle class. But to do so we have to energize metropolitan schools and build the urban technological infrastructure.

We can be a nation that integrates its people, that helps lower-income families and immigrants raise their incomes and accumulate assets -- when we know today that minorities have two-thirds the income of the average White family, and one-tenth the wealth of average Americans. But to do so, we must create excellence in K-through-16 urban schools, extend home ownership, open access to higher education, open access to the financial system, and strengthen the portal role of urban areas for immigrants.

We can be a nation that wisely uses its physical gifts, to use less lands, use fewer natural resources, and creates sustainable places. But to do so we must modernize our infrastructure and build smartly.

The Brookings Institution is right to drive a national conversation about such a partnership, about how we use our national resources rather than leave urban governments on their own; about how we create incentives to cooperate across the boundaries of city and suburb, boundaries which are invisible from a plane flying over our metropolitan areas at night. Over the years, as I fly into different metropolitan areas, I cannot tell where the city ends and the suburbs begin. It's just not possible. That is the real organic form of the urban area, the way the economy really works.

And how we can harness public and private capabilities across other boundaries, such as the ideological boundaries that so separate public and private capabilities. We've learned, for example, in programs like the Low Income Housing Tax Credit that it's possible to harness the energies of the private sector with public tax resources.

We've learned from Jim's leadership, for example, that Fannie Mae, and his colleagues at Freddie Mac, how to create hybrid institutions that make it possible to bring capital from around the world to our public priorities.

Public investment in higher education research has spawned all kinds of private products. And transportation policies will have to be

revamped for a post-petroleum economy. As Jim made reference to, in our Hope VI work in public housing we've seen private investment attracted to areas that once it was impossible to think in terms of private investment near these sites. And we have watched housing voucher investments place people nearer jobs and nearer markets. All of these have been smaller programs, experimental programs, hybrid programs. And the opportunity now exists to think more broadly across boundaries in every way.

What Bruce and his team have advanced is a way of thinking -- a way of thinking about where our national assets are, and what the appropriate building-blocks for policy should be.

They've also advanced a way of organizing -- organizing our national government: Federal leadership from the White House. One might envision, for example, in a future administration, an entity not unlike the innovative Economic Policy Council in the White House, but with a metropolitan focus to utilize the building-blocks that exist, to think and organize in a different way: Cabinet-level inter-departmental strategy; cross-departmental programs; Congressional recognition across the lines of committee jurisdictions in order to allow the cross-fertilization of ideas and programs.

They've also advanced a way of organizing for partnership at the metro level, with a view toward how metropolitan economies actually

work, where the jobs actually are, how education assets can be used, how freight is moved, how business innovation occurs.

Some of our nation's great historic epics, the truly important dynamics that have built the foundation of our way of life, our economic maturation over time, our acceptance of immigrants, the processes of democratic participation, the ascent of the middle class, the emergence of public education as the force it has been -- these have become the foundations of our way of life because of our urban and metropolitan places.

The challenges of the new century, creating inclusiveness of opportunity, harnessing human potential, integrating the new Americans to play their part in civic action and leadership, growing in wise and responsible ways -- these challenges we must address in these metropolitan places, the places which we built, the places which we need, and the places we love.

In this way, we will keep our country strong.

Bruce, Jim, the Brookings team, thank you for some very good work. I hope you take this message across the country, and I hope a lot of people listen.

Thank you very much for allowing me to come today

MR. KATZ: Again, I just want to thank everyone for having come out today. It is rare that you have all your mentors sitting in the front

row of a forum like this. And I am really deeply grateful to Jim and Henry and Neal for participating today.

For me, you know, this initiative obviously is about informing the public discourse and ultimately impacting public policy and private-sector action. But, first and foremost, it's been an intellectual evolution for myself and my team here at Brookings. And it very much started working for Henry and being schooled and mentored by Neal. Because, to be frank, when I went to HUD to work for Henry, I didn't really think about metropolitan areas that much. I came out of Brooklyn, New York, and was very much a city guy.

So this is the culmination of, really, a decade and a half of an intellectual journey that we will now take from Brookings to the rest of the nation. And I very much look forward to working with all of you as we do that.

And thank you so much to these panelists. Because I took so much away from that conversation today -- including a lot of phrases, by the way, Mayor -- that I will borrow, plagiarize and steal. Maybe I'll have a little bit of a citation at the bottom.

But that was just an excellent panel to sort of ground and extend what we're doing here.

Thank you very much. Be safe. Take care.

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