



Restoring Prosperity

WASHINGTON'S ROLE IN REVITALIZING AMERICA'S OLDER
INDUSTRIAL CITIES AND METROS

Revitalizing Older Cities Capitol Hill Summit
February 11, 2009

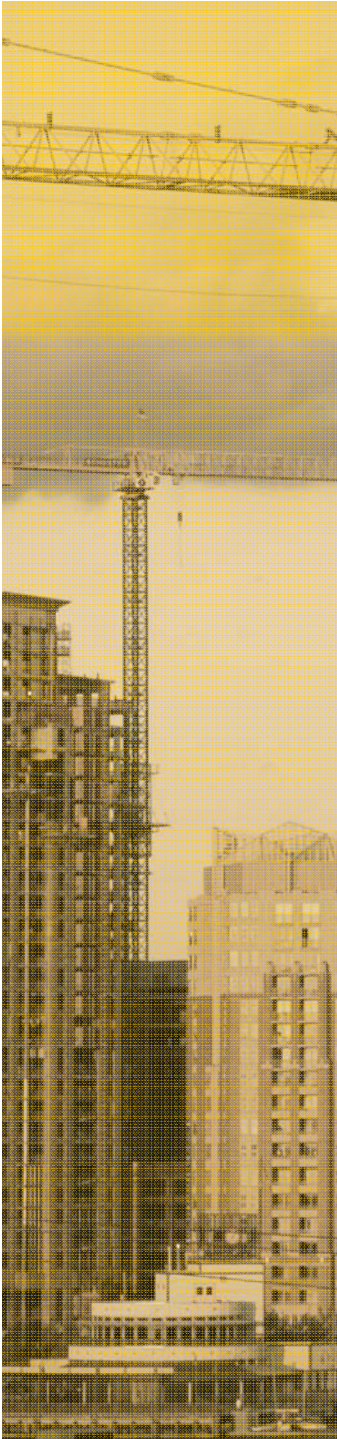
THE BROOKINGS INSTITUTION METROPOLITAN POLICY PROGRAM



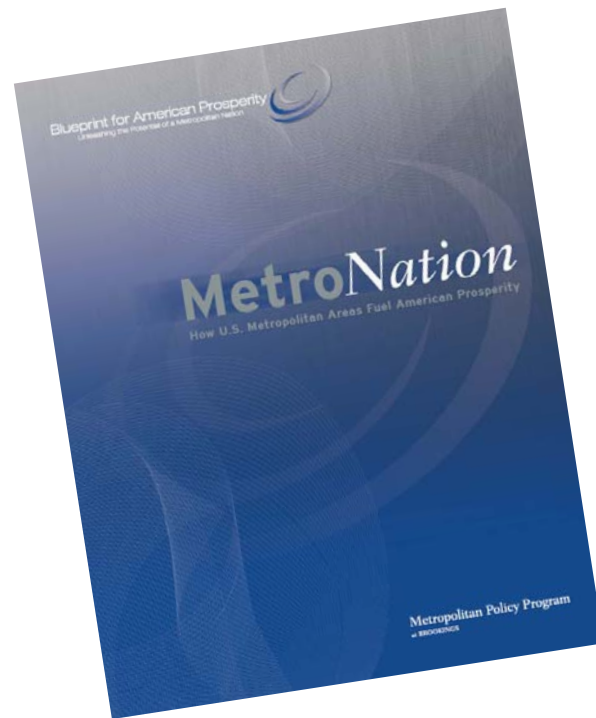
Restoring Prosperity

- There's a New Equation in the Production and Maintenance of American Prosperity
- Older Industrial Metros Assemble Many of the Nation's Prosperity-Driving Assets
- States and Metros are Leveraging Those Assets, But They Can't Go It Alone
- Older Industrial Metros Need a New Federal Agenda for Change

There is a new equation in the production and maintenance of prosperity



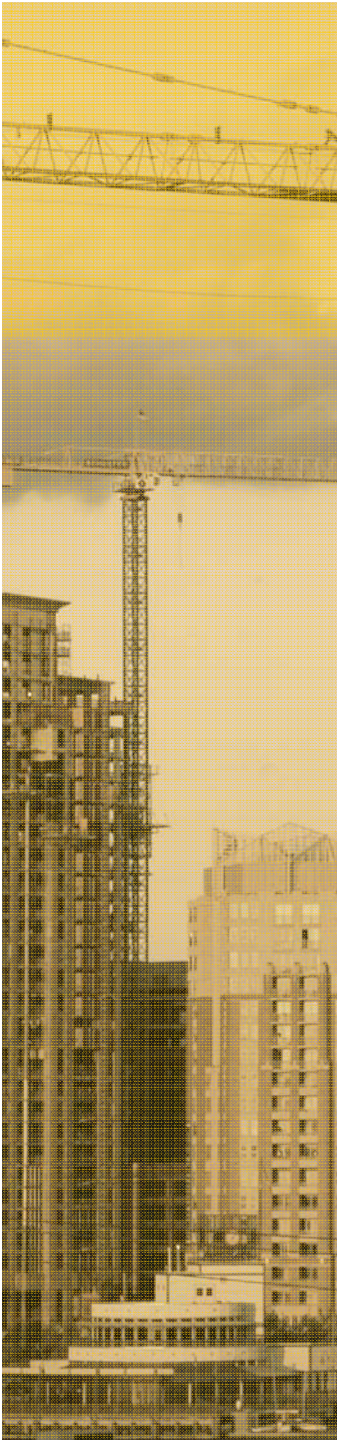
For example, our *Blueprint for American Prosperity* finds three key trends impacting the nation



First, rising competition from abroad and restructuring at home is testing our ability to *expand prosperity*

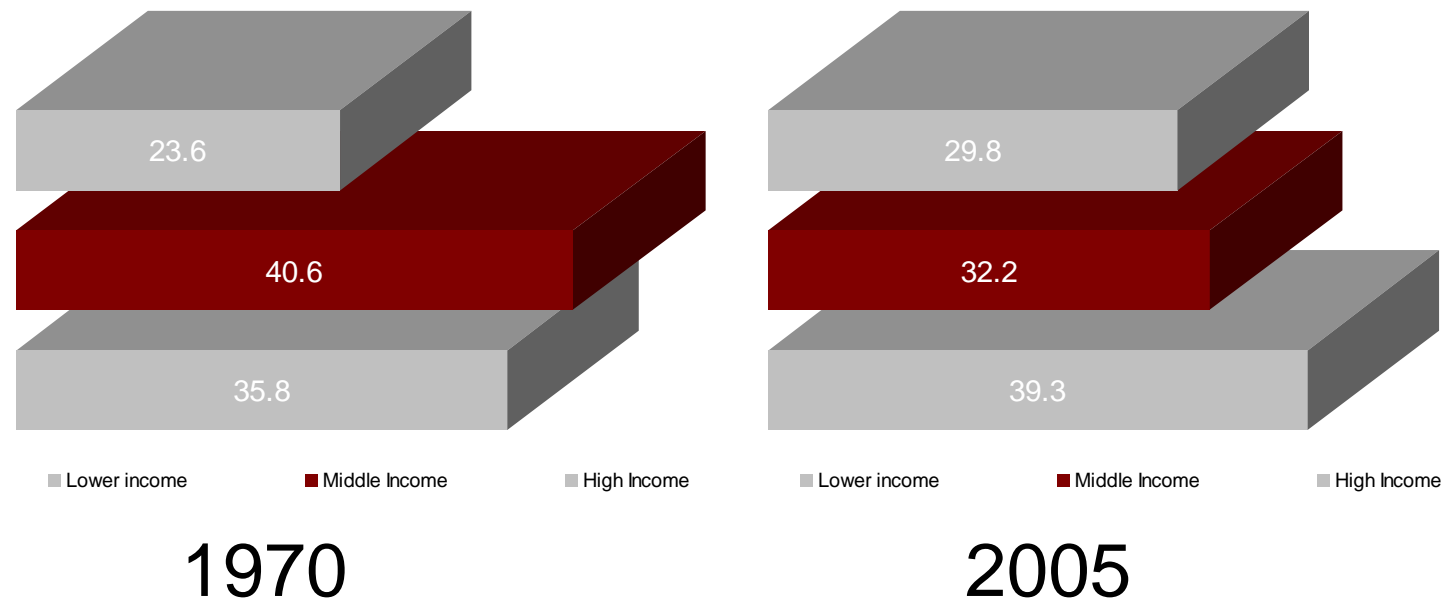
The share of jobs in manufacturing has fallen by nearly 8 percentage points since 1990

The U.S. share of global R&D investment, new patents, and scientific publications is dropping



Second, widening income, education, and skills gaps are threatening our ability to *share prosperity*

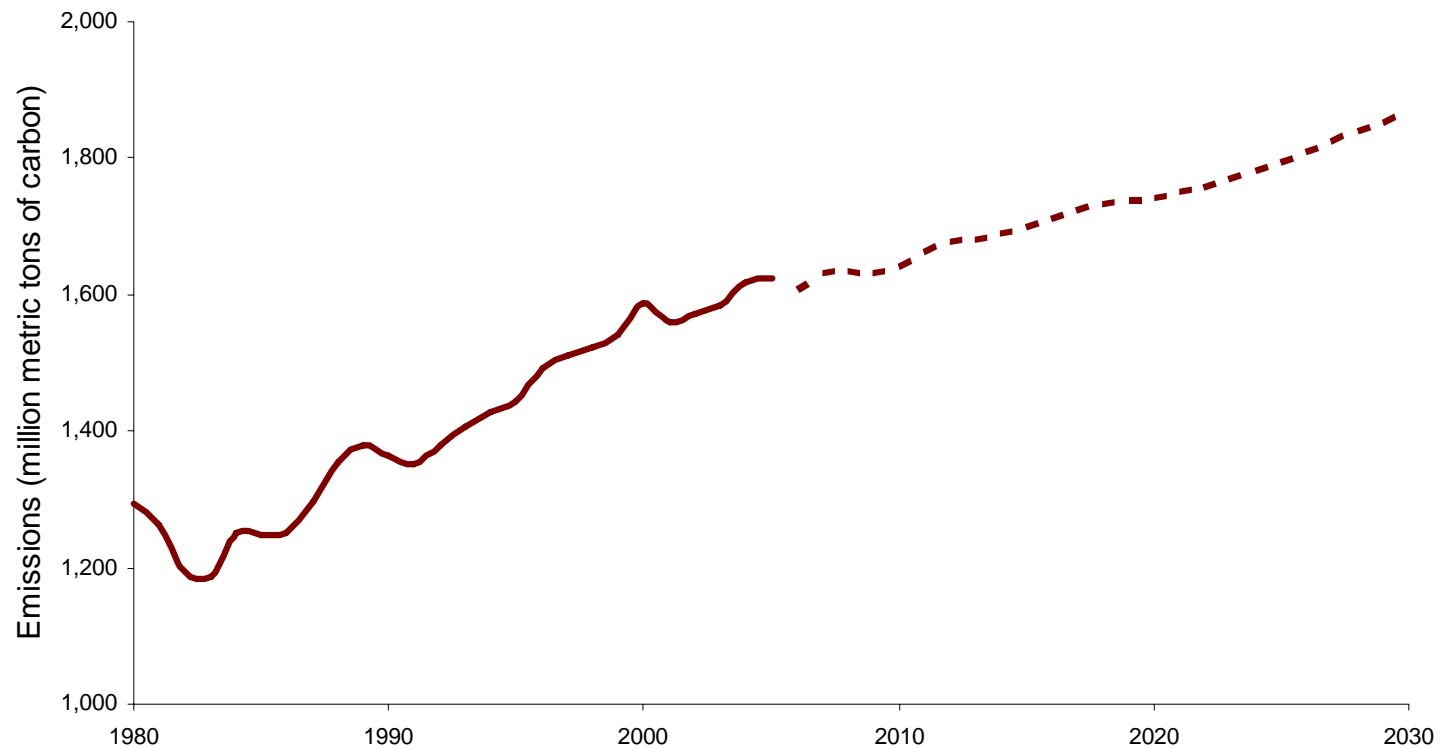
Between 1970 and 2005, the U.S. experienced a steady decline in the size of the middle class



Source: Brookings analysis of data supplied by U.S. Census Bureau

And third, transportation inefficiencies and sprawl challenge our ability to ***sustain prosperity***

America's carbon footprint is expanding



Source: *Shrinking the Carbon Footprint of Metropolitan America*, The Brookings Institution, 2008

To prosper, we assert that communities must leverage four key assets and improve regional governance

Innovation

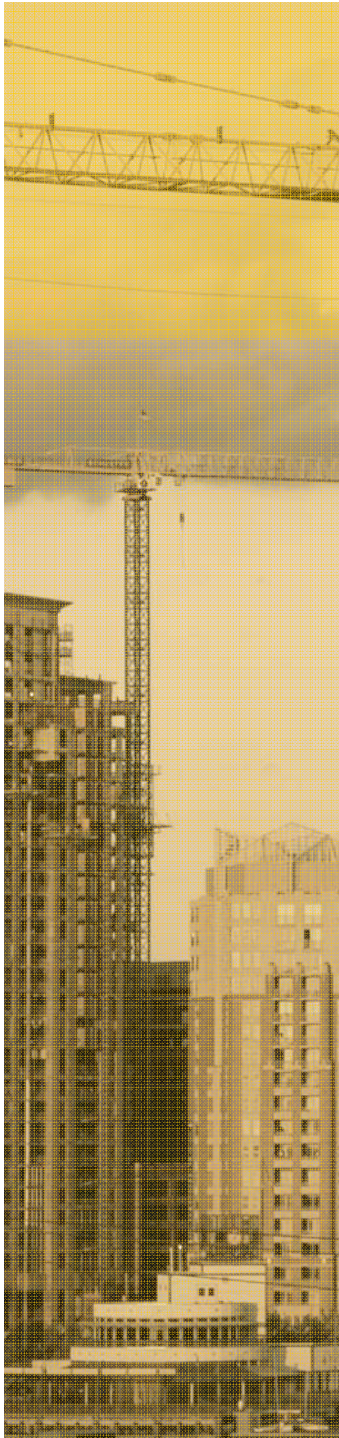
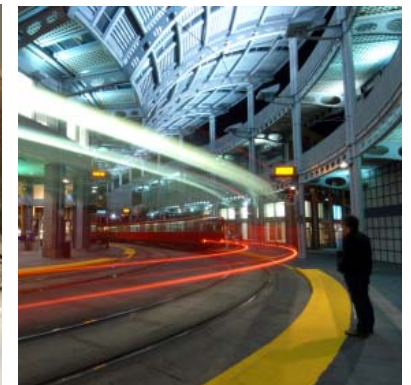
Human Capital

Infrastructure

Quality Places

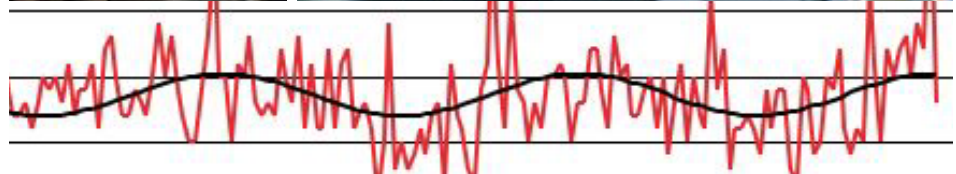
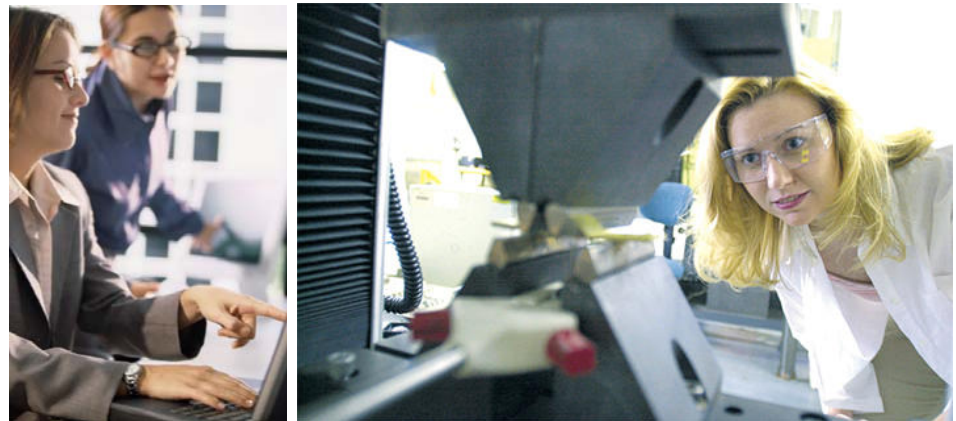
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Improved governance networks



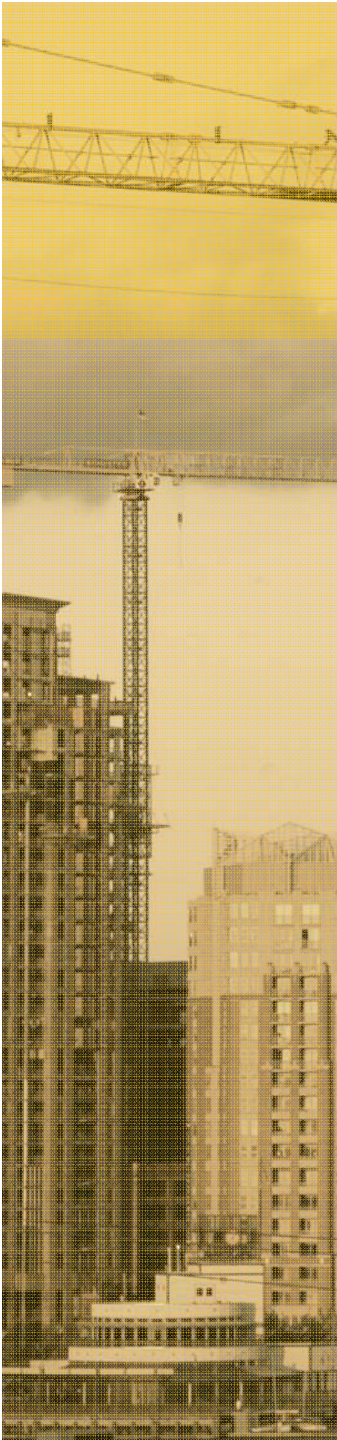
Innovation matters...

...because the ability to invent and exploit new products, processes, and business models is critical for boosting productivity and competing globally



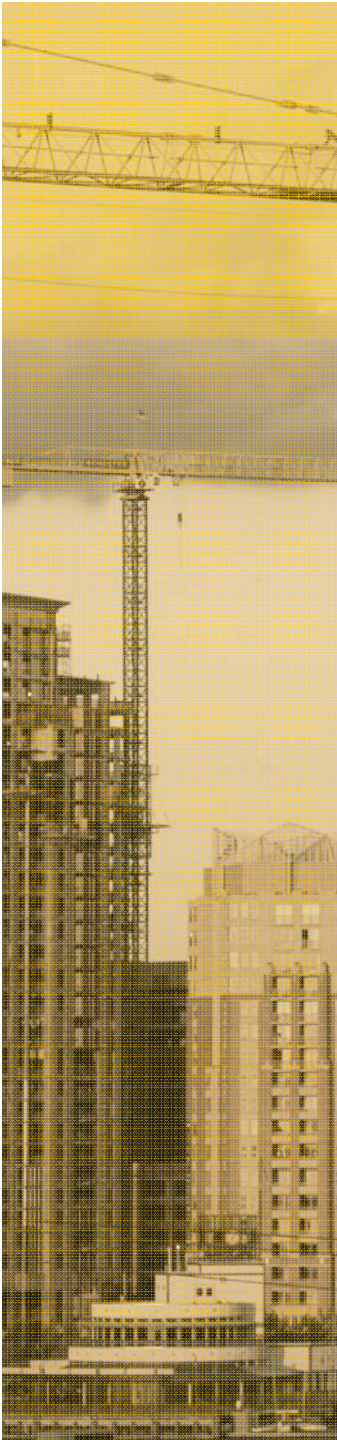
Human capital matters...

...because innovation and the demands of a more competitive economy require a workforce with education and skill levels that are continuously rising



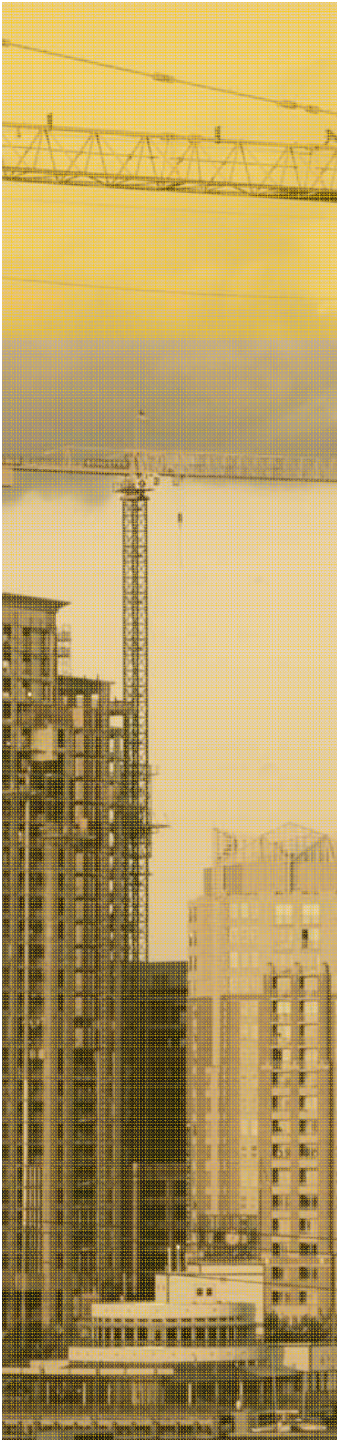
Infrastructure matters...

...because high-quality transportation and telecommunications networks are critical to moving goods, ideas, and workers quickly and efficiently



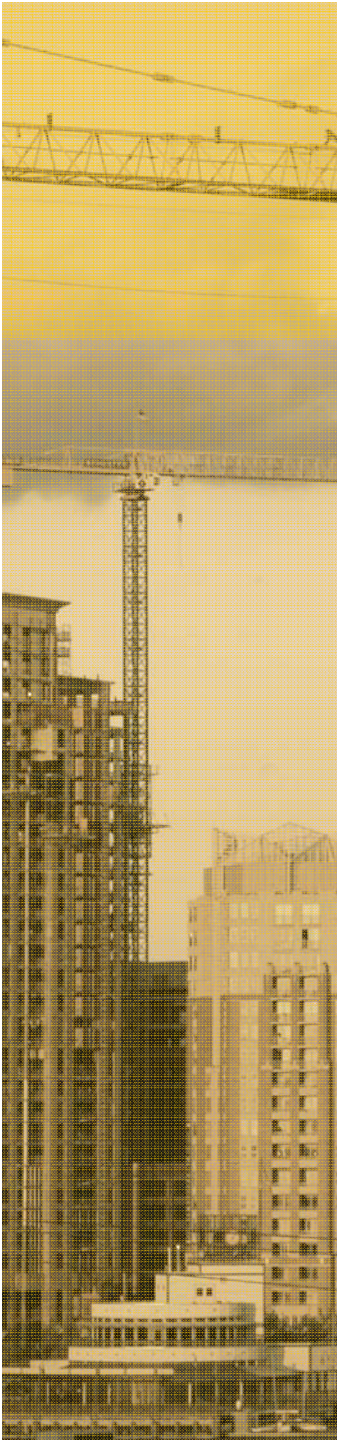
Quality places matter...

...because the new economic order and desire for environmental sustainability re-values dense form, distinctive neighborhoods, and vibrant downtowns and waterfronts



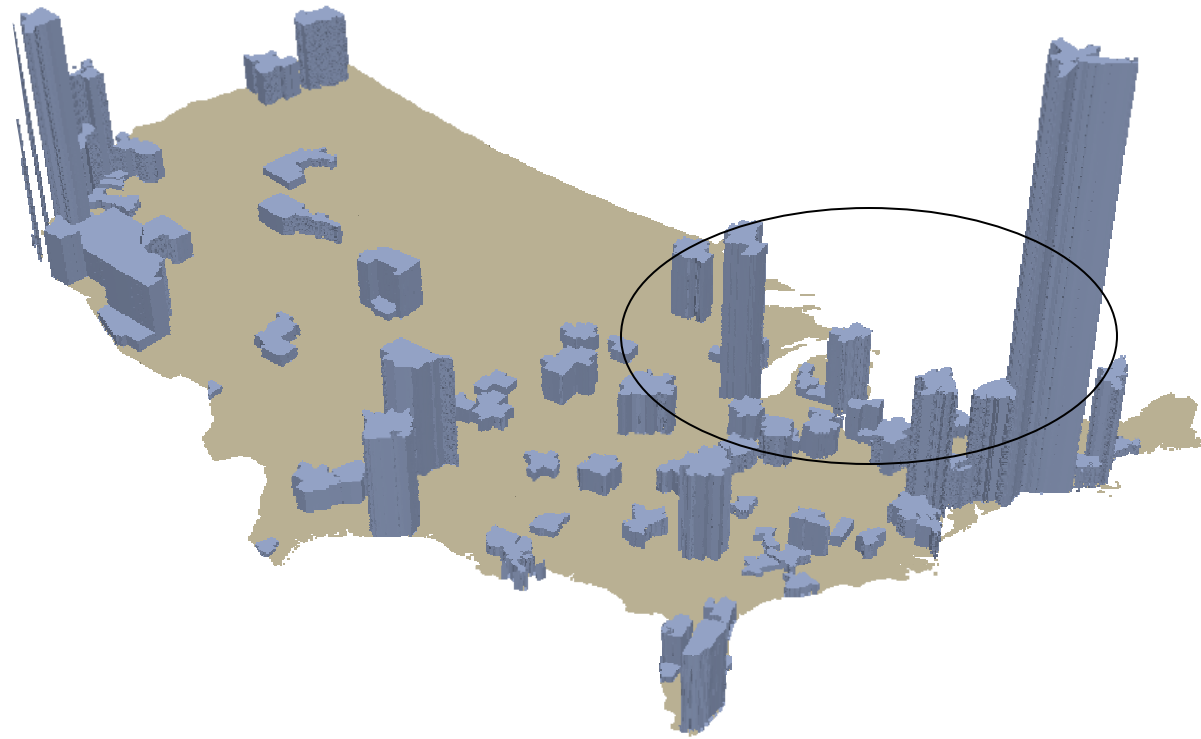
Beyond that, regional collaboration matters...

...because wider-reaching, region-scaled, networks are necessary to match the boundary-crossing, dynamic problems of the new reality

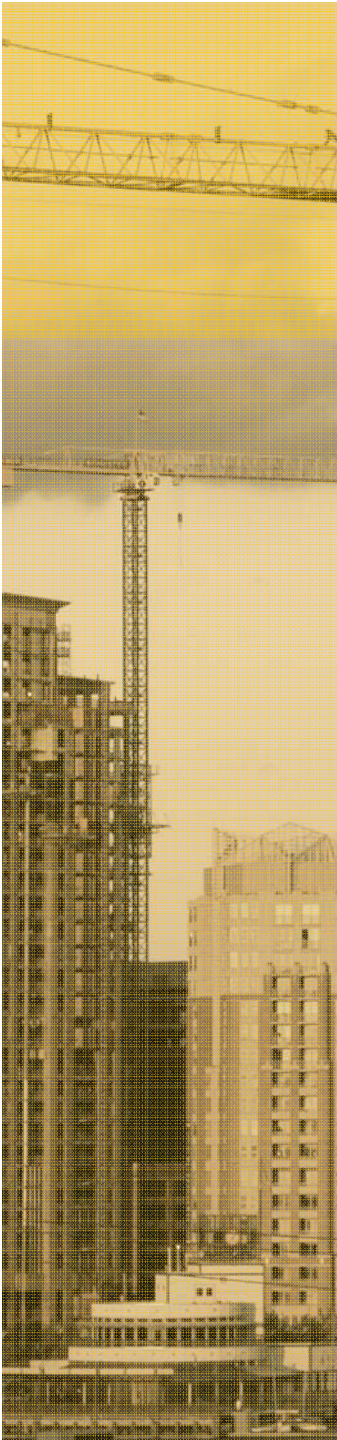


In that sense, the world is not flat—
place matters

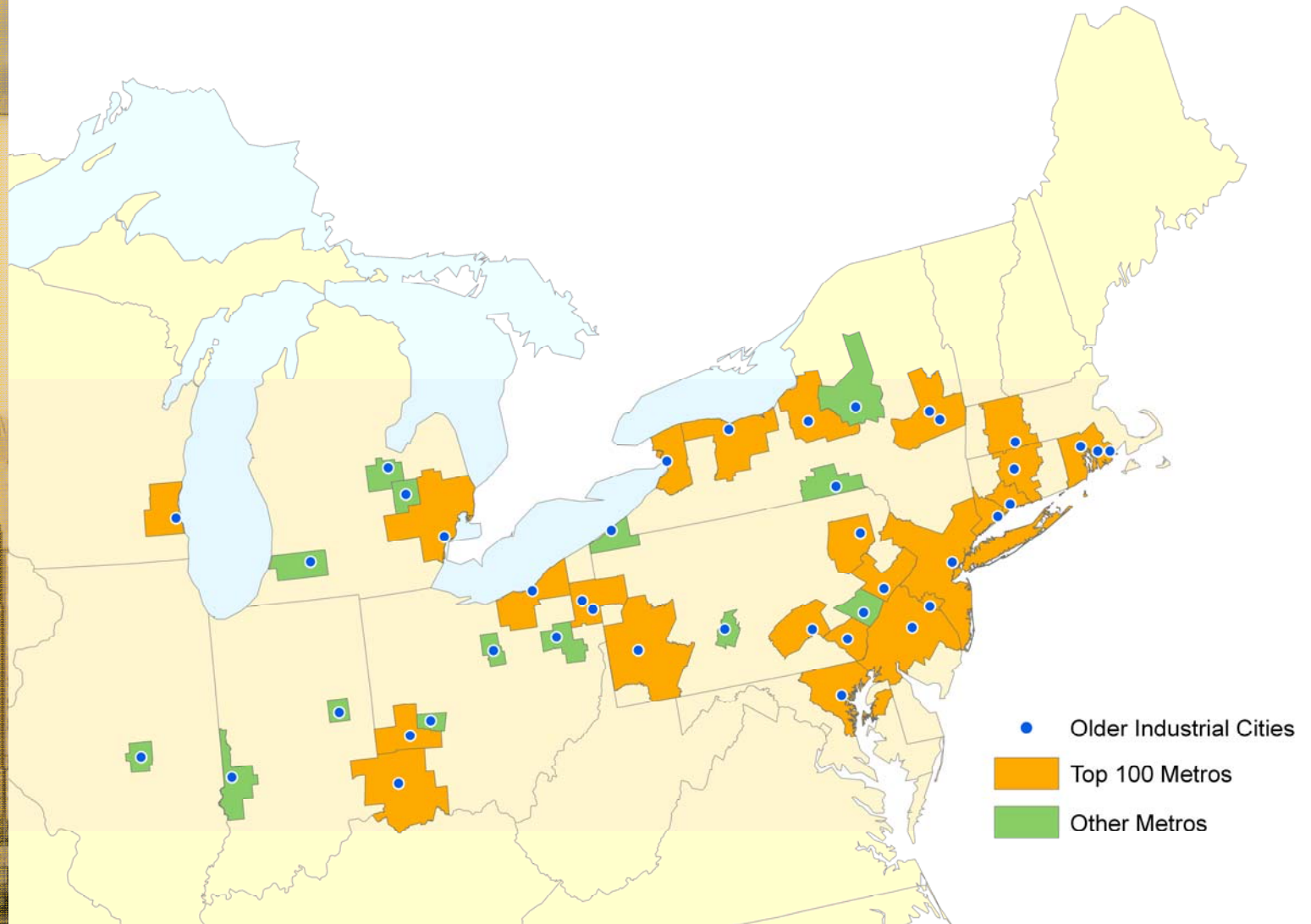
Prosperity comes to those urban places that
assemble the right assets most effectively



Gross domestic product in the 100 largest metropolitan areas in 2005

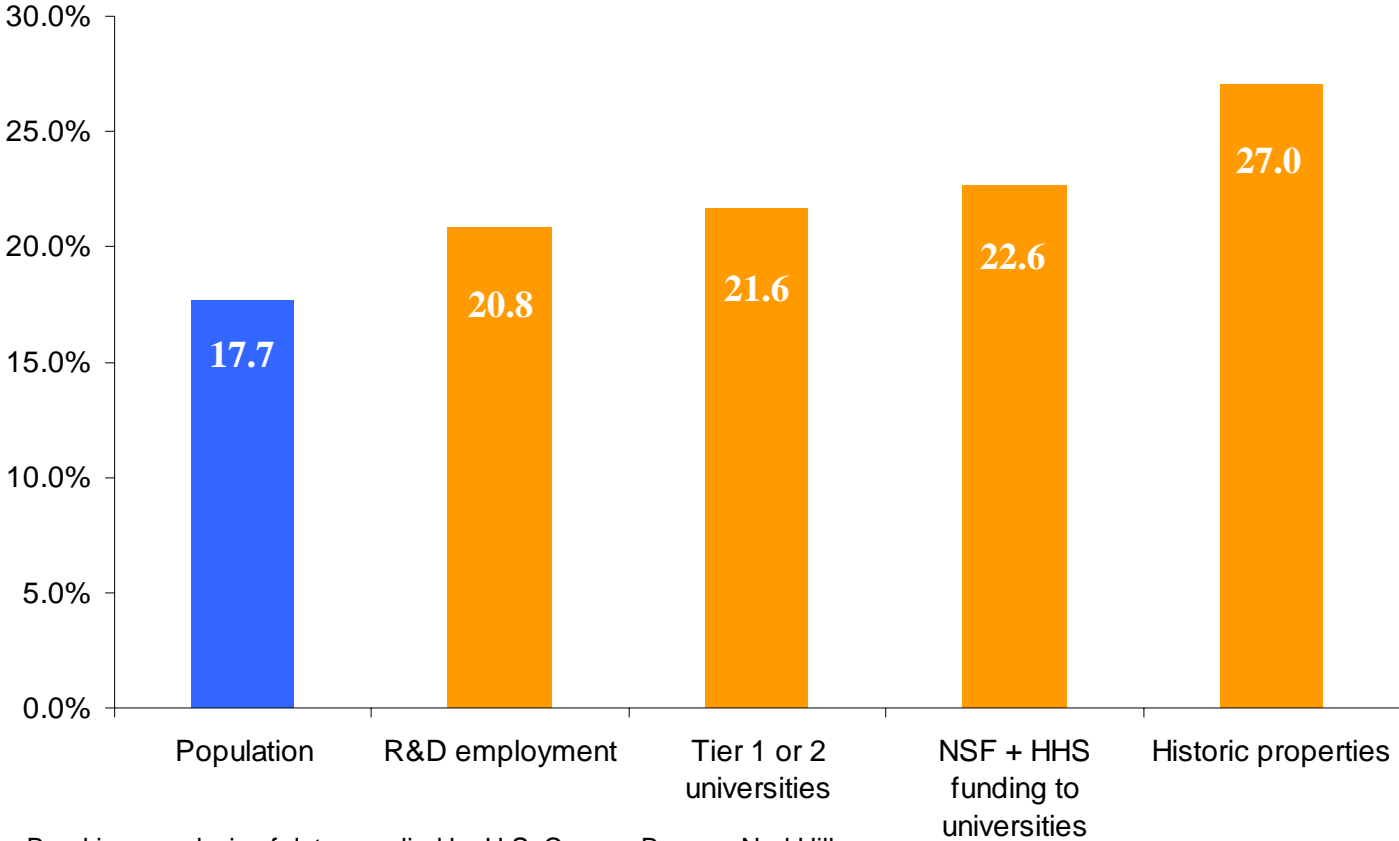


By definition older industrial cities lag their peers on measures of economic health and residential well being...



...but these cities and their metros assemble many of the nation's prosperity-driving assets

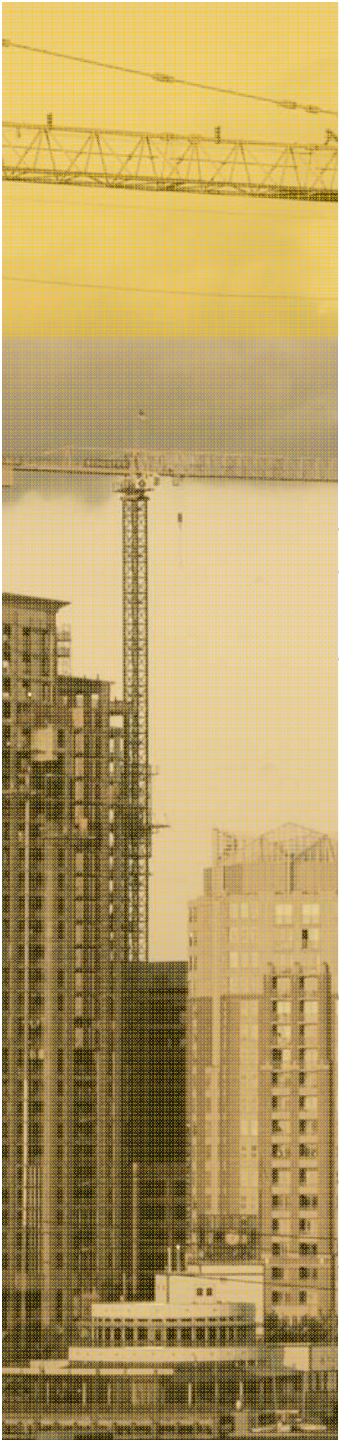
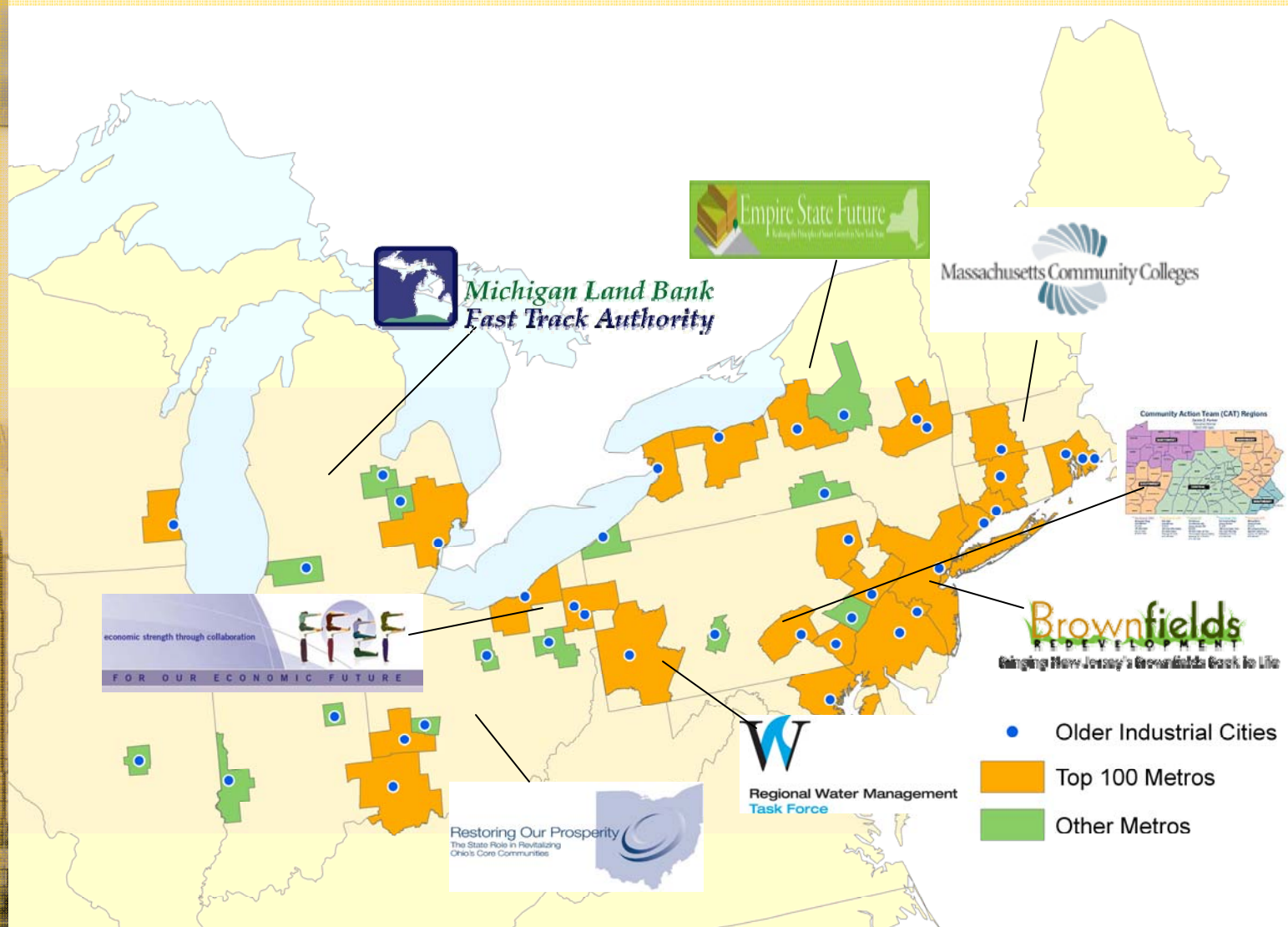
OIM share of select assets in the top 100 metros, 2005*



Source: Brookings analysis of data supplied by U.S. Census Bureau; Ned Hill, Cleveland State University; Carnegie Foundation for the Advancement of Teaching; National Science Foundation; National Register of Historic Places

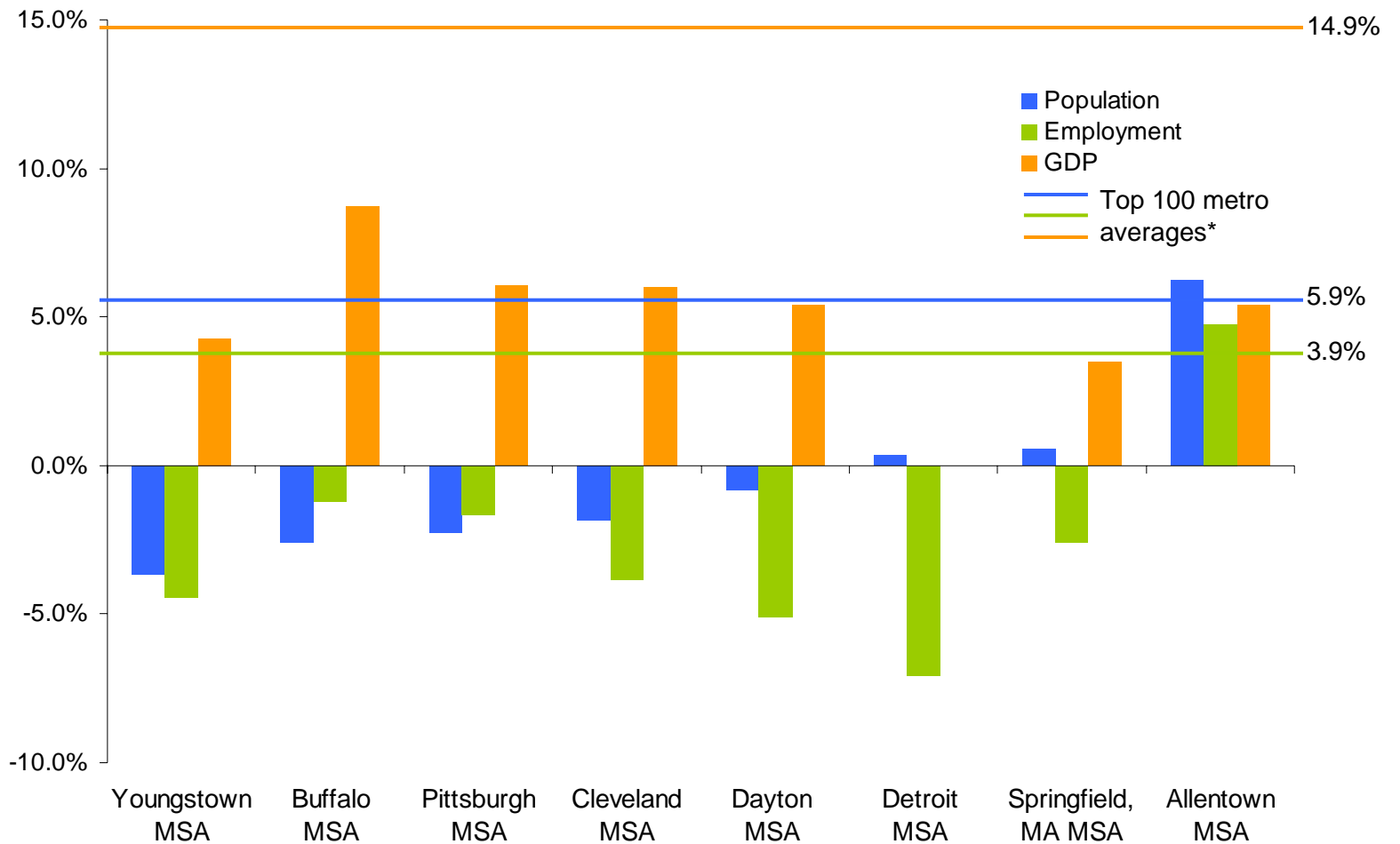
*Data for the New York MSA are excluded from the numerator in this calculation

States and metros are working to leverage these assets



But they can't go it alone to overcome demographic and economic challenges...

Percent change in population, employment, and GDP, 2001-06

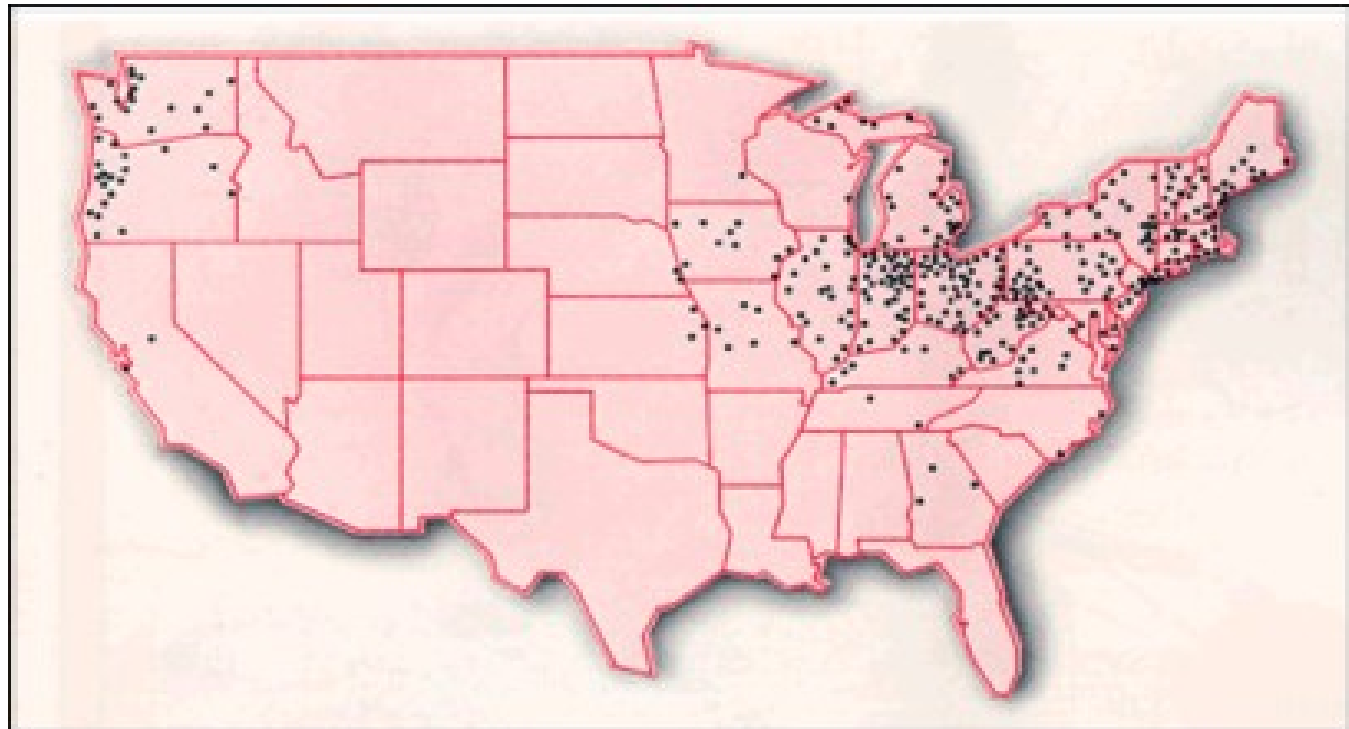


Source: Brookings analysis of data supplied by U.S. Census Bureau; Bureau of Economic Analysis

*Averages are unweighted

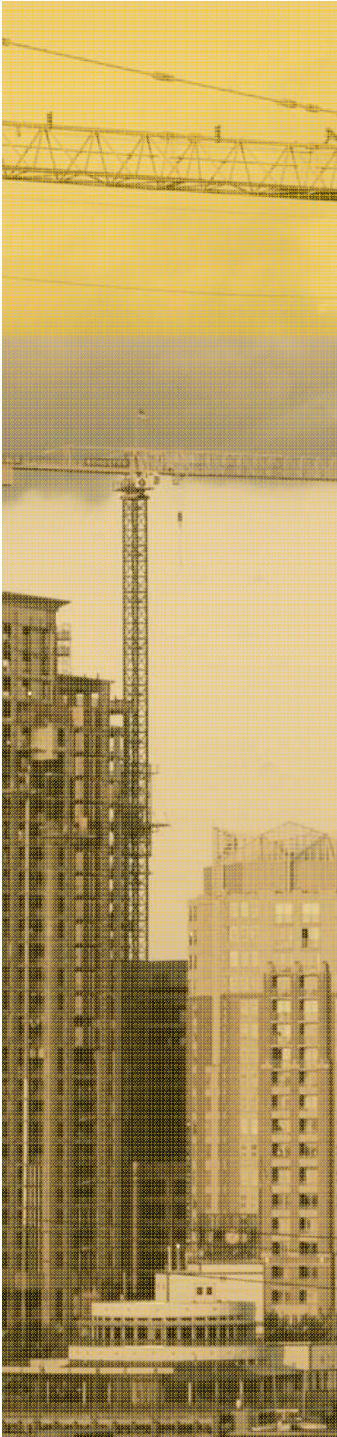
remedy infrastructure deficits...

Over the next 20 years, our nation faces a water infrastructure funding gap between \$300 and \$500 billion

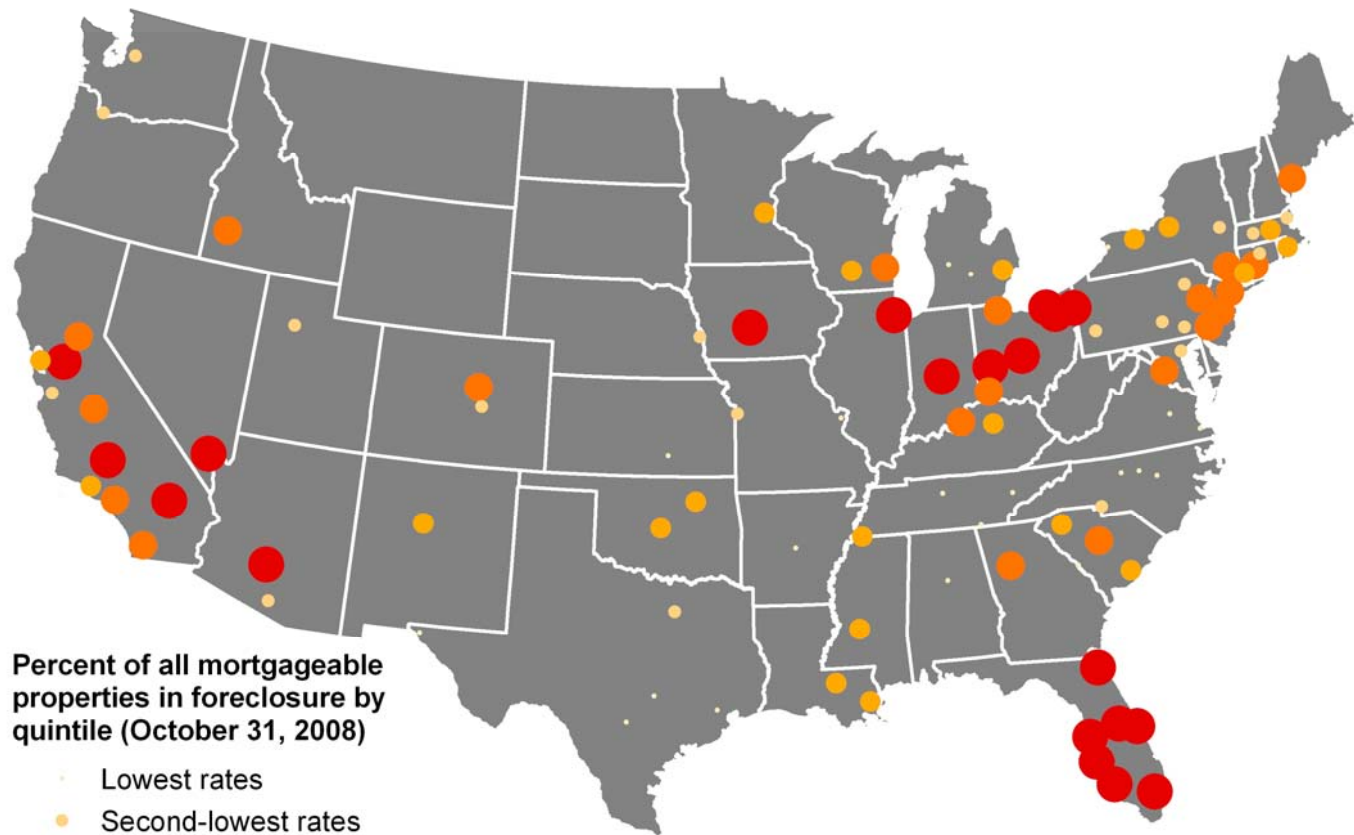


Combined sewer systems serve approximately 772 communities serving over 40 million people

Source: U.S. Environmental Protection Agency



mitigate the neighborhood impacts of the foreclosure crisis...



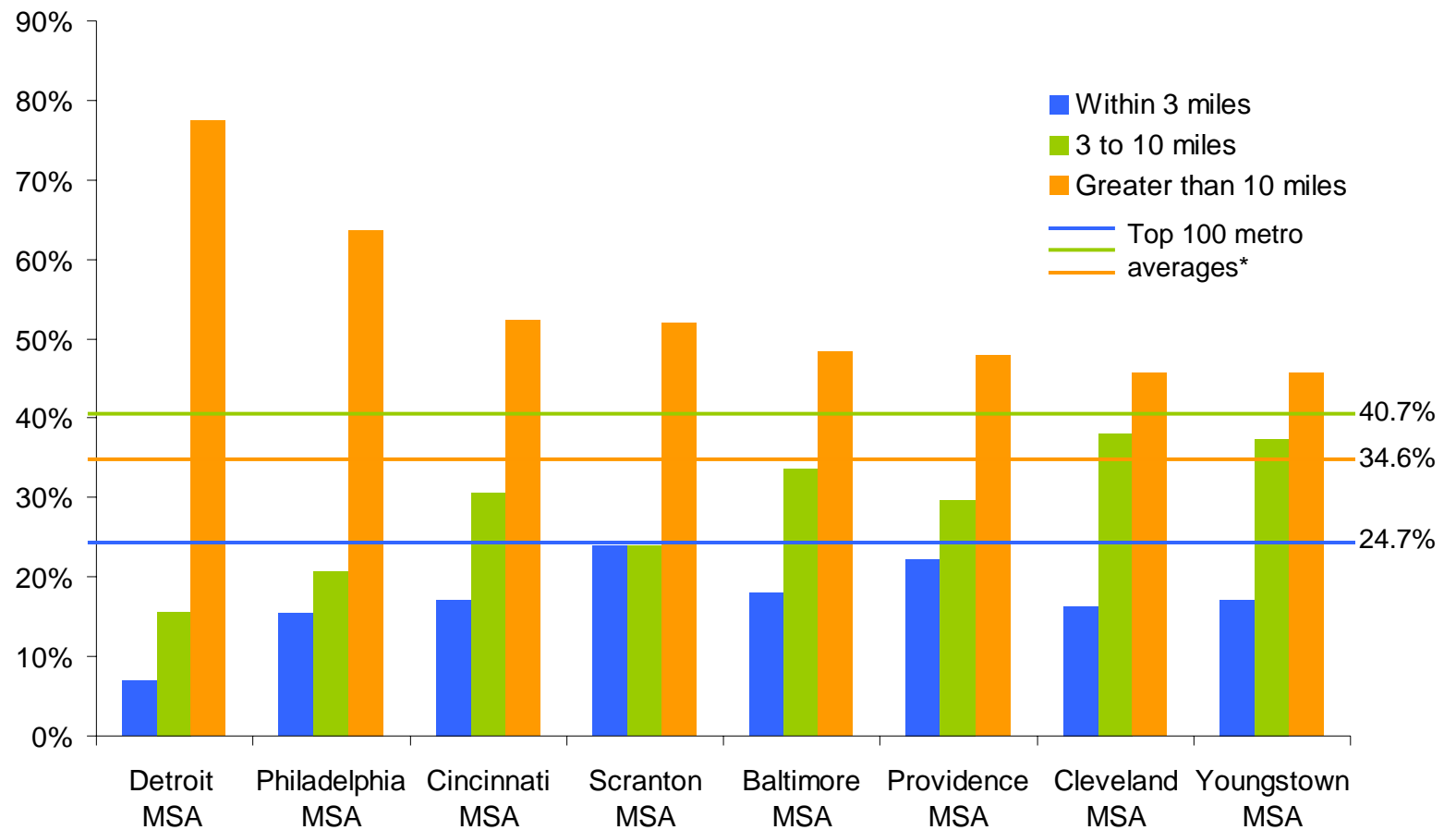
Percent of all mortgageable properties in foreclosure by quintile (October 31, 2008)

- Lowest rates
- Second-lowest rates
- Middle rates
- Second-highest rates
- Highest rates

Source: Brookings analysis of McDash Analytics data

curb sprawling development patterns...

Share of jobs within 35 miles of CBD by distance to CBD, 2006

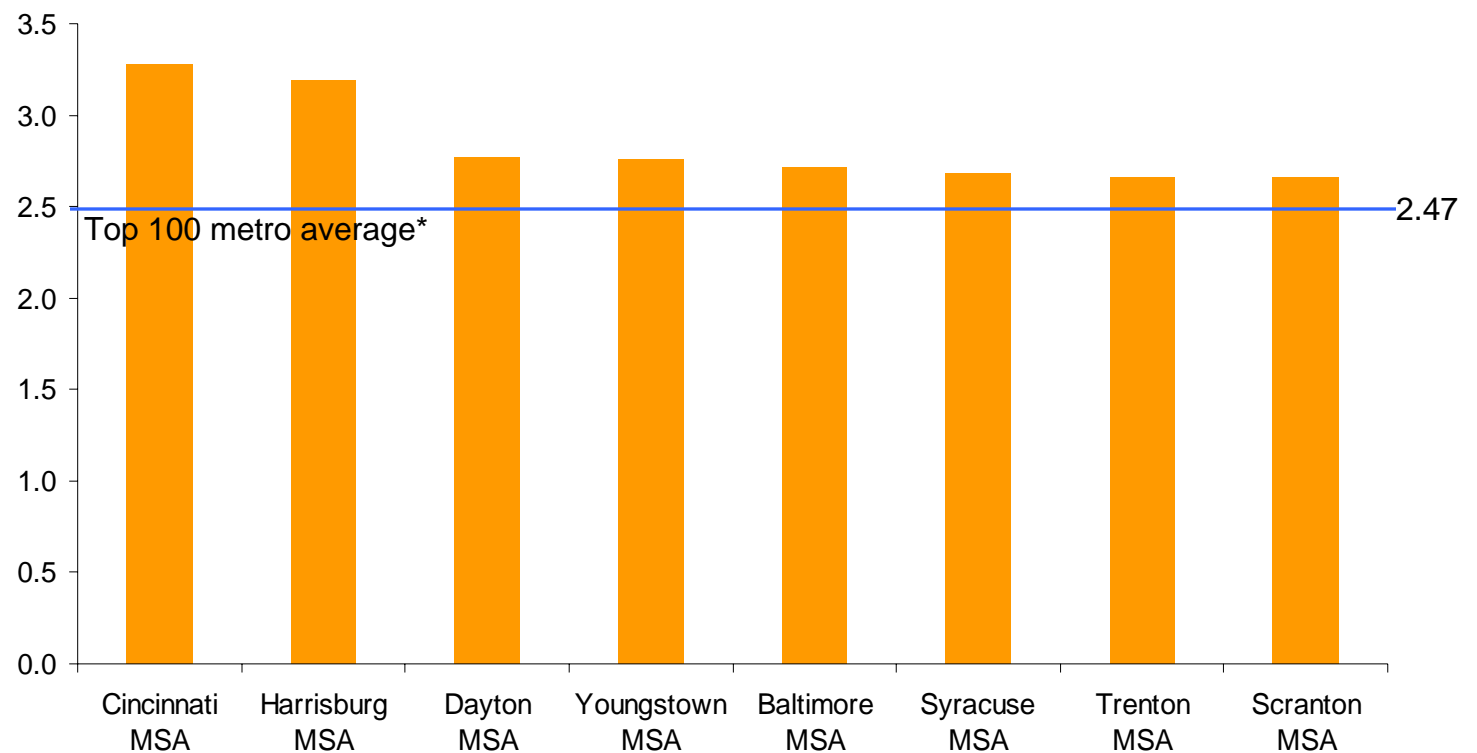


Source: Brookings analysis of Zip Code Business Patterns data

*Averages are unweighted

or reduce their carbon footprint...

Per capita carbon emissions (metric tons), 2005



Source: *Shrinking the Carbon Footprint of Metropolitan America*, The Brookings Institution, 2008

*The average is unweighted



In short, *Washington matters*



The federal government has the **regulatory reach** to address environmental challenges which defy local boundaries



The federal government has the **resources** to make large scale investments in public goods that sub-national governments can't make on their own



And the federal government has the ability to **lead** states and localities in addressing complicated issues that require vision, boldness, and collaboration

But federal policy is limited and at times inappropriate



The federal government has not developed an explicit, well-funded innovation strategy



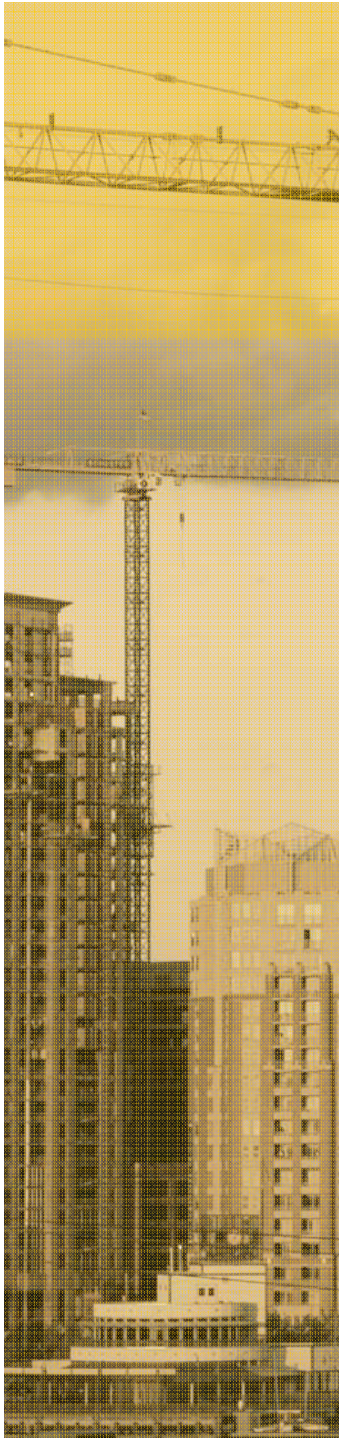
The federal government has not adequately invested in the human capital assets of older industrial metros



The federal government's infrastructure policies are inadequate and out-dated



Federal policy has undercut the health and prosperity of cities and older suburbs, while helping to fuel sprawl



Older Industrial Metros Need A New Federal Agenda for Change

Innovation

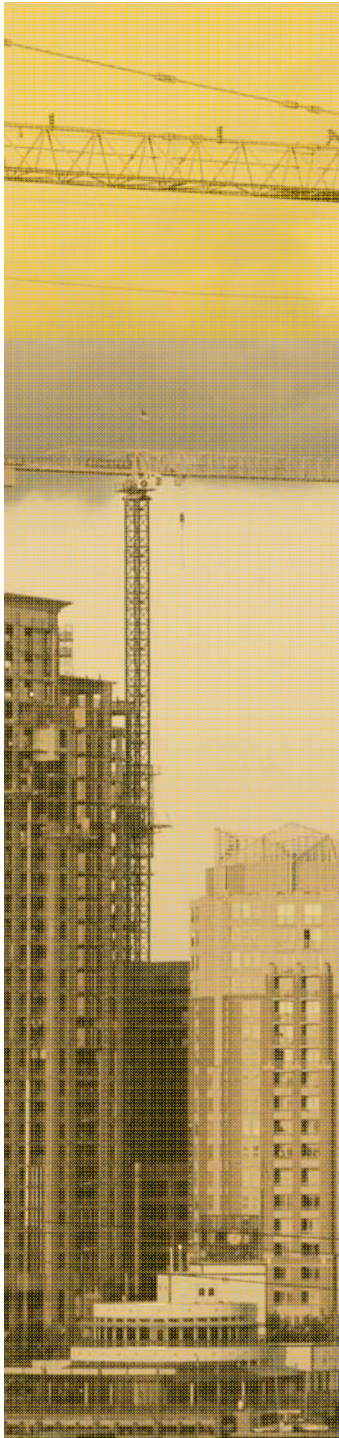
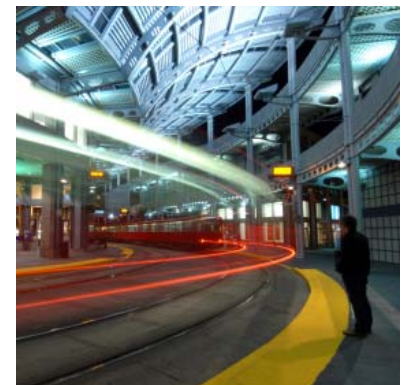
Human Capital

Infrastructure

Quality Places

+

Improved governance
networks



Washington must invest in the four key drivers of prosperity

Innovation



- Establish a National Innovation Foundation (NIF) to help firms become more innovative and competitive



- Create a Cluster Information Center and CLUSTER fund
- Construct a network of Energy Discovery Innovation Institutes (DIIs)

Washington must invest in the four key drivers of prosperity

Human capital



- Create a new Office of Educational Entrepreneurship and Innovation (OEEI)
- Establish (and track against) goals for post-secondary education, and increase funding for community colleges
- Expand and modernize the EITC

Washington must invest in the four key drivers of prosperity

Infrastructure



- Establish a National Infrastructure Bank
- Award Sustainability Challenge Contracts to encourage connections between housing, transportation, and land use
- Create a Water Infrastructure Trust

Washington must invest in the four key drivers of prosperity

Quality places



- Create a redesigned and multi-year neighborhood stabilization program
- Establish a federal program to help fund local/regional land banks (2009 CRSI Act)
- Authorize/fund the GroundWork USA program and the Urban Park and Recreation Recovery Program (UPARR)

Washington must improve governance networks to match the geography of today's challenges

At the federal level:



- Establish a regionalism “steer” to key grant programs, giving preferential funding to entities that embrace regional planning and problem-solving
- Issue a competitive “governance challenge” grant program aimed at stimulating innovative regional solutions that involve partnerships of states, localities, MPOs, and other entities



For more information:

www.brookings.edu/metro

www.restoringprosperity.org