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The new Brookings/Pratt manufacturing report and individual case studies are available at: [http://www.brookings.edu/papers/2011/04\\_urban\\_manufacturing\\_mistry\\_byron.aspx](http://www.brookings.edu/papers/2011/04_urban_manufacturing_mistry_byron.aspx)

## **MANUFACTURING IS VITAL TO URBAN ECONOMIES**

*New report urges federal, state, and local partnerships  
to support a sector in transformation*

WASHINGTON, DC—Revitalizing American manufacturing is widely-acknowledged as vital to our country’s economic recovery and long-term prosperity, but it is equally essential to understand the changing of this sector in order to make smart policy decisions, according to a new report released today by the Brookings Institution Metropolitan Policy Program and the Pratt Center for Community Development.

The new report, “The Federal Role in Supporting Urban Manufacturing,” describes the changing economic geography of America’s production sector—and how the federal government should work with state and local leaders to better support its growth and development.

“If we’re going to revive America’s manufacturing sector to succeed in the next economy, we need to understand how it has changed,” said Jennifer Vey, a Fellow at the Metropolitan Policy Program. “Americans are used to thinking about smokestack industries, with 800-pound-gorilla companies dominating the economic and physical landscape. But that’s not the way things work in 2011.”

“Nearly 70 percent of US manufacturing firms employ fewer than 20 people,” Vey said. “They tend to be more agile, highly networked, and pay better wages than firms in other sectors. But they are also vulnerable in terms of access to available land and space, adequate infrastructure, necessary capital, and workers with appropriate skills.”

“We’ve worked with hundreds of small companies that make everything from chocolate cake to aircraft components,” said Adam Friedman, Director of the Pratt Center. “That they choose to manufacturing in a dense urban environment suggests both the value they place on being close to their customers, to design talent and to a skilled workforce, and the entrepreneurial vitality that drives this sector.”

The report includes detailed case studies from Cleveland, Los Angeles, New York, and Seattle. To help states and localities better support the needs of small, urban manufacturers, the report recommends that the federal government should:

- Modernize policies to encourage metros and states to capitalize on their existing manufacturing assets, support their integration into regional economic clusters, and do a better job of coordinating economic development with sustainability goals;
- Encourage federally-funded state and local workforce organizations to develop and enhance programs that equip new and incumbent workers with skills that match existing and emerging manufacturing jobs;
- Provide support to states to create advanced manufacturing centers that focus on the research and development of new technologies and help manufacturing firms apply these technologies to their work;
- Support state and local policies that help small manufacturers expand into new domestic and global markets;
- Revise Small Business Administration programs to diversify the kind and amount of funding available to small manufacturers; and
- Revamp programs and policies, such as the rules for Industrial Revenue Bonds (IRBs), to help revive the market for industrial real estate development in urban areas.

Vey said manufacturing is largely occupied by decentralized, interdependent networks of small, specialized companies, many of which are located in America's cities. They represent a powerful economic engine but face obstacles in their efforts to innovate and grow.

"Manufacturing may never occupy the dominant position it once had in our economy, but a healthy manufacturing sector providing high quality employment opportunities is possible if we recognize the emerging nature of manufacturing in the 21<sup>st</sup> century," the report concludes.

**The Metropolitan Policy Program at Brookings** *provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas, including their component cities, suburbs, and rural areas. To learn more, please visit: [www.brookings.edu/metro](http://www.brookings.edu/metro).*

**The Pratt Center for Community Development** [www.prattcenter.net](http://www.prattcenter.net) *has worked for more than 45 years to build an economically and environmentally sustainable city for all New Yorkers. The Center empowers low- and moderate-income communities to shape their neighborhoods' futures, combining policy research and advocacy with technical assistance in city planning, architecture, and environmental services to community-based organizations seeking to improve quality of life, create economic opportunity, and advance sustainable development.*

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