



Metropolitan Policy Program at BROOKINGS

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For a copy of the new report on metropolitan economic planning, go to
http://www.brookings.edu/~media/Files/rc/papers/2011/06_manufacturing_job_loss/06_manufacturing_job_loss.pdf.

HOW U.S. METROS RECOVER FROM THE FALL

*New Brookings report analyzes how metros work to rebuild their economies
after manufacturing jobs disappear*

WASHINGTON, DC—American manufacturing jobs have disappeared by the millions in the last 30 years, leaving metropolitan areas pressed to revive or reinvent their economies. A new Brookings report examines economic recovery strategies in 8 U.S. metropolitan areas and finds that planning and investment are necessary, but there are no guarantees.

“There is no silver bullet or magic wand,” said Howard Wial, a Fellow at the Metropolitan Policy Program and one of the authors of the report. “Regional characteristics shape the possible economic trajectories for a given area, but they don’t necessarily dictate one particular trajectory. Economic development planning can help local leaders understand what assets they have, decide what paths to follow, and perhaps even unearth opportunities.

“Traditional manufacturing jobs paid well, and they were the foundation of many metro economies,” Wial said. “It’s very difficult to recover from the loss of so many of those jobs. In some cases, metros worked to create a service industry base. In others, they sought to either shore up their manufacturing sector or rebuild it with different firms. The results of those efforts were mixed, but there are some important lessons to be learned.”

The new report, *Responding to Manufacturing Job Loss: What Can Economic Development Policy Do?*, is the result of more than five years of collecting and analyzing data from eight metropolitan areas that had a strong specialization in manufacturing—Charlotte, Cleveland, Grand Rapids, Hartford, Indianapolis, Louisville, Rochester, and Scranton—and evaluating the results of their efforts.

While economic strategizing was important, many dynamics, including the business strategies of major firms, transportation costs, costs of labor and land, quality of education, influenced an area’s economic trajectory.

“There are no guarantees of success; even well-conceived and implemented policies may not be strong enough to overcome the impacts of broader economic trends and policies over which regional policymakers have no control,” the report concludes.

Development strategies, the report found, generally fell into four categories:

- **Recruitment or promotion of specific, non-manufacturing firms or industries.** Grand Rapids promoted health care, the biomedical industry, and higher education and recruited a medical school. Louisville promoted the growth of UPS. Indianapolis recruited amateur sports organizations and promoted the growth of that industry.
- **Site preparation and land development.** This applies both to building office parks to attract jobs—Scranton is an example—and providing downtown amenities as a way of attracting service firms and the professionals who work there.
- **Retention or growth of manufacturing jobs through technical assistance.** Providing technical assistance to help firms design new products, improve productivity or quality, adopt new technologies, find new markets, or re-position themselves was a strategy to one degree or another in all eight metro areas studied and was part of a broader economic development strategy in Grand Rapids and Cleveland.
- **A portfolio approach based on the idea of a product life cycle.** Cleveland created a coordinated effort to improve productivity and quality in certain industries, develop new high-tech industries, and stimulate formation of new firms, regardless of industry with the goal of diversifying the area’s economic portfolio. Indianapolis launched a similar effort.

The report also noted that economic strategies were the product of diverse public/private institutional involvement, but they tended not to include labor, environmental, or minority community organizations.

About the Metropolitan Policy Program at Brookings—*Created in 1996, the Metropolitan Policy Program (MPP) provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit: www.brookings.edu/metro.*