"What Comes Next for Our Metro Nation: The New Forces Driving Regionalism"
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Thank you for the invitation to speak today. It is a pleasure to return to Minneapolis and the University of Minnesota.

And I think now is a particularly good time to discuss issues around competitiveness, sustainable growth and metropolitan governance.

It's the right time because of the difficult economic and fiscal environment in this state and across the country and the pressure of new social and environmental imperatives. These forces compel the U.S. to rethink how we grow and demand a new approach to metropolitan governance that is multi-jurisdictional, multi-dimensional, accountable and transparent.

And this is the right place to have this discussion since the Twin Cities has been an innovator on metro governance since the creation of the Metropolitan Council in the 1960s. Your hard earned lessons have national implications and import.

I want to make five major points today.

First, America faces serious challenges to its prosperity: What will drive productive growth in the coming decades? Can growth be shared across a broader segment of our population? Can growth be sustainable? The Twin Cities are not immune to these challenges. The recession has unveiled your own vulnerabilities and the breadth and complexity of the task ahead.

Second, restoring national prosperity is dependent on enhancing metropolitan prosperity. Our metropolitan areas are the engines of national prosperity because they concentrate at an unprecedented level the assets that matter, assets like innovation, human capital, infrastructure, and quality places. There is, in essence, no U.S. economy bur rather a network of sophisticated, globally integrated metro economies which will lead this recovery.

Third, there are deep, structural hurdles to metropolitan prosperity. Given the super-sized challenges they face, metros cannot go it alone and ultimately require dependable national and state partners to succeed. In addition, the governance of U.S. metros has not kept pace with their economic evolution. Metro governance is almost uniformly characterized by fragmentation and balkanization, by cultures of competition rather than one of collaboration. Here the Met Council experience, though not perfect, is instructive for the nation.

Fourth, our Metro Nation demands a national Metro Policy, both to leverage the assets that concentrate in metro areas (thereby unleashing economic potential) as well as help metros align their governance more closely with the geography of the economy and the environment. We need, in short, to fundamentally re-imagine and remake the partnership between the federal government, states, localities and the private and voluntary sectors to strengthen metropolitan economies, build a strong and diverse middle class, and grow in environmentally sustainable ways.

Fifth, there are early signs that Barack Obama's administration "gets" Metro Policy. The president clearly understands the new spatial dynamics of America and has publicly embraced the notion that federal policies must focus on unleashing the economic potential of metro America. He has established a new White House Office on Urban Affairs to communicate a new vision of federal purpose and partnership and help coordinate the disparate agencies of the national government. The Recovery Act and the FY 2010 budget both illustrate a commitment to making investments, long deferred, in critical market shaping tools like advanced research, community colleges, next generation infrastructure, and sustainable development. And there is further evidence that the federal government is rethinking the delivery system for national programs, with emphasis increasingly placed on encouraging multi-jurisdictional and multi-dimensional efforts rather than silo driven interventions.

But make no mistake. We are at the early stages of reform and renewal. The path to a meaningful national Metro Policy will take time, risk and discipline and trigger political controversy and conflict.

So let me begin with the initial frame: America faces serious, structural challenges to its prosperity.

Several challenges stand out:

Our ability to restore productive growth is tested by the depth and scope of this recession and the broader, structural imbalance of the US economy

In the last year, the US unemployment rate rose almost 4 percentage points, and now stands at 9.7 percent. There are nearly 15 million people unemployed – the highest number since records started being kept in 1948. This number is expected to continue to rise through next year.

The housing sector is battered. As housing values have fallen nationwide, foreclosures have risen sharply due to a first wave of toxic subprime mortgages and now the ravages of unemployment and loss of income.

We have reached the limits of over-consumption, with household debt rising to unsustainable levels.

While we have seen continued growth in services, goods production has taken a dramatic hit. Incredibly, half of the auto manufacturing workforce has been shed since 2000.

The bottom line: this economic recovery will be long and hard and uneven, across sectors and sections of the country. The sectors that drove growth in this decade will not drive growth in the next. There will be no "return to normal" since what preceded the recession was anything but normal.

True economic recovery will depend on the nation finding a different economic path forward than the one pursued in the past decade. As Larry Summers, the head of the National Economic Council recently said, “The rebuilt American economy must be more export-oriented and less consumption oriented.”

Another challenge: our ability to share prosperity is tested by rising unemployment and poverty, widening income inequities and a growing demographic divide on education and skills.

Rising unemployment has pushed a growing number of people and households into poverty. Some 39.8 million people are now living below the poverty level, compared to 31.5 million people in 2000.   The poverty rate has now hit 13.2% percent, and leading experts predict we will not see a return to 2007 levels for another decade.

The challenges to sharing prosperity run deeper than the current recession. Wages for most Americans were stagnant or falling throughout the “boom” of this decade and are declining sharply as we face the “bust.”

With economic restructuring, incomes have grown more unequal:

U.S. workers with a high school diploma saw their real wages decline over the past thirty years. By contrast, individuals with a college degree experienced significant real wage growth over this period.

Our changing economy has created an “iron law of wages”: namely, “the more you learn, the more you earn.”

Given changing demographics, income inequality could worsen over time:

In 2006, only 13 percent of Hispanics and 18 percent of African Americans between the ages 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.

A final challenge: Our ability to sustain prosperity and grapple with the inexorable challenge of climate change is tested by rapid population and development growth.

The United States already faces hard choices on the environment:

We are the world’s 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 world economies in per-capita carbon dioxide emissions, with roughly double the emissions rate of the United Kingdom and Germany.

US greenhouse gas emissions have increased nearly 20 percent in the last two decades, and President Obama has stated a goal of reducing those emissions by 80 percent in the next four decades, from more than 20 tons per person per year in 1990 to some 2.6 tons per person.

Our projected growth will exacerbate these challenges:

Unlike European nations and Japan, the United States is a growing nation. By 2050 we will grow, incredibly, the equivalent of another Northeast and Midwest, as we are projected to expand by another 130 million people.

How we accommodate a growing population and economy and an aging society—whether we break the pattern of "sprawl as usual"—will significantly influence whether we secure our energy independence and forge solutions to global warming and climate change.

These national challenges are the same challenges facing the Twin Cities. This metropolis, despite its ample assets, smart governance, and enviable performance, has not been spared.

On the economy, Brookings has been monitoring the economic performance of the top 100 metropolitan economies every quarter. We find that the Twin Cities has been hit hard by the recession. In some cases (change in employment, change in gross metro product, real estate owned properties), the metro performs worse than the average for the top 100 metros. In other cases (unemployment rates, change in housing prices), the metro performs a bit better. The metro is essentially in the "middle of the pack," a decent performance but not one worthy of a world class competitor.

On social dynamics, the impacts of the recession can be readily seen in grim statistics around increasing unemployment, rising foreclosures and increasing poverty. These short term trends exacerbate long standing inequities in the region. With regard to human capital, the Twin Cities appears solid on the surface. Thirty-seven percent of the metropolitan population has bachelor's degrees, ninth in the nation. Yet stark racial and ethnic disparities persist, and undermine the long term potential of the region given demographic dynamics. Only 20 percent of African Americans have a bachelor's degree; only 19 percent of Hispanics have such educational attainment. Brookings raised these disparities several years ago in our Mind the Gap report. If anything, the recession heightens our call for policy reforms that promote inclusive growth.

On environment, development continues to sprawl outwards and Brookings classifies the metropolitan area as "rapidly decentralizing." Between 1998 and 2006, the share of jobs located within three miles of the central business district declined and the share of jobs located more than 10 miles away jumped significantly. The trends, in short, are moving in the wrong direction.

So here is my second proposition: Restoring national prosperity is dependent on enhancing metropolitan prosperity.

The world may be "flat," as Thomas Friedman has famously concluded, but the spatial reality of modern economies is their intense concentration in a relatively small number of places.

The nation's 363 metros house some 83 percent of our population and drive more than 90 percent of our GDP. The top 100 metro areas alone now constitute two-thirds of our nation's population and concentrate the workers and firms that fuel the economy.

Economists refer to this as agglomeration because the assets that matter most to nations gather and strengthen disproportionately in urban and metropolitan places:

Innovation, the new products, processes, and business models that drive economic productivity and sustainable solutions.

Human capital, the education and skills that further innovation.

Infrastructure, state of the art transportation, telecommunication, and energy distribution systems that move people, goods, and ideas quickly and efficiently.

And quality places, that special mix of distinctive communities and responsible growth that is competitively wise, fiscally responsible and environmentally sustainable.

Innovation, human capital, infrastructure, and quality places.

These assets, and the people and firms that leverage them, come to ground in metro America.

Our top 100 metropolitan areas alone take up only 12 percent of our land mass, but harbor 2/3 of our population and generate 75 percent of our gross domestic product.

More importantly, metros gather what matters and make an outsized contribution on each of the assets that drive prosperity.

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 concentrate 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.

Given the economic primacy of metropolitan areas, it is essential that we understand what these places are and how they operate.

These metropolitan areas are not the economies of 50 or 75 years ago. They constitute a new spatial geography, enveloping city and suburb, township and rural area in a seamlessly integrated economic and environmental landscape.

Let’s look at the Twin Cities metropolis, an economy with a population of 3.2 million people spread over two major cities, 14 counties, and 185 municipalities.

In the past we tended to focus on the differences between these parochial jurisdictions.

Yet these differences melt away under economic inquiry.

The assets the Twin Cities 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 Twin Cities metro contributes more than 72.9 percent of the state's economic output but houses only 59 percent of the population of the state of Minnesota.

Incredibly, 83.5 percent of the states' economic output is generated by the state's 7 metropolitan areas.

Minnesota is a Metro State.

And Minnesota is not alone. Metro areas generate the majority of gross domestic product in 44 of the 50 states.

The United States is, incontrovertibly, a Metro Nation. The real question facing the nation is whether we begin to act like a Metro Nation and organize and invest in our assets to achieve productive, inclusive, and sustainable growth.

This leads to our third point: there are deep, structural hurdles to metropolitan prosperity.

Metros may be prime economic movers in the nation, but they are not capable of controlling their own destiny nor are they organized to meet the demands of the new global order.

No matter how much metros focus and innovate, they do not have the resources or powers to "go it alone." And they shouldn't have to.

The forces affecting metros are the same ones that are buffeting our nation:

The movements of talent and capital or the drift of carbon emissions take place at the global scale and have impacts and implications that transcend parochial borders.

Thus, a metro can focus on building its economic strengths and finding new ways to further innovation, but its economy is profoundly influenced by federal monetary, trade, energy, regulatory, and investment policies.

A metro can focus on reducing income disparities and elevating the education and skills of its workforce, but only the federal government can close the gap between wages and the cost of living.

A metro can focus on reducing congestion and implementing market shaping infrastructure investments, but the federal and state governments are the major financiers of such investments.

And a metro can do what it can to address the “existential threat of global warming,” by promoting green building, transit-oriented development, urban regeneration, and renewable sources of energy, but only the federal government can set standards and regulate industries on a national scale.

A rapidly changing world demands that the federal and state governments serve as strategic, flexible and accountable partners so that metros can address their central problems, realize their full potential and, in so doing, resolve our most pressing national challenges.

The demand for metro-friendly governance is particularly needed given the changing spatial dynamics within metros such as the rapid dispersion of people and jobs, the suburbanization of poverty, and the suburbanization of immigrants. All these forces require more sophisticated national and state policies in service of metropolitan prosperity.

Another structural challenge to metro prosperity is the misalignment of governance with the new geography of our economy, our society and our environment.

As discussed above, the economy exists (firms operate, people live their lives) in metropolitan space.

Yet our local government structures cling to boundaries more suited to an 18th century township than to a 21st century metropolis.

As described above, governance for the Twin Cities metropolis is spread across two major cities, 14 counties, and 185 municipalities. Incredibly, each unit of general purpose local government is empowered to plan and zone. In addition, there are hundreds of special public entities authorized to plan and use land that act independently of counties, cities, villages and townships and other bureaucratic entities (workforce investment boards, public housing agencies) that are organized to deliver federal programs.

There are clearly benefits to such intense localism, particularly in tying citizens closer to government.

Yet the disconnect between how we live and work and how we govern has serious consequences for the longer sustainability and success of our metropolitan areas, the engines of our economy.

Fragmentation keeps governments weak. With the landscape chopped into 185 municipalities, many Twin Cities governments remain tiny, nearly amateur concerns unequal to the widening challenges of suburbanization, revitalization and economic development.

Minnesota’s governance remains what David Rusk has called a “crazy quilt of little box governments and limited horizons”. In geographical terms, Minnesota’s little boxes ensure that in almost every region scores of archaic boundaries artificially divide regions that otherwise represent single, interrelated social, economic and environmental communities. Such divisions will always complicate efforts to carry out cross boundary visioning, plan cooperatively or coordinate decision making across large areas.

At the same time, little boxes bring limited horizons in more practical terms. With the vast majority of municipalities essentially small towns, many if not most retain limited tax bases and struggle to provide even the most basic services.

Minnesota's little boxes create a problem of scale, in short. More and more, the geographical reach of Minnesota's challenges exceeds the reach and capacity of its governmental machinery.

Second, fragmentation exacerbates sprawl and decentralization. Research shows that increased fragmentation resulted in decreased shares of office space for central business districts, less centrality, longer commuting times, more edge cities, and more sprawl.

In this connection, fragmentation not only inhibits coordinated planning to manage growth but spawns a sprawl inducing competition among the states multiple jurisdictions for desirable commercial, industrial, and residential tax base.

Third, fragmentation increases the cost of government. This follows from the simple fact that political fragmentation often leads competing jurisdictions to duplicate infrastructure, staffing and services that could otherwise be provided more cost effectively.

Fourth, fragmentation facilitates segregation by race, class and ethnicity. This leads to a spatial mismatch between jobs and workers as economies decentralize and minority workers and poor workers remain concentrated in places—central cities, older suburbs—far from areas of growing employment.

Finally, and this may be the most important finding in the current environment, metropolitan fragmentation exerts a negative impact on competitiveness and weakens long-term regional economic performance.

This is partly because excessive decentralization weakens the downtown cores that attract young workers and foster greater access to idea and technologies.

This is also due to the fact that parochial jurisdictions are spending their time competing against each other rather than working together to compete in the world economy. As Jerry Paytas of Carnegie Mellon University soundly argues:

"How well a region organizes and utilizes its assets and resources is the key to its ability to compete and to respond to change. Long term competitiveness requires flexibility and fragmented regions are less likely to mobilize the consensus for change. Fragmented regions divide the regional constituency, offering opponents of change more opportunities, forums and even institutional support to resist change. Unification encourages serving the regional constituency rather than parochial interests."

The implication is troubling: Fractured municipalities compete for growth and jobs at a deficit.

The negative implications of fragmentation are mitigated in this region by the work of the Met Council. It is difficult to underestimate the positive benefits that accrue from the existence of a regional body with extensive powers to set the regional planning and development agenda, administer transit, manage water and sewer and distribute affordable housing throughout the region. Minnesota's fiscal disparities law also mitigates the inequities that occur when parochial jurisdictions excessively compete for tax base.

Myron Orfield and his team have done a systematic review of the top 25 metro areas in the U.S. and his work conclusively shows that effective regional institutions lead to less sprawl, less racial and ethnic segregation, more fiscal equity between jurisdictions, and higher growth.

So the good news—not surprising to anyone here—is that the Twin Cities looks awfully good on key metrics of success relative to other major metros that have not addressed fragmentation. The question, of course, is whether comparing the Twin Cities to other U.S. metros is the right benchmark.

As we enter a difficult period of economic restructuring, poverty dispersion and carbon constrained growth, the Twin Cities should set higher sights for performance. It should be setting ambitious goals for its own performance. And it should be watching closely the shift towards metropolitan governance in global cities, particularly competitors in Europe and the rising nations of Asia and elsewhere. When these appropriate benchmarks are used, it is clear that there is room for improvement in this metropolis, which I will discuss later.

That leads to our fourth proposition: Our Metro Nation demands a Metro Policy that recognizes and leverages the core assets that drive prosperity in the nation and encourages, facilitates and supports a new kind of metro governance in the nation.

America's economic recovery will depend on a return to "real" innovation—in bio medicine, in clean, renewable energy, in technology and the delivery of health and other services.

This reliance on innovation will require us to get smart. We need to improve human capital and skills as a means to enhance economic competitiveness and productivity.

This new innovation will fuel the next generation of infrastructure—smart grids, high speed rail, wind and solar energy, clean coal, safe nuclear, new auto technology.

All this innovation will be maximized and accelerated if the sharing of ideas takes place in quality, sustainable communities with increasing shares of people and jobs clustered around new modes of transportation and in more compact commercial, residential, and retail areas.

And, metro governance matters. Decisive, nimble, wider-reaching governance networks are necessary to master today's super-sized problems. Metro governance is how places put it all together!

This is a return to basics, to fundamentals, to decisions based on market imperatives rather than political and ideological diversions and distractions.

At the core of Metro Policy is a call for a new federalist compact.

This compact should have three essential components:

First, the federal government should lead where it must. Global challenges, broad in scale and geographic reach, require national solutions. Only the national government can set a strategic vision for the entire country, address issues that naturally transcend state borders, and establish a unified framework for smart private and public sector action.

Next, the federal government must empower metros where it should. A nation of our size and diversity displays immense variation. Minneapolis is not Miami. Charlotte is not Cleveland. Phoenix is not Pittsburgh. Federal policy must enable these and other metropolitan areas to bend national policies to their own distinctive market realities and strengths.

The final piece to our federalist puzzle: The federal government must maximize performance and fundamentally alter the way it does business in a changing world. It is time for Washington to Get Smart and become a fact filled, rather than fact free, zone.

It is also time for the federal government to use its powers to align the delivery of key investments and policies with the true geography of the economy, the shifting geography of work and opportunity and the broader footprint of the built environment.

We need a 21st century federalism, in essence, that marries national vision and purpose with local and metro implementation and invention and couples public sector engagement with private sector energy and discipline.

So what does Metro Policy look like in practice?

Let’s take infrastructure as an example of how Metro Policy might work.

We propose that the federal government lead again, as in the 1950s, and set forth a national transportation vision that fits the challenges of our time, namely to facilitate the movement of people and goods within and among the metropolitan gateways of international trade and the major corridors of inter-metropolitan travel.

It is economic and environmental suicide to expect our major ports, freight hubs, and rail corridors to do what it takes, on their own, to stay one step ahead of global forces.

And it is fiscally irrational and irresponsible to expect that a system of congressional earmarks will get the job done.

Our response: identify, map, prioritize, finance, and then implement those investments that will have the largest return for the nation, economically and environmentally.

Take politics out of the system and invest in what matters: Intermodal facilities at our congested ports and freight hubs. High speed passenger rail in our critical corridors. All capitalized with a mix of public and private sector finance.

Beyond leadership, the federal government must also empower metros where it should by enabling metropolitan areas to tailor national policies to their own realities.

We recommend that the federal government empower metros by issuing a Sustainability Challenge.

Just imagine if the federal government said to the Greater Twin Cities or Greater Dallas or Greater Cleveland or Greater Charlotte: “Show us a plan to reduce greenhouse gas emissions and lower your carbon footprint from combined changes in housing, transportation, land use and energy and we will provide additional resources as well new powers to align disparate federal programs."

We think metro areas would rise to such a challenge. Metros might propose to concentrate mixed use facilities and mixed income housing around transit stations. Or they might decide to institute congestion pricing, or extend transit and commuter rail.

Let's face it: With volatile gas prices and the climate threat, unbalanced growth is no longer an option, for people or places.

So that brings us to the final part of the new federalist compact, namely the need to maximize performance of the vast partnership between federal government, states, localities and the private and voluntary sector.

Here is the challenge is to replicate the intricate web of data, metrics, analytic tools and spatial planning techniques now routinely deployed by Germany, Britain, Denmark, and other European nations so the United States can make decisions based on fact and evidence rather than political horse-trading as well as measure our progress towards clear national priorities.

Ask any corporation: information moves markets, information creates wealth.

A relatively small federal investment in the tens of millions will ultimately mean that public and private sector investments in the hundreds of billions can be smart and strategic.

But information is not sufficient nor is just sending more funding directly to metros (though that would help).

We need to build a network of competent and capable, representative and accountable metropolitan entities in the U.S. We have been down this path before, most notably in the 1991 ISTEA law (the Intermodal Surface Transportation Efficiency Act), which enhanced the powers of metropolitan planning organizations ("MPOs") in transportation decision making. Now we need to go further, as recommended by colleagues such as Robert Puentes at Brookings and Myron Orfield at your own university.

As we move forward with transportation reform in the U.S. we must make MPOs more representative by requiring that cities, developed suburbs and developing suburbs have proportional representation in line with their population.

We must make MPOs more accountable by setting performance measures for reducing sprawl, ensuring fair share housing, reducing segregation and reducing fiscal inequality between jurisdictions.

And we must give MPOs the powers necessary to re-shape metropolitan growth and development including the clear authority to develop regional plans and the clear mandate to review local plans for compliance with regional plans.

As we reform MPOs, we must also reform states because frankly the lack of focus and direction and purpose in transportation policy is primarily a product of how states function.

As the Recovery Act shows, the predilection of states is to spread funding around like peanut butter to satisfy political constituencies rather than target investments in a way that maximizes return. So states need to be held to a higher level of accountability and transparency. They should be required to conduct cost benefit analyses in advance of making major investment decisions to assess the economic and environmental consequences of disparate choices. Like MPOs, they should be required to set performance metrics to gauge progress on key priorities—not outputs (roads widened) but outcomes (reduction in greenhouse gas emissions),

If we feel we don't have the will to pursue the kind of change, then just look abroad to Europe or China or other competitor nations. They are making the tough decisions and transformative investments; we must do as well.

So that leads to my final proposition: there are early signs that Barack Obama's administration "gets" and embraces this new vision of Metro Policy, but there is still a long way to go.

First, at the paradigmatic level, the president talks about city and metropolitan areas in a modern way, a sharp departure from traditional rhetoric. I highly recommend that you read the President's speech to the U.S. Conference of Mayors in June of 2008 as well as his speech on July 13 of this year launching the White House Office of Urban Affairs. In these speeches, the President clearly recognized the prime economic role played by metropolitan areas, promoted the notion that old city and suburban and rural divisions were antiquated and anachronistic and laid out a new vision for a federal/metropolitan partnership in service of productive, inclusive and sustainable growth. The president's embrace of the new metropolitan framework is critical since policy choices are ultimately derivative of broader paradigms.

Second, at the operational level, the president's staffing of the White House and the early performance of the Cabinet recognize that being a partner with metropolitan areas requires integrated federal solutions that cross traditional policy and bureaucratic silos.

The appointment of a climate czar reflects understanding that we can't address global warming by relying on EPA alone. HUD and DOE and EPA must collaborate if we are to build a green residential sector. HUD and DOT and EPA must collaborate if we are to drive sustainable development patterns.

The establishment of the White House Office on Urban Affairs reflects an understanding that promoting smart and sustainable and inclusive growth requires interplay between economic development and workforce development, between housing and transportation, between housing, schools, neighborhoods and jobs.

And the agencies already have embarked on a degree of collaboration rare in Washington, led by HUD and DOE's early engagement on energy efficiency.

Third, investments in both the American Recovery and Reinvestment Act (ARRA) and FY 2010 budget seem metro friendly on the surface because they are investing in the key assets: Innovation, Human capital, Infrastructure, and Quality Places.

On innovation, ARRA invests $21.5 billion in federal research and development, both through old agencies (e.g., NIH, DOE, NOAA, NASA) and a new one, ARPA-E.

ARPA-E supports cutting edge energy technology, bridging the gap between basic research and the commercialization of product. There are also a slew of tax credits, including $18 billion invested in clean energy investment tax credits.

On human capital, there is $77 billion in direct funding for education, including billions in funds for incentives to states and innovations in urban school districts.

There is another $31 billion in college affordability and up to $33 billion in school modernization.

On infrastructure, there is $152 billion in spending across a range of categories, including $57 billion for transportation, $17 billion for energy grid, $13.2 billion for water infrastructure and $10.5 billion for technological infrastructure.

And on quality places, Congress has enacted billions in spending and tax incentives for energy retrofits, inner city business development, community development, transit, and brownfields

The president's FY 2010 budget goes even further, proposing a $150 million Sustainable Communities Initiative to develop integrated regional plans that link housing, transport, jobs and land use, a $250 million Choice Neighborhoods Initiative to make game-changing interventions in neighborhoods of high poverty and an Infrastructure Bank to make market shaping investments in a range of infrastructure assets, through, in part, the leveraging of private sector financing.

Fourth, the administration is sending strong signals that metro governance and multi-jurisdictional collaboration are strongly encouraged if not required.

We see this most strongly in the Sustainable Communities Initiative which is designed explicitly to aid metros in the development of integrated transportation and housing plans.

We see this in HUD's implementation of funding for neighborhood stabilization and foreclosure mitigation with preference given to applications that show collaboration across municipal borders and boundaries.

We see this in the efforts by the White House Office of Urban Affairs and the vice president's Office of Recovery Implementation to hold up collaborative efforts in Kansas City, Chicago, and Denver as emblematic of new favored way of governing.

We see this in the early skirmishing on the reauthorization of the federal transportation law with a seeming recognition by both congressional overseers and the administration that metro decision making needs to be strengthened, supported and sustained.

Finally, the administration has embraced the broader vision of decision making that is evidence based and performance driven as well as accountable and transparent.

We saw this quite clearly in the Recovery Act and its insistence on funding disclosure.

We see this in FY 2010 budget and its call for dramatic increases in agency budgets for data, research, program evaluation and program demonstration.

When you add it all up, there is much to celebrate with the new administration:

At the rhetorical level;
At the paradigmatic level;
At the programmatic level;
At the delivery level; and
At the learning level.

But this is a work in progress and we all know that there are tough hurdles—political, institutional, intellectual, fiscal—to overcome.

Meaningful reforms will not come easy. On transport, for example, there are deeply-embedded ways of operating at the state level that may be inefficient, misguided and ineffectual but ultimately reflect the power of entrenched interests and the political logic of spreading dollars around rather than targeting investment.

There is also a culture of operating at the metro scale, even in the Twin Cities, that makes decisions based on “log rolling” across multiple communities rather than evidence and systematically favors developing places over developed ones.

And we are witnessing only the first wave of reform. Surely policy will iterate and evolve as lessons are learned and innovation is identified and replicated.

Logically, a true Metro Policy would place the federal government squarely in the service of metropolitan prosperity. The current federal system compels metros to apply for resources from multiple agencies and abide by the disparate, often conflicting rules of dozens of separate programs. A more sensible system would give metros the flexibility to align federal investments with locally-driven business plans that lay out clear strategies for investment (following the opportunities of distinct economies) and adhere to a strenuous and sustained set of performance measures.

Such a Metro Policy would literally flip the current federal system on its head, placing responsibility for program design and prioritization where it belongs: at the metro level.

The bottom line: we are at the early stages of Federal Metro Policy. There is still hard work to be done, politics to manage, new programs to implement, old habits and conventions to be overcome.

For this metro, so long a leader in metro thinking and action, the new shift in federal perspective is a validation of sorts, legitimating decades of progressive vision and diligent execution.

But the shift in federal perspective is also a challenge. It is not sufficient, frankly, to have the rest of the country catch up to you. The Met Council has mitigated problems but not resolved them. Jobs are less clustered and centered than in prior decades. Unfettered and excessive decentralization remains a persistent drain on municipal finances as well as a threat to longer competitiveness and sustainability.

It is time to recognize this historic moment and take the Met Council to the next level.

Perhaps it is time to consider expanding the powers of the Met Council, as in Stuttgart, where a regional entity is given the authority to set and implement economic development strategies for the metropolis.

Perhaps it is time to consider merging small, parochial jurisdictions as in South Africa or consolidating school districts as in Maine.

Perhaps it is time to consider the broader use of market mechanisms and congestion pricing as in London and Singapore.

Perhaps it is time to consider shifting to a direct, elected government as in Portland to sharpen and heighten public discourse in the metropolis and give the disparate, ambitious innovations mentioned above more legitimacy with the body politic.

It is time, in short, to take the Met Council to a higher plane of intentionality and impact. In so doing, the Twin Cities will not only be prepared for the shift in federal thinking and action but will drive more extensive federal reform.

Conclusion

Let me end where I began.

The United States enters a new century with a new geography and a new face.

We are no longer Jefferson's nation of rural hamlets and small towns, with economies that are internally-focused and self-reliant.

Rather we have emerged as the world's preeminent economic power precisely because we are now a network of metropolitan areas that are integrated and connected with their sister economies across the globe.

Our challenge is to get comfortable in our new metropolitan skin and alter the way we govern so that our metro communities can achieve their fullest potential as our engines of national prosperity.

The federal government, at a time of economic crisis, social challenge and unprecedented environmental pressure, can catalyze the move toward metropolitan governance and, in so doing, pave the way for decades of growth and development that is literally smart and sustainable.

We need a Metro Policy for a Metro Nation.