



# NEW ORLEANS AS THE MODEL CITY FOR THE 21<sup>st</sup> CENTURY: New Concepts of Urban Innovation

Metropolitan Policy Program  
at BROOKINGS

New Orleans, LA / October 1, 2010

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A model city for the 21st century is a prosperous, resilient city that embraces the next economy



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Greater New Orleans has made enormous progress but challenges remain



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New Orleans can be a model city if it builds on progress to date and transforms its future

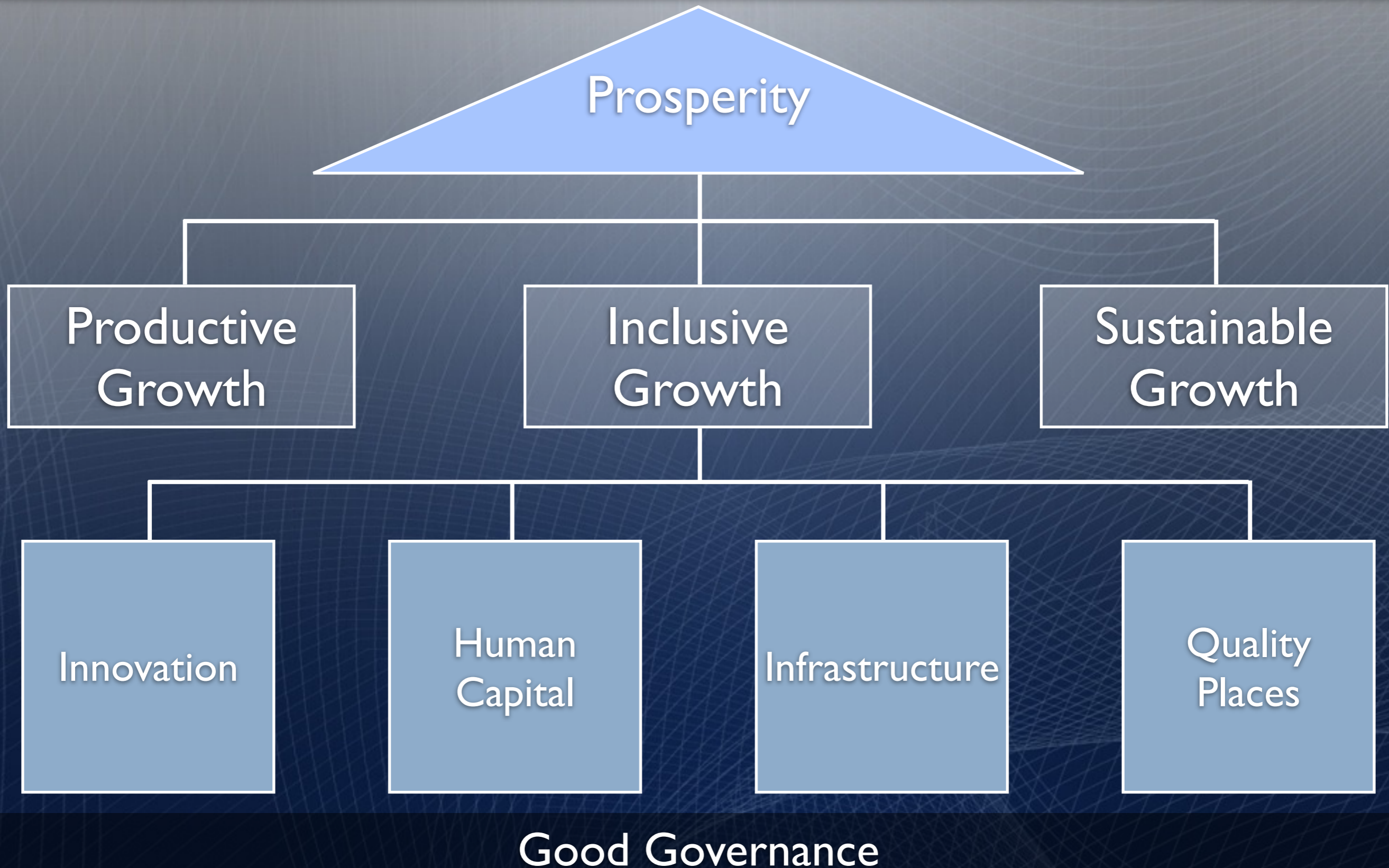
**THE NEXT  
ECONOMY**

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A model city for the 21st century is a prosperous, resilient city that embraces the next economy



# Prosperity is driven by four assets and good governance

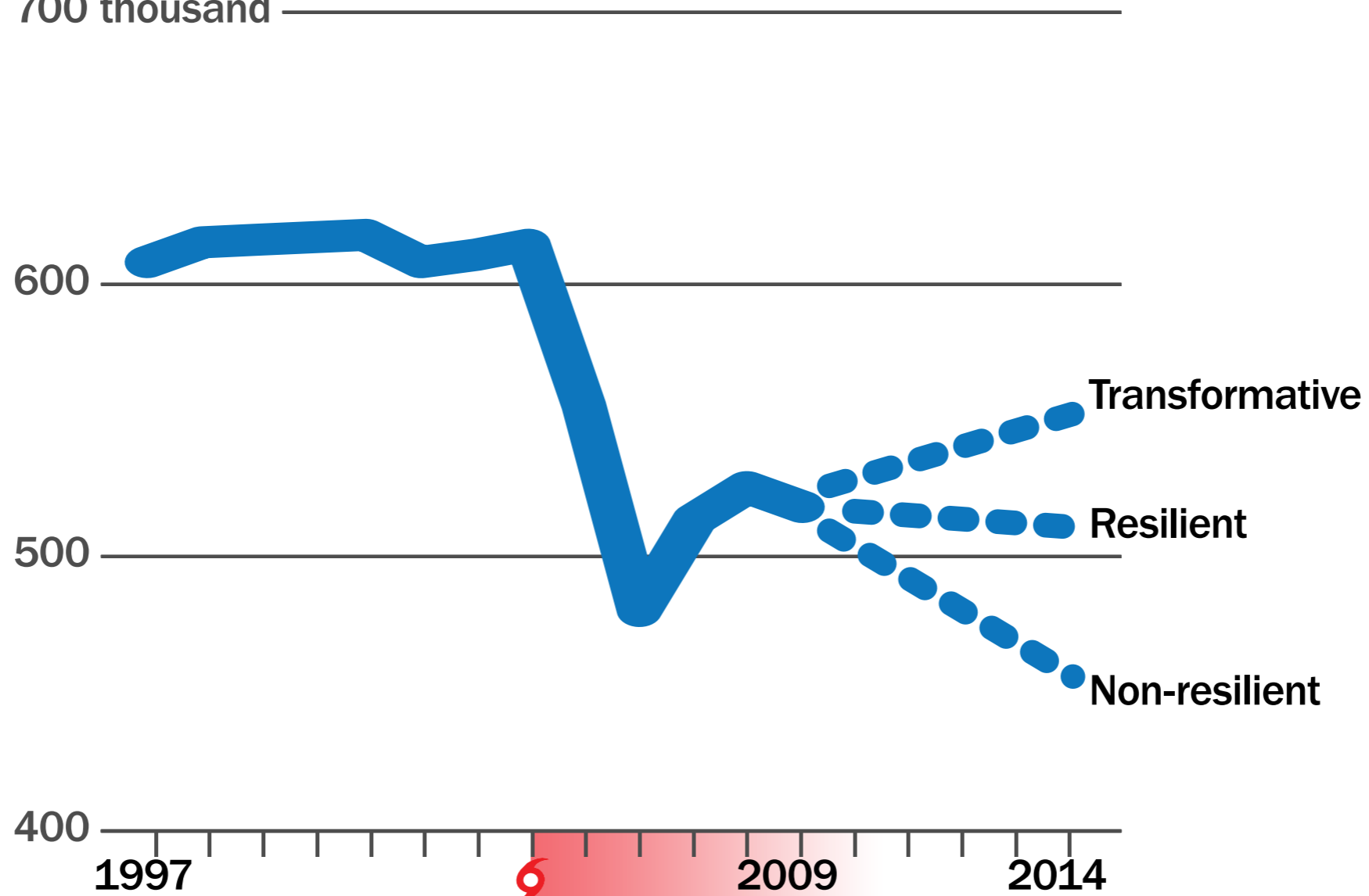


# The city and its larger regional economy must be resilient...

## Economic Resilience

Total non-farm jobs in the New Orleans Metro

700 thousand



Sources: Bureau of Labor Statistics and Moody's Economy.com Database (U.S. Bureau of Labor Statistics: CES, QCEW)

# ...and shore up the characteristics that can predict resilience and adaptation to shock

- Strong and diverse regional economy
- Large shares of skilled and educated workers
- Strong social capital
- Community competence
- Wealth



**8.4 million**  
jobs lost in the recession

# Unemployment remains stubbornly high



Source: Bureau of Labor Statistics

# When credit grows with wild debt Not lead economic recovery



# We need a new growth model



# The Next Economy

*“The rebuilt economy must be more export-oriented and less consumption-oriented;*

*More environmentally-oriented and less fossil-energy-oriented;*

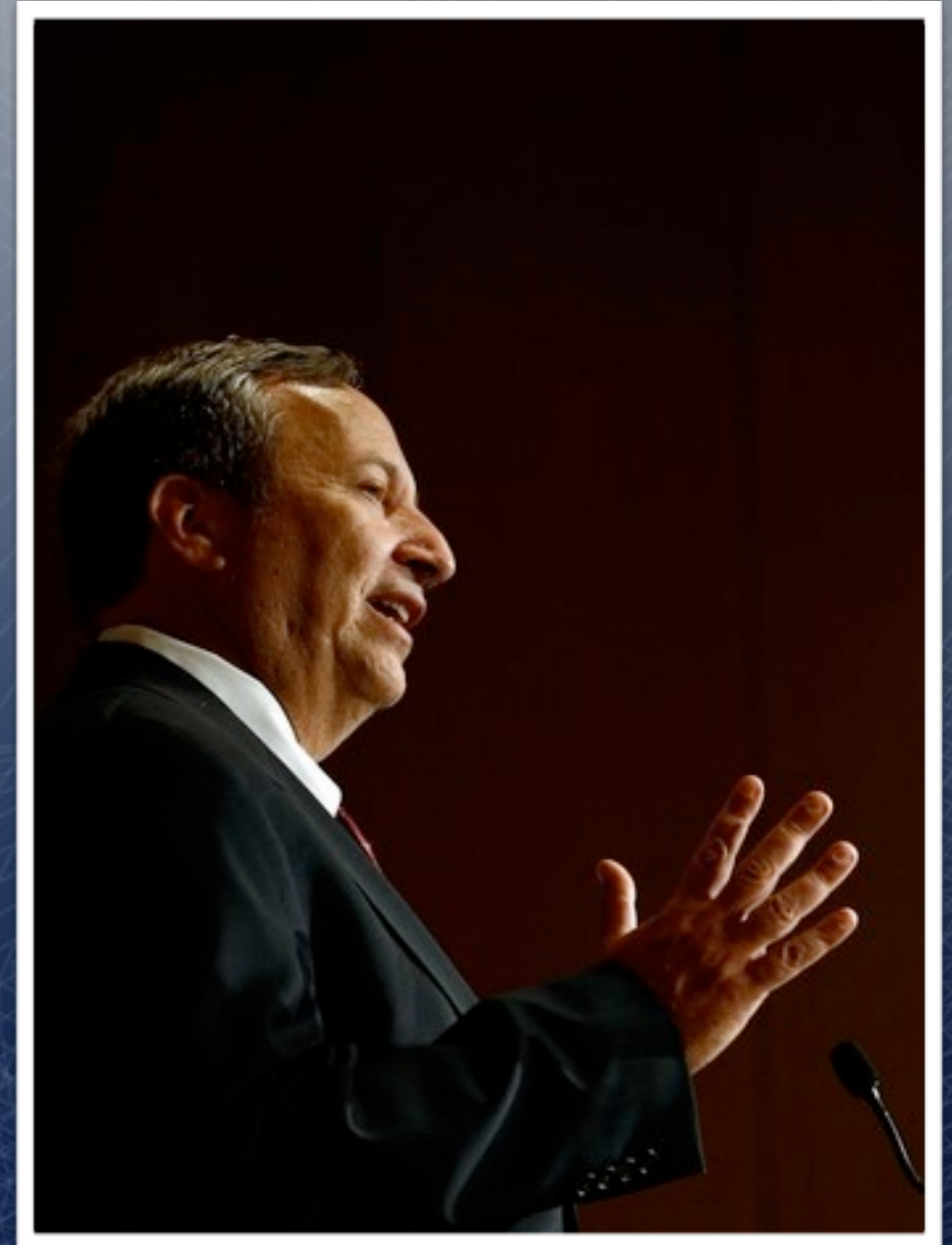
*More bio- and software-engineering-oriented and less financial engineering-oriented;*

*More middle-class-oriented and less oriented to income growth that disproportionately favors a very small share of the population.”*

**Lawrence Summers**

National Economic Council Chairman

July 17, 2009



# The Next Economy

EXPORT-ORIENTED

LOW CARBON

INNOVATION-FUELED

OPPORTUNITY-RICH

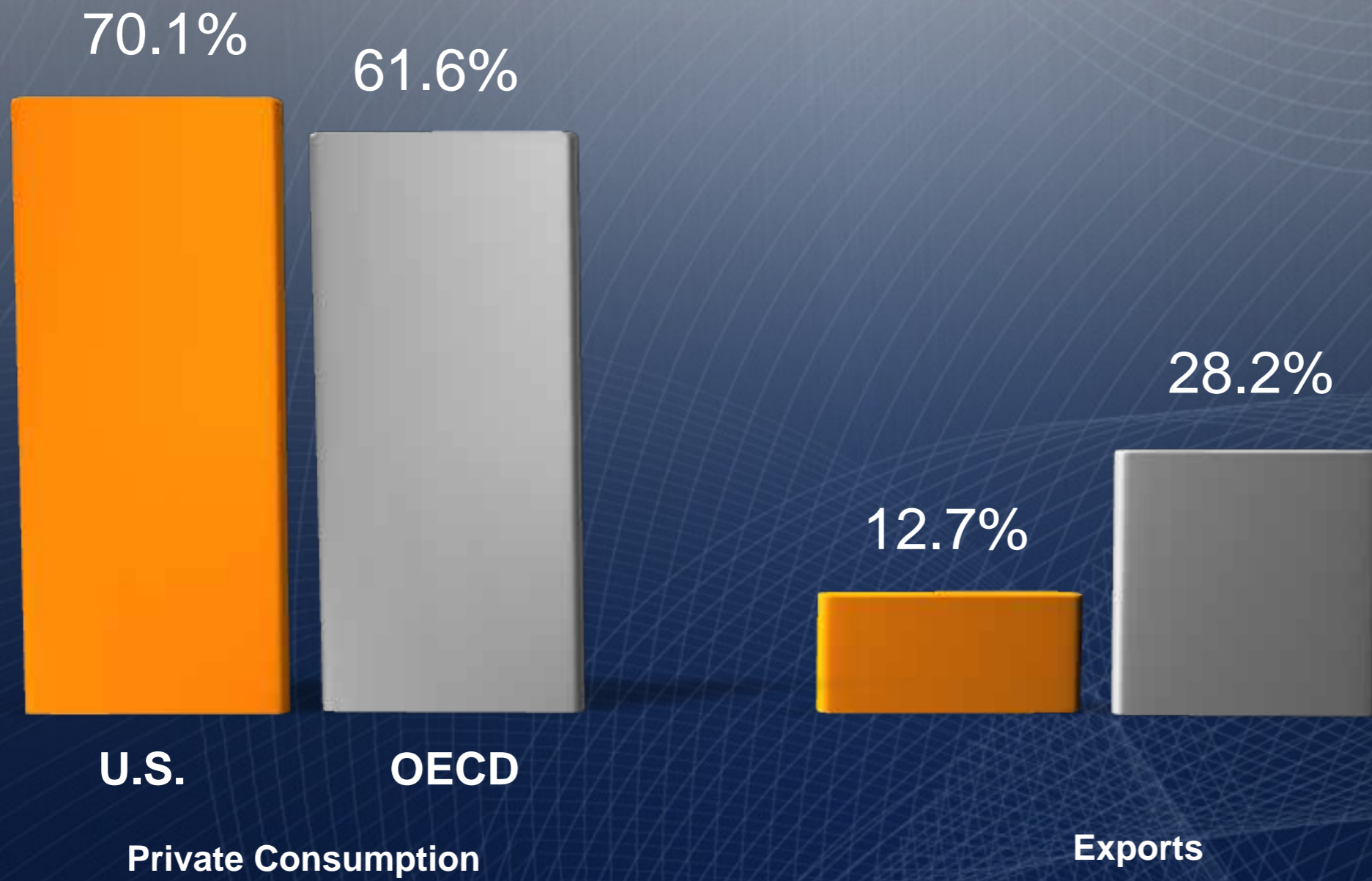


**Why do exports matter?**

# We need to rebalance the U.S. economy



## Share of GDP

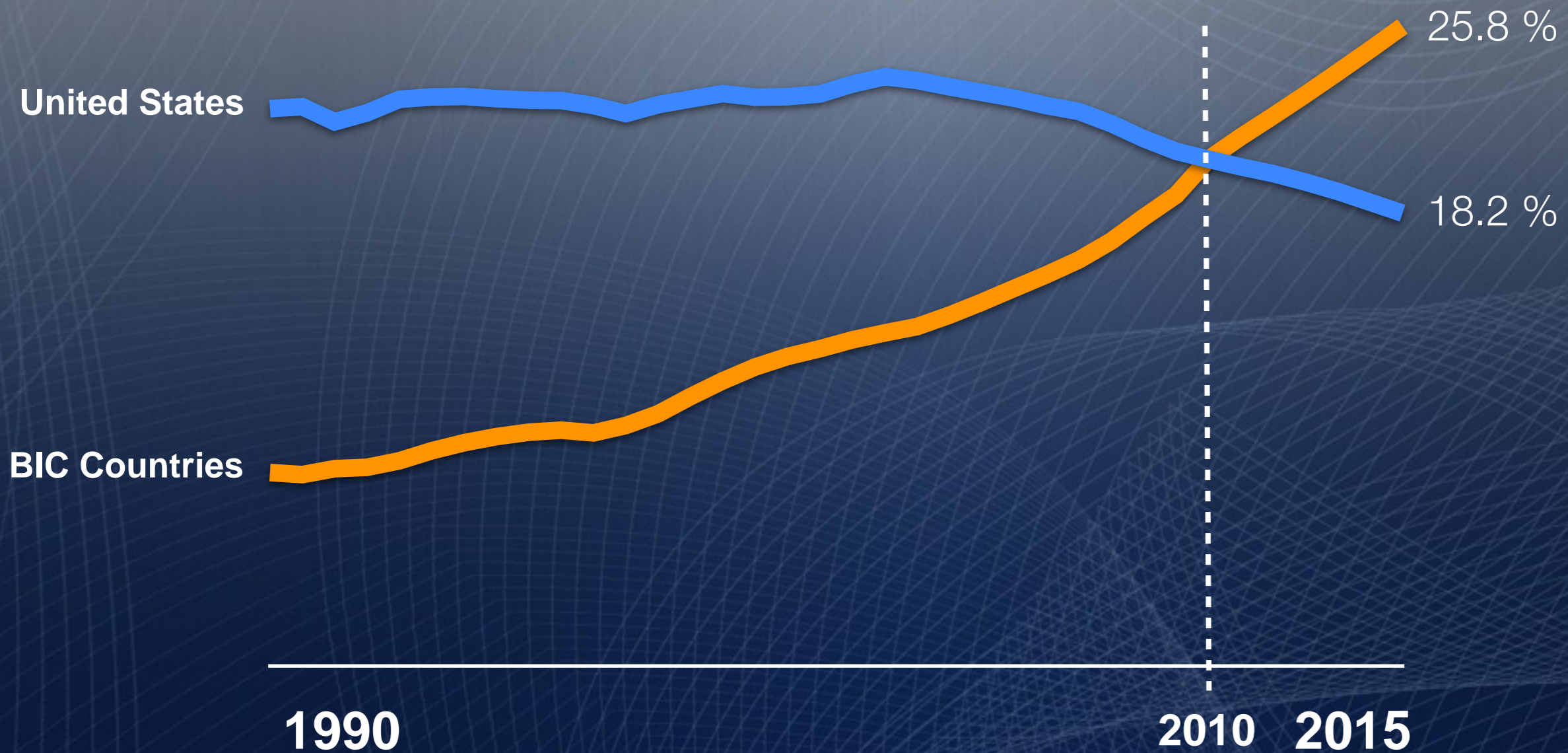




# Future demand will come from outside of the U.S.



## Share of World GDP



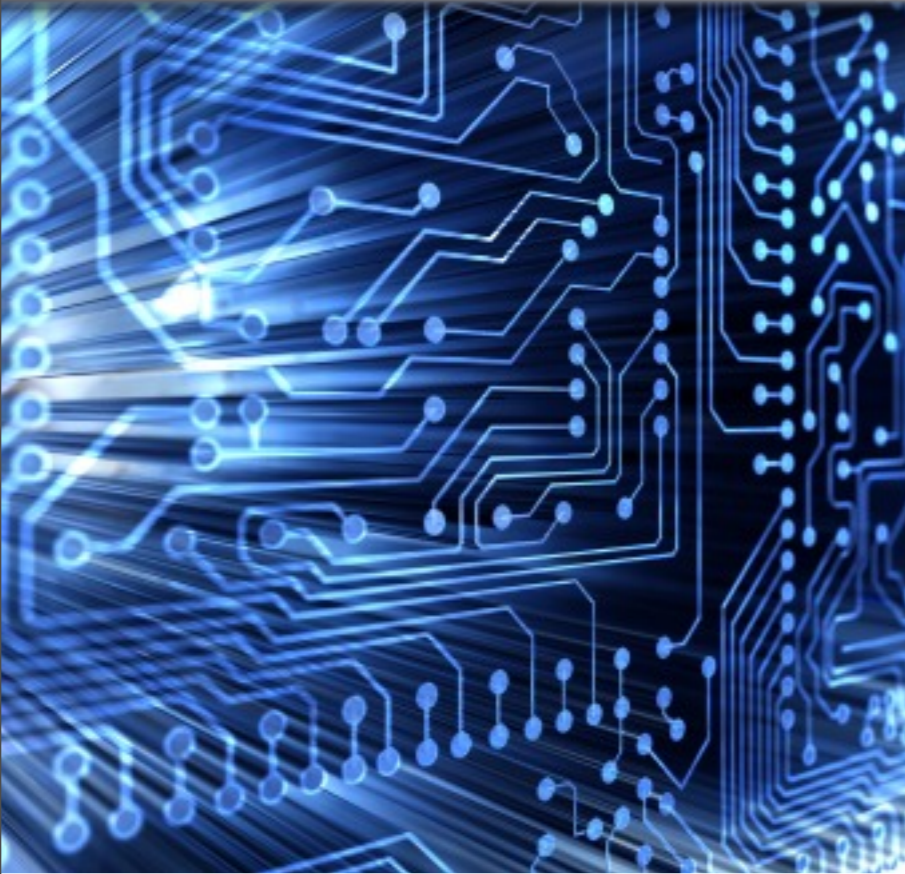
**Why does low-carbon matter?**

**Low carbon  
economy = Markets**

# The energy we use



# The infrastructure we build



# The products we buy



# The buildings we live and work in



**Why does innovation matter?**



# U.S. leadership on key innovation indicators is slipping



Innovation-Based  
Competitiveness (2009)

6<sup>th</sup>

Growth Rate (1999-2009)

36<sup>th</sup>



# The U.S. ranks low in science and engineering degrees



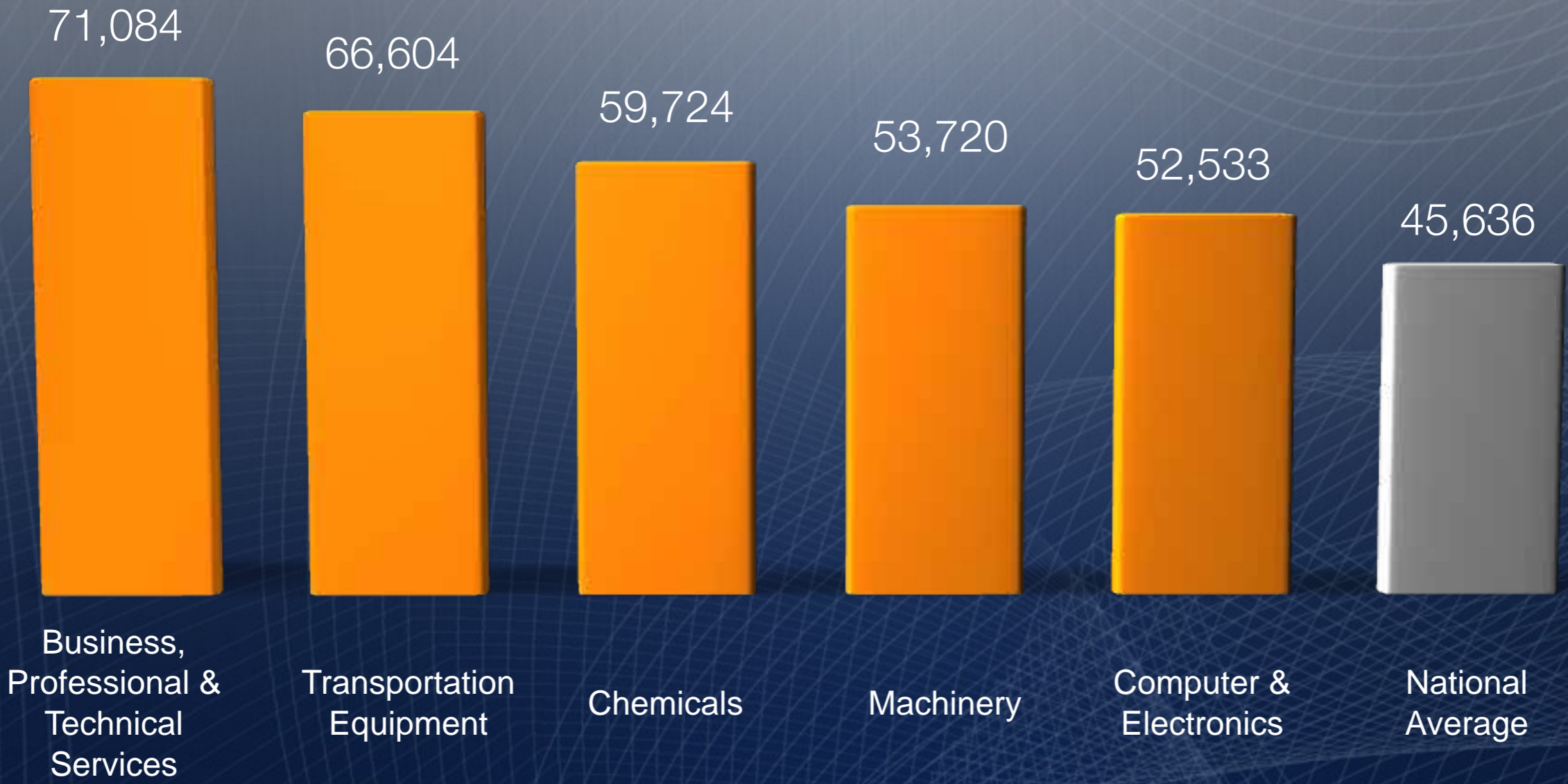
Source: National Science Foundation

**Why does opportunity-rich matter?**

# Major exporting industries pay higher wages



## U.S. Wages Per Exporting Industry

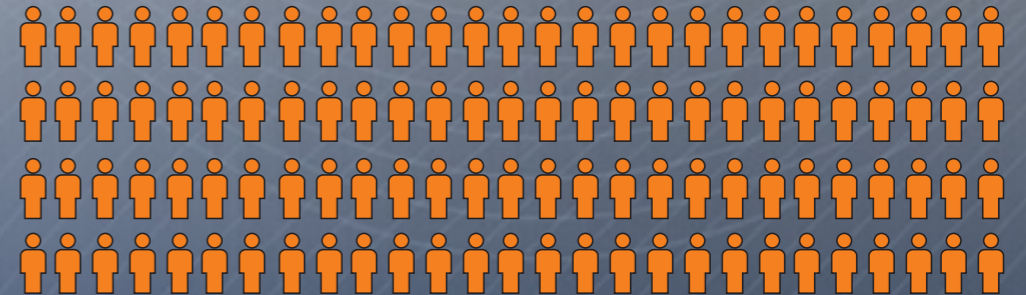


Source: Third Quarter 2009, BLS, USITC, and BEA

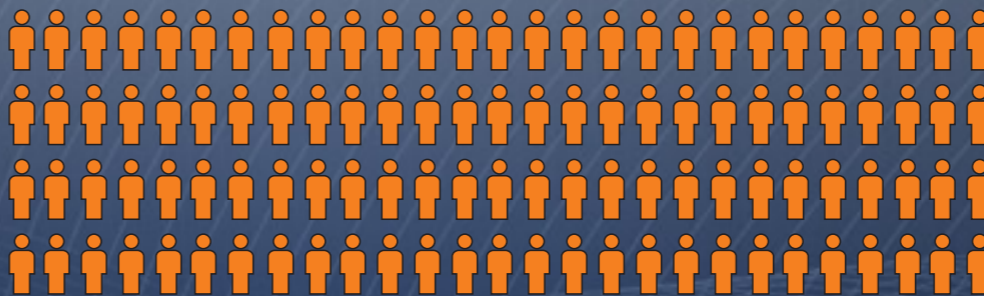
# Jobs in the low carbon economy



Financiers



Scientists / Engineers



Entrepreneurs



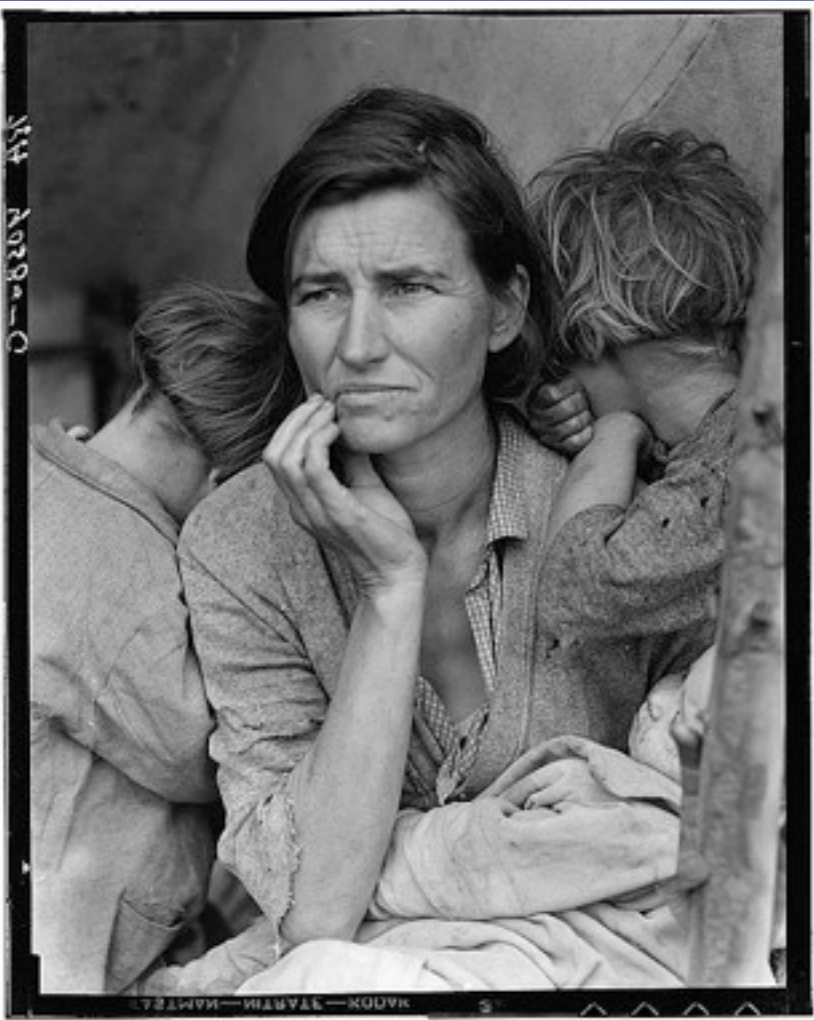
Laborers



# Poverty has climbed to highest level in decades



Percentage of Americans Below Poverty Line



Source: American Community Survey; photo courtesy Library of Congress Prints and Photographs Division

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# The good news: of the five factors that can predict resilience, New Orleans has demonstrated three post-Katrina

- Strong and diverse regional economy
- Large shares of skilled and educated workers
- Strong social capital
- Community competence
- Wealth



# New Orleans has demonstrated “community competence” by pursuing systemic reforms



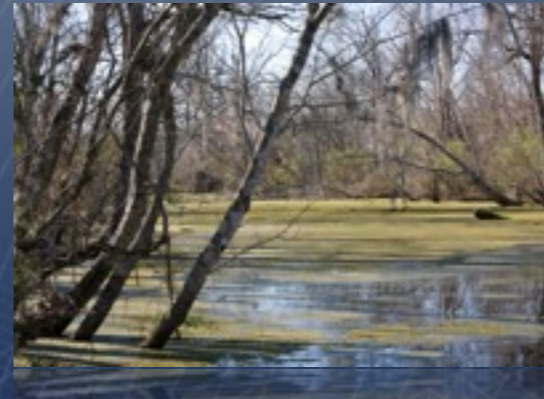
Overhaul of the public school system



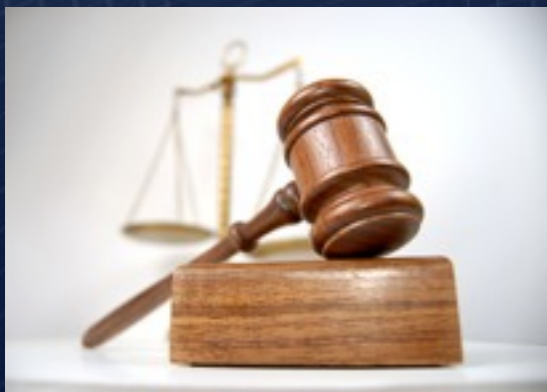
New capacities and holistic approach to neighborhoods



Overhaul of healthcare delivery



New approach to land use, planning and coastal restoration



Sweeping changes in criminal justice

# On wealth, the city and metro area have benefited from vast federal, philanthropic, and private sector investments

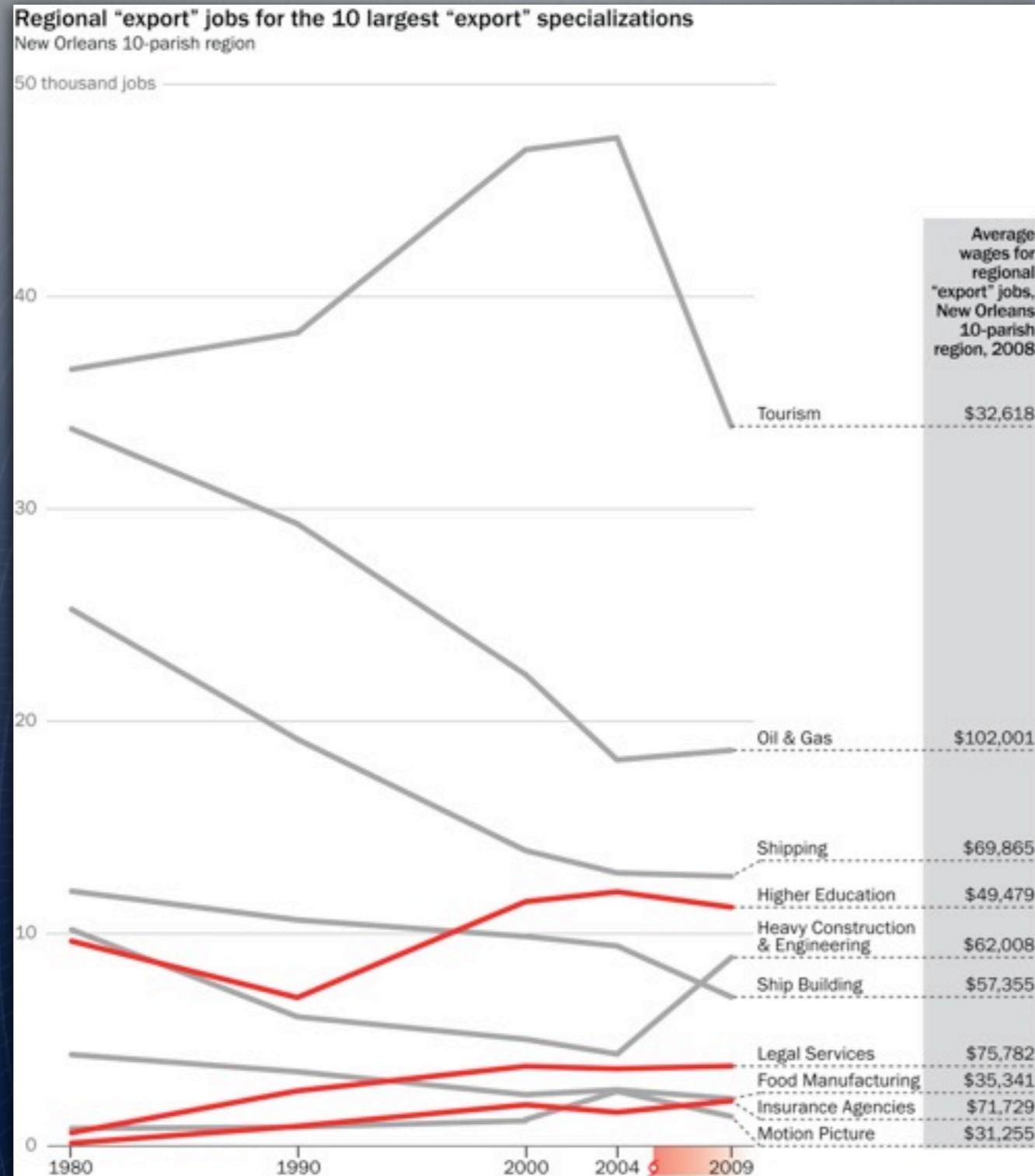
## Federal Dollars

- \$8.8 billion obligated to date from FEMA Public Assistance
- \$13.4 billion in CDBG disaster funds
- \$15 billion in Army Corps fund for hurricane projects in New Orleans are
- \$5.2 billion in ARRA funds to Louisiana, as of October 2009

## Foundation and Corporate Philanthropy Dollars

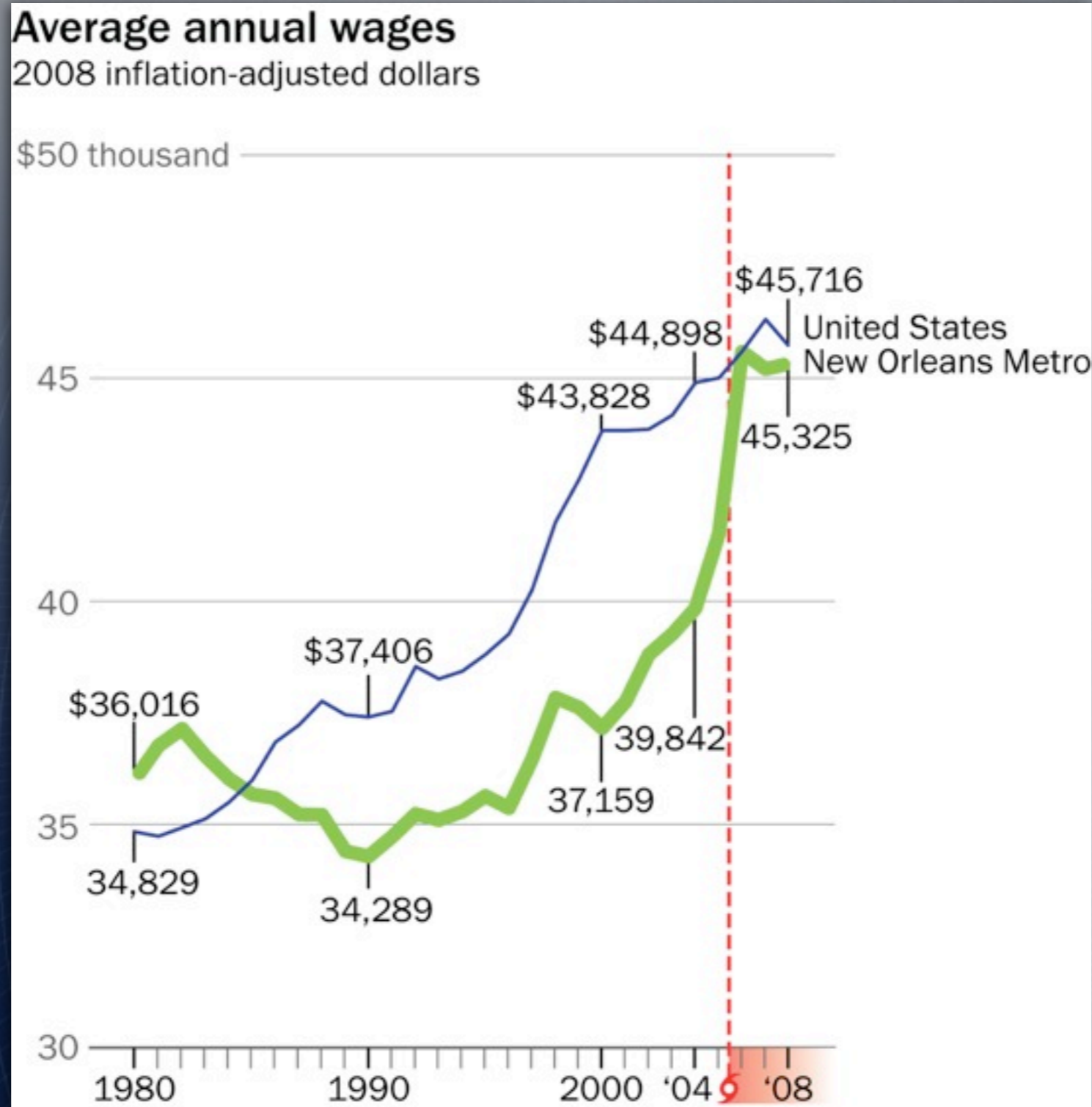
- \$1 billion in foundation and corporate grants and PRIs to whole Gulf region (2005-2009)

# Greater New Orleans is also beginning to reverse course and show signs of a more diverse, innovative economy



Source: Moody's Economy.com Database (U.S. Bureau of Labor Statistics: CES, QCEW)

# Average wages in the metro area grew by nearly 14 percent, accelerating a trend that began in 2000



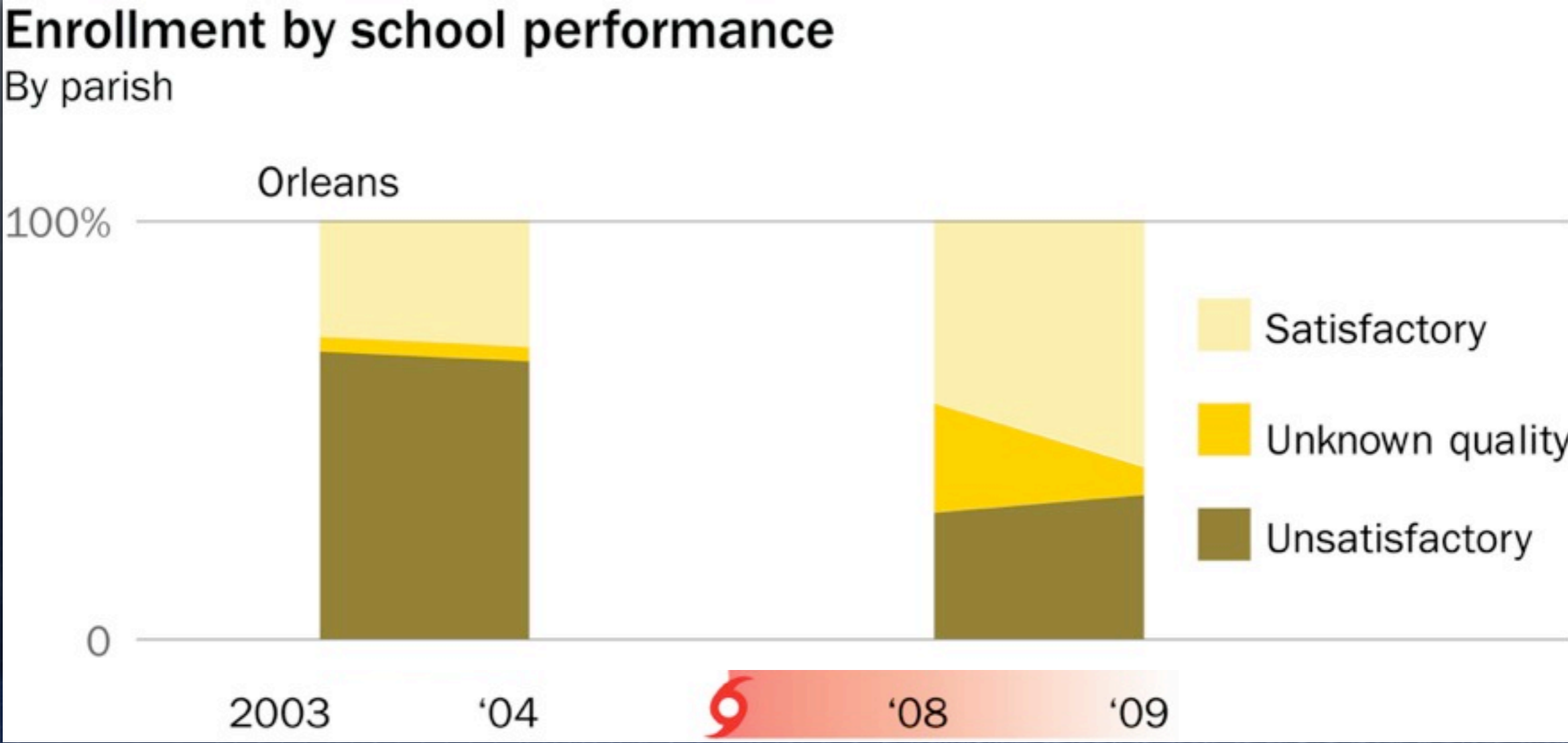
Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

# Entrepreneurship has spiked in the metro, surpassing the rate of individuals starting businesses nationally



\*Data for 7 of the 57 "Weak City" Metros were not available.

# A greater share of students attend public schools that meet state standards of quality



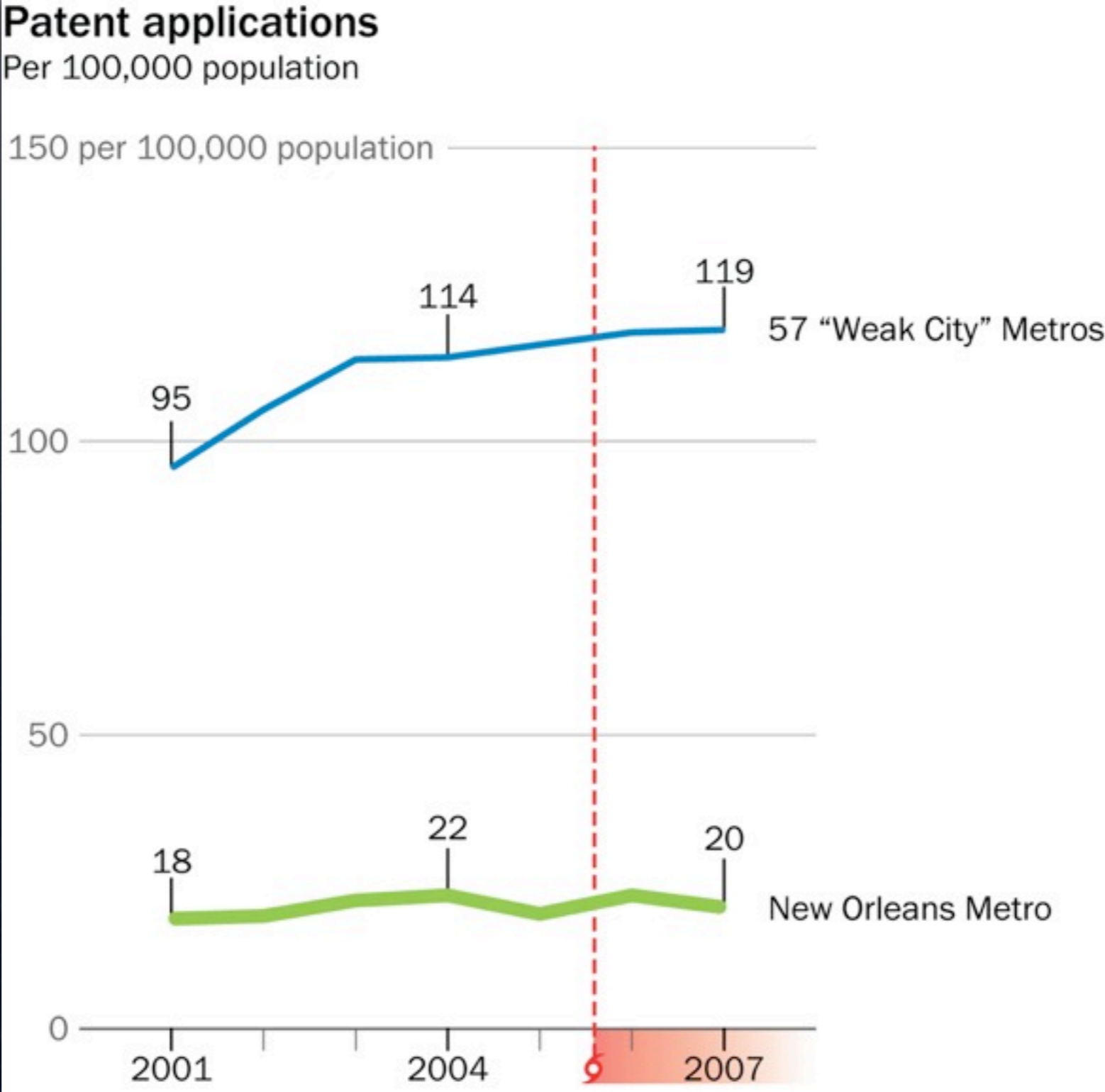
Source: Louisiana Department of Education

# The bad news: the largest export sectors of the economy have been shrinking since 1980; only two in top 10 grew post-Katrina



Source: Moody's Economy.com Database (U.S. Bureau of Labor Statistics: CES, QCEW)

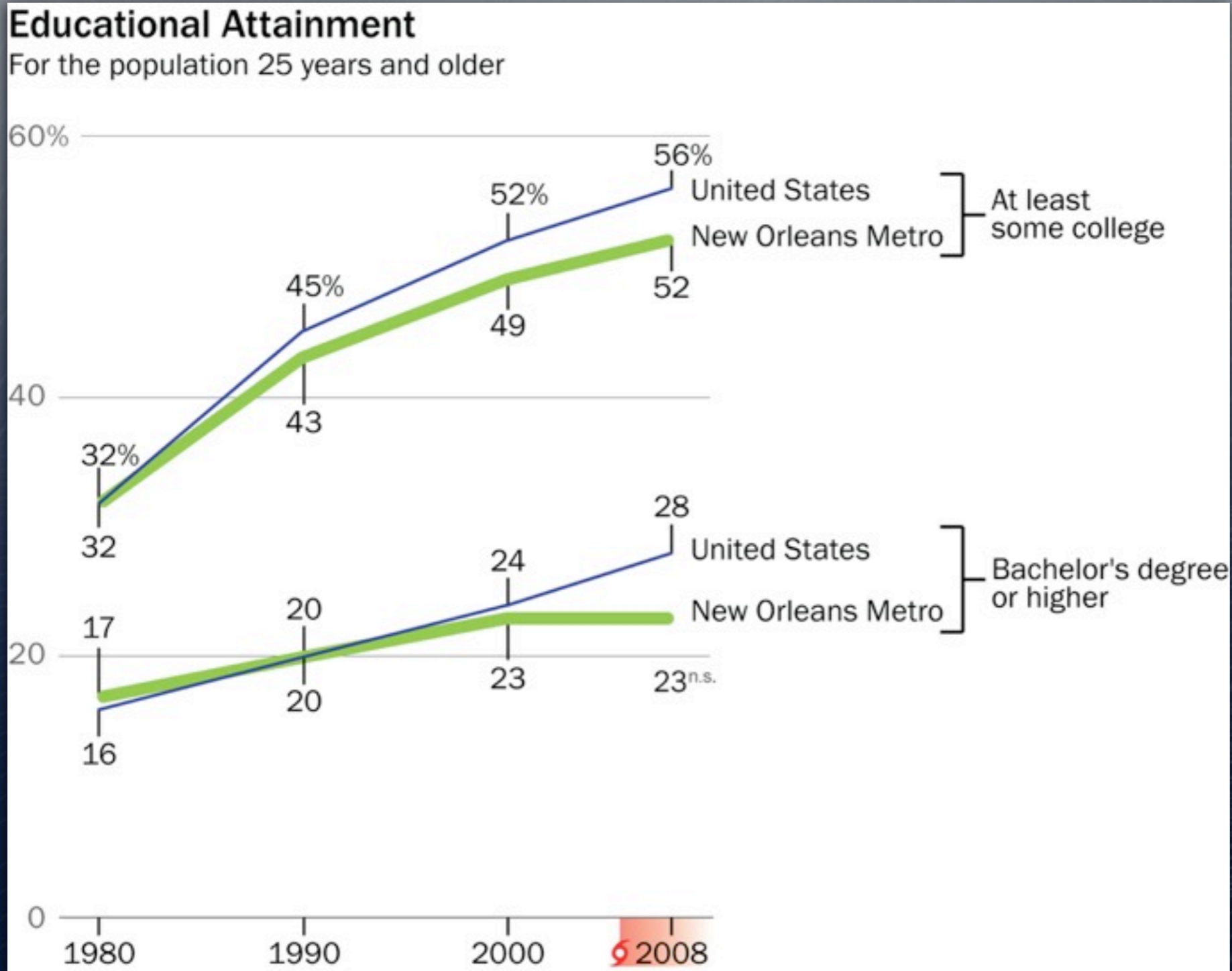
# Greater New Orleans is a low innovation metro



Source: Strumsky Patent Application Dataset

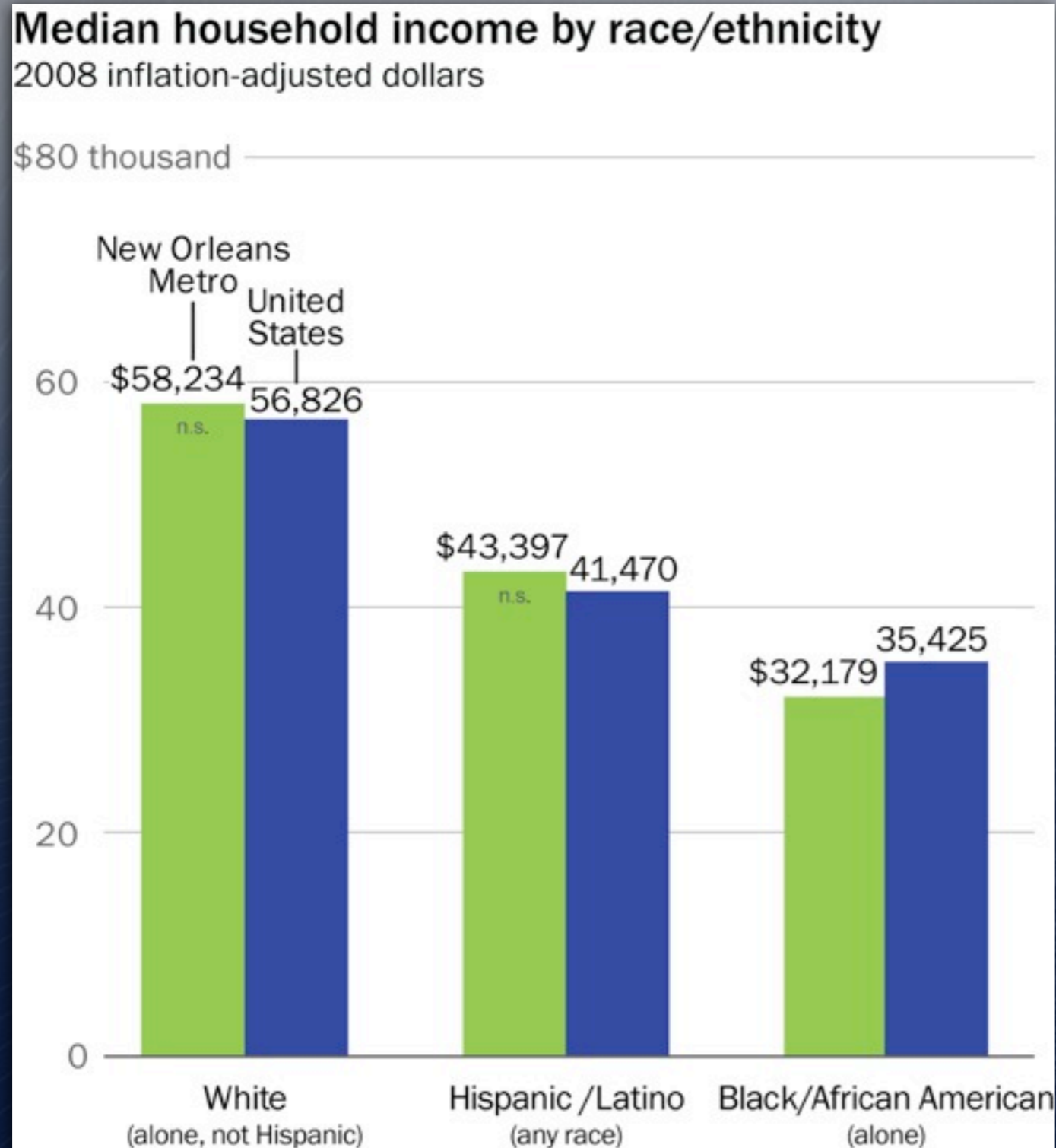


# The share of college-educated adults plateaued in New Orleans post-Katrina after growing since 1980



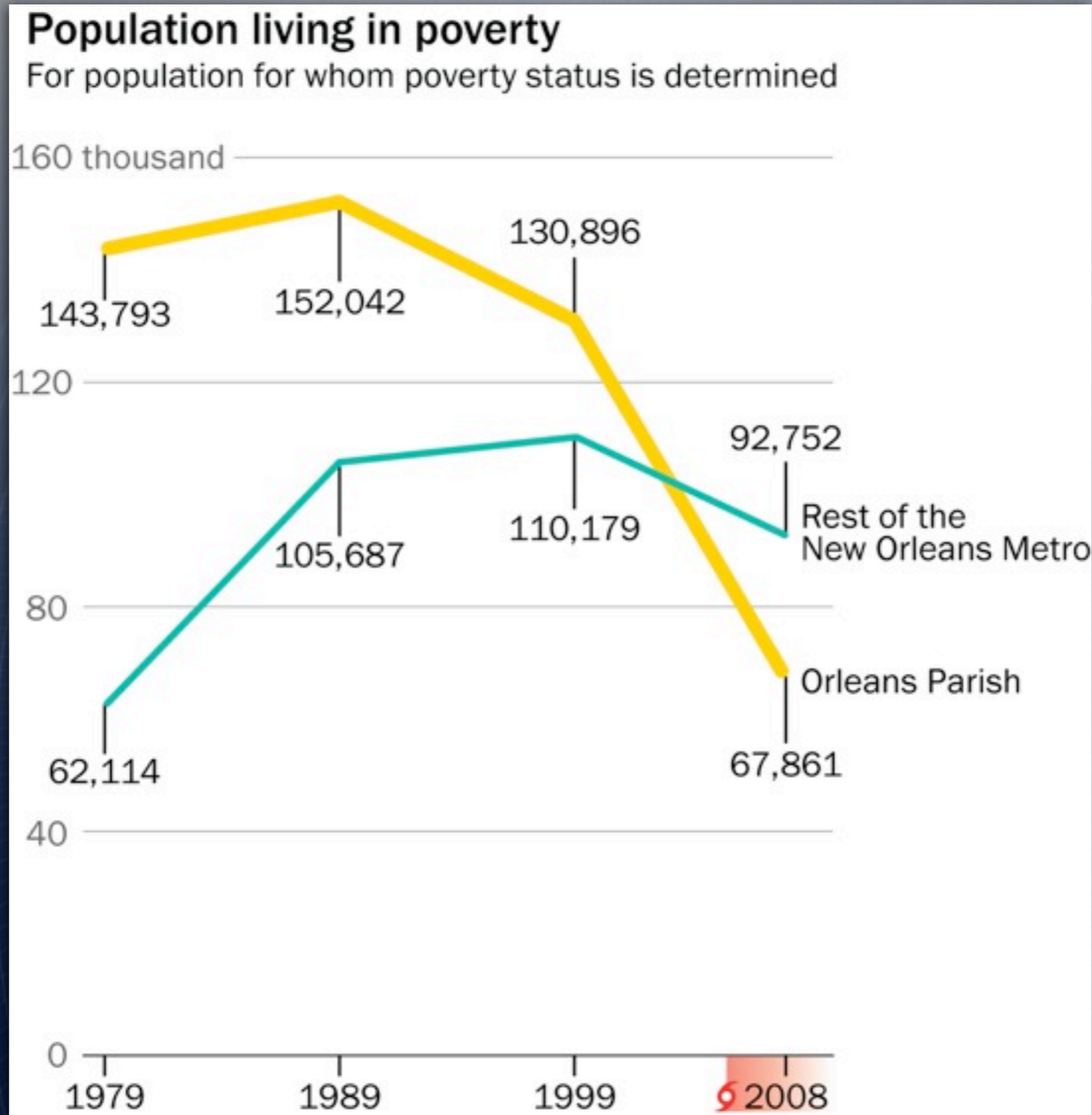
n. s.: The difference between 2000 and 2008 is not statistically significant at the 95 percent confidence level for those with a Bachelor's degree or higher in the New Orleans Metro.

# Income disparities remain stark between whites, blacks, and hispanics



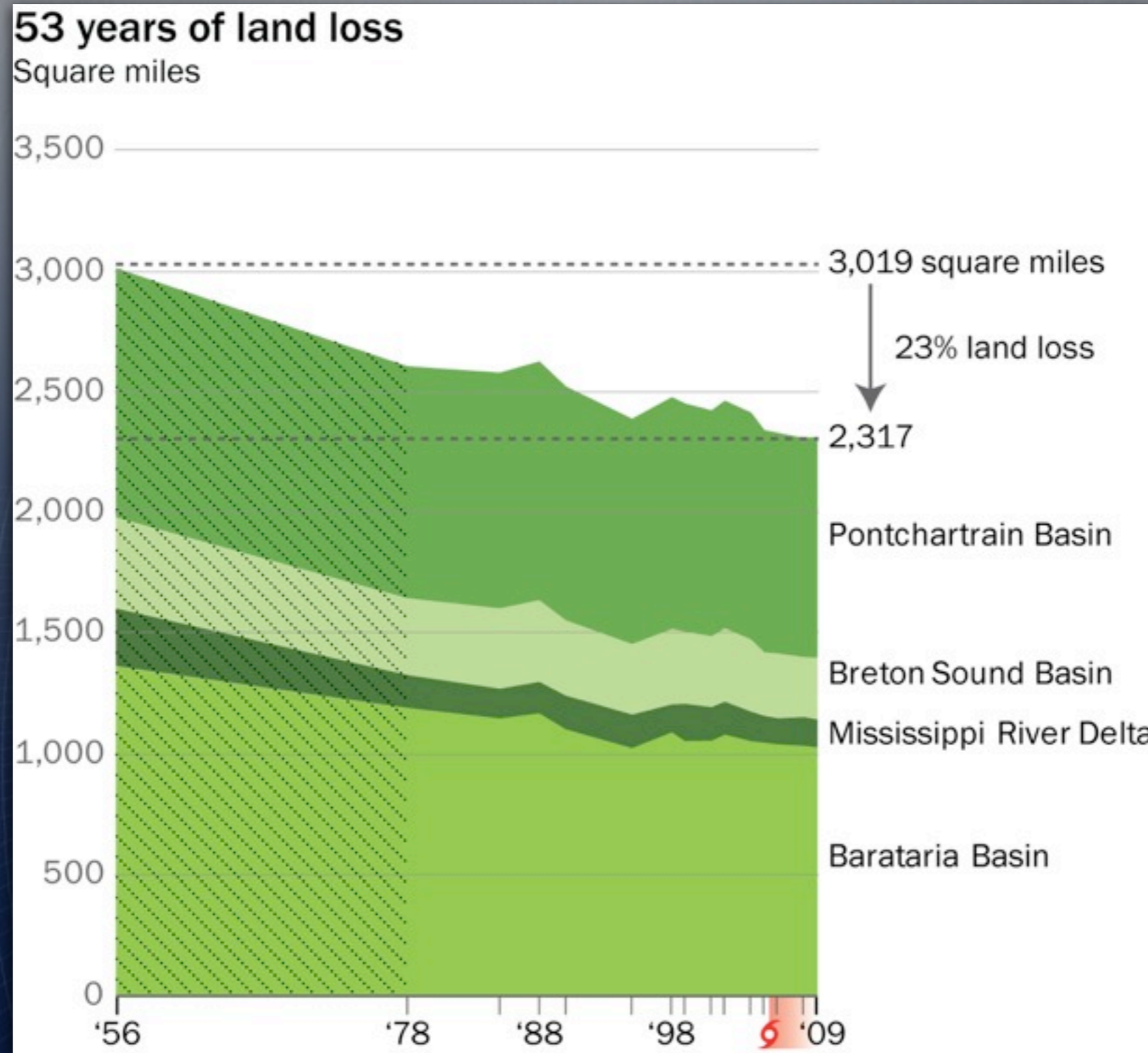
n.s.: The difference between the United States and the New Orleans Metro in 2008 is not significant for White (alone, not Hispanic) and Hispanic/Latino (any race).

# While poverty remains high in the city, suburban parishes are now home to the majority of the area's poor



Source: U.S. Census Bureau, Decennial Census and American Community Survey 2008

# Coastal wetlands continue to erode; the impact of the oil spill remains unknown



Source: John Barras, Julie Bernier, and Robert Morton, "Land area change in coastal Louisiana: A multidecadal perspective (from 1956 to 2006)," U.S. Geological Survey Scientific Investigations 019 (2008). 2009 data are part of a peer-reviewed, to-be-released report from USGS which will serve as an update to USGS SIM 3019.

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**THE NEXT  
ECONOMY**

# Next Phase: Maintain goal of transformation and prosperity for the long haul

1. Sustain and build on post-Katrina reforms to date
2. Make key bets off existing strengths to transition to next economy
3. Strengthen characteristics of regional resilience to minimize impact of future shocks

# Sustain and build on post-Katrina reforms to date



Increase the pool of qualified teachers by growing skills of native residents



Identify sustained funding for the community-based health care centers



Target unspent recovery dollars for unmet housing needs, blight reduction, and increased community capacity

# Make key bets off existing strengths to transition to next economy



## Exports

- Establish a metropolitan export initiative
- Modernize port and logistics

## Low Carbon

- Tap area's strengths to expand into renewable energy
- Make the city a model of sustainability

## Innovation

- Adopt regional innovation clusters
- Tap network of entrepreneurs

## Opportunity Rich

- Link small minority- and women-owned businesses to new economic opportunities
- Build skills to match emerging and existing sectors



# Strengthen characteristics of regional resilience to minimize impact of future shocks

- Continue to nurture open, collaborative society
- Expand local “wealth” to match outside resources
- Diversify economy
- Increase share of skilled workers

# NEW ORLEANS AS THE MODEL CITY FOR THE 21<sup>st</sup> CENTURY

A stylized map of the United States is shown in a dark blue, almost black, color. The map is overlaid with numerous small, glowing yellow dots that represent cities or urban centers. The dots are most densely packed in the eastern half of the country, particularly in the Northeast and Southeast, and are more sparsely distributed in the western half. The overall effect is that of a night-time satellite view or a digital representation of urban density.

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