

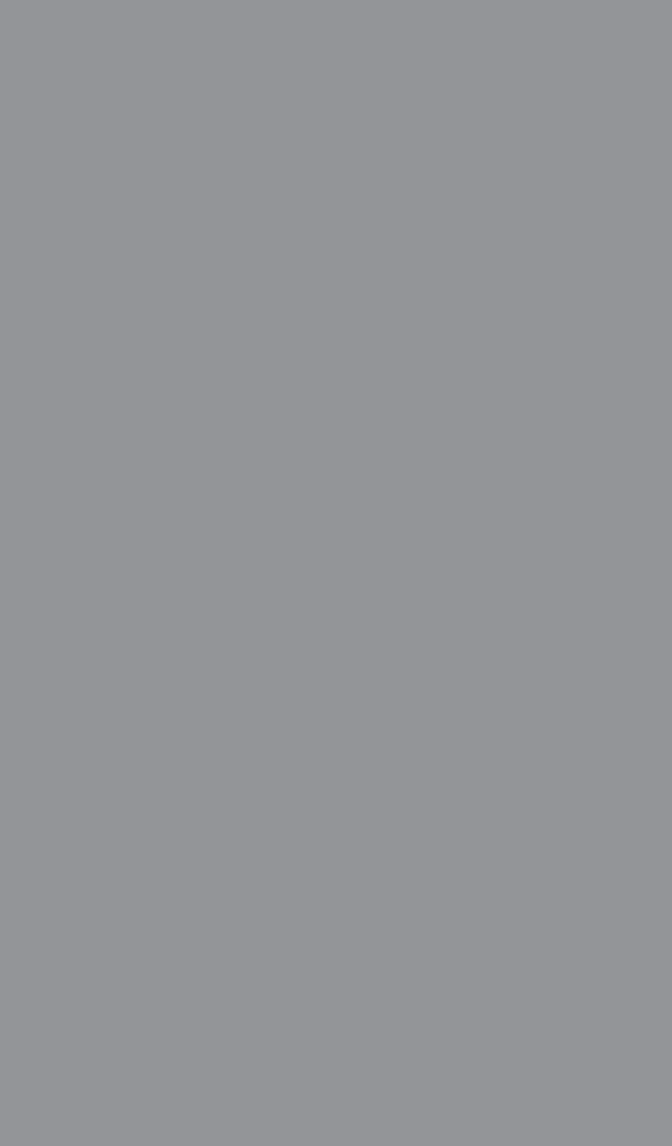
Blueprint for American Prosperity

Unleashing the Potential of a Metropolitan Nation

An Overview



Metropolitan Policy Program
at BROOKINGS



The 2008 presidential election comes at a remarkable juncture.

Not only will no incumbent president or vice president be running for the presidency—paving the way for a wide open contest of ideas—but the vote will occur amid an environment of dynamic, sometimes unsettling, forces now transforming the world in which Americans live.



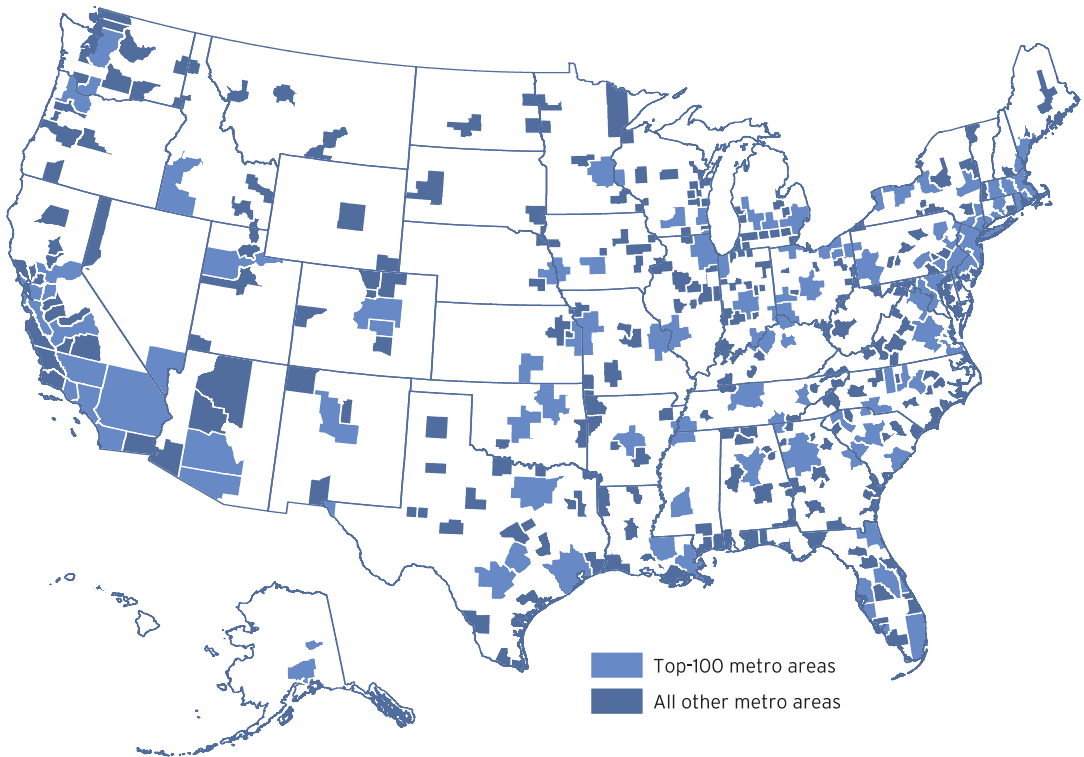
**Metropolitan areas constitute the engines of
American prosperity and are the building blocks
of the 21st century economy.**

Increasing global competition, economic restructuring at home, rapid population growth, and other forces are rewriting the rules for how we produce jobs, build wealth, and conserve our natural resources.

New federal policies and approaches are imperative if our nation is to effectively adapt to this new reality and enable American firms, workers, and families to thrive.

In response, the Metropolitan Policy Program at Brookings is developing the *Blueprint for American Prosperity* in advance of the 2008 vote.

All 50 states contain metropolitan areas



Designed to help federal leaders and their state and local partners adapt to rapid change, the *Blueprint* envisions a multi-year series of partnerships, public events, and publications premised on one abiding conviction: The very assets needed to prosper today are rooted in our metropolitan areas—the nation’s interconnected web of cities, suburbs, and counties now home to more than eight in 10 Americans and their jobs.

The ability of our nation to grow and prosper and meet the social and environmental challenges of our time depends heavily on the health and vitality of our metropolitan areas.

From New York and Des Moines to Los Angeles and Charleston, metropolitan areas large and small constitute the engines of American prosperity and are the building blocks of the 21st century economy.

Ultimately, we hope the *Blueprint* sparks a rich national debate about America’s future.

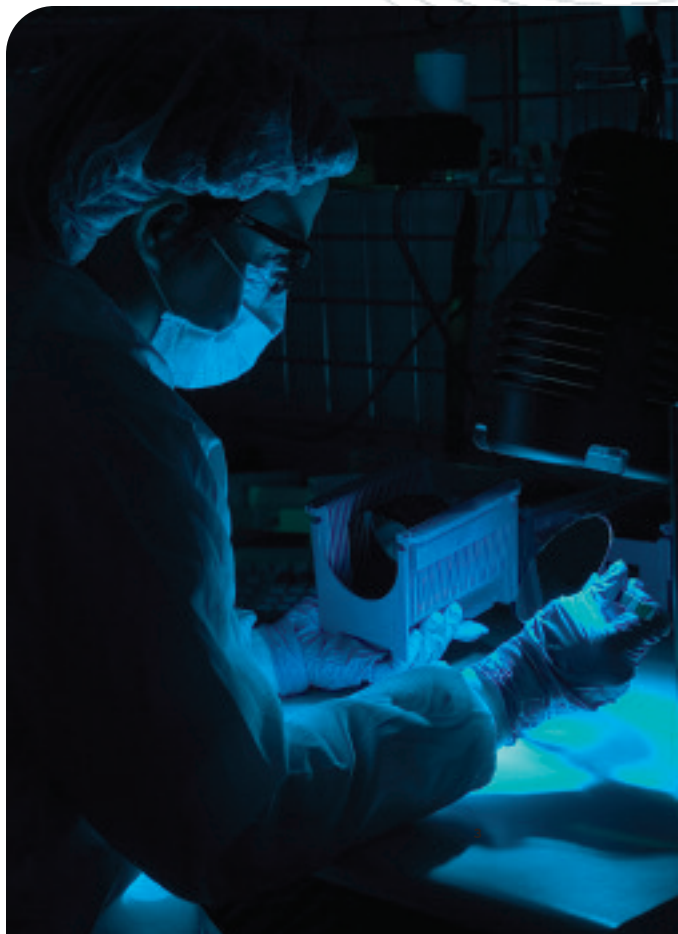
THE STAKES ARE HIGH

Brookings' *Blueprint* begins from a point largely missing from presidential and public debate: The ability of our nation to grow and prosper and meet the social and environmental challenges of our time depends heavily on the health and vitality of our metropolitan areas.

In keeping with that starting point, the initiative will advance four core propositions:

FIRST: Dynamic global and domestic forces pose urgent challenges that are testing American prosperity

- ***The U.S. economic powerhouse faces expanded global competition and continued economic restructuring here at home.*** Rapid technology advancement, economic liberalization throughout the world, and skill advancement in developing countries mean more national economies and regional economies are emerging to compete for investment and production. Meanwhile, the U.S. continues to shed manufacturing jobs, especially from major manufacturing centers like Flint, MI, Canton, OH, and Rochester, NY, to name a few





- **Labor market changes have widened income inequalities and consigned many workers to jobs that pay wages not sufficient to make ends meet.** Increasingly, highly-educated workers and those who possess certain non-routine skills have reaped wage gains while others have experienced stagnating incomes. Further, wealth-building opportunities are more challenging for immigrants and African Americans, which is critical as blacks and Latinos will make up 40 percent of our future workforce by 2050
- **Global and domestic growth and consumption are exacerbating pressures on natural resources, leading to environmental stress and excessive dependency on costly and unsustainable sources of energy.** Increasing gas prices associated with rising world demand for oil and the simultaneous concern over rising carbon dioxide emissions threaten both continued economic growth and ecosystems. Furthermore, the pressures on our environment will only worsen as the U.S. is projected to add another 120 million people by 2050, a level only to be exceeded by China and India

SECOND: To achieve true prosperity, our nation must leverage the key assets—innovation, infrastructure, human capital, and quality places—principally concentrated in metropolitan areas

Prosperity—true prosperity—is based on achieving three types of growth:

- **Productive growth** boosts innovation and entrepreneurship, generates quality jobs and rising incomes, and helps the U.S. maintain its economic leadership
- **Inclusive growth** expands educational and employment opportunities, reduces poverty, and fosters a strong and diverse middle class
- **And sustainable growth** strengthens existing cities and communities, conserves fiscal and natural resources, and advances U.S. efforts to address climate change and achieve energy independence

While many factors contribute to such growth, the *Blueprint* contends that innovation, human capital, infrastructure, and quality places are crucial ingredients for prosperity.

- **Innovation**—or the ability to conceive and develop new products, new services, and new business models—is crucial to sustaining national economic advantage, generating and retaining high-quality jobs, and responding to the challenges and opportunities presented by climate change
- **Human capital**, both educated and skilled labor, drives innovation but is also a prerequisite for income growth, upward mobility, and access to opportunity
- **Infrastructure**, ranging from roads, transit, and ports to telecommunications networks, can determine how efficiently and rapidly to move and connect

Local leaders are innovating regionally In pursuit of prosperity

| ISSUE | INITIATIVE | GEOGRAPHIC SCOPE | DESCRIPTION |
|---------------------------|---|-----------------------------------|---|
| Productive Growth | CONNECT | San Diego Region | Since 1985, CONNECT has helped to launch roughly 1,300 startups in high-tech and biotech by linking entrepreneurs to money, markets, new technology, management, partners, and other resources |
| | Wisconsin Regional Training Partnership | Milwaukee Region | For years, W RTP has helped to modernize the plants and workplace practices of regional companies and update the skills of the region's workers by focusing on the requirements for more advanced manufacturing. |
| Inclusive Growth | Employer-Assisted Housing (Metropolitan Planning Council) | Chicago Region | To help workers afford homes closer to their jobs, MPC and its partners help regional employers offer homeownership education and provide down payment, rent, or savings assistance. Since 2000, 60 employers have provided homeownership counseling for 2,100 employees, resulting in 1,200 successful buyers |
| | Prosperity Campaign | South Florida (Miami-Dade County) | To boost EITC participation, 10 metro-wide "Prosperity Centers" offer free tax filing and connections to other financial services. Launched in 2002, the campaign has increased the number of Miami-area volunteer-prepared EITC returns by almost 40 percent. |
| Sustainable Growth | Metro | Portland Region | A directly-elected multi-purpose regional government operating since 1979, Metro has the authority to coordinate land use across several local jurisdictions on issues of housing, transportation, infrastructure, and environmental services. Metro's current focuses include integrating housing choices and affordability into policymaking and funding allocations, better evaluating land use impacts of transportation investments, and safeguarding regionally significant natural areas |
| | FasTracks | Denver Region | Thirty-two metro mayors support this initiative to create a regional system of new rail and bus rapid transit with transit-oriented development to solve the region's problems with traffic congestion, expanding highways, sprawl, and smog |

goods, people, and information within and across markets and can also help us improve air quality, conserve land and natural resources, and reduce our consumption of gas and electricity

■ **Quality places**—vibrant downtowns, attractive town centers, historic older suburbs—further enhance the other drivers by exhibiting the density, diversity, and distinctiveness that workers and firms value more than ever in today’s knowledge economy

And here is the crux: These key influences on the quality of American prosperity are primarily located in **metropolitan areas**. These collections of cities, suburbs, and counties are bound by strong commuting ties and by definition are America’s economic centers.

The United States boasts 363 metro areas. These major economic centers are located in every state, from as few as one in the state of Hawaii to as many as 24 in Texas.

Metros are not part of the national economy. They *are* the economy.

The 100 largest metropolitan areas alone represent just 12 percent of the nation’s land area and 65 percent of its population but account for 74 percent of the nation’s college graduates; 77 percent of all good-paying “knowledge” jobs; 78 percent of all patent activity; 79 percent of the nation’s air cargo; and 96 percent of its venture capital funding.

Metro areas not only concentrate these assets, but market forces and intentional efforts by state and local leaders also strengthen these assets so their sum is greater than their parts, enhancing productivity.

Overall, thanks to their cumulative assets, the largest 100 metro areas alone generate a massive 76 percent of the nation’s gross domestic product, and 42 of America’s metros—if treated as nations—would rank among the world’s largest 100 economies.

The bottom line: America is a metropolitan nation.



What about rural America?

The common perception is that the interests of cities and suburbs and the needs of rural areas conflict with one other. That's not true, though. Rural areas exist in a profitable interdependence with metropolitan America. Here are three ways:

- **First, much of rural America lies within metropolitan America.** In fact, more than half (51 percent) of all U.S. rural residents live in suburban or exurban counties located within metropolitan areas. What is more, agriculture remains an important part of some metropolitan economies, including those of Lancaster, PA (94th by employment) and Fresno, CA (64th)
- **Second, globally competitive firms in large metro areas depend on operations in small metropolitan or rural areas.** Large financial services firms, for instance, have opened up back-office operations in small metros and rural areas due to the availability of lower-cost labor and office space there. Sioux Falls, SD (165th by employment) is a major back-office center for Citicorp (headquartered in New York), while Bismarck, ND (280th by employment) serves a similar function for Aetna (headquartered in Hartford)
- **Third, even rural places outside metropolitan areas are linked intimately to metros by agriculture and natural resources.** Rural areas provide the bulk of the nation's food supply, the majority of which is consumed in urban areas, or shipped to the rest of the world via ports in the major metro areas. At the same time, urban farmers' markets and niche grocers have become major new customers and conduits for rural growers' sales of organic foods and boutique agricultural products. For that matter, urban travelers drive key hospitality and tourism sectors in high-amenity rural and small metro areas

AMERICA is a metropolitan nation.

THIRD: Local and regional leaders are doing their best to innovate, but the federal government is failing to keep pace with new realities and often inhibits metropolitan potential

For all of their collective might, too few of America's metropolitan areas are realizing their full potential as they strain to respond to change.

Nevertheless, though they are increasingly ill-served by a federal government out of touch with global and metropolitan realities, city and suburban leaders in large and small metro areas are managing to invent new ways to advance the health of their regions and the nation.

Metros simply can't go it alone as they labor under myriad statutory, constitutional, and jurisdictional limitations, hampering truly bold innovation.

Consequently, the *Blueprint* is probing at least three major shortcomings in current federal policy and practice as it affects metropolitan areas. Far too often, Washington:

■ **Ignores the role and realities of metropolitan America.**

Federal policy and programs often seem uninformed of how America's economy is geographically organized. The U.S. is less a national economy than the sum of its unique and varied metropolitan economies, dependent upon the optimal synergies between firms, workers, capital, and infrastructure. But Federal economic policy ignores the critical role of metropolitan clusters in fostering productive growth, preferring to allocate research, job training, economic development and a slew of other resources without any regard to how these tools get gathered and strengthened at the ground level. And Federal housing policy continues to shove affordable housing into inner cities, even though more poor people live in suburbs and jobs have decentralized

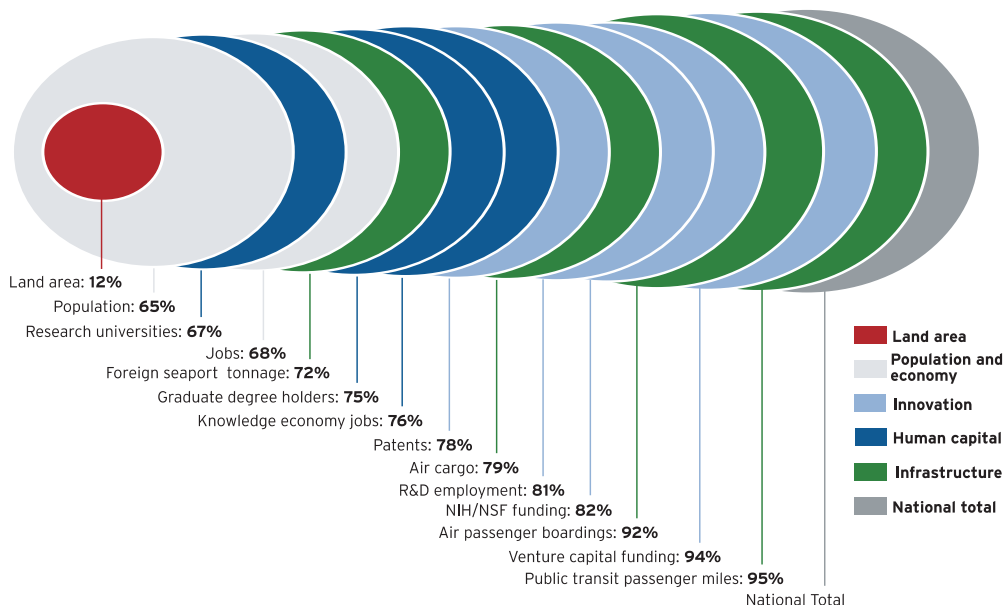
■ **Fails to comport itself as an accountable, strategic partner.**

More substantively, Washington has failed in key areas to fulfill its appropriate role in our federalist system of national, state, and local government. Most glaringly, in areas where the scale or nature of the problem requires national leadership—such as boosting the wages of lower-income workers, building a state-of-the-art transportation network, or responding to climate change—recent federal actions have been tepid, non-existent, or even counter-productive



Major metro areas aggregate fundamental drivers of prosperity, and generate 75 percent of U.S. GDP

Percentage of national activity in 100 largest metro areas, various indicators, 2005



■ **Does not organize for success.** By compartmentalizing and fragmenting policies and programs, and starving itself and its partners of needed information, the federal government discourages smart problem solving across metropolitan jurisdictions, and frustrates regional adaptation and innovation. It complicates matters enormously for state and local governments and the private sector to have to interact with scads of federal departments and agencies across a spectrum of issues. Federal policy on innovation and growth is spread across nine separate cabinet departments, five independent agencies, and 180 distinct programs, ensuring that the whole is vastly less than the sum of the parts. Additionally,

Washington nickels and dimes the budgets of core statistical agencies such as the Census Bureau and the Bureau of Economic Analysis that provide the data to determine what works

In sum, the *Blueprint* will argue that on key programmatic, structural, regulatory, and budgetary counts, federal agencies and Congress have failed to devise a truly transformative federal-metro federalism that at once empowers state and local leaders to respond to the changes buffeting U.S. economic centers and ensures those responses are smart, effective, always improving, and efficient.

FINALLY: We need a new federal partnership with state, local, and private-sector leaders—a *Blueprint for American Prosperity*—to strengthen metropolitan economies, build a strong and diverse middle class, and grow in environmentally sustainable ways

The *Blueprint for American Prosperity* will propose a series of federal policy reform principles and ideas to promote more productive, inclusive, and sustainable growth in major metropolitan areas. It will argue, for example, that federal policy should:

■ ***Enable metropolitan areas to exploit their strengths and adapt to changing realities.***

For example, instead of largely ignoring it, federal economic development policy should acknowledge the metropolitan locus of American productivity growth by supporting regional industry clusters around the country. Similarly, the federal government should do more to facilitate investments in workforce housing in the growing suburban job centers where the needs are most pressing, and where low-income families would enjoy greater opportunity

Instead of largely ignoring it, federal economic development policy should acknowledge the metropolitan locus of American productivity growth by supporting regional industry clusters around the country.

■ **Lead on national priorities and demand results from itself and its partners.**

In other areas, the federal government must lead, both through its own direct initiative, or by insisting on improved performance outcomes across its own programs and those in which it collaborates. The federal government, together with states, for example, should assume responsibility on national priorities such as providing strengthening work supports like the Earned Income Tax Credit, setting a framework for energy innovation and addressing climate change, and investing in key transportation corridors and gateways to keep the economy moving

■ **Promote integrated, informed, and innovative problem solving.**

Finally, the federal government must better organize itself to deliver programs effectively and efficiently. The nation needs a synergistic, purpose-driven National Innovation Foundation to boost key fields such as precision manufacturing, information technology, engineering, and clean energy. Other *Blueprint* efforts will explore how the federal government might better integrate its disconnected programs dealing with such obviously intertwined issues as transportation, housing, education, and energy. Cutting across it all will be the contention that America needs a government that actively develops and manages knowledge to inform decision-making, evaluate outcomes, harness and share innovation, and adapt management

The *Blueprint* initiative will focus on the things that matter most—innovation, opportunity, and sustainability—while outlining the principles of a new metro-focused, more rig-

The *Blueprint* will not argue simply for redirecting more money to metro areas, but will emphasize how existing monies could be used more effectively.

orous and effective federalism to empower local and state leaders and their private-sector partners to experiment. The *Blueprint* will not argue simply for redirecting more money to metro areas, but will emphasize how existing monies could be used more effectively. To spur them on, the project will also advance specific, discrete recommendations in key federal policy areas—research and development, income and asset building, education, transportation, energy—that will exemplify how the new federal-metro compact might work.

Though our nation faces new and unprecedented challenges, we begin from a position of great strength. Much of that strength vests in our nation's major metropolitan areas, which contain the bulk of our most important assets driving prosperity. We believe that if the federal government performs as a modernized and equal partner, federal, state and local leaders will be better equipped to leverage these assets and be organized for success. Together, our leaders will be poised to build a prosperous America—with an economy that is productive, a society that is inclusive, and an environment that is sustainable.

ACHIEVING A BLUEPRINT FOR AMERICAN PROSPERITY



The Brookings Institution Metropolitan Policy Program has spent its first ten years generating high quality research and catalyzing policy reforms and new coalitions for change, primarily in select states and metropolitan areas around the country.

The Blueprint for American Prosperity
**aims to help better align federal, state,
and local leaders so they can together
leverage the assets in our communities
and help create a prosperous nation.**



With this signature initiative, we think it is time for the experiences of local and regional leaders to inform the decisions of federal leaders, who are eager to find fresh solutions and innovations that work.

Keep in mind, though, that the *Blueprint* is developing an agenda that is federalist rather than federal and truly engages states and metropolitan areas as worthy, necessary partners in the effort to promote economic growth and prosperity.

Hence, the *Blueprint for American Prosperity* aims to help better align federal, state and local leaders so they can together leverage the assets in our communities and help create a prosperous nation.

To that end, the *Blueprint* initiative seeks to accomplish the following:

- Make clear to national leaders, opinion-makers, and the general public that we are a metropolitan nation and that metro areas form the foundation of the nation's economy

- Encourage our nation's leaders to increasingly seek progress on all three dimensions of prosperity we identify: *productive* growth that yields quality jobs and income gains, *inclusive* growth that creates a strong and diverse middle class, and *sustainable* growth that is fiscally and environmentally responsible and brings us closer to energy independence
- See to it that local and state leaders are better empowered to achieve prosperity by the adoption of new or reformed federal policies that strengthen crucial influences on metropolitan prosperity—innovation, human capital, infrastructure, and quality places
- Create and empower a network of local leaders to help champion reform and serve as effective stewards of regional action and results

To ensure that the *Blueprint* achieves these impacts, Brookings is embarking on an ambitious course of outreach, organizing, forums, research, and writing.

BENEFITING FROM A NETWORK OF INNOVATORS

The *Blueprint* is being supported and informed by a network of leaders who strive every day to create the kind of healthy and vibrant communities that are the foundation of the U.S. economy.

We believe that these leaders and their metro areas are at the cutting edge of policy innovation in the United States and, through their local action, are guiding the way towards systemic and structural policy reform at the national level.

Two core groups of leaders have shaped, and are shaping, the *Blueprint* to date—the Metropolitan Leadership Council and our Metropolitan Partners. As the *Blueprint* is launched, we will continue to seek additional advisors to this effort.

We believe strongly that national policy is most successful when it builds from the knowledge and expertise of local and regional leaders.

We believe strongly that national policy is most successful when it builds from the knowledge and expertise of local and regional leaders.



METROPOLITAN LEADERSHIP COUNCIL

The *Blueprint* is principally financed by the **Metropolitan Leadership Council**, a network of business and philanthropic leaders that reflect the best ideas in corporate and civic America gleaned from decades of experience. In building the council, we are striving to reflect the political, geographic, and racial and ethnic diversity of the nation and include representatives from a cross section of economic sectors. More significantly, we are seeking the engagement of individuals and institutions that can be true intellectual partners and champions for meaningful policy reform. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their civic engagement even more valuable. We are deeply grateful for the exceptional energy and guidance of this Leadership Council.

METROPOLITAN PARTNERS

The Metropolitan Policy Program is forming a group of elected officials, regional business alliances and civic groups, university presidents, and practitioners from metro areas around the country who are serving as active advisors and supporters of the *Blueprint*. These **Metropolitan Partners** will be individuals and institutions widely recognized as being change agents both in their metropolitan areas and nationally. Their role will be to inform the content of the *Blueprint*, co-host public forums in their home metros, and serve as resources for media and national decisionmakers.

BLUEPRINT PUBLICATIONS AND ACTIVITIES

Over the course of the next few years, Brookings will release a series of publications to advance the *Blueprint* and host a series of related public forums.

SIGNATURE PIECES

MetroNation: How U.S. Metropolitan Areas Drive American Prosperity (November 2007)

This paper will officially launch the *Blueprint* by making the fundamental case that metropolitan areas—including the cities and suburbs within them—are the engines of national prosperity. Reviewing the challenges and opportunities that globalization and rapid technological change pose for the American economy, this framing paper asserts the need for modernized federal policies that exploit the inherent strengths of major metro areas to ensure productive, inclusive, and sustainable growth.

Unleashing America's Metropolitan Potential: Toward a New Federal Partnership for Prosperity (February 2008)

A companion to “MetroNation,” this policy paper will present a new paradigm for major reform of the federal system aimed at empowering metropolitan areas to adapt to change and innovate in order to increase the nation's prosperity. This integrated analysis will initially document the uneven performance of the nation's largest metropolitan areas on key measures of prosperity. It will then describe the complicating—and often detrimental—effects of an outmoded federal-state policy structure that fails to enable cities and metropolitan areas to adapt to changing economic realities.

THE BLUEPRINT POLICY SERIES (FEBRUARY-NOVEMBER 2008)

In addition to setting the broad policy framework for a new prosperity agenda, Brookings is publishing a series of in-depth policy briefs that argue for specific, achievable reforms in selected areas of federal policy. Topics to be examined include, among others, innovation investment, industry clusters, workforce housing, transportation, green building, energy research, and wealth building.

BLUEPRINT SPECIAL GEOGRAPHIC FOCUSES: GREAT LAKES AND INTERIOR WEST

As part of the *Blueprint* initiative, Brookings will also work closely with political, civic, and nonprofit leaders from battleground states in the Great Lakes region and the Intermountain West to articulate a federal policy agenda that responds to the assets and opportunities facing these two very different regions.

BLUEPRINT PUBLIC REGIONAL FORUMS

Brookings will host public forums throughout the country, starting with the official launch of the *Blueprint* initiative in Washington, D.C. on November 6, 2007. The DC launch will be followed by additional regional forums throughout 2007 and 2008 in metropolitan areas, such as Chicago, Denver, Kansas City, Las Vegas, Los Angeles, New York, Phoenix, and Seattle.

ABOUT THE BROOKINGS METROPOLITAN POLICY PROGRAM

Created in 1996, the Brookings Institution's Metropolitan Policy Program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas.

FOR MORE INFORMATION

To get involved or to learn more call us at (202) 797-6139 or visit us at www.blueprintprosperity.org



BROOKINGS

1775 Massachusetts Avenue, NW
Washington D.C. 20036-2188
telephone 202.797.6000
fax 202.797.6004
www.brookings.edu

Metropolitan Policy Program at BROOKINGS

telephone 202.797.6139
fax 202.797.2965
www.brookings.edu/metro