

# The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE  
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

## CHICAGO

GDP (country rank), 2012 <sup>1</sup>	Share National GDP, 2012 <sup>2</sup>	GDP/Capita, 2012 <sup>3</sup>	Population, 2012 (country rank) <sup>4</sup>	Share National Pop., 2012 <sup>5</sup>	GaWC Global City Ranking, 2010 <sup>6</sup>	# Global 2000 HQs, 2012 <sup>7</sup>	GDP/c Growth 1993-2012 <sup>8</sup>
\$524,642,307,500 (3)	3.34%	\$54,953	9,547,124 (3)	0.84%	8	31	1.26%

**1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?**

Chicago is widely considered one of the three most important cities in the United States and a second-tier global city on par with Singapore and Hong Kong. The region has emerged as a global hub for corporate and financial services, transportation and logistics, and manufacturing. The metropolitan area houses 29 Fortune 500 headquarters including global giants Boeing, McDonald’s, Motorola, and United Airlines. These large multinational firms, combined with the Chicago Mercantile Exchange, make Chicago a global command and control center in finance and advanced business services, ranking eighth on GaWC’s rankings based on advanced services firm connectivity.<sup>9</sup>

Chicago also serves as a key center for transportation and trade. It has more highways entering its region than any U.S. city,<sup>10</sup> moves more rail freight than any other U.S. city,<sup>11</sup> and handles the fifth most international aviation passengers in the nation.<sup>12</sup> Tourists flock to Chicago to enjoy its strong base of cultural assets, including world-class museums, restaurants, theater, and music. Chicago also continues its legacy as a destination for in-migrants. Currently, 18 percent of the region’s population is foreign-born, compared to 13 percent nationally.<sup>13</sup>

Accompanying its strong asset base, Chicago has significant challenges. After a strong post-industrial economic recovery in the 1990s, growth in population, employment, productivity, and GDP all underperformed

trends in other major U.S. cities in the first decade of this century. This is partly because the region is not fully utilizing its stock of labor, as persistent concentrated poverty, high crime, and underperforming schools curtail economic opportunity in African-American and Latino communities.<sup>14</sup> Chicago's struggles with local accessibility also contribute to the underutilization of labor. The City of Chicago boasts one of the more comprehensive public transit systems in the country, and local leadership has recently stressed alternative forms of travel, including bike lanes and car-sharing programs. But where the region struggles is connecting workers to jobs. Nearly 80 percent of the metropolitan area's working-age residents live near a transit stop (the average among top 100 U.S. metros is 69 percent), but only 24 percent of the region's jobs are reachable via transit in under 90 minutes, well below the 100-metro average of 30 percent.<sup>15</sup> Decades of sprawl have pushed two-thirds of jobs beyond 10 miles from the downtown; only Detroit has a higher percentage among America's top 100 regions.<sup>16</sup>

## **2) Narrative – the city's journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?**

Chicago's continued international relevance is a testament to its ability to adapt its economy to the changing dynamics brought about by globalization. In the 19th century Chicago became one of the country's most productive industrial centers, specializing in agriculture and food processing and then manufacturing. Its position at the intersection of the country's rail, road, and river networks made it the ideal Midwest hub for trade and commerce and established the city's early foothold in financial markets.<sup>17</sup>

Chicago's manufacturing dominance continued through America's postwar industrial boom. Factories and stockyards were filled by waves of African Americans from the South and immigrants from around the world. Global competition eventually shuttered most of Chicago's industry but, unlike much of the rest of the American Midwest, Chicago transformed its economy into one of the most diversified in the world. While none dominate, notable sectors include business services, transportation and logistics, and financial trading.<sup>18</sup>

While the city transformed economically, Chicago Mayor Richard M. Daley invested heavily to physically beautify the city in the 1990s and 2000s. These two transformations – economic and physical – were a concerted effort to re-introduce Chicago to the world as a truly global city. Yet critics have pointed out that Chicago's lack of a definable industry – as with New York and finance, Los Angeles and film, Washington and government, the Bay Area and technology – hinders its ability to reap the benefits of specialization and become a true global city.<sup>19</sup>

## **3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?**

Chicago remains America's most globally connected landlocked city. In 2010, the metropolitan area exported nearly \$54 billion in goods and services, the third-highest total in the country. One of the most diversified economies in the world, Chicago exports a range of goods of services: nearly \$8 billion worth of machinery, \$6 billion in chemicals, and nearly \$4.7 billion in business services. Chicago, a key node on the NAFTA trade corridor, exports most to Canada (\$8.2 billion) and Mexico (\$5.1 billion),<sup>20</sup> but its niche specialty fields such as engineering consulting and architectural design are in particularly high demand from rapidly urbanizing developing countries.<sup>21</sup>

Beyond trade, the region also contains key global business, finance, education, and cultural assets. The Chicago metropolitan area houses a global stock exchange, a branch of the Federal Reserve Bank, 83 consulates and consul generals, and the headquarters of 29 Fortune 500 firms. To do business with these firms, 90 foreign-based trade and investment organizations and over 40 international or ethnic Chambers of Commerce have offices in Chicago.<sup>22</sup> Leading universities like the University of Chicago and Northwestern University have left their imprint on the globe by attracting and incubating international students, conducting Nobel Prize-winning research, and developing "Chicago schools" of sociology and economics. In 2010 internationally recognized art, architecture, food, music, theater, and sports brought the region \$5.6 billion in

tourism, Chicago's third-largest export industry.<sup>23</sup> Local leaders have always acted to expand the city's global profile by hosting major international events: the 1893 and 1933 World's Fair, the 1994 World Cup, and the 2012 NATO Summit.

Finally, the region's infrastructure maintains these global links. As an intersection for six of the country's seven largest railroads, Chicago remains a key (if not congested) node in the national goods-movement network.<sup>24</sup> The region's airports – anchored by the O'Hare and Midway International Airports – moved more than seven million international passengers in 2011, the fifth-highest total in the country.<sup>25</sup>

#### **4) To what extent is the city's international dimension inherited or intentional?**

Chicago's 19th century emergence as one of the country's largest industrial hubs was largely a product of a group of local officials cajoling the railroad industry to locate its Midwestern terminals in Chicago.<sup>26</sup> From then on, the region served as the rail connector between America's more densely settled East and its rapidly growing West, and the entire booming Midwest served as Chicago's hinterland. Therefore, for most of the 19th and 20th centuries, Chicago's economic importance was derived from domestic economic growth, although some of this growth stemmed from the Midwest's growing agricultural and industrial exports, for which Chicago served as the regional connector to Eastern ports. During this time Chicago also attracted millions of in-migrants, assimilating groups from Europe, the American South, and then Latin America.

After the 20th century decline in manufacturing, Chicago's local leaders undertook a rebranding strategy to maintain and grow the city's global status. The City of Chicago provided tens of millions of dollars of subsidies to attract or retain global firms like Boeing and Sears.<sup>27</sup> Mayor Daley initiated investments in downtown revitalization projects, street beautification, public housing transformation, and new cultural facilities, including the \$450 million Millennium Park, aimed at increasing international tourism. In 2005, the city initiated an ambitious \$6.6 billion modernization plan to decrease delays and increase traffic at O'Hare International Airport, which new mayor Rahm Emanuel has bolstered with an additional \$1.4 billion investment as part of his 2012 infrastructure plan.<sup>28</sup>

And while there is no shortage of intentionality on the part of disparate actors, Chicago has historically lacked a coordinated global strategy. That seems to be changing, however. Global connectivity and competitiveness were the common overlaps between the city's recently released economic growth strategy, foreign-direct-investment attraction strategy, infrastructure plan, and the nation's first comprehensive strategy to welcome and integrate foreign-born residents. Because these strategies had political backing from City Hall, the planning committees attracted members from top-level business, university, and civic organizations, a critical step to ensure that these strategies have long-term buy-in from outside the public sector.

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<sup>1</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

<sup>7</sup> The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

<sup>8</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>9</sup> "The World According to GaWC: Classification of Cities 2010," Globalisation and World Cities Network, September 14, 2011.

<sup>10</sup> "A Plan for Economic Growth and Jobs," World Business Chicago, 2012.

<sup>11</sup> U.S. Department of Transportation Freight Analysis Framework, 2007.

<sup>12</sup> Adie Toomer, Robert Puentes, and Zachary Neal, "Global Gateways: International Aviation in Metropolitan America" (Washington: Brookings Institution, 2012).

<sup>13</sup> Brookings Institution analysis of U.S. Census data.

<sup>14</sup> "A Plan for Economic Growth and Jobs," World Business Chicago.

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- <sup>15</sup> Adie Tomer, Elizabeth Kneebone, Robert Puentes and Alan Berube, “Missed Opportunity: Transit and Jobs in Metropolitan America” (Washington: Brookings Institution, 2011).
- <sup>16</sup> Brookings Institution analysis of ZIP business patterns data.
- <sup>17</sup> Richard Longworth, “Chicago: The Global City,” available at [chicagostories.org/global-chicago/](http://chicagostories.org/global-chicago/).
- <sup>18</sup> “A Plan for Economic Growth and Jobs,” World Business Chicago.
- <sup>19</sup> Aaron Renn, “The Second Rate City?” *City*, Vol. 22, No. 2, Spring 2012.
- <sup>20</sup> “Metropolitan Export Profile: Chicago,” from Emilia Istrate and Nicholas Marchio, “Export Nation 2012: How U.S. Metropolitan Areas Are Driving National Growth” (Washington: Brookings Institution, 2012).
- <sup>21</sup> “A Plan for Economic Growth and Jobs,” World Business Chicago.
- <sup>22</sup> “List of Consulates,” available at [www.worldbusinesschicago.com/data/international/consulates](http://www.worldbusinesschicago.com/data/international/consulates).
- <sup>23</sup> “Metropolitan Export Profile: Chicago,” from “Export Nation 2012.”
- <sup>24</sup> John Schwartz, “Freight Train Late? Blame Chicago,” *New York Times*, May 7, 2012.
- <sup>25</sup> “Appendix B: International Air Travel Between the United States, by U.S. Metropolitan Area, 2003 and 2011” (Washington: Brookings Institution, 2012), available at [www.brookings.edu/~media/research/files/reports/2012/10/25%20global%20aviation/25%20global%20aviation%20appendix%20b](http://www.brookings.edu/~media/research/files/reports/2012/10/25%20global%20aviation/25%20global%20aviation%20appendix%20b).
- <sup>26</sup> Janet L. Abu-Lughod, *New York, Chicago, Los Angeles: America’s Global Cities*. (Minneapolis: University of Minnesota Press, 1999).
- <sup>27</sup> “Accountable USA: Illinois,” available at [www.goodjobsfirst.org/states/illinois](http://www.goodjobsfirst.org/states/illinois).
- <sup>28</sup> Rosemarie Andolino, “Investing in Airports During Tough Economic Times: Chicago Leads the Way,” Aero Club of Washington, July 25, 2012, available at [www.ohare.com/PressRoom/speeches/aero\\_club\\_washington.pdf](http://www.ohare.com/PressRoom/speeches/aero_club_washington.pdf).

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