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Intersections podcast

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PITA: Welcome to intersections, part of the Brookings Podcast Network. I'm your host Adrianna Pita. Today we come to an episode that starts to look a subject that I've wanted to do for a while. The Brookings Institution is based in D.C. And so those of us who work here either live within the District itself or in the broader metro area. So I thought it was pretty important for us to take a look at D.C. as something other than a synonym for the federal government; to discuss it as a metropolitan region, its dynamics, strengths, and weaknesses and put it into the context of other cities and metro regions around the country

To help us with that today are two experts from our Metropolitan Policy Program. Amy Liu who is the co-founder of that program and its vice president and director, and Jason Miller who is a nonresident fellow with us and also CEO of the Greater Washington Partnership. And we'll talk about what that is in just a minute. Thank you both for being with us today. Thank you. I wanted to start by asking you both to paint some context for our listeners: when we talk about the D.C. metro region what are we talking about? How does it compare with other metro regions?

MILLER: Sure. So one I think the right way to think about the D.C. metro region is as a broader regional labor market and set of industry sectors that actually go larger than what is the traditional statistical definition of the metropolitan statistical area. Right. So just as an example there's almost 250,000 people that commute every day between the Baltimore metropolitan area and the D.C. metropolitan area. So the region from an economic standpoint is actually broader than what is traditionally thought of as the D.C. region.

While I think many still view D.C. as a government town--and that's both a challenge and a huge opportunity or an asset for this area--there's a lot of activity that's happening here that goes well beyond that and much more than both people that live here and people that live elsewhere in the United States and elsewhere around the world recognize. I think it's still underdeveloped from what it can be. But the assets are there to outperform both recent performance and near-term trajectory.

LIU: Adrianna, I think you started off the podcast really well, which is there's a lot of people who live and work here but really don't think about the state of the city and the region. And they might study national politics maybe beyond just being a government town but don't spend enough time being a civic leader in their home region. So what I would say is that in many respects, yes, the D.C. metro area is a wealthy, highly educated region, but like the nation, huge inequality and we see that often in the conversation about the east and west side of the D.C. region. I think that's true too because I think the work that Jason is doing is looking at D.C. region as it spans from Baltimore down to Richmond. And we see a huge inequalities in the Baltimore area. But the other thing is this region is not as prosperous and stable as it could be. This goes back to Jason's point that there's more promise to come and that is because I do think there are some really troubling fault lines in the economy here.

One is, like the nation, the region has seen job growth, but it's struggling with quality jobs, productive jobs that translate to raising the living standards of the broader population. In this regard, the region ranks you know I think like 93rd among US metros in that regard. And while we have seen more job creation and increased employment in this region as people enter the labor market their wages are declining. So median wages here in the last five years have declined by 3 percent, ranking the region eightieth among the 100 largest. And so I think this region is at a crossroads and might be the reason why we need a greater Washington partnership at this moment is we have all these enormous assets in this community but we're not really a strong prosperous inclusive region yet.

PITA: Jason, what are some of those overlooked areas, overlooked industries, that you just were talking about that are here in D.C. besides government.

Most of the big growth opportunities in part relate to the interaction with the federal government. So if you look at this region we have an enormously broad and deep tech workforce. That tech workforce is very highly integrated with the federal government, very highly integrated with federal contractors, but increasingly a lot of those tech skills are relevant in the commercial sector. The one that people across the region are talking the most about it of course is cybersecurity.

Cybersecurity is a very broad area. There are a range of different companies, solutions, products to cybersecurity, but by every measure it is a huge growth opportunity. It is an area where this region given its federal assets that are things that can’t be replicated anywhere else in the world give it a unique potential advantage to be the global leader in cyber going forward. But that means it has to serve more than the federal government. The federal government as a market is not enough to make this region a global leader and if you can take advantage of the capabilities from serving the federal government, translate those into the commercial sector, the actual tech capabilities of doing that can spill over into a whole range of other things that are hard to predict from us sitting here in September of 2017. So I think that's one of several big areas.

But there are other things that have been overlooked. They aren't necessarily huge sectors in the way that cyber or bio-health are but we have had companies over the last 30 years that you never would have expected to come out of this region. Look at Capital One, right? Capital One has 20 plus thousand employees in Virginia. It's headquartered out on the Beltway at Tysons, it has almost 9000 employees in Richmond, a lot of whom are tech workers in terms of how you define what they are doing on a daily basis. It's a technology company and the financial services sector, that was a company that came out of this region. When you look at Under Armor up in Baltimore, right, one of the global leaders and performance apparel you would have never thought that a company like that would come out of this region. But those things are happening here they're not happening at the scale that we need. You know how do we unlock some of that underlying potential.

PITA: Right. When we talk about the broader D.C. region we're of course talking about several different states and several different government entities all juggling together and so there's the three major ones are the District, in Virginia, and Maryland. Is that unique for D.C. amongst other cities or do they all know of course other cities have maybe two states bordering. Are we unique in having three parties that we're trying to juggle together.

MILLER: It's unique right. I mean the District was created as an idea where people did not really live over 200 years ago. It has grown into a major region the way our organization, the Partnership defines the region, north of Baltimore South to Richmond, its the third largest regional economy in the United States seventh largest in the world is over $650 billion in GDP. It's a significant regional economy but there isn't anything, definitely not in the United States, that looks like it. And if you look at a comparison against other global capitals there are meaningful differences between the major global capitals that are business hubs and the global capitals that were sort of planned entities as a capital as DC was. So I do think it's different.

There are similarities in terms of multi-jurisdictional aspects of major metropolitan areas. New York is of course an example but the federal district makes it unique.

LIU: I would add that there are certainly many metropolitan areas that spans state lines but it is unique here in the sense that those state lines cross right at the center of the metropolitan area. Kansas City certainly faces that between Missouri and Kansas. But I often say to the leadership here is we cannot use the three-state-excuse as the reason for why it's hard to do solutions at the regional scale, like funding Metro. In some ways we have the advantage also of not having lots of tiny box jurisdictions where like in the Chicago metropolitan area there are hundreds and hundreds of jurisdictions that have to come together around, say, regional investments. Here we have large counties so you can almost put everyone plus the governors around a single table and make some decisions. So I think as difficult as it is we can actually bring people together a lot easier here.

PITA: That seems like a good move to talk about this Greater Washington Partnership. Can you talk a little bit, Jason, about who that is who is involved in this partnership and sort of what you're driving at?

MILLER: So the partnership is a civic alliance made up of CEOs of the leading employers in the region north of Baltimore, south to Richmond. The organization in part came out of the effort to bring the Olympics to this region in 2024. And the reason for that effort wasn't just because bringing the Olympics here would be a lot of fun and a great way to highlight all that's great here. But it was a useful forcing function to drive some of those cross jurisdictional decisions on big issues that matter: transportation issues, housing issues, environmental issues. And it was an opportunity to have the entire world look at this region for a few weeks' time in a way that they don't normally.

I think what you saw around the Olympic effort was the region really did come together. All three of those jurisdictions were all in on it. You had business and civic leaders around the table driving the effort and gave people a lot of pride in terms of what really is here and what we might be able to do together. When the vision went a different way, there is a recognition that those issues are still here; that you had assembled a team unlike anything that had been around the table before and you demonstrated that the jurisdictions can get together around the greater good. So in looking at this region and in part with Amy and others who have really studied organizations like this in other parts of the country, the partnership was established based upon some of that benchmarking to say, how do we create a CEO table? A civic alliance, a small group that focuses on a short list of the biggest issues that can move the dial for this region, that cuts across the jurisdictional lines that looks long term, beyond the different kind of political horizons that elected leaders have to operate under, and see if we can drive some of that long term change on that short list of issues. That's the core of what we're trying to do, is trying to change the trajectory of the region, trying to utilize those assets, go from underperforming to the performance level that we know we're capable of given what's here, and ensuring that that growing employer community at the CEO level is a consistent voice at the table on solutions.

PITA: Do you view yourselves as standing partnership that basically moving forward in perpetuity or more like a task force where you have certain goals you want to see happen or certain things set up that will help those goals move forward and then..?

MILLER: It’s a standing organization – perpetuity’s an awfully long time but there's not a fixed time frame. There's not a these are the three issues that once we tackle them we will dissolve. The partnership was created around the premise that we can do better, that we need to change the trajectory. We're not going to realize all of our collective aspirations and frankly we recognize as all should that five years from now or 10 years from now there's going to be a new set of issues that we haven't anticipated today, and an organization like ours will increase the probability that the region can take the right set of actions to work through those.

PITA: Amy can you talk a little bit about other regional economic development organizations like the Greater Washington Partnership and how they work with cities and state governments?

LIU: Sure. You know every region has some form of regional economic development body but they certainly are a diverse bunch. There are public private partnership organizations like the one that Jason now leads. There are CEO groups, and in some ways Jason's group is also like a CEO group. There are Chambers of Commerce. And what sets them apart are the ones that are thought leaders in the region. They are effective data centers and conveners a really sort of complex topics. They raise the capital investments through private sector, government, and philanthropic to invest in some major initiatives that can really transform a region. And they go beyond branding and marketing strategies and attraction strategies and really focus on how do we invest in the inherent assets of our community around our existing firms and industries, around our universities and their innovation mojo, around the human capital talent that we need to continue to build a strong foundation for. Whether it's pre-K, K through 12 and the post-secondary system, and the infrastructure. There's no doubt, just going back to this region, this is a growing region. It's going to continue to have to diversify beyond the federal government but yet also recognize the assets of being on the nation's capital is, but to do that in a way that generates better opportunities and more inclusive opportunities for all the residents here.

And so that does require a lot of high level leadership and coordination around these very tough issues, around where that growth is going to come from. Where's the center of innovation going to be? How do we make sure we have the talent for that? How do we ensure it stretches into the neighborhoods and into the longtime residents in this community so that we are part of that growth that we're creating? So I really, hats off to the Greater Washington partnership and the members for really stepping up at this moment.

I would just say having observed and participated in a number of D.C. area conversations, there's no doubt been a history of really good public private collaboration here in this region led by many organizations. I do think what's different here about the Greater Washington Partnership is the CEO engagement and I do think it does matter for a region that is trying to say, listen, we are more than a government town, but we have a lot of diverse industries. A lot of leading-edge service companies doing amazing R&D work or managing global solutions. We need to tell that story and having the CEOs be at the table for saying, here's what this region is about. But knowing that as this is our home region, we also need to invest in our core assets and make sure that this continues to be a place that we want to call home. They need to also step up. And so I think what we're seeing at least with this partnership is a group of CEOs who are saying, you know we need to really make our home region a priority for us.

PITA: When different regions look at themselves as trying to make themselves economically competitive and thinking about how to make themselves attractive to businesses, to encourage business to grow and flourish, a lot of times we hear about it at the national level, hear about it in the national news when usually some big company is thinking about making some kind of move, a lot of times it's a car company – of course Boeing and Foxconn are two examples and Amazon is the big one that's that's getting a lot of attention particularly here in the D.C. area—and you see different cities in different regions having really fierce competition about who not only has the regional attributes to attract these companies and who can also cut the best deals to land this prize. What does it mean for a region pursuing one major anchor for their economy and is it worth it to pursue that one major anchor versus just trying to think more broadly about economic development?

LIU: Of course we have to have a conversation about Amazon, right? So first of all I think our program and I think Jason agrees with me attracting a big company is not the way Job creation is done. And I think all the history of economic literature has reinforced this point which is for most states and for most metropolitan areas anywhere from only 13 percent or 3 percent of jobs come from bringing them in from out of state. The bulk of job creation in the country is from the expansion of your existing firms and industries and through entrepreneurship through startups. And so this is really about growing from within. That is how you know most regional leaders and local leaders are really focusing on, how do we ensure we have the inherent assets and local ecosystems to constantly store growth from within leveraging our existing assets. Now there’s no doubt Foxconn and Amazon is a real distraction from what good high quality economic development is.

That said we know that Amazon, if you set aside all the subsidies, which itself is a real cost for jurisdictions and for taxpayers and real tradeoffs for communities in some ways that don’t pay off, but the Amazon is different. Amazon is very different from Foxconn in the sense that it's going to have a bigger spillover because it is knowledge workers in a very dense environment. You know we're talking about 50,000 workers, thousands of square feet of office space in a tight dense location all have positive benefits. I think the issue is really at what cost?

And so our message at Brookings Metro is for all the jurisdictions who're certainly right now figuring out how to package their existing assets to make the case to Amazon to come, hey come here, is you know we rather you spend all that energy and all that political capital in all that organizing towards the assets that matter in the future digital age. Because Amazon's RFP basically said if you're going to make a difference or you want to prosper in a knowledge economy and a tech economy you're going to have to have computer science programming in your K through 12 system.

You're going to have to produce, you know, relevant credentials in your community college and good engineering programs in your higher ed. You have to embrace diversity, right, and have tolerance for different cultures and religions and people in your community. You're gonna have to embrace sustainable practices. Transit access walkability. I mean think about all those assets that we need to have in community. This is what the market demands now. So big message outta Amazon is, focus on those assets. Make sure your community really exhibits those, because whether it's Amazon or your existing companies that's going to be the factors that will make you thrive in the future.

MILLER: Yeah I wish I could say that I sharply disagree with all of that. But let me let me add on that I mean I think what you said at the beginning we can't say enough. Whale hunting as a strategy has tended to be an incredibly low return or negative return activity for the vast majority of commuters. People often point to the one or two examples where everything went right but for the most part that is not where economic development efforts should be focused. I think Amy captured perfectly why Amazon is different. It is not just the size. The spillover impacts I don't think have got enough attention particularly for a region like this that already has a pretty significant tech workforce. You have the potential to transform an area that has very high educational attainment levels, very deep technical capabilities, but bringing in that combination of technical capabilities with entrepreneurial capabilities I think has the ability to transform this area in a very significant way.

What the economic literature has tended to say on the kinds of subsidies that have positive returns is when you're investing in the things that are actually in Amazon's requirements. So to the extent you are investing in new transportation that has broader public returns, to the extent you are strengthening your existing university system and community college system and K through 12 education system to produce the workforce that is needed for companies like Amazon, those are the things that have tended to over time accrue benefit to everyone as opposed to things that are much more oriented to cash payments that go to a much smaller set of individuals associated with who owns the shares of an individual company. So I think this one is different. I also think the process is different, right? They announced that this is happening. It has been very, very public. The number of minutes that have been spent around the country on this over the last few weeks is absolutely immense.

LIU: So Jason I'm going to cut you off and I'm sure we have a bunch of listeners who are still putting their applications together and they're thinking, Amy that's nice in theory but our cities putting our application together.

So I'm sure all our listeners are wondering what's Baltimore thinking, what's the District and the D.C. area thinking at least in the very near term about this opportunity? Can you say when you say something about the level of interest there?

MILLER: The level of interest is immense in the region. The CEO of Amazon happens to own a very large home in this region. He happens to own a large newspaper that's here.

I think that you know for this region, Baltimore to Richmond, that's a unique advantage that nobody else has. I think that tech talent in a region is going to be the decider here. And I think this region top to bottom has the ability to compete on that metric. You know the multiple jurisdictions here create a little bit more complexity but it's also an opportunity, right? I mean it's a big region, it's connected across multiple metropolitan areas. You have a deep university system in three different jurisdictions. So it's a challenge but it's an asset too.

LIU: Yeah, I was going to say that one of the things that really strikes me about the Amazon challenge is this issue about the skilled labor force. And I hope that all cities take this as a challenge for them about how they will continue to create partnerships between industry employers and their educational systems. On how do we always produce a set of workers that are both digitally savvy, creative, and can participate either at the entry, middle, or high end of the knowledge industries.

I think this is really important because when I hear the 50000 job number, I do often think that no matter where it goes that's going to be 50000 jobs where some of those workers will come from existing companies. They will pull from current employers. So we're going to see vacancies probably in the labor market. And so the region has to have the capacity to see labor market shifts, workers going to the Amazon slots creating vacancies and others. You know, how do we continue to have the ability to fill those openings in what will be a growth – eventually a growth market, and that's not just through attracting talent, that is about the ability for a community to constantly be training and preparing a workforce for these jobs. So that's I think that's the real challenge for most cities and a good one.

MILLER: And I think one thing along those lines there's obviously the aspect of workforce development institutions for a year and graduate degree programs that are training and educating people I think increasingly – and you're starting to see this somewhat, this has definitely been a discussion topic within our organization – that employers increasing the skill level of people in the region, not just for the people that they're going to hire, actually creates returns to them over time because it ups the game of customers and suppliers that they work with it, over time decreases their hiring costs at the skill levels that they want. But it's hard to take that first step because oftentimes the basic math doesn't pencil out.

So you're saying well, wait a minute, I'm training all of these people and so-and-so down the road just got 30 of the 60 people that I trained. And you're going to see some of that with Amazon, no doubt, but groups of employers, particularly on these tech skills which are so crosscutting, I think need to be pushing the envelope on how they're thinking about giving experiential learning to people and recognizing that if a large chunk of the people that they're investing in say in the region but don't work in their company, that is oftentimes going to be over a longer time horizon beneficial to them.

PITA: Right, because then they're going to raise kids who will someday grow up and work for that company or you know it builds on itself like that.

MILLER: That's right.

PITA: You both have had experience working in the federal government. Jason you were the senior economic policy adviser in the Obama administration and the deputy director of the National Economic Council there. And Amy you were at Housing and Urban Development. When we're thinking about these issues of economic growth and development, what are the differences between how cities and regions look at these issues and how the federal government looks at these issues? How do you have to shift to make that leap from larger scale to still a large scale but not quite large.

MILLER: I mean I can talk about it from a personal level I'm sure Amy can be much more thoughtful on the theory than I can. I mean the basic assessment that you do around what's the outcome I want. And what's the analysis I need to do, it really shouldn't be all that different. But the tools you have to play with are dramatically different.

So, you know, transportation is a pretty easy example. I spent a lot of time working on federal transportation policy. We were talking about what dollar level the federal government gives out to states. How does it allocate those dollars between these very broad buckets: transit, freight, highways, rail? The question on transportation at a state, at a county level, is I've got X amount of dollars over the next four years. What can I do? If that doesn't solve my problem, what is the specific way that I'm going to raise funding within our region, particularly at a time where budgets are already quite strained in most parts of the country. So it is a very real question between this community wants that road fixed, that community wants an additional transit stop, this community needs this bridge widened to reduce congestion and you're trying to make those tradeoffs in a way that is much more meaningful than should I add this extra billion dollars to the transit funds or should I add this extra billion dollars to a highway fund. That matters but it's just less tangible. It's just less tangible. The other thing that I've noticed in a very real way is that the tangibility of these individual policies makes it much, much more personal. Right. Your neighbors, because we're in this region, may know a bit about federal transportation policy but man they care a lot more about how you're allocating resources across the community because their daily commute is impacted, their kids' ability to get to school or to soccer practice is impacted. So your regional and local decisions are the actual execution of the rules of the road or the funding levels that the federal government is often setting. And you can sit across the table from the people that it's going to impact every day. That's very hard to do most of the time when you're doing federal policy making.

LIU: You said that very well. I've loved watching the evolution of Jason as a former White House economic policy adviser to now sounding like a mayor. Seeing the people the face of the people you're actually affecting and how tangible your choices are.

I think the other thing I would just simply add to this is that at least the experience I've had at the federal level is that with very, very limited resources a lot of what the federal government in recent years have been doing is trying to find ways to create more flexibilities and empower decisionmaking more at the state and regional level. Because particularly given the sluggish economy, the wider disparities, some of it certainly requires a federal role, but a lot of it is because of failures within what ails Akron Ohio versus what are the challenges at San Jose. They're very different. And so the best we can do is make sure we've got the right frameworks and flexibility so that cities and regions can solve those problems. I think what's really different in this is what Jason was alluding to, is then it's really up to the regional leaders to figure out how do you design a program around skills training that not only meets the needs of the employers in my community but reaches deep into the neighborhoods and the workers that I need to pull into the economy. And that is not an abstract exercise.

And so that detail is what every region struggles with every day and is the hard work of governing. So I think that's the exciting part two of working on big structural issues at the local level.

PITA: A lot of cities and states are, as you mentioned, because of the absence of action to the national level, cities and states are sort of putting themselves forward as the leaders on issues from everything from the minimum wage to climate change adaptation and mitigation. And in some cases we see a struggle between a city and its state, most recently in St. Louis and Missouri, over who gets to make certain decisions, but also just more broadly, where do you see the role of these different levels of government in addressing these issues and what are the limits of what a regional body can be expected to deal with on their own?

LIU: So a) I completely agree with you that there is a city moment right now, which is that in general there is a trend where we're seeing the federal government increasingly constrained by their own politics, constrained by their own funding, that they can't really do a lot of domestic policy. And so they're really devolving or shoving a lot of responsibilities down to the state and local level. We're even seeing that on healthcare reform, right? The latest health care bill basically saying we're just going to let states decide their flexibilities, let states decide the rules they want to govern on who gets coverage. And so we're going to see an era coming forward where states and localities are going to have to bear the larger burden on a whole set of economic, social, environmental issues. So I think that's exciting. And there are things that cities really can do.

And those things include a.) There is no generic skills gap, right? It really is a statement about what are the specific industry demands in your particular market? What is the quality of the training institutions in your particular market? What kind of population demographics—whether it's immigrants, people of color, education levels—that all varies by place. And so to address the skills gap is a very unique regional labor market problem. So that is never going to be solved at the national, state level. Right. How you revive the manufacturing sector or things like that is going to be really dependent on what kind of firms you have. What are the R&D capabilities of universities to partner with industries around, some industry solutions. Those are very unique things that collaboration at the local level can do.

What can localities not do? They can't do the safety net. Like my biggest worry right now as we're in a period of massive disruption where the shift to automation and digitisation is really changing the demand for labor, change in the kind of jobs that are being created, industries perhaps limiting certain tasks and I think we're going to see a period where people are going to fall in and out of the labor market throughout their career because of the changing really rapidly changing nature of the dynamic of the marketplace. Do cities really have—both states and cities have to balance their budgets—do they have the flexibility provide that cushion for workers and for families as they shift in and out? I think this is why we need a partnership with the states. This is why federal government needs to play its role on creating that fallback as families try to get back on their feet. Whether that's wage insurance, whether that is earned income tax credits, whether it's making sure we have food stamps in place and health insurance for families, so that they can at least look for jobs from a secure place. So those are costs that are really hard for localities to bear.

MILLER: One, I think especially we as a country are facing a productivity challenge, right? And this isn't a new thing, although productivity growth has been incredibly low over this recovery. It's a puzzle, there's a lot of ongoing research looking into the drivers of it. But a lot of the levers, while some are federal, like what's our overall ongoing investment in federal R&D and how are we allocating that investment, some of these levers are local. How are we enabling an entrepreneurial ecosystem, how we incentivising appropriate regional dynamism? How are we preventing labor market frictions that actually allow people to get wage gains by moving from firm to firm? How are we facilitating transportation so that there's not a lot of waste in the system? Those are regional issues and to some extent a silver lining the financial crisis of 2008/2009 is that these issues have increasingly come to the forefront for states and localities and regions in a way that they didn't.

That said, I do think there's a real risk of saying states and localities can do things better, they are closer to the people, they can feel the change. We know over the course of American history that that argument has been used on multiple occasions to maintain incredibly harmful and discriminatory policies in a lot of different areas, so we have to be careful. Where's the federal government needed from a scale standpoint? Social insurance, from a standards and consistency standpoint? There's absolutely differences that matter. But on a lot of these issues we should be careful in making broad arguments that states are the right unit because they are closer to people. I think in many cases that's a bit of an excuse to try and push for pretty harmful economic policy.

So I think it's a positive thing that people are increasingly stepping up the sort of laboratories of democracy idea particularly on something like, how are we going to solve our productivity issues, is an important thing for regions to try and take on because we don't have a roadmap for how we're going to solve these economic mobility issues. If you look at analysis on it, this is a national problem. There are real regional differences, but the regions that are doing well probably don't know why they're doing well on those issues. So how can we be intentional? And so it is a moment, but we have to be careful and seizing that moment that we don't grab too much from the federal government that is the responsibility of the federal government.

PITA: I want to close by asking about how D.C. and other metro regions move forward. Amy as you mentioned at the top that the Metro Monitor that came out earlier this year looked and saw that a lot of cities are experiencing economic growth but most of them are not experiencing inclusive economic growth. And D.C. of course like a lot of these other regions has a lot of economic disparity, lots of inequalities of opportunity. And you had a really great piece recently that you talked about how cities have to confront their pasts in order to create economic opportunities for the future and you had a nice quote that I wanted to read out. It said “the geography of opportunity and poverty is shifting, creating a patchwork of concentrated advantage and disadvantage across cities, suburbs and exurbs. That challenges existing models of governance.”

Can you talk a little bit about what you meant broadly about that and particularly what that means in D.C.? And Jason I also love to hear your thoughts on that.

LIU: I feel like the last six months in the national discourse has been a whiplash of so many things. And I think the recent conversation sparked by the violence in Charlottesville and the focus on our Confederate monuments has really forced a conversation about our history in our past and structural racism and culture. And we do need to have a very honest conversation about the policies that still hold back racial progress. That's very real and we need to confront that directly.

But on the other hand is, we have urbanization, we have technological change, we have globalization, we're moving toward majority minority future, and that is playing out in ways that if not well managed is going to create wider disparities within our country, whether by class, whether between cities, between urban or rural, and then within the metro areas. What you talk about, which is this patchwork of advantage and disadvantage, urbanization itself now is creating separation of people to where people might want to cluster with where they're most comfortable.

And that's a problem. And so we need to not just confront sort of the policies that still hold back progress. We have to do that: zoning, land use, you know are still very much redlining communities and opportunities; the way we do housing policy, we still constantly concentrate low-income, affordable housing in certain neighborhoods. But we also need to figure out how, as we do all this, prepare people for where the jobs and opportunity are going to be. And so not keep our eye off the ball of where the future is and that's really what that piece was about. So when I think about what can cities do in this really tough time, both more responsibility, but with a lot more headwinds, I think about what are those mega challenges now?

You mentioned what one, which is lots of spatial inequality within our cities, but the other is what Jason was talking about when it comes to productivity, which is, I worry that all the job growth and the numbers that we're seeing is mostly on the low end side of the economy and we are not producing a lot of jobs in that middle. That pathway. So we're not seeing economic mobility in the country because we're not producing a lot of jobs that pay a living wage.

And I'm not sure if that is because of our economic policy. I don't know if that is because of the way technology is eliminating a lot of service jobs in the middle, that are data analysts, or others, or what were secure manufacturing jobs that pay good middle wages. But something is happening that is hollowing out job quality in the middle. And so we need a set of local, regional strategies that are really intentional about how we continue to scale up small-midsize firms, create those jobs that are not just in the retail sector, which is going through enormous change, but our good, solid service production jobs. So that goes back to the ecosystem we talked about.

The second is, I worry about who's benefiting from those jobs. Who – and so far from the data that we have you know, a lot of workers of color and those workers aren't getting into those pathways. They're not getting the tools they need to participate in the jobs that're going to probably grow or in the industries that are going to grow.

So this goes back to the conversation we just had about skill strategies. And as we do that, as we move towards a more majority-minority future, that means we need also think about what are the historical patterns that hold back blacks, Hispanics, immigrants from the country. And I think that as we talk about skills, we can't neglect talking about just social networks, making sure the young kids of our high schools today, our inner cities today have access to role models, career mentors, work experience. And so all this focus on youth employment opportunities, giving them exposure to really good work experience, all that stuff matters. And so those are the innovations I actually see in the country are people really trying to confront all of these issues with an eye towards where the economy is heading. So it's complicated but where my optimism is, is the conversations happening in our communities. And that's the most important.

MILLER: I think you're absolutely right. There's a significantly increased awareness of that challenge. What we need to be careful of is that we avoid a situation where we enjoy the admiration of the challenge so much that we don't spend enough time on road-testing real solutions. As I said before this isn't a place where somebody has developed a road map for how we do this. I think it's a place that there are these longstanding structural issues: housing, education, transportation, that have segmented off entire communities often along racial lines that it will take years to unravel.

But you know a word that has been said a few times in this conversation: intentionality. Intentionality about a growth strategy that captures inclusion as part of it is needed. So if you're going to have a tech-talent strategy to attract Amazon, you need to be going to a broad range of communities. One because you're not going to have enough bench strength unless you go more broadly in time where you're trying to bring tens of thousands of new workers in, and two, I think if you have this hollowing out of the middle, it will fundamentally undermine our long-term growth trajectory. We've gotten to a point where it's not just inclusion because of the social and political aspects of ensuring everybody is part of the American dream. It actually is weighing on the entirety of the U.S. economy if large chunks of our country, of our communities are getting left out of growth. There will actually just be less growth going around. And that's when you do see, you know, political and real social divisions happen when people have a fixed pie. I think this productivity challenge is inherently linked to our economic mobility challenge.

If we can't figure out a way to drive higher productivity growth all we're going to be doing is carving up a fixed pie. And you've seen that since the mid-1970s. Other than this period from 1995 to 2004 we've had significantly lower productivity growth. There's a handful of reasons that are understood. There's a handful of things that people know can't fully be explained there, but I think we need to simultaneously be thinking of strategies that are productivity- and economic opportunity-linked. They aren't independent of one another. And if we only focus on economic mobility and we're forgetting about productivity in part because we're afraid about new technologies, we're afraid about global competition, it's actually going to make the economic mobility challenge harder.

I think that dual approach is the path that we need. I think one of the things that you've seen in these last several months of people spending a lot more time watching the news is leaders from across all sectors are getting much more engaged in these issues. University presidents, business leaders, civic leaders of all stripes and I see that as a positive thing people recognizing that it's not government's problem, it’s all of our problem and government can't solve these problems by themselves. They don't have either the cover or the resources to do it. And in some cases, the ideas. So I'm always an optimist about these things. But you know if we don't have intentionality about it and we're not really aggressively road testing solution and then sharing them across regions of the country, you know, I do think we are at a risky crossroads in the years ahead.

LIU: Can I just add one thing about spatial inequality and just something about the Amazon conversation we just had and keeping it really grounded? Whoever gets Amazon has an opportunity to ensure that that investment is truly inclusive for all residents of that city. And that means from a spatial perspective, the demand for transit access means that the transit investments really connect the new Amazon campus to neighborhoods that could be real funnels for talent or for workers near the campus. So there's a real way of thinking about transit investments in a way that connects all parts of the community to this new employer.

The other is just affordable housing. I mean, there's going to be, with that many more workers, there's going to be demand for housing. In a place like D.C., it could drive prices even higher, which means we need to be more intentional about how we ensure there is a strong stock of affordable housing being built near the new site or throughout the region. In a place like Baltimore, preserving affordability is going to be really important. So I think that there's there are ways to think about concrete examples that cities can do to ensure that we are not creating a community of have and have nots in our society in a knowledge economy.

MILLER: So oftentimes when a bunch of policy wonks start throwing out things like productivity growth since 1973 is holding us back, it, you know, it's like less grounded for people, like, well what does that mean for me?

And sometimes you know people associate productivity growth with job loss, which is not consistent with the economic literature. Those areas that have had the highest productivity growth have tended to gain jobs, which is sort of intuitive in many ways. But grounding it in this region: Amy put out a number of stats about how this region broadly, and Washington metro specifically, have underperformed relative to the top 100 metro areas. If you look at household median income growth over the last five years in this region, if we'd just been average, it would have been $2000 more per household on average. That's a huge number for people. That's like a real number that every family can understand. What would it mean if you had $2000 more right now? The solutions aren't easy. They are integrated with one another but these performance levels on these wonky topics translate into real outcomes for families.

So you know I think this is an important discussion. I think the opportunities at state and local levels to be leaders on tackling some of these challenges is real. I think it only happens with a cross-cut of the entire community around the table moving it forward. But you know we have to take these things head-on. I think if we all cradle down and try and block change from happening, we're going to be a lot worse off. And that is the dangerous crossroads that we're at.

LIU: Jason can I ask you a question about, for this region then, can you say a few words on what the Greater Washington partnership is thinking about some early priorities to tackle some of the big issues that we have discussed today?

MILLER: Sure. So for the partnership, the first two areas that we're going to focus on are transportation and tech talent. And those things are actually interlinked for this region because of the dynamics of the labor pool, the ability of people to get around increases the quality of jobs that people can access. It helps to address some of the housing affordability things. And oftentimes people think of transportation terms like, OK we're going to spend $4 billion on X or we're going to deal with Metro's structural issues which absolutely needs to happen, but it's not the only thing we need to happen. But there's like real solutions with technology that you can implement in 12 to 18 months that reduce congestion by 4 to 7 percent. 4 to 7 percent doesn't feel like a lot, but if you can do three or four things that are four to seven percent each, that's pretty meaningful. And at a time when there's funding uncertainties, you need more clarity over long horizons about how you're investing those resources, and then taking action now to drive returns on those 10-year things that matter. That's why I think we're going to focus on transportation, both near-term and long-term things, as well as tech talent.

Bringing the employer community consistently to the table particularly when there's lots of things that are one employer working with one community college or one university. They’re great programs but they're producing 50 people for one company to hire. That misses out on all the small and medium firms, it misses out on the broader labor system, so how do you get the large employers to bring a broader set of employers the table and scale up those things that work? That's where we're starting. Transportation and tech talent. A lot more is going to be needed. But those are the things that I think cut across this region are really a consistent way.

PITA: All right well thank you both so much for being with us today and talking about regional economic issues particularly here in D.C. I think it will be really illuminating both for our listeners who live in D.C. and those who don't. Amy and Jason thank you very much.

LIU: Thanks for having us.

MILLER: Thank you.

And I want to remind our listeners they can follow intersections as well as the rest of the Brookings podcast network @policypodcasts. Thanks for listening.