

Renewing America's economic promise through
OLDER INDUSTRIAL CITIES



Executive Summary

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B | Metropolitan Policy Program
at BROOKINGS

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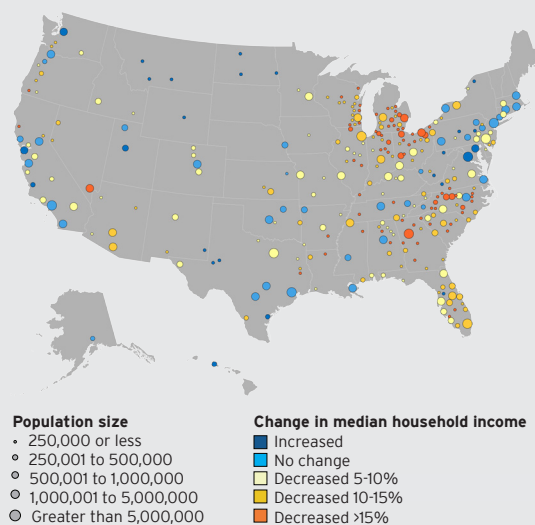
America's older industrial cities—Akron, Ohio and Albany, Ga.; New Bedford, Mass. and Newark, N.J.; St. Louis, Mo. and St. Paul, Minn.; and dozens of others in between—deserve renewed attention. They have endured wrenching economic transitions over the past several decades, yet many today exhibit important signs of momentum. Their innovative companies, knowledgeable workers, valuable infrastructure, and civic commitment make them potentially critical focal points for narrowing our country's growing societal and political divides.

This report provides an in-depth analysis of the key attributes of dozens of older industrial cities across the country, arguing that bottom-up efforts to better leverage their advantages, and address their disadvantages, can help achieve improved economic growth, prosperity, and inclusion for all. Its key findings include:

America must grapple with the economic, social, and political consequences of increasingly uneven growth. The broad decline of manufacturing employment, and the concentrated rise of high-tech employment, have produced highly uneven economic outcomes across the U.S. landscape over the past two decades. Many big cities and small towns in America's industrial belt have lower incomes today than in 1999 and are not sharing in the dynamic growth of high-tech companies and jobs. By leaving communities and their residents disconnected from economic opportunity, deepening regional inequality may hold back collective growth and threaten the social fabric on which a healthy democracy depends.

Many places are short of their previous peaks for middle-class income

Change in median household income in metropolitan and micropolitan areas, 1999-2016

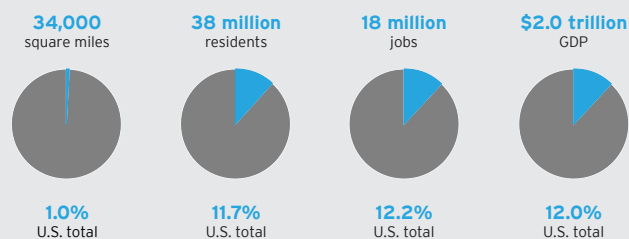


Note: Income changes are significant at 90% confidence level, excepting "no change" category. Source: Brookings analysis of decennial Census and American Community Survey data

Seventy (70) older industrial cities, predominantly located in lagging parts of the Midwest and Northeast, represent valuable focal points for efforts to promote economic growth and inclusion. These historical manufacturing centers, which have struggled over time to grow jobs in new sectors, collectively account for one-eighth of the U.S. population and economy. They represent much higher shares in large northern states such as Indiana, Michigan, Ohio, and Pennsylvania. From St. Paul, Minn. eastward to Lynn, Mass., these 70 communities are home to a racially diverse working class and serve as economic anchors for wider, politically contested suburban and rural areas. Strong national economies depend on the contributions of a range of urban areas, and the embedded innovation, knowledge, and infrastructure assets of these cities make them promising centers for efforts to improve regional opportunity.

OICs are significant demographically and economically

Attributes of 70 older industrial counties, 2016

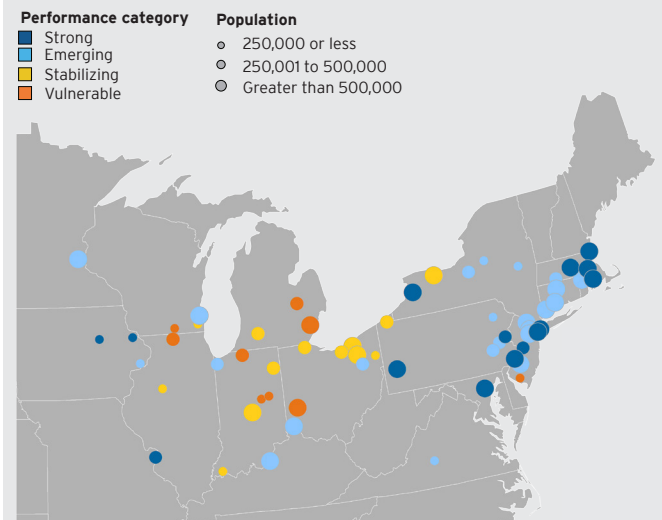


Source: Brookings analysis of Moody's Analytics and U.S. Census Bureau data

Older industrial cities have lagged behind other urban areas on measures of economic performance, but some are regaining momentum. On three core dimensions of economic success—growth, prosperity, and inclusion—older industrial cities as a group underperform other urban areas, particularly on employment and income trends for their communities of color. Yet their aggregate outcomes mask important variation among these places, with Northeastern and larger cities outpacing their Midwestern and smaller counterparts. These differences suggest four categories of older industrial cities—strong, emerging, stabilizing, and vulnerable—whose underlying assets and challenges position them differently for future economic growth and opportunity.

Midwestern and smaller OICs lag East Coast and larger counterparts on economic performance

Older industrial counties by 2000-2016 economic performance and 2016 population



Source: Brookings analysis of Moody's Analytics, decennial census, and American Community Survey data

To navigate coming waves of economic change, leaders in older industrial cities must capitalize more fully on core assets while they address longstanding challenges. Older industrial cities must prosper amid wider regional, national, and global dynamics that shape opportunities for places and highlight those cities' key strengths and vulnerabilities:

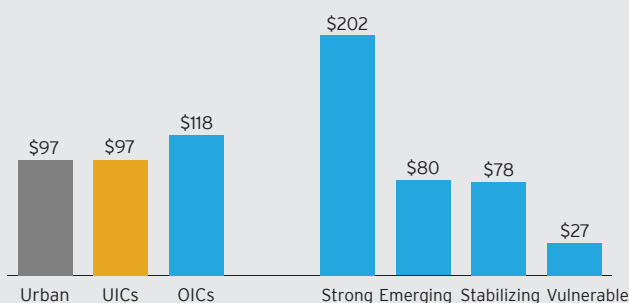
- **Technological change:** Older industrial cities possess significant technological know-how as exhibited in their high levels of university research funding, patenting, and STEM degree attainment. But their declining

employment in advanced industries points to their struggles in converting those assets into technology-enabled economic growth.

- **Urbanization:** Many older industrial cities are benefiting from an urbanizing economy given their significant job clusters and commitment to quality of place. But they face challenges in achieving and sustaining employment and residential momentum within their regions to support increased growth and opportunity.
- **Demographic transformation:** Older industrial cities are benefiting from the growth of a younger, more diverse workforce

OICs house many significant research-intensive universities

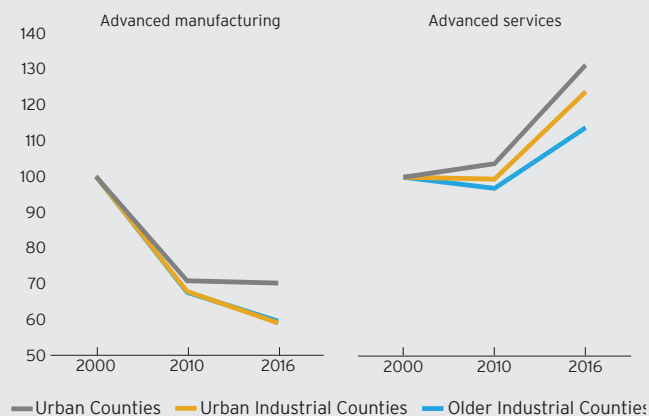
NIH and NSF grant dollars per capita, 2016



Source: Brookings analysis of USASpending.gov data

Older industrial counties lost more advanced manufacturing jobs, and grew fewer advanced services jobs

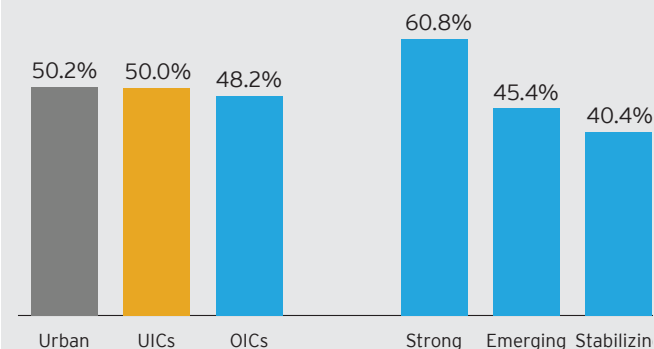
Indexed advanced industries employment, 2000-2016



Source: Brookings analysis of Moody's Analytics data

OICs retain significant, growing urban employment clusters

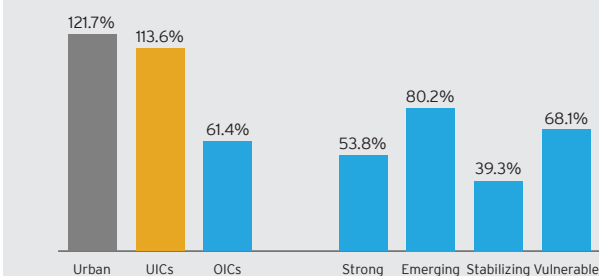
Median share of jobs located in employment clusters, 2015



Note: Employment clusters are census tracts where jobs per square mile ranks in the top quintile of all U.S. census tracts.
Source: Brookings analysis of Census Longitudinal Employer Household Dynamics data

OICs lag other urban counties on new residential development growth

Percent change in housing unit permits, 2010-2016



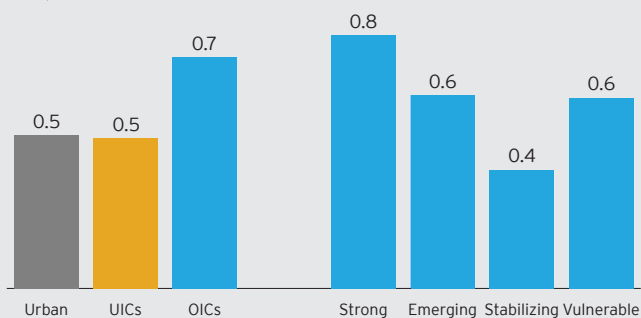
Source: Brookings analysis of Census Building Permits Survey data

even as earlier generations approach retirement. Further, one-fifth of the nation's black working class residents live in these older industrial communities. Yet these cities must still overcome stark legacies of out-migration and segregation, expressed through racial disparities in educational attainment, earnings, and upward mobility that threaten their success in an increasingly pluralistic U.S. economy and society.

These assets and challenges, moreover, array differently across the four types of older industrial cities in ways that correspond closely to their recent economic success, and suggest different priorities for their recovery and renewal.

Immigrants are becoming larger shares of the local population in OICs, especially those that are economically stronger

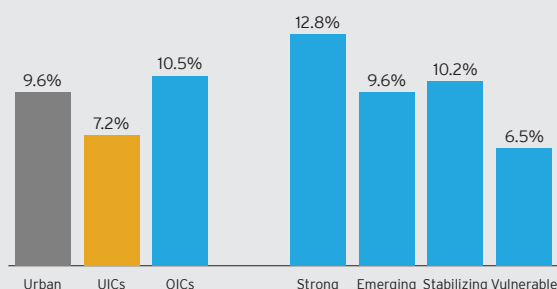
Change in the foreign-born population share (% points), 2010-2016



Source: Brookings analysis of American Community Survey data

Workers of color in OICs are more concentrated in low-paying fields like sales and personal services

Overrepresentation of workers of color in lower-wage occupations, 2016



Note: Rate reflects difference between workers of color share in lower-wage occupations and share of all workers.
Source: Brookings analysis of American Community Survey data

To renew America's economic promise, state and local leaders must pursue inclusive economic growth in older industrial cities.

While federal policies matter for closing regional disparities, state and local leaders are best positioned to help people, firms, and places adapt to the digital revolution while undertaking structural reforms to ensure that historically underrepresented populations contribute to and benefit from economic growth. At the core are promising strategies to increase job creation, job preparation, and job access in older industrial cities. In New York and Ohio, cities are working to more deeply understand their specific technological capabilities, identify current and potential capabilities that have market promise, and build stronger bridges from their research and STEM assets to commercial application. In Indiana, Missouri, and Maryland, cities are helping their current and future workforces—particularly young people of color—gain skills and connections for a changing economy. In Michigan and Massachusetts, cities are working to reinforce urban growth in ways that ultimately put more economic opportunity within reach of low-income communities and workers of color. Finally, older industrial areas in Virginia and Michigan are embracing models that create region-wide capacity and commitment to sustain and coordinate these efforts over time. A national strategy to support broader economic prosperity should support the bottom-up innovation and civic commitment already at work in many of these markets.

This report ultimately aims to improve our understanding of older industrial cities' position in our modern economy, and to suggest ways in which we might better leverage their advantages and address their disadvantages, to achieve improved economic growth, prosperity, and inclusion for all. It seeks not only to inform and inspire leaders in these older industrial places, but also to speak to the concerns of all Americans committed to the interwoven health of our economy, society, and democracy.



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