

THE BROOKINGS INSTITUTION  
BROOKINGS CAFETERIA PODCAST

MORE THAN EVER, CITIES AND METRO AREAS MATTER FOR AMERICA'S  
FUTURE

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DEWS: Welcome to the penultimate episode of the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

I just want to remind listeners about what I've said in the past few episodes, that after eight-and-a-half years and over 400 episodes. I'm closing the doors of the Brookings Cafeteria and ending this podcast. This is the fifth of six final episodes airing through the end of this month, in which I'm talking with all five research vice presidents at Brookings and finishing with an interview with Brookings Institution President John R. Allen. In these episodes, Brookings leaders will be talking about the most important policy challenges and solutions of our time. All episodes of the Brookings Cafeteria will remain available on our website for you to listen to.

But this is not the end of Brookings podcasts. While the Cafeteria doors are closing, we're still producing other shows and launching new ones on a range of policy topics that will interest you, including Dollars and Sense: The Brookings Trade podcast; The Current; Foresight Africa; and TechTank, which is hosted by Governance Studies Vice President and Director Darrell West and senior fellow Nicole Turner Lee. Here's more.

NICOL TURNER LEE: Are you looking for a podcast exploring the most pressing technology policy issues of our time? From artificial intelligence to the digital divide, big tech regulation and more, the TechTank podcast is the place to go.

Produced by the Center for Technology Innovation at the Brookings Institution, myself, Doctor Nicol Turner Lee, and my co-host Darrell West talk with experts and policymakers to share new data, ideas, and solutions.

Join us as we break down all this information, from palatable bytes to bits.

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And now, on with the interview. Amy, welcome back to the Brookings Cafeteria and sadly for the last time.

LIU: Fred, it's good to be with you, and congratulations on a great run on the series.

DEWS: Thanks, Amy. And I've really enjoy talking with you on the show and all other scholars, especially in the Brookings Metro program, so I appreciate that.

You've called cities the sources of economic dynamism and action. Can you expand on that for our listeners?

LIU: Sure, Fred. I'll start by saying that we're obviously living in a very reflective time right now. A lot of questions about the future of democracy and democratic nations at home and abroad; the future of American competitiveness when other nations like China are trying to innovate; the future of the Earth and whether man can be good stewards of the natural resources that we have and to adapt to climate change. And so when I think about those big questions that we're thinking about today, I believe more than ever that cities and metropolitan areas matter more to our nation's future. And that's because what leaders in these communities do, that the solutions that they create to these big questions, are going to be windows into America's future.

So, for instance, on democracy, I think many of the factors that contribute to the destabilization of democracies are things like rising divisions and the erosion of trust between groups of people, which then disinformation campaigns take advantage of. And they can be divisions by geography such as big cities and coastal elites versus small towns and rural areas in the heartland, whether it's the educated class versus the working class.

But I think the biggest division, including some of the research that has been done about the common characteristic of all the people that showed up at the Capitol on January Sixth, is race. But the rise of race and ethnic diversity in the country and the decline in the number of white Americans has really felt like a threat for some parts of our country and a threat to what defines the American Dream. And so what I see in cities as windows in the American future is that cities are often at the forefront of demographic change. They tend to be the places that are often 50 percent white, 50 percent multi-racial, multi-ethnic. They are grappling with how to address and adapt to demographic change and create new norms of trust between a changing population. As you know from my colleague Bill Frey, the future of the country is going to be minority nonwhite, multi-racial multi-ethnic. That is the American future. How we grapple with demographic change is going to be a real test to our economic future, our future prosperity, and our future democracy. And that's what to come through a lot of experiments and actions that our cities are taking.

I'd say on competitiveness, we know that what COVID has done is revealed to everyone importance of digitalization, which is already a big part of defining our knowledge economy today, but even more so now. Every kind of business, even restaurants and mom and pop shops, have really had to embrace new technologies to reach new customers to market their food and adopt apps and websites to deliver their products and services. And so we know how digitalization matters and the assets of the digital economy are highly concentrated in our cities and metropolitan areas. So whether it's university R&D, the talent for small businesses, the incumbent firms, the clusters, the entrepreneurship systems that make innovation possible. So I think the ability for us to adapt to the rise of new technologies as a source of economic growth and wealth creation, not just of social division and inequality, that's going to come from how, again, leaders within cities and metropolitan areas adapt to this new economic reality and then be the forefront of American innovation and promise.

And then lastly, I'll say on climate, as we all talk about the threats of climate change and coastal erosion and things like that, we know most of the urbanization is happening in places that are vulnerable to climate events—whether it's fire, storms, hurricanes, droughts—and also 40 percent of the greenhouse gas emissions comes from the built environment, the way we develop our cities and metropolitan areas, our communities. So again, American leadership on climate adaptation is going to really come down to how we manage urbanization, how we build our cities and metropolitan areas in more dense, land-efficient, creative ways, while obviously taking advantage of new technologies and understanding where our vulnerable populations live.

All of that is going to come from these local communities. And so I do think that as the U.S. starts to think about solutions to these things, they're going to look, and especially on national, federal leaders, they look across the country for ideas that inspire reforms at the federal, state level. And so I do think that a lot of experimentation to come from our cities and metropolitan areas.

I'll just close with this, which is in the last couple of years, I think all your listeners know, that the federal government just passed a series of historic bills to rebuild better. Nearly two trillion dollars in American Rescue Plan Act to help states and localities provide relief and economic recovery in the wake of the pandemic, and the other is a nearly one trillion dollar bipartisan investment in our infrastructure and to modernize our infrastructure. And in both the American Rescue Plan and the infrastructure bill, our goal is to improve American competitiveness, improve racial equity, inclusion, and to address the climate challenges of our country.

What's so interesting now, and this goes back to the promise of cities and metros, the federal government has essentially done its part, and now those trillions of dollars of unprecedented investments, the results of those investments, are going to come down to state

and local implementation. And so how are leaders now in real time taking advantage of these historic investments to address these historic challenges facing our country is going to set the course for America's future. And that's why in some ways, you asked me, why do we think cities are sources of our dynamism and action, it's because so much of what matters to America today is on the shoulders of these local and regional leaders.

DEWS: That's a very forward looking and hopeful perspective, and I want listeners to share that with them through this next question, I just want to follow up on the politics of this just one more time before we turn to other matters. So last week, I talked to Governance Studies Vice President Darrell West about the increasing political polarization in America, and I encourage listeners to listen to that episode. And given all of the issues that you spoke to about economic dynamism and innovation and equity and even the practicalities of cities and regions spending that federal money, how do people like mayors and regional leaders, that you and your colleagues talk to all the time, avoid that political polarization as they implement the kinds of policies that are good for their regions and good for the country?

LIU: Well, Fred, I don't want to be Pollyannish here. I think our mayors and our business and political, civic, and nonprofit leaders in cities and metropolitan areas are certainly very aware of the politics of the day and it is hard to avoid it. And in fact, I feel that the extremism we see in our national politics is beginning to show up even more intensely in state capitals and then permeating down to the local level. And you see that now in terms of the states pushing back on schools and cities and how they manage the public health crisis and masks, how there's been a lot of polarization around how race is taught in schools, all of the culture wars that we're seeing in the country. I would even add policing and the feature of public safety, and criminal justice. All of those cultural wars, if you will, have definitely reached city councils, school districts, at the local level.

But what I would say is that most of the leaders that I work with really try to eschew politics and get things done. If you interview any mayor, they're super pragmatic because at the end of the day, they govern populations that are filled with Republicans, Democrats, and independents. They govern the populations from all different racial, ethnic, religious, gender backgrounds. They have to find a way that governs for everyone. And so you can't politicize issues. You can't lead with division. You have to lead with solving for your community.

And so how do we manage the increasing diversity in our communities while creating an incomes and employment opportunities for people and give people a chance at economic stability, economic security, economic mobility? And do so at a time when work from home is destabilizing our downtowns, destabilizing our small businesses that were really used to commuters and showing up in offices and supply lunches in their stores. And our transit systems now don't have ridership and we might experience more sprawl. All of these things are real issues that aren't just theoretical policy issues that we've read about in the newspapers. They actually impact real lives, real businesses, workers, and communities. And so people need to work on solutions and try to move past the politics. And that's why the coalitions we see—often the solutions also require business, government, civic nonprofits to come together, whether downtowns, neighborhoods, corporate, or nonprofit. And that's why I get a lot of my hope.

I'll just say one other thing about the division in our country, is I've also seen corporate America step up in ways that sometimes maybe sits outside of politics. But it basically says for business embracing a sustainable agenda, leaning into green technology, embracing a diverse workforce, and diversity, equity, and inclusion—all of those things are good for business. So we're not doing this because it's partisan, we're doing this because it's important to our bottom line. We need to be good stewards of the economy. We have to be very efficient and thoughtful about the way we use materials and have an impact on our

environment. And we have to think about how we retain our workers today, which means we might have to give them better pay, more predictable hours. And our future workforce and the young professionals today are majority nonwhite, and they demand a workplace that is diverse and equitable. And our customers, by the way, are also increasingly diverse. And so we need to embrace these realities and not make these partisan issues, but very much American competitive issues.

And so in some ways, whether it's mid-sized business or corporate America in our cities and around the country—because this is where they locate, this is where their home is, this is where their workforce is—businesses are stepping up and also being part of a solution around these big issues today. And again, not because of political division, but because it's good for the community. It's good for their trust locally, and it's good for their business.

DEWS: That's such a great perspective, Amy, thank you so much for sharing that with me and our listeners. I'm going to turn to another issue that you and other Brookings Metro scholars have focused on, and that's the state of what we would call older industrial cities. You've pointed out that many such cities and areas are struggling in many ways. So where are those places? What are their challenges and what can or should be done to help them?

LIU: Yeah, I think this is such an important question, Fred, because there is a big discussion in the country about the places left behind. If anything, if there was one thing we learned about the 2016 election was there was a concern that the rise of economic populism was because of the lack of economic opportunity in the middle of the country. And so, there was a scholar that talked about the revenge of the places that don't matter, and explained the populism we see both here and in countries abroad, like the UK. And so when people think about places left behind, they immediately think of small towns and rural areas. And what I want to remind people is that some of those places left behind are cities. In fact, there are a lot of cities that aren't the Bostons, the Austins, the Denvers, the San Franciscos, when in



fact, the Cleveland, the Gary, Indianas, the Peoria Illinois, the Detroit, Michigans, the St. Louis, Missouri, Birmingham, Alabama. These are often midsize or large cities that have had a strong manufacturing base, an older industrial past. And because of deindustrialization, they have lost a lot of manufacturing jobs and therefore economic opportunity in those communities. They have struggled to replace those lost manufacturing jobs with high quality jobs, in fact, a lot of those manufacturing job losses have been replaced with low-wage retail jobs like a Wal-Mart. And so it's perpetuating decline.

The other thing that's very common about these older industrial cities is that they were also home to Black America. Most of our Black Americans lived in the South during the civil rights struggle, and there was a great migration north. And so if you look at Bill Frey's map of where African Americans today live in the United States, they're mostly in the Midwest and the South—in fact there's been a Black migration back to the South. But in general, they mirror the transition from an agrarian past to the industrial revolution. Because that's where they followed to find jobs, and now those industrial jobs are gone. And so what these older industrial cities are also grappling with is a history of racial segregation that came alongside the rise of the Great Migration from the south to the north. And by the way, our analysis on older industrial cities, our latest one, found there are 70 of these older industrial cities that still exist in the country that are grappling with how can you find a foothold in the now transition to a knowledge economy while also grappling with histories of disinvestment and segregation in their communities.

And so these communities, more than anything, have to both embrace new technologies, think about innovation, think about the assets of the universities that are often anchors in their homes—eds and meds as we call them. And at the same time, really understand how to address vacant land, brownfields, the scars of disinvestment and lost industries that now populate their communities. And third, racial diversity, opportunities,

racial wealth creation, closing the racial wealth gap, and create economic mobility for a very diverse population in their cities and their surrounding suburbs.

And so that's a lot of work, and it takes generations to think about economic transformation in these places. And so, as you have come to know from me, I also want to close with a positive story, that economic transformation is possible for a lot of these older industrial cities. Pittsburgh has transitioned from steel to robotics. And Milwaukee is now trying to transition from what was a beer industry from their access to Great Lakes to water technologies. And then Detroit now has actually had a rebirth, because as they're trying to diversify beyond the automotive sector, they've also been very intentional in grooming an diverse entrepreneurship ecosystem that has now become so vibrant that the region and the city has produced about over sixteen hundred new companies, more than almost half of them are minority owned. And Detroit, now, according to Brookings Metro Monitor, is ranked number one among the largest metros in providing a high standard of living for their residents and closing the Black-white employment gap. And so that is phenomenal progress.

And I'm just not close with this. Brookings Metro scholar Mark Muro released a new report about the extent to which other cities are beginning to rise beyond superstar cities, and if you have been following our work, we have talked about the fact that as our innovation economy has risen, 95 percent of the tech jobs in this country is basically concentrated just five places: San Francisco, San Jose, Seattle, San Diego, and Boston. And those five places continue to have a lock on all the innovation opportunities in the United States which is why we need a campaign to create new innovation hubs across the American landscape. What's exciting about the new analysis is there is a now an emerging tier of rising superstar cities. Guess who is on that list? St. Louis, Fred, St. Louis has now catapulted itself to be part of a class of cities alongside Austin, Denver, San Diego, and that is not by accident. The community in St. Louis, thanks to Washington University, which has its own Brookings ties,

and its strength with its industries like ag industries like Monsanto, and its intention around how to grow more diverse entrepreneurs and groom a new generation of high school workforce talents into the innovation economy, St. Louis is now a hub of ag tech, biotech, and the founder of Square came out of St. Louis. And so, there's a lot of exciting venture investments and new private sector activity in a community that I think everyone had thought, in some ways, was the poster child of an older industrial community. So economic transformation is possible among these communities with a lot of intention, civic cohesion, and clearly partnerships with state and federal government on some key investments.

DEWS: So Amy, it's just so wonderful to hear you talk about the transformation of these older industrial cities. I feel like I led with a dour question about places that are struggling, and you turn that around with these amazing stories of transformation from Pittsburgh or Detroit to St. Louis and other places. And since we work in the nation's capital, Brookings is headquartered in Washington, D.C., could you use Washington, D.C. to illuminate some of these themes? When you and I started at Brookings nearly at the same time just over 25 years ago, the city was not in the same shape that it is now. So how did it transform? And I know that Brookings Metro had a role in that transformation. And where is it headed now in terms of the issues that Brookings Metro focuses on?

LIU: Fred, I think it's so interesting that you bring this up because I think the arc of the District of Columbia and the greater Washington region reflects very much the arc of urban policy, which is why I talk about it in a recent essay I wrote at our 25th anniversary. So speaking of which, I came to Brookings in 1996 to help create a new center dedicated to cities and urban and metropolitan policy. And I did that because back in the 1990s, urban policy was considered dead. HUD, the agency I was working at was literally on the congressional chopping block. And cities themselves, at least those in the Midwest and the

East, the older industrial belt you and I were just talking about, those cities were literally falling behind as suburbs roared, accelerating the disinvestment in the urban core.

So as a case in point, when I came to Brookings, our home city of Washington, D.C., was actually in receivership. There was a congressionally appointed control board that was later chaired by our former Brookings colleague, Alice Rivlin. And it was under receivership to help address the structural budget deficit and what was considered public sector mismanagement at the time. And so in many respects, the District was an embodiment of what the American people and American policymakers thought of urban policy. And so you're right, Fred, one of the first things we did when we came to Brookings was release a report about the trends facing the city and the region. And GIS mapping was just beginning at the time and we showed the economic social divide in the region and we showed, like many regions, there's an east-west divide in Greater Washington, and so much of the disinvestment wasn't urban versus suburb, it really was east-west, and you could literally draw a dividing line at the time down 16th Street and all the great wealth and opportunity was on the western side, Rock Creek Park and out to the western suburbs; and on the eastern side is where most of our communities of color, immigrants, and disinvestment and no job opportunities and poverty resided. And so what we said was not to pit city versus suburbs, but think regionally about how we create more balanced growth between the east and the west. And so in many respects, reflecting how we as a program was thinking about the need to not pit cities and suburbs against each other, but to think regionally about how we solve the issues that were affecting both sprawl and loss of green spaces out in Virginia and Maryland, and then at the same time reinvest in the older urban core serving suburbs.

So fast forward today, wow, the District and the region isn't anywhere near that now. In fact, Alice Rivlin, when she was chairing the Control Board, as she left that and Mayor Williams came in, she worked with Mayor Williams to create this affirmative, big, audacious

goal that the city would add 100,000 residents in 10 years, which at the time was unheard of given the population loss in the city. And she challenged the city to think big, to set a goal of growing 100,000 residents in 10 years, and offered to send suggestions on how to get there. It took 15 years, but the District got there. Look at the District now—it is vibrant, it has exceeded its goal, it's absolutely brimming with new residents. And now the issue is not about disinvestment, but the high cost of living, the need to build more affordable housing, and how to make sure that the rapid diversification of this region, that rivalry for Amazon HQ2, the sense that the region is now a high tech community, how do we make sure that we have digital inclusion in this knowledge economy—that's the challenge facing D.C. today. It's almost like the opposite of the challenges of disinvestment. It's now the challenge of hyper growth and technological opportunity to be more inclusive and equitable and affordable.

And so what it shows is that cities now are centers of opportunity, they're centers of dynamism, they're centers that continue to be centers of diversity and the promise of America's future, as you I just talked about at the beginning of podcast. And at the same time, the issues never go away. The need for constant problem solving, adaptation, civic cohesion, working together, public-private, cities and suburbs, and they did come together around the Amazon moment. And even as they all now work together how to build affordable housing across the region, how to make sure we save Metro and the regional transit system because it's good for everybody. This is how things get done.

And so I think that comes down to civic trust, problem solving, the governing that we often don't see in the halls of Congress, that cities and metros have to work together if we're going to have to save our downtowns, save our transit systems, provide opportunities for our residents. And so again, the greater DMV area is just a microcosm again of the evolution of our urban policy, the promise of our city, and why governing still very much matters at this local and regional level.

DEWS: Well, Amy, as we wrap up this terrific conversation, I'm going to ask you a question that I have asked all the other Brookings vice presidents. And that's, looking ahead, what are some of the other issues that you are focused on, both in your own research and as vice president of Brookings Metro?

LIU: Well, as my own individual expertise and curiosity and scholarship, I am focused on two things, Fred, right now. And a lot of it is about trying to find common ground and solutions because at a time of so much division, we need to end our zero-sum thinking and find ways to move things forward. And if cities are the places where we can model that behavior, how do we extend that out in more domains of governing? So let me give you two examples. One is I'm very excited about the fact that the federal government now cares about the future of place-based policy. The federal government has always cared about individuals, the social safety net, employment insurance, Medicare, Medicaid, very much people-centered policies. But now there's a great awareness that places matter, and we need integrated solutions to revive and support places. And what is exciting about place-based policy is there is enormous bipartisan support for how we recognize the differences across all the communities across the country and support their economic trajectory. So, so much of place-based policy is also about the future of economic policy in United States.

And so one of the things I'm working on now, based on the testimony I gave not too long ago, is how does the federal government invest in both, yes, places left behind—cities urban and rural—but also invest in places as centers of future innovation and competitiveness? Because at the end of the day, the rise of China and future American competitiveness is going to be based on whether our cities continue to be at the forefront of progress, at the forefront of new technology, at the forefront of new solutions to the nation's challenges, the forefront of the next drug, pharmaceutical, or an other next invention. And so we're going to need two separate place-based policies. And so how do we create the

capability to both ensure that the U.S. continues to be at the forefront of innovation progress not just on the coast but in the middle of the country—like Columbus’ massive opportunity now with Intel building the world's largest semiconductor chip production plant in that region. Huge opportunity to show that the middle of our country can be part of our innovation economy. How do we help those communities adapt and evolve and achieve these places of innovation, and at the same time lift up the opportunities in other parts of the country.

That's how we're going to address the geographic divisions in our country, the economic disparities we see between different parts of our community, and really rebuild the U.S. from the bottom up. That's the power of bipartisan support place-based policy. So that's one thing.

And I'll just be really quick on the second one. I am very concerned about the local-state dynamic. One of the things I will just say that we learned during the pandemic is how so much of even a national health crisis as a public health crisis got devolved to state and local governments. And one of the things we saw was the patchwork of policies across our states, some of the extremism we saw in our states, and I will say it was a lot of GOP because the GOP actually oversees the majority of our states in the union. But then also the antagonism between how states and localities work together in solving our public health crisis, reopening the economy, and also just addressing some of the issues you and I just talked about in this podcast.

At the end of the day, as much as we need Washington to function, the bulk of everyday governing is going to come down to how healthy the relationship is between cities, localities, and their states. That part of our federalist system needs to function and be more aligned. We have real challenges right now between blue cities and red states is one way of looking at it. But I do think there are sources of alignment, particularly around job creation, particularly around workforce training, even around parts of criminal justice reform. There

are ways that we can get cities and states to work together to advance the goals of the nation and our local communities. And so that's another project that we'll be working on and I encourage your listeners readers to follow in the months ahead.

DEWS: Well, Amy, I've always learned so much and have also been inspired whenever I talk with you and with other scholars in Brookings Metro on all of these issues, they're so important. And so I have to thank you once again for sharing with us your time and expertise today. Thank you.

LIU: Thanks, Fred, for the opportunity and really glad to be part of the last podcasts.

DEWS: A team of amazing colleagues makes the Brookings Cafeteria possible. Gastón Reboredo is the audio engineer; our audio intern this semester is Skye Sutton; Bill Finan, director of the Brookings Institution Press, does the book interviews; my Communications colleagues Adrianna Pita, Chris McKenna, Chris Peters, and Colin Cruickshank are key collaborators. And finally, Ian McAllister, Soren Messner-Zidell, and Andrea Risotto provide guidance and support.

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Until next time, I'm Fred Dews.