

# The Future of Economic Development

Moving towards growth, prosperity, and inclusion

AMY LIU

Brookings Metropolitan Policy Program

 @amy\_liuw

IEDC Summit  
January 29, 2017

**1**

Why economic development matters more than ever

**2**

Five principles define inclusive economic development

**3**

Innovations are emerging in economic development

1

Why economic development matters more than ever

2

Five principles define inclusive economic development

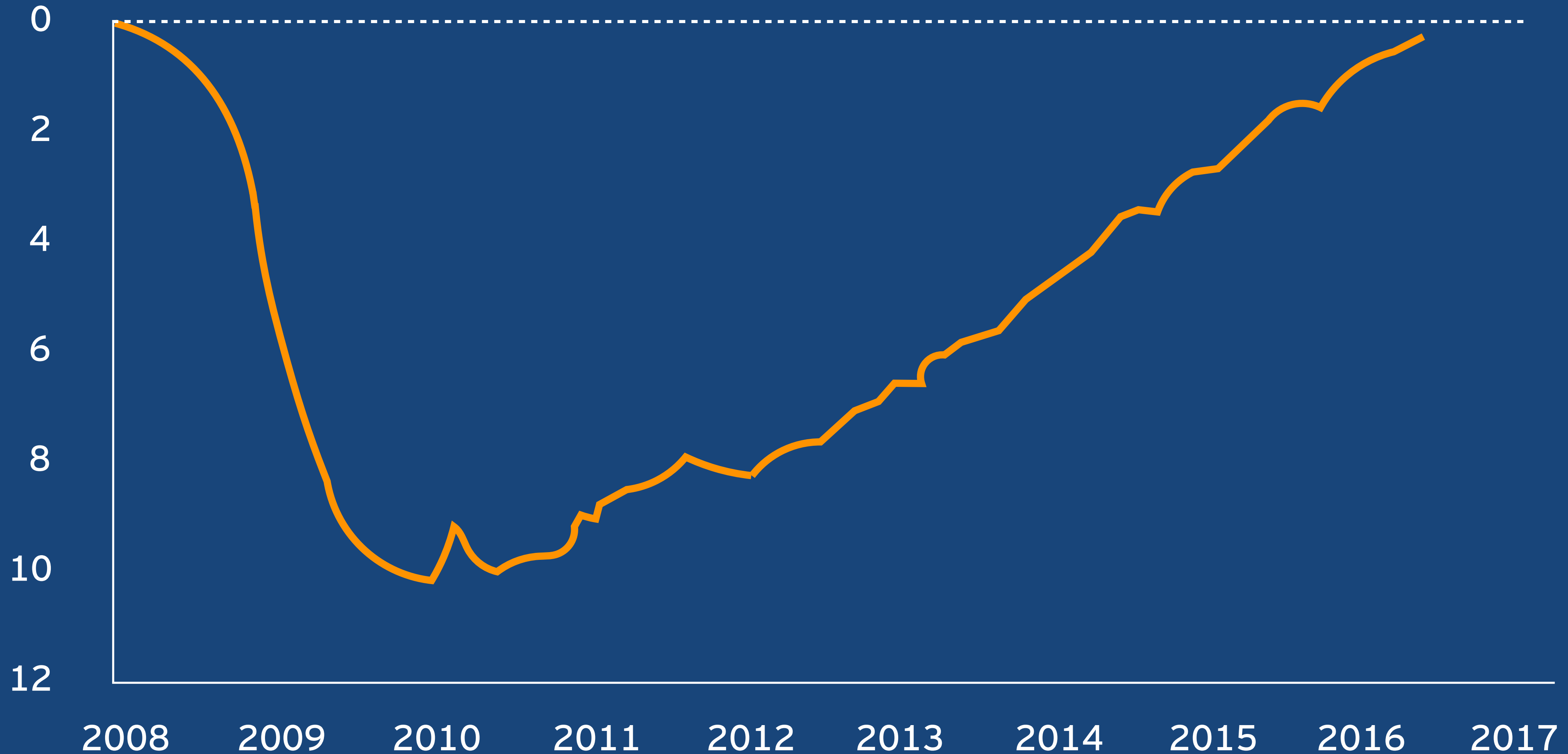
3

Innovations are emerging in economic development

# While the United States has experienced a job recovery...

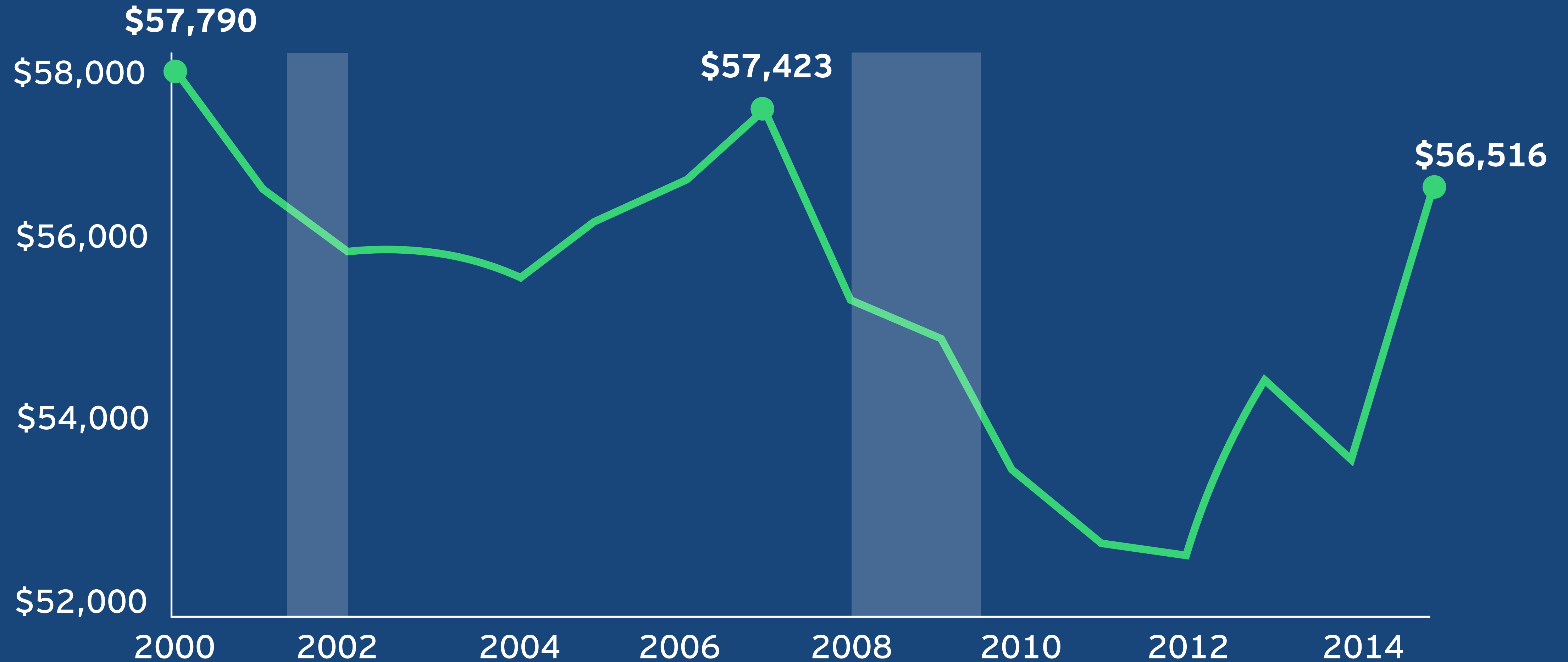
Jobs Gap  
(in millions)

Jobs required to reach pre-recession  
employment levels

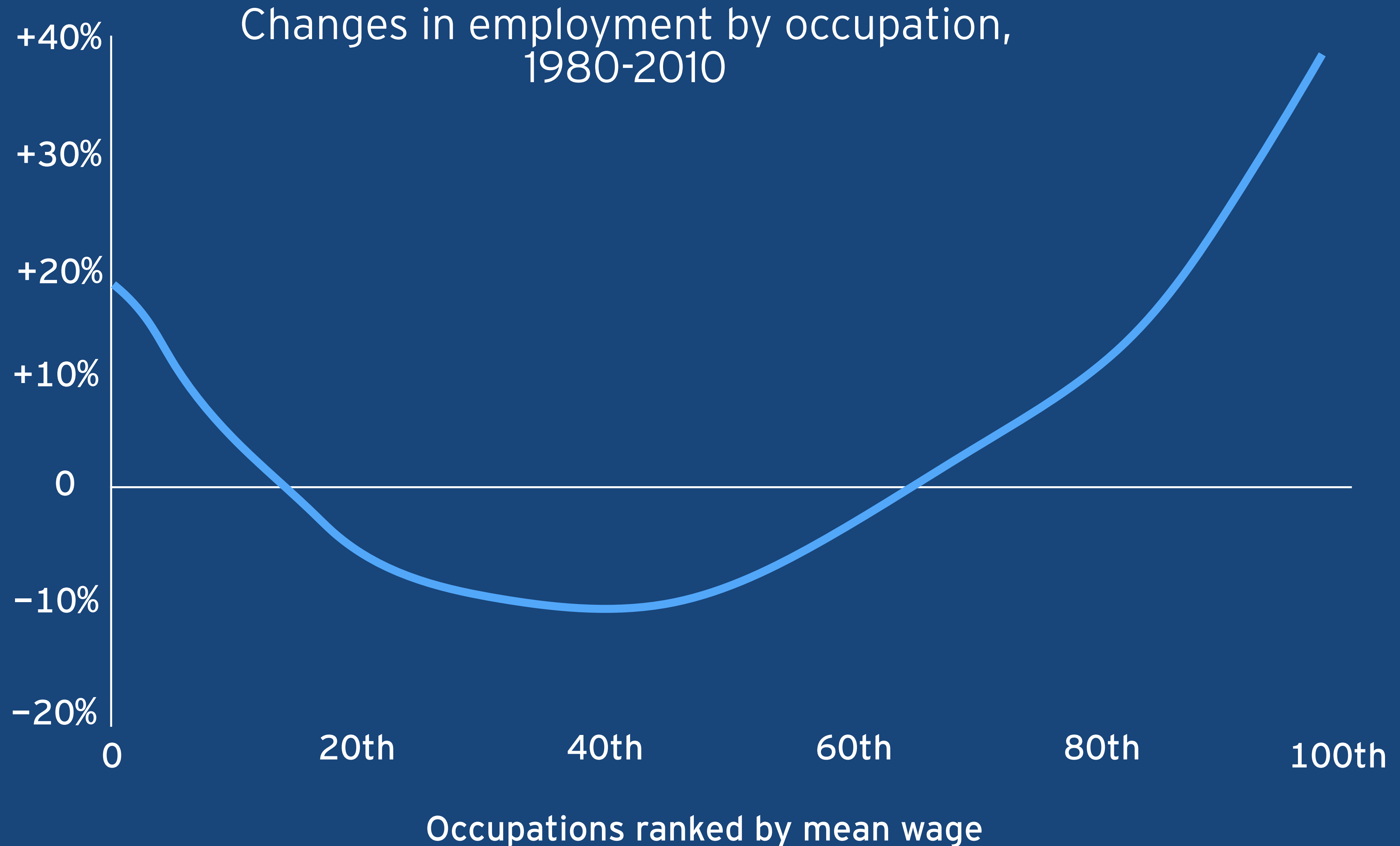


# ...household incomes have yet to fully recover

Median household income,  
2015 U.S. dollars



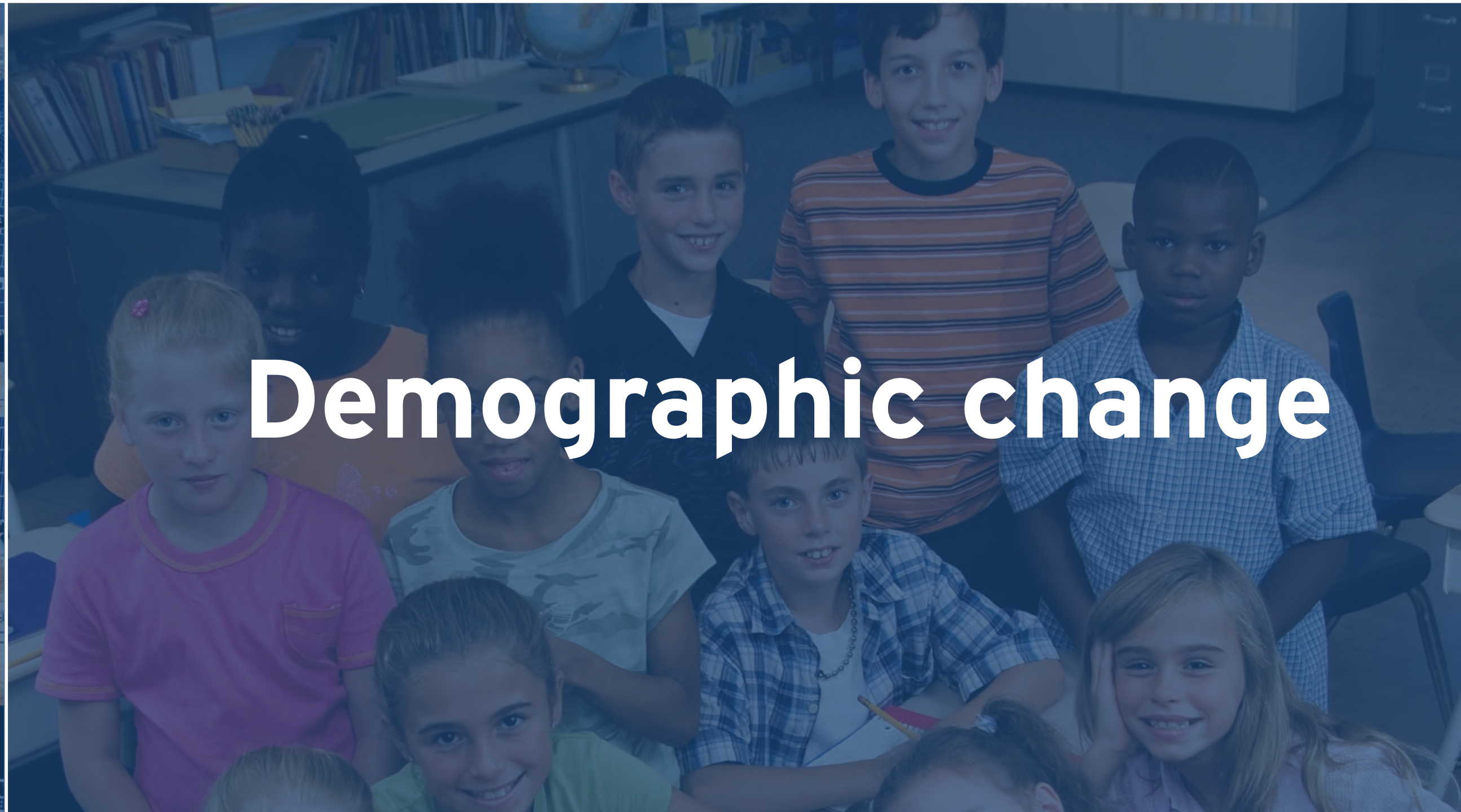
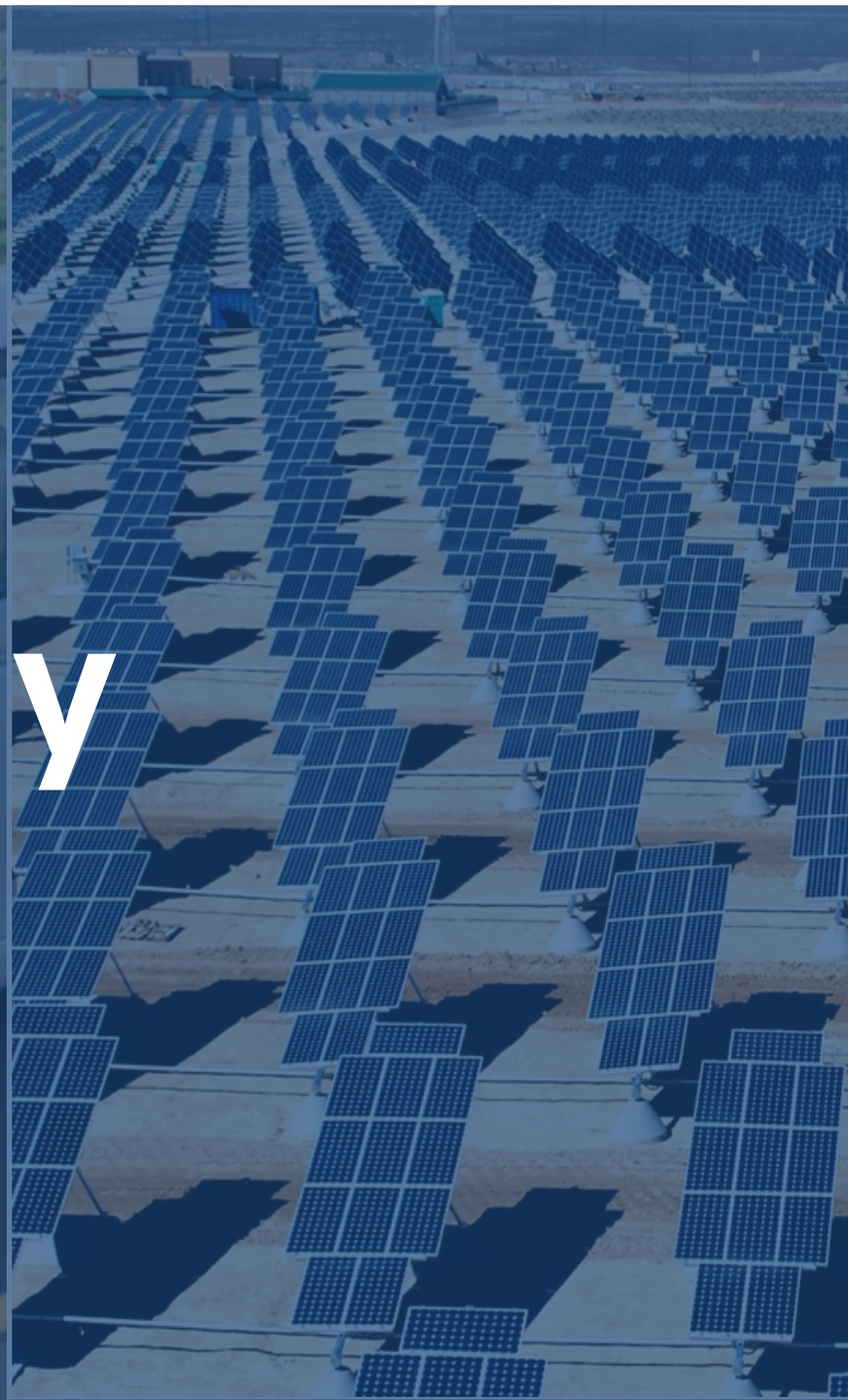
# One concern: middle-wage jobs are disappearing





# Globalization

# Urbanization

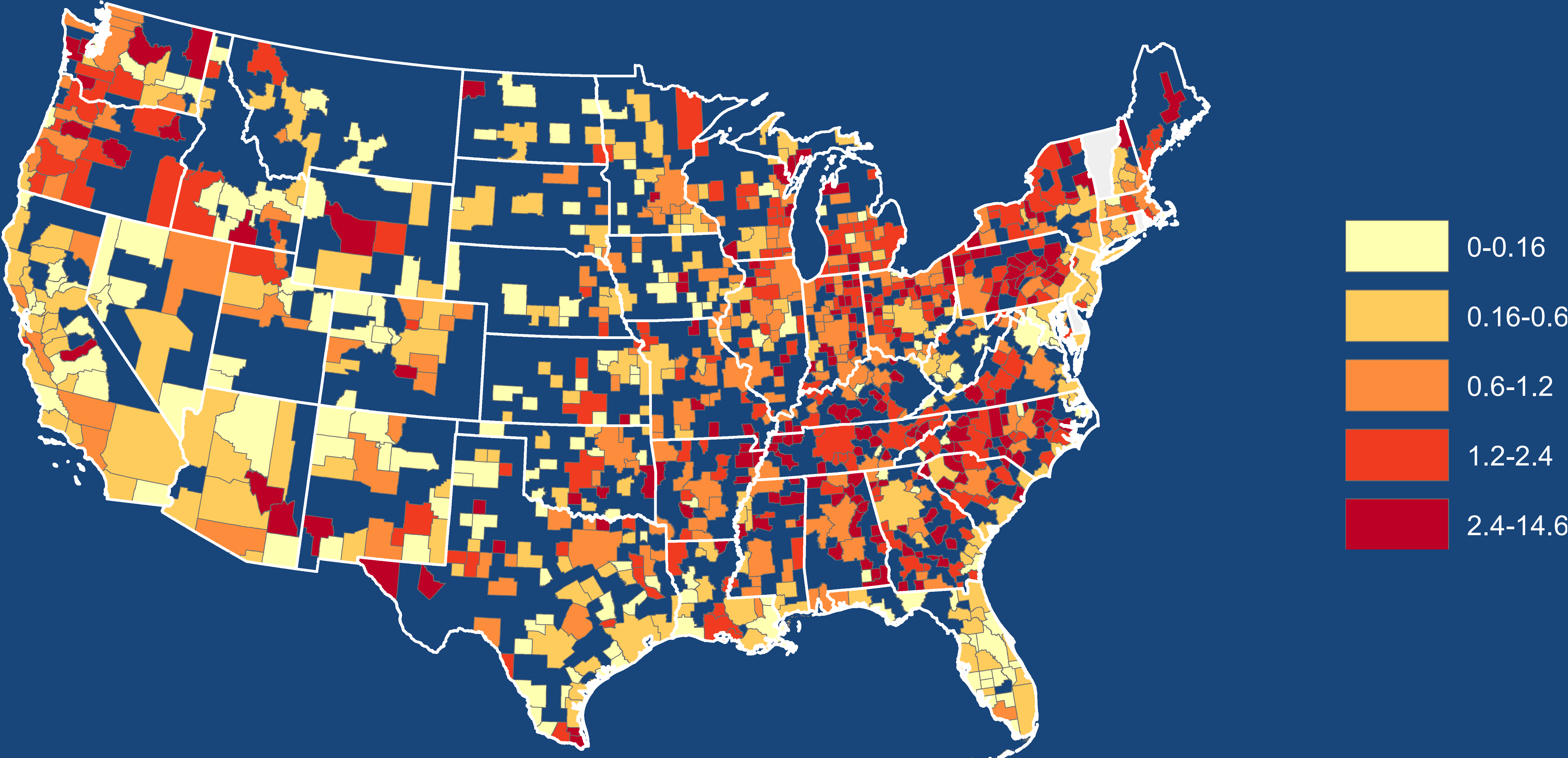


# Technology

# Demographic change

# Globalization has disrupted many communities

## Trade adjustment assistance concentration Per thousand workers, 1994–2014



Source: Brookings, "Where Global Trade has the Biggest Impact on Workers," December 2016



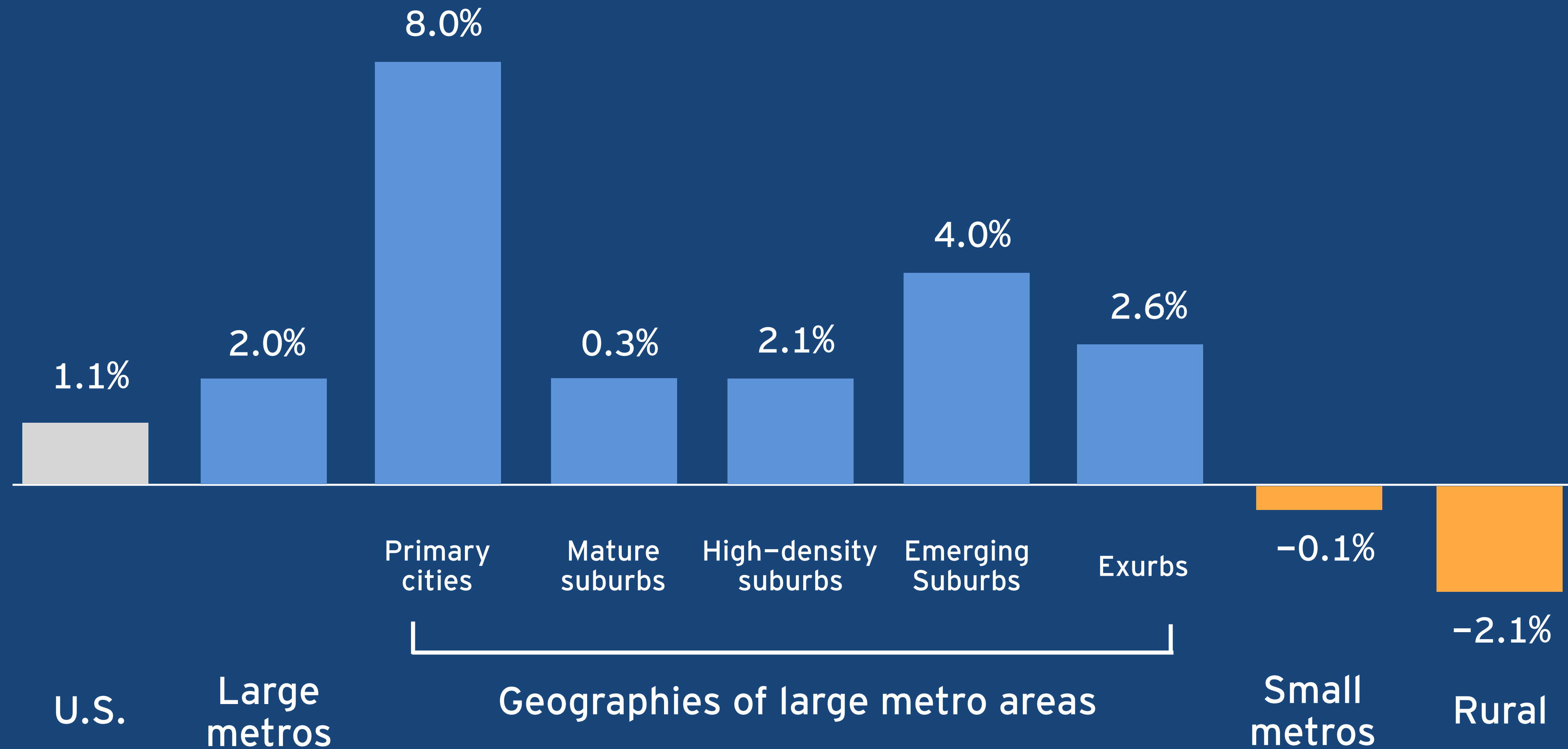
# Technology is changing the nature of work

49%

of time spent on work activities  
worldwide could be automated  
with existing technologies

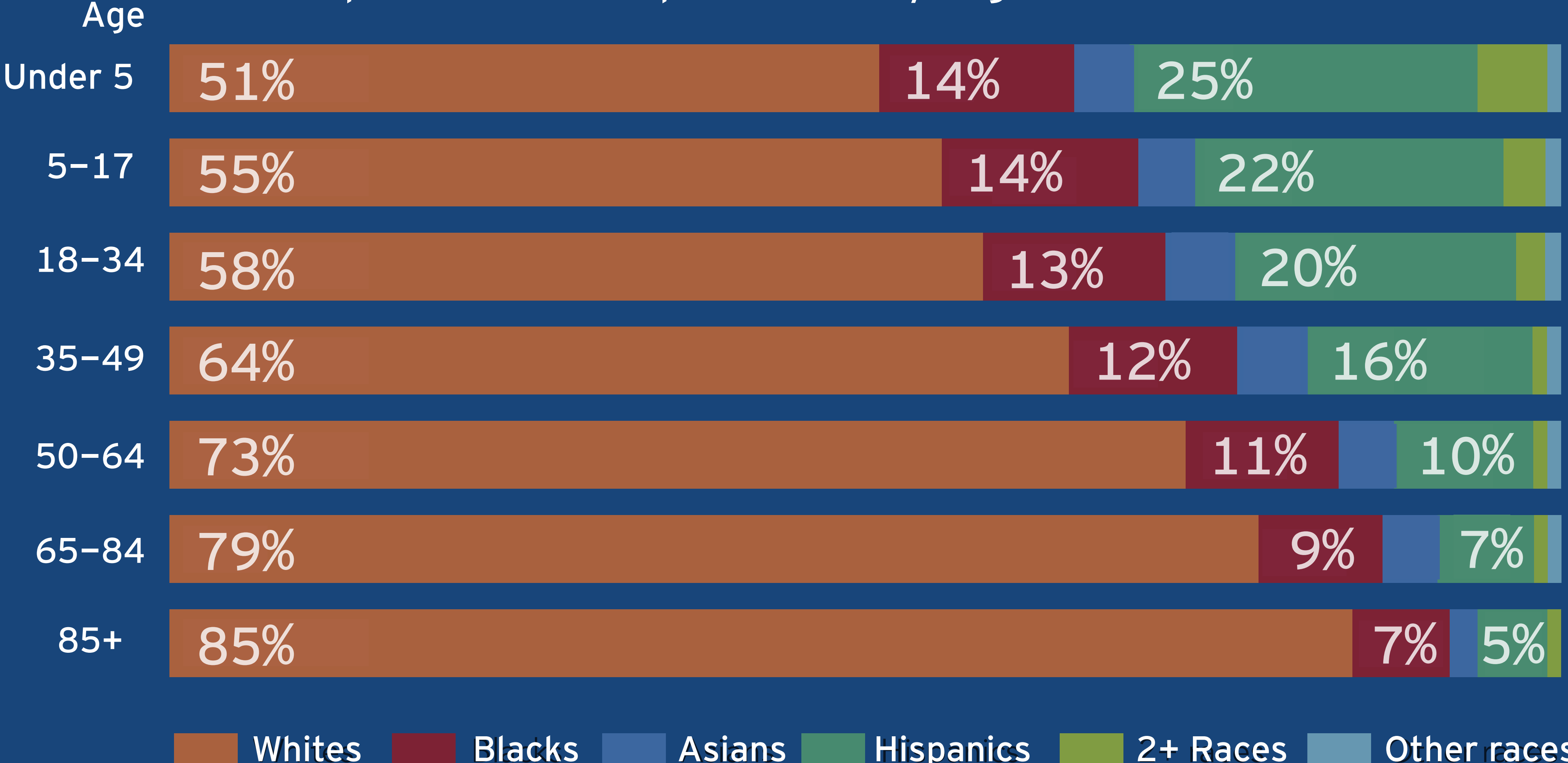
# Urbanization has concentrated opportunity in large metros

Change in number of jobs, 2007 to 2014



# Demographic change is ushering in a more diverse workforce

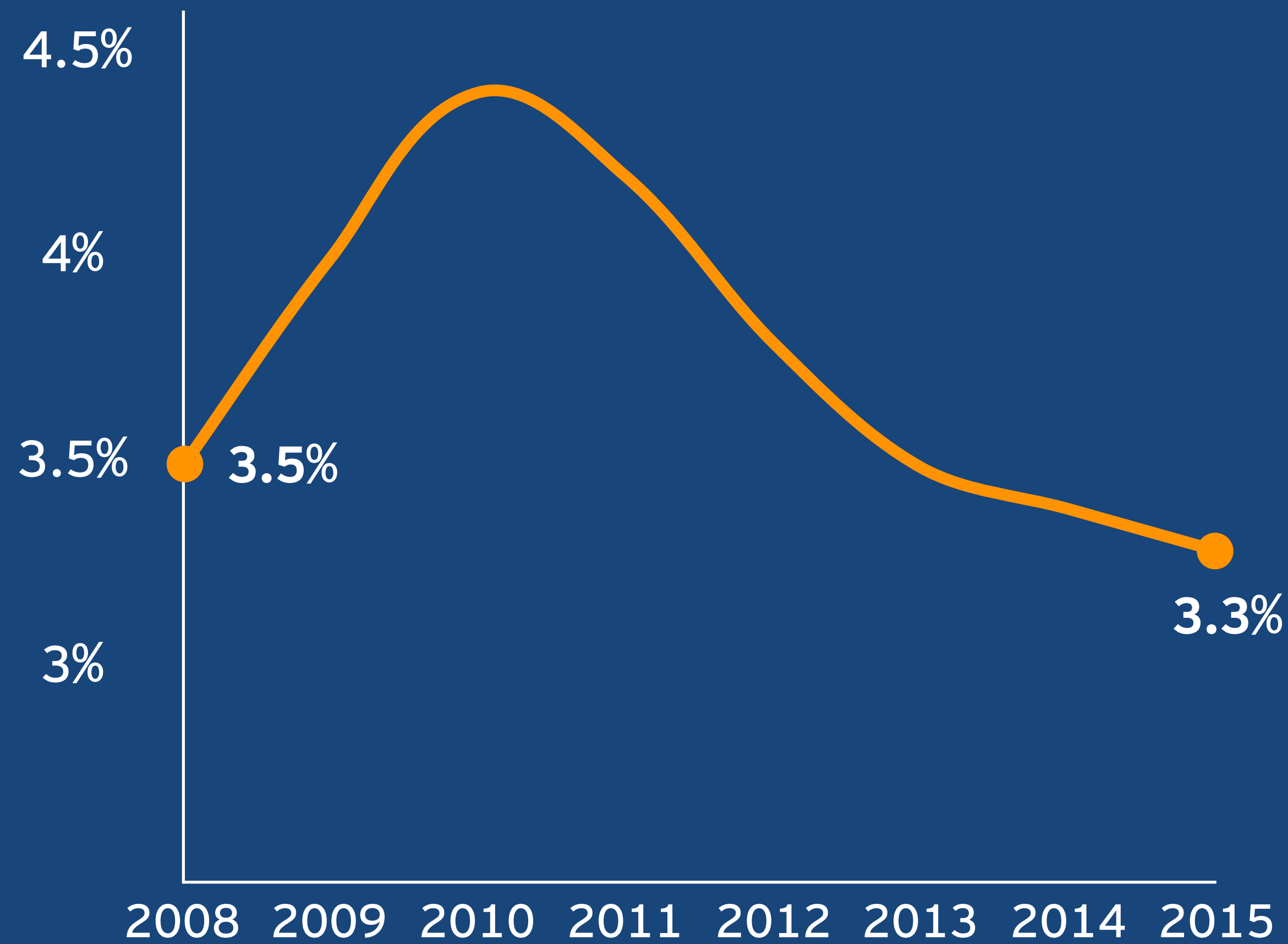
## Population Composition, by Age and Race, 2010



Source: analysis of US Census

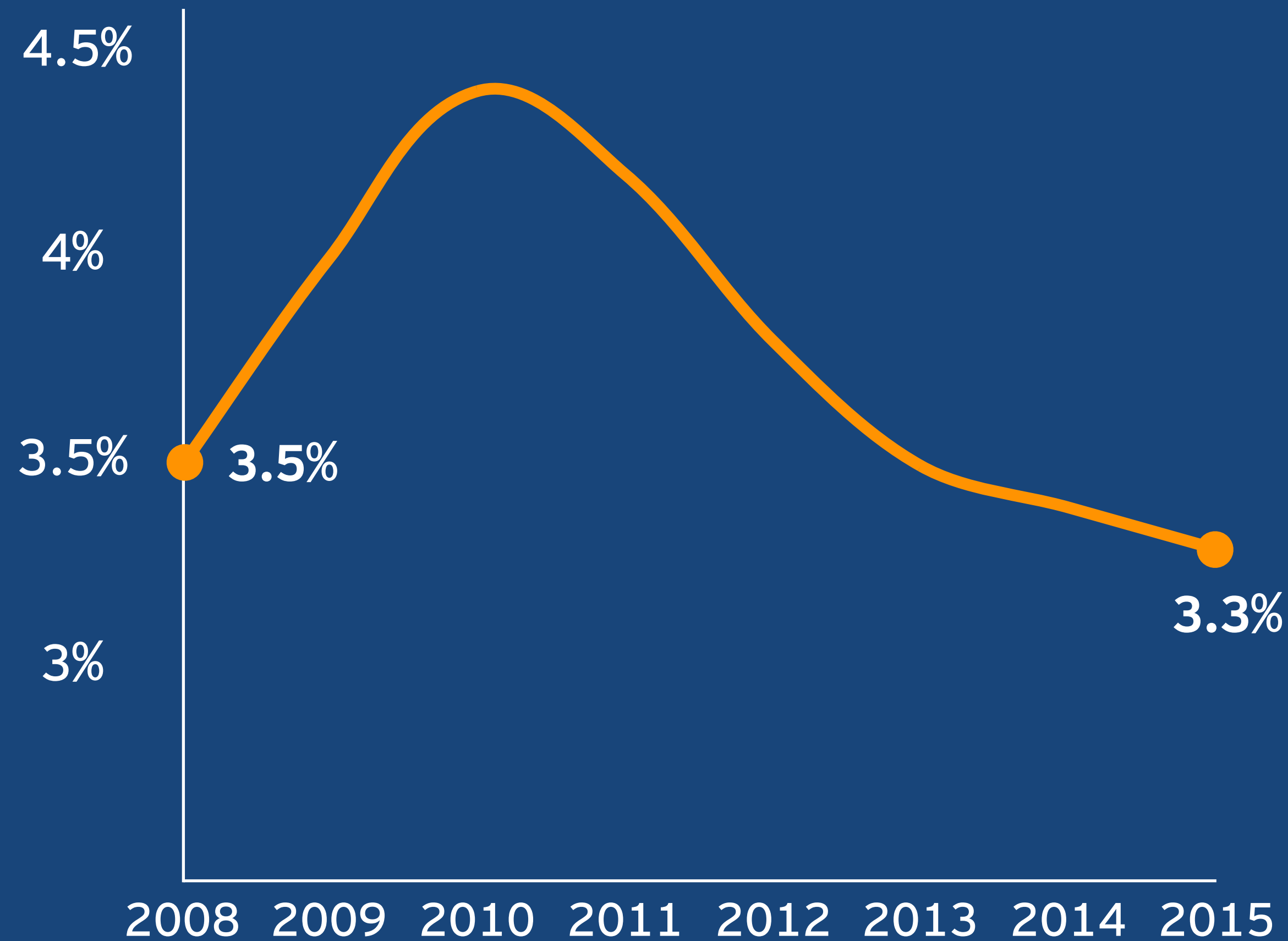
# Communities will be increasingly on their own

Federal discretionary expenditures,  
share of U.S. GDP



# Communities will be increasingly on their own

Federal discretionary expenditures,  
share of U.S. GDP



“Today ... we are transferring power from Washington, D.C. and giving it back to you, the people.”

- *President Trump, in his inaugural address*

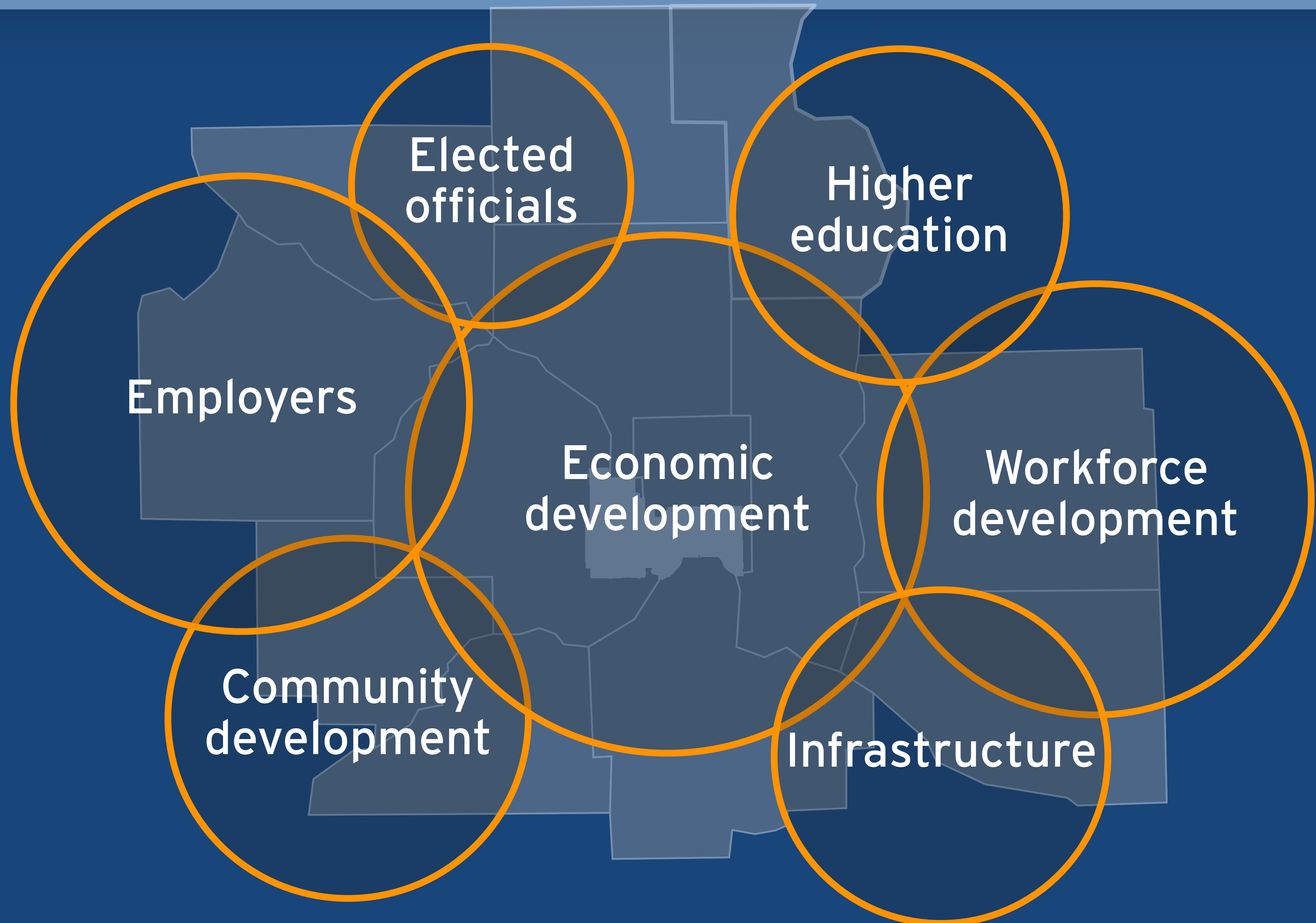


# Cities and regions will drive economic growth and prosperity

“The national government ... is way too big to keep up with the pace of change. Meanwhile, states and many localities have grown more flexible and capable.”

- **Thomas Friedman, *Thank You for Being Late***

# Economic development will be at the center of that change



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Five principles define inclusive economic development

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Innovations are emerging in economic development



# Goal of economic development

“To put a regional economy on a trajectory of higher growth (*growth*) by increasing the productivity of firms and workers (*prosperity*) that raises standards of living for all (*inclusion*).”

# Brookings' Metro Monitor tracks inclusive economic growth

## GROWTH



Jobs  
Output  
Entrepreneurship

## PROSPERITY



Productivity  
Standard of Living  
Average wage

## INCLUSION



Employment rate  
Median wage  
Relative poverty rate

# All top-100 metro economies grew between 2010-2015...

GROWTH



**100**/<sub>100</sub>

Metros added  
jobs



...yet only half improved productivity...

## GROWTH



**100**<sub>/100</sub>

Metros added  
jobs



## PROSPERITY



**46**<sub>/100</sub>

Metros improved  
productivity



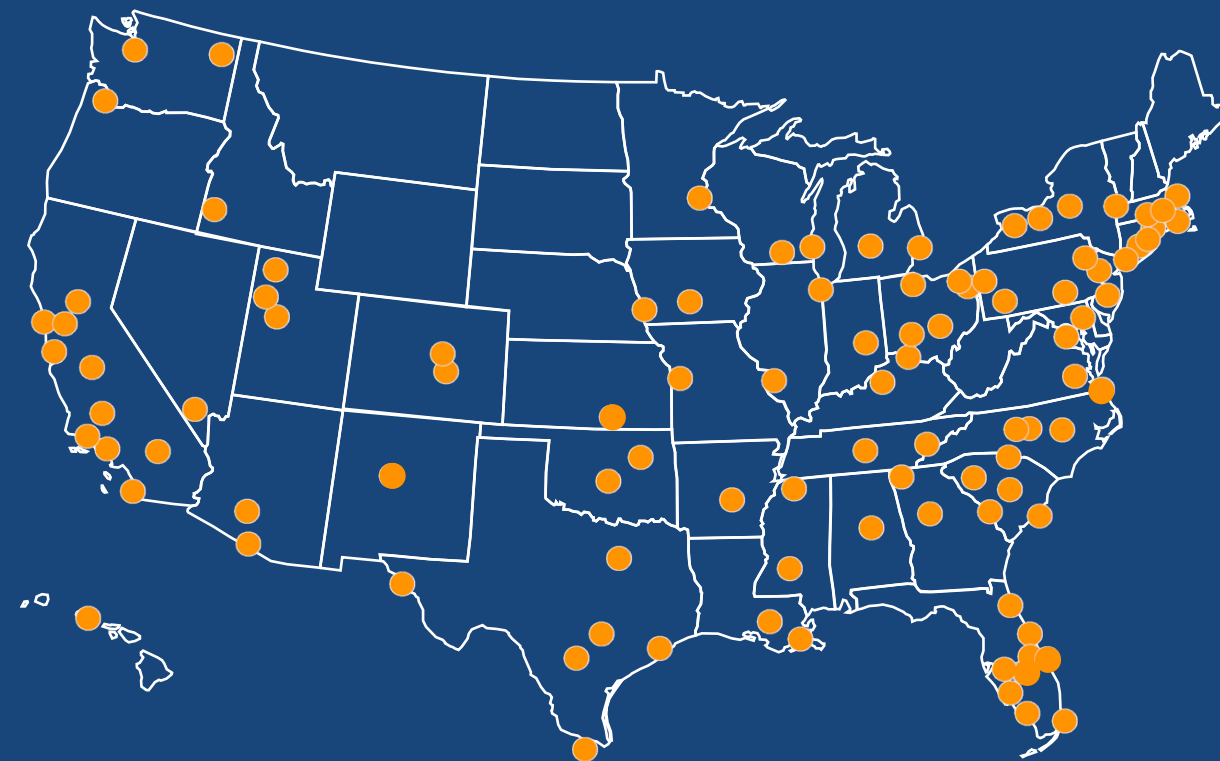
# ...or experienced inclusive growth

## GROWTH



**100** /100

Metros added jobs

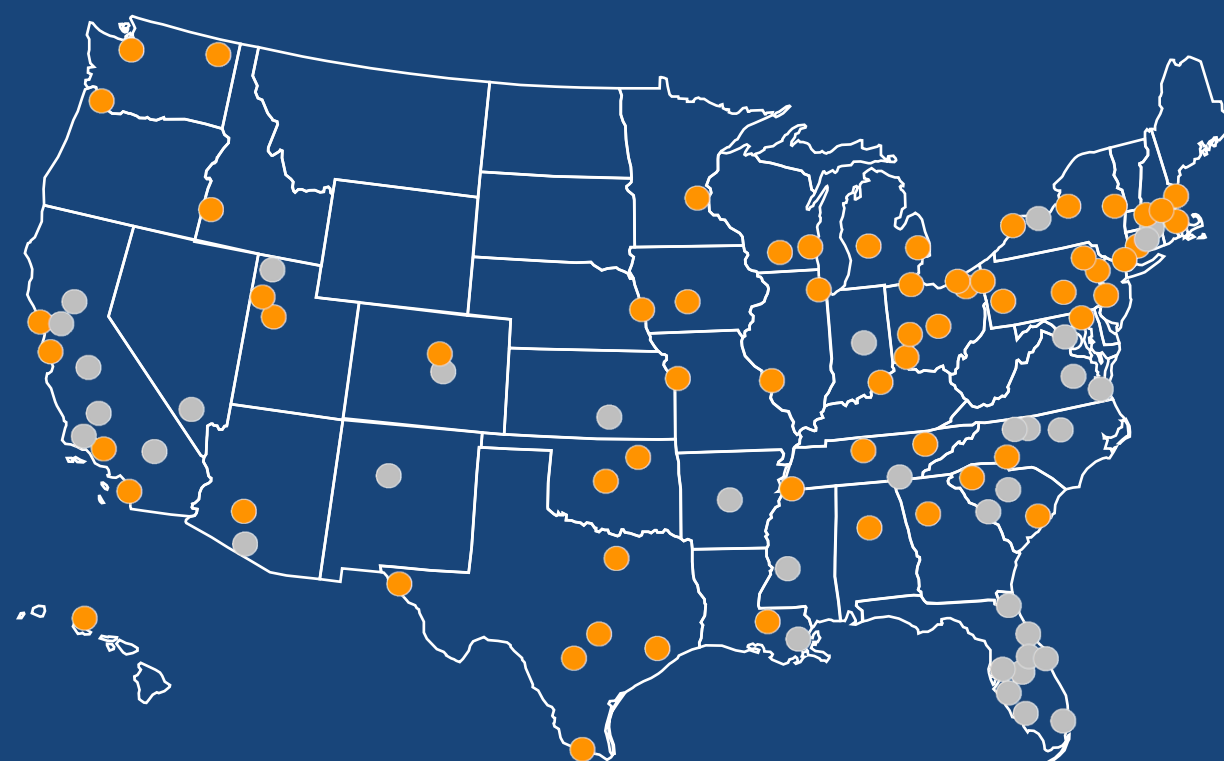


## PROSPERITY



**46** /100

Metros improved productivity



## INCLUSION



**53** /100

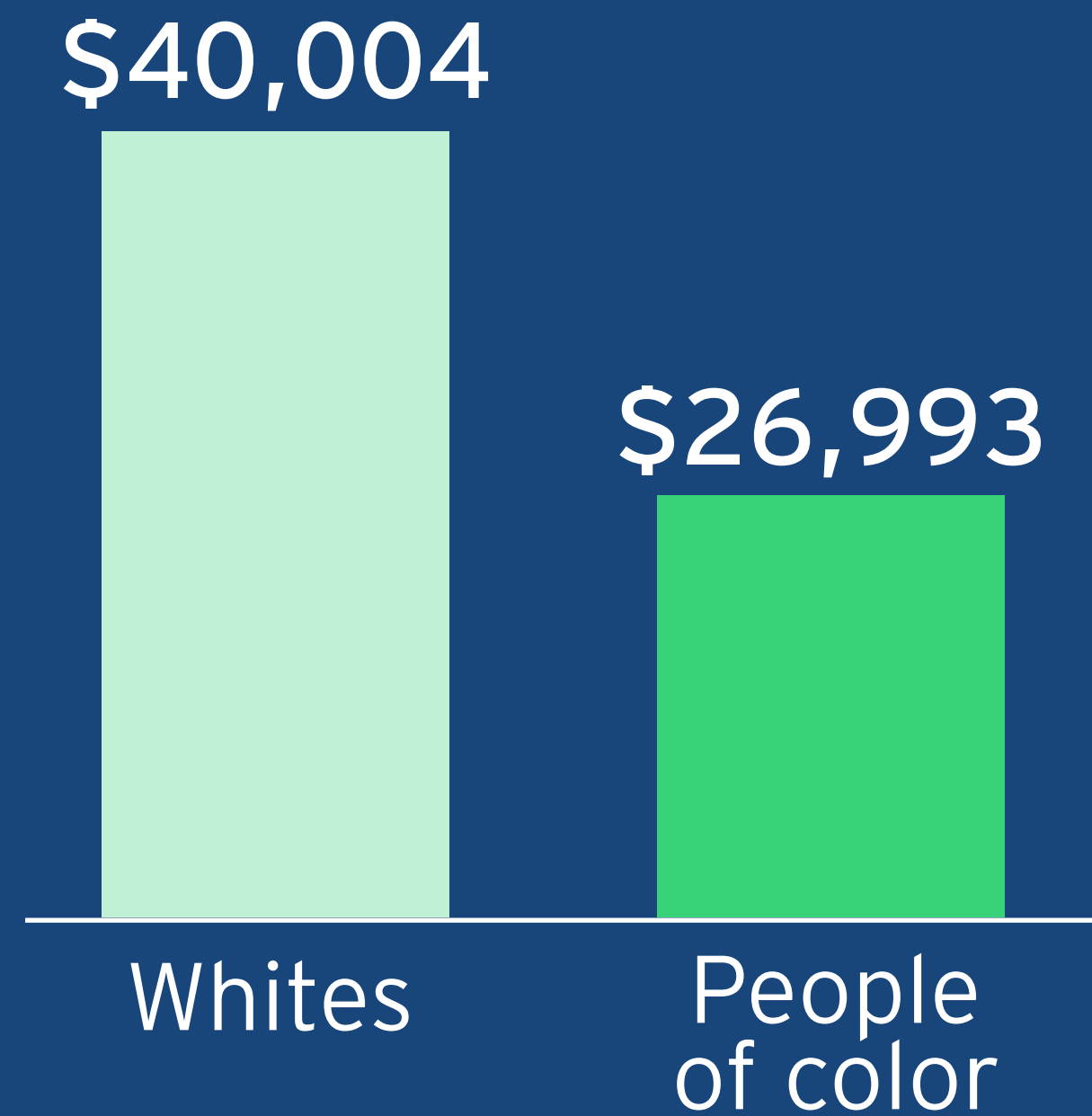
Metros improved median wages



# Disparities by ethnicity and education level also grew

## INCLUSION BY RACE

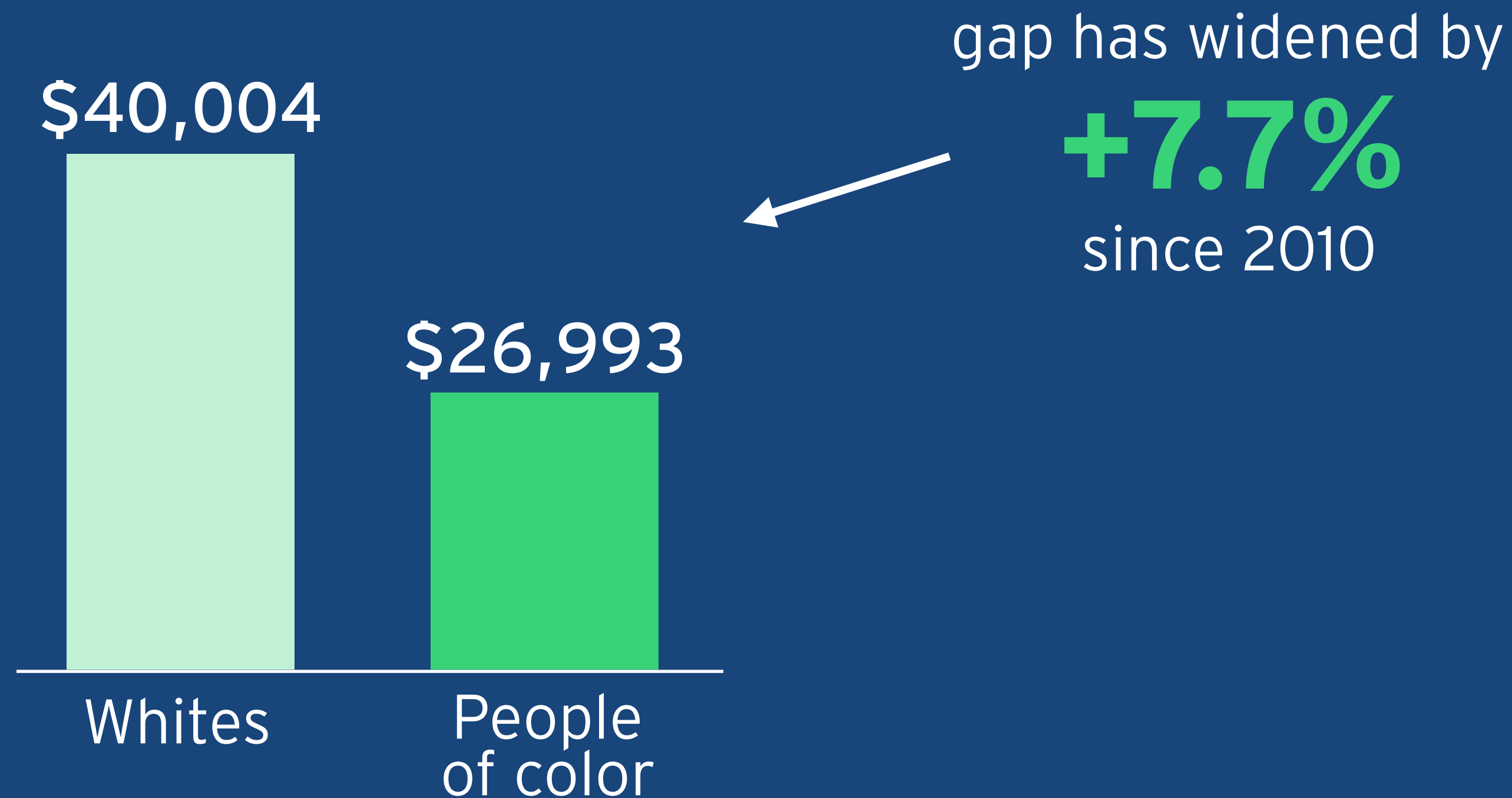
Median wages for whites and  
people of color,  
2015



# Disparities by ethnicity and education level also grew

## INCLUSION BY RACE

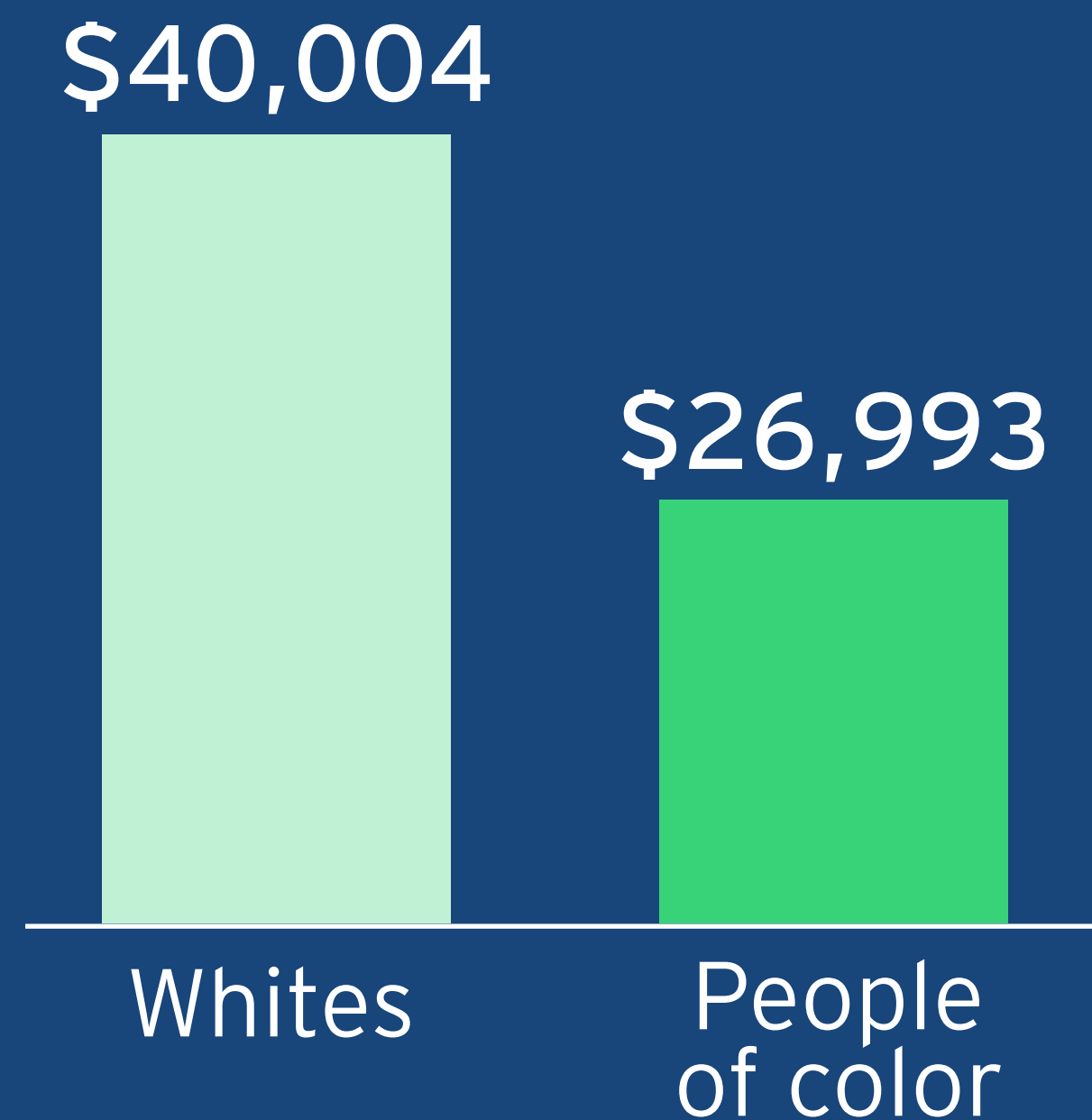
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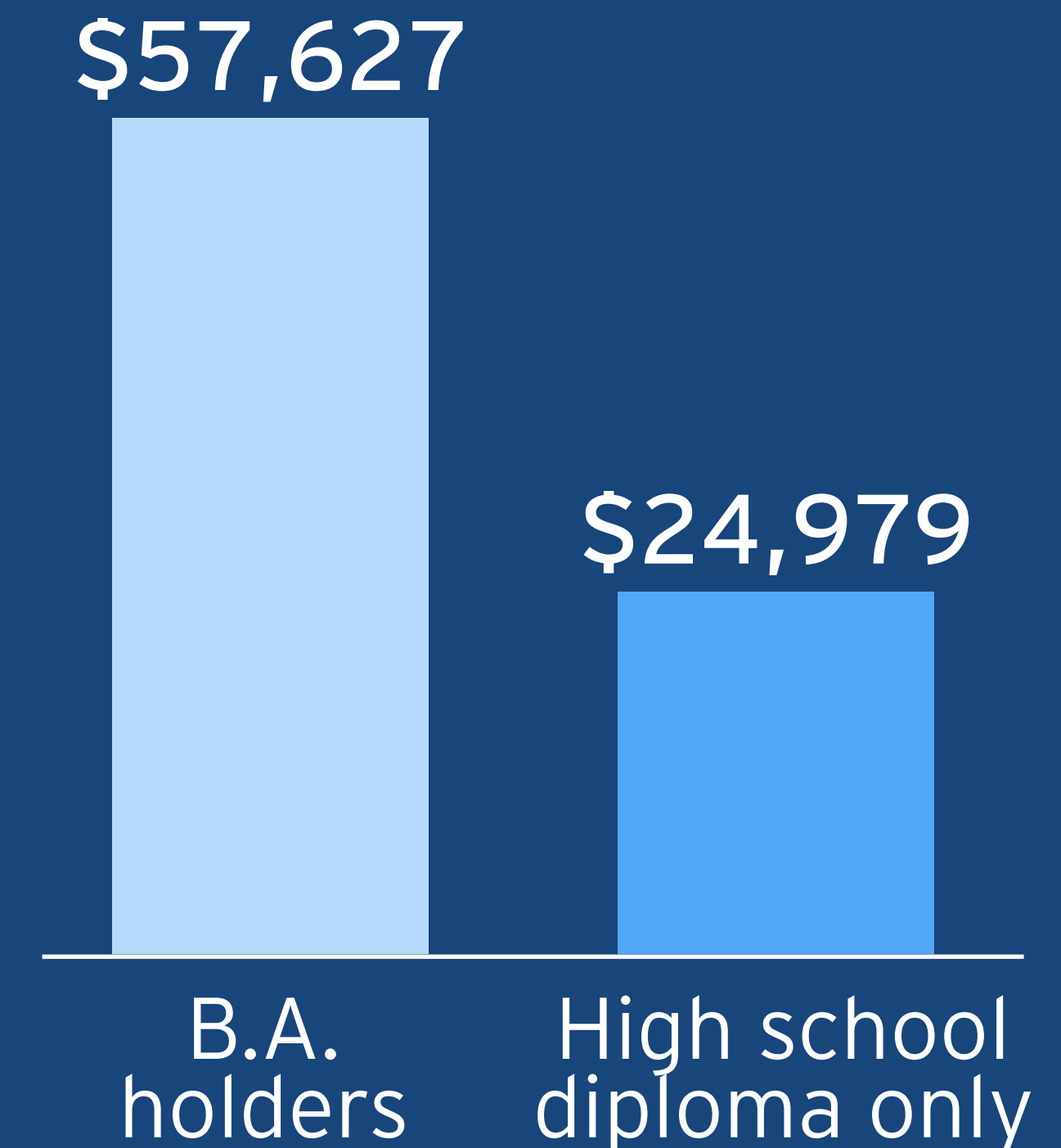
Median wages for whites and people of color, 2015



gap has widened by **+7.7%** since 2010

## INCLUSION BY EDUCATION

Median wages for workers with a B.A. or higher and workers with only a high school diploma, 2015

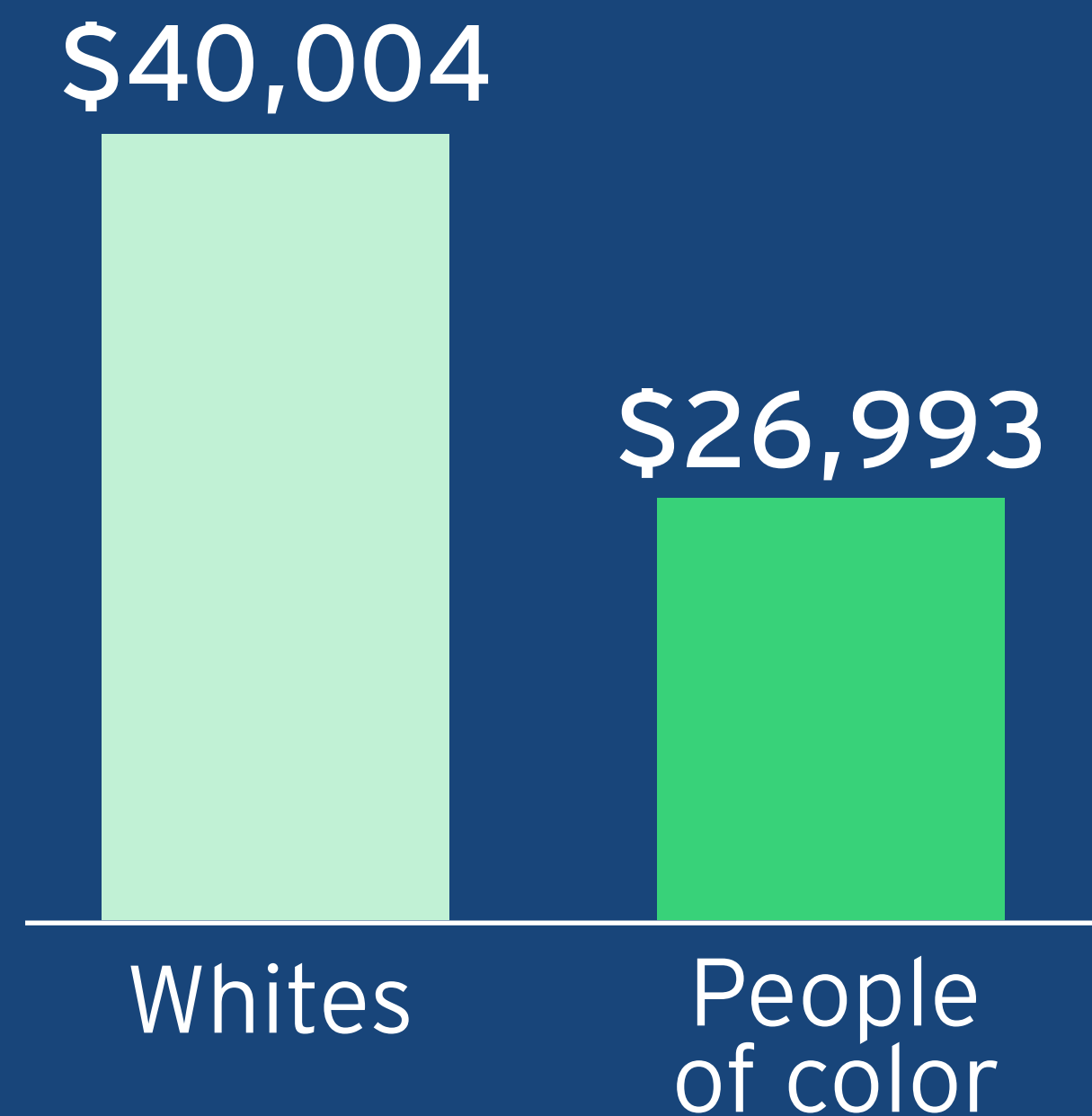




# Disparities by ethnicity and education level also grew

## INCLUSION BY RACE

Median wages for whites and people of color, 2015

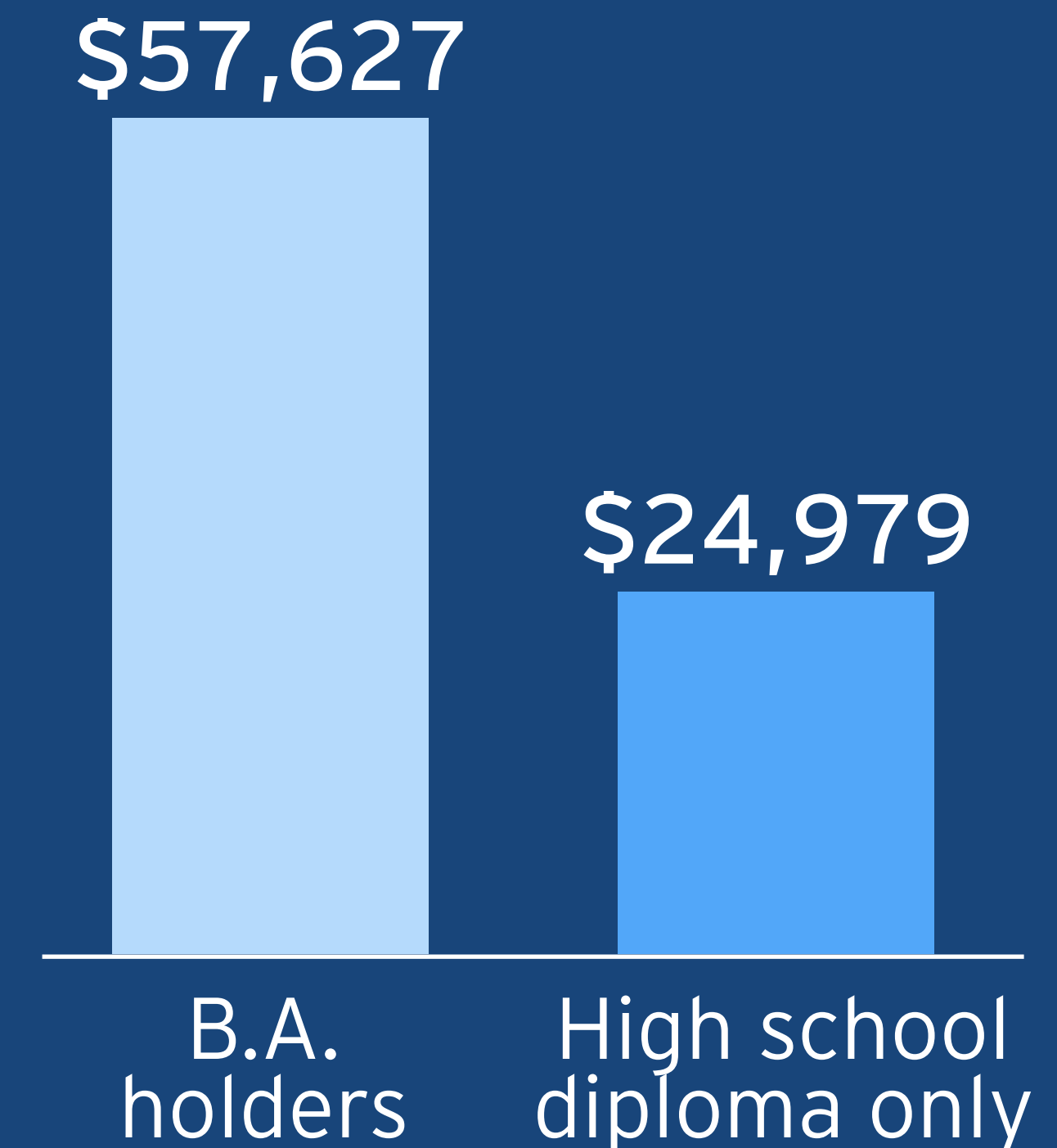


gap has widened by **+7.7%** since 2010

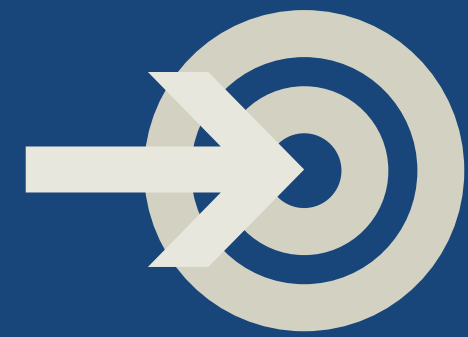
gap has widened by **+3.1%** since 2010

## INCLUSION BY EDUCATION

Median wages for workers with a B.A. or higher and workers with only a high school diploma, 2015



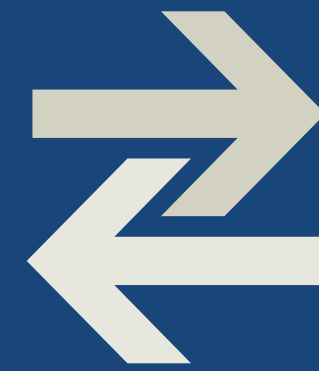
# Five principles define quality economic development



SET THE  
RIGHT GOALS



GROW FROM  
WITHIN



BOOST  
TRADE



INVEST IN  
PEOPLE  
AND SKILLS



CONNECT  
PLACE

The image features a solid blue background. On the right side, there is a target graphic consisting of three concentric circles of varying shades of blue. A large, light blue arrow points from the left towards the center of the target. The text 'SET THE RIGHT GOALS' is written in white, uppercase, sans-serif font across the middle of the arrow.

SET THE RIGHT GOALS

# Components of economic success

## GROWTH



Jobs  
Output  
Entrepreneurship

## PROSPERITY



Productivity  
Standard of Living  
Average wage

## INCLUSION



Employment rate  
Median wage  
Relative poverty rate


Economic development is shifting away from...

A close-up photograph of a calculator and a pen resting on a document filled with various numerical values, some positive and some negative, representing financial data or accounting entries.

**Short-Term**

A hand is shown pointing to a specific area on a map of a city, which is overlaid with a grid. The map shows streets and building footprints, representing a siloed or fragmented urban planning approach.

**Siloed**

An aerial view of a modern city development featuring large, multi-story buildings, extensive parking lots, and a mix of commercial and residential structures, illustrating a subsidy-driven development model.

**Subsidy-Driven**

...and towards harder, but more meaningful, indicators of progress

A complex financial data visualization on a dark blue background. It features multiple overlapping line graphs with white and light blue lines, and a bar chart at the bottom. The background is filled with various numerical values and some text labels like 'ANNUARY', 'FEBRUARY', 'MARCH', 'APRIL', 'MAY', 'JUN', 'JULY', 'AUGUST', 'SEPTEMBER'.

**Long-Term**

A detailed city map with a grid of streets. The map is overlaid with a network of colored lines in red, green, blue, and purple, representing different types of infrastructure or data flows. The map is semi-transparent, allowing the underlying city details to be visible.

**Integrated**

A collection of stylized, colorful icons representing various urban elements. The icons include buildings of different heights and colors (green, purple, blue, brown), trees, and a church-like structure. The icons are arranged in a somewhat organized but overlapping pattern on a light blue background.

**Structural**

The background is a solid blue color. In the upper half, there are two large, light-blue geometric shapes that resemble stylized, mirrored triangles or chevrons pointing towards each other. In the lower half, there is a large, light-blue circle. The text "GROW FROM WITHIN" is centered horizontally and overlaps the bottom edge of the circle.

**GROW FROM WITHIN**

# Metro areas are defined by distinctive industry specializations

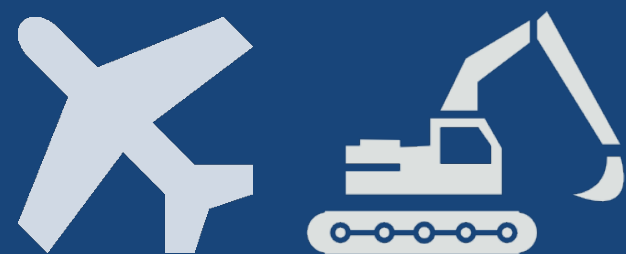
**Boise City, ID**



**Boston, MA**



**Wichita, KS**



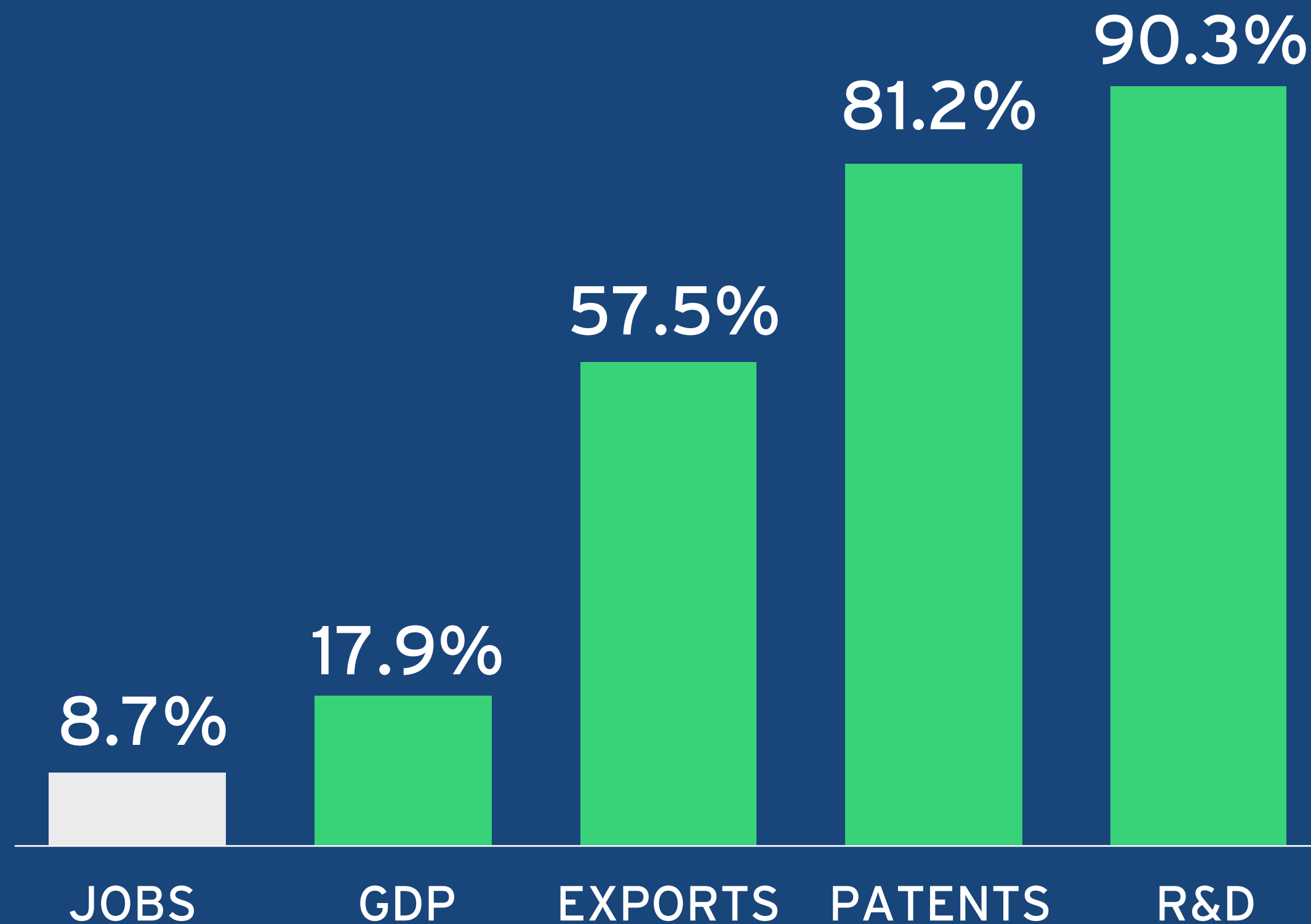
**Washington, DC**





# Advanced industries are critical segments of our economy

Advanced Industry share of national totals,  
2015



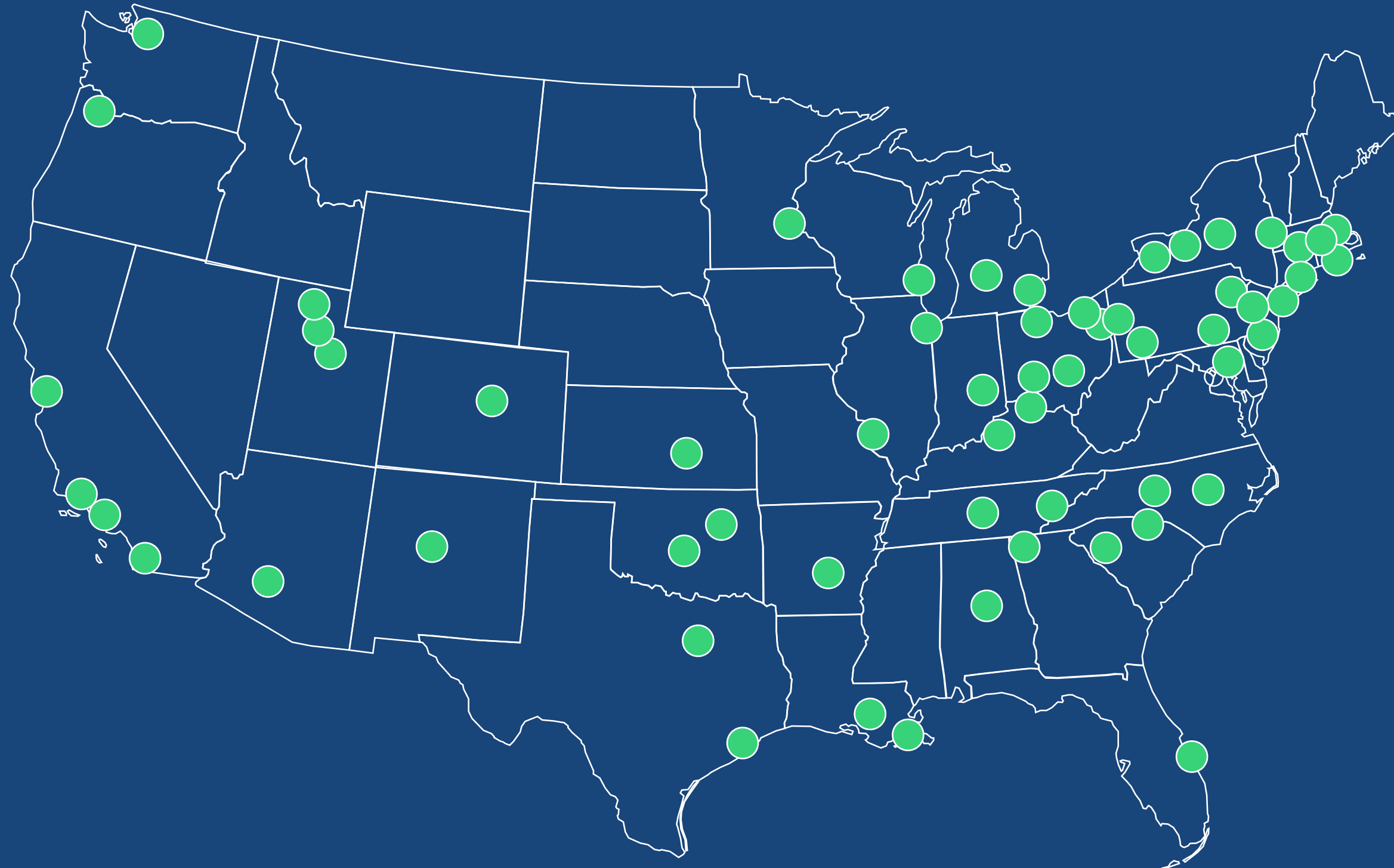
50%

of advanced industry jobs don't  
require a bachelor's degree

# Advanced Industry intensity has declined in past decades

Metropolitan areas with at least 10% of employment in Advanced Industries

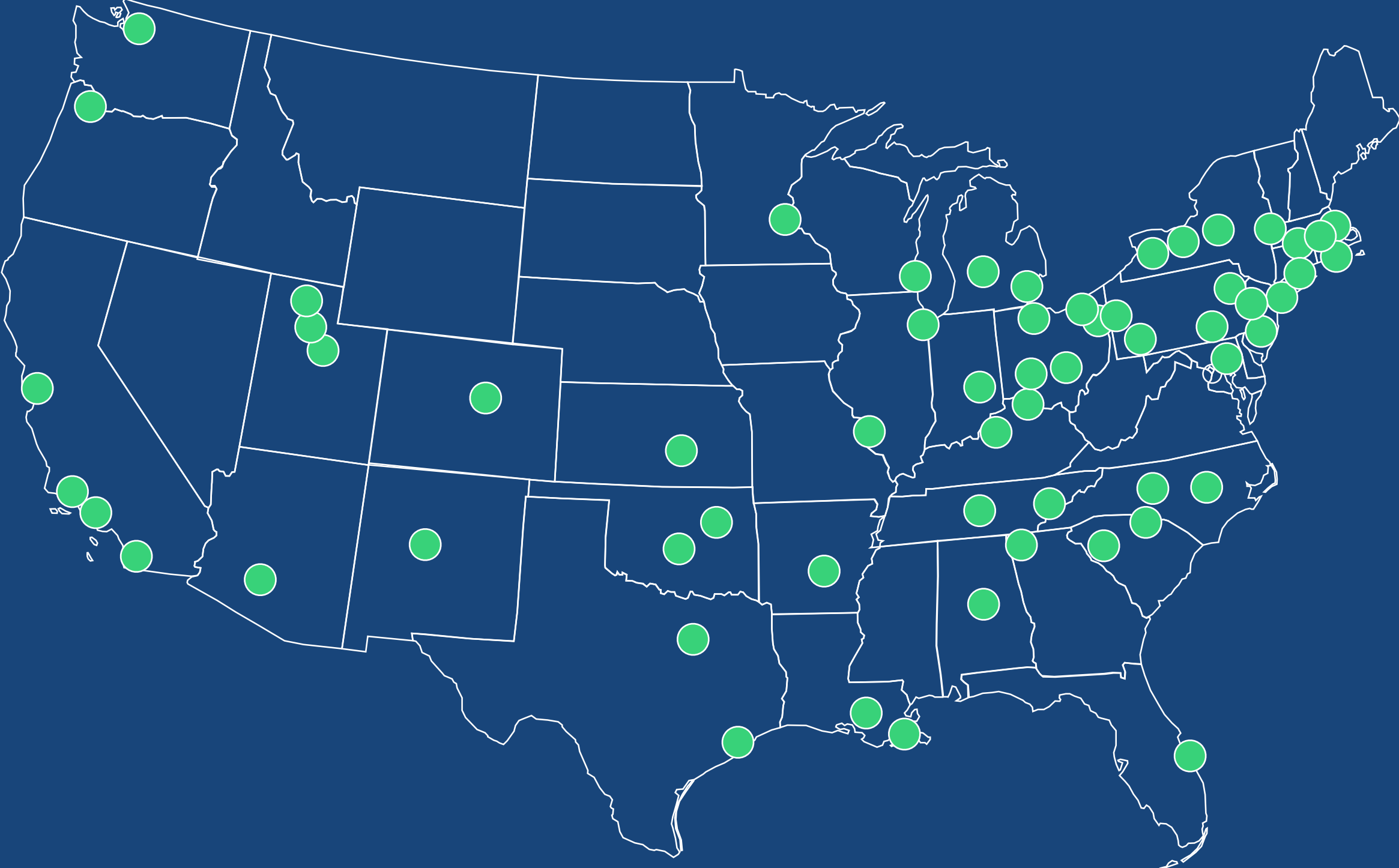
1980



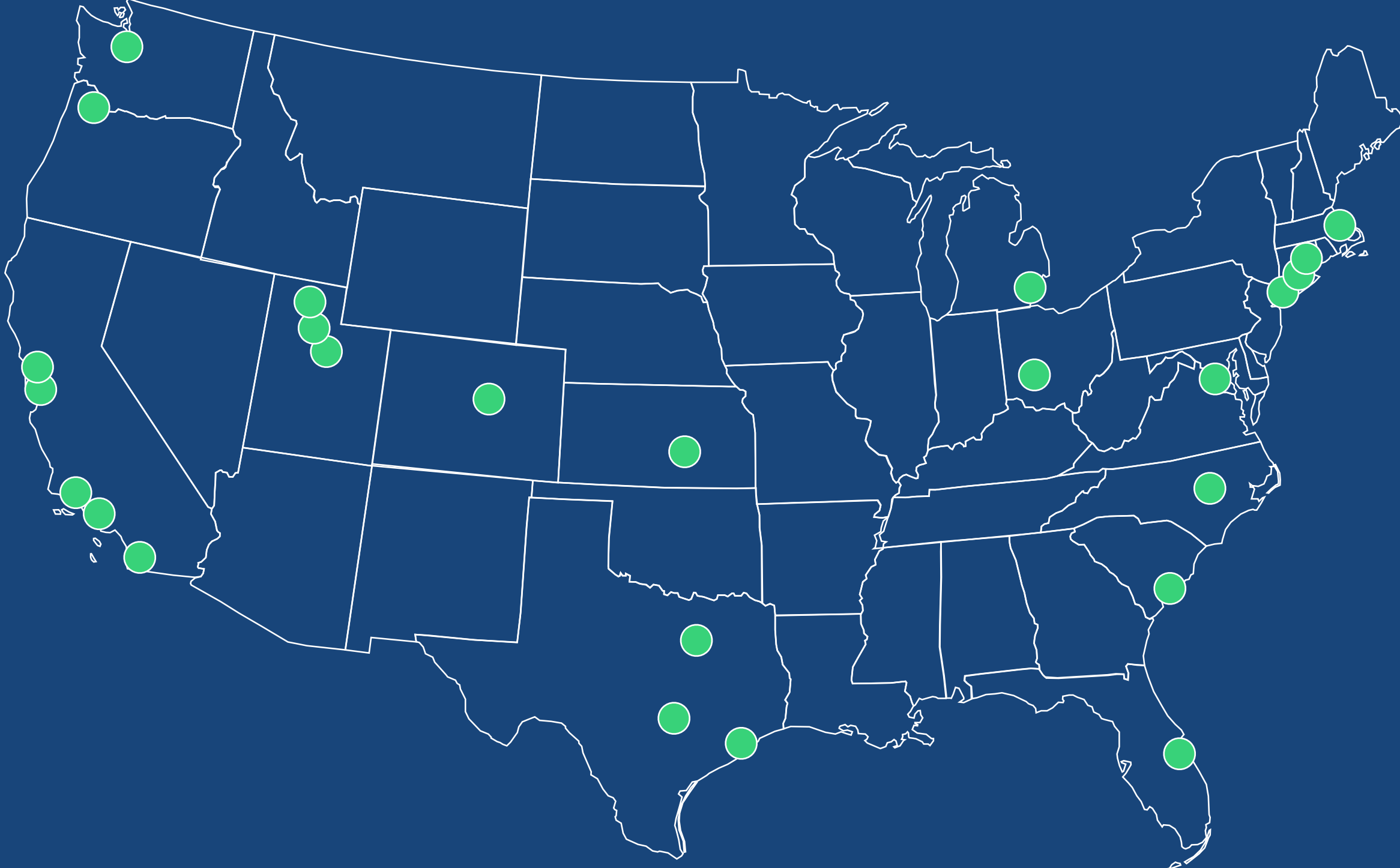
# Advanced Industry intensity has declined in past decades

Metropolitan areas with at least 10% of employment in Advanced Industries

1980



2013



Source: Brookings, America's Advanced Industries, 2015



**BOOST TRADE**

# Firms that trade tend to be more competitive

## Mid-sized companies that...

... reported revenue increases



... added employees



... project revenue growth next year



# Yet many firms are not reaching global markets

60%

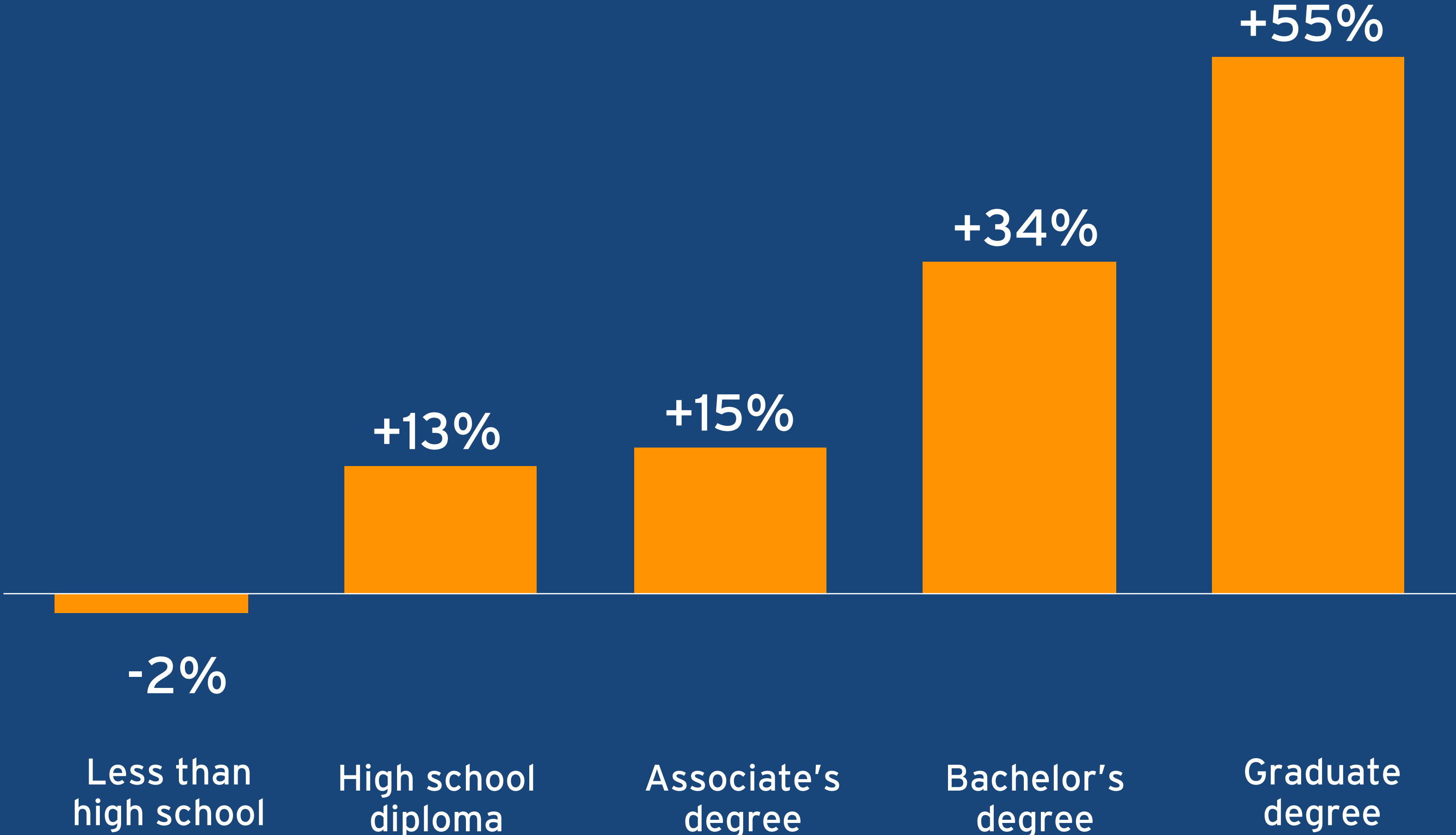
of mid-sized U.S. companies do  
not export

The background features a stylized illustration of several hands in various shades of blue, arranged in a circle to hold a central globe. The hands are rendered in a simplified, flat style. The globe is a light blue circle with a darker blue band around its equator. The overall composition is centered and symmetrical.

**INVEST  
IN PEOPLE  
& SKILLS**

# College degree attainment matters more than ever

Real earnings by educational attainment level,  
change between 1983 and 2008

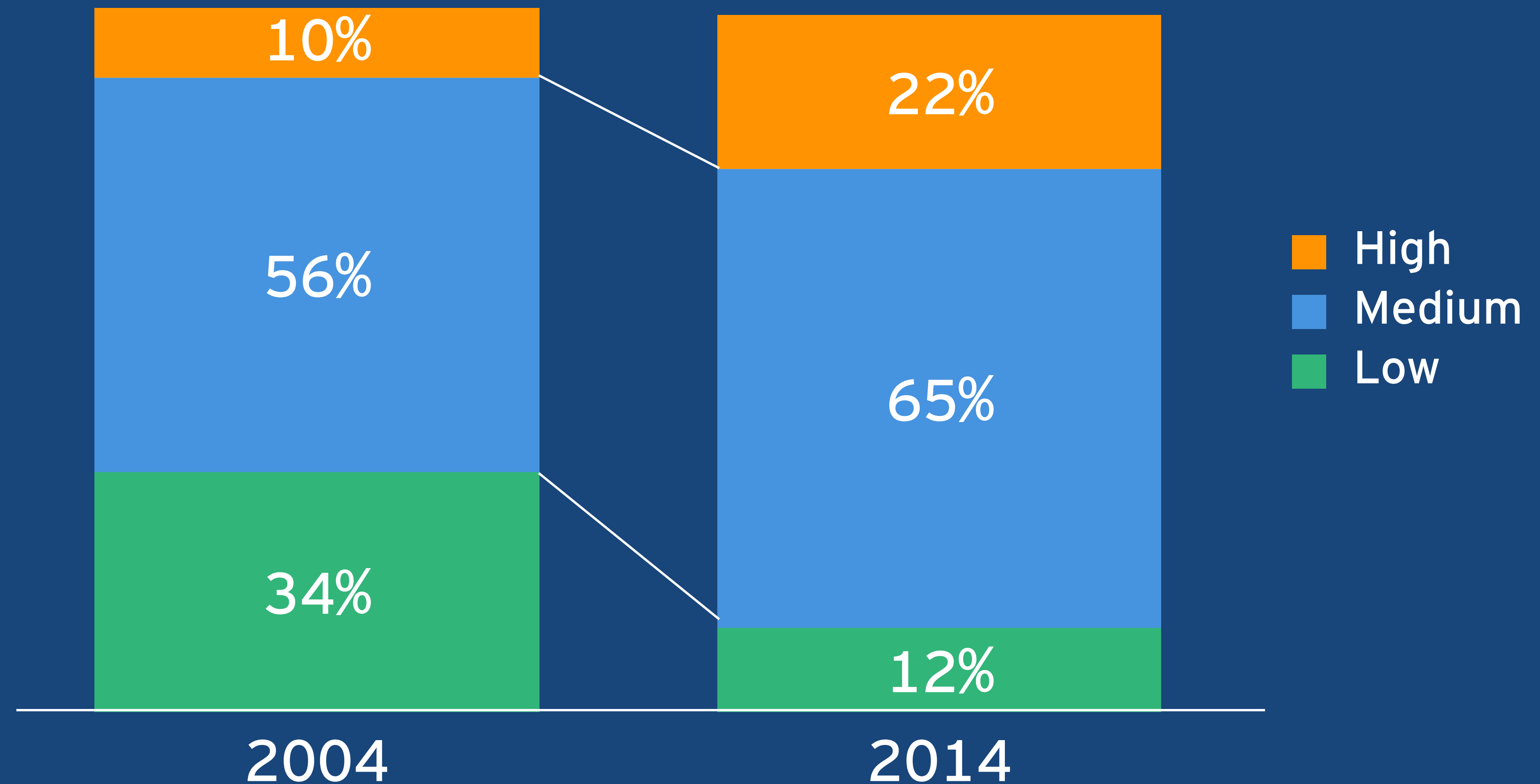


Source: Carnevale, "Projection of Jobs and Education Requirements Through 2018," 2015



# And digital skills are in increasing demand

## Share of U.S. employment by digital score



The background is a solid blue color. It features several overlapping circles of varying shades of blue. A prominent circle is centered in the upper half, and another is centered in the lower half. A large, light blue circle is also centered, overlapping both the upper and lower circles. In the center of the lower circle, there is a dark blue inverted triangle pointing downwards. The text "CONNECT PLACE" is centered horizontally and vertically within the light blue circle.

**CONNECT  
PLACE**

# High segregation hampers economic growth

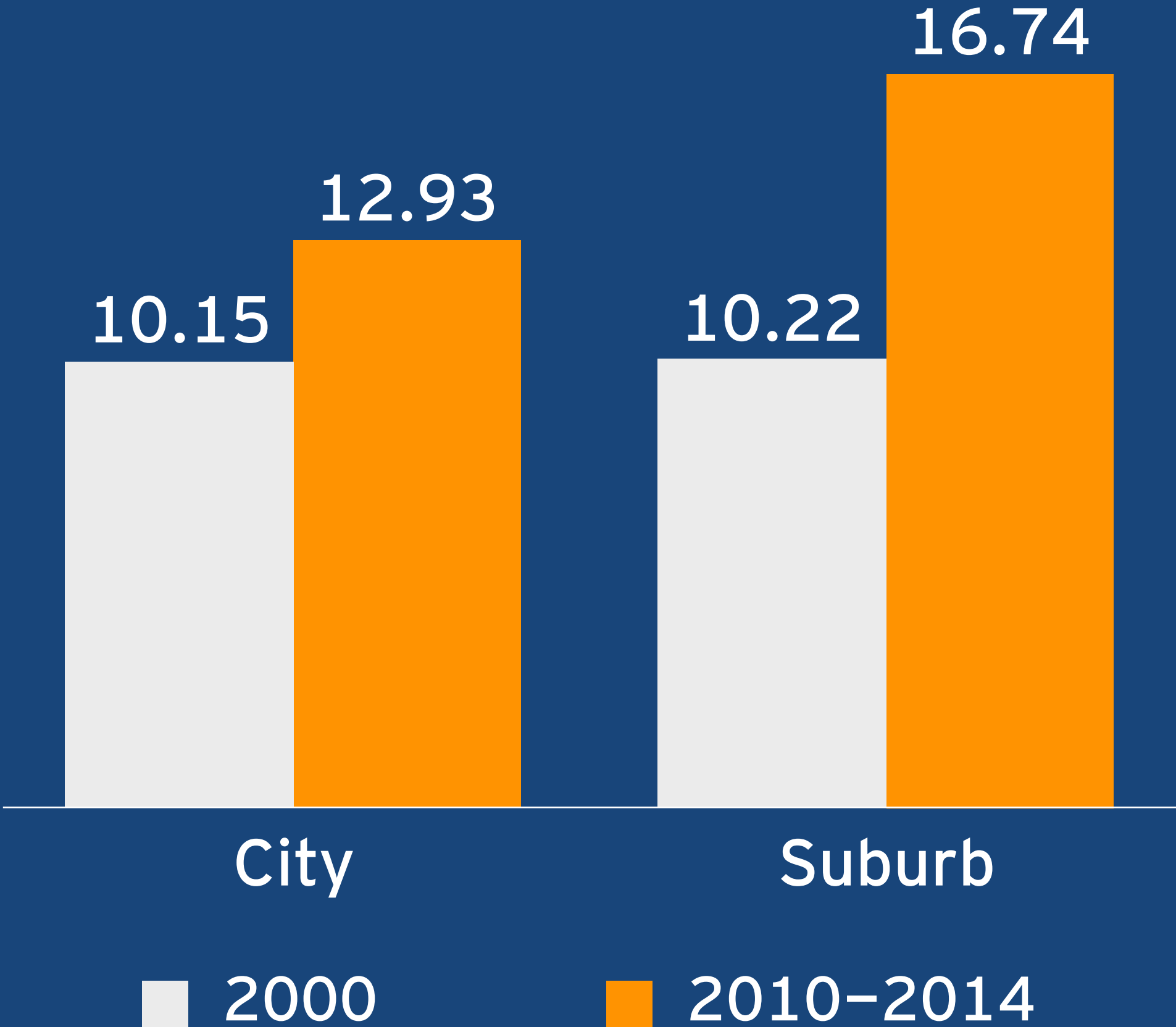
Metropolitan Detroit would generate an estimated

**\$2 billion/year**

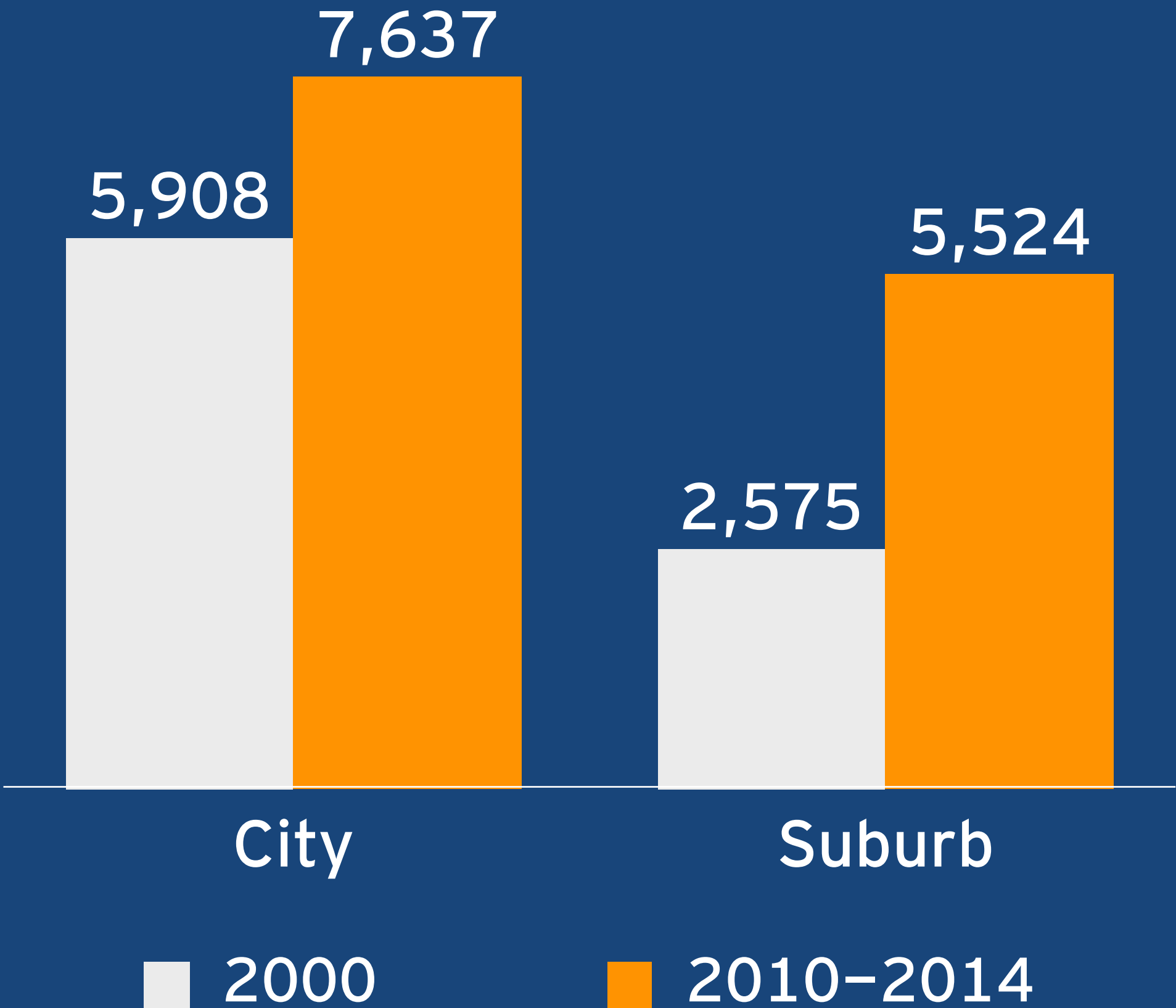
more in income if the region's racial segregation was reduced to the national average

# Too many people and places are isolated from regional opportunity

Poor people within top-100 U.S. metros, in millions



Distressed neighborhoods within top-100 U.S. metros



■ 2000

■ 2010-2014

■ 2000

■ 2010-2014

Source: Brookings, "Concentrated Poverty since the recession," 2016

1

Why economic development matters more than ever

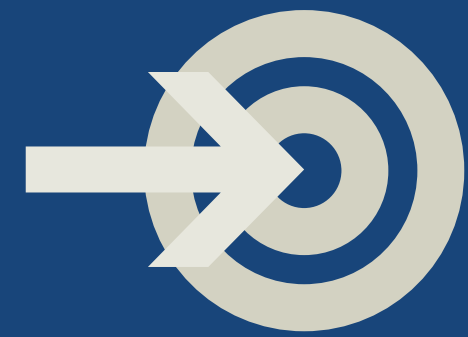
2

Five principles define inclusive economic development

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**Innovations are emerging in economic development**

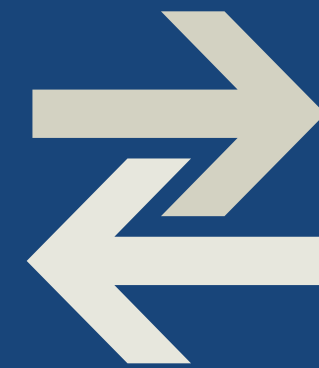
# Five principles define quality economic development



SET THE  
RIGHT GOALS



GROW FROM  
WITHIN



BOOST  
TRADE

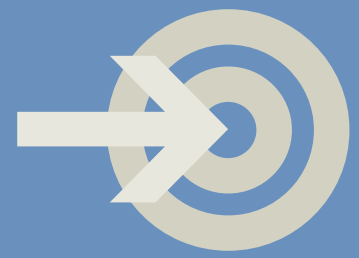


INVEST IN  
PEOPLE  
AND SKILLS

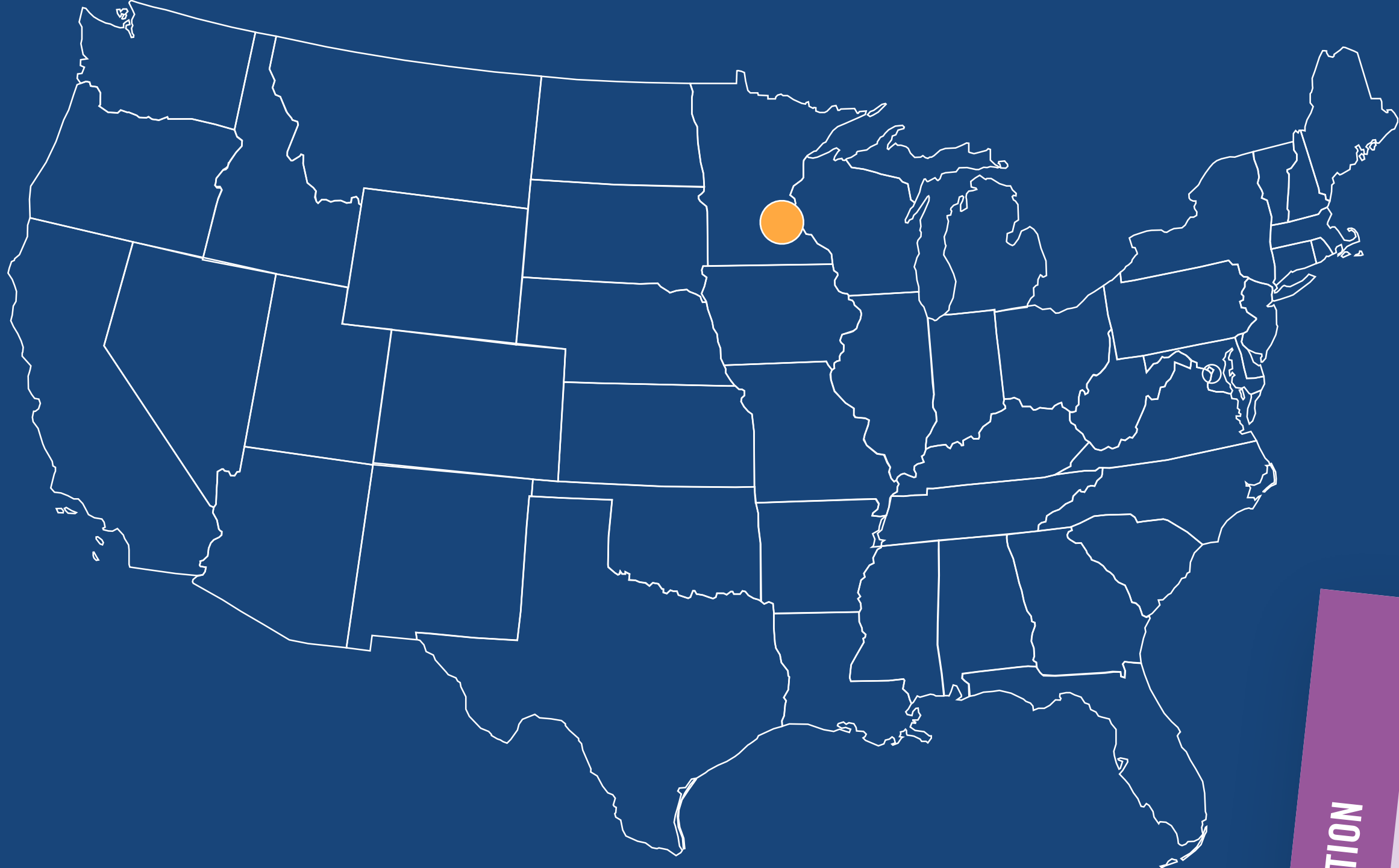


CONNECT  
PLACE

# Minneapolis-St Paul Regional Dashboard



SET THE  
RIGHT GOALS



**EDUCATION**

STUDENTS ACHIEVING READING STANDARDS  
*This data is for 14-county area*

3RD GRADE **57.8%**  
TREND: SAME

10TH GRADE **61.9%**  
TREND: SAME

MATH STANDARDS  
*This data is for 14-county*

8TH GRADE **62.0%**  
TREND: BETTER

11TH GRADE **52.0%**

**BUSINESS VITALITY**

AVERAGE WEEKLY WAGE  
**\$1,044**  
RANK: 5  
TREND: BETTER

ESTABLISHMENTS SURVIVING 5 YEARS OR MORE

**ECONOMY**

GROSS REGIONAL PRODUCT PER CAPITA  
**\$65,852**  
RANK: 6  
TREND: SAME

VALUE OF EXPORTS  
**\$23.7<sub>B</sub>**  
RANK: 5  
TREND: BETTER

EMPLOYMENT GAP WHITE-OF-COLOR (AGED 16-64 YRS)  
**13.0**  
PERCENTAGE POINTS  
RANK: 12  
TREND: BETTER

**LIVABILITY**

PERCENT OF POPULATION THAT IS OBESE  
**23.9%**  
RANK: 5

NUMBER OF VIOLENT CRIMES PER

**INFRASTRUCTURE**

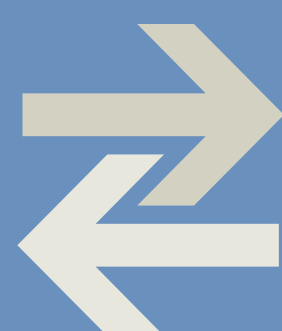
PERCENT OF POPULATION THAT HAS ACCESS TO ADVERTISED BROADBAND SPEEDS OF 1GB OR HIGHER  
**5.3%**  
RANK: 6  
TREND: —

NUMBER OF DIRECT ROUTES OUT OF MSP AIRPORT  
**133**  
RANK: 5  
TREND: BETTER

# Milwaukee Regional-local alignment



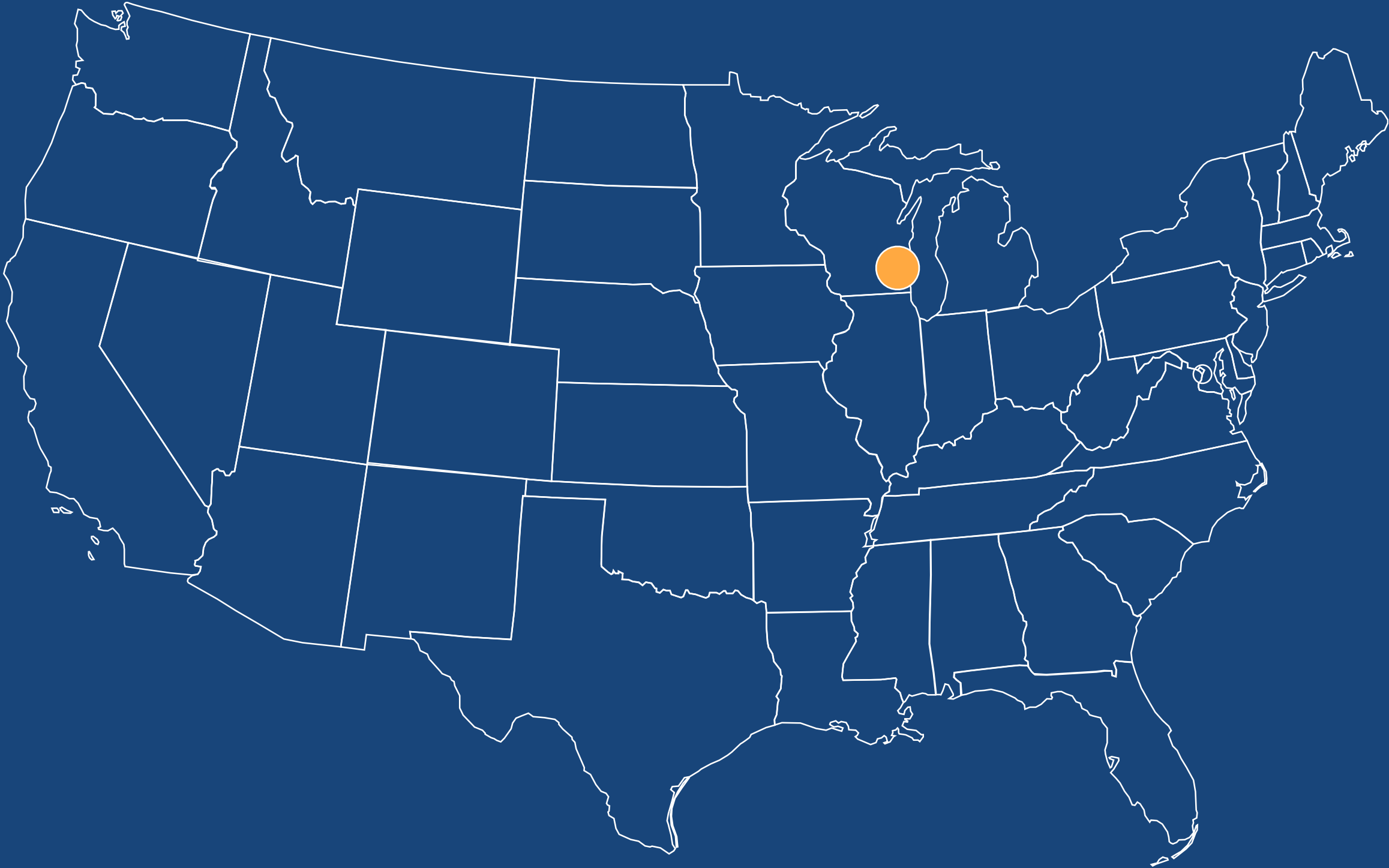
GROW FROM WITHIN



BOOST TRADE

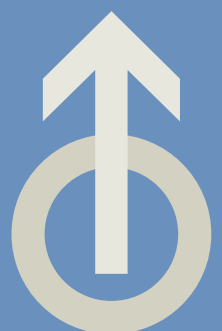


CONNECT PLACE





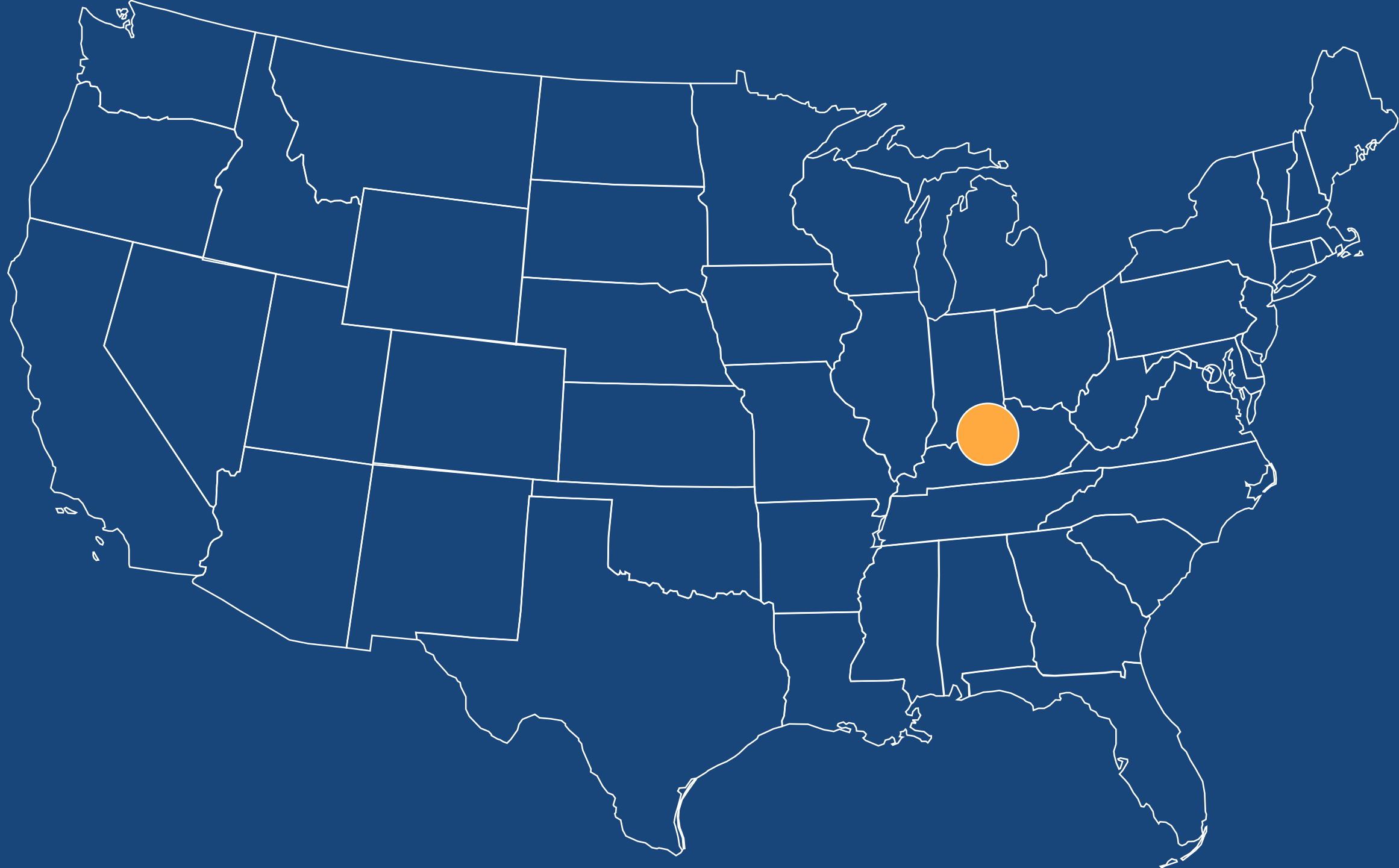
# Louisville-Lexington Kentucky FAME



GROW FROM  
WITHIN



INVEST IN  
PEOPLE  
AND SKILLS



# KYFAM



UNIVERSITY OF  
**LOUISVILLE**

# The Future of Economic Development

Moving towards growth, prosperity, and inclusion

AMY LIU

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 @amy\_liuw

IEDC Summit  
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