**ABE30 Transportation Issues in Major US Cities Committee**

TRB Annual Meeting

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Presentation by Bruce Katz

About his latest book, currently in the works

We are living through one of the most disruptive periods in recent history - huge economic changes. The number of poor or near poor has increased 26 million in the last decade – and it is not just the economic recession. We need more jobs, we need better jobs, and we need accessible jobs.

The only way to make it happen:

1. Have to purposefully restructure our economy - our growth model is primarily based on consumption and debt, and that caused the problem. We need to focus on innovation and making things again - innovative and manufacturing. Have to be low carbon about it too. Have to export - we are not going to be the center. We need an economy rich with opportunity
2. We have to rethink our places- sprawling is not good for innovation and synergy.

To do this, you have to have a federal government. We are currently living in a failed state. This is due to decades of partisan rancor. Bigger issue than partisan rancor: we are hoarders. We just collect new regulations, never discard anything.

The states think about their major cities as cash cows to be milked, not racehorses to be prized and run. States are anachronistic and they just don't get the drivers of our metropolitan economy.

We are home alone - due to dysfunctions at the state and federal level, the real functional level of government is cities and metro areas, but they aren't in the constitution. The rest of the world gets the metro focus.

He sees us shifting to a new federalism, getting the federal government out of things. They will do less, hopefully they will do it better. Cities have to build the network and do what they need - the challenge is getting the states and Feds to understand that if the cities and metros are successful, the country will be successful.

1. Economic development models- Stadium building is parasitic, advanced innovation clusters are catalytic
2. Transit as the connector for innovation - downtowns and mid towns now connected by transit. Millions will move into these areas due to market and demographic forces
3. Immigration is seen as a threat, but it is what makes us healthy. We are the only mature economy with this- otherwise our pop would be shrinking like Germany and Japan, with no one to care for our aging pop. Houston is a case study in this - the most majority minority city in the country. (Our lexicon is ridiculous in this modern world.)

We act as if it is the 1920s where a bunch of small towns and rural areas are running the country, but it is clearly not. His book is a call to action to change the way we think about our country. He thinks we are stuck with our dysfunctional Congress and federal government. Metros are the one place where people can come together - because *people care about place* and will rise above the differences. It is hard, but we can do it in our urban areas.

We have much to learn from abroad - how to grow in low-carbon ways, to embed technology to benefit multiple objectives

The responses from cities:

1. Panic
2. Hoping the Feds will come back
3. Taking this on because they recognize the reality

Up next for him: the “get stuff done” tour

Q&A

Q: Models we can look to internationally?

A: He sees fed governments falling apart all over. China is actually more like us than we know

Q: Where do get the idea that we think the federal government is so important to cities?

A: Federal government sets the immigration policy, trade policy (which is rural dominated), tax policy; R&D is largely federally funded and one of our major assets; protects us (less central); runs entitlement programs

-- these are the roles the Feds should do and do well

Q: The catalyst for this change/shift - might be a fiscal cliff or natural disaster? Does he think it will be a big thing or a series of small changes?

A: He thinks the shift has started - the federal government is moving towards capping out on what it can do. Sends a message about what the Feds can provide, metros and cities will have to find their own model. He does not think it will be one shock event.

Comment: Cities are already on this path - NYC on the environment, LA on transit

Response: the mayor might get it, but the whole network in the city doesn't. How good are you at building networks? A lot of this has to be one in collaborative fashion. Big cities can do it a bit more now, further down the ladder it's more network reliant and not as strong yet.

The media is in for a shock - they are Washington obsessed

Q: Inter urban economics and inter metro trade - how do we get that trade without the Feds? Since the interstate system and DOT were originally to address that.

A: He thinks we do not understand well how manufacturing works. Urban planning still thinks that if you're within an hour of some place you have a special relationship, but that's not how the economics work. Hard to get from the data on exports to work, but he is trying. We can't stay in post-industrial nirvana - things can't just be thought up here and assume it will be produced elsewhere.

Q: Will there be a website to keep this dialogue going?

A: Al Gore did an app a few years ago that was great - following a similar model. Want to have an interactive blog so readers can interact, When you have innovation in city X, how do you spread it? Used to be a city did something and then the Feds scaled it up. Now a city does something, and it spreads horizontally via networks and online.

Q: Is the tea party an adolescent version of this?

A: There is a lot of similarity, but unlike the tea party, he is a little saddened by the federal decline. And he is worried about low income individuals being hurt by this - the federal government put a floor under them. But like the tea party, he thinks the US has so much more to give at the level that we live. This is liberating and exhilarating. What we do will start to better correlate with how the market works

Q: Are there limitations due to our current tax and revenue structure?

A: Our tax structure is still too tilted to the higher levels. But he thinks it will happen defaced - the federal government will bound their spending, and as economy grows, can get more money in the world

A lot of the trends will be private and civic driven, not municipality driven - set up funds at the local banks to support where the economy is going. Private Innovation is about to be unleashed, and in a more positive way than the derivatives innovation. Public will be supportive.

Q: How is this going to play out globally? Not just China and other places we are paying attention to.

A: Countries are coming online and urbanizing extremely quickly when they do. The US (and IMF and WB) has not been a good partner, because we still see them as rural. They need to be able to help these places grow better- figure out to help ourselves and then export it. Help the world urbanize smartly! We are in a position to really help support, but unclear if we will step into the gap. Networks of cities will be set up to fill the gap.

Q: What is the relevance of states given the way our country is working?

A: If you started the US now, you'd build cities and metros into the constitution at a minimum, like South Africa. Cities and metros are the test labs for innovation - the lab creatures should be running things now. It's an organizing thing - if you can get your cities and metros organized around key issues, the more states will get out of the way. We have to end our view of hierarchy and stop looking up to states.