Chicago Policy Review
Insights from Research and Practice

One Region, Two Plans? How Chicagoland Can Take Economic Flight

Mar 12th, 2012 | By Paula Worthington | Category: Public Finance, Urban Affairs

Paula R. Worthington is a senior lecturer in the Harris School, where she teaches classes in state and local public finance and cost-benefit analysis. She has served as a member of the on the Metropolitan Planning Council's Regional Planning and Investments Committee (2010-present); the Illinois Tax Foundation's Research Advisory Council (2009-present); the Chicago Metropolitan Agency for Planning's Financial Plan Resource Group (2008-2009); and Evanston/Skokie School District 65's Citizens' Budget Committee (2003-2004). She contributed to the OECD's Chicago Tri-State Metropolitan Area Territorial Review. All opinions expressed are the author's own.


Paula R. Worthington, PhD

This week's release of the OECD's Territorial Review of the Chicago metropolitan area comes on the heels of last month's World Business Chicago's report, *A Plan for Economic Growth and Jobs*. Taken together, these reports offer a sobering assessment of the region's challenges.

But they also offer some concrete plans and suggestions, both short-term and long-term, to meet those challenges. I briefly summarize those challenges and proposed solutions, emphasize the need to develop effective mechanisms to coordinate and integrate economic planning and policy in the region, and argue that successful completion of existing initiatives and efforts will be the best way to showcase the value of collaboration and coordination throughout the region.

The good news

The Chicago region is the 8th largest metropolitan economy in the OECD, ranking third (to New York and Los Angeles) in the U.S. in terms of GDP, sixth in terms of per capita GDP (after New York, Los Angeles, San Francisco, Boston, and Houston). The region is economically diversified, has a well-educated workforce, and has seen significant growth in the emerging green and nano- technology sectors. It has particular strengths in transportation and logistics, moving substantial flows of passengers and freight via rail, road and air. And Chicago consistently ranks near the top of domestic and international "league" tables.

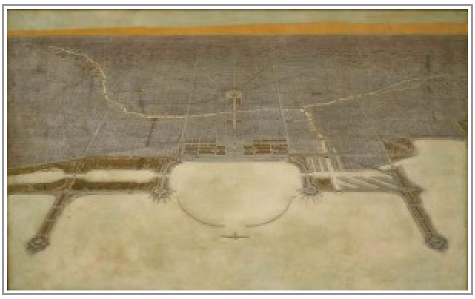
For example, PricewaterhouseCoopers' recent "Cities of Opportunity" study ranked Chicago 7th out of 26 global cities surveyed and described its top 10 cities as balanced "centers of economic energy and intellectual vitality," indicating Chicago's particular strengths in transportation and infrastructure, health, safety, and security.

The bad news

Chicago's economic growth has lagged behind other U.S. cities for most of this century, both in total and per capita terms. Compared to other OECD metro-regions, the Chicago tri-state region has fallen even further behind, ranking only 56th of 84 in terms of per capita GDP growth between 2001 and 2007—even before the most recent world-wide recession.

The region's workforce is aging, labor productivity growth has been sluggish, and a significant skills mismatch has emerged, with firms unable to hire the mix of workers they require and unemployed or underemployed workers unable to find jobs. Right now, workforce development plans, programs, and initiatives are poorly coordinated with employer needs across levels of government, K-12 schools, and post-secondary institutions.

The region's infrastructure needs are great and underfunded, and rising traffic congestion threatens to choke the vital movements of passengers and freight within and across the tri-state region. Further still, institutional fragmentation, lack of shared vision, and, too often, a "petty, predatory zero-sum intra-regional competitive approach to economic growth and job-creation" are serious regional weaknesses, as the OECD report explains.



1909 Plan of Chicago map (The Burnham Plan Centennial, University of Chicago)

The solution

Both the OECD and WBC plans recommend strategic planning and focus to move the region back onto a high growth path. They both emphasize building on Chicago's strengths, long-standing and emerging, in advanced and green technologies and manufacturing. They both suggest rationalizing and integrating workforce development plans; encouraging innovation and entrepreneurial activity; and investing in high-return transportation, transit, water, and energy infrastructure projects that will raise productivity, improve quality of life, and enhance the region's role as a logistics and transportation center of the nation.

The OECD report, however, also focuses on the crucial role of institutional arrangements and on how the various stakeholders in the Chicago metro-region can begin working more constructively and more cooperatively with each other to attain their shared goals.

The OECD report highlights many instances in which intra-regional rivalry and lack of cooperation and coordination have damaged the region's prospects.

The OECD report highlights many instances in which intra-regional rivalry and lack of cooperation and coordination have damaged the region's prospects.

Take transportation. Where is the tri-state region's master plan for a comprehensive, integrated plan for road, rail and air travel? Where are inter-county bus services? Express rail to and from airports? Holistic regional planning for air service and serious road congestion mitigation plans that cross jurisdictional boundaries?

Responsibility for planning, funding, and delivering transportation and transit services throughout the region is now spread across many different entities: three states; 21 counties; many municipalities; several regional transportation authorities; and the region's three metropolitan planning organizations (MPOs)—CMAP (Chicago Metropolitan Agency for Planning), SEWRPC (Southeastern Wisconsin Regional Planning Commission), and NIRPC (Northwestern Indiana Regional Planning Commission). How can the region's leaders more effectively "erase" these jurisdictional boundaries, as Daniel Burnham's 1909 "Plan of Chicago" maps do, and deliver the world-class transportation and transit network the region needs to thrive in the 21st century?

In brief, the OECD's answer is to reinvigorate and redirect the energies of existing agencies, governments, and other stakeholders with a laser-beam focus on regional cooperation, coordination, and collaboration. That is, the OECD does not suggest creation of yet another regional body that would overlay the region's existing, highly fragmented landscape of governmental bodies. Instead, says the OECD, let the MPO's lead an effort to collaborate themselves on land use, water, and transportation issues, going across state lines to do so.

Who is on board?

Surely no one would oppose more cooperation, coordination, and collaboration?

Alas, not true. The Chicago metro-region straddles three different states, each with its own set of economic and fiscal concerns, objectives, and limitations, and state leaders in Illinois, Indiana, and Wisconsin appear unable or unwilling at present to recognize the economic integration of the region or to put policy muscle behind that recognition. Instead, as the OECD report amply documents, we often observe zero-sum squabbling over the movement of business activity from one place to another within the region, generating no net change in economic activity overall.

How can the region compete with metro regions in Brazil, India, and China if leaders are preoccupied with business re-locations between Illinois and Indiana?

How can the region compete with metro regions in Brazil, India, and China if leaders are preoccupied with business re-locations between Illinois and Indiana?

We cannot expect the states themselves to lead this policy integration effort. Instead, says the OECD, we should turn to the MPOs to lead and bring to bear the substantial resources and energies from other stakeholders in the Chicago tri-state region. The MPOs and other stakeholders have already demonstrated a willingness and capacity to reach out across jurisdictions and to work with other entities for the greater good of the region, and these efforts should continue.

The three MPOs have each developed long-range strategic plans with visions for land use, transportation, the environment, and economic development in their regions, and leadership from the MPOs meet regularly to discuss issues of shared concern. And the city of Chicago and Cook County have several such coordination initiatives underway in the areas of procurement and workforce development The region's business and civic institutions, such as the Civic Committee, the Chicagoland

Chamber of Commerce, World Business Chicago, and Metropolis Strategies in Chicago; the Milwaukee 7 in southeastern Wisconsin; and the Northwest Indiana Forum in Indiana have all devoted considerable effort and support for regional thinking, planning, and doing in the metro region.

Similarly, leveraging the considerable assets of the region's major colleges and universities could be very effective in developing a more robust and dynamic business culture that supports innovation and entrepreneurship region-wide. Furthermore, various policy groups, such as the Metropolitan Planning Council, have expertise and experience in working with multiple constituencies on transit, infrastructure, and local economic development projects throughout the region, ranging from I-90 congestion relief northwest of O'Hare; to bus rapid transit inside the city; and to economic planning support in Gary, Indiana, through the MPC's Gary and Region Investment Project.

Make no little plans?

All of these local projects already underway require the collaboration of multiple groups, agencies, and governments. And surely we can hope that success in these settings will demonstrate the value of such cooperation—and, down the line, attract meaningful support and financial resources from state and federal policymakers to help the region meet its goals.

While Burnham's advice to make no little plans is well-taken, policymakers in the region should recognize that successful execution of smaller, more localized efforts will demonstrate the value of fully integrated, collaborative, regional planning for the Chicago tri-state metro region. Let's hope that when faced with these local success stories, state and federal officials will take note and will direct significant additional funds to the region—perhaps even taking credit for the ideas in the first place!

Surely that would be a small price to pay for seeing the Chicago metro region retain and enhance its stature as a dynamic, world class urban center in the heart of the U.S. Midwest.