

**Federal Reserve Bank of Chicago**  
**Fifth Annual Summit on Regional Competitiveness**  
**October 16, 2017**

**Greeting and Welcome**

JEREMIAH BOYLE: Good morning, ladies and gentlemen. My name is Jerry Boyle. I'm an Assistant Vice President and Managing Director of Community and Economic Development for the Federal Reserve Bank of Chicago. And, on behalf of Federal Reserve, I'd like to welcome you to our humble abode here. We are very pleased to be hosting, for the fifth year running, the Summit on Regional Competitiveness.

As many of you know, or may know, the Federal Reserve has a dual mandate established by Congress to promote economic growth and job stability, price stability, as best we can. That is our monetary policy. But we also have within the Federal Reserve my group, which is Community Development Policy Studies. My boss, Alicia Williams, is here in the back of the room there.

We were created after the passage of the Community Reinvestment Act, which mandated that financial institutions had an obligation to lend and invest and provide services in all the communities from which they draw deposits, and in particular, low and moderate income

communities. So, we were created as a means of helping financial institutions and community groups efficiently fulfill the requirements of that Community Reinvestment Act.

That puts us in the realm of community development, particularly with low and moderate income populations and geographies. And so, we are keenly aware of all of the challenges that prevent fair and equal access to credit, capital, and opportunity. And in all of the studies that we have been part of, one of the interesting things is that successful small cities and successful neighborhoods that are doing things that promote their own economic competitiveness are doing so because they are at least aware of, in part, of their connection to their regional economy. Whether it is effective labor market programs, whether it is effective economic development programs, somebody has made the connection between what they are doing at the very local level and what they are doing at least at the regional level, if not the national and international level.

So, that's how we come to be involved in this Summit. And so, as I said, we're glad to have been doing this for five years. And we look forward to continuing to do that, although I will note that this was created after a report

was written, and in order to get our hands on that report, I understand people had to travel to Paris to do that. I've never gotten that. So, if we're going to continue this, I'm just putting that out there as a maybe.

But seriously, I'm very glad that we're able to do this. And on behalf of the Federal Reserve Bank of Chicago, we very much look forward to hearing all of the proceedings from today. And with that, I'd like to introduce our partner in crime, Kelly O'Brien.

KELLY O'BRIEN: Well, good morning, everybody. To begin today, technology requires that we note three important things: Tweeting will happen, and hashtag: Mapping the Region's Future. So, if you are Twitter people, please make sure that you tweet today.

We also ask that you like the Alliance Facebook page. And we will be posting pictures throughout the course of the day. And we again encourage you to comment and keep that active.

And then, we also want to make sure that you download the conference app, and this is a really important app. Not only will it have all of the PowerPoints and information about today, but one of the things that I really think is really pretty jazzy is the fact that if you check into the app, then you'll be able to see who else is

here. So, if there's somebody that maybe you always wanted to meet, and you have -- you don't know necessarily what they look like, through this app you can send them a message, and make sure that you connect today.

So, in case you're not sure how this works, let me ask. There are video people; if we can queue up the app video.

All right, so, please everybody, take a moment and download the conference app, like the Facebook page, and be prepared to start tweeting.

Now, we do have some very distinguished people here in the room today, including many of the Alliance Board Members. If you are an Alliance Board Member, if you could please stand. So, we have Chancellor Debbie Ford, Chancellor Bill Lowe, Mark Rust, Paul Jones, Greg Hummel, Ty Warner, Jim Ford. I'm sorry, if I can't see because of the lights over here; oh, Mike Hahn, great, Dave Ryan, Joe Szabo. if I've missed anybody, I apologize, but really, this is a wonderful group. These are the Region's leaders; a round of applause, please.

So, think about it: To get where you want to go, it helps to get a good map. The tagline for today's event is Mapping the Future. And the program was organized to highlight features relevant to this phrase. This is what

we have to look forward to. We will start with a keynote addressing the future of work. Next, we will ask panelists to look into a crystal ball for adapting real estate. There will be a presentation of the Visionary Award. The three NPO leaders, who of course are the leading planners in the region, will speak today, and we will learn about their respective priorities for today and the future. USDOT will give us insights into the future for infrastructure investment, and there's so much more.

Organizing the fifth Summit has really been a source of pride. This is a benchmark year. Regional economic development is challenging, which is why I appreciate all of you being here today. As you can probably guess, many elected officials concerned with their own voters do not generally want to expend political capital working across political lines. One exception, of course, is Toni Preckwinkle, which is why she is the well-deserved recipient of the Visionary Leadership Award.

But, what are political lines? Simply, they are man-made geographical boundaries. History has shown that boundaries change. In fact, did you know that just this year, 16 South Carolina residents woke up on January 1<sup>st</sup> and found themselves in North Carolina? And three North Carolina homes were suddenly south of the border. This was

the result of a joint boundary commission created to research and tweak the 334-mile border between the two states. The original border was established in the 1700s using rocks, trees, fence posts. As they degraded, the lines became nebulous.

Today, no one would dream of using rocks and trees to define state boundaries. It is the mission of the Alliance to realize the dream that state boundaries do not define economic development efforts. The organizing principals for the 21<sup>st</sup> century are supply chains and connectivity, not sovereignty and borders. There is just no question that connectivity is changing the role of borders.

As Parag Khanna, the author of the book *Connectography*, quotes, "When we map functional geography, transportation routes, energy grids, financial networks, and internet servers, we are also mapping the pathways by which power is projected and leveraged. The most connected power has the most leverage."

Thought leaders are clear: We need to think functionally, rather than politically. It is cities and regions that are competing against each other in the global economy. As a mega-region, we were provided with a roadmap for growth in the spring of 2012 when the OECD published *The Chicago Tri-State Metropolitan Area Review*. This

report, as many of you know, concluded that the 21-county Milwaukee Chicagoland Northwest, Indiana corridor functions as an economic unit, and collectively is the third largest contributor to the national GDP. But our growth rate has been slipping. For more than a century, our GDP has lagged behind other U.S. metro regions. Wouldn't this suggest that it's time to do something different? I'm suggesting that the map we are following is not getting us where we want to go.

Historically, U.S. infrastructure spending has returned almost two dollars for every one dollar invested. But investment has been trailing off for decades. Our geographic position ensures that we will remain a major transportation hub for both domestic and international traffic, both passenger and freight. But, we must ask ourselves, are we leveraging this to its fullest? Let's not forget that 50 percent of all rail traffic passes through this metro region. That's the good news. The bad news, as you may remember if you attended last year's Summit, is that our infrastructure report card -- well, it's hardly something we would proudly bring home to Mom and Dad: Five of the 20 most congested roads in the U.S. are in the Chicago region. According to the Urban Mobility Scorecard, because of delays and gridlock, drivers spend an

additional 61 hours behind the wheel. That's the equivalent to a week and a half of work.

I'm suggesting that the map we are following is not getting us where we want to go. Okay, I'm going to get wonky for a minute. Our resident economist, Morton Marcus, reviewed data and shared with me that in 2016, the average pay per job in the 21 counties was approximately \$57,600; this is 7.4 percent higher than the national average of \$53,600. Pretty good, right? In three counties, Cook, DuPage, and Lake County, Illinois, they averaged about \$60,000. However, four counties, Kendall, Illinois, as well as Jasper, LaPorte, and Newton, Indiana averaged below \$40,000. Five Alliance counties, Grundy, Will, Kendall, all in Illinois; Kenosha and Ozaukee in Wisconsin, exceeded the national rate for growing jobs, but all five were below the national rate for pay. So, over the course of 10 years, 2006 to 2016, we were creating jobs, but jobs that don't pay that well, while at the same time, five counties growing jobs, good paying jobs, Lake County, Illinois, Newton, Indiana, Jasper, Indiana, Kankakee, Illinois, and Washington County, Wisconsin, were among the slowest growing job counties. But again, they had the jobs that were created with the highest pay.

So although data shows the Alliance footprint has



recovered from the Great Recession, this is almost exclusively a bounce-back by the core area defined as the Chicago, Naperville, Arlington Heights metro division. As a whole, the Alliance region from 2007 until this year has only grown at about 2.4 percent, less than a third of the national job growth rate of 6.2 percent. I don't expect you to remember all of these details, but again, I'm suggesting that the map we are following is not getting us where we want to go.

Today, I suspect that both Foxconn and Amazon will come up in conversation. I also hear a lot about luring businesses across state lines. When most people think about economic development, that's what they think about: Business location and relocation. And I'm the first to say that there should be stiff elbows and fierce competition in that arena, but that is not the only means of economic development. That competition should not preclude us from working together when win-wins can be created, when we can help a business owner or a professional that wants to work across state lines make it less complicated for them; when we can coordinate policies and programs that will spark innovation and stimulate growth. The OECD Review pointed out examples of duplications of services, overtaxation and inefficiencies, and suggested we map out a course for

regional economic development that includes cluster building and enhancing labor productivity and integrating transportation logistics plans that better serve the mobility of people, goods and services into, through, and out the region, I suggest this would be a better map to follow.

So, listen carefully today. Ask questions of the speakers. Fill out the yellow paper survey forms on the tables. Formulate your thoughts, and suggest actions for how we can use the Alliance platform to change the culture of economic development. I hope you enjoy today's program.

So, there's no better way to kick off the program than to hear about the skills revolution, and the future of work from Becky Frankiewicz. Becky is the President of North America for Manpower. Among her many accomplishments: While at Quaker Foods, she was named by Fast Company as one of the most creative people in the industry, anticipating and adapting to fast-changing consumer demands. Her portfolio of expertise includes living innovation, finance strategies, sales, and marketing across divisions. She just completed her first marathon here in Chicago on October 8<sup>th</sup> - congratulations, Becky -- and she might actually put Wonder Woman to shame. So, without any further ado, ladies and gentlemen, Becky Frankiewicz.

(END)