

The High Road Commons for Industrial Innovation and Economic Transition:

A Conceptual Framework for Revitalizing America's Manufacturing Communities

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How can we harness American manufacturing to speed the recovery of regional and local economies that have been hurt by globalization, deindustrialization, and other economic shocks over the past four decades? One strategy would be to establish a “high road commons”—a public commonwealth that would foster the transition to economic prosperity of left-behind Rustbelt rural communities and urban communities alike.

There are many examples of national, state, and local initiatives that support the revitalization of manufacturing communities, through innovation in advanced manufacturing, business retention and the development of industrial ecosystems, innovative workforce education and training approaches, and capital investment. The high road commons model would seek to expand real world successes such as Pittsburgh's Steel Valley Authority, which has used Early Warning and Layoff Aversion to save 23,000 jobs; Chicago's Manufacturing Renaissance, which has united 90 companies and schools to get disadvantaged youth into manufacturing careers; and a pension-fund-driven restructuring of two earth-friendly bus manufacturers into New Flyer Industries, saving 3,500 mostly union jobs.

National High Road Recovery Model

The ***National High Road Model for Manufacturing and Economic Recovery*** (see Figure 1) recognizes the importance of advancing national economic policies to enable a strong American manufacturing base, which include (i) leveling the playing field for U.S. manufacturers in global markets, and (ii) creating and expanding the demand for U.S. made goods. These policies in turn support the creation of a strong *high road commons* as key to reinvigorating manufacturing linked to the economic recovery of struggling American industrial communities. The notion of commons is rooted in the historical practice of people in communities benefitting from the common use of shared lands in a town where their animals would graze. The high road commons marries the capabilities of the nation's *industrial commons*, with a focus on growing a globally competitive advanced manufacturing sector, with those of the *economic transition commons*, which enables the economic adjustment of struggling communities, businesses, and workers. It refers to the resources and capacities that foster advanced manufacturing and revitalize industrial communities.

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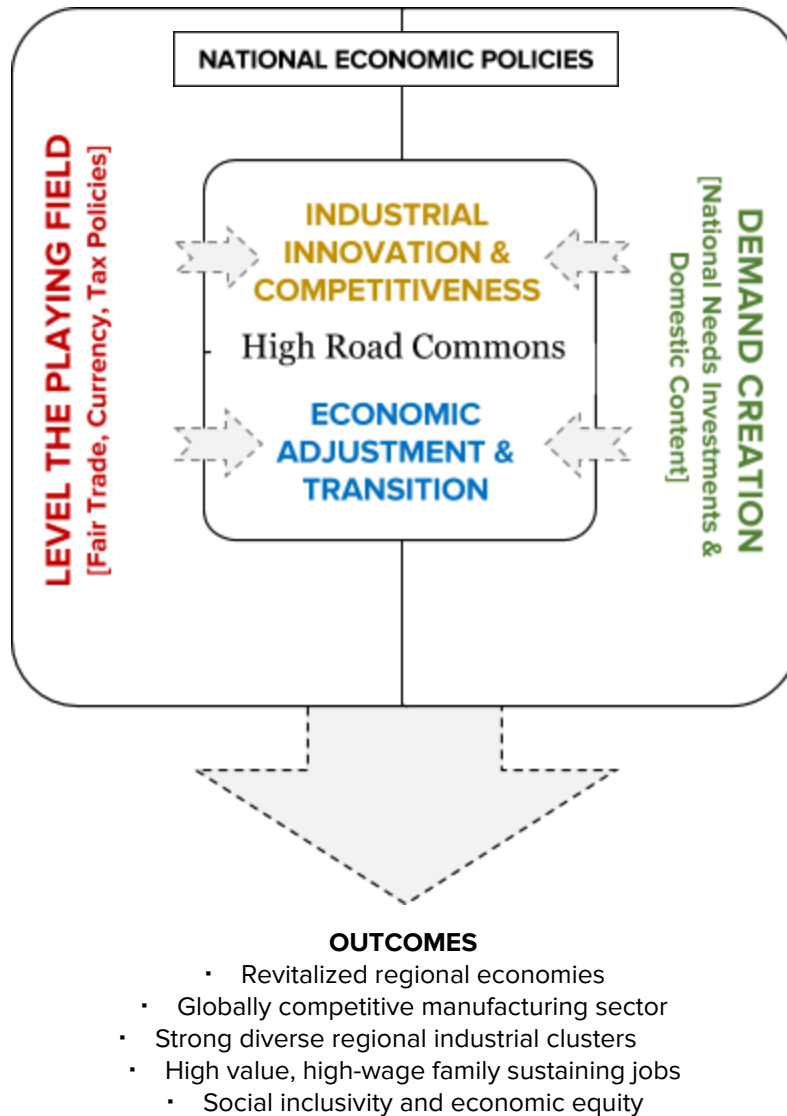
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National Economic Policies address global marketplace challenges that ultimately influence the ability to build a strong industrial commons that supports successful manufacturing-driven economic recovery.

- **“Level the playing field”** policies increase the competitiveness of U.S. companies in global markets. They include fair trade agreements; enforceable labor and environmental standards; enforcement of unfair trade practices; action against currency overvaluations; and tax and financial reforms to reduce corporate incentives to move production offshore.

Figure 1. High Road Model for Manufacturing and Economic Recovery



- **Demand creation** policies expand the size of domestic markets for manufactured goods including government investments to address major national needs (e.g., infrastructure, clean energy, affordable housing). The latter refers to domestic content requirements in government procurement.

Industrial Commons refers to the capabilities, activities, and resources available in the public, private, and civil sectors, to strengthen innovation and advanced manufacturing capacity and competitiveness. This infrastructure provides the know-how, process development skills, scientific research and engineering capabilities, and suppliers that advanced manufacturers need to grow. Key elements of modern industrial commons include collaborative ecosystems of manufacturers and supporting services and institutions, a labor pool of well-educated and training workers, and access to capital, especially to support the research, development and commercialization of advanced manufacturing technologies.

Economic Transition Commons includes a diversity of economic and workforce development capabilities, activities, and resources in the public, private and civil sectors, to support the economic adjustment and transition of communities, businesses and workers suffering from economic distress.

- **Economic adjustment and transition assistance** programs and resources foster economic recovery and growth, and strengthen the competitiveness of regional and local industries. These include economic development activities, such as economic assessment and strategic planning; public works and infrastructure investments; technical assistance for local economic development practitioners; business attraction and retention (including early warning and layoff aversion); industrial cluster development; support for small and mid-sized manufacturers; supply chain development and capital resources.
- **Workforce adjustment and transition** programs help workers adjust to the impacts of economic dislocations, offering job training and assistance (job search, job placement and relocation) services. Their purpose is to enable displaced workers to obtain the skills and assistance needed to retain or obtain family-sustaining jobs in their communities.
- **Safety-net protections** provide an economic floor for dislocated workers and their families. It includes income maintenance, retirement security, health care security and other protections for workers who have experienced economic dislocation. The purpose is to ensure that vulnerable and dislocated workers have sufficient resources to support themselves especially as they transition to new job opportunities, or in the case of older workers, enable them to retire with dignity.

High Road Commons connects the capabilities, resources and services of the industrial commons, to those of the transition commons, to enable America's economically distressed communities, struggling businesses, and dislocated workers to benefit from the revitalization of manufacturing, and successfully transition to more economically competitive and prosperous activities in the marketplace. Although a strong industrial commons may support the retention and growth of globally competitive, advanced manufacturing industries in the United States, the resulting gains do not automatically go to economically distressed communities, or help vulnerable and displaced workers. The marriage of the industrial and transition commons ensures these benefits are applied to helping economically struggling communities and workers.

Some of the main characteristics of the high road commons includes emphases on manufacturing as key to revitalizing struggling industrial communities; the retention, restoration, and creation of high-wage, high value family supporting jobs; bottom-up and collaborative approaches involving governmental, private sector and civil society stakeholders; the linkage of workforce and economic development objectives and initiatives; and, social inclusion. Its principal components include:

Stakeholder driven economic development planning, assessment and implementation.

- A strong network of collaborative innovation ecosystems, inclusive of regional industrial cluster

development partnerships or consortia.

- Sustained federal, state and private sector investments in research and technology development that support innovation and applications in advanced manufacturing.
- Technical assistance and support for small and mid-sized manufacturers and supplier chains.
- Well-resourced and accessible capital strategies and financing options.
- A robust system of workforce education, training and certification, to enable young people and workers seeking employment to qualify for high-value jobs in manufacturing and emerging industries, while building a high-skilled workforce to meet the needs of those sectors.
- Specific goals and priorities around inclusion of women and people of color embedded throughout workforce and economic development.
- A comprehensive, well-resourced safety-net and system of social protections, to mitigate the hardships and provide supports for workers adjusting to economic shocks.
- Investment in infrastructure and public works to drive demand and attract new businesses.

High Road Best Practices

The major federal agencies that support science technology R&D are the cornerstone of the industrial commons. The federal economic and workforce development agencies govern and provide financial support for the nation's economic transition commons. However, both commons have had serious weaknesses and inadequacies as investments have waned since the 1980s despite increased challenges posed by globalization. America's industrial and economic transition commons compare unfavorably those of other advanced nations (i.e., Germany, Scandinavia), which invest substantially more in their economic transition commons. Addressing these shortcomings and strengthening the two commons is a necessary condition for constructing a strong high road commons.

Nevertheless, there are notable examples of federal initiatives moving towards the high road commons, including new initiatives started during the Obama Administration. Manufacturing communities have also led the way, creating new initiatives at the state and local level that could be scaled into a fully functioning high road commons. Table 1 describes several of these best practice examples, illustrating major elements of the high road commons. A sample is summarized below:

High Road Productivity and Innovation

- *Manufacturing USA*. A federal interagency-funded network of 14 public-private regional institutes in locations across the country, led by the National Institute of Standards and Technology (NIST). It unites academia, large companies, small business, and government, emphasizing innovation, collaboration, and workforce education and training in critical advanced manufacturing areas. The network already includes nearly 1,200 companies, government agencies, non-profits, and academic institutions.
- *Northeast Ohio Clusters Project*. Launched in the mid-1990s, by four leading economic development organizations, to accelerate economic growth in Northeast Ohio based on building clusters of suppliers, customers, and resources in eight key industries. A major success story is the growth of the region's large polymer and plastics industry cluster centered in the Greater Akron Region, a former hub of rubber production. Northeast Ohio has the largest concentration of plastics and rubber plants in North America, including 16,000 Ohioans who work in the regions' polymer sector.
- *Cincinnati Made/First Batch*, Cincinnati, OH. A marketing, events and accelerator platform to connect local makers, create a space for shared resources and assists with business development through the First Batch program, billed as the "nation's only business accelerator dedicated to physical products and local manufacturing."

Table 1. HIGH ROAD COMMONS INITIATIVES & BEST PRACTICE EXAMPLES

Productivity and Innovation	Economic Transition & Development	Workforce Readiness & Adjustment	Financing and Investment
<ul style="list-style-type: none"> • Manufacturing USA • Hollings Manufacturing Extension Partnership • Northeast Ohio Cluster Project • Cincinnati Made/First Batch • Greenpoint Manufacturing and Design Center 	<ul style="list-style-type: none"> • POWER+ Initiative • Investing in Manufacturing Communities Partnership • Steel Valley Authority and SEWN • Form to Factory Program • Keystone Research Center/EARN Network • Urban Manufacturing Alliance 	<ul style="list-style-type: none"> • Chicago Manufacturing Renaissance Council • Manufacturing Connect • National Network of Sector Partnerships • Midwest Urban Strategies Consortium • Wisconsin Regional Training Partnership • ICATT Apprenticeship Program 	<ul style="list-style-type: none"> • Heartland Capital Strategies • KPS Capital Partners/ New Flyer Industries • HIT's Midwest@Work Initiative • ULLICO Infrastructure Fund • Michigan PACE • Green Fund

High Road Economic Transition and Development

- *Partnership for Opportunity and Workforce and Economic Revitalization (POWER) Initiative.* A multi-agency effort, led by the Economic Development Administration (EDA), to invest federal economic and workforce development resources in regions affected by changes in the coal economy, the program has awarded nearly \$115.8 million to coal communities across the country, which has enabled more than 120 organizations—from state governments to nonprofits—to create, enlarge, or improve programs that benefit coal miners and their communities in more than 20 states.
- *Steel Valley Authority/Strategic Early Warning Network (SVA/SEWN).* A regional authority in Pennsylvania that has turned around 1,200 small-medium sized manufacturing firms and averted or deferred the loss of over 23,000 good jobs, SVA has helped communities survive traumatic changes in the global economy for 25 years. A notable example, SVA helped the Lancaster-based Bollman Hat Company, the oldest hat firm in the United States, bring back its Kangol Hat Brand from China, creating 20 jobs in the process, an example of dozens of re-shoring initiatives in the Industrial Heartland.

High Road Workforce Readiness and Adjustment

- *Chicagoland Manufacturing Renaissance (CMR).* A public-private-labor-community partnership to reconnect public education to the needs of young people and manufacturing, including closing the skills and success gaps. CMR has launched three inner city high schools focused on minority youth, created 300 paid internships and summer jobs, provided 347 nationally recognized industry credentials, fostered 65 full-time manufacturing jobs, and partnered with 96 companies.
- *Midwest Urban Strategies Consortium (MUSC).* Joins Midwestern workforce development boards to develop effective, well-resourced workforce systems involving companies, industry associations, unions and labor-management partnerships. It seeks to align workforce and economic development, education, community-based organizations, and business services in key industries like construction, manufacturing, health care and IT. MUSC has secured \$13 million to develop the talent pipeline in these sectors, and plans to place more than 1,200 people in high growth industries across nine cities and seven states.

High Road Financing and Investment

- *KPS Capital Partners/New Flyer Industries.* A family of private equity funds with more than \$5.7 billion in assets, capitalized partly with workers' pensions, KPS restructured and merged two of the most innovative, earth-friendly bus manufacturers in North America, New Flyer Industries and Motor Coach Industries, securing over 3,500 mainly union jobs.
- *AFL-CIO Housing Investment Trust (HIT) Midwest@Work.* Capitalized by workers' pensions, the HIT's investment strategy targets the Industrial Heartland to spur economic development and job creation in areas hit hard by manufacturing job losses. Its Midwest@Work Initiative is investing \$1.2 billion in nine cities in the Heartland, to provide economic development and affordable housing, and generate 25,000 jobs and a total economic impact of nearly \$4 billion over seven years.

Public Commonwealth Agenda

The report concludes with recommendations for addressing the shortcomings of the nation's industrial and economic transition commons, and for building a strong, effective high road commons. This public commonwealth agenda envisions a restored role for the public sector to catalyze the growth of an innovative economy that delivers shared prosperity. This is an urgent issue as the Administration FY 2018 budget proposes to eliminate (in the case of the Manufacturing Extension Partnership and EDA) or significantly cut (in the case of Manufacturing USA and the Workforce Investment and Opportunities Act) crucial aspect of the industrial and transition commons. Finally, it proposes the creation of a Community of Practice (COP) that brings together organizations, programs, and initiatives involving stakeholders from government, industry and civil society to collaboratively support high road economic and workforce development strategies. The COP would become a center for sharing information, mutual technical assistance, public policy assessment, and mutual learning in the high road commons.

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