

Summary

Regional Economies in Transition: Analyzing Trends in Advanced Industries, Manufacturing, and the Service Sector to Inform Inclusive Growth Strategies

PolicyLink

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for Inclusive
Growth

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PolicyLink is a national research and action institute advancing racial and economic equity by **Lifting Up What Works®**.

In the wake of the Great Recession and the still-unfinished economic recovery, the United States is at a critical juncture. Accelerating social and technological forces—globalization, automation, and the rise of artificial intelligence, among other developments—are driving growth at an aggregate level, but also contributing to growing racial and economic inequality. At the same time, the nation is rapidly becoming a majority people-of-color nation, and with each passing decade, the depth of racial economic exclusion poses a greater threat to our national prosperity. Amidst changing regional economic conditions, a clear understanding of how these trends interact at the regional level—where local stakeholders have crucial opportunities to take action—is a vital part of building thriving, equitable economies.

Regional Typology Overview

Region Type	Decline in manufacturing	Rise in advanced industries	Quality of service jobs accessible without a BA degree	Number of metros
Leading Tech Hub	Slow	Most Rapid	High	7
High Prospects	Slow	Rapid	Moderate	24
Steady, Looking Up	Moderate	Above Moderate	High	10
Steady, Average	Moderate	Moderate	Moderate	66
Steady, Struggling	Moderate	Moderate	Low	13
Passed Over	Rapid	Slow	Moderate	24
Hardest Hit	Most Rapid	Slow	Low	6

Note: “Quality of service jobs accessible without a BA degree” refers to an index based on cost-of-living–adjusted average annual wages, wage growth, and employment growth in service industries in which the majority of entry-level jobs require less than a BA degree.

In [Regional Economies in Transition: Analyzing Trends in Advanced Industries, Manufacturing, and the Service Sector to Inform Inclusive Growth Strategies](#), PolicyLink and the University of Southern California Program for Environmental and Regional Equity (PERE), with support from the Mastercard Center for Inclusive Growth, examine these trends across the nation’s 150 largest metropolitan areas from 2005–2015, creating a typology that classifies these regions based on: (1) the growth of advanced industries, such as computer systems design and chemical manufacturing; (2) the decline of traditional manufacturing jobs; and (3) the quality of jobs in service-sector industries that generally do not require a BA degree and are therefore more accessible to economically insecure workers.

This typology reveals three key insights:

- Traditional manufacturing jobs are declining in all but a handful of regions, and are unlikely to be a source of quality employment for the economically insecure.
- Though advanced industries are a main source of growth within manufacturing, they are not likely to help traditional manufacturing make a comeback in regions that have been at the forefront of nationwide declines.
- Advanced industry growth appears to have spillover effects that can increase the quantity and quality of service jobs in a region, but these effects are often not enough to lift workers and their families into economic security.

Given that the training and education requirements of advanced industry jobs make them largely inaccessible to economically insecure workers—particularly workers of color—these findings suggest that the development of advanced industries alone is an insufficient strategy for raising overall levels of economic security and reducing racial gaps therein. To tap the talent and potential of all residents and chart a course for inclusive growth, American metros must pursue targeted and comprehensive strategies that advance racial equity, build worker power, and promote high-road business models. Our analysis recommends three priority areas.

Priority 1:

Improve the quality of service jobs to expand economic security and foster racial equity.

Priority 2:

Revitalize manufacturing by supporting labor organizing and the development of worker-ownership structures.

Priority 3:

Design economic development strategies tailored to regional and inter-regional conditions.

Read the report to learn what it reveals about your metro area and to see more recommendations for advancing inclusive growth.

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