

# The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE  
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

## MINNEAPOLIS

GDP (country rank), 2012 <sup>1</sup>	Share National GDP, 2012 <sup>2</sup>	GDP/Capita, 2012 <sup>3</sup>	Population, 2012 (country rank) <sup>4</sup>	Share National Pop., 2012 <sup>5</sup>	GaWC Global City Ranking, 2010 <sup>6</sup>	# Global 2000 HQs, 2012 <sup>7</sup>	GDP/c Growth 1993-2012 <sup>8</sup>
\$192,039,409,330 (14)	1.22%	\$57,348	3,348,689 (16)	1.07%	82	14	1.55%

**1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?**

Minneapolis-Saint Paul (MSP) is an emerging global city that consistently performs well in national rankings based on its stable of business headquarters, a well-educated population, an innovative ecosystem, and a high quality of life. It is less well-known or ranked on a global scale.

MSP is the 16th largest U.S. metro area (3.3 million) and covers an 11-county region in Minnesota and Wisconsin. The region is one of the nation’s business capitals and is home to 19 Fortune 500 headquarters, representing a diverse set of business sectors, including health/medical technologies, finance, manufacturing, retail, and agribusiness. It is the top U.S. center for medical device manufacturing,<sup>9</sup> ranked ninth for technology,<sup>10</sup> and has consistently ranked among the top markets for small business creation and innovation (12th in *Business Journal’s* 2011 study).<sup>11</sup> The University of Minnesota ranks 18th among U.S. universities for foreign students, with 5,124 in 2011. MSP consistently receives high praise for many facets related to quality of life, including number-one U.S. biking city,<sup>12</sup> a top 10 “green city,”<sup>13</sup> and “fittest city.”<sup>14</sup> The region also ranks among the top 10 in creative class and culture rankings<sup>15</sup> and is often recognized as the nation’s most “civic minded” community due to its high rate of giving and volunteering.<sup>16</sup>

**2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?**

Minneapolis-Saint Paul is frequently characterized as a metro area that outperforms relative to markets of its size. Minneapolis was the milling capital of the world at the turn of the 20th century. The natural waterfall on the Mississippi River generated the power to transform small flour mills into global powerhouses – General Mills and Pillsbury are two of note. The strength of these global milling giants gave rise to advertising firms that created advertising campaigns and brand identity such as Gold Medal Flour and Betty Crocker, and the firms attracted creative talent that remains a force to this day. The milling industry also nurtured the early development and growth of what are now some of the largest (and most stable) financial sector companies in the world, including Fortune 500 members U.S. Bank and Thrivent. Two others – Medtronic and Saint Jude Medical – emerged early in the 20th century from the laboratories of the University of Minnesota. Their successes, and those of hundreds of smaller suppliers, have made Minneapolis a world leader in medical technology. MSP has given birth to hundreds of life-saving and life-enhancing inventions. EcoLab, General Mills, and 3M are all frequently recognized as being among the most innovative companies in the world.<sup>17</sup> Today, MSP is characterized by a diversified economy that is not tied to the fortunes of any single economic sector.

MSP's top economic and differentiating anchors are its relatively large base of Fortune 500 headquarters, including such top brands as Cargill, United Health Group, 3M, Target, Best Buy, Medtronic, and General Mills; the health and medical instruments cluster (including the nearby Mayo Clinic, recognized as one of the premier medical centers in the world); the state capital in Saint Paul; the University of Minnesota; and the Mall of America (largest mall in the world, with 40 million visitors annually). These institutions and businesses have served to produce and attract a highly educated population, a workforce with a strong work ethic, and a culture of innovation and entrepreneurship.

Regional cooperation is a strong and recognized characteristic of MSP, exemplified by the Metropolitan Council and the Fiscal Disparities Act, which are widely recognized as national models. The 40-year old council is viewed as having done an exemplary job on regional planning and development. The 35-year old Fiscal Disparities Act, a model regional tax-base-sharing law, requires all communities in a seven-county area to share 40 percent of future growth in their commercial industrial tax base with each other. These are considered major assets that have helped maintain and propel the region's quality of life and reduce economic disparities.

However, in recent years there has been increasing concern among public- and private-sector leadership that the region is not maintaining its lead position relative to its peers on many fronts, is starting to "level off," is not adequately leveraging its considerable strengths into an associated level of economic growth, and does not have a recognizable national or global brand or identity in the market that would match its considerable assets.<sup>18</sup> While MSP is a model of regionalism in some aspects, its economic development efforts have been (until recently) more fragmented and not regional in scope. The recession and financial downturn impacted the region significantly, with (as in most U.S. metro areas) a large decline in home prices, downsizing at many of its largest companies, and a concern that the region is not spawning an adequate level of entrepreneurial ventures. That said, MSP continues to outperform most large U.S. metros on most major economic indicators.

### **3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?**

MSP has many of the critical assets and components of an emerging global city; however, its global connections and relevancy have not been well-publicized, understood, or pulled together in a way that would lead to an overall international orientation. Instead, the many components of the metro area's global orientation and connectivity have tended to operate independently on their global pursuits. Multinational companies, the University of Minnesota, state and regional chambers and economic development groups, and elected officials, among others, have been increasing their global connections, but independently, as opposed to part of a unified, coordinated regional effort. MSP International Airport keeps the region relatively well connected, ranking 18th among U.S. airports with 1.8 million international passengers in 2011.<sup>19</sup>

At \$17.6 billion, MSP ranked 14th in the United States for exports in 2010. The region has a healthy, diversified mix of goods and services exports (that mirrors the United States overall), which is led by export sales in machinery, computers, medical devices, and business services. However, the metro area ranked only 46th among the top 100 U.S. metro areas for exports as a share of GDP and only 80th for export growth from 2003 to 2008. The 11.6 percent export growth rate from 2009 to 2010 helped to improve the region's ranking to 37th for that year.<sup>20</sup>

#### 4) To what extent is the city's international dimension inherited or intentional?

Despite its reputation for outperforming relative to markets of its size, MSP has not historically been highly intentional about its global future or about pursuing economic development from a regional or strategic perspective. However, this is changing. Average performance during the economic downturn relative to peers in certain areas has led MSP to become more intentional about its economic future and about acting as a cohesive region to position itself nationally and globally. The recently formed "Greater MSP," with strong support from the public and private sectors, is the metro area's first regional economic development partnership and now serves as the cornerstone for stimulating growth in the region and marketing MSP as a national and global business center. In 2010–11, MSP developed a metro business plan designed to create an overall economic strategic plan for the region based on unique leverage points and industry clusters. In 2011–12, MSP embarked on an effort to be more intentional about its export and global engagement effort through development of a metro export plan and implementation of a related export initiative. This initiative involves strong, committed engagement from federal, state, and local leaders, and one of three primary objectives of the plan is for the region to become more globally fluent.

The federal Office of Refugee Resettlement has targeted the region as a primary refugee resettlement area, due to ample job opportunities, a low cost of living, and strong nonprofit organizations that form a settlement safety net. This has resulted in significant populations of Somali, Hmong, Vietnamese, Ethiopian, and Liberian immigrants. Regional leaders see these populations as critical to the metro area's effective future engagement in the world economy and have designed and implemented specific programs to support their transition and contribution to the regional economy and its more global future.

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<sup>1</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

<sup>7</sup> The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

<sup>8</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>9</sup> "Analysis by Crossborder Group Finds Tijuana #1 City in North America for Medical Device Manufacturing Employment," Crossborder Group, July 19, 2011.

<sup>10</sup> Sophie Bushwick, "The Top Ten Cities for Technology," *Scientific American*, August 19, 2011.

<sup>11</sup> G. Scott Thomas, "Austin Leads Nation in Small-Business Vitality Rankings," *Business Journal*, April 11, 2011.

<sup>12</sup> "America's Top 50 Bike Friendly Cities," *Bicycling Magazine*, available at [www.bicycling.com/news/advocacy/1-minneapolis-mn](http://www.bicycling.com/news/advocacy/1-minneapolis-mn).

<sup>13</sup> Sophie Bushwick, "The Top Ten Cities for Green Living."

<sup>14</sup> "American Fitness Index 2012: The Nation's Healthiest Cities," *Huffington Post*, May 23, 2012.

<sup>15</sup> Richard Florida, "The Density of Artistic and Cultural Creatives," *Atlantic.com*, September 16, 2010.

<sup>16</sup> "A Tale of Two Cities – Civic Health Index," National Conference on Citizenship, January 24, 2011.

<sup>17</sup> "World's Most Innovative Companies 2012," *Forbes Magazine*, available at [www.forbes.com/special-features/innovative-companies-list.html](http://www.forbes.com/special-features/innovative-companies-list.html).

<sup>18</sup> This paragraph draws from "Accelerate: A Minneapolis St. Paul Regional Prospectus for Stimulating the Entrepreneurial Ecosystem" (Washington: Brookings Institution, 2011), and "Minneapolis St. Paul Export Plan" (Washington: Brookings Institution,

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2012).

<sup>19</sup> Adie Toomer, Robert Puentes, and Zachary Neal, “Global Gateways: International Aviation in Metropolitan America” (Washington: Brookings Institution, 2012).

<sup>20</sup> Emilia Istrate and Nicholas Marchio, “Export Nation 2012: How U.S. Metropolitan Areas Are Driving National Growth” (Washington: Brookings Institution, 2012).

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