

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

WICHITA

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global 2000 HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$26,592,437,469 (>100)	0.18%	\$42,512	625,526 (86)	0.20%	N/A	N/A	2.16%

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

The Wichita metropolitan area is the largest urban region in Kansas. With a population just over 600,000, the city remains a mid-tier U.S. metro area that is not included in most global cities rankings and indices. Among the United States’ top 100 metropolitan areas, Wichita ranks 67th in terms of international aviation passengers (130,000 in 2011)⁹ and 60th in terms of share of foreign-born population (7.2 percent).¹⁰ The region does not house the global headquarters of any Fortune 500 firms, although the city is home to large private firms like Koch Industries and branches of large aviation and aerospace manufacturers. It placed first in *Business Facilities*’ metropolitan area rankings in the aerospace/defense manufacturing category in 2011.¹¹ International students make up 9 percent of the student body at Wichita State University, from which a majority (60 percent) of graduates stay in Wichita.¹²

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?

Like many cities in the American Midwest, Wichita emerged as an agricultural hub. It became a center for trade in the late 19th century as the destination for Texas and Oklahoma cattle via the Chisholm Trail. The discovery of oil in 1914 led to a new era of speculation and entrepreneurialism that attracted the businesspersons who eventually founded Beech Aircraft, Cessna Aircraft, and Stearman Aircraft (which later

became a Boeing subsidiary). By 1928, Wichita had earned the label of “Air Capital of the World.”

While the aviation, aerospace, and defense industries ebbed and flowed throughout the 20th century, Wichita still claims its Air Capital distinction today thanks to a cluster of aircraft manufacturers such as Bombardier, Cessna, Hawker Beechcraft, Spirit Aerosystems, and Airbus.¹³ And Wichita’s manufacturing success is not only limited to aviation. Firms like Coleman, Rubbermaid, and Viega anchor a robust plastics cluster. Koch Industries, a chemical and petroleum producer and the second-largest private corporation in the United States, is also headquartered in Wichita. The agribusiness giant Cargill also headquarters its beef-processing business in downtown Wichita.

Multinational firms, while not necessarily choosing to locate their headquarters in Wichita, have shaped the region’s path through globalization. These firms situate Wichita along vital global supply chains that link it with cities all over the world. Wichita’s aviation cluster also benefits from engineers who graduate from nearby Wichita State University (WSU), which offers advanced degrees in electrical, mechanical, industrial, and aerospace engineering, and skilled production workers trained at the Wichita Area Technical College. The skilled worker pipeline from these institutions helps fill the needs of the region’s manufacturing firms. While Wichita has thrived as a mid-tier U.S. manufacturing hub, the region’s patenting activity and research and development levels are low compared nationally.¹⁴

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?

Wichita serves as an international production hub. Exports account for nearly 20 percent of gross metropolitan product (GMP), making Wichita the most export-intensive metropolitan area in the United States. In comparison to the U.S. average (67 percent of total exports), Wichita’s exports composition favors goods (85 percent of total) over services. Its specialties reflect its large firms: transportation equipment (\$3.04 billion), machinery (\$420 million), and petroleum products (\$200 million).¹⁵

Wichita’s global orientation is most prominently defined through its aviation cluster. Fifty-five percent of the general aviation planes built in the United States originate in the state of Kansas. Wichita anchors the state’s production as the site of production for the nation’s three largest general aviation firms: Bombardier, Cessna, and Hawker Beechcraft.¹⁶

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

Wichita does not have a known global profile, but rather its international connectivity stems from its export-intensive aviation cluster. In the early 20th century, the industrial development of Wichita arose from several natural assets. The city originally prospered due to oil discoveries, from which revenues were used to fund several entrepreneurs in aviation. Given its central location, flat land, good winds, and excellent flying weather, the City of Wichita and the Chamber of Commerce decided to build a world-class airfield – an early adoption at the time – that originally attracted Cessna and Lear.¹⁷ These firms served as the anchors for an aviation cluster that would grow to become one of the largest in the world over the course of the 20th century. Over the past decade, experts have referenced Wichita as an example of a more production-oriented, export-intensive, and outward-looking American economy.¹⁸

Despite its strong aviation cluster, Wichita’s non-coastal location and smaller population have forced aggressive public action to maintain its domestic and international relevance. In the late 1990s, Pizza Hut, one of the country’s largest restaurant chains, moved its headquarters from Wichita to Texas, citing insufficient air connectivity as its justification. Following Pizza Hut’s departure, Wichita became one of the first cities to pay airlines to continue service. AirTran, a regional carrier, now receives \$6.5 million a year in federal, state, and local money to assure flights to Atlanta.¹⁹

Wichita also continues to purposefully act to maintain its edge in aerospace production. Core to the region’s

comparative advantage is its stable of large manufacturing firms, which it has intentionally pursued and retained through its worker-skilling institutions, a low cost of living, and state subsidies.²⁰ Understanding the need for a steady supply of skilled aerospace workers, a group of government, private-sector, university, and civic leaders made significant investments in worker training to retain Wichita's perch as a global aviation leader. In 2008, Sedgwick County Technical Education and Training Authority (SCTETA) broke ground on a \$52 million National Center for Aviation Training (NCAT). Opened in 2010 and managed by Wichita Area Technical College, NCAT provides capacity to train 1,800 students learning to become the next generation of specialists and technicians demanded by the region's aerospace firms.²¹

But recent events indicate Wichita's competitiveness may be waning. In 2011, Hawker Beechcraft threatened to move to Louisiana before accepting a subsidy package, and then filed for bankruptcy in 2012. Boeing recently announced that it will close its operations in 2013 and relocate over 2,000 jobs.

While the Boeing announcement reveals the potential pitfalls of relying too heavily on footloose multinational firms, other new developments signal that Wichita will continue to remain a relevant manufacturing hub.²² Bombardier and Airbus have eased the Boeing departure through recent decisions to expand their local manufacturing operations, and the region has also benefited from solid growth among locally based tier 2 and tier 3 suppliers. Boeing's departure and other firms' expansion reinforce that Wichita's global positioning stems from large aviation firms – supported by small and medium-sized specialty suppliers – connecting with markets abroad via complex global supply chains. If these firms' supply chains shift, or their market shares decline, so too may Wichita's global relevance.

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ "The World According to GaWC: Classification of Cities 2010," September, 14, 2011.

⁷ 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.

⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁹ "Appendix B: International Air Travel Between the United States, by US Metropolitan Area, 2003 and 2011" (Washington: Brookings Institution, 2012), available at

www.brookings.edu/~media/research/files/reports/2012/10/25%20global%20aviation/25%20global%20aviation%20appendix%20b

¹⁰ "State of Metropolitan America," Brookings Metropolitan Policy Program (Washington: Brookings Institution, 2010).

¹¹ "Wichita's Rankings," available at www.gwedc.org/news-rankings.php.

¹² Michael E. Porter, "Wichita: Clusters of Innovation Initiative" (Washington: Council on Competiveness, 2001).

¹³ Ibid.

¹⁴ U.S. Patent and Trademark Office, courtesy of the Strumsky Patent Database, University of North Carolina at Charlotte.

¹⁵ "Export Nation 2012, Wichita, KS Metro Area Profile" (Washington: Brookings Institution, 2012).

¹⁶ Michael Porter, "Wichita: Clusters of Innovation Initiative."

¹⁷ Ibid.

¹⁸ Robin Harding and James Politi, "America: A New Way Forward," *Financial Times*, August 12, 2010.

¹⁹ Elizabeth Olson, "Small Cities Pay to Keep Air Travel," *New York Times*, August 17, 2009.

²⁰ "AccountableUSA – Kansas," available at www.goodjobsfirst.org/states/kansas.

²¹ Alan Berube and Joseph Parilla, "Metropolitan Trade: Cities Return to Their Roots in the Global Economy" (Washington: Brookings Institution, 2012).

²² Elizabeth Olson, "Boeing Departure Shakes Wichita's Identity as Airplane Capital," *New York Times*, January 18, 2012.

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