

THE BROOKINGS INSTITUTION
Brookings Cafeteria Podcast
Forgotten Americans in the 2018 midterm elections
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DEWS: Welcome to another 2018 midterm elections edition of the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews. My guest today is Isabel Sawhill, a Senior Fellow in Economic Studies at Brookings. Her focus over the past decade has been on Children and Families. She helped found the Campaign to Prevent Unplanned Pregnancy and was a co-Director of the Center on Children and Families here at Brookings. She's here today to talk about her just released book from Yale University Press titled "The Forgotten Americans: An Economic Agenda for a Divided Nation", as well as her new essay on our website, "What the forgotten Americans really want and how to give it to them".

Also on today's program you'll hear another installment of Metro Lens with expert Mark Muro. You can follow the Brookings Podcast Network on Twitter at @policypodcasts to get the latest information about all of our shows and visit us online at [Brookings.edu/podcasts](https://www.brookings.edu/podcasts). For more analysis from Brookings experts on the upcoming elections, go to [Brookings.edu/2018-midterms](https://www.brookings.edu/2018-midterms). And now, on with the interview. Bell, welcome back to the Brookings Cafeteria.

SAWHILL: Thank you Fred. Great to be here.

DEWS: Great to see you again. Let's start with your new book "The Forgotten Americans." You write in the introduction that "The country is not just divided economically. It is divided culturally and politically as well". Can you describe what these divisions are?

SAWHILL: These divisions are huge. It's interesting. Right now one of the few things we agree on regardless of political party in this country, is that we are divided. Eighty percent of people from both parties think that this is the most important issue facing the country, our divisions. So this means that the average voter regardless of political party really wants to get beyond those divisions. And I focus on that in my book as well. The economic divisions are obvious. We have unprecedented amounts of inequality. The cultural divisions are also obvious. We have a group of people in the country who are anti-

immigrant and are concerned about too much emphasis on the rights of women minorities, LGBTQ community and so forth, and then others who really think that we need to push those rights forward and that this is the most important task ahead. And so those cultural divisions are huge.

I'll give you one data point that has stood out for me, and that is if you ask people how they would feel if their adult child married someone from the opposite political party, 50 percent roughly would be very concerned about that and not want it to happen. That's up from 5 percent back in 1960. So that shows the depth of the political division as well as the cultural division. So I try to in my book, think about a way forward on economic policy, but one that is very sensitive to or conditioned on the cultural and political divisions that we face. In other words, we can't turn a blind eye to this new environment when we think about economic policy.

DEWS: Let me stick with the cultural and political divisions for just a second longer. I mean you know the economic divisions long predate the rise into public life of President Donald Trump. What role do you think he has played in where we are culturally and politically now?

SAWHILL: There's no question in my mind that he has exacerbated these divisions. He is using them to create a loyal base of people out there who agree with him. And this in turn has inflamed people on the left who have a very different view of the world, and the whole thing has become totally toxic. In fact I would go so far as to say that maybe it's time to think about pushing the pause button on these cultural divisions. There's not a lot that we can do to resolve them using public policy. And since there isn't a public policy solution, the best thing to do is to focus on what we can do something about, which is our economic divisions. Now that doesn't mean that we ignore them entirely as we think about ways to move forward. It just means that focusing on them has become a toxic recipe for continued political and cultural division.

DEWS: Why is it so toxic, do you think?

SAWHILL: Well I don't know, except that people feel very strongly almost emotionally, about these things they get at their most basic values as human beings and how they think about other individuals. What level of respect they accord them, and of course we have had rapid change. We have very high levels of immigration right now in this country as high as they've been in over a century or more, and that has tended to exacerbate the problem. I think that the more that people get dug into having one view or another of all of this, the worse off will be. I think that as the older population moves on and the younger generation becomes more part of the voting public, you will see a temporizing, you will see a relaxation of these toxic divisions because the younger generation is much more accepting of all kinds of different people in the country and not as concerned about things like race and gender and immigration and LGBTQ issues. They just accept them as normal.

DEWS: Right. So you've written a number of books with themes ranging from family formation to how to create an opportunity society. The policies benefiting America children why a book now on the so-called forgotten Americans?

SAWHILL: Well it's interesting here at Brookings we developed some years ago something called the success sequence. This was really work done by myself and Ron Haskins. We were at that time co-Directors of the Center for Children and Families. And what the success sequence says, is if you do three things first get a good education, at least graduate high school, nowadays you need a little more than that. Secondly, work full time. And thirdly, form a stable family ideally, get married but at least have a stable relationship before you have children. And if you do all three of those things, our empirical work has shown that the poverty rate drops to about 2 percent and the proportion of families who will be middle class or better off increases to over 70 percent. And so the success sequence really works. It does create success for people and that led me to write

a whole book on the family back in 2014 which is called "Generation Unbound" and then it caused me to write this book which was all about work and the forgotten Americans. And my next book is going to have to be about education obviously.

DEWS: So why the focus then on work?

SAWHILL: Well work is the big theme and this new book and the reason is threefold. First of all work is a core American value. People believe really strongly in the value of work in America. If you look at the answer to a question about how strongly people feel about whether hard work is the way to succeed in life, seventy-seven percent of Americans agree strongly that hard work is the way to get ahead. Only 25 percent of people in France agree with that, and about 50 percent in Germany. So the U.S. is off the charts in terms of believing in the work ethic. It's just this core value. Secondly, it's what the middle and working class want. If you go out and talk to them, what they will tell you is that's what they really care most about. That's their highest priority, having a job and a well-paid job and thirdly, work is much more than just an economic construct. It's a way that people get income to be sure, but it also provides them with a sense of self-respect, a sense of contributing to society, and a sense of feeling connected and part of the society. So it has these non-economic benefits.

DEWS: So who are these forgotten Americans? Why are they forgotten, who has forgotten them?

SAWHILL: So there could be a lot of different ways to define the forgotten Americans. I mean in general there are people who've been left behind by today's economy, by trade, by technology, and by other changes that have been very disruptive and that have caused wages to be stagnant for less educated people, mobility to decline, labor force participation especially amongst men to decline. The way I define them in the book just because I had to pick some definition is as people without a four-year B.A. degree and in the bottom half of the income distribution. That means people with incomes

of less than about 70 thousand dollars a year, and they make up about 40 percent of the working age population in America.

DEWS: So these are working class people and some middle class people...

SAWHIL: Some middle class...

DEWS: White, Hispanic, any race...

SAWHILL: Any race. Yes when you look at the racial breakdown within this group, a little over half are white. And then all of the rest are members of some minority group, Latinos are the largest single minority.

DEWS: And in 2016 they tend to vote more for Donald Trump or more for Hillary Clinton?

SAWHILL: Well there was a big racial split there. And the so-called white working class, the white members of this group, voted overwhelmingly for Trump. In fact it was really almost unprecedented the extent to which the white working class voted for Trump. And I think that was a wakeup call to a lot of people, and led to a lot of new focus on the so-called white working class. Several books have been written about them, I review all those books and studies in my book. If you want a nice overview of what all that literature says, you can get it in my chapter two. And it caused me to give a certain amount of attention to that group as well. But the book itself, to be very clear about this, is not focused just on the white working class, it's focused on the entire group of working and middle class Americans, a very large proportion of whom are from racial minority groups and who are doing objectively even worse economic terms than the white working class itself.

DEWS: I definitely want to spend a lot of time on the policy ideas in your meetings with people in this group. But first, I want to ask one more kind of politically salient question because that's really been bothering me for the past couple of years, and it's given that in the 2016 campaign, candidate Hillary Clinton had very detailed policy

proposals that addressed a very wide range of the issues that the working class, the middle class care about, and I think one could argue Donald Trump didn't have as detailed policy proposals. Why did they, the white working class especially, favorite Trump so much in the 2016 election when it seemed like from just public policy standpoint they should have favored Hillary Clinton and her ideas?

SAWHILL: That's a really good question. Let me start by answering it in the following way. I think that most people are very busy. They are trying to earn a living, they are trying to take care of their families, they don't follow politics and public policy questions the way we at Brookings do. So they need simple messages, and they weren't getting simple messages from the Democratic Party, they were getting simple messages from Donald Trump. He was saying I'm going to fix the problems you're facing, I'm going to build a wall on the border, I'm going to restrict trade, and I'm going to bring back manufacturing, and I'm going to do all of these things to bring back your jobs. And they got that, and they thought all that was true. I mean in my book, I actually say there were a lot of misleading and flawed proposals in the Trump agenda, but that's another question. It did resonate with the public.

But I think the other lesson that comes out of this is that you have to be simple and you have to articulate values and principles, not just a laundry list of policies. And one of the ways I am beginning to talk about it is to say we need to marry red state values about education, family, and especially work, with blue state policies that will help people to achieve their aspirations in each of those areas, but especially in the area of work. And if people understand what the value is, what the principle is, and then that you have an agenda to help them achieve it, they don't care as much about the details as they do about what your values are. And so I go back to what I said at the beginning, which is the value of work the work ethic is a very unifying value in American society.

DEWS: And you met with Americans in three different cities as I understand it to do

the research and writing for this book, which I think is perhaps it's maybe unprecedented in terms of Brookings research but if not, it's a very in-depth out in the field approach. Can you tell me about the cities you chose to visit, why you chose to visit them, and the kinds of people that you met there?

SAWHILL: Right. I think it is unusual for people like me to get out of our bubble here in Washington and go out and talk to real people. And I just felt it was important to understand what was going on more clearly. And also I wanted to take my policy ideas, and I wanted to field test them with real people, ordinary Americans defined in the same way the forgotten Americans, no college degree, etc. So I went to three cities I went to Syracuse, New York, Greensboro, North Carolina and St. Louis, Missouri. And in each city I talked to several focus groups and I tried to find out about their lives, about their jobs, and about what they were concerned about, and I also tried to find out how they were thinking or how they responded to the policy ideas that I had in my book. And I learned a lot.

First of all, I learned that they really do value being self-supporting. They want to work, jobs are central to their lives, they don't think it's hard to get a job. They think it's hard to get a decent job. They're more worried about wages and they are about getting a job.

DEWS: I was going to ask because the unemployment rate nationally is under 4 percent, it's almost full employment.

SAWHILL: Exactly. So was a little higher at the time I did the focus groups which was last spring, but still it was very low so to some extent, the results may be colored by that fact. But they're not just concerned about the fact that their wages are low, they're concerned that their wages haven't been growing, that they may have started out at a wage of let's say ten dollars an hour and now they're making maybe 11 after 10 years on the job and they think what's going on here. They also want to be appreciated more. They don't care just about the money, they don't get enough support from their employers. They

don't feel much loyalty from their employers, and they see all of this contracting out and contingent work that's going on, and they feel quite insecure. So above all, they care about work and wages. They also care a lot about personal responsibility. They are not expecting anybody to bail them out, they want to earn their own way. They want hand ups, not handouts. If you talk to them about you know a universal basic income or a guaranteed jobs program, that's not where they're at. They expect to pull their own weight and want to be valued for that.

DEWS: I want to stick on this point about the wage, where you mentioned that they were making ten dollars an hour and now they're just making eleven dollars an hour. There was a really interesting insight that I took from some of the research and findings, and it has to do with the minimum wage. It's a policy that many Democrats support a minimum wage raising it to say twelve dollars an hour or fifteen dollars an hour. And yest, some of the people in your focus groups would say I've been working at this job for a long time and all of a sudden you want to pay somebody who works in the service industry fifteen dollars an hour, I'm making twelve dollars an hour. That's not fair.

SAWHILL: That's exactly right. And that was an eye-opener to me because those of us who study the minimum wage and all of the economic literature on it, the big issue has been if you raise the minimum wage, will employers hire fewer people? So that's always been the big issue in the literature, and what these people were saying was they're not worried about that. They feel it might be unfair to bring in someone who has very little experience or no experience at all, and pay them either almost as much or possibly even more than what they themselves have been earning. So to them, it's a fairness issue. They also worry about the effect on prices. I love this one woman who said that her favorite meal was the fish sandwich at McDonald's and that she did want that to go up in price.

DEWS: You also just talked about this idea that they have about personal responsibility, a hand up not a hand out. And in my reading, I also took away that there's

this really interesting tension between their point of view and what a lot of elites would say is, Well look at the structural reasons why you're not getting ahead, the structural barriers to you achieving the American dream, and the people you spoke to, they don't buy into that at all.

DEWS: They really don't. And I'm so glad you brought that up Fred, because what I hear especially from my progressive friends is that to expect people to work, to expect them to get an education, to expect them to form stable families is unrealistic, because they face barriers that make it difficult for them to achieve those goals. I understand that, and there are barriers which is why I'm in favor of those blue state policies that do give people hand ups and various kinds of help, but they really want and feel like they're responsible for themselves and they're not blaming the system. They're not blaming structural factors as we academics like to call them. They are almost, and this was almost sad to me, they are almost blaming themselves for their lack of success when it's been difficult for them.

DEWS: So when presented with a number of very concrete policy ideas which you did, how did they respond when you talk about they have red state values, then you present them with blue state policies, what are the kinds of things that you heard them say with regard to tax policy and family and child policy and health policy and the other kinds of issues?

SAWHILL: Right well I do want to acknowledge that these groups were obviously not of one mind. So you know they were diverse and there were diverse viewpoints and also that this is a small unscientific exploration. So with that caveat or a set of caveats, a couple of things.

First of all they recognize they need more skills. They recognize that in today's economy, you have to have specialized training to get ahead, especially if you don't have that college degree. And they think we put too much emphasis on college for everyone

and not enough emphasis on technical training. Secondly they do like the idea of reducing taxes for people with very modest levels of income or earnings. And they therefore liked my idea that we give a what I call a worker tax credit which would basically offset your payroll taxes, because remember everybody at the bottom pays payroll taxes if they're working, even if they don't pay income taxes. You know they may be because of the standard deduction, which has now been increased, not pay much if any income taxes, but they pay a lot of payroll taxes. So a worker tax credit would offset those taxes at the bottom and enable them to be tax free. So they liked that idea. I pointed out to them that it was going to be expensive to do that and suggested we were going to have to pay for it in some way. Well they didn't like the idea of having to pay for it, they do not want to raise taxes. I suggested we raise taxes on the wealthy, maybe increase the estate tax, and some of them were for that. But I would say there is not overwhelming support for increasing taxes. So that makes it difficult to move forward.

DEWS: So how do they think that our country will be able to pay for all of these kinds of programs that will directly benefit them?

SAWHILL: That is details for them, and they don't have a very clear sense understandably, given that you know they don't focus on these things like I do, of what the money that's being spent right now goes for. They don't understand how much we spend on Social Security and Medicare. They think that the bureaucrats in Washington are responsible for a lot of the spending that gets done. And they therefore tend to believe that if you just reduce the federal workforce and stopped federal officials from getting various perks like special phone booths or high priced travel or something like this that we could save on taxes. But you know that's a whole other story that fiscal story, and it's very complicated. I've worked on it a lot, but we have a job to do in terms of making people understand that if they want new benefits including new health benefits, by the way which they do want, and child care benefits and paid leave benefits, we are going to have to

raise taxes somewhere. We can't just do it all by making government more efficient.

DEWS: Let me ask you about health care. The previous edition of this podcast in the 2018 midterm series is my interview with Matt Fiedler about healthcare issues in the election. What did your focus group dispense tell you about their views on healthcare policy?

SAWHILL: Well health care is obviously a huge issue right now especially going into the midterms. It is probably the top issue that people care about, and that's a reflection I think of the fact that Republicans tried to repeal and replace the Affordable Care Act and failed and now we're in kind of a no man's land and people are paying a lot for health care and people are particularly concerned about preexisting conditions. So I get that. I'm not an expert on health care so I didn't address it centrally in my book and therefore I didn't talk to them a lot about it but I will certainly acknowledge that it is something they're worried about.

DEWS: What are your policy proposals and perhaps one of the most popular was an idea for national service. Can you tell us what the ideas and why they like this so much.

SAWHILL: Yes let me reinforce your point that they did like it a huge amount. I mean it was the most popular proposal of all. I didn't mention it earlier because it wasn't really an economic policy, it's a policy designed to bridge some of our cultural differences. My proposal very simply is to ask all young Americans after they graduate from high school think of you know people taking a gap year if they plan to go to college. But in any case, giving a year of service to their country, either military or civilian. I think that people liked this idea because I combined it with saying that you could in that way earn the right to get some help with financing either college or additional postsecondary training. So they liked the quid pro quo there. They like the idea of earning your benefit to go on. They also very much liked an idea that is new with me, brand new in my book, which I call an American exchange program, and this is a twist on national service that says we would

ask families across the United States on a voluntary basis to open their homes and host a young person during their year of service. It's very much like a foreign exchange program except its entirely domestic and it's intended to help people get to know others with backgrounds that are very dissimilar from their own. And in the process to bridge some of these cultural gaps and the focus groups they really loved this idea. They really understand the cultural divide and they don't like it regardless of which side of the political equation they're on.

DEWS: So it seems like American politics is always swinging back and forth over the generations between conservative policies and liberal policies. We have Republican presidents and Democratic presidents and different configurations of Congress and always wait for the next election cycle and maybe your people will get in. But do you think these constant back and forth really are exacerbating divisions that you cite in the forgotten Americans that are preventing some consensus policies from actually coming into play?

SAWHILL: I really do think it's a problem to have these wild swings from right to left and back again. And it means that any policy we enact is not sustainable. Think about the Affordable Care Act. It was enacted with all Democratic votes and then Republicans get into office. To some extent by campaigning against the Affordable Care Act and trying to repeal it and certainly have not been supportive of making it work and counterpart on the other side of the aisle, it was the tax cut of 2017 which was passed with entirely Republican votes and which I am quite sure will be revisited as soon as Democrats get back into any kind of power. They are going to want to repeal and replace the tax law, just like Republicans wanted to repeal and replace the health care law. So unless you have some bipartisan buy in, you're not going to have sustainable policies and you're going to have these wild swings which not only exacerbate these political and cultural tensions but don't enable us to deal with our real problems.

DEWS: But do you think these political swings are more problematic in today's

politics with today's cultural, political, economic divisions than they were say 50 years ago when Republicans and Democrats passed Great Society programs under President Lyndon Johnson. Maybe not all of them agree with it, but at least that was the consensus politically for decades. It may be breaking down now, are we in a different era now where the political swings who's in charge of Washington is even more problematic than ever?

SAWHILL: I think it's much more problematic than it used to be. Now I'm old enough to remember the 1960s and 70s and that there were bipartisan efforts in those days and there was good policy making in Washington in those days. Now I don't want to say that what we're seeing now is totally unprecedented. If you go back to the civil war, I mean people were caning each other in the U.S. Senate. So we've had other periods of big divisions in this country. But right now is definitely different than it was 30, 40, 50 years ago.

DEWS: and thinking again about your statement earlier where you say we have to marry red state values and blue state policies. Thinking in terms of political

SAWHILL: Let me correct one thing because it will be instructive, I think. Red state values are about work, family, and education, because there are some values on the right that I think are totally unacceptable. So I want to be just a little bit careful about that.

DEWS: I guess I'll rephrase the question and I will include...

SAWHILL: It's not your fault.

DEWS: So thinking back to the present and you were saying earlier we should marry red state values about work, family, and education with blue state policies, what advice would you give to Republican candidates when they're trying to earn the votes of working class and middle class people. And what advice would you give to Democratic candidates in the same way?

SAWHILL: I think Republicans need to understand that the Republican obsession with supply side economics and trickle down is not working any longer. I mean it hasn't

worked from a substantive perspective, and this tax bill that was passed in late 2017 is not popular. And when you pass a tax bill and you're giving money back to people, and it's not popular you realize that maybe you need to change your agenda.

I think at the same time if Republicans understood that there is a big role for the private sector, the business community, to play in retraining workers in sharing profits and sharing ownership with their workers and creating a much more inclusive form of capitalism, we could get somewhere and there could be a marrying of Republicans' belief and the efficiencies of the private sector with Democratic beliefs, and yes but let's make sure everybody gains from it and that workers share in any success that's a winning formula.

It also fits with what I heard from the forgotten Americans in the focus groups which is their concern about how they're being treated by their employers. On the Democratic side, I think we need to get beyond this idea that all people want is more money, more material goods, and that they really want dignity, and to be self-supporting, and to be helped to earn their own way. So the opportunity to earn a good life, which is a phrase I picked up from the think tank Third Way, is a great way to put it. They want an opportunity to earn a good life, not to be handed it on a silver platter.

DEWS: In your conversations with the focus groups in these three cities, you heard a lot about distrust in government. You explained a few minutes ago how people think bureaucrats work and waste our money. Let's close with a quote from your recent essay that's on the Brookings Web site. It's about policies for the forgotten Americans. You write, "It's time we ask ourselves how long our democracy can survive when so many of its people have lost faith in their government." Can you unpack that?

SAWHILL: Well I guess I'm thinking that government exists to work on the imperfections in a totally private system. As an economist, I believe in capitalism, I believe that markets work, and I believe that we need to rely on markets. But markets don't

provide everything that people need. They are flawed and we need to deal with the flaws. And in an earlier industrial era, when we saw a lot of problems, government stepped in, child labor laws, antitrust laws, retirement security, labor union rights to bargain, and you know a whole list of things that made capitalism work. And we've lost sight of that, we're in a new era now in which technology is again being very disruptive and so is trade. And a lot of people are losing their jobs and whole communities are distressed, and we need to step in and help people make this transition. And unless we do that, then I think that the whole system falls apart and you get a populist reaction, which is anti-democratic. So I guess that's my way to try to unpack that.

DEWS: Well Bell, I want to thank you for sharing this very important work with us today and thank you for your time.

SAWHILL: Thank you very much Fred for having me.

DEWS: You can find Bell saw his new book *The Forgotten Americans* an economic engine for a divided nation from Yale University Press that Amazon or wherever you'd like to find books. And also her new essay about the forgotten Americans is on our Web site Brookings thank you.

Now here's Senior Fellow Mark Muro with another Metro Lens talking about a new report on the state of the heartland.

MURO: Hi, I'm Mark Muro, Senior Fellow at the Metro Program here at Brookings, and I want to tell you a little about our new *State of the Heartland Factbook*, a by the numbers update on conditions in the interior of the nation on the eve of the coming midterms. At a time of great interest and concern about trends in the region, we took a systematic look. Pinning the region down has actually only gotten trickier two years after an earlier election made Donald Trump president, and that the pundits say pitted the American heartland against the rest of the nation.

In fact the proliferation of red versus blue map, and apocalyptic talk show memes

has if anything made it harder to get a sense of what's actually going on in the center of the country. As such, the national debate conveys conflicting distorted images that often portray the region as either a vast fly over interior where jobs have disappeared, in anger is pervasive. Or else as an idyllic expanse of wheat fields reviving factories and midsize cities filled with startups. In view of that, what people really need now is a more clarifying look at the region. Such a chronicle by the numbers with an agreed upon geography might actually help in promoting understanding. Which is the point of our Factbook.

Prepared to support the Walton Family Foundation's recent Heartland Summit in Bentonville, Arkansas, the State of the Heartland Factbook 2018 is intended to help heartland and national leaders and citizens alike to get on the same page about the region's current condition and its trajectory at an important time. To that end, the factbook adopts a new state-based definition of the region developed by the Walton Family Foundation, and then presents and comments on 26 socio-economic measures focused on how the defined region's economy is performing since the recent financial crisis.

The geography employed consists of 19 inland states ranging from Mississippi and Arkansas, Tennessee to North and South Dakota. The indicators meanwhile, presume the fundamental importance of economic vitality to regional, social, and cultural health. As such, the fact both indicators first cover nine aspects of the region's topline outcomes in the search for growth prosperity and inclusion. After that, 17 indicators are used to benchmark the region's standing on four kinds of drivers of strong outcomes, things like advanced industries strength, or attainment.

Well, what are the indicators say about the region? Three major takeaways emerge clearly from the analysis. One. The heartland economy is doing better than the sometimes portrayed. Growth measured by job and output growth had been ready steady if not stellar since 2010 with 19 of the 19 heartland states adding jobs and 18 increasing their output. Prosperity has been slowly rising as all 19 states enjoyed increased standards of living, all

19 posted increases of the average wage, and 12 saw productivity increase. So that's good news. Interestingly too, the cost of living adjusted median income in the region actually exceeds that in the rest of the country now showing that lower housing prices and decent economic activity are allowing people to live comfortably in the region. Supporting all this meanwhile is an impressive base of crown jewel export industries. In particular, strong concentrations of advanced manufacturing in the eastern heartland of agribusiness in the western heartland. Overall, the 19 heartland states constitute a manufacturing super region, an export powerhouse that outperforms the rest of the country on several important indicators.

But here's point two. The heartland is not monolithic and its economy varies widely across those 19 states. In this regard, the region is a checkerboard of sub regions, states and local communities where some heartland places are thriving, and others are deteriorating just as in other regions. On multiple measures for instance, a stark gap exists between the performance of the western heartland state and the eastern one. Labor force participation for example, remains at crisis levels in eastern sections like Kentucky, while to the west labor markets in the Dakotas and Minnesota are some of the tightest in the nation. Similar divides from north to south. For example, while most Northern states reside in the top half of states on measures of human capital and innovation, most Southern states reside among the bottom 10 in the nation. Likewise, while looking at Heartland sub regions, the plains in general are performing quite well. While areas such as the Black Belt, running from Louisiana Mississippi and Alabama, Appalachia and Indian country struggle with an emergency of elevated poverty and high rates of obesity and addiction. Additionally, heartland metropolitan areas are doing better in general than the nation's rural areas. A large and medium sized metro areas like Nashville or Madison in the region are growing nicely even rapidly. Small towns and rural areas lost population in this decade, so it's a mixed bag with strengths and vibrancy in some places but tremendous gaps and

serious problems in others.

And then the third finding. Being the crosscuts this serious deficit in the regions human capital and innovation capacity pose the most serious challenges to Improving future prosperity in our view. On this front, the Factbook indicators depict a region that is in most places, struggling to amass the human and technology capacity needed to support broad based prosperity. Regarding the stocks of human capital, the Dakotas added population as fast as the rest of the region, and then worse only three heartland states exceeded the average B.A attainment for the rest of the country, meaning that most places and populations in the region may be unprepared for an increasingly digitalized globalized labor market. Then turning to the region's innovation assets weak are indeed flows, a thin roster of top universities for tech transfer and a near complete dearth of venture capital outside of Chicago leave heartland firms starved of the new ideas practices and funding. Leveraged by firms elsewhere to drive competitive breakthroughs. And in that sense, also, entrepreneurship is slower in the region. Time the same problem nationally but it's incrementally slower in the region.

So, these deficits present really the most challenging findings in our Factbook and posed great hurdles to change makers, the region's leaders are going to need to deal with this. What do these findings suggest for future discussion and action above all the starkness of the region's human capital Innovation Challenges, I've just been telling you about underscore that strategies can increase the region's education levels and expand its innovation activities, particularly at universities should be top of mind. The reason for this is clear, human and innovation capacity places are now the core drivers of long term performance. So this region needs to bolster those. The good news is that even in the most challenging areas for improvement, the heartland boast some of the most impressive and impactful collaboration anywhere of business, civic and government change makers working together to solve problems. So the heartland's leaders should survey all of this,

assess what's working and get to work and the rest of us should pull for them and try to better understand trends in the region. Notwithstanding its many challenges the heartland is large, varied and full of communities that are hard at work. These places are learning what's real making big plants and putting them in motion in many instances. Doing that, there's surely a start here at unlocking the heartland's full potential and in doing so unleashing America.

DEWS: You can find state of the Heartland fact but 2018 on our Web site. "The Brookings Cafeteria" podcast is the product of an amazing team of colleagues, including audio engineer and producer Gaston Reboredo, with assistance from Mark Hoelscher. The producers are Brennan Hoban and Chris McKenna. Bill Finan, Director of the Brookings Institution Press, does the book interviews, and Jessica Pavone and Eric Abalahin provide design and web support. Our interns this semester are Churon Bernier and Tim Madden. Finally, my thanks to Camilla Ramirez and Emily Horne for their guidance and support. "The Brookings Cafeteria" is brought to you by the Brookings Podcast Network, which also produces "Intersections" hosted by Adriana Pita, "5 on 45", and our events podcasts. E-mail your questions and comments to me at BCP@Brookings.edu. If you have a question for a scholar, include an audio file and I'll play it and the answer on the air. Follow us on Twitter @policypodcasts. You can listen to "The Brookings Cafeteria" in all the usual places. Visit us online at Brookings.edu/podcatsts. Until next time, I'm Fred Dews.