

Biotech & Tech

Regional economic engine powers Baltimore area

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In Baltimore, we tend to discuss our local economy as if the most important thing is how the city and its surrounding counties compare in relation to each other. The reality, however, is that the city and area counties are political jurisdictions within a regional economy, and that regional economy competes with others worldwide for investment and jobs.

We are all part of the Baltimore metropolitan statistical area. That is our market. If we are to keep pace in today's competitive environment, it is important that we understand what our metro area is and how it stacks up relative to other metro areas.

Throughout the 1950s and 60s, cities were our primary point of reference and were used as the basis for comparison. During this time, Baltimore's peers were the other industrial cities in the U.S., such as Pittsburgh, Cleveland, Buffalo and St. Louis. However, when we fast-forward to 2008, metro areas, not cities, define local market economies.

Metro areas are defined based on standards developed by the federal government during each census. The result is a set of nationally consistent definitions of regions or markets that can be easily compared for statistical purposes. According to the U.S. Census, a Metropolitan Statistical Area (MSA or metro area) is a geographic area containing an urban core of 50,000 or more people (typically a city) that is socially and economically linked to its surrounding areas (counties) as measured by commuting patterns.

As of December 2003, there were 361 metro areas encompassing 1,090 counties (or equivalent entities) and 573 micro areas encompassing 690 counties or equivalents in the United States. In that same year, more than one-half of the U.S. population lived in metro areas with populations of 1 million or more, with almost one-quarter of the U.S. population residing in metro areas with populations of 5 million or more.

With a 2006 estimated population of 2.66 million, the Baltimore MSA ranks 20th in size among all U.S. MSAs. The metro area is comprised of Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard and Queen Anne's counties. MSAs that are comparable in size to Greater Baltimore include San Diego, St. Louis, Tampa, Denver, Pittsburgh and Portland.

In 2005, the Baltimore MSA's Gross Metro Product, a metro-area version of gross national product or GNP, reached \$121.6 billion. If the Baltimore metro area were a nation, this GMP would rank the region 43rd globally, just behind Czech Republic and Colombia and ahead of Singapore and Chile. In fact, the top 20 most populated metro areas in the U.S. are among the top 70 economies in the world, and combined account for 41 percent of the GDP of the U.S.

Cities and counties are not self-contained units representing economic markets. Rather an entire region draws upon workers and goods and services, which create a local economy.

States also do not define economic markets. Local economies vary within large states such as Texas, California and New York. For example, the Buffalo economy is vastly different from the New York City area market. In Texas, the Austin market is very different from Dallas, Houston or El Paso. Comparing a Texas or California economy to one in a state such as Maryland is like comparing apples to oranges.

The entire coast of California is longer in miles than Washington, D.C., to Boston. Why would we try to compare the California economy to a smaller East Coast state's economy? Likewise, smaller states such as Rhode Island and Delaware draw upon economic markets outside their bounds, such as those of Massachusetts (Boston) and Pennsylvania (Philadelphia).

Metro areas provide the only fair and comparable comparison point.

When making expansion or relocation decisions, businesses realize an economic market is a metro area rather than a state, county or city. Even residents do not typically make location decisions based on jurisdictional bounds. A person might choose to live in Baltimore County due to housing types or school systems even though he or she works in Howard County. Similarly, businesses assume an employee base is regional. A business that locates in Baltimore City is likely to attract workers from all surrounding counties.

Some markets are realizing the advantages of merging jurisdictions into regional, or metro, governments. Jacksonville, Nashville, Indianapolis, Lexington and, most recently, Louisville have merged the city with the surrounding counties to form a larger governmental entity. They recognize the local market economy is regional, rather than based on age-old political jurisdictions.

A recent Baltimore Sun editorial pressed for Greater Baltimore to think and act regionally, stating that it "makes good business sense" to take a "regional problem-solving approach" so that we can "look forward to a strengthened and revitalized metropolitan area."

When discussing the BRAC, or military base realignment, process in 2008 last week on WYPR, upcoming regional transportation issues were raised. The question was posed as to why residents moving into the area wouldn't just choose to live close to Aberdeen or Fort Meade in order to alleviate transportation concerns.

The response was that, sure, that made sense, except there's a lack of housing in Harford and Anne Arundel counties, and other factors such as schools and spousal employment would also dictate location decisions for residents. They might work at Aberdeen, but live in nearby Baltimore or Cecil counties — part of the region, part of the local economy.

The Baltimore metro area must act as a unified market to advance our already-expanding economy. Understanding that our local market is regional will make this regional cooperation more seamless and will be advantageous for all parties.

We are not just Baltimore City or a surrounding county. We are the Greater Baltimore metro area with an economic market that spans several jurisdictions. We must make the entire region attractive to businesses considering making Baltimore home for their operations. Forego jurisdictional bounds in our thinking and act regionally for the greater good of the Baltimore metro area.

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