



## Current Trends in Globalization

### MEETING SUMMARY

Barry Seymour, DVRPC Executive Director, welcomed attendees and began introductions around the room.

Jackie Davis, DVRPC Senior Planner, presented the Connections 2045 Long Range Plan Video and webpage, and introduced the panel moderator, Stephen P. Mullin of Econsult Solutions.

#### **Moderator: Stephen Mullin, President & Principal, Econsult Solutions**

- Trade is good, benefiting from competitive advantage
- Globalization = production happening elsewhere
- No more monopoly power for United States
- Political viewpoints tend to rule. Data might be objective, but analyzed with inherent or intentional bias
- Big question is does trade help or hinder growth?
- GDP growth currently strong. Possible benefit from tax reduction and regulatory changes.
- WTO: global trade and GDP growth slowing
- Global community trying to shift Chinese growth pattern from investment to consumption
- NAFTA changes might tamp down anti-trade sentiment
- U.S. current preference for bilateral rather than multi-lateral trade agreements
- Will uncertainty slow investment?

#### **Ram Mudambi, Frank M. Speakman Professor of Strategy, Fox School of Business, Temple University**

- Innovation is driver of value creation

- Local prosperity: local innovation systems + global value chains
- Work on attracting people and firms to encourage innovation
- Innovation systems combine public sector and private sector
- People and place in innovation system combined with finance
- Research institutions excel in Philadelphia, but financing is weak. Little venture capital.
- Biopharma anchors the Philadelphia innovation system in terms of patents, location quotients, and inventor locations
- Philadelphia rail network is central to inventor location. Multiple centers of innovation possible. Contrast with Pittsburgh, which has a single denser node due to weaker transportation system.
- Philadelphia has poor core-periphery connectivity compared to leading cities
- Global innovation connections from Philly through universities to other countries, particularly China and UK
- Lesson 1: Build on what you have (i.e., biopharma)
  - New centers take decades to develop, but are durable once mature (e.g., Detroit and auto industry)
- Lesson 2: Adapt, innovate, and diversify from this base
  - Philly: gene therapy, nanotechnology
- Lesson 3: Metro transit systems are key to healthy urban systems (improve core-periphery connectivity)
- Lesson 4: Global connectivity is key to maintaining a position in global value chains
  - What does global transportation look like in 20 years?
- Philadelphia lacks spawning corporations

### **Linda Conlin, President, World Trade Center of Greater Philadelphia**

- World Trade Center: global network for accelerating global business growth
  - One-on-one trade counseling
  - Educational conferences and workshops
- Global connections, local growth
  - Key variables are networks, human capital, and connective infrastructure
  - “planes, brains, and connectivity”
  - Urban outperformers create cities without borders
  - small companies are big business”
- Global Cities Initiative: Export Plan for Philadelphia

Connecting People, Places & Prosperity in Greater Philadelphia

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- Philly has a diverse export economy. Eds and Meds, but also more.
- Not keeping up with growth in export intensity of comparable metros
- Accelerate regional job and revenue growth via dynamic export economy
- Increase export intensity
- Increase number of new exporting firms
- Elevate exports as business priority
  - Focus on small-medium size businesses in health and professional services clusters
  - Strength export support systems

**Lauren Swartz, Senior Director, International Business, City of Philadelphia Department of Commerce**

- Commerce Dept.
  - promotes city globally
- Location + talent
- Transportation network
  - Promotes exports
  - Supports air and port routes
  - Hosts international delegations
  - Builds global relationships
- Introductions, data sharing, partnerships, incentives, “aftercare”
- Companies locate to Philly from all over the world, nation, and region
  - 40% international companies European, especially from UK
  - 40% previously from China, but rapidly drying up
  - Canada aggressively looking to work directly with local partners due to tense national relationship
  - Businesses also from Israel, Japan, and others
- Focus on life science sector
- Challenges: Global flux, US Policy, uncertainty, tax environment, competition, global identity
- Opportunities: global flux, welcoming local policy, diverse workforce, renaissance, deep and long history, global identity project
- The Future
  - Will Philly accelerate?
  - Competitor Cities (e.g., Boston)
  - U.S. International Policy

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## Questions

- Philly whole often less than the sum of its parts (SM)
- Price disparity in flights between PHL and New York Airports?
  - Increased competition in New York drives down prices (LS)
  - American dominates PHL. Results in lots of infrastructure investment, but can also result in higher prices
- Correlation between patents/inventors and revenue?
  - Long pathway between innovation and market. Innovating now might now show up in economy for years. (RM)
  - Innovation is just one factor in urban success. Necessary but not sufficient (RM)
  - Bringing together startups and mid-size companies to accelerate implementation of new ideas (LC)
- Value of maintaining transportation in maintaining competitive advantage?
  - Retention of existing businesses (LS)
  - Aftercare has a 6x better return than chasing new businesses (RM)
  - Existing businesses can become obsolete, still need to upgrade (RM)
- Biggest mistake we could make in planning for the future?
  - Ignoring global context (LC)
  - Have policy decisions driven by politicians. Too short time horizons and wrong focus (e.g., headcounts rather than added value of new jobs) (RM)
  - Have to solve poverty, but can't come at the expense of the business community (LS)
  - Continued focus on managing decline rather than encouraging growth (SM)
- Work with immigrant communities to boost global trade?
  - Diverse workforce is a selling point to international companies (LS)

Next meeting will be December 11<sup>th</sup> 9-11am focused on the future of goods movement.

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