What is Economic Development?

Economic Development originated in Mississippi in 1936 when the first revenue bonds were issued under the state's "Balancing Industry with Agriculture" program.

Economic Development is:

- Personal wealth creation for all citizens;
- Economic diversity that sustains each locality and the entire region throughout economic cycles;
- A process – not an event; and
- Economic development is where public policy and free enterprise intersect.

Economic Development Today

Economic development involves creating an environment in which communities and their citizens prosper and improve their quality of life. Economic development means many things to many people. Historically, it has meant only "industrial recruitment."

Today's definition is about multiple strategies – small business development, tourism, retaining existing business and industry, downtown development, leisure, cultivating minority business, strengthening regional partnerships, etc.

Community Basic Components

- Leadership
- Basic Statistics & Information
- Economy
- Government Structure
- Geography
- History
- Realities and Problems
- Trends, Patterns, Values, etc.
- Politics
- Unique Features

Therefore, economic development is:

- An Interdisciplinary Profession
- Hard Work
- Ever Changing
- A Daily Challenge to the Status Quo
- About Innovation – CHANGE!

The New Economy Defined:

"It is a knowledge and idea-based economy where the keys to wealth and job creation are the extent to which ideas, innovation, and technology are embedded in all sectors of the economy."

The State New Economy Index, *Progressive Policy Institute*

Actions for this Economy:

- Concentrate on improving the quality of workforce by working with county and regional (this is all about thinking regionally and acting locally – i.e. charter schools, satellite college campuses, work ready programs, vocational opportunities, etc.). Workforce development is and always will be the #1 issue in economic development.
- Nurturing existing businesses – create technology-based system for growth.
- Support entrepreneurship in new ways – become more culturally aware. The majority of small businesses originate from minority communities.
- Recruit carefully and smart, based in asset advantages and existing connections – clear strategy for each cluster or area of emphasis.
- Look for "overlooked" assets and opportunities – multiple strategies are key.
- Marketing reality – quality websites and personal relationships are the necessities.
- Remember quality of life is very important and it is an individual choice.

Key Trends in Economic Development

Globalization

According to Thomas Friedman, author of the Lexus and the Olive Tree, "Globalization is not a phenomenon. It is not just a passing trend. Today it is the overarching international system shaping the domestic politics and foreign relations of virtually every country, and we need to address it as such."

The playing field is the world!

- European Monetary Union
- NAFTA, WTO, China, Brazil, India
- Foreign competition
- Increased exports
- Investment competition
- Privatization

Technology and Telecommunications

- "The Death of Distance"
- Accessibility substitutes for physical location
- Computer networks and the internet
- Telecommuting and mobile work

To compete in this environment, communities must have high speed communications networks (fiber optics, broadband capacity, digital switching, wireless) and a skilled workforce.

"Two tremendous changes are driving through the world economy; technological advances in computing and communications and globalization, caused by the fall in barriers to trade and investment. The death of distance brings the two together. As the world moves toward virtually free electronic communications capacity, trade and investment flows will transform patterns of economic activity around the world."

Frances Cairncross

The Economist, excerpt from the *Death of Distance*

Regionalism

- Boundaries are meaningless, work with county and region
- Capacity building and marketing
- Public-private partnerships

Types of Regionalism

- Regional & State Authorities
- Counties
- Municipal Associations

Reasons to forge regional partnerships:

- Greater capacity and resources
- Stronger united leadership
- Economies of scale
- More choices for customers
- Greater strength at state level
- A pathway to other problem solving

Sustainable Development/ Green Business

Sustainable development programs:

- Wise growth
- Redevelopment
- Brownfield reclamation
- Land conservation
- Special purpose state entities

Green business issues/ trends:

- Shifting sources for energy
- Developing alternative fuels
- Green building practices
- High profile companies
- States and cities forging ahead despite lack of federal action

Workforce Development

- #1 economic development issue
- Today's college students
- New job requirements
- College degree
- "Technicolor South"

Place

What is place?

- Character
- The built environment
- Diversity
- Amenities

Diversity is a breadth and depth of options in:

- Social opportunity (people and activities)
- Economic opportunity (jobs and industries)

"In a footloose world, public amenities such as parks and beaches are one way to attract the smart, entrepreneurial people that drive our economy."

Edward Glaeser

What do successful communities have in common?

- A commitment to unite for a better community and to put aside differences for the common good.
- A willingness to accept responsibility for the way things are and the way things will be.
- The sharing of a common vision for the future.
- A proactive action-oriented mindset and a clear strategy.
- Diverse civic participation, quality leadership committed to the future.
- The civic capacity and institutional structure necessary to implement a changing strategy.

Seven Guidelines for Local Economic Development

- Know your economic function in the global economy
- Create or help contribute to a skilled workforce
- Invest in infrastructure for innovation
- Create a quality of life
- Foster an innovative business climate
- Reinvent and digitize government operations
- Take regional responsibility seriously

Source: The Progressive Policy Institute

Competitive Assessment: Three keys

People:

- Population dynamics
- Socio-economic health of adults and children
- Workforce competitive

Prosperity:

- Economic structure
- Labor market dynamics
- Business climate
- Innovation and entrepreneurship

Place

- Livability (including cost of living, transportation, public safety, housing market)
- Environment
- Arts and cultural amenities
- Civic engagement

Source: Market Street Services

Economic Development Strategy (key points)

- Enterprise & small business development
- Existing business & industry services and procurement
- Tourism & attraction (think weddings)
- Downtown, Main Street development
- International trade and exports (have a travel budget and passport!)
- Quality commercial and industrial recruitment
- Sports, recreation, and culture
- Minority business development

Source: Market Street Services