The Ohio State University
John Glenn College of Public Affairs
& Ohio Manufacturing Institute

Regional Economic Resilience: Understanding the roles and limits of economic developers

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29 years of economic shocks 1978 to 2007

1, 476 Metro Employment Shocks

- Shock ***resistant***: 47%
- Shock ***resilient***: 65%
- ***Not resilient***: 35%
- Average time growth rate recovery: 2.9 years
- Average time job recovery: 5.1 years

1,393 Metro GMP Shocks

- Shock ***resistant***: 56%
- ***Shock resilient***: 86%
- ***Not resilient***: 14%
- Average time to growth rate recovery: 2.4 years
- Average time to GMP level recovery: 3.5 years

About 25% of metros are chronically distressed; half recover employment

No silver bullets

Regions with:

- **Poorly educated populations** more likely to experience a downturn and more likely to be resilient
- Higher dependence on **manufacturing** more likely to experience a downturn but are also more likely to be resilient
- **Income inequality** is associated with smaller chance of ***GMP*** recession, ***more likely*** to be resilient
- **Income inequality** make region ***less likely*** to be resilient in terms of ***employment***
- **Export diversity** protects against employment shocks
- **Right-to-work** positively related to resilience to both employment & GMP shocks

Chronic distress: Industry [Product] Cycle Causes

Regions with:

- **High relative earnings** increase chance of chronic distress
- **Sticky high earnings**: Longer relative high wages persist, longer metros took to emerge from chronic distress
- **Income inequality** increases odds of metros experiencing chronic distress, also positively associated with recovery—think labor markets
- **Manufacturing** makes it harder to recover

THE ROLE OF PUBLIC POLICY

Who rules the game?

Firms, products, and investment

EcD assets, factors of production, critical location factors

State & local taxes, spending, service provision, regulation

Economic development activities

- Northeast Ohio GMP $186 billion
- Non-government EcD Infrastructure: $$68 million, or 0.04% of GMP

The dogs that did not bark when it comes to resilience

Four important interpretations or observations that did not make it into the ***Coping with Adversity***

1. Leadership did not make a difference
2. EcD programs & practices did not make a difference
3. Right-to-work and investment risk
4. Real portfolio diversity: NAICS as a distorting framework

IMPLICATIONS FOR ECONOMIC DEVELOPMENT POLICYMAKERS & PRACTITIONERS

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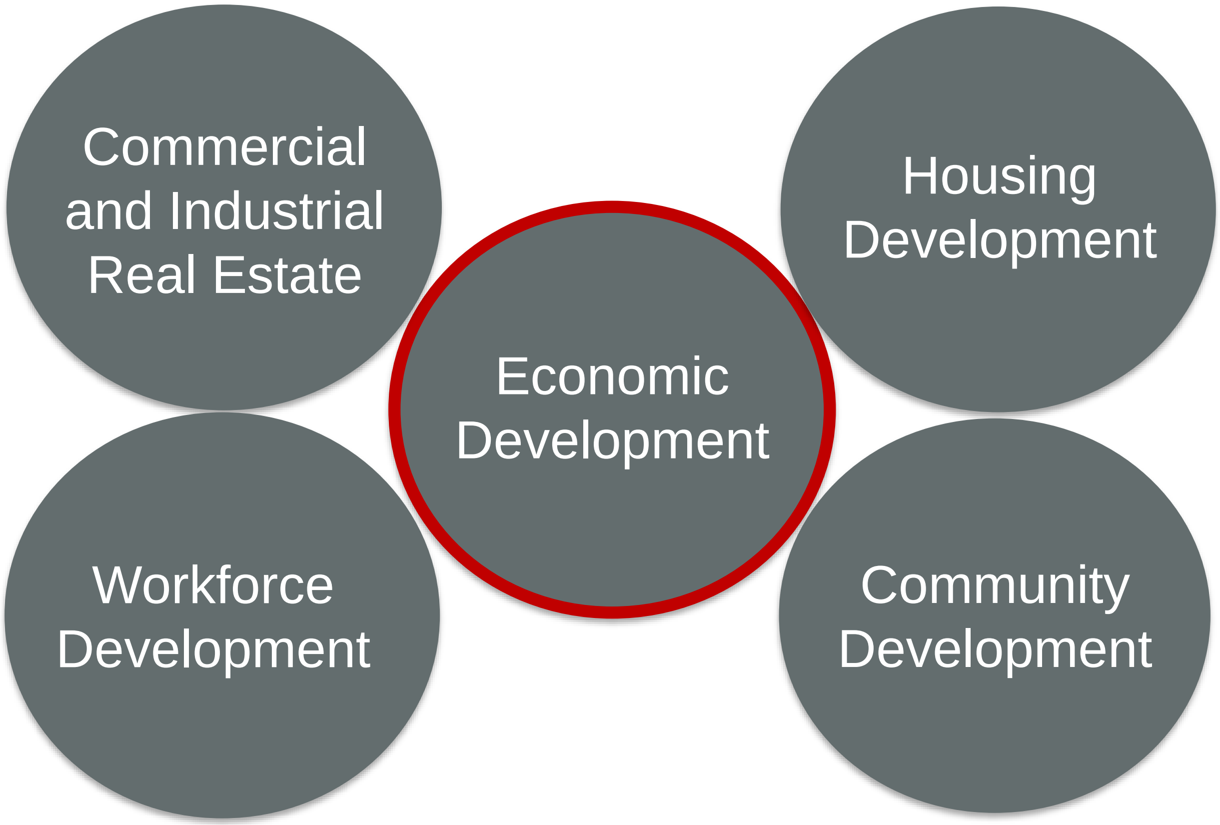
The Five Developments



Economic developers are intermediaries

Economic Developers:

Sell a region's economic development assets

Voice of their customers

Guardians of public interest

Understand how location affects **income statement** & talent

Realize that the long-term EcD benefits come from the region's assets

EcD Professional is a …

Problem solver and connector

Advocate for workforce and infrastructure investments—the connecting point between CD and EcD

Guardian of public interests ~ and there are many

Art, Science & Momentum

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Strategy Framework

Context for EcD Strategy

Supply-driven ⟷ **Demand-responsive**

	SHORT TERM 1 – 5 Years	INTERMEDIATE TERM 5 – 10 Years	LONG TERM 10 – 20 Years
Focus	***Transactions*** Marketing Current Assets	***Interventions*** Strengthening Regional Competitiveness & Industry Dynamics	***Investments*** Changing the Quality of the Assets
Economic Growth Drivers	Retention, expansion and attraction of companies based on the region’s current assets	The success of a regional portfolio of companies and products, people and places	Improved quality of assets including people, place and knowledge
Objective of the Strategy	***TRANSACTIONAL EXCELLENCE*** Leverage existing assets and incentives to maximize the success of each retention, expansion and attraction transaction	***STRATEGIC INVESTMENT*** Invest to improve & sustain the diversity or quality of the region’s companies, products, people and places Coordinate, augment and/or collaborate to enhance public sector efforts	***STRATEGIC ADVANTAGE*** Invest in interventions that improve the quality of the region's assets Advocate to influence and innovate public policy

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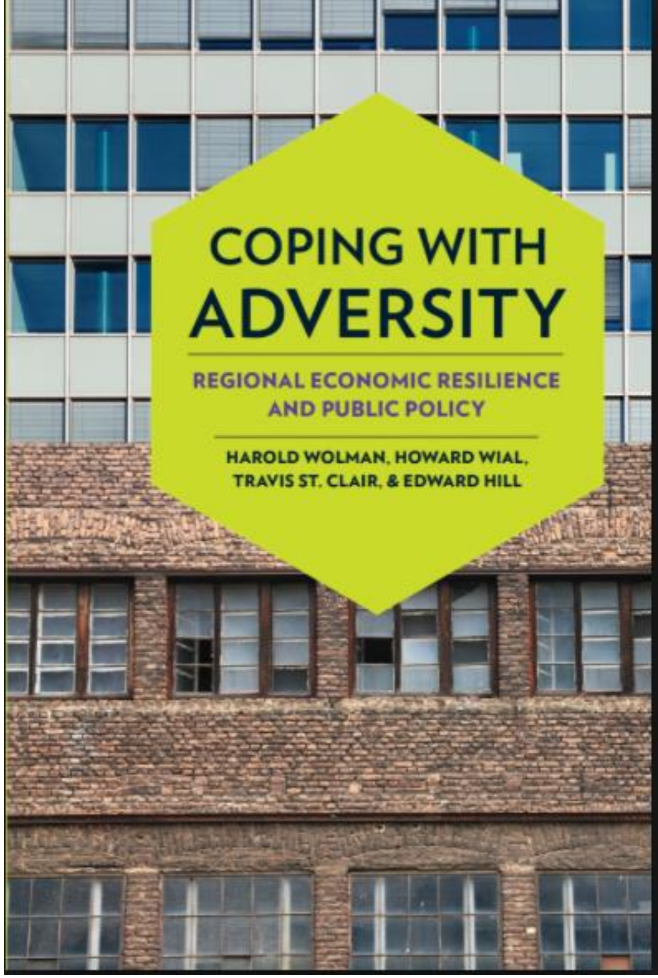

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