

# Economic Growth Paths



Client

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Facts

Period

2006

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Project Country

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**"The job of economic developers is to change the future, rendering static models and forecasts irrelevant", Glen Weisbrod, 2006**

**New Directions.** New research has illuminated the value of focusing on economic development growth paths -- the fact that areas and regions can achieve job and income growth through a variety of routes. The Sources of Growth project, led by Economic Development Research Group, identified six major routes to economic growth. The research also highlighted the need for economic development strategies to assess the most appropriate growth paths for each local area, pursue the most relevant and promising growth paths, and monitor progress to periodically rebalance the direction of effort. (Click on the graphic to enlarge it, showing growth paths.)-->

**Building on Emerging Research.** This line of analysis is discussed in detail in a series of reports on Sources of Regional Growth, prepared by EDR Group, RTS and MIT for the Appalachian Regional Commission. It is also discussed in a recent article by staff of EDR Group that was featured in Economic Development America (magazine of the US Economic Development Administration), and is also explained in a new article on targeting methods (publication pending). EDR Group has also developed the Local Economic Assessment Package (LEAP) as a tool to help areas identify existing gaps and barriers that must be overcome to pursue the various economic growth paths.

**Targeting Fads and Alternative Directions.** The concept of a balanced growth path strategy for economic development is in marked contrast to the automatic pursuit of the latest fad industry. The economic development profession has been plagued by pursuit of business attraction targeting fads -- ranging from plastics in the 1960's followed by advanced materials, electronics, computers and now biotech (which is a target of 45 states). Presupposing that answer, there are even firms that proudly promote "technology-based economic development" for all.

Yet economic development researchers have long known that not every place can be nor needs to be a Silicon Valley or a Research Triangle. In fact, some areas have achieved substantial economic growth following alternative paths focusing on development of recreation industries, retirement communities, educational institutions and learning communities, supply chain logistics and distribution centers, or specialty export products.

**"Cluster Studies"** represent another in-vogue topic. While the serious academic research on business clustering has important implications for understanding regional competitiveness, the cluster studies produced for economic development agencies can too often become a shortcut that merely turns out lists of industries that are already strong in the local area, followed by a "strategy" to build on whatever is already strong locally. That can be dangerous as it is the opposite of a balanced economic diversification strategy.

**New Tools.** As local and regional economic development agencies have recognized the need for more strategic targeting efforts, EDR Group responded with roll-out of the Local

Economic Assessment Package (LEAP). This web-based system of economic development tools was recognized with awards from the International Economic Development Council and ACCRA, now the Council for Community and Economic Research (C2ER). It was also selected by the Appalachian Regional Commission for use by area economic development agencies in its 13-state region.

**Towards the future.** EDR Group remains committed to continuing research that helps improve the economic development profession. Our most recent work is focusing on market size, market access and educational thresholds required by various industries, which can dramatically change a local area's economic growth paths and opportunities.

Recent Professional Presentations and Articles by EDRG staff on this topic include:

- International Economic Development Council, 2006 - Beyond Clusters: Underpinning Economic Growth for Alternative Strategies"
- ACCRA - Council for Community & Economic Research, 2006 - The Development and Use of EDR-LEAP (Local Economic Assessment Package)
- EDA - Economic Development America magazine, 2006 - Economic Development Targeting: Laying a Sound Foundation for Your Strategy Plan

### Contact Persons