State and Local Economic Development Strategy Summit:

A Summary of Presentations and Discussions

December 3-5, 1992
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Summit held December 3-5, 1992
Hubert H. Humphrey Institute of Public Affairs
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State and Local Economic Development Strategy Summit:  
Summary of Presentations and Discussions

On December 3-5, 1992, approximately 100 economic development professionals gathered to hear presentations by some of the nation’s leading economic development thinkers and practitioners. The summit was sponsored by the University of Wisconsin’s Hubert H. Humphrey Institute of Public Affairs and the National Conference of State Legislatures, with additional funding from Norwest Bank, Northern States Power, and the Northwest Area Foundation.

In his opening remarks, Dean G. Edward Schuh outlined four goals for the summit: to explore some “state of the art” ideas in economic development; to debate the important issues related to economic development policies; to explore some new directions for state and local governments in economic development; and to provide the Clinton transition team with input. In keeping with these goals, the conference’s five panels explored these questions:

1. Is state and local development a zero-sum game?
2. Can states be effective players in the international arena?
3. How can states be effective in the uncertain environment of regional economic transformation?
4. How are economic development programs being evaluated?
5. What are “third wave” economic development strategies, and how will they work?

The summit concluded with a roundtable discussion of audience members and closing remarks by Dr. Graham Toft. The focus of these discussions was on problems or issues that still needed to be addressed, and on the formulation of advice or messages for the Clinton administration’s economic strategy team. Attendees were provided with outlines of the speakers’ presentations, and were requested to fill out evaluation forms on various aspects of the conference. The entire conference was tape-recorded.

This report summarizes the conference proceedings, outlining the basic arguments and points made by the speakers and members of the audience. Because discussions often carried over from one panel discussion to another, some liberty was taken to re-organize comments so that they fit within the programs’ topics. Throughout the report, recommendations that speakers made are set aside with bullets.
1. Is State and Local Development a Zero-Sum Game?

Moderator: Thomas Luce, Humphrey Institute

Participants:
Timothy Bartik, Senior Economist, Upjohn Institute, Kalamazoo
Arthur Rolnick, Director of Research, Federal Reserve Bank, Minneapolis

The "zero-sum game" argument suggests that economic development efforts do not contribute to the overall growth or well-being of a region or nation, but rather just move firms or jobs from one geographical area to another. The extreme version of this argument is that economic development efforts are a negative-sum game, both because they cost money to create and administer, and because they mis-allocate resources.

The source of this problem is that many economic development programs are not rational responses to demonstrated market failures; instead, they are justified rhetorically on the basis of job creation. Examples of the types of market failures that should drive program development include: inadequate distribution of business information; failure of capital markets to address the needs of some business segments; and inadequate attention to "externalities" like the social costs of pollution or poverty.

This issue brings out differences in interpretation of market circumstances. For example, is the market really failing when local banks won't provide capital to a small company interested in exporting? This could be an example of "capital market failure," or it could be an example of the market doing exactly what it is supposed to do: allocate resources in such a way that risky investments are weeded out. There was a great deal of disagreement about whether our current markets (especially for capital and for business information) are working.

This issue raises basic value questions, as well. Many of our urban cores and rural communities are uncompetitive: should we let them die (which would let the market operate, but would create much medium-term hardship), or should we step in to bolster them? Is it acceptable to assume that our citizens are just a human resource that we can expect to migrate as smoothly as other production inputs? In any case, we know that it takes a careful analysis to determine that a market is failing, and few economic development programs are predicated on such analyses.

In addition to the need for such pre-program analyses, most discussants agreed that formative and post-program evaluation is essential to recognizing which kinds of programs are most likely to be positive-sum, not zero-sum. Claims are often made about the jobs and indirect dollars generated by this or
that incentive package, with almost no careful analysis of the actual jobs created, the quality and longevity of those jobs, the likelihood that similar jobs would have been created without the intervention, and the opportunity costs foregone by investing in the incentive package.

While it is theoretically essential to do pre-program analyses of market failure and post-program evaluations of effects, speakers acknowledged the practical and political reality that leaders are often called upon to DO SOMETHING without the benefit of such analyses. Speakers disagreed on what the “something” should be, however. Should we attempt to minimize our impacts on the marketplace by eliminating programs, or should we experiment with programs that seem reasonable and just do what we can to evaluate their impacts?

At least, speakers agreed, we should steer away from the large, politically-volatile incentive packages, which are very likely to be zero-sum games. Money would be better leveraged in smaller programs that focus directly on addressing local market failures and on improving productivity within existing firms. A focus on infrastructure (education, public works, transportation, telecommunication, etc.) is also well-advised, because such investments provide benefits for all players rather than distorting the market by providing direct payments to private firms.

Economic development programs should also include “payback” plans so that they do not become one-way handouts to certain firms. Options can range from requirements that assisted firms match the amounts contributed by government for modernization or training, to “clawback” provisions that require firms to give back aid or loans if their job-creation promises are not realized, to an emphasis on loans rather than tax breaks or grants.

2. Can States Be Effective Players in the International Arena?

Moderator: Robert Kudrle, Humphrey Institute

Participants:
John Kline, Georgetown University, Washington, D.C.
Carol Conway, Southern Growth Policies Board, Research Triangle Park
William Noydurt, William Noydurt Associates, Bethesda

It is a truism that today’s firms operate in an international marketplace; even those firms that see their markets as local or regional are actually being affected by international competition. This fact also propels local and state economic development organizations into an international reality, influencing the targets and the effectiveness of their programs.
Kline explained that states got involved in international programs as their local firms became more involved in international trade (in the 1970s), and as foreign direct investments in local communities grew (in the 1980s). States currently spend an average of $2 million per state per year on trade promotion, rivaling the total spent by the federal government. In foreign direct investment promotion, states and localities are the only player—the federal government is not involved. In addition to international business promotion and foreign investment promotion, states' policies on procurement and sectoral ownership restrictions should also be considered as part of their international economic policies.

How are states positioned to deal with the international marketplace in the 1990s? Not very well, the speakers seemed to agree. The following problems were raised by the speakers and members of the audience:

1. Most of our nation's firms do not understand their role in the international economy. Many of those who are not currently exporting do not see the international marketplace as relevant to their operations, and some current exporters are coasting along on our now-favorable exchange rate rather than preparing for increasingly aggressive competition. Most firms do not know enough about exporting to make an informed decision about whether they should be pursuing an export strategy or not. They would need help to take advantage of export assistance currently being provided by state and federal agencies.

2. Export development should be seen as a subset of the firm-development process. Assistance programs should focus on business strategizing first, then move to export assistance once a firm is "export ready" and "export willing." To encourage entry into the export market by a firm that is not ready to compete internationally not only wastes economic development dollars, it is likely to put the firm in financial jeopardy. For this reason, export assistance programs should be linked to other economic development programs.

3. In many cases, trade promotion efforts have not involved actual trade development. The efforts have been geared to one-time trade missions or international shows, rather than comprising concentrated programs over a period of time.

4. Businesses often do not trust government assistance providers because they move too slowly; they are too narrowly-focused; they spend more effort on cheerleading about exporting than on addressing the real risks and challenges of exporting; they lack continuity across administrations and other personnel changes; they are attracted only to the "hot" exporters and ignore other potential firms or sectors; and their (the assistance providers') survival does not depend on the success of the ventures they assist.
5. Banks are not providing adequate capital for export development.

6. Both states and the federal government have focused their trade promotion efforts on a few international regions, leaving major gaps in our international trade map.

7. Federal and state programs are not developing service exports with the same vigor that they are attending to manufacturing exports.

8. At the federal level, we spend a great deal of effort negotiating favorable trade agreements, but very little effort in helping our firms export effectively. Most “trade barriers” are not between nations, but inside firms.

9. Federal trade promotion efforts are limited and diffused, with agricultural products getting too much of the total budget.

10. States’ international offices are usually designed around specific programs, with little funding for policy planning. This diffuses states’ efforts, and provides no single point of contact with other states’ or the federal government’s planning activities.

11. If 80% of U.S. trade is undertaken by multinational corporations, and 30-40% of all international trade is intra-firm transfers, then state policies designed for uni-national firms and international transfers are not likely to be effective. The growth of international, inter-corporate alliances will complicate things further: does a German/U.S. alliance, headquartered in Oregon with a manufacturing operation in Indianapolis, qualify for an Indiana-sponsored trade mission to Japan?

12. States are not prepared to deal with the proliferation of regional trade agreements. They are not preparing plans on how to promote themselves to all the new trading blocs, and many do not know how to organize themselves into regional or multi-state entities. They are also not reviewing their own policies--e.g., labor laws, policies on plant shutdowns, product liability restrictions, and environmental regulations--to see how they will fit within the regional trade agreements being negotiated.

13. Federal and state international programs are not integrated; this creates gaps and overlaps in service provision, and confuses potential users.

14. Our state economic development agencies are not involved in designing or negotiating U.S. policies on non-tariff trade barriers, yet some of these policies will directly affect those agencies’ activities. The GATT will be addressing states’ subsidies to private firms, technical standards-setting, and trade performance requirements. Other nations are pushing for reforms that
would eliminate some of the tools that states now use in their economic development efforts. There are inadequate mechanisms for providing a state perspective to the U.S. Trade Representative.

15. The relationship between states and the federal government in negotiating international agreements is unclear. It is obvious that our federalist system will be strained as the full implications of international competition become clearer; as yet, we do not have adequate institutional mechanisms for ironing out state/federal conflicts. The same is true about the relationship between cities and regions, on the one hand, and states on the other.

To respond to these problems, participants suggested the following:

- Privatize international assistance services as much as possible.

- Require firms to pay for the assistance they receive.

- Concentrate on small and medium-sized firms via local delivery systems. Tailor assistance to the needs of each client. States should consider targeting particular sectors or geographic regions.

- Base international assistance programs on firms' prior completion of a strategic plan. Focus on business development first, then on international activities.

- Keep detailed records on assisted firms and the impacts of assistance efforts. Develop measures to evaluate those impacts that are directly linked to program goals.

- Spend public funds on development of service delivery systems rather than on direct subsidies to firms (e.g., providing an electronic bulletin board that lists inquiries from international firms rather than giving a local firm money to attend an international trade show).

- Work to get locally-based support industries--banks, utilities, and trade associations--to become active in promoting or providing export assistance.

- Adopt a goal of increasing trade, not just increasing exports. The larger the flow of goods, the more likely it is that information will be shared and exporting opportunities will grow.

- States should appoint an international affairs coordinator, using Montana and Hawaii as examples.
3. How Can States be Effective in the Uncertain Environment of Regional Economic Transformation?

Moderator: Ragui Assaad, Humphrey Institute

Participants:
Ann Markusen, Rutgers University, New Brunswick
Jerry Nagel, Red River Trade Corridor, Crookston, MN

"Regions" includes sub-state and multi-state areas that have banded together into a single economic entity; occasionally these cut across state and/or national boundaries, as well. Regions have become more pronounced in economic development activities in recent years as traditional entities (i.e., cities, states, and nations) have sought new forms of comparative advantage to deal with the world-wide recession and the integration of the world economy.

The Red River Trade Corridor, Inc., for example, includes Minnesota, North Dakota, and Manitoba in an alliance that supports communication within the region and promotes the region internationally. The RRTC puts together educational materials (on NAFTA, for example), organizes players within the region on particular economic development issues, helps set up exchange programs for graduate students and economic developers, and produces a newsletter for the region's economic developers and firms. They perform a facilitative function, helping trading partners to find each other rather than actually making trade deals themselves.

Participants agreed that the trend toward regional organizations would continue. Nagel also pointed out that the creation of multi-nation regions seemed to contribute to the subsequent formation of sub-national regions, as well. The formation of the EEC, for example, seems to have spawned smaller regional organizations that address members' particular concerns.

An important aspect of regional organizations is their ability to overcome political and cultural barriers and encourage multi-cultural solutions to common problems. By building up understanding among people who have heretofore seen themselves with little in common, regional organizations pave the way for economic sharing as well. To achieve this goal, these organizations must take a long-term view, investing in understanding in order to achieve a future payoff. Mutual advantage is the motivation for regional alliances.

While the role of regional organizations is still being determined, it is likely that, in the short term, they will operate in cooperation with traditional economic entities. States or counties, for example, will still be the implementation mechanisms for regional plans; the regional bodies will
make suggestions about direction and help facilitate cooperation. Negotiating the relationships between traditional entities and these new regional bodies will be very challenging.

In order to take advantage of the potential benefits of regional organizations, states (or nations) will have to get comfortable with the idea of looking for new types of commonality and mutual advantage. Strict adherence to hierarchy and traditional segmentation of power will have to melt into more fluid relationships in which entities assess their strengths and weaknesses and look for other entities that are in similar circumstances.

4. Are Economic Development Programs Being Evaluated?

Moderator: Lee Munnich, Humphrey Institute

Participants:
Harry Hatry, The Urban Institute, Washington, D.C.
Abigail McKenzie, Minnesota Department of Trade and Economic Development, St. Paul
Brandon Roberts, Brandon Roberts & Associates, Baltimore
Beth Stella, University of Kansas, Lawrence

Evaluation has two purposes: accountability and program improvement. While a great deal of lip service is paid to the importance of evaluating government programs, political realities and methodological difficulties make good evaluation difficult and rare.

The political reality—that evaluations are often input to program funding decisions—creates an environment in which it is in program personnel’s interest to distort evaluation data or to not do evaluations at all. In addition, evaluation criteria that are politically attractive (“number of jobs created” or “dollars brought into the state”) are often not very representative of what a particular program might be trying to accomplish, at least in the short term. Finally, it is often in the evaluation stage that a program’s real goals and purposes are made explicit for the first time, which can lead to political battles about those goals.

The methodological difficulties are just as daunting. First, it is often difficult, to know when a program is really creating new jobs or wealth, as opposed to just shifting them to a new location. Second, the projections that firms make when applying for economic development assistance are often unrealistic: it is difficult to know ahead of time, and even after the fact, whether the projections can be, or have been, attained. Third, it is difficult to assess the secondary effects and side effects of programs. Fourth, there are few circumstances in which firms can be randomly assigned to treatment (i.e., they receive some assistance) and control groups, yet this is necessary for a
valid assessment of the assistance program. Finally, the record-keeping of most economic development programs is unsystematic and not adequate to support detailed evaluations.

Even with these difficulties, there have been several successful attempts to evaluate economic development programs. In Maryland, for example, an export promotion program was evaluated using surveys of clients. Clients rated the program on each of the services it provided—newsletter, trade mission, etc.—according to a scale from “excellent” to “poor.” In addition, the survey asked what the client had done differently as a result of the program’s assistance. In Minnesota’s Department of Trade and Economic Development, a performance monitoring system was implemented five years ago. Three types of data are collected: customer profiles, customer satisfaction measures, and outcome measures. Programs are on their third, second, or first round of evaluations, and results of the evaluations have actually been used to make program improvements. In Oregon, Small Business Development Centers were evaluated using several techniques: business surveys of 500 firms using a stratified sample; focus groups of clients and non-clients; program reviews; and telephone interviews of clients. The evaluation concluded that the SBDCs were serving clients well, but also identified some problems that needed attention.

Session participants provided several suggestions for economic development administrators interested in evaluation:

- Consider both in-depth evaluations of particular programs and ongoing performance monitoring. The former is good for understanding how and why a program is working, and for evaluating its long-term merit. The latter is more useful for managers because it provides timely feedback on performance, but it does not provide data to explain why the program is or is not working.

- Establish performance criteria that reflect the goals of the program and that are possible to operationalize (translate into a measurable activity).

- Use unemployment insurance databases for tracking individual companies to determine the number of jobs they create or lose.

- Conduct client surveys to get systematic information about outcomes of programs, but realize that some of this data can be inaccurate (if it is in the interest of the clients to overstate the benefits of the program, for example).

- Think about experimental designs, such as randomly assigning firms to various treatments then assessing the results later. Try to analyze results according to the sizes, ages, or geographical regions of the firms.
• Try to design evaluations that provide useful information to managers, not just to program administrators.

• Train managers about evaluation, and get their support before undertaking an evaluation effort. Give results back to managers first, and let them present them to their superiors.

• Institute systematic record-keeping about clients and services provided.

• Consider the timing of evaluations so that programs have had a chance to work before they are evaluated, and so that the data collected is timely and useful to managers.

• Follow through on results; when an evaluation is completed, make sure that managers respond with changes.

• Support evaluation with resources. As budgets go down, evaluation is likely to be the first thing to go.

• Consider using an outside group to conduct evaluations; perceived objectivity is important. Require that the evaluating group make recommendations as part of the project.

5. What Are “Third Wave” Economic Development Strategies, and Will They Work?

Moderator: Candace Campbell, Humphrey Institute

Participants:
Robert Friedman, Corporation for Enterprise Development, San Francisco
Robert Atkinson, Office of Technology Assessment, Washington, D.C.
Janet Jones, Oregon Department of Economic Development, Salem
Graham Toft, Indiana Economic Development Council, Indianapolis

Economic development theorists have recently identified three waves of economic development strategies. First wave strategies focused on business attraction as a way of creating jobs in local communities. Aggressive marketing and publicly-financed incentive packages were keys to first wave strategies. Second wave strategies turned more toward indigenous development. States developed programs to build “competitive capacity” within local communities, including training, capital access, technical assistance, and technology transfer programs.

Experts have pointed out several shortcomings of first and second wave strategies. Business attraction efforts tend to become zero-sum games,
moving jobs from one place to another rather than increasing overall wealth. They also tend to disregard the quality and longevity of jobs that are brought into communities, and in some cases, they do not even result in significant job creation. Second wave strategies address some of these shortcomings, but they usually suffer from a lack of adequate focus, scale, and integration to successfully solve community’s economic problems. In some cases, they turn out to be cost-lowering schemes rather than programs that actually improve the competitiveness of firms. They are also very difficult to evaluate.

Third wave strategies focus on how economic development programs and services are delivered. They attempt to leverage state resources by emphasizing facilitation rather than direct provision of services—a wholesaling function rather than a retailing one. They set specific goals for the overall economy, identify places where the marketplace is failing to provide needed services or capital, and play a catalytic role in filling those market gaps. Service is bottom-up rather than top-down, and beneficiaries are expected to drive their own improvements programs. Third wave strategies also attempt to recognize the multifarious nature of most economic problems by looking at the social and economic dimensions of firms’ difficulties and by combining programs that address these various needs.

Oregon has adopted a third wave strategy in its new Key Industries Development program. Funded with $1.5 million over two years, this program was created to implement the industry development strategies that are laid out in the state’s strategic development plan. It identifies thirteen industries that are central to Oregon’s economy, and its focus is on improving coordination and cooperation within and among those industries. The Key Industries program convenes firms to talk about their common problems and to formulate cooperative solutions. So far, the groups have created new trade associations, set up research partnerships, shared training curricula, and explored international trade possibilities.

The third wave is not a panacea for economic developers’ problems. With its focus on how things get done rather than what gets done, it leaves practitioners in the unenviable position of having to make things up as they go along—it is still unclear what programs could emerge from this general framework. Its focus on cooperation is foreign to many private business executives who are used to competing with their neighbors, not helping them. Its industry-driven nature requires that economic developers shed their assumptions that they know what’s best for businesses. At the same time, businesses have to get more actively involved in planning and implementing their own futures without reliance on direct handouts from government.

Third wave thinking has also been criticized by theorists for its simplistic characterization of the three waves. These critics argue that the waves are not
as discernible in history as they have been painted. By using the wave metaphor, the theory suggests that the strategies of the first two waves are now inappropriate, when they are not: business attraction and competitive capacity building are still sensible strategies in some cases. Furthermore, while bottom-up strategies sound attractive, there is not good evidence that the top-down tendencies of government agencies and other potential providers can be overcome. Lack of adequate evaluation mechanisms, and the motivation for creating such mechanisms, makes it further unlikely that third wave strategies will revolutionize economic development.

6. Audience Roundtable

Moderator: Dan Pilcher, National Council of State Legislatures

Participants:
Frank Lauricella, Louisiana State Senate, Baton Rouge
Robert DeLaVega, Norwest Corporation, Minneapolis
Christina Gilchrist, Alexandria Area Economic Development, Alexandria, MN
Kathryn Keeley, Corporation for Enterprise Development, St. Paul
Susan Koch, Economic Development & Telecommunications Consultant, St. Paul
James Maloney, Connecticut State Senate, Danbury

The audience roundtable participants were asked to give their comments on what they had learned at the conference and would take back to their communities; what important questions had not been addressed at the summit; and what advice they would give to the Clinton administration, given the conference discussions.

• The solutions to our economic development problems need to come from discussions between theorists and the technical people who will have to implement our strategies.

• We need to investigate the impacts of our government’s limits on businesses, e.g., our monopoly laws and constraints on financial institutions. Other nations’ firms are not subject to such laws, so we are not competing on a level playing field. If the U.S. is to compete effectively, we will have to restructure our business environment.

• Discussions like the ones at this conference need to include more private businesses; we need to work harder at getting them involved.

• We need to be careful that government programs do not unwittingly compete with private-sector providers. Capital access programs, for example, should be undertaken only when there is clear evidence of
market failure. Otherwise, we are discouraging development of exactly what we're trying to encourage: private-sector solutions.

- We need to openly discuss the political ramifications of economic development programs.

- The most useful information was the session on evaluation and accountability; I will try to apply some of it in my own organization.

- We need more work on organizational change, and how to reward innovation.

- We should put our economic development funds into infrastructure elements like telecommunication and rapid transit systems.

- We need to target our programs better, and quit giving our money to firms that don't really need it.

- There needs to be more cultural diversity in economic development programs and among economic developers if we are to address our problems effectively.

- We are in transition: we have pieces of programs, but we don't know how they fit together yet. We need to be willing to experiment and take risks with some programs.

- We have two tidal waves that we're not considering: women and people of color, and poverty. Each of these waves will sweep over us, and we should be focusing directly on their needs and potential contributions. For example, our growing foreign-born population has strong connections to other nations' markets: can we tap those to help our export efforts?

- We need to integrate our political and economic development messages, and balance our concern between the two.

- We have a president who understands the economic situation we are in.

- Other nations are setting up effective international organizations. Our organizations--such as the Foreign Service--have not figured out an appropriate role for themselves for the 1990s. We need to fix this soon.

- The most useful information was the evaluation session.

- We need to address the political nature of the economic development process. Rather than just taking it as a given, we should look for ways to re-structure our economic development organizations to channel the
political nature of our work in positive directions. We should inform, and get more input from, citizens when making economic decisions.

- We have not discussed the notion of "sustainable development." It is no longer acceptable or realistic to leave the long-term health of our communities or our environment out of our economic development discussions.

- We need to get a diverse mixture of people making economic development policy and theory; our programs will fail, otherwise.

- Our economic development programs need two foci: manufacturing and modernization, on the one hand, and our nation's poorest people and communities, on the other. The poorest regions can't use business attraction strategies, and they do not have the infrastructural or leadership capacity to avail themselves of third wave strategies.

- We need to adopt an explicit goal of decreasing the income differences in our society: no more "raising the lake to float all boats." It doesn't work.

- We need to learn more about organizational design. We should explore organization theory and practice to figure out how to renovate our economic development institutions.

- Clinton should include social scientists (sociologists and psychologists, not just economists) in his strategy teams. These should be "front-line" practitioners, not theorists. It's too easy for economists to think of our citizens in terms of "human resources" and "labor migration" instead of thinking ecologically about human history, culture, and individual/family experience. As a result, economists develop organizations and programs that don't work.

- Clinton's plans should focus on effective use of infrastructure, not just on building infrastructure. A high-speed data network, for example, will not help a rural community that is not yet even making good use of PCs and modems. Infrastructure budgets should be split between "building" funds and "effective usage" funds.

- The biggest benefit of the conference was that it helped sharpen the questions that economic developers and state officials should be asking when designing their programs.

- The theoretical approaches described in the sessions are not reconcilable; we need to make choices between business attraction, capacity-building, and other strategies. There is not enough money to try everything.
"Steering" vs. "rowing: the federal government should not be rowing economic development programs. The states should do the rowing because they know their local areas and problems better. The federal government could provide some steering, especially to discourage zero-sum attraction strategies.

Comments from the audience:

- "Regular" people are not involved in state economic development plans. Planners tend to create such plans among themselves, and do little to publicize the process and invite input. This should change.

- The federal government should not attempt to "row" or "steer" our state economic development programs—just give states the money and leave them alone.

- Economic development is about story-telling: developing a compelling narrative to describe circumstances and opportunities. When developing economic development programs, we should think about the story we are trying to tell, and whether it is enabling and ennobling to our audience.

- Economic policymakers must take a multi-cultural perspective, and include women and people of color in their decision-making processes. Eligibility requirements for funding should include the stipulation that funded programs show evidence of having included all dimensions of the community in the planning process.

- Question: How can we combine social and economic policy? It's hard enough to keep track of other economic development agencies' activities, without trying to make links with welfare, education, health and human services, etc.

Answers: Look for guidance from some micro-enterprise support programs that have addressed the total needs of their clients, combining economic development support with other social services. Use the strategic planning process as a way to make links with other agencies and design integrated programs.

- In order to deal with the social and economic dimensions of our nation's problems, we need evaluation criteria that reflect multiple goals. As long as we simply count "firms served" or "jobs created," there will be no incentive for economic development programs to think about the whole system in which their clients operate.
• The business community can sometimes be indifferent to governmental decision-making processes about economic development—they live outside the Taxation Committee's door, but rarely show up at the Economic Development Committee's hearings. We need to find ways to bring them into these decisions. (Utilities and large local firms seem to be an exception to this).

• We have to focus on both product and process. Our vision should include elements of the process by which we will reach our goals.

• We have spent two days discussing all of the things that militate against our having effective economic development programs. We shouldn't take these to mean that we should just sit back and do nothing.

• The Clinton administration, when formulating their economic development vision, should open up ways for states, regions, and localities to articulate their own visions within the overall vision.

7. Conclusion: Comments from Dr. Graham Toft, Indiana Economic Development Council, Indianapolis

There's a tendency among Americans to panic early and often (Dr. Toft is a native Australian). While the U.S. certainly has some economic problems, we are not in as bad shape as all the dire predictions would have us believe. We should take heart that there is so much energy for change and improvement.

A great deal of the talk in this conference was directly or indirectly about investment: where we should do it, and how. We should maintain this investment focus, looking for places to put resources that will provide paybacks and growth in the long run.

There are two new levels of strategic alliances: subnational or multi-state, and substate. These seem to be a new actor on the economic development stage, and we should try to learn more about they are doing. We should have a conference that brings together representatives of such alliances, and find out more about their missions, activities, and long-term goals. We should try to figure out how they fit within the traditional organizations we are familiar with.

We need to be more effective at communicating the trends of change—to heads of firms, utilities, public officials, banks, etc. We should consider making a video that explains the changes in terms of the pressures these people are feeling locally, and that outlines what economic developers are trying to do to react. Public policy schools, utilities, and government agencies could work jointly on this effort.