Social Capital, Lifelong Learning and the Management of Place

An international perspective

Edited by MICHAEL OSBORNE, KATE SANKEY and BRUCE WILSON
Chapter 13

Cities as engines of growth

Patricia Inman and Larry Swanson

It is a common misconception that communities must choose between economic prosperity and individual opportunity. Equitable employment and fair trade need bases in successful economic enterprise. Providing quality of life for all includes a generous dose of social capital tempered by economic development within thoughtful institutions.

This chapter suggests that developing an infrastructure for connected communities would find cities as the economic growth engines around which clusters of enterprise would organise. The Regional Economies Assessment Database (READ) provides appropriate documentation for such an organic view of economic development and sets the table for dialogue among diverse stakeholders.

Why regional policy?

Economies have a physical sense (Kemmis 1990). The strength of an economy is the result of a market for a resource found in a particular place and the cluster of services that support its market. While cities provide a business hub, rural activities extend and are connected to these. Cities start as settlements of individuals who gather near a resource. Jane Jacobs explains that these resources are an inheritance from the earth’s past expansion that initiated the first clusters of economic development (2000: 54). Commerce and its related activities cluster around these centres and grow into cities that experience repeated bursts of importance, replacing and shifting in an effort to sustain themselves. These bursts result in powerful economic forces. Economies follow natural centres rather than political ones.

Regionalism is an integrative approach to policy that follows this geographical focus, looking beyond political and jurisdictional boundaries. This allows for the study of social, economic, and environmental issues through the creation and sustaining of organisations that do not comfortably fit into the established framework of local, state and federal governments. The institutional framework for regional initiatives varies according to the objectives, scale, participants and timeframe of each initiative. Regional development honours place and its resources, both physical and human.
This complexity leads to one of the most serious obstacles mentioned – lack of a common vision. Regional issues in the Chicago metropolitan area have been studied by Northern Illinois University’s Center for Governmental Studies for the past two decades (www.cgsniu.org). While Chicago’s urban population density is greater, the metropolitan area has experienced much the same intensity of growth around its urban hub. Declining rural economies stand in stark contrast to areas of tremendous growth. Both agriculture and manufacturing were sectors needing revised economic strategies. Any type of long-range planning would require a regional approach to the promotion of sustainable communities that provide living-wage job opportunities for all. While some regional strategies had been proposed in the past, they had not always succeeded in effective collaboration (Dahlstrom 2002). One of the most significant reasons that collaboration has not been successful is the lack of effective data that moves beyond political boundaries and incorporates the life patterns of citizens. Regional solutions are only as good as the data input allows.

One exception to this in the Chicago area is the leadership provided by *Metropolis 2020*. The commercial Club of Chicago began the ‘Metropolis Project’ in 1996 and after a two-year research and learning process issued a report entitled: *Chicago Metropolis 2020: Preparing Metropolitan Chicago for the 21st Century*. A public–private leadership organisation was formed (www.chicagometropolis.org) and its members have been busy working in areas most crucial to the future economic success of Chicago and its region. *Metropolis 2020* allows business leaders and elected officials to join together to focus on regional matters.

Like the Chicago area, the strength of the Montana economy springs from the interaction of people with a powerful history of agricultural production complementing a thriving arena of commerce. Previously, concentrated urban issues were viewed separately from rural activities. Montana, Big Sky Country, has been romanticised as the land of open spaces. While it is true that Montana is a land of vast spaces with enormous beauty, the fact is that most of the development has occurred in the cities. Rural development has been driven by activity in the cities. It is the synergy of urban and rural activity that structures the economy. Regional analysis, addressing the relationship of rural and urban development, is essential to providing guidance in thoughtful economic development for such scenarios. Data analysis in the past has been structured around political boundaries – city, county, state. Regional data analysis differs in that it looks to urban hubs and related rural activities regardless of these borders.

The University of Montana Law School studied regional initiatives in the West in an effort to determine how best to promote regional thinking and action (McKinney et al. 2002). This research looked at why regionalism works, various regional initiatives, types of institutional frameworks that support regionalism, accomplishments of regionalism, key ingredients to success, and obstacles and challenges that emerge. The methodology included the identification of 72 regional initiatives, identifying a list of participants, the objectives of the initiative, a description of the institutional framework, and the scale or region of the
initiative. A survey asked regional practitioners to explain why the initiative was started, what it produced, the key ingredients to success, and the obstacles and challenges they experienced in sustaining the initiative. One of the most striking findings was the fact that regional initiatives are initiated by a diversity of actors (citizens, various levels of government, public–private partnerships) espousing different objectives (knowledge building, community building, resource sharing, advisory, advocacy and governance) and embracing a variety of institutional frameworks (ad hoc partnerships, non-governmental organisations, research organisations, government-sponsored initiatives and hybrid initiatives).

The Chicago metropolitan area and the seven largest population centres in Montana would seem to have little in common. The opposite is true. Montana’s cities, once too small to participate in many facets of a more urban-based economy, are seeing increased economic growth. They have become ‘economic engines’ – places where economic growth, diversification and advancement are centring and spreading into surrounding communities. But the needs of cities have not been considered in economic development deliberations in Montana. A refocused study of economic change in the region and what this change requires for greater economic prosperity is needed. The O’Connor Center for the Rocky Mountain West has proposed a new framework for economic development in Montana. This initiative, modeled after Chicago’s Metropolis 2020, is constructed from the bottom-up, region by region, not top down. New thinking and approaches would take advantage of emerging growth patterns and better position regions for future economic prosperity.

While Montana’s proposed project is parallel to Chicago’s Metropolis 2020, it has a data collection tool not available in Illinois. The O’Connor Center for Rocky Mountain West at the University of Montana has developed a programme of data collection that incorporates commonly used data with social indicators not often included in economic assessment. (Swanson 2000). This programme, the Regional Economies Assessment Database (READ), identifies regions of local economic interdependence and examines key trends in their development and change. Demographic analysis provides a more accurate picture of social and economic activity. Data can be viewed across time, space and, most importantly, in the context of a peer analysis. Regions with similar characteristics can compare growth patterns and look to others for ‘best practices’. Currently this database has been developed only for the western United States.

**Economic regions – regions of economic interdependence**

Fundamentally, the READ system represents a comprehensive effort to better understand how the economy actually organises itself in space, region by region. Considerable effort has gone into the identification of sub-state economic regions. While there is no single way to determine the size and reach of an area economy, it is clear regional economies at the sub-state level are largely organised around major population centres and their surrounding trade and service centres.
Regional economies are organic, dynamic systems constructed of relationships between people, businesses and organisations occupying communities within common regions of interaction. These relationships can be firsthand, secondhand, indirect or incidental. But they are real and largely determine the character and quality of economic life at the community level. ‘Regional communities’ tend to be nuclear in structure, and centred around the dominant population centre of a region. Surrounding cities and towns within the sphere of these centres are economically independent. While small towns and large centres within common regions have different economic roles and potentialities, their economic fates are closely interconnected. Likewise, the economic fortunes of the diverse people living within common regions – urban and rural, rich and poor, white and black, educated and uneducated, old and young – are inextricably interconnected.

There are many different types of region. A region classification system has been devised in READ based on key differences that heavily influence both the types and levels of economic activity found within them. A ‘hierarchy’ of regional centres and region types is visualised, reflecting an ‘urban–rural’ continuum, ranging from regions centred around major metro centres to regions centred around progressively smaller centres to sparsely-populated isolated areas that are not closely linked to particular population centres. This scheme helps in identifying where particular regions ‘fit’ within the larger economy and helps account for regional variations in different types of activities according to varying market area population and income ‘thresholds’. This is extremely important in gauging economic development potentials for a particular area or region.

This system differs markedly from others in the past. Most economic data are compiled for units of political geography, including counties, states and the nation. However, most of the economy does not operate according to political jurisdictions and examining its change using such units will not accurately reveal important regional variations in the economy’s structure and change. The research on regional policy development has shown that there can be no shared vision without a common understanding. This technology provides the ground for democratic decision making in a contextual analysis. READ provides the framework upon which to structure more customised area analysis. Communities can see how they fit into a larger economic picture and so can connect the dots in building economic capacity that allows, among other things, sustainable employment. Housing, land use, transportation, educational and workforce needs are addressed in an appropriate context.

READ is designed to allow complex structures and functioning economies to be systematically examined and assessed at many different levels. This includes the level of more meaningful sub-state regional economies. It is at this sub-state level that decision makers are being increasingly asked to address emerging problems and needs tied to the workings of the economy. READ provides leaders with a better understanding of conditions and trends in the larger economy, in their region and in other similar sub-state regions. It is in these regions where much of community and family life is played out and economic change is experienced directly.
The goal of READ – to better organise economic and social data around sub-state economies – is challenging. However, for the past ten years the O’Connor Center for the Rocky Mountain West has field-tested this programme in areas west of the Mississippi River in the US. Regional positioning, supported by localised data, becomes the framework for an ongoing analysis. READ establishes the broad strokes for more customised study as areas focus additional resources filling in information gaps. While the initial intent was to provide a basis for economic development and workforce development policy, this data structure provides the base for diverse policy development.

While other types of regional data analysis have been done in the past, several advantages of READ emerge. The limitation of data systems in the past, besides the lack of appropriate data input, has been the need for consistent data outside of a subject city. There have been various strategies in assessing regional capacity, but few aligned so that regional comparisons could take place. READ allows for regional data analysis with consistent data input. Additionally, it would provide the common ground upon which leaders could collaborate and effectively use regional resources. READ would allow individuals guidance in workplace needs, providing career and educational guidance. Social programmes would be able to co-ordinate resources. Transportation opportunities would reflect regional needs. Thoughtful economic development would take place in the context of informed regional analysis.

**Providing common vision**

The reality of place-centred economic development is complex. While cities and rural areas often face different social issues, the fabric of a local economy ties them together. The hub of such an economy is situated in the largest centres of population, the cities. A regional analysis assumes dynamic patterns of social interaction encompassing diverse populations. Once we have analysed the data and completed a peer review, how do we sustain communities of learners who will move forward in a thoughtful manner?

Research indicates that diverse partnerships, such as those described in regional initiatives, are best served by highly flexible frameworks of diverse learning communities incorporating systems thinking and holistic education (Hollander and Hartley 1999). A process model developed by Guba and Lincoln (1989) allows for constituency input through cyclical interviews. This is the raw data from which regional issues, concerns and action plans are formulated.

This methodology is based on the assumption that various stakeholders construct reality differently (Inman 2004). Qualitative interviews are validated by the use of quantitative data such as labour market statistics or regional literacy rates. This stands in marked contrast to the usual quantitative focus, with qualitative data providing numerical interpretation. READ and its peer evaluation provide another dimension to such a discussion. Stakeholders are educated to perceptions. The difficulty of finding a common vision, mentioned earlier in the chapter, is
addressed in such a fashion. While peer review initiates discussion between diverse populations, learning communities carry the action forward. This scenario places the focus on the lifelong learning options as regions teach and educate each other.

**Lessons to learn from emerging economic patterns**

*Montana on the Move* ([www.crmw.org/MontanaOnTheMove](http://www.crmw.org/MontanaOnTheMove)), using the data provided by READ, initiated such a discussion and provided a statewide network to help Montana’s regional communities strengthen and unify local economic development efforts providing professional support to community leaders by:

- analyzing national, regional and local economic trends,
- organising public and private interests to create a community development strategy,
- networking with other communities to examine issues of mutual concern,
- creating unity of purpose among communities to solve common problems.

Organising conversation around urban hubs, this collaborative initiative provides a statewide network for cities to work together to identify and solve common problems. READ plays a strong role in supporting informed dialogue. The following lessons were suggested in recent documentation:

*Look Forward.* Promising strategies for economic improvement must reflect where the economy is going, not where it has been.

*Customise Strategies.* Needs and opportunities vary widely from place to place. Goals and strategies must likewise vary.

*Cities Matter.* Recognising that most growth is focusing in and around ‘city regions’, more attention needs to be focused on the needs of cities as the ‘settings’ if not the ‘engines’ of economic growth, diversification and advancement.

*Urban–Rural Relations Matter.* Pursuing economic development town by town or county by county is difficult. Influencing local economies sub-region by sub-region with healthy urban–rural partnerships has potential.

*Becoming ‘Learning Regions’.* Successful businesses are adaptive businesses. Successful communities are adaptive communities. Adaptive communities must be ‘learning communities’ keeping abreast of change.

*Think about ‘Regional Positioning’.* Local economies can’t be remade by local leaders. What they can do is find ways of better positioning themselves – businesses, schools, workforces, governments, families – for future change. Anticipate future change and position yourself for it.
*Human Resource-Based Economy.* The economy is less and less ‘natural resource based’ and more and more ‘human resource based’. Do we know how to invest in human resource development? Well-designed, well-funded, adaptive systems for education and workforce development are essential for economic prosperity.

*Environment as ‘Key Economic Asset’.* In the new economy, a quality environment is a key economic asset. Protecting and enhancing environmental qualities is not the enemy of economic development. It is essential for economic development.

(www.crmw.org/MontanaOnTheMove)

The topic most frequently brought forward in these civic discussions is the importance of systemic workforce development. The unique profile presented by regional data analysis reflects a new urban–rural integration for cluster-based enterprise. Stuart Rosenfeld has worked with policy makers in Montana to articulate this organic form of economic development. Rosenfeld defines a cluster as a ‘geographical bounded concentration of similar, related or complementary business, with active channels for business transactions, communications, and dialogue, that share specialized infrastructure, labor markets and services, and are faced with common opportunities and threats’ (2002: 9) A cluster consists of groups of companies or services and all of the public/private entities on which they in some way depend. These include suppliers, consultants, bankers, lawyers, education and training providers, business and professional associations and government agencies. Clusters grow through the documentation and facilitation of social connection, which allows for exchange of information and resulting innovation. This connection of small to medium-sized enterprises allows for flexible adaptation to changing local needs and Rosenfeld, of Regional Technology Strategies, has done extensive work on the development of cluster-based economic strategies.

Clusters of enterprise are defined through an ongoing assessment of existing regional skills in the incumbent workforce, as well as those who are un- and under-employed. Analysis of skills needed to support and expand existing clusters provides guidance for regional educational opportunities. Such an analysis allows for increasing the skill breadth and depth needed for incumbent promotion of those currently employed. In turn this provides entry-level, sustainable employment for those at lower skill levels.

Entrepreneurial initiatives expand the cache of jobs. Data indicating potential cluster support would provide a basis for business incubators. Assessing cluster activity and existing skill levels within a regional workforce is different from the usual workforce education that generically prepares individuals for work. A cluster analysis and description of needed skills allows for demand-driven workforce development. Individuals develop skills reflecting local need. Definition and development of such viable employment opportunities and the provision of
appropriate education at both the recruitment and incumbent level provide flexible support for business clusters. While most research has focused on the skill deficits in politically defined areas, this concept forges links between clusters in geographic regions – the distance people are willing to travel for work or the distance local resources are easily accessed. Cities form the hub of such an integrated urban–rural initiative. Using ongoing cluster and skill assessment, learning regions can be developed to support both individual and organisational success.

Cluster-based policy differs from traditional workforce development in at least two areas: organisation of intermediaries and educational programme focus. As intra-cluster communication is essential for growth, connection is of the utmost importance. Organising by cluster provides the common ground needed for discussion. ‘Government services typically are organized by function. Small business services, training, technology extension, marketing, and recruiting are separate programs staffed by specialists in a particular industry. Clusters provide a better organization framework for delivering services that are more problem-oriented, not program-oriented; address needs interdependently; and work with customers collectively, not individually’ (Rosenfeld 2002: 12). Urban hubs organise regional programmes. Collaborative programme development connects individuals and businesses to resources otherwise not available. Once clusters have been defined and educational resources inventoried, learning regions effectively use scarce programme funding.

However, it is not enough to organise and focus programmes appropriately. Services offered and programme access must be clear. Service barriers must be removed and institutional supports made transparent. Individuals use their community and regional context as guides for meaningful life options. This demand-based approach not only incorporates individual aspirations, but also community and regional labour needs. Skill development then supports individual potential, but also community prosperity. This model requires the following:

- defining regions that organise around urban centres,
- identifying clusters of economic opportunity within these regions,
- documenting the links between these clusters,
- taking inventory of institutional resources to support and expand pathways to increased career opportunities and stronger regional economies,
- modifying programmes that support and expand economic clusters, including entrepreneurial initiatives.

**Conclusion**

While policy for regional development has been considered in the past, READ is a new tool for assisting local decision makers in devising strategies for local economic improvement. Cities provide the focus for decision making and organic economic development. We live in a time when local communities are being looked to more for policy input but are actually capable of controlling less. Many
forces affecting the community are embedded in the ‘supra’ community being influenced by national and global forces. These forces, while impacting locally, are not always obvious. Although difficult to comprehend, they must be considered in local planning. READ and other regional data assessment help chart such influences.

The face of the new economy that emerges from such a creative data analysis reflects the continuing developments in information technology, growing internationalisation, massive restructuring within traditional industries and changing patterns of population growth and migration. By focusing on the specifically regional character of these and other issues, we embrace a broader set of solutions.

References


