REGIONS, CLUSTERS, AND REFORM: ECONOMIC DEVELOPMENT POLICY UNDER ANDREW CUOMO

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INTRODUCTION

“We must make New York the jobs capital of the nation and get unemployed New Yorkers back to work.”

Economic development was a central focus of Andrew Cuomo’s successful New York gubernatorial campaign. Of the five core principles in Cuomo’s New NY agenda, which documented his campaign platform, two of them—the pledge to “Get Our Fiscal House in Order,” and the economic strategy outlined in NY Works—were premised directly on improving the state’s economy.

This study focuses on Cuomo’s economic development strategy, which was presented during his gubernatorial campaign in a detailed 180-plus page document, NY Works: Getting New York Back to Work, and later enacted in part during the new governor’s first year in office. Cuomo’s economic development policy is closely linked to his budget and fiscal policy—for example, when debating how to close the state’s budget gap, he argued that extending an existing surtax on high-income taxpayers, or in fact raising any taxes at all, would hurt New York’s “business climate,” causing businesses and wealthy individuals to leave the state. In the first legislative session, Cuomo successfully resisted calls for major tax increases and did not renew the high-income surtax based in significant part on this economic development rationale.

This paper does not analyze the state’s fiscal policy but focuses on Cuomo’s regional strategy, which emphasizes specific industrial concentrations, or “clusters,” around the state. Key

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3 CUOMO 2010, supra note 1, at vii.
4 See generally NY WORKS, supra note 2.
5 Id. at 29–31.
steps include formation of ten regional economic development Councils, development of regional plans by those councils, and the state's initial funding of those plans through a competitive process.\footnote{This paper concentrates on the governor's first-year development plans. In his second year, the governor promised in the 2012 State of the State to focus on “jobs, jobs, jobs, jobs” and proposed $200 million for a second round of regional funding, along with construction of a large convention center in Queens, creation of an infrastructure investment fund, and providing $1 billion in aid to the Buffalo region. \textit{See} Thomas Kaplan, \textit{Cuomo Pushes Job Creation in 2012 Agenda}, \textit{N.Y. Times}, Jan. 4, 2012, at A1.}

Both in planning and initial execution, Cuomo’s strategy embodies some of the nation’s leading thoughts in state economic development, especially the emphasis on region-specific strategies tied to regional industrial clusters. But there are two additional elements, as well as cluster development, that are central to a comprehensive economic development strategy and thus far are less prominent in the governor's strategy.

First, existing out-of-date practices need to be reformed. Like most states, New York has relied heavily on providing tax subsidies to individual companies along with overall reductions in taxes and regulation that supposedly will improve the “business climate” and attract new firms to locate in New York. Many of these practices are not coordinated with a more forward-looking regional strategy, and in fact sometimes work against it. They need to be reformed, both to free up scarce resources, and to concentrate the attention of policymakers on what really matters for sustained regional growth.

Second, a comprehensive and effective growth strategy that meets the goal of making New York “the jobs capital of the nation” needs to emphasize immediate job creation and social equity. New York, like the nation, remains in the grip of the worst economic downturn since the Great Depression, and faster job creation and reduced inequality is essential for progress. Improving job quality and social equity is now advocated by cutting-edge thinkers as a means to faster and more sustainable prosperity, but this focus is not yet an explicit or significant part of New York’s strategy.

The first section reviews the increasing focus on regional efforts organized around industrial “clusters” associated with the work of Harvard professor Michael Porter. Much of this work emphasizes innovation by existing and new companies, giving the
strategies a strong bias towards high-tech sectors. The second section discusses how cluster and regional approaches are being translated for policy makers, identifying two distinct versions of regionalism: an “innovation cluster” approach that closely follows Porter’s work, and an “equity” approach that emphasizes job growth and social equity as key drivers of regional success.

The third section reviews the governor’s strategy and how his ideas are being implemented in New York, through a review of current regional strategies and the state’s overall plan. The last section identifies challenges to the strategy’s success and issues to monitor as the state goes forward, arguing that a successful economic strategy for New York can and must incorporate both the “innovation cluster” approach, and the job growth and equity framework.

I. CLUSTERS, REGIONS, AND ECONOMIC PERFORMANCE

For decades, economic development policy in the United States at the state level has been dominated by strategies that award tax breaks to specific companies in hopes of luring them from other states, or to prevent them from moving. Although many analysts have found that these policies do not add to national wealth, and often result in states giving away more in tax benefits than they receive in jobs, the strategies remain deeply entrenched across the country, including New York.8

These firm-specific incentives and tax subsidies are often coupled with an emphasis on improving the “business climate” by reducing taxes and cutting regulation. The business climate strategy views companies as “footloose,” easily displaced from one location, and therefore sees keeping costs low for firms as essential for retaining existing companies, and attracting others from other states or overseas. In recent years, attempts to loosen environmental, health and safety regulations, and restrict union rights, have increasingly been emphasized in some of these

Historically, neither firm-specific tax subsidies nor overall business climate strategies have paid much attention to regional issues. Geographic targeting for economic development policies in the past was mostly limited to community or neighborhood-level anti-poverty efforts, including targeted tax incentives for economically distressed neighborhoods and cities, often known as “enterprise zones.”

These are mostly just a variation on tax subsidy strategies, arguing that costs and business advantages must be more deeply subsidized for firms to locate in distressed neighborhoods.

The combination of firm-specific incentives and lowering costs and regulations continues to characterize much state economic development policy in the United States. But starting in the 1990s, many states also began emphasizing region-specific strategies, with special attention to the specific concentrations of industries in those regions—in the jargon, “clusters” of related firms.

This new regional emphasis grows primarily out of the work of Harvard Business School professor and business strategist Michael Porter. Building on his successful career as a consultant to some of the world’s leading companies, in 1990 Porter published *The Competitive Advantage of Nations*, in which he argued that regions, not nations, are the true competitive units of the global economy. Regions in turn have distinct clusters of firms, including primary producers and a myriad of support firms and institutions that allow the region to compete successfully.

Although Porter’s main emphasis in the book was on how regions compete internationally, the theory was quickly adapted to regional performance and policy within the United States. Porter advanced the regional argument by taking his well-known “diamond” analysis of how firms succeed, and applying it to regions. In this analysis, firms and groups of firms in regions

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11 *Id.*
13 *Id.* at 29.
14 *Id.* at 1, 2.
15 *Id.* at 29.
16 Michael E. Porter, *Location, Competition, and Economic Development:*
succeed by working with four sets of factors: factor conditions, including human and financial capital, infrastructure, and physical resources; demand conditions, emphasizing quality and sophistication among customers that can drive innovation and productivity; a network of related and supporting industries so that lead firms can specialize and find necessary services; and context for firm strategy and rivalry, recognizing that firms, even those in the same industry and region, will compete with each other.\footnote{Porter’s Institute for Strategy and Competitiveness recently assembled “cluster profiles” from around the country, with most showing a strong emphasis on high technology and innovations in manufacturing.\footnote{Robin Transgrud, Harvard Inst. for Strategy \\& Competitiveness, American Cluster Innovation: Cluster Profiles From the 50 States, 2 (2008), http://www.isc.hbs.edu/pdf/ClusterProfiles_WorkInProgress_VerDec2008.pdf.}}

Government policy in this analysis must go beyond traditional policies of low taxes and light regulations, and downplay subsidies to individual firms. Porter argued that public policy should focus on clusters, not firms, and “encourage the building of public or quasi-public goods that significantly affect many linked businesses.”\footnote{Id. at 28.} These goods span a broad range of policies, including science and innovation, infrastructure, education and training, attracting foreign investment, gathering economic and market data, and procuring cluster-provided goods and services in ways that encourage productivity growth and product and service innovation.\footnote{Id. at 27.}

II. CLUSTER POLICY: PROMISE AND LIMITS

Porter’s analysis holds a good deal of attraction for state policy makers. It presents a way to work proactively with existing groups of firms, rather than reacting to individual demands by single companies. Emphasizing regional concentrations allows governors to tailor approaches based on diverse conditions within their state, and many states have launched regional cluster efforts. Analysts working with Porter’s Institute for Strategy and Competitiveness recently assembled “cluster profiles” from around the country, with most showing a strong emphasis on high technology and innovations in manufacturing.\footnote{Id. at 27.} Observing this continuing growth in cluster projects, analysts...
at the Brookings Institution argue that the nation is now at a “cluster moment” that can make a substantial economic contribution at a time of “deep economic uncertainty, fiscal crisis, partisan gridlock, and necessary governance reform.”

In 2011, the National Governors Association held four regional summits on “Growing State Economies,” which featured cluster analyses as a key strategy to create “high growth businesses” with special attention to technological innovation. The U.S. Department of Commerce now provides web-based tools for economic development agencies to identify and promote clusters.

The Brookings report provides a good summary of current thinking about cluster policy, and includes many valuable insights and recommendations. Clusters help states get away from reactive firm-specific subsidies, by focusing on networks of firms and industries. They help policymakers see their economy as a regional entity, often centered on a city and metropolitan region, where local governments must cooperate rather than compete, and avoid using limited tax dollars to move companies from one location in the region or state to another with no net gain to the economy. And many regional cluster policies make extensive use of “anchor institutions,” especially colleges and universities, which have a vested stake in the economic health of the region, can provide expertise and innovation in a variety of fields, and are significant economic actors and employers in their own right.

The Brookings report also provides useful cautions to policymakers. It notes that clusters cannot be created out of nothing, and policymakers should not use a cluster approach to simply chase the latest economic fad, such as biotechnology.

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24 Muro & Katz, supra note 21.

has no basis in their region. Strategies should be based on intensive data analysis and held to strict performance standards. And to be fully successful in regions, governments will need to focus fragmented public policies in economic development, regulation, transportation, job training and education, and research around a common group of clients or customers, helping overcome the traditional fragmentation of government programs, both horizontally in the region and also vertically through local, state, and federal programs.

But there also is a striking omission in the cluster literature and policy recommendations, which is a lack of attention to immediate job creation and economic equity. For example, the Brookings report uses the word “innovation” seventy-nine times, “competitiveness” eight times, and “jobs” eighteen times, while the words “poverty,” “unemployment,” “inequality,” and “equity” are not mentioned at all. This lack of attention to pressing socio-economic concerns and equality are characteristic of much of the cluster literature. The latent, and sometimes explicit, theory of regional growth is that leading firms and sectors will grow through technical or other innovations, often combined with an emphasis on entrepreneurial start-up companies as a long-term source of growth.

These omissions are especially striking because there is a vital analytic and policy discussion on regional economic development emphasizing the importance of increased equity and immediate job growth as keys to regional success, but it is not strongly incorporated into the current “innovation cluster” discourse. Where much of the cluster-driven discussion emphasizes economic competitiveness as a means to growth, and then perhaps achieving increased equity through better jobs, this “equity” strand views equity as both a central and desired goal and as a guide to policy for more sustainable regional growth.

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27 id. at 35–36.

28 Id. at 35–36.

29 Id.

In the equity view, clusters can be an important means for increasing regional prosperity, but as a means to an end for greater sustainable growth and equity.\(^{31}\)

The equity arguments are made most prominently in the work of Manuel Pastor, and through the analysis and advocacy of PolicyLink, a national organization linking local and regional actors, and providing policy analysis and advocacy at all levels of government.\(^{32}\) Pastor’s recent work, in contrast to a good deal of conventional economic analysis that sees equity as pure redistribution in conflict with growth-oriented policies, views regional equity and growth as potential complements: “effective approaches to promoting regional growth can help reduce poverty, but tackling areas of concentrating poverty may help fuel regional growth.”\(^{33}\) In this research, equity measures alone are not sufficient to drive growth, but they are at a minimum compatible with it, and a potential driver.\(^{34}\) In a 2006 study published by the Cleveland Federal Reserve, an examination of 118 metropolitan areas in the United States found that “pursuit of societal goals, such as racial inclusion and lower income dispersion, are very compatible with economic growth. In fact, the analysis shows that those regions with a higher degree of racial inclusion and lower income dispersion have higher regional economic growth, particularly as measured by output growth.”\(^{35}\)

But although equity factors are seen as compatible with regional growth, another analysis by Pastor and colleagues did not find much overlap between business-oriented regional strategies and equity approaches. In examining whether business-oriented growth strategies are linked to equity efforts, they conclude that “over the past two decades, poverty reduction, particularly for the larger metro areas, has indeed become more about job quality than job quantity…. [E]quity proponents should have an affirmative agenda to improve employment

\(^{31}\) POLICYLINK, supra note 30.
\(^{32}\) Id.
\(^{34}\) Id.
conditions [but] they should be wary of a business-oriented regionalism focused purely on growth.”

The emphasis on growth and equity strategies has been carried nationally by PolicyLink, an analysis and advocacy organization that works to “connect[ ] the work of people on the ground to the creation of sustainable communities of opportunity that allow everyone to participate and prosper.” PolicyLink has held summits around these topics, bringing together community activists, policy makers, and analysts and scholars. There has been significant growth and influence of this work, with the most recent summit in Detroit in the fall of 2011 drawing over 2,300 participants from across the country. A key paper at that summit called attention to Pastor’s analyses of growth and equity, and stated that “our future prosperity as a nation will depend on the people and places that have been left behind. To truly do this we must begin to embed strategies that integrate the poor into the economy at every turn.”

There are twinned challenges emerging from the “innovation cluster” and “equity” schools. For the cluster advocates, their emphasis on leading sectors, innovative technology, entrepreneurship, and long-term growth sometimes ignores or downplays immediate job needs in the region, especially for low-income workers and communities. For equity advocates, it is important that calls for equity-oriented policies are embedded within a regional growth strategy, and not just calls for redistribution or a narrow focus on very small communities not viewed through the lens of regional economic strengths and growth.

III. GOVERNOR CUOMO, THE “NEW NY,” AND REGIONAL STRATEGY

Governor Andrew Cuomo’s overall economic development

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37 POLICYLINK, supra note 30.
strategy draws strongly on regional and cluster innovation ideas. His detailed plan was first laid out in NY Works, issued during the gubernatorial election, which was in turn part of his broader agenda for the state, The New NY. In that plan, Cuomo incorporated many leading ideas of the cluster movement, emphasizing the need for a:

[N]ew economic development paradigm that is based on more regional control, a greater level of partnership with the private sector, recognition of the critical role of colleges and universities in creating jobs and attracting companies to New York, basing economic development grants on competition whenever possible, and a strong system of performance management . . . .

The economic development strategy ran over 180 pages, heavily footnoted and with dozens of specific proposed actions. It is not just a cluster document. The plan leads with a traditional business climate argument, emphasizing New York’s high taxes as a barrier to business growth and location, along with high costs of unemployment insurance, worker’s compensation, health care, energy, and unspecified regulatory burdens.

The proposed state strategy closely follows the regional cluster approach. The governor called for creating ten regional councils that would represent the key economic development actors in each region, including major state agencies. These councils, each chaired by the lieutenant governor, would be required to develop strategic economic development plans identifying “a set of clusters of importance” to the region’s economy, and “[s]carce economic development resources should be targeted to these clusters.”

To tie these plans to real resources, the plan called for one-third of state “economic development funds” to be under the

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40 See generally NY WORKS, supra note 2.
41 Id. at 3–4.
42 See generally id.
43 See id. at 50–51.
44 Bruce Katz, Director of the Metropolitan Policy Program at the Brookings Institution and one of the nation’s leading experts and advocates on metropolitan cluster strategies, advised New York State, and was one of five experts selected by the governor to review and grade the strategies submitted by the Regional Councils. President of Empire State Development Kenneth Adams Announces Membership of Strategic Plan Review Committee, REG’L ECON. DEV. COUNCILS, http://nyworks.ny.gov/content/president-empire-state-development-kenneth-adams-announces-membership-strategic-plan-review (last visited Feb. 14, 2012).
45 NY WORKS, supra note 2, at 50.
46 Id. at 50–51.
control of each council for projects chosen on a competitive basis, while the remaining two-thirds of state funds would be awarded based on competition between regions, in an unspecified competitive process.\textsuperscript{47}

Empowering the regional councils is intended in part to overcome the bureaucratic siloing of state programs, and to a lesser extent, the overlapping and multiple governments found in any one economic region.\textsuperscript{48} The plan eloquently describes governmental fragmentation in New York, detailing the literally hundreds of agencies with direct roles in economic development, while noting the further fragmentation stemming from uncoordinated programs in transportation, higher education, job training, and other sectors that should be part of a comprehensive regional strategy.\textsuperscript{49}

Emphasizing regional strategic plans and cluster identification does not mean that the state’s plan ignores traditional firm-specific subsidy programs. The plan calls for a fund of “Strategic Company Grants” to be used for attracting or retaining companies, but suggests that firms must meet specific performance targets in terms of job creation and economic performance to receive the full stream of funding, and that funds would be subject to “clawback” provisions if the firm does not meet its promised performance targets.\textsuperscript{50}

Nor does the plan say much about reforming existing firm-specific tax subsidy policies in the work of local economic development agencies, especially New York’s 115 Industrial Development Agencies (IDAs) and over 275 Local Development Corporations (LDCs).\textsuperscript{51} IDAs are authorized to award tax breaks to firms and issue tax-exempt bonds for economic development.\textsuperscript{52}

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\textsuperscript{47} Id. at 11. The report did not detail what state funds would make up this overall pool. See id.

\textsuperscript{48} Id. at 44.

\textsuperscript{49} See id. at 44–46. The regional councils also are seen as having the lead role in coordinating fragmented employment and training programs. See id. at 97.


\textsuperscript{51} NY WORKS, supra note 2, at 45, 61–72.

\textsuperscript{52} N.Y. JOBS WITH JUSTICE AND URBAN AGENDA, NO RETURN ON OUR INVESTMENT: THE FAILURE OF NEW YORK’S INDUSTRIAL DEVELOPMENT AGENCIES 4
In 2008, IDAs were responsible for $645 million in net tax breaks for companies and issued over $27 billion in tax-exempt bonds, while producing fewer jobs than promised, and many jobs paying low wages with no prospects for advancement.\(^{53}\)

In December 2011, in announcing the first set of competitive awards based on these strategies, Cuomo said that “[r]egional collaborations and planning is a roadmap to get New Yorkers back to work . . . . For the first time, we are putting the power of the State Government behind the innovation of our people, giving them the tools to rebuild our economy.”\(^{54}\) The awards were highlighted in a celebratory ceremony hosted by Maria Bartiromo of CNBC and described by the New York Times as resembling a “pep rally.”\(^{55}\)

It is beyond the scope of this paper to review all ten regional plans in detail.\(^{56}\) But a sense of what the state is looking for can be derived by examining the plan submitted by Western New York, which was chosen as one of the four “best” by the state.\(^{57}\)

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\(^{53}\) Id. at 1, 4, 13, 15. New York, like many states, has multiplied public authorities and other agencies partly in order to get around legal limits on how much state debt can be issued. These agencies often are criticized for a lack of transparency while spending significant public dollars; they also are very hard to coordinate in a broader strategic plan. The New York economic development strategy is unclear as to what extent the regional councils will be able to direct or influence IDAs and other public authorities. The governor’s plan did criticize the fragmentation and large numbers of economic development agencies, and he elsewhere has called for governmental consolidation and ending duplication and wasteful spending. See generally NY WORKS, supra note 2 (detailing Governor Cuomo’s campaign platform that addressed economic development strategies for New York).


\(^{55}\) Peter Applebome, Long Island Gets Big Grant in Cuomo’s Competition, N.Y. TIMES, Dec. 9, 2011, at A30.

\(^{56}\) A detailed analysis comparing the regions on such indicators as unemployment, economic growth, investment, demographics, etc. should be combined with the actual awards made to each region, both in terms of total dollars and in terms of strategic content of each plan. There was a review process within the governor’s office, but at this writing there is little public detail on how the final project decisions were made.

\(^{57}\) See Jimmy Vielkind, State Awards Funding to WNY, CNY, North Country & LI, CAPITOL CONFIDENTIAL (Dec. 8, 2011, 11:29 AM), http://blog.timesunion.com/capitol/archives/94401/state-awards-funding-to-wny-cny-north-county-li. The other three “best” plans were from Long Island, Central New York, and the
This plan incorporates much of the best thinking on clusters and innovation, along with an emphasis on workforce development, and infrastructure for “smart growth.”

The plan, based on a wide-ranging analysis and an intensive regional outreach and discussion process, starts by emphasizing three fundamentals: job readiness and human capital; “smart growth” that combats sprawl and environmental damage; and entrepreneurship. These three factors are linked with a detailed analysis of eight “target industry sectors,” where the region “enjoy[s] high concentrations of employment, potential growth in jobs and wages is greatest, and we possess some kind of unique asset or advantage.”

Each proposed project in the region is then evaluated against three major questions: “Does it create, retain or fill jobs? Will it maximize return on investment? Is the project ready for implementation?” Projects also are assessed against key regional concerns, including “promot[ing] diversity and reduc[ing] disparities,” broad regional impact, smart growth, and a focus on young adults. A specific analysis of challenges and opportunities is identified for each industry sector, and specifically proposed project ideas are then assessed for their contribution to one or more industry strategies. Each industry strategy also specifies detailed and concrete metrics to measure progress and success.

It is not surprising that the governor’s review process chose this plan as one of the best in the state and, more concretely, that the region received a high share of state funds in the competitive process. The challenges now will be execution and modifying the strategy as it moves forward, building on what is working and what isn’t. There also will be significant administrative barriers to gathering the data, and political difficulties for the Regional North Country.

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59 Id. at 4.
60 Id. at 5. The eight sectors are advanced manufacturing, agriculture, bi-national logistics (trade with Canada), energy, health and life sciences, higher education, professional services, and tourism. Id.
61 Id. at 6.
62 Id.
63 Id. at 26–38.
64 Id.
Council to drive changes forward when some projects turn out to be less successful than hoped. Having the state keep its attention focused also will be hard as new governing issues command the governor’s attention, and it will be a major difficulty for the regional stakeholders gathered around the Council to keep fighting the centrifugal and fragmentary forces that often pull regions apart over time.

IV. WILL IT WORK? CHALLENGES TO THE GOVERNOR’S STRATEGY

Governor Cuomo’s regional strategy draws on much of the nation’s leading thinking around state economic development, with its emphasis on regional clusters, the challenges posed by fragmented governments in a single economic region, and the need to tailor policy for regional conditions with a special emphasis on innovation among leading trade sectors.

But while the governor’s overall plan analysis leads with data on New York’s unemployment problems, the actual state strategy does not place much emphasis on immediate job growth and hardly mentions inequality or questions of social equity, issues emphasized in the more comprehensive versions of regionalism. To succeed, the state faces four key challenges that could undercut the many strengths of its strategy.

A. Beware of Old Wine in New Bottles

Firm-specific tax and other subsidies and strategies that rely on luring companies into the region with low costs are deeply embedded in economic development practice, nationally and in New York. The state needs to make sure regional plans and individual projects do not just give away the same old subsidies dressed up in the language of regional competitiveness, and that policy in the region moves away over time from firm-specific assistance. All proposals and ongoing regional strategies should

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65 The words “poverty” or “inequality” are not used anywhere in the 180-plus pages of the NY Works document, while “equity” is mentioned six times, but only as a form of investment capital. NY Works, supra note 2, at 27, 141, 165. “Unemployment” is mentioned twenty-one times, but ten of those refer to the high costs of unemployment insurance. Id. at iii, 1, 2, 5, 6, 7, 13, 30, 33, 34, 63, 91, 100, 145. “Jobs” are mentioned eighty-six times, and “competitiveness” turns up six times. See generally id.

66 Weber, supra note 50, at 277. See also NY Works, supra note 2, at 45, 61–72 (highlighting the tax incentive programs proposed by Governor Cuomo).
be vetted by a broad range of experts, including critics of tax subsidy policy, labor unions, and specialists in particular industries and technologies, to assure the proposals give the region a real chance to succeed. Periodic, regular reviews and readjustments of the strategy and projects should be built in as data on success and failure begins to come in.

The state should be especially careful of fads with no economic basis. Economically troubled regions often copy ideas from elsewhere that have no real chance of success, and end up wasting tax dollars and valuable time spent in bringing stakeholders together.

B. Partner with Universities and Non-Profits.

Traditional economic development policy often depends on deals with individual private for-profit companies to revitalize regions. But in the global economy, firms are “footloose”—they diversify around the world, and shift work abruptly to seek maximum profits. This leaves regions captive to these firms’ global strategies and market shifts, and leaves taxpayers holding the bag for failed subsidy projects. Governments have tried to attract and hold “footloose” firms through ever-deeper tax subsidies and lax regulation, but this often means that states are really engaging in a “race to the bottom,” where scarce public dollars go to firms that do not add to regional prosperity or stability, and are not available for necessary public investment.

In the new regional economics, so-called “anchor institutions”—especially universities and hospitals—are keys to regional prosperity. These institutions cannot leave, and if their regional economies collapse around them, they suffer. Several of New York’s regional plans recognize this, and make these non-profit anchors a key element of their strategy. New York is fortunate to have two of the nation’s leaders in connecting universities to economic revitalization—Syracuse University Chancellor Nancy Cantor and SUNY Chancellor Nancy Zimpher—and their expertise should continue to be leveraged for helpful leadership around the state.

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67 W. N.Y. REG’L ECON. DEV. COUNCIL, supra note 57, at 31–35 (noting in the Western New York Regional Economic Development Strategic Plan the key roles health and life sciences and higher education play in region economics).

68 Id.

69 Syracuse University is a key player in the Central New York regional
C. Make Equity Central to Regional Strategy

Economic development sometimes seeks growth for its own sake, with any gains in equality as a secondary byproduct. But the work of Pastor and others argues that making social equity a central part of development can lead to higher and faster growth. Policies such as living wages and job training for low-income workers, adequate child care and early childhood education, union involvement, better public transportation, and affordable housing all can contribute to faster and more sustainable growth.

Equity advocates in turn must view the problems of distressed communities and populations in a regional and strategic frame, and not view economic development solely as redistribution, or only targeted on very small and narrowly-defined communities. The state should emphasize equity efforts in regional strategies, and provide help to regions in linking equity and growth. National organizations like PolicyLink can provide this help, and should become a resource for the state and its regions.

D. Emphasize Immediate Job Creation

Recent policy discussions around regionalism have emphasized the growth of “innovation,” often seen as development of high-technology industries without much attention to immediate job creation or greater equity. While innovation by firms and industries is crucial for long-term regional growth and health, there is a danger that it will take attention away from more immediate needs for jobs and greater equity.

A report commissioned by the Annie E. Casey Foundation has just identified thirteen “big ideas” for job creation, many of which


70 See supra notes 31–33 and accompanying text.
can be undertaken by states and cities. These include retrofitting buildings for energy efficiency, using recycling to create jobs, improving the quality of child care and health care jobs to reduce costly worker turnover, and assuring that small, minority and women-owned businesses get a large share of the millions of dollars spent every year by governments, universities, and hospitals on construction, laundry, security, cleaning, and other services.

New York’s strategy does mention “jobs” frequently, although the main idea in the governor’s original document is a hiring credit for private employers. The credit, inspired by work at the Economic Policy Institute, is a good idea; but will not by itself be sufficient to stimulate large numbers of jobs. The clearest place for “innovation cluster” and “equity” advocates to unite their interests is around job creation, and that should be a top priority for the state.

Detailing these challenges to the state’s strategy is not meant to disparage the governor’s strategy and initial execution. The state’s development strategy is comprehensive and ambitious, drawing on much of the nation’s leading thinking in economic development. It is crafted with a keen awareness of just how difficult implementing strategy is in an environment of fractured local governments, many of whom have either no history of cooperation or indeed a history of hostility and competition, especially between core cities and suburbs. Traditional and unproductive economic development policies are deeply entrenched in government and business practice, and will be hard to transform. But without such policy transformation, ambitious state and regional strategies will be hobbled by a lack of resources and a diversion of attention from policy makers and other stakeholders.

The state and Governor Cuomo have made an impressive and ambitious start to reforming New York’s economic development practice, putting forward-thinking ideas into play to produce

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72 Id. at 3, 19, 30–31.
73 NY WORKS, supra note 2, at 63.
long-term prosperity for the state. Going forward, equity and job creation need to be more of a core emphasis. There is a good deal of potential common ground between advocates of regional strategies and equity proponents, and the state’s next steps should aggressively bring these two perspectives together around specific policy options.

And the difficulties of implementation and sustaining progress will need constant attention. Older views of economic development are deeply embedded in regional practice and beliefs, and government program designs. This is compounded by the excessive fragmentation of governmental units in a single economic region, something the governor’s strategy recognizes, but that will take sustained attention and leadership to overcome. Even recognizing the creative and hard work done to date on strategy development and initial implementation, the real challenges still lie ahead.

Of course, states can only do so much in the face of inadequate macroeconomic growth. But given the paralysis in Washington, states and cities cannot wait any longer. If New York’s new policies focus and build on regional strengths, promote equity, and are rigorously evaluated, they can increase prosperity and set an example for the rest of the nation.