1. In the beginning was Chapter 1

WELCOME

As is evident by this book's size, American sub-state economic development is not a recent phenomenon. Economic development can be observed in some form or texture since the founding of Jamestown in 1607. More than 400 years later such efforts have yielded 50 similar yet varied sub-state systems—each quietly screaming "how and why did we get this way?" Despite deep traditions that bespeak economic development's high priority in state and sub-state affairs, there exists no comprehensive history that attempts an understanding of the contemporary economic development landscape (post-1990).

A History of American State and Local Economic Development: As Two Ships Pass in the Night constructs a history of American state and local economic development since the first days of the Republic. That is a monstrous and arrogant task. Let it be understood from the start—this is an initial compilation of 200 years of American economic development. It is neither perfect nor complete. The history treats economic development as a "policy area" produced by a state or local (jurisdictional) policy system, but also flirts with economic development as a profession. From time to time we observe the professional evolution of economic development.

THE TASK: HISTORY

Because we lack professional historical hindsight, we make one up to suit our purposes. The lack of a shared history compels us who are economic developers to fill the vacuum with our own norms, values, political ideology-partisan affiliations, and career experiences—producing a "manufactured" version of the past suitable to our current purposes. This artificial history is too often self-serving; but it also hurts our community and damages our "profession." Because we do not appreciate the past, we cannot benefit from the experience and passion of those who served before us. We stand upon the shoulders of past compatriots, their acquired knowledge, experience, and scars—of which we have little knowledge. We can do better if we understand our past.

Economic development requires a history to be taken seriously as a profession and a vital policy area. A profession without a history is like a restaurant without a menu. It would not surprise me that more than 50,000 lonely and isolated souls work in the vineyards of economic development. Without a history they may as well be alone in the Gobi Desert. Economic developers ought to understand their place and role in the community, and how their *strategies, tools and programs* fit into the larger picture.

They need a "creation myth" from which to draw an identity, a historical perspective to see where they have been, and insight into where they are going.

Our core mission is to construct, for the first time, a chronological history of American sub-state economic development. Because we include perspectives from many disciplines, geographic regions, thousands of jurisdictions, and tens of thousands of economic development organizations (EDOs), we see more diversity and variation than most economic development commentators have thus far seen. This book is an inherently multi-variable, multi-disciplinal "story" as well as history. To accomplish that feat, simplification of each discipline's contributions is necessary if other disciplines are to be integrated into the story. Simply, this introductory history cannot by its nature offer deep analysis found in disciplinal narratives. The blending of disciplines and concepts is, hopefully, our strength—connecting the dots so to speak.

Each reader values different aspects of the history more than others. The incredibly varied audience that wraps itself around the rubric economic development means no common table of contents, terminology, or even level of abstraction will suit each reader. It cannot be assumed that all readers are familiar with American history. Thus the history ought to be written so that whatever one's academic training and professional background, the reader should not fear that he or she will be left in the dust. Jargon will be minimized and time will be taken to explain, in friendly manner, constructs, models, and theories that are critical. Those who love and require such abstraction, however, will have much to endure—and vice versa.

The hope that excites me most is that our history introduces the reader to the several overlapping, conflicting approaches to how local economic development can be carried out in our communities. There is no one way to accomplish state and local economic development. The often competing approaches arise from the different roots and histories of our communities, as well as our quest to achieve different goals from economic development. Communities in different regions across the nation look at economic development differently. Over 250 years, no single definition of what economic development "is" or does is constant. The practice of economic development, like Baskin Robbins's ice cream, comes in many flavors.

Our Professional Coherence

Is state and local economic development a profession? Or is it a "mere" policy area? Economic development possesses trappings of a profession: professional associations, certifications, a literature, jargon, external perception; and a distinctive body of strategies, tools and programs. Yet the diversity, structural and policy fragmentation, the isolation of the individual practitioner, the lack of consensus on how to achieve multiple poorly articulated goals, and endless competition among communities and regions offer some doubt as to whether a profession exists.

Economic development is a new kid on the block. "Economic development" (ED) became popular during the 1970s and 1980s; previously, it was known by many names and included in many initiatives, job descriptions and entities not thought of as ED currently. In 2016 though, it's tough to find someone who is *not* an economic developer. University professors, "innovative entrepreneurs," planners, a consultant/contractor industry so diverse it defies description, hordes of research institutes, advocacy non-profits, non-governmental organizations (NGOs), and a trade association "complex" mostly headquartered in the Beltway—layered on top of the hordes of jurisdictional EDOs—suggest a disciplinal, occupational and organizational diversity that staggers the imagination and defies definition. In this cacophony of occupations, sub-groups, levels of government, professional specializations, career patterns, organizational types and ideological perspectives, can we think of ourselves as a profession? Is it more reasonable to think of economic development as a policy area formed by an ever-shifting intersection of numerous "Venn circle-like" disciplines, occupations and organizations? Let the story tell its story.

Two hundred-plus years of economic development produced a contemporary state/sub-state organizational landscape of great complexity and diversity. Over periods of time, forces of change created distinctive problems. Through its economic development policy process, each community created organizations, pursued strategies and devised tools/programs to confront these problems. Problems tend to be chronic, making our current policy system more complex and diverse—because EDOs do not necessarily die off. They persist amid ebbs and flows. This confuses our perception of "professional coherence." EDOs evolve and persist in ways that bewilder the more literal and rational of observers. Whether economic development is some sort of Venn diagram-like policy area or a patchwork profession should only be determined after the reader makes his or her judgment based on the historical evolution of whatever economic development actually may be.

To improve our understanding of our current professional landscape, three concepts are introduced below. The reader should keep these three "characteristics" in mind as he or she reads the history.

The Three Characteristics

Three characteristics of our current economic development landscape have operated over the 200 years of US history. Each concept offers an explanation of relationships, configuration of policy area, and professional coherence. The three characteristics are *onionization, siloization* and *bifurcation*.

The economic development profession is similar to an onion! What an unpromising start that must be to the reader. The profession/policy area, like an onion, is composed of several layers, similar to rings in trees, each representing a period in time. (Doesn't the reader love mixing metaphors? The more, the merrier.) If EDOs evolve and don't die, then the current professional configuration, the present-day onion, is a composite of many time-spawned layers of economic development practice coexisting in a community. We titled this historical process "onionization." Sophisticated, huh?

"Siloization" is conventionally understood to mean structural/program fragmentation. Such fragmentation appears in two common forms: (1) different types of EDOs and (2) multiple overlapping programs, tools or strategies. A redevelopment agency, the mayor's office of economic development, the convention/visitor bureau, a tax increment financing (TIF) development district, chambers of commerce, a workforce agency and venture capital firm are examples of potential silos coexisting within a community. If we are a profession, few would disagree that we are a siloized profession. Siloization is often spawned by onionization.

"Bifurcation" is hidden in plain sight. Not all economic developers are in the field—working in an economic development office in a state or local jurisdiction. Some of us are consultants, some work in policy institutes, academic programs, the media and think tanks. Some of us live to implement policy; others of us live to design/advocate policy. There is a Practitioner and a Policy World within the economic development profession. Like all siblings, they squabble constantly, and each deprecates the other. Sometimes they are enemies.

Onionization

The idea behind onionization is simply that each onion layer constitutes a period of time during which dynamic forces (drivers of change) were prominent. These drivers of change compelled jurisdictions to respond, establishing certain types of EDOs that embedded strategies, tools and programs. The periods of time varied in length, intensity and drivers of change, which prompted complexity and variation in jurisdictional policy output. Drivers of change resulted in economic development strategies like city-building, attraction-retention, urban renewal, tax increment financing, tax-exempt bond issuance, community development, central business district revitalization, small business formation, cluster-building, economic gardening—and lots more. Each of these strategies typically is lodged in a specific organizational type.

EDOs of each onion layer continue, and new layers are superimposed on the older ones. Old programs and strategies persist into new periods; economic developers still cash their paycheck long after the creation period has passed and the driver of change receded into the mists of history. As layers are added over the years, the older layers tend to become more autonomous, more inward-looking; they can almost become invisible to the naked eye. Sometimes they lose their identity as an economic development agency. Sometimes these EDOs cease to think of themselves as economic development agencies, although that it what they did—and still do. The community also redefines them and places them in a different category—redefining them from an EDO into an airport, for example. In that instance transportation infrastructure installed and maintained by an EDO is redefined as a transportation authority that is somehow no longer an EDO—mostly because it delivers non-economic development services from its infrastructure.

When the forces/drivers that created EDOs, tools and strategies subside, why don't we just close them down? Likely as not the need for the program continues; but the crisis having faded from the public eye, and since the need is being addressed, the EDO/strategy gets built into the unnoticed fabric of community. Take it away and the problem is likely to reappear. The EDO, tool or strategy remains useful, possesses a clientele (however small); and, since the EDO's personnel have acquired a strange dependence on a paycheck, and the governance of the EDO on the client's beneficence, termination, if warranted, becomes an exercise in courage or stupidity. The need for a transportation infrastructure continues: we still must worry about workforce and skills training, and tourists need constant reminding. Strategies ebb and flow in the mind's eye and in their perceived importance, but problems and opportunities don't disappear. Old battles need to be fought in the new age. Our history strongly suggests economic development is additive—hence onionization.

More often than not the EDO, the strategy, program or tool continues into the future—often acquiring new purposes, implementing new strategies, broadening its utility and clientele. Professionals (lawyers, consultants, accountants and the like) cluster around to assist administration, and serve as allies for the EDO and the strategy/tool. The need to train new users of the tool, as well as the need to update, can inspire creating a state and/or national EDO that serves as a "trade association." A profession composed of trade association silos results. So onionization interacts with siloization (and bifurcation).

Siloization

Many economic developers cannot sense how they fit in with other separate, sometimes unknown, segments of the profession. At best they sense only a vague shared purpose. EDOs often specialize to the degree that most contemporary ones operate exclusively on one slice of the much larger economic development pizza. Venture capital and tourism don't seem like they belong in the same pizza. That prompts the question: "Is tourism/venture capital economic development?" So we live in a profession where export-related economic developers work alongside small business counselors, sharing an address with a small business finance agency and attending a chamber meeting where the tourist agency director meets with the workforce director and the head of the university entrepreneurship programs. Each, if asked, will give a different answer as to occupation, goals and tools/strategies employed. Many will not think themselves an economic developer. This is siloization at work.

We have divvied up the economic development pizza into literally 100 different slices. Scream out "economic developer come here" and many workforce developers, chamber executives, tourist and destination developers, university professors, neighborhood or community development developers and planners won't move a muscle. In the Policy World, economists speak a different language from sociologists or business management scholars: think tanks and policy institutes specialize—often in ideologies. Few think of themselves as economic developers. On top of this program/EDO slicing and dicing there is further slicing into 50 states. Even more than onionization, siloization is the principal fragmenting influence within economic development. Now the reader has a better feel for why I call economic development the "patchwork profession."

Professional silos arise for the best of reasons and motives—silos are natural and inevitable. Silos appear in many forms, and are chiefly the consequence of specialization in expertise and function, sometimes geography. Silos form around economic development strategies, programs, tools (such as tax exempt financing) and specialized EDOs (such as economic development zones, EDZs). Most practitioners work in silos. Most Policy Worlders analyze silos. Silos allow for specialization in targets/clients, skills, programmatic expertise, technical knowledge, and legislative advocacy. A sort of military-industrial complex can grow around a silo. The legacy of patchwork siloization, however, has unintentionally made economic development appear incoherent. Broken into countless professional silos and onion layers, state and sub-state economic development lacks professional coherence—and a balanced perspective on the problems and solutions confronted by our communities. Economic development is what we are doing this afternoon. What the other guy is doing is not economic development.

Those of us in economic development seek direction from and identify with our respective silos. We define problems and solutions from the values, clients and strategy-theory relevant to our silo. We can, only with difficulty, link our activities, perspectives and goals with those of other economic development silos. Anyone or any entity seeking to hold us accountable or coordinate our multi-faceted activities plays a community/regional-level whack-a-mole game. It is the most compelling reason why most Practitioners feel isolated and alone in their communities, and most Policy Worlders advocate regionalization and consolidation. Practitioners are not paranoid; they are alone and isolated. They have constructed their silos so narrowly that no one else can enter or matter.

Another destructive manifestation of siloization centers on occupations (sales, finance) and professions/careers (such as law, planning, commercial real estate and accountancy). Economic development does not draw upon one single discipline-based body of knowledge. It is hopefully illegal to become a medical doctor without graduating from a certified medical school. Not so with economic development. As any economic developer knows, anybody—from any background and level of education—can be a professional, full-time CEO in an EDO. EDOs are often led by individuals whose position and power derive from political appointment. However, all share one element in common: they have little to no clue regarding the history of their chosen profession. They poorly understand how they all fit together to produce an integrated and hopefully successful policy/program/strategy output for their community. These folk are natural candidates for silos.

Our profession has yet to come to terms with how crushing silos are to our professional identity and effectiveness. There are multiple silos each claiming (and thinking) they alone can revitalize their jurisdictions and regions. None, of course, can really deliver what they promise. Further, the atomization of the profession artificially magnifies the perceived need for direction and information by the literally hundreds of national think tanks, consultants, professional associations, and regional institutes and foundations. To say it another way, siloization facilitated, maybe made inevitable, present-day dominance of the Policy World over the Practitioner World.

Bifurcation: the policy and the practitioner worlds

Economic development bifurcated into Practitioner and Policy Worlds early (1900) so that no one today has ever known anything different. Individuals in each world live on different planets. For example, the "incentive" structure that rewards and punishes the members of the two worlds, and the job security of each, can be diametrically opposite. The status differential between the two worlds is also considerable. They do different things for different reasons.

The Practitioner World is the more intuitive of the two, composed of those who work directly/contract for an EDO. The Practitioner is directly involved with program/tool/strategy, or assists those who are. The "governances" of an EDO (board of directors, political leaders, department administrators) are practitioners as well. The Practitioner's world is the jurisdiction or at best region—he or she collapses the entire "outside or external world" into "them." The Practitioner World is a "can do," "close the deal" world. Practitioners convert policy into a more loosely articulated economic development strategy, mix it with a tool, and set up a program. Policy provides the rhetoric for the "why" for the program. There is nothing religious about a strategy; a typical Practitioner uses many in a day's activities. The Practitioner World is formally held accountable for their conduct and performance of their programs, tools, and strategies; and must secure resources, justify the strategy and their personal/organizational effectiveness to citizens/taxpayers, relevant interest groups, political parties, media, and elected officials. The Practitioner World is a direct participant in the jurisdictional policy process.

The Policy World includes individuals and institutions whose primary focus is research, design, analysis, evaluation and advocacy of an economic development policy (a strategy in the Practitioner World). Policy Worlders seldom directly implement or manage policy or programs, and are not typically employed by an EDO except through temporary contract for a specific project or service. Relatively few Policy Worlders have direct Practitioner experience. Instead, Policy Worlders possess at least one, often several, advanced academic degrees in disciplines associated with economic development. More often than not their core occupation is employment at an institute of higher learning or think tank/research/policy institute. Exceptions are the relatively few media journalists who specialize in economic development matters, and a large consultant "industry" that includes site selectors and magazines/journals devoted to specific aspects/strategies associated with economic development. The consultant industry plays an intermediary role between Policy World and Practitioner World.

Policy Worlders typically hold no special loyalty or responsibility to any one community, state or jurisdiction, and frequently may be employed by several. The frame of reference, therefore, for the Policy World is vastly larger than the jurisdiction-bound practitioner. The Policy World view often "collapses" all jurisdictions into a region, state and often the nation. Geographically speaking, many Policy Worlders operate from a national, overall system perspective. The Policy World is much more concerned with policy outputs and the "effects" or results of the policy compared to the Practitioner World, which is more process-oriented and focused on a specific "project," "prospect," "deal," "training class" and "event." Each world tends to "play ball" in different stages of the jurisdiction's policy-making cycle (i.e. implementation versus evaluation). The "world views" of our two professional worlds are almost 180 degrees the opposite.

In our history a profound ideological and work perspective gap between the Two Worlds will emerge over time: each will develop its own "culture," but the Practitioner World will always be profoundly impacted by the community elite's political culture. The Policy World in the last decades of the twentieth century will become a "player" as it strongly advocates approaches to economic development (community development) that it has devised and in which it believes strongly. As the policy area politicizes in the twenty-first century, the Policy World will emerge as the more dominant, at least in the media and national policy. The Practitioner World will not go away, of course, but it will be pushed off to the side. Sometimes they work together. Over time, as the Policy World "trains" and qualifies the Practitioner World, it will be interesting to observe the clash between the concepts/values of the Policy World and the street realities of the Practitioner World.

Provide Meaning and Order

Our approach is a policy-making one, an approach that incorporates economics, socio-demographics, politics and culture into the economic development story. It is a "bottom-up" approach developed from the experiences of literally hundreds of cities and the 50 states. Understanding state and local economic development requires a framework, an explanatory fabric. American economic development history suggests three dynamic "drivers" provide meaning and order to the reader. Some in the Policy World may discern them as "independent variables." The three drivers of economic development deeply affect the agenda and goals of economic development policy/strategy.

There is another, less visible dynamic, however, that "interprets," "defines," even "directs" the policies/strategies as they are processed through the jurisdiction's policy-making system. That second dynamic includes two major elements: the jurisdictional policy system and process; and the values, priorities and perspectives of the jurisdiction's political culture(s). Our model places considerable importance on jurisdictional policy-making/political culture as a filter and a funnel for processing the inputs of these three drivers into policy/strategy outputs. Digesting driver impacts is the job of the jurisdictional policy system and its participants. The less visible dynamic will follow after our three drivers of ED policy and strategy.

DRIVERS OF ECONOMIC DEVELOPMENT POLICY

The three drivers of American sub-state economic development are: industry/sector profit cycle, population mobility, and competitive hierarchies. Throughout our economic development history these three drivers have been consistent factors affecting the course of state /sub-state economic development policy-making. Our three drivers work together. They ebb and flow. There are periods of "digestion," "building critical mass," and "dominance" when one is predominant over the other two. In real life they all play off against each other. I discourage the reader from thinking in terms of which is more important than the others—over time they mostly balance, and in any one period of time each plays its own role and dynamic. Separating out the drivers—and specifying who did what, and why, and which is the most important—is to me a fruitless endeavor. Whether the chicken laid the egg or vice versa—who cares in a real world that cannot distinguish where one begins and the others end?

The forces of change, our drivers, are hugely powerful; it is very unlikely a city (or even a state) can stop or reverse them. Residents, however, expect that one try one's best. Fix what can be fixed, take advantage of what is offered by fate, clean up or prepare for future opportunity, and help whom you can help. Decline is more disruptive than growth; there is a massive ocean that separates economic development in a declining community from economic development in a growth community. One consequence from changes these drivers have exerted is an enhanced need for and reliance on government. Policy-making in the twenty-first century is more public policy-making than it was in the first half of the twentieth century. Metropolitanization is a product of the three drivers; metropolitanization expands our conception of the competitive urban hierarchy. As time goes on, global competition intrudes on our policy system, and radically reorients the power and the role of sub-state jurisdictions in American economic development.

Industry Sector Profit Cycle

No matter how small the jurisdiction, the jurisdictional-bound economic developer's life is focused on his/her jurisdictional garden of firms, sectors, and industries growing in his/her jurisdictional economic base. That contrasts with the Policy World perspective which defines economic base in terms of a regional cluster, metropolitan area—or mega city (whatever that is). The Practitioner economic development is fixed in political jurisdictions; Policy World economic development is more an analytic and statistical construct. Betwixt and between, "economic base" is caught in the middle. However measured, the industry/sector which populates the jurisdiction's economic base is driven by the evolution of the individual and aggregate industry/sector profit life cycle. The jurisdictional economic base is the "economic" expression of trade–communications–logistics, technology, innovation and entrepreneurship, the industry/sector concentration—and *time*. Jurisdictional economic bases, the sectors of which they are comprised, mature and change over time. That complex an economic base will not let itself be tinkered with easily.

Introduction to sector/industry and jurisdictional economic base

Industries/sectors are not randomly distributed across states, regions or communities. Each "place" develops its mix of industries/sectors. Location advantages, home-brewed entrepreneurship, modes of logistics/transportation, mergers/acquisitions, and simple serendipity distribute firms/industries/sectors across geographies. Our bottom-up approach exposes economic base variation. Jurisdictional economic bases compare to a fingerprint—no two are supposedly identical. New York City, financer of American manufacturing, had much less of it than Cleveland or Detroit. Each metropolitan area contains a variety of urban jurisdictions, each living off their own industry/sector garden of delight. Suburbs, for example, possess their own jurisdictional economic base, as does their neighboring central city.

Thompson and others characterize economic base as being composed of basic (export-oriented) and non-basic (serve the local population) firms: "the current [short-term] rate of growth of an urban area is explained more by the growth rate of its export sector than any other single factor" (Thompson, 1968, pp. 1–3). As such, much of our economic development history rests on what economists call the "supply side" of urban growth or "the local economy [economic base] comparative advantage in land, labor, capital and entrepreneurship." The supply side paradigm will dominate our history well into the 1980s. In future years, economic development would shift to the "demand side" economic base.

Not all American cities developed from industrialization; smaller cities of the South and the not-yet-born cities of the West developed small manufacturing sectors. A manufacturing-dominated economic base seeded itself chiefly in the Big Cities of the North—the political/military Civil War conqueror. Combining both political and economic power, northern and midwestern states established a regional hegemony over the rest of the nation. This hegemony lasted through World War II and would be a defining feature of our history. The future rise of the Sunbelt was based on a new configuration of urban economies based less on manufacturing than technology and service sectors.

In the nineteenth century, industrial, transportation, and financial industries, the gazelles, tended to agglomerate—cluster together—to achieve economies of scale and sector synergies in labor and finance markets. So insurance firms located in Hartford, Connecticut and Des Moines, Iowa—and the same could be said for nearly every manufacturing, finance and transportation sector/industry. As new cities formed, engaged in city-building strategies, they too constructed new economic bases from the mobile and fast-growing industrial firms. The initial establishment of firms in a jurisdictional economic base is, therefore, set in a period of time, and tied to the fortunes of its industry and sector. The fates of the sectors in an individual urban economic base shape the jurisdiction's place in the urban competitive hierarchies, and the eventual maturation of the economic base affects its future pattern and timing of change. The urban physical landscape and economic base configuration tend to age together. This translates into the policy agenda relevant to economic development.

Business and labor elites are firmly lodged in their industry/sector dynamics. Since our history views economic development through a policy-making perspective, and since history will reinforce the critical role of business and labor elites in jurisdictional economic development policy systems, it follows that an important factor in jurisdictional policy-making will be the composition of business/labor elites participating in the making of public policy. Differences in jurisdictional economic bases trigger variation in the jurisdiction's policy-making. This is especially significant as sectors/industries evolve differently, age, and undergo innovation at different rates, times, and intensity.

Innovation, disruption, and competition potentially make obsolete the initial landscape/economic base and necessitate physical/infrastructure modernization and firm restructuring. This can imply geographical relocation. Firms included in a jurisdictional economic base probably should never be considered long-term fixed assets—from birth they were potentially mobile. The so-called mobility of capital, the ever-present possibility a firm could move, meant cities competed for industries and sectors every single day in our history. Industries/sectors (and the individual firms within each sector) enjoy and suffer from a "life cycle": they proceed from birth, to middle age, and … maybe death or relocation. That life cycle, based on the firm's ability to make profits and the internal structure of the industry sector, has proven to be critically important information jurisdictional economic developers need to know.

The jurisdiction's industry/sector profit cycle

Young industries/sectors mature. At some point jurisdictional economic developers discover that they must deal with a new set of middle-age industry/sector concerns—followed later by old-age issues and fears. Firms can die and marry (merge). In the jurisdictional economic garden, flowers do not bloom forever. It's impossible to ignore this life cycle if one is an economic developer. Accordingly, this history has incorporated into its narrative a life/profit cycle model developed by Ann Markusen (1985). Her model is robust and sufficiently complex, but includes as few moving parts (concepts-jargon) as are needed to explain industry/sector change within jurisdictions. The model will be developed in the chapters that follow; at this point, a general description will be presented.

Markusen's approach stresses sector/industry clustering in a relatively few jurisdictional economic bases. This results in boom prosperity and economic growth in early years. Gazelle-like growth, however, is followed by consolidation for most—and, for a favored few, a second burst of growth. Industry consolidation provides a slippery slope to oligarchy where fewer and fewer, but larger and larger firms compete. Eventually, firms and industries mature. Mature firms in stable industries face increased sensitivity to price, greater cost intolerance, and require employment adjustments resulting from production efficiencies (productivity). A few fortunate cities can benefit as a firm or two in the sector can merge, acquire, and often eliminate competitors—thus allowing the home firm to expand, but destroying jobs in other jurisdictions in the process.

Maturation requires each firm to maintain profits without price increases, because customers enjoy competing equivalent alternatives to satisfy demand. Cost-minimization and productivity (equipment substituting for labor) becomes a way of life for maturing firms—as does downsizing. Home-brewed firms are acquired and transformed into branch plants whose investment/employment decisions are made elsewhere. Consolidation, relocation, new plants (built to accommodate the latest technologies, innovations and equipment) and plant closures are also likely. A jurisdictional economic developer must provide new forms of assistance to mature firms, helping them minimize costs and introducing greater productivity into operations. This is the heart and soul, meat and potatoes of a business-retention program. This is also the picture that takes shape as new regions rise and compete for mature industries.

Firms in a maturing industry/sector sometimes cannot adjust to change. Firms do have some say (corporate strategy) in their profit life cycle. The state business climate or the unwillingness of a jurisdiction to respond to the cost-minimization imperative can compel a firm to relocate. In this atmosphere, the political culture may play an important role in a jurisdiction's ability to respond to industry maturation. The power of policy actors in the jurisdictional policy system may also inhibit the jurisdiction's ability to understand and deal with an aging economic base.

As an industry/sector reaches the last stage of its life cycle, survival is in question. With the right conditions and cost structure, a mature/elderly firm can persist for a surprisingly long period of time—stagnant, but employing a constant, probably lower-wage workforce. But usually plant closedowns and runaway plants are the inevitable result. If an entire industry undergoes maturation and decline—as manufacturing did in the post-World War II period—it will be given a name, and will spawn a set of reactions from affected economic developers. Deindustrialization happens. Entire regions suffer from decline in their former cutting-edge sectors.

The shift from manufacturing to the service sector and the rise of technology

All good things come to an end sooner or later. Over the last half of the twentieth century the American economy shifted away from manufacturing (basic) and toward service (non-basic) industries. The service sector was pretty unfamiliar territory for most economic developers—and urban policy-makers as well. The shift from manufacturing to service and then technology required a "change of character" in our profession.

The service industry—responsive as it is to local-metropolitan demand, residential discretionary income, and being less cyclical—presented challenges quite different from those associated with an industrial economic base. Other important elements, nonprofit hospitals and education, emerged. If, and how, economic developers could, or should, get involved were open questions as these shifts occurred. Familiar tools and strategies no longer fit quite so well. It took the better part of a decade for the Policy World and other commentators to get their hands around the transition—a lot of blame was tossed around, and ideology and partisanship as well. In that manufacturing did not die out (indeed many forms of technology deeply involved manufacturing) meant the old world of economic development persisted in the new world.

The Perfect Storm had struck economic development. Regional change was perceived as the cause behind deindustrialization and industry shifts. A long-simmering Second War Between the States erupted. The long-standing settlement of suburbs compounded the plight of Big Central Cities, increasingly black and led by black mayors. Suburbanization acquired negative connotations as an intra-metropolitan competitive war commenced. An urban fiscal crisis trumped economic development in priority—the two quickly became linked. The federal government entered the picture—and then pulled back.

The 20-year period from 1965 to 1985 became the nadir of American economic development. The profession and the character of economic development that emerged after 1985 looked and acted remarkably different from its pre-1965 predecessor. It will become our "Contemporary Economic Development." When the smoke cleared, our jurisdictions' diverse economic gardens had changed dramatically—as had their physical landscape, competitive hierarchy and population demographics. Our profession shifted into new directions, addressing new concerns.

Population Mobility

Economic developers get paid to tinker with the economic base, but responding to population movement is another story. Our history screams out that population movement creates cities, and transforms small ones into big ones and big cities into smaller ones. Perceptions of community viability and its competitiveness with other communities are strongly determined by the ebb and flow of its residential population. It isn't the Bureau of Labor Statistics that gets the attention of citizens and media; it's the Census Bureau detailing movement in and out of our communities that wreaks havoc on the jurisdictional economic development policy agenda.

Americans are, and always have been, a mobile people. A report by Jed Kolko (2103) asserts that 20 percent of Americans moved each year between 1945 and 1980. New residents bring new attitudes, experiences, beliefs, and value priorities to their communities—former residents presumably leave behind empty buildings. Hopes for a new job and/or a better life, and the obvious converse—a previous location couldn't satisfy either—express the bitter-sweet reality underlying the movement of peoples. Hope and fear underscore that population mobility is a movement of the young—and the desperate. Throughout this history the geographic movement of generational cohorts is often evident. Fleeing the old family unit is ageless. It should not be forgotten that political culture travels on the feet of its young. Economic development has been affected by generational population movements. Whether the city gains or loses population, the policy system must respond. Hope and fear, push and pull affect the decision to move or stay; but once people arrive at, or leave, a jurisdiction the story involves economic developers.

We all know the effects of decline, but growth causes congestion, new entrants into the public policy process, and tension with past identity, resident lifestyles and traditions. Gentrification and sprawl are derivatives of population growth—and both are fairly controversial. Sub-state economic developers have virtually nothing to do with the flows. Their task is to manage the fallout.

American population mobility: immigration and first settlers

Population mobility is usually thought of as two distinct patterns: foreign immigration and internal domestic migration. Non-Native American population movements started in the early seventeenth century—and they continue to this day. These folk poured foundations of Big City neighborhoods; fought on both sides to create the Northern regional hegemony; settled the West; and provided the labor force for our twentieth-century economic expansion. Ethnic and racial groups moving into and across the USA are as American as apple pie. Since this history draws upon political culture as a vital ingredient in economic development policy-making, new groups could be quite unsettling (pardon the pun) to our jurisdictional political cultures. And in many ways, of course, they have been. Melting pot or stew pot, the interaction of values, beliefs and attitudes, histories, and experiences has wedged itself into most every jurisdictional policy system—and into our history.

Early chapters of our history describe how people movements created cities. Economic developers seldom reflect that the initial strategy for any jurisdictional economic developer sitting alone on an empty plot of land is to con some fool or business into moving next to him. City-building is a dominant theme in the history. City-building is not usually thought of as economic development strategy—but it most certainly is. For economic developers, city-building is history—"no more than a dream remembered … now gone with wind." But America constantly creates new cities: suburbia-exurbia; Dell Webb-style retirement communities; new urbanist communities (Seaside Florida); and planned communities (both private and public) such as Columbia, Maryland, the Woodlands, Texas, and Irvine, California. Los Alamos and "the girls of Oak Ridge Tennessee" also come to mind. Gold rushes have been replaced by oil/gas fracking, and Silicon Valley provides a place for geeks to *dream* "such stuff as dreams are made on" (Prospero in *The Tempest*—not Hilary Duff).

Population movements forged our infamous jurisdictional political culture. Settlers built cities, approved state constitutions, and obtained the original municipal charters. City-building is what inspired boosterism and community image attraction programs. But city-building is not just attraction; it also requires infrastructure. Infrastructure must be installed to accommodate new populations and firms. Infrastructure is "the gift that keeps on giving." Its initial installation is just the beginning and, putting aside upgrade and modernization, infrastructure is sensitive to population mobility. Reverse population movements created a present-day crisis in our rural communities, and bombed-out neighborhoods in Detroit, Michigan. Decades after 1990 another huge burst of immigration exerted major effects upon America's labor market, and offered the potential that by 2050 the ethnic makeup of America would be vastly changed.

The plight of immigrants launched a series of reform movements, several of which—housing, garden cities, public health, parks, playgrounds and recreation—dovetailed into a mighty stream of contemporary economic development (community development). Immigrants compelled port cities to create port authorities—the first governmental economic development agencies. Immigrants populated the new industrial city's workforce—as well as threatened revolution, social instability, labor unions, and social mobility. We owe a lot to population movements.

Internal population migrations

There are all sorts of internal migrations described in the subsequent chapters. The famous half-century long Great Migration, for example, arguably impacted economic development and our cities as much, or more, in the twentieth century than immigration. Consider as "alternate history" what our cities would be without the Southern Diaspora. Also, population mobility engendered by the federal government's dispersion of manufacturing and military facilities during World War II made the subsequent rise of the Sunbelt practically inevitable. Less noticed has been a "return" migration which repopulated the "New South" and continues to fuel growth in the South and Southwest. Florida's foundations rest on internal population migration and now upon immigration; it is our third largest state.

And then there is suburbanization. Seldom associated with "population migration," that is precisely what it was (is). By 1950 more Americans lived in suburbs than Big Cities. By 1970 nearly twice as many Americans lived in suburbs than central cities. Suburbanization, as far as economic development goes, not only means suburban economic developers receive paychecks, but also that all economic developers must contend with people and firms having alternatives within a metropolitan area. Consider also as an exercise in "alternate history" if annexation had worked and there were no suburbs. That would have been wonderful—wouldn't it??? Wait a minute; does that mean all those mediocre, conformist, boring, rich, racist neo-liberals would now live in the central city?

In this history, I develop a type of internal migration that has proven important to economic development. I label it "generational or cohort mobility." Generational mobility refers to the continual "coming of age" of young adult cohorts seeking a new start to better express the values and world view forged by events and dynamic forces prominent in their formative years—either that or they want to put as much distance as they can from their parental units. Generational mobility could be Richard Florida's "creative class" (Florida, 2002), and Horace Greeley's "Washington is not a place to live in. The rents are high and the food is bad, the dust is disgusting and the morals are deplorable. Go West young man, go West and grow up with the country" as well.[1] The Great Migration's human tale described by Isabel Wilkerson's *The Warmth of Other Suns* (2010) demonstrates the complexity of motivations associated with population mobility, and supports our belief that generations coming of age was a significant factor in the transformation of the polity and economy of the South.

Decline in population (the dark side of the force) elevates the priority afforded to economic development in the jurisdictional policy process. Chronic job loss and population decline are the visible expression of a deeper loss in economic meaning. This fear troubles those of us who love what are now labeled as "legacy cities." "Place" in these instances no longer seems to matter. These cities no longer enjoy access to the economic engine of the national economy. While job creation in this environment may well be a chimera, the economic developer is tasked with it anyway by a community desperate to regain its former position in the urban hierarchy. Population mobility creates winners and losers.

Competitive Urban Hierarchies

Municipalities and counties are the system's floor, and, by definition, they are the sliced and diced fragments of dispersed power and diluted impact. Worse, sub-state jurisdictions are perceived as primarily service-delivery vehicles—they manage the after effects/actions of higher-level policy-makers. Yet, local communities feel the effects of social and demographic change first, and are closest to the values, expectations, and beliefs that constitute political cultures upon which a community rests. In economic development policy, a sub-state jurisdiction acts "as a ship," charting its own course, confronting the turbulent seas of capitalism and global change.

The reality behind this metaphor is obvious. If the turbulent seas get it into their mind to sink the ship—it's sunk. Don't screw with Mother Nature. Sub-state jurisdictions are not the master of their fate; but they can, indeed must, make their way through the seas as best they can. That is the bottom-line metaphor for sub-state (and state) economic developers. They cannot let themselves simply bob and plunge, driven by waves, winds and currents as mere flotsam. Municipalities, counties and states must figure out where they want to go, and plot how best to get there. Their ships have rudders and engines; that is what economic development strategies, tools, and programs provide to the community. But if global economics were not sufficiently dangerous, there is yet one more force reaping potential havoc on state/sub-state jurisdictions—they compete with each other.

Thus our third driver is something labeled "Competitive Urban Hierarchies." Competitive hierarchies come in several forms, but can be grouped into two categories: (1) market hierarchy and (2) geographic hierarchy. The former deals with the generally low position of state and sub-states in the capitalist economic hierarchy, and the latter encompasses the various ways in which states and sub-state jurisdictions geographically compete with each other.

To confuse the picture a bit, the two categories have produced three separate and distinct competitive hierarchies, each of which includes both market and geographic elements. The three levels of competitive hierarchies discussed are: urban/regional, which is the informal competition among the largest cities in the nation and with a specific region (New York versus Chicago, for example; Portland versus Seattle as regional); the metropolitan hierarchy, which is the central city versus its hinterland, the suburbs; and the global competitive hierarchy, which comprises world markets/countries that compete against us—or not. This hierarchy will be introduced in Part III. There is at least one more, the "Keynesian" or the national fiscal and budgetary hierarchy that manages the behavior of firms in our jurisdictional economic bases (interest rates, money supply, budget deficits). While exceedingly important, we do not discuss this hierarchy in the history. It is its own book.

The three hierarchies can overlap, compete or reinforce each other. Superior political hierarchies (the federal government) can also enter into the equation. An example of combined hierarchies levying political power over states and sub-state jurisdictions will appear quite early in our history. The victors of the Civil War established a regional political and economic hegemony over both the South and the West. This hegemony was finally broken in my lifetime.

Economic development strategies can be hugely affected by competitive hierarchies. Urban renewal, for instance, was utilized to preserve the primacy of Big Central Cities over their growing metropolitan suburbs. Business climate—a well-known, principally state-level economic development strategy—is primarily driven by perceived pressures and opportunities flowing from competitive geographic and market hierarchies. In the twenty-first century, economic developers in many cities seemingly cope with a perceived control of municipal politics and economic development policy by global capitalist elites: neo-liberal, Two Cities, and Luxury City (Brasch, 2011). Economic hierarchies, we discover, tend to be ideologically perceived.

The relentless grinding of sectors and industries by a comparative advantage/free trade global market hierarchy is only the latest manifestation of hierarchical competition that tosses our two ships in seas such as made the SS *Edmund Fitzgerald* famous. But hierarchies also provide good fortune for those they favor. The now-forgotten "rise of the Sunbelt" carried with it not only the toppling of the old Civil War regional hegemony, but also an opportunistic "we have arrived—deal with us" grab of status, image and power by younger, often Privatist, cities and metro areas. To them successful economic development made a statement to the world, or at least to their former northern oppressors.

Observing how jurisdictions have actually responded to competitive hierarchies reveals that, despite the deep-seated tendency to see competitive hierarchies in negative images such as troubled seas and vulnerable, almost desperate ships, the reality is more complicated. Some jurisdictions see opportunity, and in other cases aspire to pre-eminence over perceived rivals. Most cities are content to successfully cope with competitive hierarchies. Others, however, resent the pressures of competitive hierarchies and strive to repress or displace competitive feelings. Such cities seek to create an "island," a sanctuary, where the vicissitudes of the outside world are minimized if not repealed. They try to protect their disadvantaged who are the ones most abused by competitive hierarchical intrusion. It is in these varied responses that we more clearly see our Mistoffelees of political culture in economic development policy-making.

Market hierarchy

Competitive market hierarchy's rationale rests on the long-recognized inherent tension between capitalism and place-based economic development. The geographic flexibility of capitalist growth and the reality of its long-term profit life cycle place all geographies under some pressure at one time or another. The same flexibility for capital also exists—and, to some extent, for labor as well. After all, the second driver of our model (population mobility) is the flip side of labor mobility. Labor mobility is generally thought of more positively.

There are ideological reasons—which we cannot do much about—for the dislike of capitalism and market hierarchy. Many are opposed to the logic, fairness, philosophy, and dynamics of capitalism (Harvey, 1973). Despite the rise of unions, Marxism/anarchism, and pronounced economic inequality, however, capitalism has enjoyed considerable appeal among most Americans—an appeal that lasted into the 1960s. Entrepreneurism, economic growth, general prosperity and innovation flourished during these years, despite the increasing concentration of industry and capital. Upward mobility was possible and "trickle-down" had a certain validity to it, proved by the persistent movement to city peripheries by urban residents in search of a better quality of life that material success/discretionary income made possible. On the whole, capitalism and market hierarchy, the tension of place with investment and labor mobility, was incorporated into state and sub-state economic development well enough to produce spectacular American growth.

Then, by today's standards at least, most economic developers tended toward Privatist acceptance of capitalism and an economic growth produced by private sector forces. Mobility of capital and labor was regarded pretty much natural, to be taken as opportunity as well as threat. Market hierarchies, business elites and focus on business and firms as the engine of economic development characterized the profession as a whole, and economic development practice in general. The growing cities of America enjoyed competing with each other for people, firms and entertainment. We were all growing, and zero-sum competitive market hierarchy didn't apply to American cities. If there is a term associated with these early economic development years that resonates in most readers, it is "boosterism"—and that is a hallmark of a typical community's romantic, idealistic and optimistic vision that capitalist market urban competition was more opportunity than threat.

Times changed—radically after the 1970s. Discomfort with the private sector, business elites, and capitalism in general intensified, especially in our Policy World. "Place-based economic development" came into fashion as certain jurisdictions experienced significant, chronic economic base and population declines. Manufacturing firms seemed to implode en masse, failing or leaving older cities in droves. In this atmosphere a literature concerned with market hierarchy exploded.

The pathfinder "Daniel Boone" of market hierarchy was Charles Tiebout, whose "A Pure Theory of Local Expenditures" (1956) opened the Policy World to new concepts about how individual/business "exit" decisions were made, detailing the critical role community tax and service levels played. Among other observations, Tiebout viewed taxpayers (residents) of municipalities deciding whether to stay put or exit their municipality on their satisfaction with the basket of public goods produced from a given level of taxes. Produce the wrong basket of goods, or tax too much, and "they're out of there." Tiebout's political-economic, rational actor approach shifted Policy Worlders away from more hopeful sociological-pluralist paradigms into a world where individual/corporate decisions were made from economic self-interest.

Tiebout died prematurely, but in 1959 Richard A. Musgrave carried his line of thought into *A Theory of Public Finance*. Musgrave classified budget (public) policies into three types: economic stabilization, (re)distributive and allocational. Government policy-making produced complex outputs, with good and bad outcomes depending upon who you were. Musgrove's model awakened increased sophistication in policy and its effects on urban growth and fiscal stability. Paul E. Peterson injected market hierarchy into economic development strategy with his classic *City Limits* (1981). The Policy World by this point fully embraced market hierarchy as an important input in economic development policy-making.

The sledgehammer that really crushed the old, more optimistic consensus was not Policy World formulations, but rather the implosion of northern Big Central Cities—and the consequent collapse of the 100-year-old Northeast and Midwest regional hegemony. From that point on hierarchies came to mean mostly decline—a page had indeed turned, and American economic development would enter into our Contemporary World. Four culprits—suburbanization, deindustrialization, comparative advantage, and the rise of the Sunbelt—were each subsumed into capitalist market urban hierarchical competition thought. Mobile capital had obviously abandoned the manufacturing-dominated East Coast and Midwest economic bases, resettling instead, in a sort of spatial fix (Harvey, 2007), in the Sunbelt and the suburbs. Suburbanization became in the eyes of many yet another manipulation by capitalist business elites that lured the thoughtless, somewhat racist affluent into mediocre suburban playpens and school systems.

Manufacturing had been relocating to the Sunbelt for many years, where it seemed to prosper reasonably well—alongside new service and technology industries/sectors. Corporate disinvestment was real; so was investment that went elsewhere—and even more striking was the rise of entirely new technology sectors. Advocates of Progressive-style economic development took up the challenge and started writing a new instruction manual on how to develop a new economy and economic base pertinent to the cities of the North and Midwest. They came up with something, called it the "Third Wave" or the "entrepreneurial state," and off we go into the last decades of the twentieth century.

From the Sunbelt's perspective, however, the South and West had had finally overthrown the northern hegemony. Sunbelt cities were growing in leaps and bounds during these years, enjoying prosperity and growth brought about by something called "the post-industrial city." But the residues of old industrial city remained, still confronting deindustrialization, runaway plants, disinvestment, mobile labor, regional change, shift from manufacturing to service/technology, and the normal operations of our Markusen profit cycle—all piled on top of generational cohort change and the socio-political/economic after-effects of the Great Migration. The old Snowbelt industrial cities maybe served little function other than to babysit those at the margins of society and the economy. "The City as Sandbox" (Sternlieb, 1971) was vivid testimony of the nadir of the industrial city and the power of market hierarchy. But it should also be observed that in the same time period American capitalism produced arguably its greatest economic expansion. But it did so leaving behind a set of cities, today's cities of chronic decline.

Perhaps some of the reason for the late twentieth-century mobility of capital exuberance is a legitimate fear whether sub-state economic development policy-making can be meaningful. Can residents affect the direction and create a future vision for their city—or are cities driven by cruel, constantly disruptive external dynamics into prescribed decisions determined by invisible, remote and greedy corporate managers? Do cities, even states, ultimately have no choice if the city is to survive and prosper, other than to facilitate and subsidize corporate profits? Has sub-state policy-making become a mere puppet show? And, if so, can it be remade into a vibrant Shakespearean drama? Over the last half-century, market hierarchy had become a central issue of American sub-state economic development.

Geographic hierarchies

Putting aside poor beleaguered capitalism, there is another dimension to our urban competitive hierarchy. This form of competitive urban hierarchy is not driven by capitalism per se, but by the cities and states themselves—expressed through economic development initiatives. Among its many features, American federalism inherently inspires an "in-group/out-group" competition that taps much of the same behavior homeowners exhibit when they mow their lawns and install granite countertops in their homes. Cities and states infuse economic development with initiatives that prove (to themselves) "my team is better than yours." Virtual reality—i.e. mostly imagined, urban geographic hierarchies—foster individual cities to conduct conscious economic development activities/strategies. Sub-state economic development policy-making doesn't just respond to its own economic base; it can also respond to someone else's.

Geographic competitive hierarchies drive the Policy World into bouts of hysteria and outrage; they lie outside the bounds of economic rationality and efficiency. But their cost–benefit studies never stop a sports stadium or stand in the way of favorable tax abatement for a Google-like firm. Do communities pursue these irrationalities for no reason other than to drive the Policy World insane? A worthwhile endeavor to be sure—but no. Communities couldn't care less about the Policy World (unless they can get free money from it). Geographic competitive hierarchies follow from their own dynamic—and that dynamic is as emotional and psychological as that jurisdiction's political culture will absorb.

Most any morning, tons of citizens and taxpayers first look at the standings of their professional sports team. If the team lost, foul mood ensues, followed by backseat coaching critiques, and for some a breakfast beer. Obviously, if your team wins the Super Bowl without deflating footballs, then breakfast is a celebration. Aside from alerting readers that sports teams are a city's third rail of politics—don't mess with them—it also sensitizes us to an almost inherent tendency of cities to aspire to, or seek to avoid losing in, the competitive game in which city is best. That is why there are hundreds of city rankings on Yahoo every day: worst drivers, best pizza, most millennial, etc. End of decade observations by the Census Bureau for many are little more than team standings in the league in which city residents think they compete. The most relevant stat in geographic hierarchies is population—not jobs; and, unless you live in Portland Oregon, the more the better (even if it means congestion).

Sure, stadiums are a much-criticized aspect of economic development, but there is much symbolism that surrounds having, or losing, a major league sports team. Long before Dallas–Fort Worth Airport, there was always attention paid to the "biggest" or the "tallest." The skyscraper competition between New York City and Chicago was followed by just about everyone else building their own skyscraper. Our major cities have long competed against each other for firms and corporate headquarters. Physical development, particularly central business district (CBD) development, has been a prominent feature of economic development practice that owes a great deal of its motivation to geographic hierarchical competition. Today, cities compete for gazelles and clusters. Of course the illogic of every city competing for the identical cluster as the city down the highway—and every other city in the nation for that matter—is not important so long as we have our "life sciences" bioinformatics center, Tesla car or solar panel, and tons of real cool Uber or *Pokémon GO* startups.

Aside from suburban competition and attraction programs, geographic competition is much in evidence throughout our history. The reader might notice the persistence of public events such as world's fairs, expositions, and even the Olympics as examples of cities striving to be or proving that they are high-tier cities. Such events are not meant to be judged by the immediate jobs created, but instead by the perception that they prove that one resides in a legitimate high-tier city—in some rapidly growing cities they have been construed as "coming out debutante parties." Only one city has the UN and Wall Street, and only one has the White House/Congress and Supreme Court. These are institutions that mark these cities as world centers of international finance and politics, but everyone can have a convention center. Everybody can have a great waterfront festival market or a new civic center (City Beautiful). Every city needs to upgrade its downtown and central business district—the most visible symbol of urban prosperity for both residents and visitors.

Economic development cannot avoid this stuff, if only because we usually work for (or get funding from) political officials who live or die on how voters feel when they wake up in the morning. Economic development has always been "political." It is an output from a policy system, for pity's sake. But the ever-increasing trend of greater and greater involvement of governments in economic development has raised the ante. With each passing year economic development has become more politicized and more infused with geographic competitive hierarchies. The Policy World's answer—more data, studies, cost–benefit analysis, planning, regionalism, rationality and efficiency, and the plan—has so far not proven to be a serious check.

One final consequence of geographical hierarchical competition is another characteristic, historical element of American economic development: the herd-like diffusion of economic development programs, strategies, and tools across state boundaries and city limits. Innovation in American economic development exists, it seems, only to be copied by others. Academics ponder weak and weary why this occurs, but it is found in all periods of our history. Virtually every major strategy, tool, or program has become a national movement: from home rule and civic leagues of the 1880s, to the Industrial Development Bond (IDB), urban renewal, TIF, EDZ, business improvement districts (BIDs)—to minimum wage and the quest for technology, clusters, and innovation today.

There are several motivations for economic development herding, but in the history I repeatedly label a primary one "the arrow-in-my-quiver" effect. If some city develops a program innovation, every state or city must offer it—just in case somebody might use it. Frequently, few jurisdictions actually use the innovation, but better we have the arrow in our quiver unused than somebody noticing we don't have the arrow (some, the more cynical, may also observe that herd-copying makes for a popular plank in somebody's election platform). This history suggests that prolific innovation diffusion can be an expression of competitive geographic hierarchy.

Rational and irrational contexts of competitive hierarchies

A sports team unexpectedly leaves town. The Census Bureau reports loss of population. A TV comic ridicules a community and deprecates its residents. A storm dumps 60 inches of snow or a fire burns down homes on a hillside. A city goes bankrupt, or threatens to. A resident's son or daughter leaves town. A factory closes down, a new firm moves in. Neighborhoods change. Negative events (LeBron goes to Miami—and comes back) cut into a community's fabric and bring it joy or pain. Cities tend to be inward looking; except for sports. Seldom are they the least bit aware of what's going on in the city down the road—except when media alarm bells ring! Facts, emotions, and past/present events and future hopes and fears are interwoven into economic development policy-making.

Urban residents personalize events and take them to heart. However they feel about its politics or quality of life, the city is their home. There is such a thing as civic patriotism. Residents have their own sense of where their city fits into the cosmic scheme of things—and when it doesn't fit that image residents want someone to do something about it. Disruptive forces hit states and municipalities in ways that obscure their nature, clouding assessment and perception. Drips of new residents appear; sons and daughters leave for college and come back only to visit; a deteriorated neighborhood reaches a tipping point; more and more cars are on the road; streets flood, companies close down—all of which, with each passing year, intensifies and builds on itself.

The Policy World may struggle with boosterism, self-interest, greed, and parochialism; they exist and they are not going away. When change occurs, positive or negative, the demands and supports underneath a city's policy process shift ever so slightly. City elites react, and citizens/residents may or may not; but many will sense that something's afoot. Coping with perceived change and reaction to change is what economic development is all about. Ours is mostly a reactive "profession."

Sometimes change hits with a sledgehammer; other times it's like slowly boiling the proverbial frog. Residents attach meaning to symbols and outward manifestations, as symptoms of a much deeper problem. Just what has gone wrong or right may not be evident, except in hindsight—defining a problem or opportunity will evolve as the situation persists. Even if correctly identified, which appears rare in our history, change (as we are fond of saying) does not come with an instruction manual. When it comes to confronting change, jurisdictions can make mistakes. Communities undergoing change task their economic developers with addressing symptoms, waging past wars and symbolic-emotional fears—missing the solution to the problem. Change when it occurs affects city residents and elites differently, at different times; not surprisingly they will expect different solutions.

Our history suggests that economic development frequently fights the wrong war or constructs an imagined war that exists mostly in the minds of the residents and policy-makers. Early definitions of problems/opportunities are incomplete and often mostly incorrect. Cities define their problems differently; and, to no surprise, respond differently. Our history strongly suggests that the Policy World plays an important role in the quest for problem definition and solution. Both definitions and solutions, however, can follow from the then Policy World paradigm of "what's happening now." And Policy World definitions and solutions can suit the purposes of jurisdictional "players." The ideology *du jour* usually sneaks in and identifies evil ones responsible, and victims—policy outputs, programs and strategies follow. The cycle seems endless in our history.

Fundamentally, the fear is that the community is flotsam on the sea of global change—coping, seizing opportunities, is what economic development can offer. Cities, our home communities, to some extent ought to be captains of their fate. The perception of being able to impact fate and temper/harness outside forces is what jurisdictional economic development is all about. The belief that economic development can accomplish this Herculean task is nothing but foolish arrogance. Fortunately a very large gene in our professional DNA is foolish arrogance.

POLICY SYSTEM, PROCESS AND CULTURE: PRIVATISM AND PROGRESSIVISM

The second fabric to offer meaning, order, and explanation to our history is the jurisdiction's policy system and process. The jurisdictional policy system is a book of its own, so it is not possible to examine all its features and contributions in our economic development history. Instead, this history shall, actually must, concentrate on two principal elements of the policy system: (1) the impact and explanation of how political culture has fostered two rival ways of conducting sub-state economic development; and (2) the role of elite policy actors in the making of policy. These two elements are selected for inclusion in our history because each has an observable, consistent, and incredibly important influence in the events and the activities detailed in the chapters.

The Political Cultures of Economic Development Policy-Making

From the start the reader should understand that this history asserts there is no single way to do American sub-state economic development; there are at least two—and they have been evident throughout our history. These "two ways" are the proverbial "ships passing in the night." Each ship has a name: *Progressivism* and *Privatism*. They do not much like each other! It should not be surprising that each of these two macro-political cultures has "supported" or "generated" its own approach to how economic development should be conducted. That will not be apparent at first; it will only become obvious well into Part I of this history. For various reasons Privatism will dominate the nineteenth century, and from Privatism a "mainstream" or "classic" economic development will emerge. In its good time a Progressivist approach to economic development, called "community development," will appear.[2] Each approach to American economic development chases its own goals, embraces different strategies and programs, and operates in its distinctive network of EDOs and community development organizations (CDOs). Each serves different constituencies. They do not like each other. Presently they are at war.

The names given to the two styles were easy to come by. The first, Privatism, was coined by Sam Bass Warner—a well-respected urban historian (Warner, 1968). The second, Progressivism, requires more explanation. The post-1880 Progressive Movement is well known; its impact on politics and policy-making is profound and well documented. While there is overlap with the Progressive Movement, our Progressive political culture precedes the movement and is defined and described in terms and behaviors relevant to economic development. Both cultures can be traced back to the earliest periods of American colonial history. Each represents a different approach to politics and government, liberty and freedom, and individual versus community orientation.

The two cultures were carried over to the United States by European, principally English, settlers over the several hundred years of our pre-American Republic history. In turn, these settlers brought these with them as they traveled and established roots in the regions and states that became the United States. That these systems of values and behaviors have endured so well—at least well enough for us to see their influence as we construct this history—is remarkable, but not incredible.

Don't expect any "Welcome to our Privatist (Progressive) community" sign when you cross a state, municipal, or county boundary. Then how are we to know whether a community-jurisdiction follows a Progressive or Privatist path? Privatist and Progressive communities are very different. An economic developer would be hard put not to feel it from the get-go. But it's worth specifying distinctive elements which separate them. The two cultures result from choices:

- Should economic development be led by and conducted through (1) private-sector leadership and public–private EDOs; or (2) government and government-directed EDOs?
- Between (1) economic development that directly benefits private firms so that hard-working, risk-taking individuals can acquire wealth from which the community as a whole can prosper and grow; or (2) economic development that directly benefits the community, not the private sector, preferring instead to benefit people, principally through nonprofit and community-based organizations.
- Whether (1) the community competes against other communities for wealth, status and economic growth—and that without growth community decline is inevitable; or (2) whether economic development should empower economically/politically disadvantaged residents unable to effectively compete in society, the economy and politics.
- Whether (1) economic development will be most effective if its initiatives are congruent with capitalist principles and processes by enhancing profit-making by firms; or (2) whether it should follow from rational planning and analysis that addresses gaps and weaknesses that flow from capitalism and company decisions.

A Privatist jurisdiction is wary of government being the primary agent of social and economic change. Limited government is preferred, and business elites are invited to participate in the making and implementation of economic development policy. Private leadership is preferable to government in economic development; limited government preferable to activist, redistributive government. To a Privatist, prosperity and economic growth are best achieved by a dynamic private sector which creates wealth and opportunities for citizens and residents. The community will prosper through individual hard work, innovation, risk-taking, and entrepreneurship. The community benefits from providing a supportive infrastructure and low-cost environment to private enterprise.

For a Privatist, inequality provides motivation for individuals to participate more fully in the economic sphere. The community should level the playing field for firms so they can compete with firms in other communities, or create a supportive risk-taking environment (often characterized as low taxes, a willing and cheap labor force, and less regulation). In this perspective government can partner with business or business can direct economic development to the benefit of the private sector and the community. As business competes with other private firms, the community competes with other communities for limited resources, population, wealth-creation, and economic growth—failure to compete leads to stagnation, decline, and, in the worst case, community "death."

Progressive communities, conversely, see the jurisdiction not only as their place of residence but also as polis, in which citizens working together benefit individually/collectively, achieve individual meaning and economic prosperity—*together*. "It takes a village" taps this conception that individuals achieve personal empowerment by inclusion in a caring community-polis. If each element of a community "does his/her thing" well and provides benefits to that community, members of the community will prosper and provide meaning and support to its members. Business is a member of the community, and its actions and decisions must reflect community interests and values.

Progressivist economic development confronts inequality resulting from residents unable to effectively participate in community prosperity. A requirement imposed on Progressive economic development is that it must empower the least advantaged. That requirement is also expected of its private sector and firms. Raising the capacity/prosperity of the least advantaged may be the ultimate purpose behind Progressive economic development. Progressives see the private sector less as an engine of growth and innovation than as society's vehicle for distributing the benefits of growth and prosperity to community members. There is mistrust of the profit motive; propelled as it is by greed, it is perceived at cross purposes with community economic development goals.

The Engine of Economic Development Policy: The Jurisdictional Policy System

The three drivers of economic development policy (the industry/sector profit cycle, population mobility, and competitive urban hierarchies) and the two political cultures (Progressivism and Privatism) are the raw ingredients for economic development policy outputs. These dynamics in conjunction with the jurisdiction's intergovernmental environment are processed into strategies, tools, and programs—the outputs of economic development policy-making—by the jurisdiction's policy system.

The policy system is stolen from political science and policy analysis. But, as promised earlier, the reader will need to be familiar with only a few concepts to draw understanding from our history. Each unit of local government (counties, villages, cities, towns) by definition contains a "policy system" (an unincorporated area usually has a county for its jurisdictional policy system). So, for all practical purposes, every square inch of the nation falls into someone's policy system. "Strategies, tools, and programs" are the outputs of the policy process produced by each jurisdiction's policy system. They will be defined below.

The jurisdictional policy system is grounded in a specified, boundary-defined geography. This is what is meant by "place-based economic development." Our federal constitution determined that sovereignty over sub-state entities is exercised by state government, defined by state legislation, and enforced by the state judiciary. Sub-state jurisdictional policy systems are "creatures" of the state policy system—and the reader should recognize that contemporary sub-state economic development, despite notable federal initiatives and laws, still firmly remains lodged in the 50 state jurisdictional systems. As we unfurl our economic development history, we will short-hand these 50 states sub-state policy systems as the "SSS."

A jurisdictional policy system contains the network of structures, actors, and processes within a specified geography that make decisions concerning policy areas such as education, criminal justice, welfare, housing, land use/planning/environment, tax/fiscal, civil rights—and economic development. Anderson defines policy as "the behavior of some actor or a set of actors, in an area of activity" (2006, p. 6). Anticipating that most readers will instinctively equate government with a policy system, I suggest that would only be a partial description of the typical American sub-state policy system—at least as it applies to economic development. Through most of our history, private entities made economic development-related policy decisions, and government willingly and consciously has delegated economic development decision-making and program implementation to private and semi-private entities. That is why I do not refer to the "public policy system," but rather call it the "policy system."

There is considerable variety in types of policy system found at the local level over the course of our history. The chief influences in the character and configuration of a municipal policy system are:

1. its form of government;
2. the coalitions that supported it;
3. the elites elected/appointed/ instrumental to policy-making;
4. and the various other participants/actors in the formation and implementation of its policies and programs.

Until surprisingly late in the nineteenth century, American municipal government possessed insufficient "capacity" to "lead" a modern policy system. This incapacity of pre-Progressive era municipal government to formulate and implement independent economic development policy meant that it was usually handed off, delegated to private EDOs and individuals in various government hybrid, public–private bodies, authorities, independent commissions, and the like. Indeed, through the nineteenth century—and well into the twentieth—the search for structures that allowed for a public–private partnership between private and government was an important feature of our economic development history.

During and after the Progressive era, a number of policy systems developed—for example, an amazing variety of political machinery dominated policy systems; a weak mayor system, social reform mayor, a strong-mayor system, charismatic mayor, commission, city manager, and a number of hybrids. Each system constructed policy using its own processes, decision rules, electoral systems, and bureaucratic configurations, and different combinations of policy actors with varying degrees of access into decision-making. For the most part it will not be a primary area of concern in this history to elaborate on the characteristics or distinctive outputs of each type of policy system. We will focus more on changing from one policy system type to another—as that has been the vehicle for change in American state and local economic development.

Economic Development Outputs: Strategies, Tools and Programs

Outputs relevant to economic development are strategies, tools, and programs. These outputs deal with, and seize opportunities from, the drivers or forces of change that arise from the policy system's environment. Outputs, in theory at least, are intended to accomplish certain "goals." But goals, as conventionally known, are obstacles to understanding sub-state economic development. State and sub-state jurisdictions are diverse and complex; they face multiple problems simultaneously, thus inhibiting a composite Holy Grail-style single goal. Economic developers seek many grails.

Any community simultaneously pursuing multiple goals entrusts its EDOs with several motivations/goals/strategies for each of its programmatic initiatives. An attempt to posit one or two system-wide goals (such as job creation or raising taxes) does not match reality "on the ground." That is why we speak of economic development *strategies*—not goals. A strategy, by definition, can combine several goals, and thus serve the purposes of many policy system actors. If one is looking for an "ultimate underlying goal," it is apparent to me that "growth," both population and jurisdictional base, is the best candidate. That will be an issue as we cross into our Contemporary Era.

A variety of goals flood the economic development policy area and policy systems. These include population growth, increased tax revenues, competing with relevant cities, aspiring to a level of status in the regional/national hierarchy of cities, developing clusters or diversifying one's economic base, job creation, neighborhood revitalization, people-empowerment, wage growth, infrastructure upgrading, physical modernization, innovation, creating the "right" kinds of jobs, and fostering a proper "business climate." There are also other potential goals that can enter into a strategy or program. It is possible that a single speech/press release describing an economic development initiative might touch on many of these goals before the speaker leaves the podium to cut the ribbon. Any quest to find *the* goal is certain to be as elusive as searching for Monty Python's Holy Grail.

Strategies

Economic developers function around strategies. International Economic Development Council (IEDC) certification is chiefly demonstrated by mastery of several key economic development strategies. The standard strategies are: city-building, attraction, business climate, economic gardening, tourism, business retention, infrastructure, development and redevelopment, workforce and labor base skills training, specific firm assistance (loans and other assistance), entrepreneurial, small business and startup development, innovation and knowledge-based economies, planning, and sub-municipal (neighborhood/CBD) development/revitalization and community development. There are others.

The strategy is the "why," the rationale, the theory justifying what we do. Strategies are often rhetorical in nature and typically are found in economic development plans, political campaigns, party platforms, on web sites, and all sorts of collateral material and media press releases. Strategies are the front door of American economic development. A strategy of the same name can differ widely in its specifics and purposes as implemented across cities, states and regions and can easily change with the appearance of a hot, sexy book such as this one.

Strategies, over time and place, come and go—like Michelangelo.

Tools

Tools are the workhorses of economic development; the microprocessor of all economic development programs. Tools make a strategy operational and credible. An economic development organization (EDO) is usually a creature of the tools in its arsenal—arrows in its quiver. Most EDOs were originally established to house the tools necessary to accomplish its initial purposes/strategies. Eminent domain, tax differentials, grants, venture capital, business counseling, revolving loan funds, bond issuance, zoning/land use regulations, property ownership/management/leasing, a tourist site or event, a training course or curriculum, infrastructure installation/upgrading, construction management, and property write-downs are examples. Tools often require state authorizing legislation, invite legal regulation, and require specialized expertise. Tools are housed in an EDO that is legally empowered to use the tool.

Tools are the instruments that economic developers employ to implement economic development strategies and programs. The same tool can be used one day for one strategy, the next day for another. Customizing a tool merely requires adjusting eligibility, terms and conditions, marketing, and underlying strategy rationales. Probably tax differentials are the most common tool. One of the more important lessons derived from our history is that while economic developers think and talk in terms of strategies, our history has usually revolved around tools.

Programs

A program is constructed from strategies around staff, resources, and one or more tools with defined terms, eligibility, service area, and other such administrative factors. Programs are the core unit of policy implementation. There are way too many programs to list. Examples are a TIF district, an EDZ, export financing, MEP, accelerator-incubators, a visitation program, branding, a media placement, web-database demographic sites directory, MBE loan fund, a downtown event, a basic skills training class, venture capital placement, an innovation workshop, a waterfront redevelopment project, etc. Programs are the meat and potatoes of economic development.

Programs reflect the political culture of the jurisdiction, the state policy system, and most often are shaped by the tools/resources available to the EDO. Throughout this history the reader will encounter the expression "a rose is not a rose." This is a takeoff on Gertrude Stein's quote, and it is meant to convey that programs, tools, and strategies with the same name/title vary enormously among states and even jurisdictions within the same state. For example, all but three states have an authorized a TIF program; but TIF in practice and design varies hugely among states, and intensity of its use by jurisdictions within a state also varies. A realistic understanding of economic development policy-making lies in appreciating its variation, why variation exists, and what effects that variation causes—rather than mindlessly citing the meaningless fact that 47 states have passed something they call TIF and they share x or y statistical commonalities.

The dynamic element of a program is the tool(s) required for its use. Tools have been around forever. Practitioners build their careers around tools, the expertise in using tools, and fitting tools into programs and strategies. National associations exist based on tools (bond issuance). What tools an EDO commands arguably define its constituency, expertise, and its visibility to the outside world. In many ways, this history is a history of economic development tools, clothed in programs, and wrapped in strategies.

Policy Actors

This history will seldom involve itself in the internal dynamics of the urban policy system—that is reserved for another book. Harder to ignore, however, is the role of various individuals/public officials/government bodies/institutions/EDOs and policy participants in the description or telling of the history. "Stuff" does not happen without policy actors getting involved. The label "policy actor" is attached to "players" who make, advocate, formulate, and implement economic development policy and strategies, and operate tools and programs. Our history is saturated with policy actors. Some policy actors appear more often than others: chambers, the so-called one percenters, various EDOs, mayors and city councils, labor unions, growth coalitions/regimes, and various segments of the "business community." These are the individuals and entities that trash it out within the policy system, and through their efforts fashion the various policy outputs described previously. In anticipation of what lies ahead, the reader is alerted that:

- The most consistent, and impactful, participants in the economic development policy system are business and government elites; and
- An important factor in how "open" the jurisdiction's policy system is to different elites and actors is affected by the dominant political culture or cultural consensus of the community.

Privatist political cultures raise the status of private elites and business, in effect putting hurdles in the way for other participants. Progressive political cultures actually tend to push business out of the policy system and open access to other participants like unions, neighborhood and community organizations, citizen and advocacy organizations and nonprofit/government bodies.

To argue from this that economic decision-making is "closed" probably overstates the situation; but bias and impediments do constrain the involvement and participation of elites, never mind citizens and taxpayers. One should not think the economic development policy system is "open." The effective mechanisms for citizens and taxpayers are elections, political parties, and elites you can access. The nature, composition, sector configuration, and culture/value/policy predisposition of the typical jurisdiction's business community/economic base vary over time and place. There is no justification for believing that "the business community" in one city or state is necessarily identical to that of another city or state—particularly in different periods of time. One percenters can be, indeed, are likely to be, Progressives. This is a serious issue for us in this history.

A great deal of historical presentation and current Policy World commentary collapses the variety of sub-groups within business and government into broad-stroke, wide-brush characterizations ("smush"). Labels such as Democrats, Republicans, "growth coalition," "boosters," neo-liberals, environmentalists, socialists and even mayors, city councilors or bureaucrats are found in histories and policy literature. For the most part these broad categorizations were not helpful in understanding economic development history. Sub-groups within each category matter greatly in explaining what happened. Each sub-category shifts composition, nature and culture/value/policy predispositions over time. For example, the very rich, owners of the largest corporations (the one percenters), are very important in our history—but are far from static in their composition, policy preferences, and intensity of involvement and the level of government they seek to impact.

NOTES

1. Horace Greeley, *New York Tribune*, July 13, 1865.
2. The reader is warned. There are Privatist forms of community development, and community developers can use Privatist tools and strategies—but they serve different goals and constituencies.