



The Road to Recovery: Making Choices for Your Community

By the summer of 2009, the South had lost nearly 1.2 million jobs since the year before, unemployment was up to 9.2 percent in the region, and four Southern states had more than one in ten workers without jobs. Five Southern states were in the top ten in the nation in terms of the number of personal bankruptcies per capita during the first nine months of 2009 and home foreclosures in the South were also up, increasing by 32 percent between 2007 and 2008. Individuals were not the only ones feeling the pinch. The National Association of State Budget Officers reported that states were up against some

of their toughest financial times in decades, and nearly nine out of ten city finance officers said that their cities were less able to meet financial needs.

So what's the good news? "It's hard to be upbeat in a recession, but it truly is an opportunity," said a columnist at *Fortune* magazine. "Marathoners and Tour de France racers will tell you that a race's hardest parts, the uphill stages, are where the lead changes hands," he explained. "That's where we are. When this recession ends, when the road levels off and the world seems full of promise once more, your position in the competitive pack will depend on how skillfully you manage right now."

Many throw up their hands and think there's nothing that can be done at the community level – that their economic future is completely dependent on global economic trends, or policies set in Washington, D.C. or their state capitol. But others are looking at ways to make a difference at the local level. "I have no designs that we're going to solve the world's economic problems," a city manager of a community in Texas recently told the *Wall Street Journal*, "but, there's got to be something we can do to help some of our people." The article goes on to detail local efforts in both large and small communities, from offering laid-off workers free community college tuition, to launching "buy local" campaigns, to speeding up spending on public works projects. Other sources highlight the following examples from the South:

- ▶ West Virginia and other states and communities across the country are encouraging the creation of new companies by providing entrepreneurial training to displaced workers.
- ▶ A pharmacist in Brewton, Alabama launched his own personal stimulus plan by giving each of his employees \$700 and asking them to spend it locally. Paying his employees in \$2 bills helped to show how the money was circulating in the community.
- ▶ Kansas City, Missouri has created a Green Impact Zone to try to jump-start economic recovery in an economically-distressed 150-block area in the city. Plans call for home weatherization improvements and other sustainable energy efforts, coupled with programs to train young people for new, green jobs.

The purpose of this discussion guide is to help communities begin to think about what they can do to respond to current economic challenges, while at the same time positioning themselves for success in the future.





Approach One: Wait it Out

This downturn is not much different than those of the past, some say. If we wait things will eventually turn around. There's not much that we can do locally to affect global economic trends anyway. Help from the federal and state government, along with cutbacks where necessary, are what we need to get us over this rough patch.

What Can be Done?

- ▶ Look for opportunities to build partnerships with other organizations or with neighboring communities in order to benefit from economies of scale in delivering services.
- ▶ Look for savings in government operations. This is a good time to take a hard look at our spending and ways of doing things.
- ▶ Take advantage of available federal funds for things like energy efficiency improvements that can help us save money in the future.

In Support

- ▶ This is a global economic crisis with structural problems over which communities have little control.
- ▶ This is a typical economic cycle that is just part of free market economics. It too will pass.
- ▶ Government spending is not the solution. Overspending to solve the problem will just lead to more problems in the future.

In Opposition

- ▶ Some say that this crisis is different and things won't just return to normal.
- ▶ The longer we wait, the more people will suffer and the worse the problem will be in the long-term.
- ▶ We can't just sit on our hands. Taking action now will help prepare us for the future.



Approach Two: Build on What We've Got

We need to play to our strengths by looking at our community's current assets and finding ways to strengthen them in order to build wealth in our community. We can do a lot to become more self-sufficient.

What Can be Done?

- ▶ Develop a community asset map that identifies community strengths, including businesses, institutions and organizations, leaders, and natural and cultural assets.
- ▶ See what kinds of goods and services we're importing from outside the community and surrounding area and then look for ways to provide these locally.
- ▶ Strengthen demand for existing businesses' products and services through buy local campaigns, export development programs, e-commerce training, and development of niche markets.

In Support

- ▶ Even communities that aren't blessed with obvious amenities have assets on which to build.
- ▶ Asset mapping can bring people in our community together and create bonds that will further other community efforts.
- ▶ A lot of dollars are currently leaving the community that could be kept circulating here to build local wealth.

In Opposition

- ▶ It's often cheaper to purchase goods and services from elsewhere, or from large multi-national stores rather than locally-owned businesses. Buying local is a nice idea, but people don't have money to waste.
- ▶ It's not that we're not aware of our assets, it's that they're too small to make a big difference.
- ▶ Assuming we can provide everything locally is unrealistic.





Approach Three: Create New Strengths

Traditional industries such as manufacturing have been hit hard in this recession and many think they won't be coming back as before. We need to look at new high growth industries to build a strong economy in the future.

What Can be Done?

- ▶ Look for opportunities to attract and create new businesses in up and coming sectors such as the green economy, health care, and creative industries that are difficult to outsource overseas.
- ▶ Revamp workforce training programs to prepare workers for jobs in emerging sectors.
- ▶ Support entrepreneurship, including entrepreneurial training for displaced workers.

In Support

- ▶ Entrepreneurship and new businesses are key to long-term economic growth.
- ▶ New businesses have a ripple effect and help everybody.
- ▶ We have to accept that the economy is changing and we need to change too.

In Opposition

- ▶ We need help now; this is too long term.
- ▶ We don't have the money and resources to try new things.
- ▶ No one knows for sure which industries will prosper. Placing bets is a risky activity.

About Southern Growth:

Formed by the region's governors in 1971, Southern Growth Policies Board is a non-partisan public policy think tank based in Research Triangle Park, North Carolina. Southern Growth's research focus encompasses the major drivers for economic development in the South — innovation and technology, globalization, the changing nature of the workforce and the vital role of the community. Southern Growth provides its members, and the region, with authoritative research, discussion forums and pilot projects that define the critical issues shaping the South. Southern Growth develops new regional strategies for economic development and identifies best practices to facilitate action. To learn more about Southern Growth Policies Board, visit www.southern.org.

For Further Reading:

The National League of Cities has devoted a section of its website to "Cities and the Economy" at http://www.nlc.org/resources_for_cities/citiecon.aspx. Among the available resources are briefs on city fiscal conditions and strategies.

ICMA, the professional association for city and county managers, also has a number of relevant publications, including: *How It Plays in Peoria: The Impact of the Fiscal Crisis on Local Governments* (Sept. 2009) at <http://icma.org/upload/library/2009-09/%7BC7656689-B7C5-4894-9057-B88D0CAE487C%7D.pdf> and *Navigating the Fiscal Crisis: Tested Strategies for Local Leaders* (Jan. 2009) at [http://icma.org/documents/Navigating_Fiscal_Crisis_\(FINAL_Proofed\)_2-23-09.pdf](http://icma.org/documents/Navigating_Fiscal_Crisis_(FINAL_Proofed)_2-23-09.pdf).

For some specific ideas targeted to rural communities, see Jonathan Morgan, William Lambe and Allan Freyer. "Homegrown Responses to Economic Uncertainty in Rural America," *Rural Realities*, Volume 3, Issue 2, 2009. Available online at <http://ruralsociology.org/StaticContent/Publications/Ruralrealities/pubs/RuralRealities3-2.pdf>. For ideas in metro areas, see the Brookings Institution's "Implementing ARRA" website, at http://www.brookings.edu/metro/implementing_ARRA.aspx.

For state news, The Pew Center for the States' Stateline.org has a section of its website devoted to "Recession and Recovery" at <http://www.stateline.org/live/sections/Recession+%26+Recovery>. For specifics on state budget issues, see National Governors Association and National Association of State Budget Officers, *The Fiscal Survey of the States*, June 2009. Available online at <http://www.nasbo.org/Publications/PDFs/FSSpring2009.pdf>.

For a more comprehensive listing, including resources on asset-based community development, visit Southern Growth Policies Board's community forum website, at <http://www.southern.org/forums/forums.html>.

Southern Growth Policies Board • P.O. Box 12293 • Research Triangle Park • NC 27709
phone: 919.941.5145 • fax: 919.941.5594 • www.southern.org