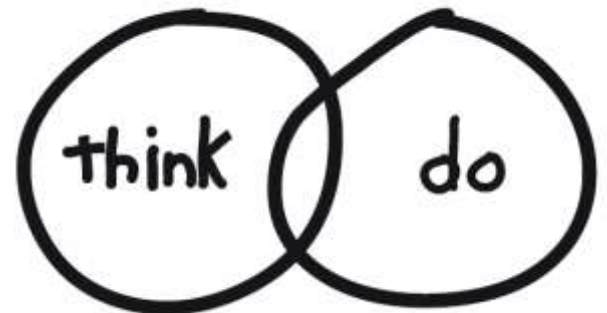




Economic resilience

Neil McInroy, Chief Executive





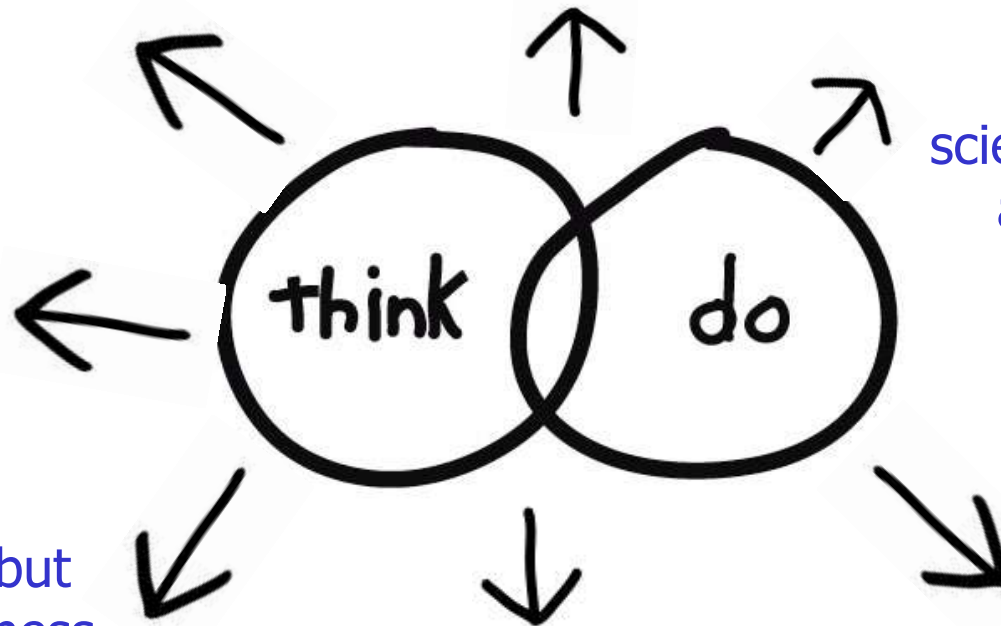
What is CLES?

Established 1986

Independent charity. No commercial sponsor or government grants

20 staff: planners, geographers, local government, environmental scientists, economists and french horn players!

Growing-but will stay small



Economic development but with social fairness and within limits of environment

UK, but also work in Europe and beyond!

Hybrid; research, consultancy, members



CLEES Research and policy work

Economic resilience:

- Norfolk Fellowship international research project
- CLEES resilience Pilot – with 5 UK areas
- Analysis of market town resilience in recession

Economic and social tools

- Economic footprint of public sector in Manchester, Swindon, West Lothian
- Sustainable benefits of 'progressive' public spend
- Social return on investment modelling (Norfolk)
- Social network analysis

Economic Policy work:

- North West England Integrated Regional Strategy Review
- Innovative places and clusters (South East England)
- Research and Lobbying for community reinvestment bill



CLEES Research and policy work

Futures work:

- Future city game (with British council) – Moscow, Pilsen, Blackburn, Riga
- Local economic future scenarios

Green Economy:

- Understanding skills potential of low carbon economy
- Green skills/green new deal
- CLEES at Copenhagen!

Financing economies/regeneration

- Equity finance/changing behaviours to venture capital

Poverty/economic inclusion

- Links between health and worklessness/economy
- Anti-Poverty strategies



The key aspects of economic development

Inward Investment

- 1960s to early 1980s
- Getting investment to your locality- preferably foreign
- Create the right contexts for investors
- Public sector role is: Grants, Loans and tax breaks and build the infrastructure

The key aspects of economic development

Inward Investment





The key aspects of economic development

Grow the Sectors

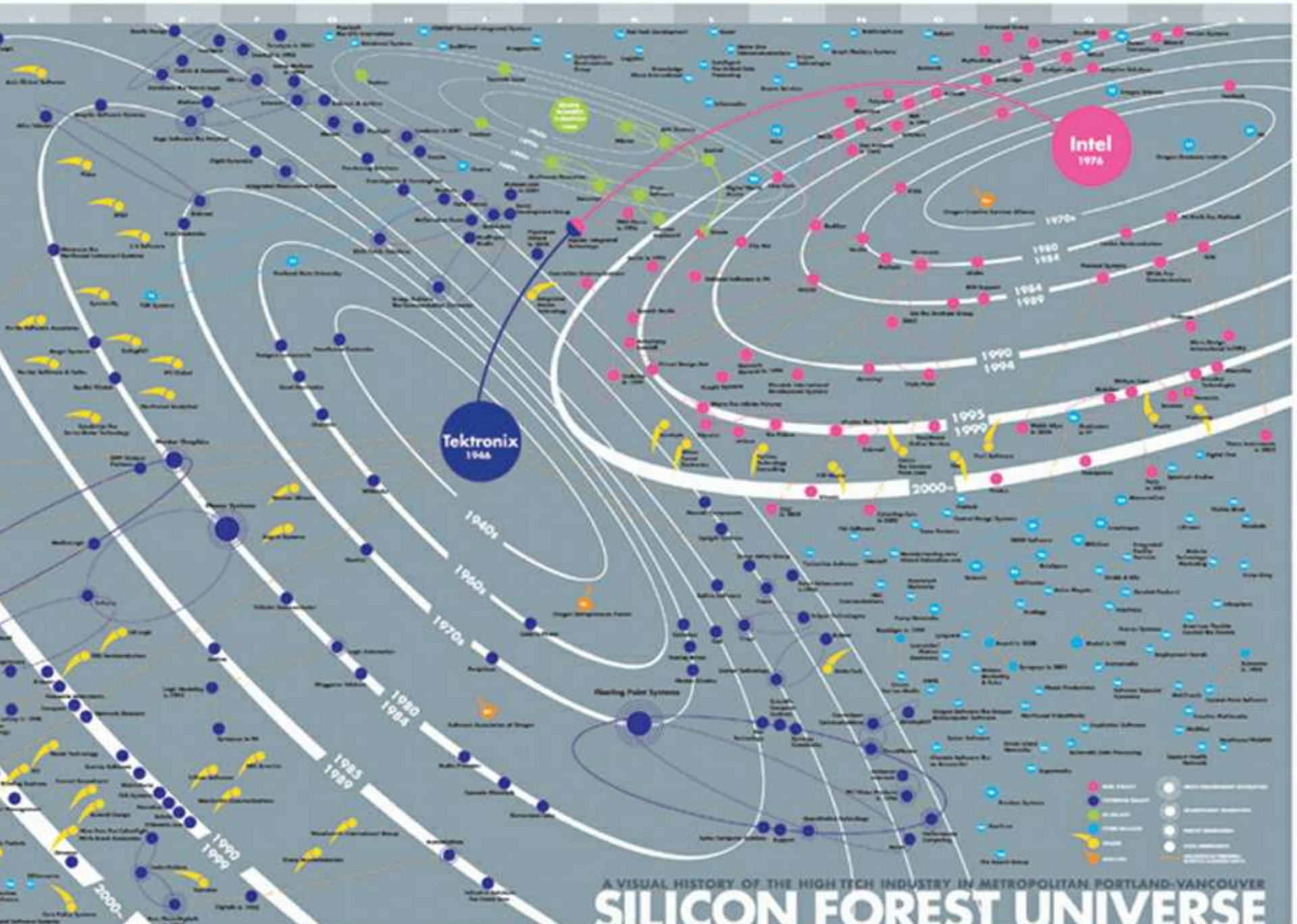
- 1980s to mid 1990s
- Retention and growing existing business in specific localities
- Some investment but what suited your locality
- Business start up, Advice, incubators, workspace
- Investment and start up capital



The key aspects of economic development

Networks, Clusters and Partnerships

- Late 1990s onwards
- Networking knowledge and creating effective local business environments
- Partnership between local government and business sector
- Strategy which also includes educations and skills
- Land value and appreciation
- Cluster growth



A VISUAL HISTORY OF THE HIGH TECH INDUSTRY IN METROPOLITAN PORTLAND-VANCOUVER
SILICON FOREST UNIVERSE



The key aspects of economic development

Sustainable Local Economic Development?

- The way in which growth is generated and distributed is important

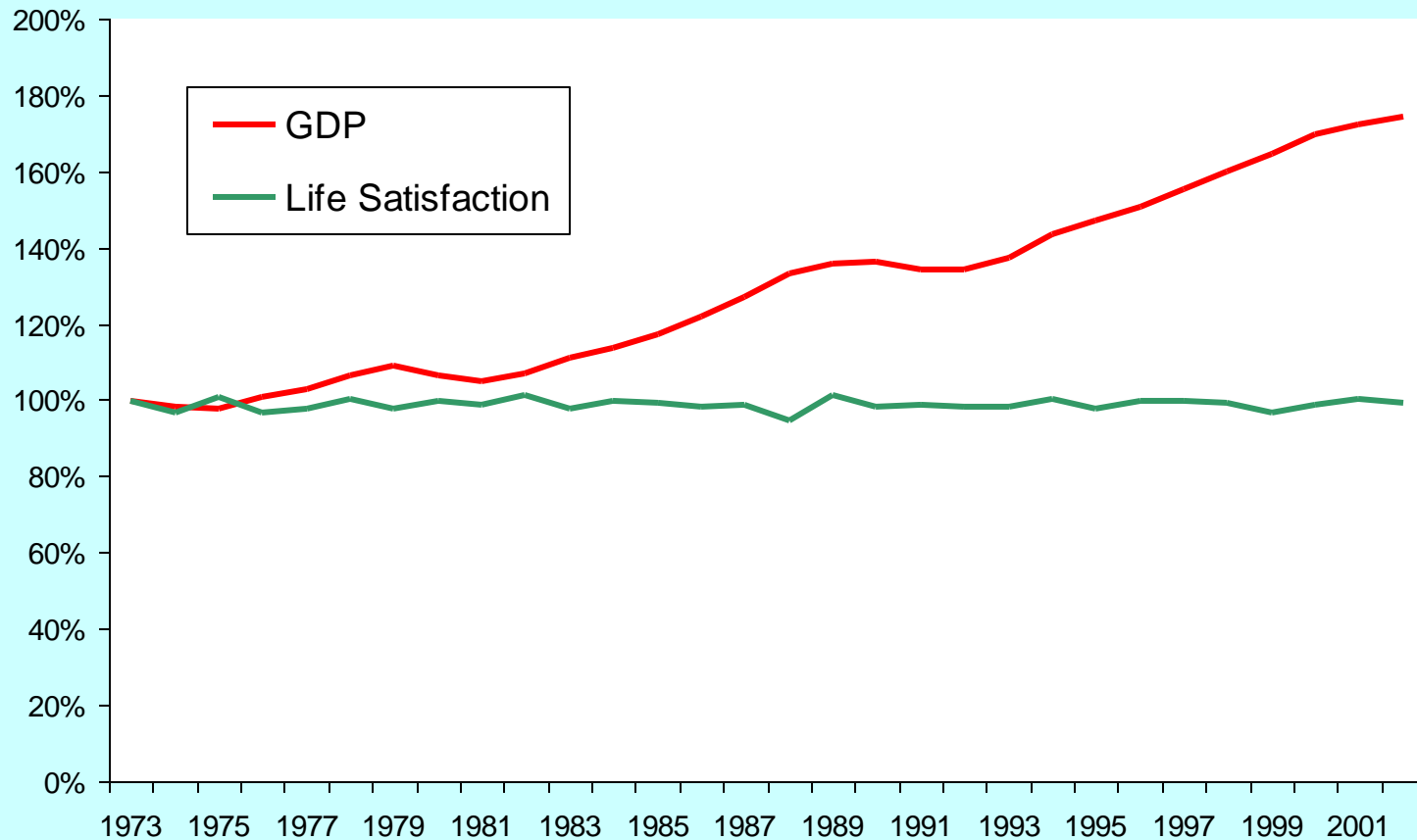
“Sustainable growth”refers to economic growth that can be sustained and is within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles”

- Growth means getting bigger. Development means increasing quality and diversity
- Economic growth is not the same as quality of life
- Health and happiness is not driven by economic growth



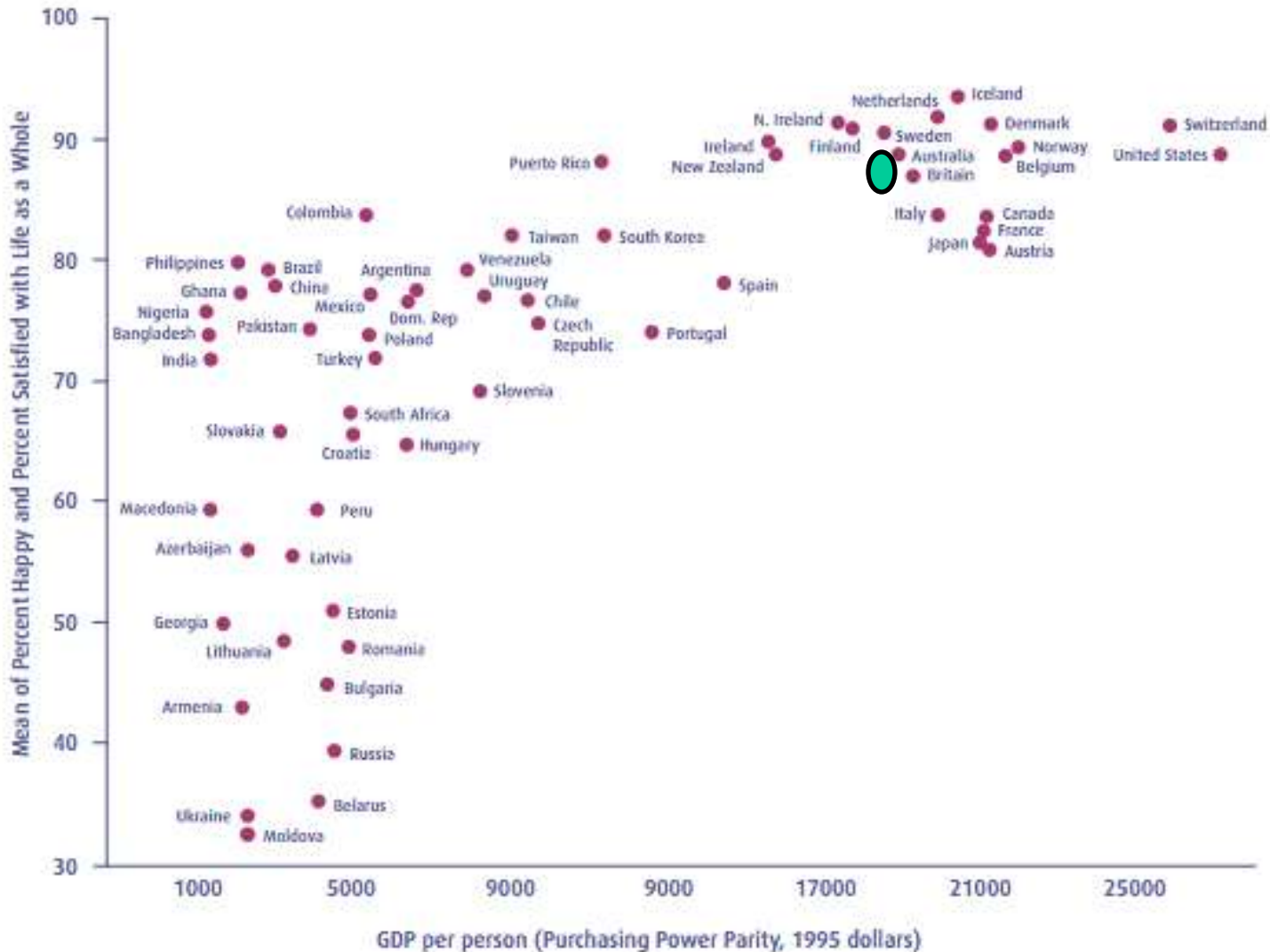
The problem with a GDP focussed economy

GDP and Life Satisfaction 1973 - 2002



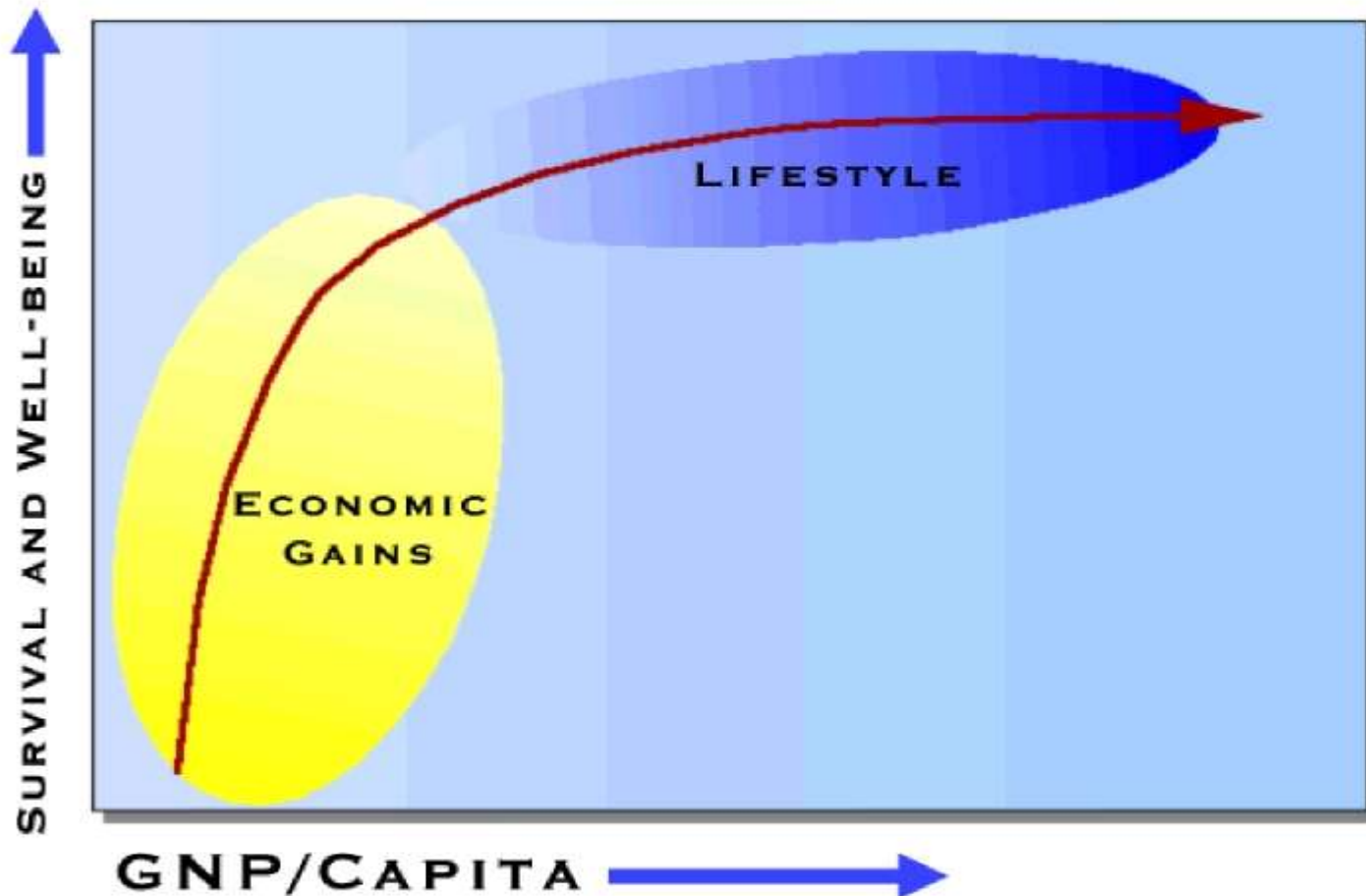
Happiness & Income

Figure 6 Happiness and average annual income¹⁵





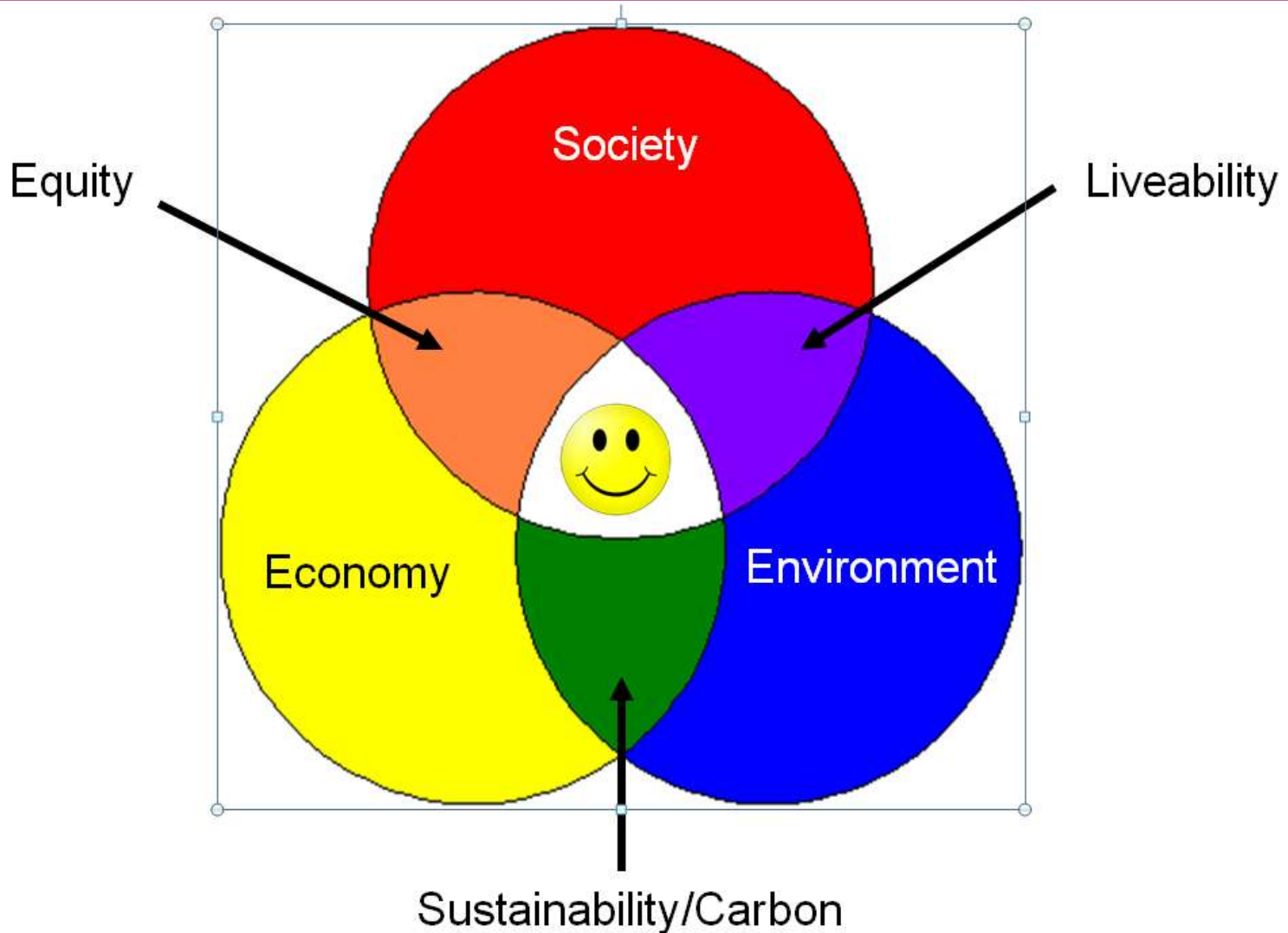
Policy assumptions underlining current economic policy



Source: R. Inglehart, 1997



Overview of Local Economic Development: Sustainable development





Alternative economic development?

Looks at development as not just about economic growth

- A wealth and health producing society: Gross national Happiness not Gross Domestic product!
- Focus on material and psychological needs and support
- Greater appreciation of the transactions between people, not just economic transactions
- Economics as a means to an end NOT an end in itself?



CLEES research and work on resilience

“What factors contribute to making a local place resilient, so that the environment is nurtured, the economy and wider society remains strong and ensuring no area or community losses out?”

- 6 country/place study around the world
- Model developed
- Applying it within UK



Background to economic resilience

- Born out of frustration:
 - Existing economic development models..failed to factor in aspects such as the environment and social capital
 - Economics is often dislocated from 'place making'
 - Places seemed to go through bouts of boom and decline
 - Fixation of 'growth', economic development became synonymous with 'growth.'
 - Each boom and decline comes with a social cost
 - Some economic development 'stamps' on local identity



Looking at economic development differently

- Natural capital: The stock of natural ecosystems, with the ability to provide services or 'goods' – such as absorbing CO₂, crop production, erosion control, etc
- Physical Capital: Means of production or protection not found in nature. ie machines and building
- Human Capital: the knowledge, skills and attributes embodied in each person ...80% of all wealth?
- Social Capital: Social networks and the associated norms of reciprocity and trustworthiness



Creation of economic resilience

- Resilient places: places which now and in the future can withstand environmental and economic shocks and changes, repel negative factors and come back from adversity
- Majors of fairness and equity
- Considers all aspects of the economy: including commercial economy, social economy and the public economy
- Allows us to consider the local economy more: Strengthening SMEs, local supply chains, developing new enterprise, supporting community.

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**"You ever get the feeling that this economy
benefits some people more than others?"**





LOSERS

VERY RICH

RIVER

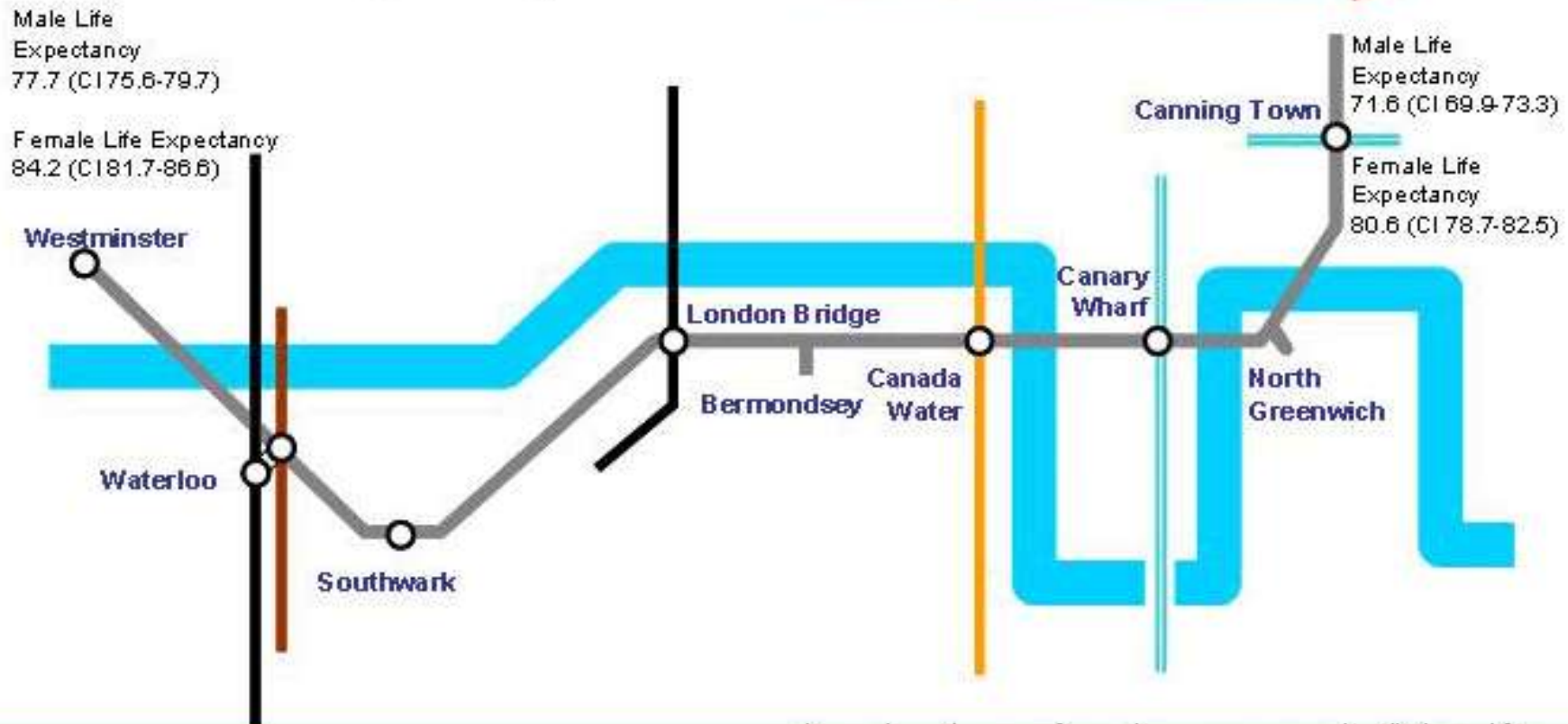
LOSERS

NEW
SIMPLIFIED
MAP of
LONDON

Figure 1: Taking the Jubilee Line route to Health Inequalities

Differences in Life Expectancy within a small area in London

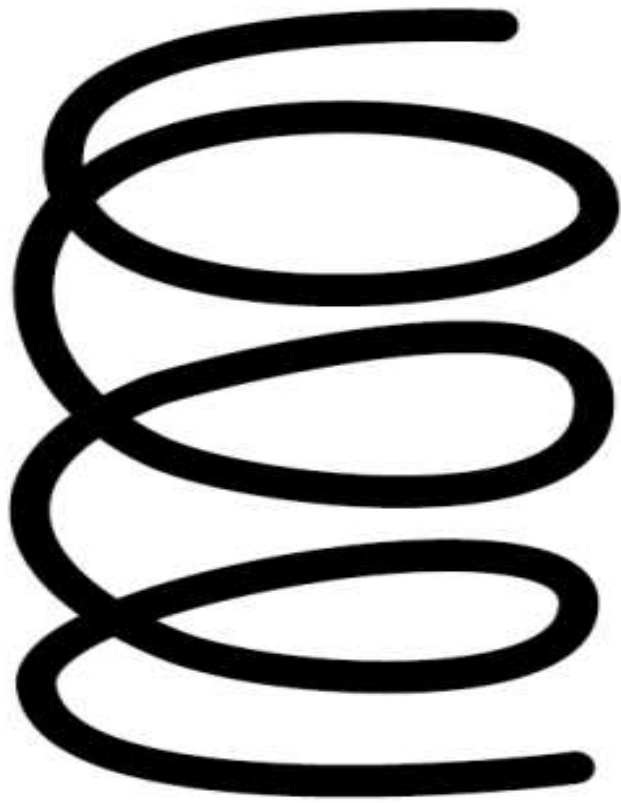
Travelling east from Westminster, each tube stop represents nearly one year of life expectancy lost



Source: London Health Observatory



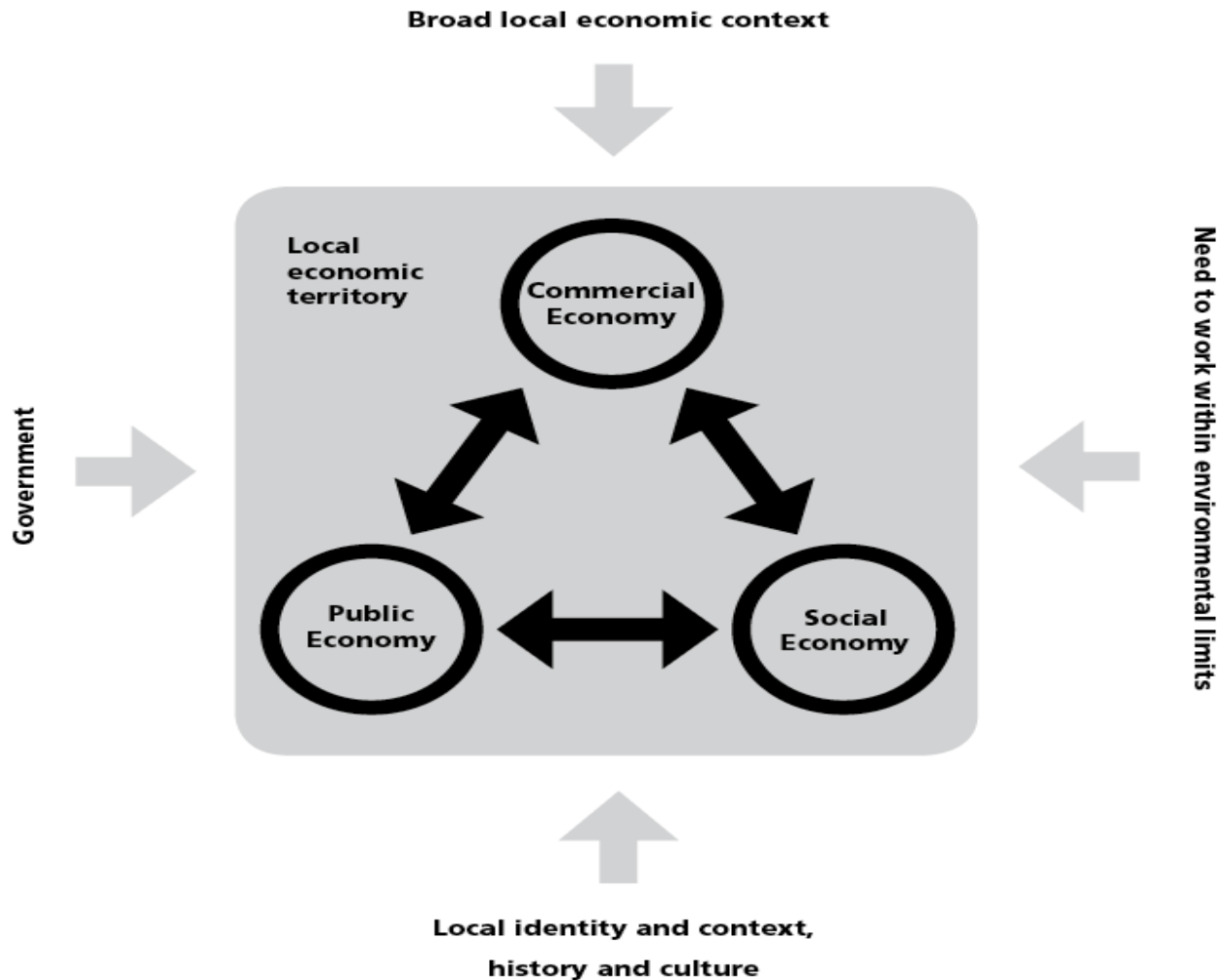
Creation of economic resilience



boing!



Our model for assessing economic resilience





The economic resilience model

Public economy

- Public expenditure on goods and services
- Make up of public sector activity
- Public employment



The economic resilience model

Public economy

- Public expenditure on goods and services
- Make up of sector
- Public employment

Social economy

- Contribution of community activities and networks to the local economy including 'core' economy
 - Direct economic activity such as social enterprises,
 - Core economic activity –social capital (e.g voluntary organisations, community groups, neighbourliness, social consciousness)



The economic resilience model

Public economy

- Public expenditure on goods and services
- Make up of sector
- Public employment

Social economy

- Contribution of community activities and networks to the local economy including 'core' economy

Commercial economy

- Commercial turnover in locality
- Make up of sector
- Provides the bulk of employment

RELATIONSHIP AND THE SPACES BETWEEN THESE ARE KEY



The economic resilience model

The three spheres of a resilient economy work within a wider context

- Government policy framework
- Broader economy
- Need to work within environmental limits
- Importance of "place". Link economy to the history and identity of the place



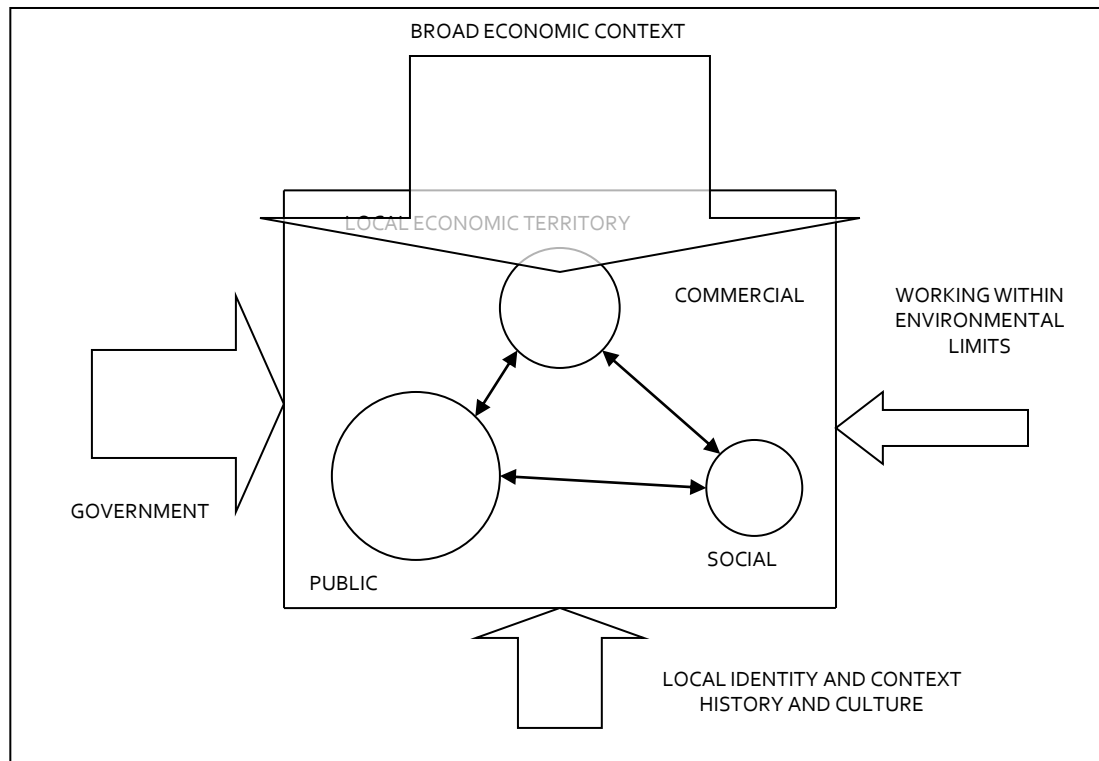
How resilient is your economy?

- o Many ways of measuring resilience..but..
- o The model has 17 key things to measure/assess.
 - o **3 core local economic territorial aspects.** Size of Commercial, public and social economies (quantitative)
 - o **6 relationships between all of these 3 aspects** (quantitative and qualitative and policy focus)
 - o **8 external relationships** between the Local area and government, identity, environmental limits and broad economic context (Qualitative and policy)



Overall measurement/assessment considerations

- **3 core local economic territorial aspects.**
 - Quantitative
 - Needs to be 'local' data.
 - Could also include a physical asset audit
- **6 relationships between all of these 3 aspects**
 - Tends to be qualitative and policy
- **8 external relationships**
 - Contextual policy.

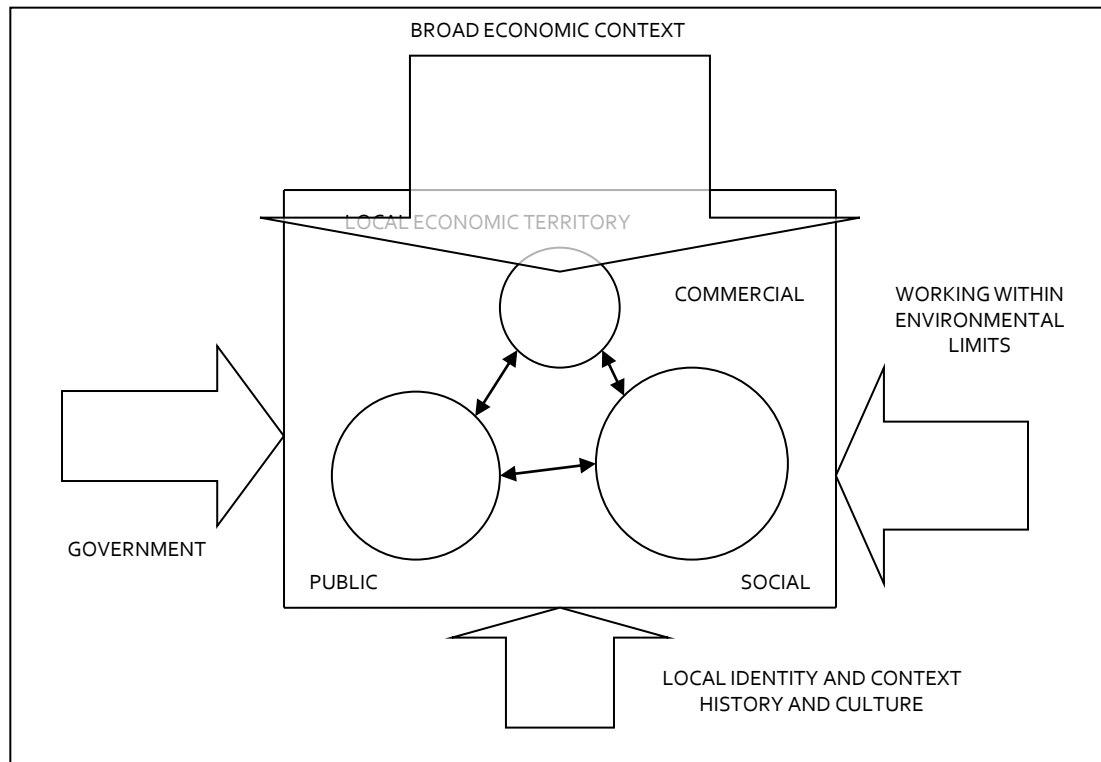


- Short term Resilience. Bolstered by EU funds
- Public economic interaction with the social and commercial sector is weak.
- Competition –V - Cooperation in wider city region



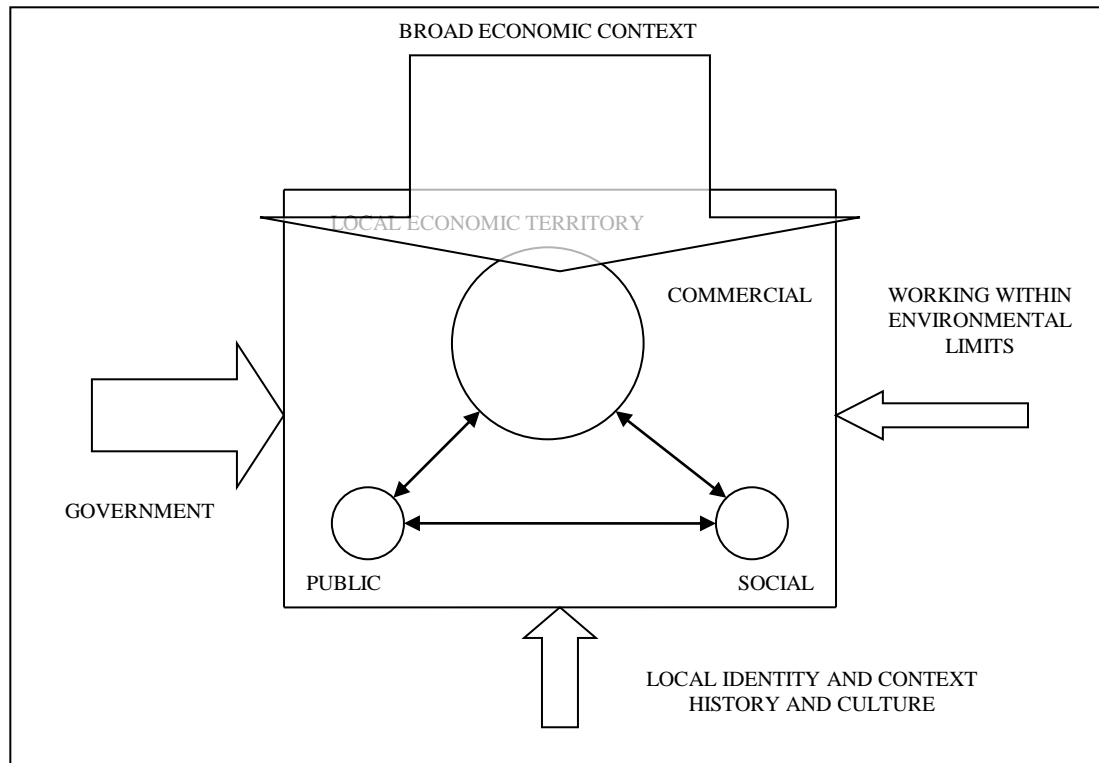
Portland-Oregon, USA

- Very resilient. With balance between economies
- Public sector and economy enables.
- Strong 'green' identity, percolating through place and economic activity





Culiacan-Sinaloa, Mexico

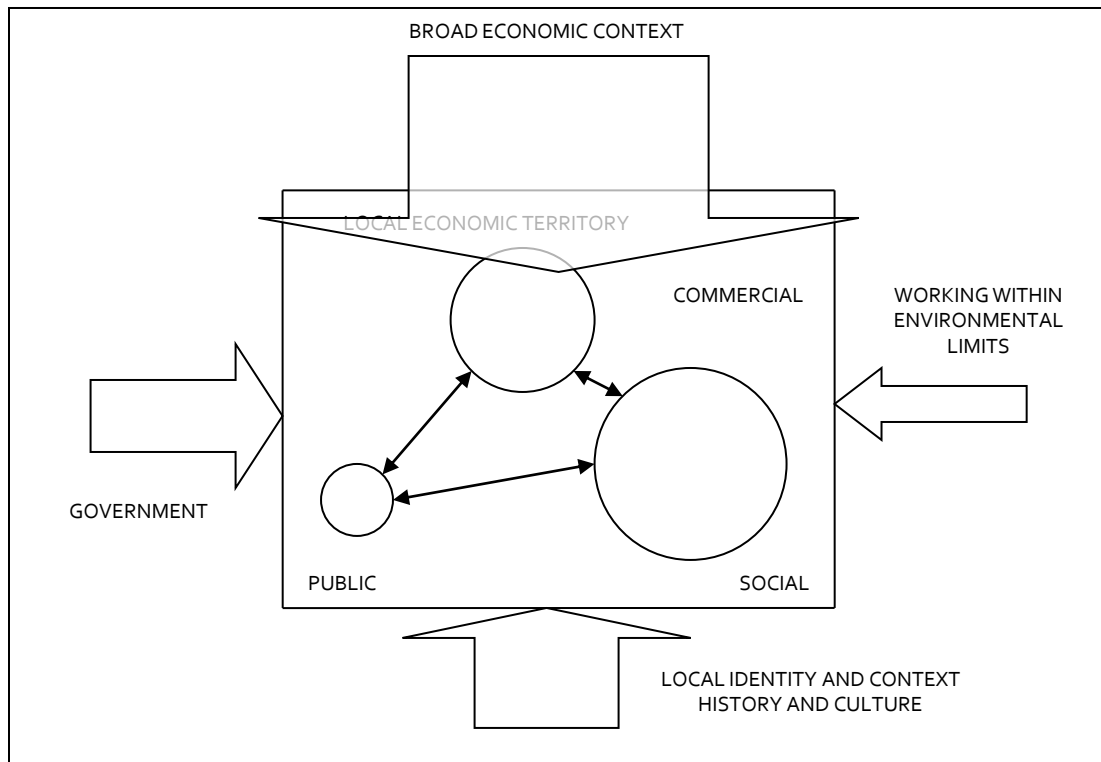


- Not resilient. Lack of connection between the sectors.
- Dominated by 'fragile' US Investment.
- State-level economic strategy, dominated by business
- Environment degraded.



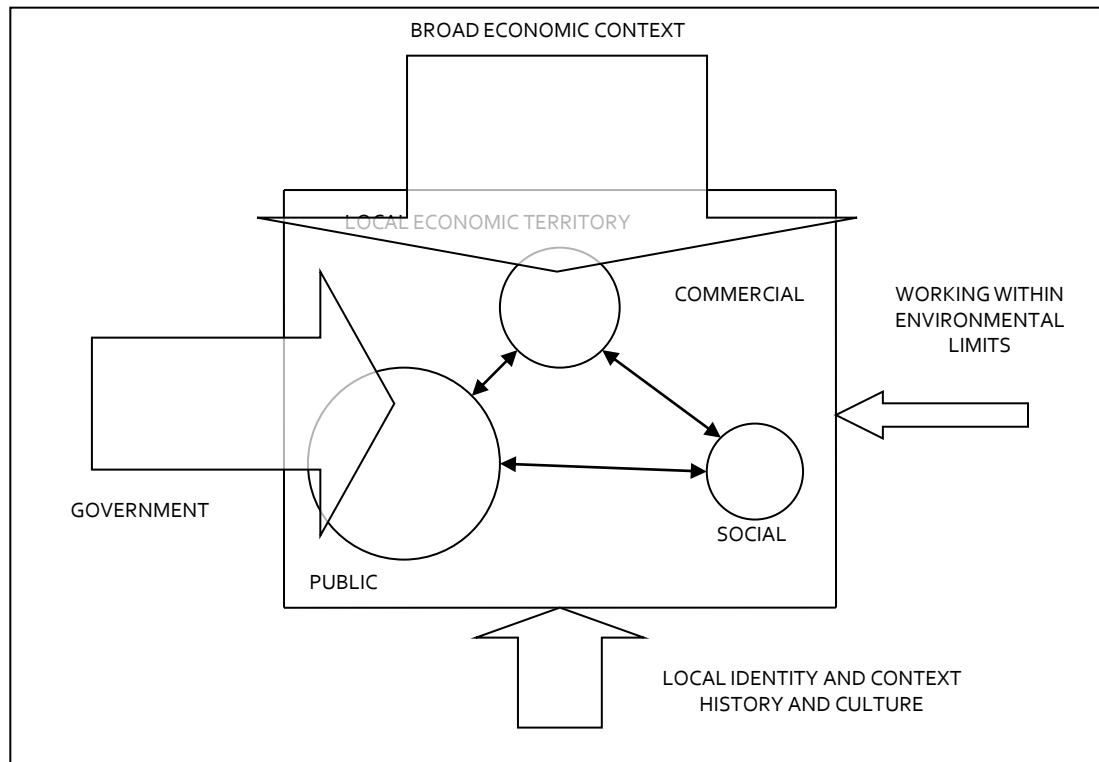
Coimbatore-Tamil Nadu, India

- An entrepreneurial culture.. Adapting and driving a resilience
- Local government providing little more than services
- Genuine corporate social responsibility, filling the gaps with NGOs

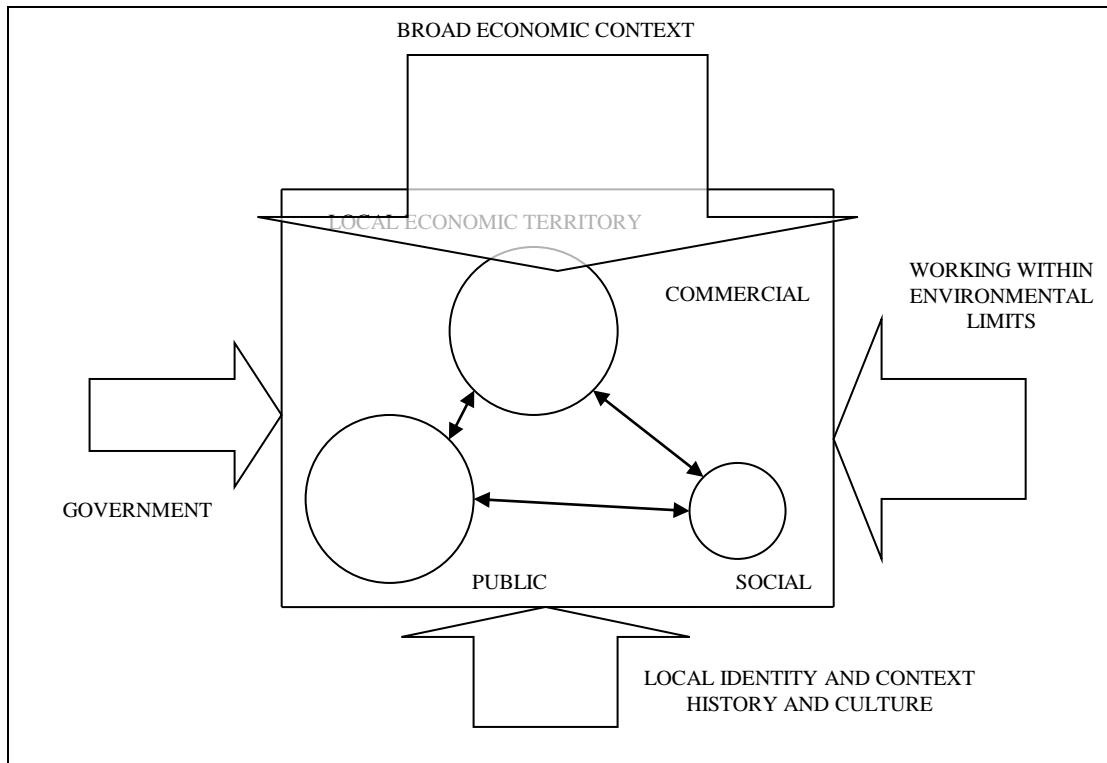


Haiphong, Vietnam

- Strong drive from government, from national down to city
 - Starting to embrace the free market
 - A strong entrepreneurial spirit



Yokkaichi and Mie Prefecture, Japan



- Despite ongoing recession form 90's...very resilient!
- Public sector key actor
- A strong focus on innovation –a 'technological DNA' – running through the place
- Strong collective, place based culture



Key Conclusions

- Economic resilience requires:
 - Taking a broad view of the economy (public, commercial and social economies)
 - Knowing when to intervene and when not to
 - Recognition that identity and 'pulse of place' matters
 - Planning, fostering and managing innovation and creativity



Taking a broad view of the economy

- Economic development needs to be outward looking in terms of what is its remit
- Resilience involves a broad take on what we mean by the economy (Social, public and commercial)
- A broad palette of responses, each blend of components will be unique by place
- Portland and Yokkaichi stand out in this regard
- Too much orthodoxy in local economic practice?



Knowing when to intervene and when to get out of the way

- Extremes of doing very little or overly intervening are both bad policy
- Getting out of the way can create growth quickly – Culiacan.. But not resilient in the long term?
- Economic growth is a means to an end NOT an end in itself
 - Intervene/active policy to disperse benefits of growth - Portland
- Resilience is not a question of ideology or dogma – a pragmatic response to place and circumstances is more resilient



Importance of identity and pulse of place

- Uniqueness of place is a competitive advantage
- Investment needs a reason to 'stick around' and a strong place creates inertia
- Citizenry sympathetic to economic development which reflects place
- Identity serves to galvanise action around place in times of stress – Yokkaichi
- If places are people...economic resilience requires strong personalities
- Place policy is economic policy



Economic planning needs to get to grips with the 'pulse of the place'

- Uniqueness of place is a competitive advantage
- Investment needs a reason to 'stick around' and a strong place creates inertia
- Citizenry sympathetic to economic development which reflects place
- Identity serves to galvanise action around place in times of stress – Yokkaichi
- If places are people...economic resilience requires strong personalities
- Place policy is economic policy



Economic planning is about planning for and managing for creativity, innovation and risk

- Recession is the time to take risks?
- Various types of innovation
 - Social innovation – (Coimbatore)
 - Commercial innovation – (Yokkaichi)
 - Public innovation – (Portland)
- We need 'bees and trees'



A resilient economic place

Creative and economically resilient Place	Place which lacks resilience
Balance between Localised and globalised economy	Fully globalised and local is weak
Cross sectoral economic connections	Sectoral
Networked business	Individualised and poor supply chain
Innovative and proactive business culture	Business as usual and reactive
Progressive public spending	Spending based on efficiency and the cheapest
Health and wealth generating	Generates wealth
Strong organic place identity	Identity based on what market wants
Flexible governance	Rigid and hierarchical
Planning for green growth even pockets of no growth	Growth



Key overarching considerations

- Its a model, not a blueprint
- It has localisation, sustainable place making at its heart
 - Relationship between aspects of the economy as key to this
- Economics of place is seen as a key 'place' determinant
- Its about economic development, but factors in other 'non' economic aspects
- It is about 'the local' and 'the place' and then its relationship with other territories
- Infrastructure is seen as a means to economic resilience NOT and end in itself.



So what!!...its a conceptual model. What about making places better?

- It describes aspects of resilience
- Creates a baseline for an existing place, which can be tracked
- Details the components of a new place, and means we can watch them grow and develop
- Spots the strong and weak local economic aspects of place
- Provides pointers to policy interventions required



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