

WHAT EXACTLY IS “ECONOMIC DEVELOPMENT?” *

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What is “economic development,” anyway? It seems like a simple enough question for those of us who work, study, or research within this discipline. Isn’t it?

Personally, when I need a quick and informal explanation—for my students, my Mother, or the 30-second, so-called “elevator speech”—I say that E.D. is about creating more jobs and better jobs for a community. When I speak to community groups, what usually resonates most deeply is the need to create jobs for their children: so they will have the potential to live and prosper locally if they wish, carry on family businesses, and most importantly raise grandchildren close to home.

Long-time residents and retirees want to maintain the local quality of life that they remember and value. To perk up public officials, I emphasize expanding the local tax base. Young families want that tax base to pay for better public schools and recreation facilities. Local business owners want more customers. Practically every citizen wants improvements in local infrastructure and services.

I’m sure all of you have your own favorite informal and formal definitions. I’ll bet, though, that few of us have the same precise definition—or even understanding—of exactly what it is we (try to) do.

Of more concrete concern for your humble editor, many of the potential authors I solicit for manuscripts to this journal are outsiders to our immediate field. Their research or professional work may be highly relevant to

our own interests, but they often ask me what we mean by this “economic development” thing. It would be very helpful if I could provide them with a standard and ready definition of what we mean by E.D., at least for the purposes of this journal.

My objective in this “Open Forum” is to begin a dialogue on this subject among our readers. Perhaps this subject may prove to be a moving target, in which we fine-tune, expand, or enhance a definition of E.D. over the lifetime of the journal. In the process, I hope we all—especially me—learn something about how we view our field in the 21st Century.

My immediate goal in this issue’s “Forum” is simply to seed the discussion with some initial thoughts. Please send me your own ideas, definitions, and arguments, so we may continue a productive discussion: mmm4ed@gmail.com. I will be pestering you toward this end.

A few basic definitions

Perhaps the most standard definition in the field is based on a focus group of the then-American Economic Development Council (AEDC) in 1984, reaffirmed in 1991, and subsequently employed in basic texts such as Malizia and Feser 1999:

Economic Development: the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services. The economic developer’s role

is to influence the process for the benefit of the community through expanding job opportunities and the tax base. (AEDC 1984, Swager 1991)

This is a fairly broad and practical definition, which has certainly stood the test of time. It is neutral, however, on the long-time tension within the field regarding “efficiency” vs. “equity” considerations in E.D. It is also, perhaps, somewhat dated by this time in not addressing growing environmental and other sustainability concerns.

Similarly, this definition was formulated before the cluster concept became a central component of our E.D. practice and research. Nor had quality-of-life considerations and “creative communities” captured so much of our collective attention. Both of these bodies of theory have helped to place human capital at the forefront of modern E.D.

Another standard textbook, Blakely and Bradshaw 2002, employs the slightly more specific term “local economic development,” which they define as

... the process in which local governments or community-based (neighborhood) organizations engage to stimulate or maintain business activity and/or employment. The principal goal of local economic development is to stimulate local employment opportunities in sectors that improve the community using existing human, natural, and institutional resources. (p. xvi)

One of the standard E.D. textbooks in the field of economics is Todaro and Smith 2003, which emphasizes E.D. from an international and largely national-level perspective. After a chapter’s discussion of great development thinkers such as Sir Arthur Lewis and Amartya Sen, the authors conclude with the following “three objectives of development”:

1. To increase the availability and widen the distribution of basic life-sustaining goods *such as food, shelter, health, and protection*
2. To raise levels of living, *including, in addition to higher incomes, the provision of more jobs, better education, and greater attention to cultural and human values, all of which will serve not only to enhance material well-being but also to generate greater individual and national self-esteem*
3. To expand the range of economic and social choices *available to individuals and nations by freeing them from servitude and dependence not only in relation to other people and nation-states but also to the forces of ignorance and human misery. (pp. 22-23)*

To complicate matters further, Swager, Malizia and Feser, and others emphasize the multiple facets of E.D., or what Swager (2000) calls “‘The 3 P’s of Economic Development’: the process by which economic progress is achieved, the practices that are used to achieve this progress, and the career field that is the profession of economic development.”

There are so many other great definitions available, all with slightly (or even greatly) different emphases. For example, E.D. as:

... qualitative change and restructuring in a country’s economy in connection with technological and social progress. (Yunus 1999, 211-212)

... the process by which a community organizes and then applies its energies to the tasks of creating the type of business climate that will foster the retention and expansion of existing businesses, attract new businesses, and develop new business ventures. (Central Wisconsin Economic Research Bureau)

... typically measured in terms of jobs and income, but it also includes improvements in human development, education, health, choice, and environmental sustainability. Business and economic developers in the US are increasingly recognizing the importance of quality of life, which includes, environmental, and recreational amenities, as well as social infrastructure such as child care, in attracting and retaining businesses in a community. (Ribeiro and Warner 2004)

How about you? What is your definition of E.D.?

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