

Challenges

1. Citizens have said they want jobs:
 - *NewCities* Community Conversation and Charettes
 - *NewCities* 2005 High school student survey
 - 2004 Moscow Community survey: 21% rated job opportunities are good or excellent
 - Identical score to 2001
2. Comprehensive Plan: the city is “primarily and and rural residential area...with some retail..”
3. Per capita income 1994: \$16,449
 - Per capita income 2003: \$21,716 (increase 32% over 10 years)
 - CPI 1994 – 2003: 23%
 - Moscow les than 1% real income growth per year
4. Educational employment only sector to increase last decade
5. Globalization
 - A force so powerful no area is isolated from its effects
 - Robert Reich:
 - Zero sum game IS NOT the face of globalization
 - Globalization is totally interconnected – materials, design, marketing
 - 40% of imports are from American companies –
 - how can it be foreign if its an American company?
 - Toyota Camry or Pontiac LeMans – which is more American?
 - Definition of competitiveness: “can your people add value regardless of who employees them?”
 - “What we earn comes back to the value we add”
 - Skills, brainpower, creativity

2 different strategies for economic development

LOW ROAD

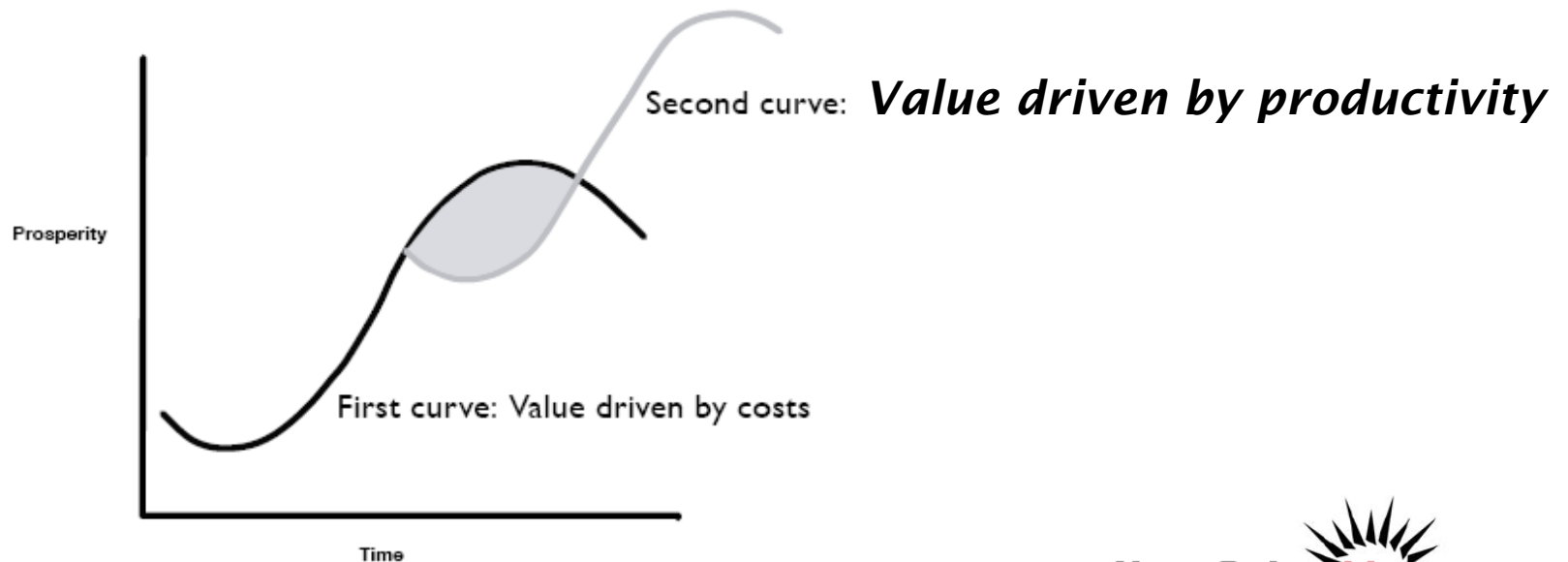
We say to capital: “we’re cheap”

In a global economy this eventually leads to a lower standard of living

HIGH ROAD

We say to capital: “we are more productive”

Invest in human capital – the best return on investment



Changing trends in location factors

Location issues are addressed differently than in the past
Milken Institute's list of "new business needs"

Traditional Business Costs

- Tax structure
- compensation costs
- space costs
- capital costs
- Business climate alone

Today's Business Needs

- Proximity to excellent research institutions
- Access to venture capital
- Educated, skilled workforce
- Networks of industrial groups and suppliers
- Business climate AND quality of life

Two structural failures in the practice of economic development

- mismatched federalisms
- mismatched time frames

Economic development must respond to the two failures

Mismatched federalisms

<u>Political</u>	<u>Economic</u>
Globe	Globe
Nation	Nation
State	
	Region
Municipality	

Lesson: The city's need to recognize that the real economic development is regionally based. The city and state are administrative and political geographies and not an economic geographies.

Economic development must respond to the two failures

Mismatched time frames

- Business time – the length of the deal cycle
- Economic time- the length of the business cycle
- Political time – the length of the election cycle

Lesson – importance of converting political time to economic development time.

1. Create a **Knowledge Corridor** along Hy 270 between Moscow and Pullman using the University of Idaho and Washington State University as anchors;
2. Adopt *NewCities Foundation* “Growth without sprawl” recommendations
3. Continue to support locally owned business and vernacular industries.

Knowledge Corridor Goal: build clusters of innovative companies around the research and technologies developed by the universities.

Knowledge Corridor required actions:

1. create a **“President’s Commission on Economic Development”**, co-chaired by each University President:
 - the purpose of this Commission will be to ensure that each University’s mission and work strengthens the local economy “
2. **“Make the state line disappear”**: Moscow and Pullman, and each University, must plan collaboratively for:
 - *connecting to the “super region”, the northern hemisphere, and the world for markets and investment;*
 - *infrastructure – both hard (water, sewer, roads, etc...) and soft (broadband, other telecommunications);*
 - *relationship building, identifying common economic opportunities, dispute resolution;*
 - *corridor management along Hy 8;*
 - *environmental protection;*
 - *branding the region for business identity;*
 - *helping grow existing businesses by reducing regulatory barriers;*
 - *airport service improvements ;*
 - *sustaining rooted institutions such as hospitals, civic clubs, etc;*
 - *ensure that local schools are on the “same page” not only for college bound youth but for technical professions as well;*