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THEME ISSUE OVERVIEW: PUBLIC SECTOR OPTIONS FOR CREATING JOBS

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In a recent Boston Globe op ed article, “Is the ‘Governor Effect’ Real?,” Harvard University economist Edward Glaeser (2011) asks whether elected state officials have the power to influence the trajectory of job growth within their states. Glaeser questions one governor’s claim that he is responsible for the substantial job growth in his state. Using a comparative statistical analysis, he estimates the “Governor effect” on employment growth to be less than one-tenth of 1%. This means that the governor in question merely kept the economy on its natural employment growth path, and that his performance was more or less on par with what would have been expected for the state’s economy based on its inherent historical growth momentum.

Expectations are also high that presidents have the power to lower persistently high unemployment rates through carefully crafted national policy. Yet presidents usually inherit economic conditions that are beyond their control and just as the current President has limited influence over prices at the gas pump, his options for creating new jobs are limited. Furthermore, although there are rare exceptions, public sector leaders generally have difficulty “picking winners” when they engage in industrial recruitment or targeting activities. As a result, most economists favor general policies that benefit all consumers and firms in a community—such as efficient public services, supportive business environments and encouraging innovation and entrepreneurship—over preferential taxes or financial subsidies for specific industries (Weinstein and Partridge 2011).

Recognizing these caveats and limitations, faculty and educators within the Land Grant University system have identified specific economic development strategies that not only can be implemented by the public sector—they are feasible—but that also promise to deliver tangible results. This *Choices* theme issue outlines ideas for communities struggling with on-going lackluster jobs recovery. The authors present concrete strategies available to policymakers with the potential to enhance job growth in American communities in a sustainable manner.

In particular, the articles by Loveridge et al. and Marshall focus on entrepreneurship within communities, describing both specific approaches and why the uptake of promising approaches sometimes lags behind. Deller examines how analysis of so-called gaps and disconnects within a community can be used to identify strategic opportunities for local entrepreneurs to supply goods and services that are currently imported.

Harris and co-authors describe a process in which community desires and preferences are matched with strategic location features sought by firms, producing an index of desirability *and* compatibility. Providing an important reality check, Gabe et al. outline the limits to economic activity that are imposed by lagging workforce skills in remote and sparsely-populated rural areas. Finally, Hutcheson and Morrison describe a novel community-level approach that goes one step beyond strategic planning, and they provide concrete results related to job creation from a project in Indiana.

For More Information

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