UM Report Backs ‘Economic Gardening’

State policymakers could better coordinate with local economic developers to improve the economy by cultivating existing businesses in their communities, a new report says.

The report from the Center for Local, State, and Urban Policy (CLOSUP) at the University of Michigan indicates more local jurisdictions are using "economic gardening," a new strategy to grow local economies by cultivating existing businesses rather than, or in addition to, hunting for new businesses to relocate from the outside.

"While state officials have provided incentives to attract specific new industries to Michigan — such as the film industry, life sciences and energy — relatively few local governments target their economic development efforts in these ways, resulting in a state-local disconnect," said Brian Jacob, director of CLOSUP, which is located in the Gerald R. Ford School of Public Policy.

The findings come as Rick Snyder and his administration prepare to take over the executive branch of state government, and Lansing welcomes a new Michigan Legislature filled with inexperienced lawmakers hoping to improve one of the nation's worst state economies.

The UM survey finds widespread support among local government leaders for the economic gardening strategy, across all regions of the state. Overall 55 percent of these officials believe the strategy can help grow their local economies. In the state's largest jurisdictions 88 percent of officials feel this way.

The most frequently used approaches to support existing businesses include granting of tax abatements or deferments, fostering networking among local businesses and other organizations, and developing traditional infrastructure to support these businesses.

Jurisdictions in Southeast Michigan are the most likely (34 percent) to participate in economic gardening activities, whereas those in Northern Lower Peninsula were the least likely (20 percent), the report says.

While the report does not argue against the existing state-level efforts to diversify the economy with new industries, it does find that economic gardening may provide a new opportunity to reconnect state and local efforts in a more coordinated strategy.

The Michigan Public Policy Survey is based on statewide responses of local government officials conducted in the Spring 2010. The biennial survey includes each of Michigan's 1,856 units of government. Surveys were sent through the Internet and by hardcopy to top elected and appointed officials in all 83 counties. A total of 1,305 jurisdictions returned valid surveys, a 70 percent response rate.

To read the report, visit http://closup.umich.edu.

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