The Center for Regional Competitiveness

Universities Helping U.S. Regions Compete

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Three Key Questions

1. Why is regional competitiveness gaining favor as a development approach?

2. What institutional innovations are appearing to encourage it?

3. What will the new CRC do to help regions compete?
Intense New Attention to Regional Competitiveness

• Globalization forcing many regions to find new sources of economic growth.

• Innovation is critical to new growth, but institutions and policies still aimed at 20th century paradigm.
Globalization is having huge impacts at the regional level.

- Globalizing markets leave an uneven economic landscape…
- Where every region must compete in global markets.
- Commodity-driven regions are consolidating…
- And the edge goes to regions that innovate.
U.S. Economic Gains Highly Concentrated in the Top Ten Percent of Counties

<table>
<thead>
<tr>
<th>Category</th>
<th>Top 310 Counties</th>
<th>Remaining Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Employment</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Population</td>
<td>76%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: BEA, REIS
Only a handful of Missouri counties rank in the “Top Ten Percent” in income or job growth.

The top ten percent of U.S. counties accounted for 74% of all income growth from 1994 to 2004.

Source: BEA, REIS
Most Top U.S. Job-Producing Regions are Metropolitan Areas.

Denotes the 8 rural counties in the top 10%
In 25 years, Missouri & surrounding states have lost 1 full percentage point of U.S. output.

<table>
<thead>
<tr>
<th></th>
<th>1979</th>
<th>1989</th>
<th>1999</th>
<th>2004</th>
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</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>1.32</td>
<td>0.98</td>
<td>0.94</td>
<td>0.98</td>
</tr>
<tr>
<td>Kansas</td>
<td>1.06</td>
<td>0.90</td>
<td>0.86</td>
<td>0.85</td>
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<tr>
<td>Missouri</td>
<td><strong>2.07</strong></td>
<td><strong>1.89</strong></td>
<td><strong>1.84</strong></td>
<td><strong>1.74</strong></td>
</tr>
<tr>
<td>Nebraska</td>
<td>0.69</td>
<td>0.58</td>
<td>0.58</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>5.13</strong></td>
<td><strong>4.35</strong></td>
<td><strong>4.22</strong></td>
<td><strong>4.16</strong></td>
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</tbody>
</table>
That may not seem like much...

But it adds up to about...

- $8,900 in annual *output*/person.
- $7,100 in annual *income*/person.
Why are the gains so uneven?

- Globalization has made regions the unit of development...
  
  It takes critical mass to muster a team in the global economic Olympics

- Globalization has changed the drivers of success...
  
  The era of cheap cost is past, the era of innovation and entrepreneurship has begun.
Today’s Regional Development Challenge

The vigorous pursuit of a region’s competitive edge in rapidly changing global markets.
In this strategy, there are two critical ingredients:

The “fuel” of innovation.

The “engines” of entrepreneurs.
Regions that want to compete must:

1. Produce more innovation “fuel.”
   - This is about research—but more than just basic research.
   - It is about linking research with what each region does best.
Regions that want to compete must:

2. Create a world-class entrepreneurial climate.

This is about creating the best possible seedbed in which entrepreneurs can sprout and grow.
Entrepreneurship has become a powerful economic driver.

- Places that grow more entrepreneurs have stronger economic growth.
- This occurs...
...at the national level,

![Graph showing National Entrepreneurship Index and GDP Growth](image)

**National Entrepreneurship Index and GDP Growth**

Average GDP Growth (2004 to 2006)

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<td>U.S.</td>
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<td>Russia</td>
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Source: Global Entrepreneurship Monitor, 2003 and International Monetary Fund

Source: Drabenstott & Henderson, 2006
...and at the state level.

State Non-farm Proprietor Growth (1970-1990)

State Entrepreneurial Growth and Employment Growth

Employment Growth (Wage and Salary: 1990-2004)

Calculations based on BEA, Regional Economic Information System data

Source: Drabenstott & Henderson, 2006
Three key questions:

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2. What institutional innovations are appearing?

3. What will the new CRC do to help regions compete?
Two Types of U.S. Institutional Innovations

- **New forms of regional governance.**
- **New university mechanisms aimed at regions.**
NEO — North East Ohio

- Includes 12 counties, Cleveland & Akron MSAs

   *Was the “rust belt,” heavily dependent on steel, autos, and tires.*

- Philanthropies funded a major development effort to develop new regional strategy focused on higher education and health care.

  - Mapping region’s assets.
  - Engaging region’s leadership.
  - Building sustainable governance.

“to region”
Purdue University’s Innovation

Spur more innovation, especially to the commercial phase.

Discovery Park — a new campus space for leading researchers to work across disciplines in fields of excellence.

And help regional development strategies to emerge.

Center for Regional Development — a source of information and analysis to spur new regional strategies.
Three key questions:

1. Why is regional competitiveness gaining favor?

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The Center for Regional Competitiveness

A national center of the Rural Policy Research Institute.

A multidisciplinary, multi-university research consortium

Housed in the Truman School of Public Affairs at the University of Missouri.

A land-grant university that ranks among the nation’s top research campuses.
What the Center will do

1. Help regions prepare for the task ahead.

• Raise awareness on regional competitiveness—a competitiveness dashboard for the 21st century.
What the Center will do

2. Build “competitiveness tools.”

- **Soft tool**: a user-friendly guide to regional “governance.” The *process* behind successful regional competitiveness strategy.
What the Center will do

2. Build “competitiveness tools.”

- **Hard tool**: an analytical tool to diagnose new competitive advantage. The *analytical heavy lifting* behind a successful competitiveness strategy.
3. Build an “Innovation Bridge” to connect university innovation with regional development strategies

Today...

- Most university innovations end at the edge of campus, or evaporate into the ether.
- And most regions do not know what innovation they could really use.
Universities & Economic Development: Standard Model

University Research Clusters

Office Of Technology

Startups

The lesson of Netscape.
Universities & Economic Development: Research Park Model

University Research Centers

Research Park

Startups

Hometown

Office of Technology

Startups

?
Universities & Economic Development

The Regional Competitiveness Model

University Research Centers

Office of Technology

Regional Engagement

Diagram showing interactions between university research centers, office of technology, and regional engagement leading to economic development.
What the Center will do

4. Assess the impact of various public policies on the competitiveness of regions, such as:

- Education
- Health care
- Transportation
Center for Regional Competitiveness

RUPRI
The Center for Regional Competitiveness

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