

## Yes, Regionalism is Hard Work

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### **Article:**

Economic development is complicated. Take, for example, the concept of regionalism. Nearly everyone agrees that cities and counties are best situated to compete in the global economy when they collaborate to improve the region as a whole.

After all, city and county boundaries are arbitrary lines on a map, whereas a regional economy is an organic thing. It expands here and there, it creates and severs linkages, and it moves workers and products from place to place. It's misleading to talk about the Greensboro economy, because Greensboro is an integral part of a Triad economy.

And yet regional cooperation is tough. In the Triad, the three major cities of Greensboro, Winston-Salem, and High Point often seem to be playing a game of tug-of-war as they test the limits of their usually cordial relationships. As many of us recall, regionalism was tossed out the window in 2004 (more energetically by some cities than by others) when the new Dell factory was the prize. And last year, High Point surprised even cynical observers when it granted incentives to La-Z-Boy to move its regional headquarters from Greensboro to a site just five miles away within the High Point city limits.

I recently attended a speech on regionalism by a nationally regarded economic-development consultant. He described regionalism's benefits and gave a few examples of how it had worked in various places. But then he noted that most of his examples came from regions anchored by a single major city. He said that regionalism is a tougher nut to crack in regions where no one city dominates. Unfortunately, that's a fair description of the Triad.

Don't get me wrong. Regionalism is far from dead in the Triad. The Heart of the Triad initiative is designed to coordinate the growth of the area in the midst of the three cities. The three Chambers of Commerce are cooperating to promote the region's biotechnology and transport-logistics sectors. The Piedmont Triad Partnership, which *always* focuses on regionalism, is in the midst of a five-year program to improve the region's work force. These are all good things. So why is this so difficult?

Research by geographers and regional economists sheds some light on the challenges we face in the Triad. For one thing, it's important to distinguish between regionalism and regional cooperation. Regionalism is the philosophy that cities and counties in a region must work together in order for all to benefit. Regional cooperation is a mechanism by which regionalism can be achieved. Another, more extreme, mechanism is a regional government.

The obstacles to regional cooperation include a distrust of regional initiatives, a desire for local autonomy, and a focus on the tangible (if short-run) benefits of going it alone. As long as communities have their own tax bases, their objectives will often differ from the region's.

But local autonomy breeds competition, especially among three approximately evenly situated cities as in the Triad. Research has shown that the greater the sense of competition among cities in a given metropolitan area,

the less those cities spend on redistributive programs such as affordable housing, and the more they spend on economic-development policies such as fiscal incentives.

Another challenge to regional cooperation is “free-riding.” Some have argued that for Guilford and Davidson Counties, the best outcome was for Dell to locate in southeast Forsyth County. Neither Guilford nor Davidson paid anything in incentives, and yet there is now a gleaming new manufacturing facility just across their county lines. Shouldn’t they have borne some of the cost? As it happened, the economic developers in Greensboro actually proposed a Triad-wide alliance to land the Dell factory (to no avail). Even so, this illustrates the complexity of regionalism. Too much competition is wasteful; too little can be free-riding.

Regional boosters tell us that everything will be fine if we all just cooperate, but research paints a more pessimistic picture: Local autonomy is inefficient, but regional cooperation is problematic. A 2003 article in *Urban Studies* argues that the only way out is to appeal to a higher power: “The future of regionalism [is] an authority with the power to mandate regional co-operation or with the resources to provide incentives.” (In this context, “incentives” refers to, for example, a grant program that makes awards only to regional initiatives.) For the Triad, such an authority would have been established by the state, but the author reverses field almost immediately to explain why, politically, this is unlikely ever to happen.

So what’s a regionalism-minded region to do? As messy and difficult as it is, regional cooperation has to be part of the solution. Fortunately, it can work when there is a well-understood regional goal. This is what happened with the efforts to land the HondaJet facility and the Skybus hub at Piedmont Triad International Airport. Everyone in the Triad knows that PTI is an asset both to the region and to each city in the region.

Regionalism requires a long-term commitment. Some years ago, Harvard political scientist Robert Putnam, who later devised the concept of “social capital,” studied regional cooperation in Italy. He concluded that something like social capital was more important than rules and institutions. A culture of trust among communities led to good outcomes. The only problem is that such trust takes a very long time to develop.

Perhaps the best thing we can say about the prospects for regionalism in the Triad is that every Skybus deal adds another brick to the house of good will and mutual trust that we’re trying to build. Unfortunately, every La-Z-Boy deal pulls that brick back out.