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## Growing Today's Green Jobs Requires Solid Economic Development Policy

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By Ron Kitchens



I was hired for my first Green Job, thirty-four years ago, shoveling horse stalls for a barn full of Tennessee Walking Horses. The droppings and bedding that was removed from the stables was then composted and applied to my employer's crops in lieu of chemical fertilizers. You don't get much greener than that!

Now don't get me wrong, I am not bragging about holding such a lucrative job because the 75 cents an hour they paid me made this Ozark, Missouri boy feel rich. Actually, I am bragging that I learned the value of environmental stewardship and the interdependence of our economy at an early age. For our community, no horses meant no corn.

My employer, a local auto dealer who owned the farm, created these value-added "green jobs" without any subsidy from the government or without a governmental policy forcing his customers to pay him a subsidy. But I guess that is the good old days. So much for market forces and producing a product that customers will pay for.

I have spent more than 25 years in the profession of economic development serving at the community and state levels. I have worked with hundreds of companies to create tens of thousands of jobs. In that time, I have seen more "silver bullets" than the Lone Ranger ever gave away. These have included the following "you must have" edicts: four lanes/interstate highway; a new airport terminal; micro chips; nanotechnology; aqua culture; speculative buildings; a Super Bowl; a bohemian bastion; or a biotech cluster. Now, it's environmentally friendly "green" businesses like wind farms and solar fields that are calling for precious public resources.

Yet in reality, these silver bullets usually work only for a few places and certainly do not constitute a national strategy for job creation. Some places may benefit from the rush to wind and solar energy, although the benefits may well diminish if the panels or turbines are made elsewhere. There are not too many industries that have such a large profit margin that they can afford to pay double or triple their existing electric rates.

In fact, the answer to job creation is definitely not financially supported and government-mandated green energy policy that focuses its efforts on wind and sun. The reasons why that policy won't work include:

1. A quick review of a recent issue of a national economic development trade publication featured ads by 32 states that claim to be the next green energy place, although they only focus on wind and solar. Maybe it is because the public is being coerced into subsidizing these industries. But at the end of the day there will NOT be 32 places nationwide that are green energy centers of excellence, but more likely a dozen or so globally.
2. Most of these green initiatives rely on nature. Nature is not constant – that is what makes it “natural.” Wind may be a suitable form of power off the ocean on Monday, Tuesday and Wednesday evenings but what happens when it quits blowing? Not only are the resources stranded and not providing a return on investment but no power is being generated.  
Now don't get me wrong, wind power has worked for years. Farmers have been using it to fill up water tanks for their animals for hundreds of years. But as all farmers know, if the wind quits for long enough, the animals die. Are we to bet our economies and our lives on the hope that maybe someone can develop a storage tank for electricity generated by the wind even if it quits?
3. Solar power is great. But let's be realistic. How are we ever going to get solar panels on the roof of every home – at a cost of \$60,000 or more – in America when some people don't even have cable television or broadband access yet? And what about the heat radiated from the panels themselves? And, solar power still has the same storage and reliability issues that come with wind power.

Let's be clear that here are two very clear outcomes we, as a nation, must strive to achieve: low cost, environmentally sensitive energy independence and job creation. These are not mutually exclusive goals.

Energy independence will never come from wind and solar power; neither is dependable or manageable enough to meet our needs. Compound this with artificially mandated requirements and the hidden taxes that go with them and we are facing higher energy prices which will cripple the economy.

When it comes to jobs, we must embrace the age-old adage: Be yourself but be great. We call this model Community Capitalism. In short, Community Capitalism is focused and organized philanthropy and business investment occurring simultaneously in five strategic

areas based upon historical and geographical advantages in order to create jobs and wealth.

I am blessed to live in a place, Kalamazoo, Michigan, that has embraced the fundamentals of Community Capitalism for more than 100 years. Kalamazoo is the place where the friable pill, a pill easily dissolved when ingested, was invented; where Dr. Homer Stryker invented the oscillating device that cuts casts off; where the yellow-checked cab was invented; where most of the nation's corsets and paper were once produced, and home of the Kalamazoo sled, the direct-to-you-from Kalamazoo Stove, Shakespeare Rod & Reel and Gibson Guitars.

So what are we great at? We are one of only a few places globally where a drug can move from concept through trials to market. We are centrally located, a short drive to the logistical hub of Chicago. We can staff a call center or customer care center with the speed of light. We will leave the micro chips to Boise, the film industry to Hollywood, the Country music business to Nashville, the financial district to Manhattan; and telecommunications to Dallas. Not to say we won't welcome a few of their companies. But they are great at those things; we will be good at best.

So how do we create jobs using the five precepts of Community Capitalism: place, capital, infrastructure, talent and education? The same way communities have grown for hundreds of years.

First is the concept of **place**. Great economic regions know who they are and that sense of identity ensures people are not only comfortable within the environment but can nurture their personal and professional growth. Think about places that do this really well and where place has become their brand – like Boise, Idaho; Austin, Texas; Melbourne, Australia and Gorongosa in Africa.

**Capital** is critical to spur innovation and entrepreneurship. In the case of Kalamazoo, we established in 2005 a limited partnership venture fund to invest in early-stage life science companies. The \$100 million Southwest Michigan First Life Science Fund is believed to be the largest sum of community-based private capital ever to be raised and managed by an economic development organization. Other communities have focused on angel networks, revolving loan funds or even micro lending. But whatever the source, we know that companies cannot grow without the capital to grow a business.

Great communities understand that great minds need the right place to make things happen and are committed to providing the necessary **infrastructure**. For example, when we saw the need to create a place for local talent to incubate biotech concepts, we created a 69,000-square-foot accelerator to do just that. This same catalyst served the Palm Beach, Florida region's desire to grow life science research when Scripps Research Institute decided to locate there and mix its DNA with the local biotech economy. It also worked for Corpus Christi, Texas when the Harte Research Institute was built to chart the future of the Gulf of Mexico.

Communities cannot be great if they lack a long-term, funded commitment to **education** and academic excellence. Our legacy in life science and manufacturing prominence has resulted in an indigenous cluster of highly educated people. And we realize that educated people seek out strong education for their families which in turn produces a high-performance workforce.

We are home to the world-renowned Kalamazoo Promise college scholarship program which provides free scholarships to every child that graduates from the Kalamazoo Public school system. In fact, Southwest Michigan's diversified workforce is highly educated and boasts one of the nation's highest concentrations of Ph.D.'s (1.84%), more than two times the national average per capita (0.81 %).

Other economic regions have used "education" to make a difference. For example, the African Children's Choir uses its funds to build schools, provide medical care and fund community development projects in the villages from which its young members come from. Oprah Winfrey's Leadership Academy for Girls in South Africa looks to instill change for young girls in a place where almost a third of all pregnant women are afflicted with HIV.

Finally, we recognize that a community needs to embrace **talent**. Kalamazoo is home to the Stryker Corporation, which is the only publicly traded company to achieve double-digit growth every year over a twenty-year period due to its commitment to putting the right people in the right place at the right time.

I understand that none of these five things is as easy as the Lone Ranger's silver bullet. It is much harder to raise capital to grow companies than it is to get your congressman to earmark dollars for highways or build a speculative building in a corn field. But if we are to truly build a sustainable economy that grows jobs and wealth, we must invest in Community Capitalism while limiting artificial governmental manipulations of the economy.

*Ron Kitchens serves as the Chief Executive Officer of Southwest Michigan First, as well as the General Partner of the Southwest Michigan First Life Science Fund. Ron has worked with more than 200 Fortune 500 corporations as a Certified Economic Developer in addition to starting multiple privately held companies and serving as a city administrator, elected official and staff member to United States Senator John Danforth.*