

Paths to New Prosperity and a Better Politics Heartland Regions

Remarks of John Austin to the Organisation for Economic Co-Operation and Development (OECD) Regional Development Policy Committee – Regions in Industrial Transition
April 26, 2023 – Paris, France

Thank you for the opportunity to share some of what we are learning from exchanges and study tours with transatlantic partners focused on accelerating economic change in politically salient industrial heartlands of our democracies.

And in particular what we recently [learned in the study tour](#) bringing UK and European regional economic change leaders to both learn and share with peers across the US industrial Midwest.

But first: why is this important? There is a growing convergence of interest and effort [on both sides of the Atlantic](#) to bridge geographic economic divides and reconnect residents of rural and former industrial heartland communities to economic opportunity.

Where these communities continue to decline, residents feel disconnected and alienated from a rapidly changing global economy and polity. Where economic regeneration has been done successfully, it [serves to return community pride and optimism about the future](#), which in turn diminishes the appeal of polarizing, resentment-driven, isolationist and ethno-nationalist political movements.

These movements undermine our democracies from within and weaken our alliances and democracies' capacity to counter the rising threat from authoritarian powers like China and Russia.

What are we learning from each other about doing this work well? First, we must acknowledge the large differences between countries in the contexts that shape the work of industrial heartland transformation.

Germany and other European countries started planning the transition from an economy dominated by heavy industry decades ago with place-based development approaches; the US & UK are only now stepping up.

In Europe government most often takes the lead and provides the financing in planning and managing economic change; in the US it's up to local private and public sector leadership to get

organized and raise the money; including robust local philanthropy which doesn't exist in Europe and many other countries.

The Europeans have models, structures and processes to support "cohesion" strategy. US community leaders make it up as they go.

US practitioners on our recent study trip appeared to the Europeans as entrepreneurial, risk-takers and big thinkers. Creating a dynamic, innovation ecosystem including entrepreneurial research and academic institutions. Europeans came across to the Americans, as organized, deliberate, methodical, with a longer-term planning and execution horizon.

Political cultures vary too: US politics now sees resistance to any message that doesn't fit political theology; UK, Europe voters are more open to persuasion or react to the character of the candidate. Climate and energy policy is particularly politically polarized in US – less so in Europe and UK

US shared information sources have disappeared—citizens are tuned into different, polarized information channels -- either Fox News, or liberal MSNBC. In UK & Europe there are more common information feeds.

The demographics differ. The US black-white racial dynamics and segregation are intense and affect all politics and decision-making. Economic role and perceptions of immigrants varies everywhere, community to community—some see a source of new population, new businesses & community rebirth; others see a threat to their own identity and status.

The urban form of cities like Detroit and Cleveland makes no sense to Europeans, what with thriving innovation districts, blocks away from blasted out, and largely abandoned once middle-class neighborhoods.

Yet for all these vast differences, a very similar trajectory of rise, fall, and then development of strategies for rebuilding define industrial heartlands on both sides of the Atlantic.

A rise to industrial might and height during the glory days, a dramatic fall, job and population loss, and community deterioration.

Communities that do regroup develop and execute a plan to rebuild that when successful brings together similar elements:

- One element is a coordinated, community specific, multi-faceted strategy that works in multiple domains simultaneously: economic, education, arts, culture, and aesthetic; environmental; inclusion (or just transition).

- Another shared strategy is one that builds on existing assets and historic identity—whether it is the making of things; or natural location (like on waterfronts), or leveraging the formidable economic power of research, learning institutions and universities.
- Successful communities & regions are marked by collaboration across sectors, with robust public-private partnerships, and collaboration among varied levels of government.
- They lean into key business growth sectors particularly the sustainable industries driving the emerging “green & Blue” economies.
- Successful communities and regions build the capacity of local institutions, organizations, and governments to organize, plan and execute.
- There is also democratic and inclusive decision-making with community residents about the direction for community change.

It turns out the pathways to new prosperity for former industrial communities that are found in the US, UK and Europe, while unique to each community, follow similar counters and blend together comparable ingredients—which has to include paying deliberate attention to the “politics” of the community.

Understanding the wounded pride, and anxieties for the future of heartland residents; meeting and engaging them where they are, not patronizing, nor condescending, nor telling them what they need to do.

Leaders taking small steps to build credibility, demonstrate the community can look and feel better, build residents trust and earn permission to do more.

They support the community in fashioning a new story of hope calling on the pride and shared identity of old, that aids in residents’ realizing their own brighter vision of the future.

So, what can we help each other with? Europeans have a lot to offer still-struggling US and UK communities about planning ahead and investing sufficiently. Around how to organize the machinery of economic development (or “regeneration”), and making it hum.

The US can show Europeans how to nurture a culture of entrepreneurship and risk-taking, thinking big and adapting on the fly. Getting the engine of new job and economic growth going. Feeding and financing the innovation ecosystem the creates the new game-changing disruptive technology.

The US can also demonstrate how all sorts of actors and institutions can help lead the change, from the civic, to NGO's-Nonprofit, the political, to the all-important business community as the leader of job creation.

By sharing these ideas, tools and strategies more fully across the Atlantic and beyond—leaders and economic development practitioners can pull the levers that are key to both revitalizing community and strengthening democracy and taking the steam out of polarizing populist movements. Thanks for the chance to share with you and look forward to our discussion.

About the Transforming Industrial Heartlands Initiative

To learn more about the initiative and to participate in the network and its convenings, newsletters, and updates on coming events, visit the initiative [website](#) hosted at the Chicago Council on Global Affairs, or contact John Austin directly at jcaustin@umich.edu. You may also reach out to any of the project partners directly using the [contact information here](#).

Partners

