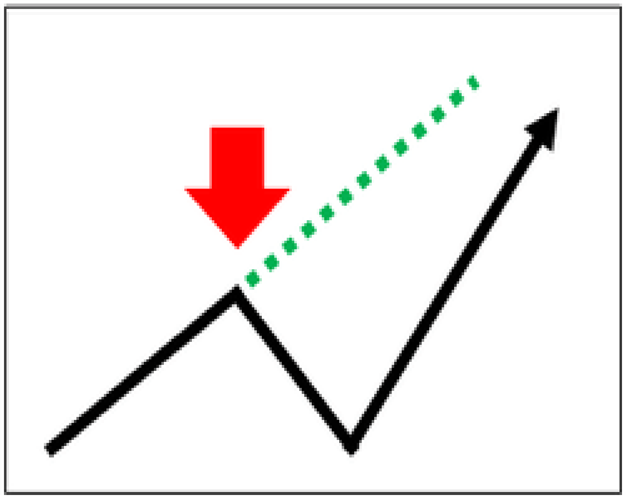
Building Smarter Communities

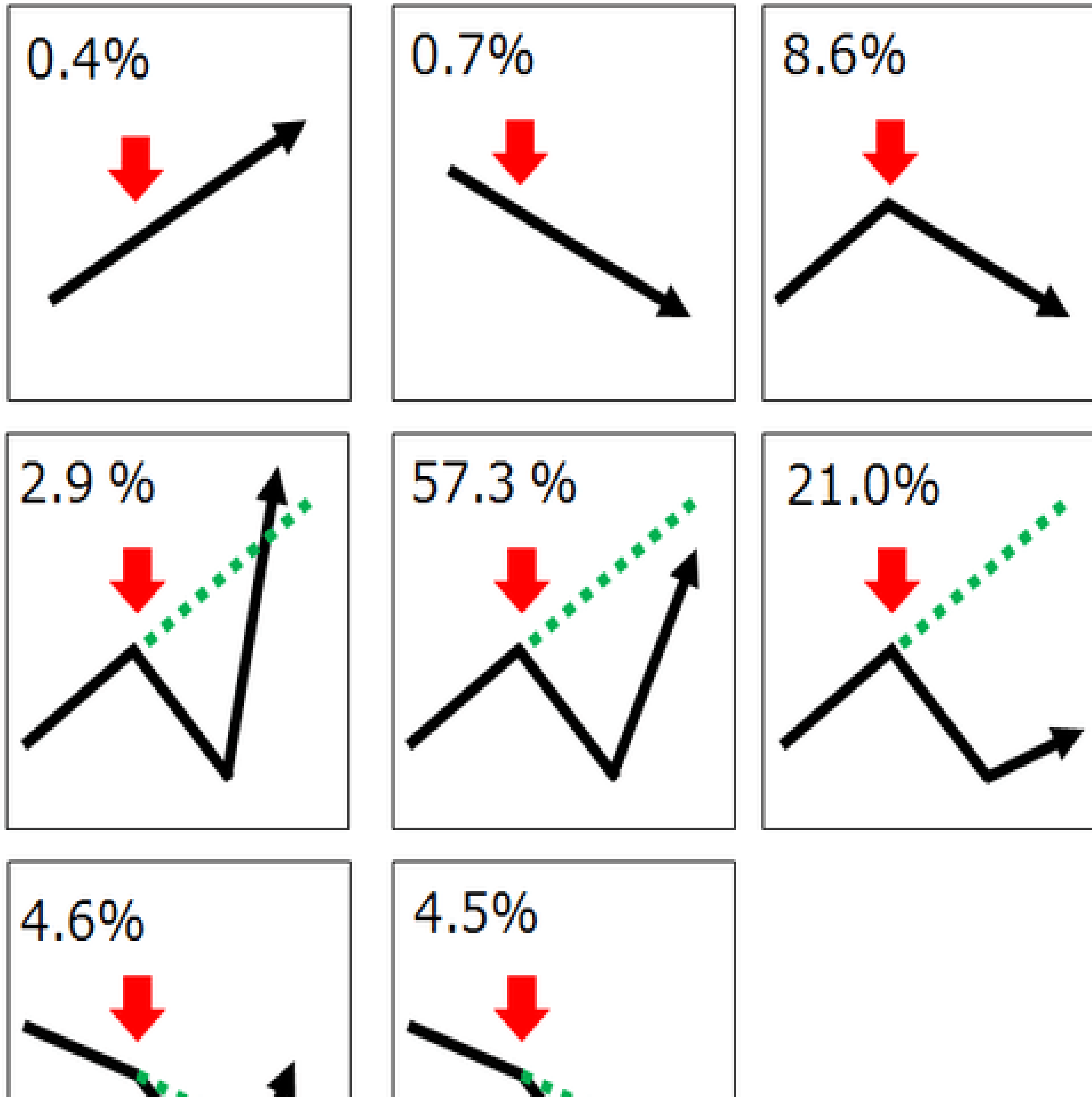
Magellan ADVISORS

www.magellan-advisors.com

Economic Development

U.S. (3,138 counties)





US Growth Shock (Recession) occurred around 2007/2008

- -The top three smaller charts show that 9.7 percent of U.S. counties experienced little or no change in the employment trend over the period or failed to rebound after the growth rate fell off.

-The bottom two smaller charts, representing 9.1 percent of counties, showed a pre-shock downward trend in employment that worsened in 2008/2009 but that later recovered, to varying degrees.

Key Issues

- Counties with higher shares of relatively young workers (aged 25-44 years) on average had lower resilience, suggesting that having a more experienced labor force allowed counties to cope better after the financial crisis.
- Surprisingly, having a more highly educated workforce, on the other hand, did not appear to make a county more resilient. As expected, though, a higher share of self-employed workers in a county was unambiguously associated with greater resilience.

Key Issues Continued

- Counties with greater diversity experienced a smaller drop, but they also did not enjoy a rapid recovery. Ultimately, higher levels of diversity are associated with less resilience.

- Counties with more complex economies also avoided large drops but experienced faster recoveries, and thus they were more resilient.

Counties with more complex economies also avoided large drops but experienced faster recoveries, and thus they were more resilient.

Bottom Line

- Counties that have a more diverse and a more complex economy weathered the storm better and bounced back faster.

- Regions with more experienced workforce and self-employed do much better in terms of economic staying power and balancing back from recession.

- Policies such as providing general entrepreneurship training programs or ensuring that local economic conditions favor entrepreneurs or the self-employed could be effective in raising the resilience of regions at a cost much lower than the damages caused by a larger financial shock or crisis.