

# FISCAL POLICY INSTITUTE

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## Key Themes & Issues

### June 25, 2002 NYC Sector Researchers' Meeting

Note: More than 50 people attended the June 25<sup>th</sup> 2002 meeting on New York City sectoral research approaches hosted by the CUNY Graduate Center, the Consortium for Worker Education, and the Fiscal Policy Institute. The three goals of this meeting were to: 1) highlight best-practice examples of sectoral research over the past decade or so in New York City; 2) shed some light on why sectoral strategies have not been pursued more often by the City and State; and 3) consider how a sectoral approach could be more effectively introduced into current discussions on the city's economic future.

A great deal of agreement was expressed at the meeting about some basic issues. For example, nearly everyone seemed convinced of the superiority of a deliberative, sector-based approach to economic development versus a piecemeal, incentive-based approach. In addition, hope was widely expressed that the new city Administration would be more open to sector-based strategies than the previous one.

Within this basic consensus, however, several latent internal tensions and issues also emerged. With an eye toward pushing the local sectoral research agenda forward, FPI staff have attempted here to articulate some of these issues with specific reference to discussion at the meeting. No interpretation, quotation, or opinion expressed here should be interpreted as representing the position of any particular organization or individual attending the meeting.

#### **THEME 1: OWNERSHIP VERSUS OBJECTIVITY**

*Several people noted the importance of leading industry, labor, and government institutions "owning" the results and even methods of sector research in order for such research to ever see the light of day. At the same time, several people made the case that sector strategies offer a chance for greater objectivity/rationality, fairness, and community input in economic development policy. Is there an internal contradiction here, or at very least an accountability/process issue at play?*

- "Unless the industry owns the findings, it tends to become an academic exercise"
- "In terms of political constituency-building, it's really the local community leaders – not necessarily business or labor or government – who are often the most interested in change. But they don't know what they want. They're against corporate subsidies instinctively, but 'workforce development' isn't really on their agenda."
- "Sector research has an action purpose – it's clearly a way to organize an industry to gain more resources."

- “Sector research is fairer than simply handing out incentives to big companies. It’s a way to make economic development benefits broadly rather than narrowly accessible. And it’s a way, at least potentially, to address jobs issues and economic justice issues.”
- “To be effective, you need to be part of the industry and foster structural change from the inside.”
- “I’d like to see the City develop an in-house research capacity in order to help it make economic and workforce development decisions based around something real.”

## **THEME 2: TRADITIONAL VERSUS NON-TRADITIONAL SECTORS**

*A strong case was made at the meeting concerning the advantage of working closely with large institutions and especially with organized labor in the development of sector strategies. Another strong case was made that many key emerging sectors tend to cut across traditional sector boundaries and have very little union density. Is there a way to reconcile these two claims? Will a sector strategy look different in a traditional versus a non-traditional sector, and what are ways to balance labor and management perspectives when labor doesn’t speak with a cohesive institutional voice?*

- “People always ask me how we can do this with such a close union affiliation, which constantly strikes me as a strange question even though I’ve gotten used to it. The truth is, we could never do what we do without the support and leadership of the union.”
- “Union-dominated research has tended to maintain traditional sector boundaries, in large part because organized labor is in these sectors. But if you want to work in emerging industries – things like photonics or new media that have almost no Union density and cross all kinds of traditional sector boundaries – the approach is going to be quite different. And if you’re basically sympathetic to labor, then you’re going to need to look for institutions like independent contractor associations that in some way reflect worker voice.”
- “The data really does limit our horizons in terms of how we define an industry. One example would be the construction industry. If you look just at firms engaged in putting-up buildings, which is more or less how the SIC codes seem to define it, then you miss all kinds of interesting manufacturing activities around metalwork, woodwork, design and the like that are connected to the construction industry supply chain and that may have a great deal of potential in the City.”

### **THEME 3: EVALUATION AND QUANTIFIABLE RESULTS**

*Several participants talked about the difficulty of quantifying results in a sector strategy, though some also added that high levels of industry input and control would tend to add a certain degree of direct accountability to the process (e.g., industry boards will tend to quickly eliminate programs they don't perceive as delivering results). Others talked about the inherent difficulty of reconciling certain quantifiable goals – for example increasing productivity levels versus increasing jobs.*

- “We have a real and ongoing data problem – state and local public officials may actually be correct in their bias that we don't actually know enough about what's going on in the economy to make informed decisions except on a piecemeal, case-by-case basis.”
- “We're focusing within the Emergency Employment Clearinghouse project on creating dedicated intermediary vehicles within sectors, where there's ownership by the sector and the privileging of good jobs.”
- “What do you mean by privileging good jobs?”
- “Formal evaluation really is difficult because these initiatives are so embedded in the industry. But on the other hand, that can be a good thing. I remember when I was running GIDC we once tried to set-up a training program that wasn't working, and coming from government I was very impressed by how rapidly our Board pulled the plug.”
- “Funding is a huge challenge for an established sector initiative. How do you get a funding agency to focus on the big picture, and not impose a separate evaluation scheme for each individual project?”
- “Even if you can get to quantifiable results, they may contradict each other. For example a technical assistance organization could shore-up a firm's productivity and financial stability, but at the same time contribute to a loss of jobs.”

#### **THEME 4: ROLE OF GOVERNMENT**

*Several participants spoke directly or indirectly about the role of government. Does government have an existing though implicit sector policy? Why has it tended to be non-responsive to formal sector research? What is government's role in terms of implementation – e.g., the development of industry infrastructure and human capital formation?*

- “You know, talking from experience, in a lot of ways the City has a sector policy. It’s just indisputable that they’re focused on the corporate FIRE sector, on the construction sector, and to a lesser extent on high-technology. You’re telling me that what was done in Times Square or even Lower Manhattan in the 1990’s wasn’t a sector policy?”
- “One thing we have to look at, is almost a cultural thing. These lawyers and corporate people walk into appointive government positions and think – really believe – that they know the answer and can predict what sector is going to be hot. They don’t think they need people like us.”
- “We shouldn’t forget the importance of government doing its basic job well. All that boring stuff like public schools, sanitation, transportation, the fire department, parks ...”
- “Sector researchers often underestimate the importance of the regulatory environment, and of macro-changes in industry structure that go well beyond the local labor market.”
- “It’s really almost impossible to underestimate the importance of industry leadership. There are certain initiatives that are almost doomed to fail for the lack of it, despite whatever investment people in the government or civic sector might make. And there are others that are going to fly because of the leadership of just a handful of people. Sometimes even just one or two people.”