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**VIEWPOINT**

**ANDREW BROOK**

You may have heard about the "Strong Cities, Strong Communities" program that the city of Greensboro is conducting. Known as SC2, the program is funded by the federal Economic Development Administration (EDA), which selected Greensboro as one of three cities to participate in a key part of the program, the SC2 Visioning Challenge.

The Visioning Challenge is a competition to come up with the best economic-development idea, funded by a $1 million federal grant to each city. It’s not a bad deal, but there’s something very odd about it.

The first phase of SC2 is a competition among proposals for a "comprehensive economic development strategy that will accelerate job growth and business expansion in the greater Greensboro economy." As many as six proposals will emerge from this phase, with the top three receiving monetary prizes totaling $100,000, courtesy of Greensboro’s taxpayers. The best one in this phase will receive $60,000.

The finalists will then move on to a second phase, in which they’ll further develop their proposals in hopes of winning the grand prize. You might imagine that most of the $1 million grant will be used to implement the winning economic-development strategy. You would be wrong. It’s reasonable, guess, but that’s how SC2 is designed. The winner gets the entire $1 million and signs the winning strategy over to the city, which will have to find additional funding to put it into action.

So we get a $1 million grant (okay), but all of it goes to the person with the best plan (huh?). That is one expensive plan. But don’t you think a great plan could be had for $100,000? Or $250,000 if we wanted to offer a really big prize?

To be fair to Greensboro, it wasn’t the city’s idea to throw the entire $1 million at the winner. That’s the basic structure of SC2, though some local variation is allowed. The grand prize in Las Vegas is only $800,000.

Clearly, the EDA thinks the market for ideas is so distorted that people won’t be bothered to think hard about economic development unless huge sums are dangling in front of them. What’s equally striking is the EDA’s apparent belief that the key to transforming a local economy is less about the hard work of investing in infrastructure and schools than about coming up with a magical idea that no one’s thought of before.

Well, I’m skeptical of magic in economics. It’s true that Greensboro is having a tough time. However, its challenges fall into two main categories. First, the still-sagging recovery leaves local households reluctant to increase spending, which leaves employers reluctant to increase hiring. But as a recent study by the New York Federal Reserve Bank showed, unlike previous recoveries, the current one is fairly constant across states. Very little of what individual states have done has done much good. It’s hard to solve national problems with local solutions.

Second, Greensboro is hobbled by a relatively poorly educated work force. Many of the cities that either weathered the Great Recession or are recovering vigorously have more skilled workers than we do. Solving that problem won’t be fast, but there’s little mystery about how to go about doing it.

I’d love for my skepticism to be proven wrong. I’d love for SC2 to find that one idea that transforms the Greensboro economy. But until then, it seems crazy to spend $1 million in this way. Fortunately, it’s (mostly) free money.

**ANDREW BROOK** is a senior research fellow in UNC-G’s Center for Business and Economic Research and a member of The Business Journal’s Editorial Board of Contributors. Reach him at (336) 797-6439 or andrewbrook@uncg.edu. An archive of his columns is available at http://cbrr.uncg.edu.

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$1M of ‘free money’ unlikely to transform us

prize in Las Vegas is ‘only’ $800,000.

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