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# POLICY FRICTIONS IN MANAGING REGIONAL ECONOMIC DEVELOPMENT

**OPEN LECTURE READ BY USAID LINC CHIEF OF PARTY HOWARD OCKMAN  
AT THE INTERNATIONAL STUDENT AND TEACHING CONFERENCE**

**“REGIONAL DEVELOPMENT – SMALL PIECES OF A BIG SUCCESS”**

**Kyiv School of Economics  
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Good evening. The organizers of this event have been kind enough to me, and cruel enough to you, to give me one hour to address you this evening. One hour seems to me a long time to speak, as I am not professor or a politician. But I've thought this through and decided I can do, as long as we start at the beginning and tell the whole story. So let's going.

Somewhere around 500 million years ago, there occurred the Cambrian Explosion, which was life's greatest statement of the brilliance of diversity. In a geologically short amount of time of about 10 million years, a treasure of living creatures developed that were the first representatives of all of the life phyla that exist today. Since that time, many of those marvelous creations have died off, victims of ecological and environmental catastrophe, and those whose descendants survive look a lot different owing to Darwinian evolution of species by natural selection. But we are still a world of fabulous and almost magical biodiversity.

And that's good, because we have learned that ecosystems, in which all plants and creatures live, and on which all life depends for its individual needs and procreative strength, need biodiversity to sustain themselves. The greater biodiversity, the stronger the ecosystem, and the less the biodiversity, the more shaky life becomes.

Why is this? Because the greater the diversity in an ecosystem the less susceptible it is to one type of catastrophe, and the more adaptable it is to the demands and rigors of new environmental circumstances.

A bit more recently than one-half billion years ago, stock markets were invented by people who wanted to put their money to work to make profits, without having to work themselves to make those profits. So they began to invest in companies by buying shares of ownership, and then trading those shares to others on the basis of what the buyers thought was happening or would happen to the value of the company. Over time, investors, as these shareholders and traders were called, began to understand that stock markets, like any other market, present certain risks. If you buy a share at a high price and can sell it only at a low price, you lose money, and of course, vice versa. So in order to decrease the risk of losing money and maximize the chance of making

money, these investors learned to diversify their investment share portfolios among a variety of companies in different lines of business that were unlikely to be affected by a single set of market forces that could drive their value up or down. In other words, these investors spread out their risks by diversifying their investment portfolios.

In English, we say “don’t put all your eggs in one basket”. You have a similar saying in Russian, I think. It goes like this: Не кладите все яйца в одну корзину. That’s right, yes?

Still more recently in the march of history, specifically in the last two decades of the 20th century, organizational theorists and managers of organizations began to talk more and more about the power of teams for facing the challenges and opportunities confronting an organization that needs to operate long-term in a complex, shifting, constantly changing environment.

This focus on teams and their usefulness took hold almost simultaneously with an appreciation of the value of strategic thinking to an organization. If a business did not think strategically about its market opportunities and challenges of the future, it would not last in a changing, globally competitive environment. If a social and political community paid attention only to short-term issues and did not strategically and analytically anticipate and plan for long-term alterations and needs posed by its environment, it would expire. Strategy and innovative thinking became the brain function of organizations that intended to last a long time in a changing world. And teams have more and more become the nerves and proteins that keep that brain function active and in motion.

How come, however? What’s so good about teams? What do they give to the process of strategic problem-solving that, for instance, one or two smart guys sitting in a room cannot? I know that you can think of a number of advantages to a team approach, but the one I keep coming back to is the diversity of thought and experience necessary to solve difficult, complicated, intricate issues of how to meet the anticipated future. Last year, I attended a presentation on innovation by a firm called Ideo, Inc. It’s a California based design firm, famous for designing the Apple Mouse, but also a trend-setter in what they call “helping organizations innovate.” Ideo works in teams for any design or project they undertake. On these teams is a base group consisting of a design engineer, an artist, a sociologist, a finance person, a marketing person, an organization manager and an anthropologist.

I was personally very impressed by the presence of the anthropologist because even though I’m a lawyer by training, I always thought it would be fun to be an anthropologist, who basically investigates how societies order themselves and then how they ascribe meaning to that ordering. That ascribed meaning will provide the doors for flexibility and innovation of a society, or the barricades against change and adaptability. Think about that for a minute. It means that whether we’re lawyers like me, or economists like you all, we all need to be anthropologists at least a bit, because we’re working in the area of societal or economic development, and change is the essential topic of our work.

I believe that the strength of teams is the diversity of thoughts and ideas that they bring to decision-making process about complicated issues relevant to the future they anticipate. So, for instance, when team members discuss the future strategies of an organization, they bring disparate technical skills and experience, and they also bring their own disparate visions about the future that they anticipate and need to address. In the team process, these disparate skills and visions mingle and, if the team is a strong one, combine. The team members “buy in” to the team’s decisions and then become emissaries to their colleagues in the separate parts and departments of the organization, from which they originally emerged, and they convince them. So the diverse skills, visions, opinions and buy-in of the members of the organization are thereby wrapped together by the team approach.

Now, I’ve spoken for almost ten minutes already about diversity, and I’m sure that some of you are thinking to yourselves, what is this guy talking about? He’s supposed to be saying something about regional development. Either he or I am in the wrong auditorium. But don’t worry; we are all in the right place. The topic of my talk today is “regional economic development,” and more

precisely I am to talk about an approach to “managing regional economic development”, which is what my colleagues and I do here in Ukraine. We are a donor project, implemented within the framework of the technical assistance offered to Ukraine by the United States Agency for International Development or USAID, which consults with officials about managing regional economic development. We have done this work here for more than six years in Ukraine now.

And here’s the thing: the essence of our approach to managing regional economic development is that this work is all about the glorification of diversity. Let me repeat that: in our approach to managing regional economic development, we advise that the development process should celebrate diversity.

Now I know that most of you are economists and the anthropologist’s or poet’s verbs such as celebrate or glorify may sound like a lot of nix or hot air or flighty poetry. But honestly, if you’re talking about society or community change and development, you need some inspirational poetry in your language, because the people with whom you are working have to believe, have to be inspired to change some mind-sets and behavioral patterns, and have to will out against resistance to change or against vested interests and ideas; and that will, that determination, that desire, comes from the heart and, I would suggest, a sense of human poetry and leadership.

So diversity---celebrated.

All of us know that in a country the size of Ukraine, it would be folly if the entire country were economically engaged in the same line of industry or business. That’s just a truism of the portfolio diversity principle about which I was talking, where if the entire nation were dependent on the world demand for one or two types of goods, like chemicals or metals or oil, a dip in demand for those commodities would be cataclysmic. So Ukraine, like any other nation of its size and capability, needs diversity in its economic base. And it finds diversity in its diverse regional assets. That’s easy and obvious—it’s why we talk about regional economic development in the first place.

But regions themselves will also flirt with ruin if they put all of their economic eggs in one basket. And by the way, when I talk of regions, I’m talking about the communities and in those regions, and mostly about the people in those communities, who have their own human aspirations for themselves and for their children and for the future of their immediate environment.

Please don’t forget this. Regions viewed as administrative units from high-up the political ladder will be endowed with policies that may very well not be in their interests for long-term survival. They may well be viewed as mere population centers to feed a larger production unit far away. I lived for seven years in Kyrgyzstan, which in Soviet times, provided lots of sheep to the Soviet Union and did not diversify its economy in any significant way. The nation or Republic in those days, had a niche for sheep-herding in the Moscow-centered Soviet state. And when the Soviet Union broke up, which is when I happened to land in Kyrgyzstan, there was a nation where there was no more demand for its sheep, and there was a labor force that could not do anything but herd sheep. Those communities are still barely limping along. To have avoided that, the sets of Kyrgyz communities and regions, particularly in the north of the country, should have been diversifying their economies from the beginning. Putting their eggs in other baskets. Diversifying.

And to be fair, it’s not only central planning that gives rise to economically manipulated and eventually victimized communities and regions. You can check out the history of Pennsylvania and Ohio and southern Indiana for testimony about this—there, it was too much reliance on the currently good thing, such as coal mining and steel in the American mid-eastern mountain states before and after World War II, and that over-complacency and reliance gave rise to a failure of inspired strategic thinking about what would come next.

But that’s human nature, you know; some folks in power sometimes think that communities are only important to serve the economic whole that they happen to administer and control, as was the case in the Soviet Union, and individual regions and communities can be shortchanged from that mentality. And in other systems, like the capitalist system, some folks grow content with the

current situation that allows them to rake in wealth available in the current market environment, and they do not attend to the harder work of anticipating what the market will bring in the future, and how they should plan for that. Short-term thinking—don't worry, be happy! If that's the dominant business and economic mentality in a community, the community will be passed over through time, as was the case in the American rust belt and other fossil industry locations of the world

So, those who think about the economic development of regions must glorify the diversity of the regions' economic base as much as they can and as much as is feasible if the community is to last for the long term and be sustainable.

But how do you do that? How do you manage that kind of approach? That's what my project, and in Ukraine, other donor projects, give advice about. Managing diversity into regional development processes. What are the methodologies and tools for doing this?

In our case, we start with teams of local leaders from the communities to create a strategy for themselves. It's the team principle of diversity. Our teams, or committees as they are more formally called, consist of relevant members of local власть, business leaders whose establishments are located within the community and leaders who have a say in some of the potential business assets of the community, such as research institutes, university administrators, scientists. The system isn't perfect, of course. In our case, we do not involve civil society NGO's, because in general those organizations have little role in producing wealth and revenue for the community. Also many of the team members are chosen by the community's mayors, and so special interests can filter in. But the general parameters are that diverse economic players are represented on this strategy team or committee, and indeed one rule is that at least 51% of the team consists of members from private business.

This team then sets about putting together a strategy for the economic future of their community. In our methodology, we value basic gathering of general data and then use analysis of that data to inform the discussions that lead to strategy development. We also have adjusted our methodology to bring an organizing principle to the team's work, which is that their strategy will be about increasing the competitiveness of the community so as to add jobs and investments to the community's environment. And then a third management component is that we supply a facilitator to team meetings, who is skilled at guiding discussion toward some satisfactory resolution.

Now these three management techniques of (i) real data gathering and analysis, (ii) fixed visioning of competitiveness and (iii) facilitation are, I concede, harnesses or channels to the wild diversity teams can offer. But really, if you need to get something done in this world, you can't have a Cambrian Explosion all the time. The abundance of the Cambrian Explosion took 500 million years or so to sort itself into 35 taxonomic phylums. We want an explosion of ideas from every team in every community, but we don't have 500 million years to let things settle into workable actions. Still, I've got to tell you that our teams tend to throw out scores of ideas, both wild and passionate and unworkable and ultimately pretty cool.

What I enjoy most is the passion. Because these teams are from the communities themselves and the members are unencumbered by any particular institutional tie or agenda, they're passionate in their need to find answers. As you have probably noticed, I like metaphors and I have one to describe these team members. They're like free proteins looking for a genetic code to fit into. And the metaphor of genes isn't such a bad one, because these team members, locals in the community, are making decisions about their own children's future. Owing to their local ties, owing to the fact that their children live in these communities whose future they are discussing, these team members are human versions of what geneticists like Richard Dawkins call smart genes, looking for a long-term strategy to keep themselves and their communities surviving, thriving and sustained for a long time.

So we start with diverse leadership teams of local origin and help them organize their ideas into a workable competitiveness strategy for the future economic growth of their communities. In short-

hand, that is what everyone calls “strategic planning.” But watch out! Be careful, because strategic planning is different things to different people. I’ve seen strategic planning done in the office of experts. The diversity comes from statistics, the strategy comes from calculations made by the rigor of the experts’ formulas and assumptions, the ideas conform to expectations articulated by university professors in remote places such as Cambridge, Massachusetts.

And that may be okay, but at least to me, what is absent in that type of approach is passion, the local view, the local human anxiety of getting it right for their own benefit. And what might that mean for the magic of diversity of ideas? It might mean that ideas won’t sufficiently mingle, won’t be tested and argued out, and won’t, eventually, be glued together by actual community team members. It means there is no adhesion in that kind of artificial plan, people won’t stick to it, there is no buy-in. It’s again the lesson of the Cambrian Explosion. Diversity of creatures giving way to five million years of competing, intermarrying, striving to survive and failing or succeeding, and finally after all that work, the creatures themselves that emerge are what we call life today—fit, at least for the moment, to survive today’s conditions and to adapt to future conditions. The power of genetic and biodiversity is the ability to interact and incubate in the same system. It’s the same for strategic planning. The power of diverse ideas is the opportunity to grapple with each other in discourse and reasonable discussion aimed at a desired goal, producing the strongest ideas for the diverse community.

That’s what team-based local strategic planning is all about—a rich blending of passionate and reasoned ideas.

But let me go back to what actually happens with the teams our project facilitates. As I mentioned, we have our teams start their quest for a competitiveness strategy with data and information that has been gathered to give weight to the discussions and to help ground the process. In our case, we gather two basic volumes of data. First, the public sector representatives of the team compile a community *nacport* or profile, which contains demographic information, data on the community’s educational institutions, information on the community’s public utilities and its private businesses and its hospitals and health care facilities, its recreational resources and its labor force and other characteristics that make up the potential or actual assets of the community that have relevance to the community’s economic mix.

Second, the team members perform a survey of the community’s businesses by questionnaire and personal interview. In this survey, we seek responses to a number of questions regarding firm characteristics such as the amount of capital investment a firm recently made or plans to make in the next five years, the firm’s sales to labor ratio, where the firm sells its goods and whether that dynamic is changing, the wages a firm pays and what the firm thinks of the quality of local labor force, and how a firm evaluates the performance of community government and governmental services. And there are other inquiries that reflect on the firm’s orientation to doing business in the community, such as whether the firm intends to stay or plans to move in the future. To my mind, this Business Attitude Survey, as we call it, is essentially a mini-competitiveness survey, smaller but akin to the World Economic Forum’s Competitiveness surveys of business.

So, fortified with these two documents, the team members engage in SWOT analyses and begin to create a vision of the directions the community’s economic profile should move to maximize the competitiveness potential of the community in the future.

It’s an interesting process, watching how the teams use the underlying data. And one dynamic that I particularly like is that the underlying data documents are simply data, without conclusions or filters about their proper interpretation. This gives the team members the opportunity to pick and choose what each thinks is important as a topic of focus, and it is part of the creative process to see which piece of the diverse data is used by which of the diverse individuals to fortify which piece of diverse opinion. Our process begins with evidence and data, but encourages using it in diverse ways to promote diverse ideas.

Then, if the team process is really humming along and lively, and evidence-based ideas and opinions are emerging, the facilitated discussion begins to test one idea against another to find the strongest and most reasonable ones; the ones the team members can agree to as of fundamental importance to the development of the community's competitiveness strategy. This is of course, our version of the half a billion years of natural selection that followed the Cambrian Explosion, and it takes about four months using the methodology of our Project.

Then it's time to put the strategy into action and to realize some of the things for which it calls. This is a process that also must be managed, and I myself spend lots of time thinking how to best manage a development strategy. One thing I know is that a strategy must show early results and effectiveness if it is to avoid the fate of many strategies that sit on desks and shelves and wait to be thrown out. So those in charge of managing strategy implementation need to have early and quick results to prove the worth of the strategy, and so that people will be convinced that it's okay to be patient waiting for the more ambitious goals to jell.

You all know the term "low hanging fruits". You pick them as the first phases of your strategy implementation. You accomplish easy to manage while holding hard to manage for the future. You start with the simple to do while holding complex to do for the future. You start with the inexpensive while holding the expensive for the future. You start with the less grand while holding grand for the future.

Why? So people of the community see that the strategy is actually coming to life. That will help the community's private business and public servants to keep the faith and not lose their energy or will to believe that economic opportunities and benefits will grow. And second, you need quick successes so that the community will continue to support implementation of the strategy and not force a change of course mid-stream.

In our project, we have relied on a kind of low hanging fruit that is very adaptable to the concepts of diversity from which regional economic development can most benefit. And that is this: We encourage communities to concentrate some activities on the attraction of foreign direct investment.

Let me just take a time out to define the term foreign direct investment because it is often confused, and is spoken of confusingly here in Ukraine. For us, FDI, as it is called, means the location of manufacturing or services operations of foreign firms here in Ukraine, for the purpose of realizing greater efficiencies in their own core businesses so as to meet international market opportunities. We are not concerned with portfolio or financial investment, or with mergers and acquisitions, or with national infrastructure projects or other types of meet public projects to be financed by inflowing investment.

For us, attraction of FDI means sales activities that say: we have lots in this community you will like; come invest here in your own business priorities rather than somewhere else.

We look at FDI preparation as a fairly low hanging fruit because the activities of putting together a web site, inventorying the community's assets, preparing potential investment land, and publishing brochures is relatively low-cost and, with a bit of consulting help from the Project, fully within the capacities of local people,.

In addition, these activities produce real promotion products that people in the community can see as progress on the implementation of the strategy.

And, even nicer, the chance that an FDI investor will settle in a given community that has presented itself correctly is not bad, at least before the 2008 crisis. In the 76 Ukrainian cities where our predecessor project worked, deals for more than \$2.5 b of inflowing green investment were signed, with the expected addition of 70,000 jobs. Of course, not every city succeeded in landing an investor, but the success of other cities serve to preserve hope and desire. And in other countries of Central Europe, such as the Czech Republic, FDI attraction has been a main catalyst

of economic growth. And over the last 30 years, FDI has accounted for the largest sums of investments among all forms of inflowing funds to developing countries.

But I'd like to point out something else about concentrating on FDI. And that is that FDI is a tool of diversity. The world of business is a world of new techniques and new ideas. When a community puts together its assets and says here is our work force, here is our scientific talent, here is our land, here is our current business profile; we want you if you feel that you fit in (and also won't kill our environment, won't go to China tomorrow, will buy supplies from our businesses, will hire our present and future labor force, will innovate and use our technical knowledge and bring your own technical knowledge, and will bring new, competitive management principles that we can learn from), the community is opening itself to a host of options devised by the ever-changing, ever different, ever competitive world of business firms. When you put your FDI attraction net out, you may be about to catch a green fish, or a purple fish or an orange fish or a black fish. You don't know which color big FDI fish you'll catch, but that's okay, because you are looking at a multitude of potential fish that are looking for a community in which they will fit. Isn't that strategy for landing a big one statistically more rational than saying, we have two old Soviet firms that produce ball bearings and we're looking for the very individual who will interested in rejuvenating them? It's market diversity. By marketing for FDI, you are marketing to a more diverse set of buyers than just marketing for the single investor who will do what you want them to do.

So at least as I see it as a manager, FDI attraction as an element of a community's competitiveness strategy, is a low hanging fruit, with potential high returns because of its relationship to inviting diversity into the process of community development.

I have been talking a great deal about communities and this conference and is about regional development. Communities are of course parts of regions, so if communities develop and grow economically, there is a feeling that their encompassing region will also grow, as long as uneven development is not at play. But over time, our USAID projects in local economic development moved from municipal economic development strategies to sub-regional economic and competitiveness strategies. We did so for the obvious reasons, a sub-region that consists of a number of communities and interlaid raions, has advantages of scale over individual communities. There is a greater work force pool, a greater number of universities and research institutes, a greater amount of available land, and a greater number of businesses that could become part of a larger economic cluster or value chain.

There is also, of course, a greater diversity of potential options for development and a greater diversity of ideas, which naturally I like. But one important point, at least in our Project, is that when we discuss economic sub-regions, or city clusters or urban agglomerations, we are not talking about administrative units that appear on political maps. Instead, we are talking about communities that have an economic logic to work together on a competitiveness strategy. These communities may be in different raions or even different oblasts, but they have a compelling reason to join efforts for mutually beneficial economic and competitive growth. That differs, we think, from oblasts, which were cobbled together because of ease or capability of controlling and providing for given populations. Oblasts are administrative by design; the sub-regions with which we work are economic.

Now, I think I've mentioned the term diversity about a 1000 times tonight, even though my talk is entitled "Policy Frictions in Managing Regional Economic Development". And I haven't said one word about policy or frictions, have I? So here we go.

I think that in today's Ukraine, just like in the United States over the last two hundred years, just like in the European Union, the eternal question of centralization or decentralization hangs over policy notions of economic regional development. It is a complicated question with political control ramifications, and I have no desire to be discussing matters of political power. Rather, I think that as future contributors to economic policy making, you young economists should give thought to the relative efficiencies and economic value of decentralized approaches as opposed to centralized approaches to regional development; and most of all, you should be giving thought to the ideal

mixes and potential collision points inherent in development policies that employ both decentralized and centralized approaches in varying degrees. So that's what I'd like to discuss in closing this address.

I have been speaking with reverence of the power of diversity in promoting sustainable regional development. In my world view, who but communities themselves should make the decisions about the community's economic future and growth? Who but the various members of that community should be engaged in that decision-making? What but the broadest possible diversity of ideas should be the subject matter of debate and decision-making? What but the broadest mix of assets should be ordered and corralled to realize the decisions made? And how but by use of the widest selection of available opportunities should the assets be utilized?

That is my world view. It comes out of my culture, where the marketplace of ideas, as conceived by John Locke, is combined with the marketplace of commerce, so that culturally I believe that the diversity of those marketplaces will yield the best decisions and the most efficient and value-driven economic growth over the long-term. Again, it's my culture, and the virtues of diversity within communities of humans are locked in my mind and heart as the best answer to long-term survival and sustainability.

But am I correct in these assumptions? Because there is another world view. People often talk of national industrial policy, where sober economists do analysis and evaluation of the assets of a nation, and determine which industries make most sense for the nation to support, and where those industries should be located. Or a little more mildly, where experts are employed to determine which sectors in a region are most likely to succeed in the long-run, with the expectation that those sectors will receive the benefits of an education system geared for them, of infrastructure suitable for them, of legislative policies favorable to them and other forms of support from either the national or regional government.

And that may work very well, though the decision-making is more top-down than bottom-up. I don't know for sure. And honestly, the admirers of that type of top-down system do not know if that kind of more concentrated decision-making will really result in the most successful and enduring economic profile either, do they? They come from a culture of centralized, top-down planning, and they believe in it. They believe it makes development more rational, less haphazard, less open to chance and risk posed by what they see as the unplanned for and the unknown. And they may be right, who knows?

And this is not just an abstract, academic discussion, because tensions can arise. For instance, let's say an oblast governor, under direction from the central government, puts together an oblast economic development plan by using his various expert departments. That plan calls for renovating and rejuvenating two brown field factories in the capital city so that, a bit updated, they meet production levels of Soviet times and put people back to work.

And let's say that at the same time, my project is working in an economic sub-region in that oblast (and maybe crossing into another oblast), helping formulate a sub-regional competitiveness strategy. And the sub-region's strategy says that the sub-region will put aside land to attract a foreign direct investor that will be asked to employ and upgrade the skills of the local skilled work force and to create their supply chain using local SME's. And the sub-region then hooks up with the perfect FDI that will invest in a greenfield in the sub-region, meeting all the sub-region's needs for new, quality jobs and value chain relation-building. And guess what the FDI will be producing? Its own modern variation of the very products that the brownfield facilities favored in the oblast plan will be producing.

Do you get this now? Do you get the problem? Who wins, because these investments are going to be in competition. A centralized planning approach has produced a brown field investment idea; a decentralized planning approach has produced a green field investment idea. And they will inevitably be in competition.

Who wins? Which plan prevails?

Well, we all know because we live in the world that the oblast governor's plan will prevail because he has the bigger stick. That's life and politics. But is it okay? Is that the best way to solve this friction? Is that the best result for the society? And of course, the answer is no. The bigger stick isn't necessarily the most beneficial economic solution. The best way to resolve this conflict is by an economic analysis of which project will produce the greatest benefit at the least cost.

An economic analysis.

My belief in diversity for determining economic strategies of regional development, and the orientation of others towards more centralized planning are beliefs, but that's all they are. Beliefs, cultural preferences, comfort zones. But they can't tell us which management approach, centralized or decentralized, is best for unveiling the best economic strategy. To answer that issue, we need more rigorous economic analysis from young people like you to see which alternative works best when and where, and to see how, if at all, they can mix.

If centralization versus decentralization causes policy frictions in terms of regional economic development, I believe that it's people like you who can smooth those frictions with credible economic analysis. I think that your professors would cringe at the naive simplicity of this request: provide me an analysis of which is better for sustainable, innovative and job-creating economic growth, decentralized or centralized approaches to regional development. It's too big, too broad, too simplistic a framing of the issue, your profs would say, and it probably is. But the issue can probably be taken in blocks and examples and studies of events, as well as informed by discrete predictions and statistical modeling.

And honestly, in the matter of regional economic development, I think that's what Ukraine needs—good economic analysis about which management approaches to regional development have worked, are working, and will work best to create lasting wealth. Because use of the wrong management approach will hamper the development and economic growth of regions.

Naturally I hope that your research will prove that I'm correct to glorify diversity through a more decentralized and more flexible decision-making process; but if there's a more efficient and sustainable way to manage economic development, and it's more top-down, then I definitely want to see the proof of it. Lots of decisions are being made these days about the country's economic resources and how best to steward them and see to their productivity. The debate cannot only be one of metaphor and cultural preference. We need good numbers and research that policy-makers of both centralized and decentralized leanings will stand up and notice as valuable for choosing the management approaches to take. That's your work as economists. Solve these frictions for us, okay? Make us a Cambrian Explosion of real research and real analysis, so that we use the best and most effective methodologies and approaches for managing regional development.

Thank you.



As a USAID chief of party for more than twelve years, Mr. Ockman has promoted local economic development in Ukraine, increased industry and national competitiveness in Bulgaria, and championed commercial law reform in Kyrgyzstan.

In Bulgaria, on USAID's Economic Growth and Investment Project, he led his team in the development and implementation of a competitiveness strategy for the information and communication technology (ICT) sector that resulted in 30 percent profit growth sector-wide, the creation of approximately 5,000 new jobs, and an increase of \$30 million in sales over two years. He and his team helped to restructure and strengthen Bulgaria's Investment Agency, during which time the agency facilitated foreign investments of more than \$2 billion. To enhance sector competitiveness, his project created the Business/Science Innovation Initiative and Exchange, which led to an estimated 20 percent increase in business investment in deals between Bulgarian science and business.

On the USAID Local Economic Development project in Ukraine (LED), Mr. Ockman directed a project that helped 76 Ukrainian cities create multi-year economic development strategies through a participatory public/private process led by the business community and implemented by city administrations. Through those strategies and foreign direct investment training, LED's partner cities have collectively attracted more than \$2.5 billion in investment and created more than 50,000 new jobs.

Mr. Ockman holds degrees in government (B.A., Harvard), international rural development (M.A., University of California at Davis), and law (J.D., New York University School of Law).