Mr. John Shirey
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Can you give an overview of how you’ve seen the economic development profession evolve or change over the course of your career?

There have been two things that are fairly overarching and significant. In the beginning of my career, we were much more focused on chasing grants. That is, [we] chased mostly federal grants. Over time we have become much more reliant on local resources to get the job done, and less reliant on federal and state resources. The focus of our funding sources has changed over time, [and] that has been significant.

Second, economic developers, we were much more focused on business attraction and less so on business retention. Over the 30+ years of my career we’ve come to understand, to a much greater extent, the focus needs to be on retention. It doesn’t mean that we give up on business attraction. It just means that we’ve come to understand that something like 80% of the job should be [focused] on business retention and growing what we have, and less so on chasing businesses [and] chasing [the] relocation of businesses from one spot to another. We’ve become much more mature in our pursuit of business than we were thirty years ago.

What role has technology played in this evolution?

There are two ways to answer your question. First, thirty years ago we didn’t have any focus on technology as a business sector. Of course, now we do, and everything is technology-related. And then, in terms of work tools, we didn’t have much in the way of personal computing when I started out. We didn’t have cell phones, Twitter, social networking, and all those things we have today. So really, there’s hardly any comparison between now and when I started out. And it makes me sound like a fossil <laughs>, but I’m really not. So technology today, both [with regard to] our personal tools and as a business sector, does not look much like it did then.

How have you seen financing change within the field over that time?

Some of the tools are still the same. I’m engaged in Tax Increment Financing for redevelopment agencies in California. We had that tool when I started, though much greater use is made of that tool now. I think that goes along with my observation that many years ago we used to pursue a lot of federal grant money. There were categorical grants. Many of those have gone away. We still have some, but they didn’t grow with inflation.

The same kinds of public works and economic development grants that we used to think about years ago [are] just not an important part of what we try to do now. We also didn’t have very much reliance on business improvement districts (BIDs). They weren’t even authorized in some parts of the country. Today, BIDs are common. We try to get local business areas to do for themselves what we can no longer do for them. We encourage them to find external funding sources. All different kinds of financing, like special improvement districts, are used now. We
didn’t think much about [them] thirty-five years ago. So, there’s been a great shift from national funding sources to more reliance on local [sources]. Those are just a couple of examples.

**Can you describe your personal career path? How did you become involved in economic development?**

I’m not a traditional economic developer, so my career path is really different than most of the people you’re probably talking to. My pursuit really has been general administration and city management. Now, I’m running a nonprofit organization that is focused on redevelopment; and that is part of economic development. [But,] my career path is really much different.

I started out in local government in a city manager’s office. I made a few moves back and forth across the country, [and I] did a stint in Washington as a lobbyist for [the] National League of Cities. I came back to California [and] was involved in local government again. That time [it was] in county government. It wasn’t economic development *per se*, but [it was] economic development along with community development. [That included] housing, redevelopment, [and] the whole range of activities that we would generally put under a label of either economic development or community development. But then I moved back into more mainstream general government management, first as an assistant city manager and then as a city manager. But all of those jobs focused on economic development [and] the importance of having economic development activities.

When I was City Manager of Cincinnati, I had an Economic Development Director working for me. I wasn’t involved in economic development one hundred percent of the time, but I was involved much of the time. I have never let economic development slip as an important activity in any government that I’ve been in.

So my early exposure to economic development [came] when I worked for the City of Long Beach the first time, and it’s been a constant part of my career [since]. It’s just [that] I’ve approached it from different perspectives.

**Can you give a more detailed timeline for your career?**

I started my career in 1972 when I was still in graduate school. Again, [I] first worked in a city manager’s office. [Then, I had] different job stints, lasting from three to eight years, along the way. I started in the West, then worked in the East, then [back to] the West, then to the Midwest, [and] then back to the West <laughs>. [There were] some cross-country hops, but everything really started in 1972.

**What skills did you come to acquire over time? Did certain skills become more important as your career progressed?**

There’s never a substitute for having good schooling in budgeting, finance, and human resources. No matter what any of us are doing specifically, you have to be skilled in the basics.
I developed more [specific] knowledge along the way. For example, [I learned about] redevelopment. It involves complex law in California. Those skills were important to me in a variety of capacities, not the least of which is the job I have now. You learn the specific skills as you go along, but you [need] the basics no matter what you’re doing.

**How long have you been at your current position?**

This current job I have had for almost nine years.

**Would you please speak a little bit more about your time working as a lobbyist?**

I went to Washington in January of 1979 and was there almost four years. That was the last two years of the Carter Administration and the first two years of the Reagan Administration. When I went to Washington, even though it didn’t seem like it, the statistics showed that federal assistance to local governments had already reached its height and was starting to decline. The zenith was reached right before I got to Washington. When I was still in Long Beach, we were heavily engaged in [the] pursuit of federal grants, and I was at the lead.

As a lobbyist, we were much more engaged in trying to hold on to what we had. We still pursued new grants, but we were really trying to hang on to what we had. I was really hired by National League of Cities to win renewal of general revenue sharing (GRS). New people in the profession don’t even know what that was. I was successful in getting GRS renewed, but I didn’t get any increase [in funding]. Of course, the program eventually died.

We were already starting to see changes in the early 1980s with respect to federal support of local government. I always joked that I left Washington because [it] wasn’t big enough for two Californians. And it looked to me that Ronald Reagan wasn’t going anywhere, so I decided to return to California <laughs>.

**Now that you’re working for the state, what is your priority in regard to securing grants?**

As the head of the trade association, our focus is on retaining the tools that we have under state law. We’re not really focused on federal money. We’re focused on trying to make sure the state doesn’t take away Tax Increment Financing and [other] redevelopment tools. So it’s really state-focused.

**What challenges did you have to overcome throughout your career?**

I’ve had a great deal of involvement in intergovernmental relationships. That was my specialty at one point. That was acquired at a time when we were hustling grants, so it was important to have intergovernmental relationship skills. But that has evolved over time.

Our greatest challenge has been trying to keep the relationship between [the different] levels of government straight and on an even keel. It just seems like at one point or another, federal or state governments are trying to limit or take away what we can do to foster economic development at the local level. Again, [we can] reflect on the history I just told you about. First,
we were at odds with a federal government that wanted to cut back on local funding sources for, among other things, economic development. Over time we’ve had to do battle with [the] state government to retain or change local tools. [We have tried to] make our tools change with the times. It has been a challenge to get federal and state governments to respect the role of local governments in a variety of activities, including economic development.

This year we’ve been engaged in suing our state government for taking two billion dollars of local property tax money that is used for local economic development. Well, we never thought about [having to do] that [before]. I never thought I’d have to sue the State of California, [but] I’ve sued the state twice to retain local money for local economic development purposes.

**What is the state’s argument for taking the money?**

It’s an unstated argument, which is: “We’re broke, so we’ll steal your money to make our budget ends meet.” They want to [label] different things now “redevelopment,” but it’s a charade. It is all about trying to justify the ends by redefining the means. They’re starting to call anything “redevelopment.” For example, in this last budget [cycle], the state decided to take $350 million of redevelopment money for trial courts. [They are] trying to convince people that trial courts are now an economic development activity. Well, that’s just absurd. It just shows you the desperation that now exists in our [state] capital. We are so desperate at the state level that we are calling anything [economic development in order to justify taking local money. I don’t think the challenge has ever been greater than right now.

**As the leader of so many organizations, can you talk about some of the leadership challenges you have faced?**

There are two levels. One [level] is dealing with elected officials who have changed over time. We no longer see as many people running for local office [because] of [their] sense of civic duty, [their desire to] give back to their communities, [or] out of an obligation to provide local leadership. Those days are pretty much gone. They have been replaced by individuals who look at local office as a career and a job. We’ve really seen a change in the type of person coming to office. On the good side, we’ve also had a change in the composition of [the] type of people who run for local office. We have many more women and minorities who run for office as opposed to thirty-eight years ago. When I started out, elected office-holders were mostly white males, [and that] wasn’t good either.

We also have many more competing interests [today]. Interests were fewer and more homogenous than what we see now. [There are] lots of opposing interests all competing for the same pie. That’s really been a big change over time.

Managing local governments has become more challenging. [There are] many more legal issues that you [must be aware of] when managing work forces. In the public sector, there are challenges of dealing with unions and organized employee groups. They have always existed, but [they] have become more contentious over time because of competing interests. So the jobs haven’t become easier. They’ve become more difficult over time, and I don’t think I’m just saying that because I’ve been around a long time.
How has the role of women in economic development changed over the course of your career?

Thankfully, we have more people involved in economic development, and many more of them, in terms of both numbers and percentages, are women. I think that’s good. We’re wasting half the brain power if we don’t involve women in economic development. [The same is true] in every discipline and every field. We have more women involved than we used to. You go to an IEDC conference now, [and] it’s still a lot of white males. But compared to many years ago, when it was CUED, you wouldn’t have seen many women at all at those meetings. Now there’s a better mix, although we have a ways to go.

How were you involved with CUED?

I wasn’t a member of CUED. I was aware of CUED’s founding because I had a mayor, who got involved in the early years. Of course, my boss Jim Hankla was involved in the founding of CUED as well. So I was very aware of the organization and what was going on. But Jim Hankla was our participant. He and the mayor were in Washington attending meetings while I was holding down the fort <laughs>. It was a different point in my career. I used to deal with people like Carol Patrilick, when she went to work for CUED, because she used to work for us [at] the National League of Cities. There were always ties between what I was doing at NLC and at CUED, but I wasn’t a member of CUED.

I regularly read the CUED bulletins and particularly [focused on] the legislative things that were [being published]. I was always getting CUED information.

How did you see the organization change?

We were in on the ground floor. The Council on Urban Economic Development was still a new idea. Why wouldn’t there be a focus on urban economic development? And that’s what gave rise to CUED. I wasn’t really involved, but became aware over time that there was a splitting of resources. There was more than one organization involved in the economic development field. That’s what gave rise to the eventual merger of AEDC and CUED. I didn’t have anything to do with that merger, but I was on the sidelines rooting them on, because I thought we needed to consolidate resources. It seemed that neither organization was able to do what they needed to do. So, I thought the merger made a lot of sense. I will always credit Jeff Finkle with having the vision and the drive to make that happen. Also, I credit the people at CUED for saying, “Hey, we need to do this.” There is nothing more painful than merging two organizations where both have to give up their long-term identity in order to form a new organization.

Are you member of IEDC?

Yes, long-term member of IEDC.

How have you seen IEDC evolve over the years?
I was there from the moment of that merger. IEDC has grown and matured as an organization. I really do see the benefit of the merger. There are more resources available. There is less confusion over who’s doing what, and who’s responsible for what. And IEDC has really grown into the premier organization for economic developers. There is no longer a debate for economic developers about which organization they should belong to. If you’re in economic development, IEDC is the place to be. I think that’s a tribute to the leadership and the evolution of the organization [since] the merger. I’ve seen nothing but positives. I can’t think of anything negative about the merger and the way IEDC has grown to where it is today. We’ve gone through a terrible recession, and it has rocked the profession. But, if anything, we’ve been better going through that with IEDC as the [primary] organization as opposed to if we had just tried to hang on to the old organizations. We benefitted from having the two organizations come together and having everyone coalesce around IEDC.

Would you elaborate on the effect that the most recent recession has had on the economic development field?

The most obvious [effect] is that we’ve lost millions of jobs in this country. Nowhere has that been more painful than here in California. Our unemployment rate is still over twelve percent. The national average never got as high as it was here in California, so we have been harder hit than most. It makes us all say to ourselves, “Well, if we’re doing such a great job, how come we’ve lost all these millions of jobs?” It is making our job much more difficult.

Along with losing jobs, we’ve lost resources [and] our ability to get things done. There are fewer options available to us for financing investments. So, all of us in economic development are just trying to figure out the next steps. What’s the new “normal?” That’s a new term that’s taken root…what’s the new “normal” for how we’re going to be able to do jobs in the future? [The recession] has just changed a lot of things. For many people, “our cheese got moved.” Familiar ways in which to get things done are now brought into question. We’ve got to rethink and reposition ourselves for the future. And I don’t have all the answers. I don’t think anybody does. How are we going to operate in the future? [Simply] in terms of being able to finance deals. We used to [make] deals with much less equity than is required now. Well, finding that additional equity that you need to do deals [is] difficult. There isn’t anything about what we do that has not been changed by the recession. But by the same token, the world wasn’t “real” before the recession, and we knew there had to be a correction. Anybody who says that they knew the correction would be as big and deep as the one we’ve had would be lying to you. I don’t know anybody who [predicted] the degree of the change that we actually experienced.

It seems as though you enjoy the challenge of trying to figure it all out.

Well, I think so. For me, it’s not so much enjoying the challenge as feeling a sense of obligation to help people get through it and find answers for how we’re going to survive in the future. The intrinsic value comes from accomplishment, from succeeding. It’s not some inner sense of joy I feel that maybe others do. I have a little different mindset than others. To me it’s the sense of accomplishment that’s important.
Taking a step back...since you weren’t a member of CUED, what made you want to be a member of IEDC?

I left Long Beach, became a city manager, [and was] no longer working with Jim Hankla. He had been the point person for us at CUED. [I decided] I needed to take on that leadership role with a group like IEDC. And then, when I came back to California as the head of the California Redevelopment Association, there was not really another organization that focused principally on economic development. My heart and my home was IEDC, so I have been more active in [the organization] since I’ve become head of CRA.

What have been some of the most pressing economic development issues throughout your career?

We have had other downturns in the economy. I remember the early-1990s pretty well. I was in a transition [period]. I was still in California, but I was preparing to go to Cincinnati as a city manager. I remember sitting through the annual UCLA economic forecast and being told “California is recession-proof.” [It said] we wouldn’t experience the same downturn as the rest of the country because our economy was so diverse. What a bunch of baloney that was. It hit California, and I swear in real estate we had almost a depression, as opposed to a recession. The bottom dropped out of values. We had just established a new redevelopment project in Long Beach, and the recession hit, and we were upside down in that project area. In other words, the property values had dropped below the base level when we established that project area. That’s just one example. I remember that recession being worse than predicted and hitting California fairly hard.

Then when I went to the Midwest I had a different set of challenges. [There was the] “Rustbelt Syndrome,” where businesses were leaving and relocating to sunnier climes in the South. [We had] to deal with [the] manufacturing industrial base that was eroding before our very feet. Those were pretty substantial challenges as well.

You said that you were not involved with the merger between AEDC and CUED, but what do you believe brought about initial merger discussions?

I’m sure you’ve interviewed Jeff, and [he] knows all of that chapter and verse. But from my perspective, I didn’t know anything about AEDC…really nothing. I just knew that there was another organization and some people felt torn between the two. Some people had a sense of obligation to CUED and others to AEDC. AEDC always seemed more academic to me. I just remember the issue was, “Are we going to have two organizations that bump along, or are we going to try to have one organization that’s strong?”

But you were a proponent of the merger?

I was.

You mentioned a few positive outcomes of the merger, but would you like to address any others?
I think that the change of names, from the Council on Urban Economic Development to the *International* Economic Development Council, connotes a different organization. I think people viewed CUED as specialized...as a bunch of people who work in large, maybe even inner-city environments. Now, we aspire to be *the* economic development umbrella in the world. We haven’t achieved the complete international aspect yet. But domestic economic developers of all kinds see this as their organization. These people may be working in rural settings. When it was CUED, I’m not sure they saw a home at CUED. We have [members from all fields]: districts, economic development corporations large and small, rural, urban, center-city and suburban...[and] they all have a home at IEDC. Whereas, I don’t think that was so true at CUED. So we have created an organization where everybody who identifies with the field of economic development can say, “There’s something there for me.” And while we’ve grown the international sector, obviously we have a lot more to do there. That’s just tough work, and that’s going to take time.

**Let’s go into more detail on that. How can IEDC fulfill its international potential?**

Well I am not an international person, because all of my focus here is on California and domestic interests. I don’t really know how to grow the international aspect. I think it somehow is going to get caught up in the globalization of the economy, and that has been going on for some time now. I believe it’s coming, because we are forced to look internationally at what we’re doing in economic development. So, how [can] we attract professional people around the world to IEDC? I’m not really sure. I just know that the time has come because of the globalization of the economy. Every good economic developer is currently thinking about the international forces at work. So, it is going to happen, [but] I’m not the one to chart the course for how it’s going to happen.

**During your career was there anyone who inspired you? A mentor?**

The big name is Jim Hankla. [He] is really the reason I’m at IEDC today and the reason I won the DeLuca Award. He’s the guy that first explained to me what economic development meant. I can still remember that. So really, Jim Hankla has been my mentor.

**Have you mentored anyone in the field?**

Not in the way that Jim Hankla mentored me, but there were a lot of people along the way that I’m sure I influenced in terms of their career and their focus on economic development or redevelopment. In my current role, I’m more of a leader of the masses than individuals. We do professional development and training through my organization. I’ve tried hard to make sure we’re on the cutting edge and the leading edge so people in the field can look to us, and to me, and to this organization’s staff, to find answers.

**Is there anything you’d like to add about the current status of IEDC or the direction it is headed? Do you see any emerging trends or have any predictions?**
IEDC will have to be stronger in terms of looking at where the jobs are going to be in the future. The organization has to be more forward-thinking. Not that it isn’t now, [but] it’s just that this recession has really rocked us. It’s taught us that many of [the] old jobs that have been lost are never coming back.

We’ve got to figure out where the new jobs are going to be. We can no longer “play checkers.” We have to “play chess.” We have to think two, three, four, or five moves ahead. That’s the challenge. The two issues go together: globalization and where the jobs are going to be. Obviously, we’ve lost jobs overseas. We’re going to have to figure out how we get international needs met with jobs in the United States. We’re going to have to think about much more of a merged global economy. IEDC is going to have to think about opportunities for job creation in the future. How do we cope with the fact that lost jobs aren’t coming back? We can no longer just wait for a rebound in the economy. That is not our job. Our job has changed fundamentally. All [of] this could be for the better if we learn from our experience in the last three years and [come to] understand the sea change that has occurred.