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Interview Conducted with Tye Libby on December 15, 2010

How have you seen the economic development profession evolve/change over the course of your career?

In the early stages, [economic development] was much more public-works oriented and comprehensive-planning oriented. Each community had a planning staff that tried to guide development, [but they] really did not play much of a role in trying to stimulate economic development. Their focus was from a historic comprehensive planning perspective. The federal government’s role was pretty much limited to financing public works. Quite often, those public works were not financed or consistent with planning principles. They did not typically stimulate economic development, but [they were] just [used] to meet the city, county, or state’s needs.

How have you seen financing within the economic development field change over the course of your career?

The fundamental change was that in the very early years the financial input was largely the construction of public works…most of which were financed and developed for other purposes. Over time, particularly in the late 1930s, there began to be a thought that economic development was a viable activity. [The goal was] not just to accommodate economic development and growth but to stimulate it…at least through the provision of infrastructure. In the very early stages, work would be done to create the businesses themselves.

How have you seen technology change the economic development field?

There are two perspectives on that. [One refers] to technology activities that economic developers might try to attract or create. [The other refers] to the use of technology to process data and carry out a much larger agenda of activities with the same amount of manpower and financial resources. The role of technology as a kind of activity is really very new. I suppose many economic developers have only aggressively focused on technology-based industry for the last ten to fifteen years. Prior to that, it was more smokestack chasing. [It] was not really trying to create businesses and [it was] not necessarily focusing on those [businesses] that might be creating technology products.

There has been a tremendous increase in the effectiveness of economic developers because of technology. Site-location people [now] do all of their fieldwork primarily on the computer rather than flying to a city and asking them to put together a package. All of that is done electronically. The city anticipates their request and has most of it on their website. So, the site-location people use that almost entirely until they narrow it down to just a few cities…or maybe even just a few sites within a single city. The use of technology by economic developers has been at least as important as the emergence of technology-producing entities as a target for economic development.
How do incentives affect the economic development field? Do you see them as positive or negative? Do incentives need to be reformed?

The perspective is a very key determinate. If you are referring to the effect of incentives on national economic growth, [then] I wonder if they are very important. I think the use of incentives has [only slightly] increased the amount of economic development within the continental United States. Rather, incentives have had a substantial effect on where that economic development [locates]. From a national perspective, it is hard to make a case that incentives are a particularly good thing. Rather, a particularly aggressive jurisdiction [can] get a larger share of the total pie whether they would deserve to get that [or not]. If you look at [the use of incentives] as a tool of the individual economic developer, [then the] city council or county board that the economic developer works for has tremendous leverage over that process. A complicating factor is the leverage that the congressional delegation has in using earmarks as to shift development from one political jurisdiction [to another]. So, from the perspective of the wellbeing of the overall economy, it’s hard to make a case that incentives are a positive factor.

They really are an exercise in political influence. From an individual economic developer’s standpoint, [incentives] offer tremendous leverage. Your customers—the industries that are looking for new locations to expand or start new businesses—fully expect to have incentives offered to them. [They will] let communities compete for [their business] with those incentives. There was a time when incentives were just used to make the bottom-line work. That’s really not the way potential industry looks at it now. They know the incentives are out there, and they [believe] they ought to be getting as large of a share as they can…regardless of whether that facility breaks even.

That is a major change philosophically. [In the past, a company] would say that they needed [a certain] number of dollars over [a certain] period of time to make [the facility] a profit-generating component of their corporation. Now, they might start off by saying that, but in reality they’re saying, “We’ve been offered incentives from other places. If you can’t equal that, then it is a significant disadvantage in our decision-making process.”

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

I was involved in a management program at Northwestern University and worked one summer with the planning and economic development director for my hometown. [I] began playing golf with him. We were in a lot of evening meetings, so we could justify sneaking away from time to time to play nine holes. [I] became very impressed with the importance of planning and economic development for the quality of life of most communities. So, I transferred down to the University of Illinois where there was a program in economic and urban development. Then, I went to the University of North Carolina to get a graduate degree in Regional Economics and Planning.

[When] I got out of school, I felt like the weakest part of my education was in economics and finance. So, I sought out a job with Hammer & Company, which I thought was the strongest
economic development consulting firm around, in order to get a little post-graduate work in economic development. I stayed with that firm over the years.

I stayed in the field because I felt it was an excellent opportunity to “do well” and to “do good.” If you get an MBA and go off to Wall Street, you certainly “do well.” You make lots of money. But, you’re not necessarily doing much good for anybody but yourself. In the urban economic development field, about half of our consulting practice was for major corporations and developers that were doing quite well. The other half was for inner-cities and other [groups] that were not competing well. Through our efforts, they were able to do much better, and we considered that “doing good.”

So I’ve stayed with that over the years, and I have taught part-time at the University of Virginia. [But, I haven’t taught at UVA for few years.] From time to time [I teach] in other places, but [I’ve] primarily stayed in the economic consulting field with a career path focused on both those “doing good” and those “doing well.” In the last decade, an awful lot of [my work] has focused on technology-based economic development with universities and others.

**What are you doing now? You are a partner in your own firm?**

That’s right. We had a corporation [called] Hammer, Siler, George Associates, and we phased that out about five or six years ago and formed a small partnership. I continue to operate in that partnership, although we have slowed down activities. One of our partners has retired, and another has moved off to another assignment. We continue to have an economic and financial consulting practice, but it’s a relatively small one. Again, [we are] primarily focused on university and resurgent technology-based economic development.

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

I believe is the single highest skill in economic development is in finance. [This includes] financial management [and] the financial structuring of deals to get more leverage. That was the focus of my career at each stage, and those are the skills that I continued to hone over the years.

**What were some of the major challenges that you have had to overcome throughout your career?**

Certainly, when you are in consulting, one of the constant challenges is the competition for assignments. One part of it is being very good at what you do. But, in addition to that, you have to be able to win jobs in a competitive process. I think the primary challenge for a consultant is winning competitive RFPs and other work opportunities. You can be very good, and you can do a lot of good, but only if there are clients that allow you to do it. That is really the primary challenge on the consulting side.

**Were you involved with CUED or AEDC?**
Yes. I was involved in CUED. I joined about the same time that Jeff Finkle did. I actually joined the CUED Board and became Treasurer about the same time that Jeff became Executive Director. So, we’ve worked at it together for a long time.

How did you see CUED evolve throughout your participation with the organization?

I think it has evolved towards [taking] a deal-structuring approach as opposed to [taking a] general economic policy [approach]. It became more diversified when AEDC joined on. We always thought of AEDC as [being] the smokestack chasers [and] the site-location folks. We thought of CUED as being the central-city dealmakers. That has evolved over time. In the last decade, I think Jeff [Finkle] and the team have been very successful in building a much stronger public policy role—for both IEDC and economic development professionals in general—in terms of influencing national and state budget decisions and the amount of resources that are available for economic development.

You mentioned serving on the CUED Board and being Treasurer. Did you reach a higher role than Treasurer?

I think so. I think I proceeded through the chairs to Vice President, but I was not made President. There was a little bit of a thought that consultants, at least within CUED, should not be President.

What exactly were your roles within CUED? Do you remember any particular committees on which you served?

When Jeff [Finkle] and I joined the Board, the finances of the organization were in terrible shape. The previous director had taken [the organization] to the point where there was not enough financial resources to meet the payroll two months out, and then he left. We had to get a number of the members to pay their conference dues and annual dues in advance in order to have enough cash flow to survive. So, in the early years, it was very much a survival role that we were playing to make the thing work. Of course, that has improved over time. Over the course of that, I played a key role in the development and expansion of the Awards Program. [We went] from giving out one career achievement award to [all] of the awards we have now. That was one of many career activities. But, as a board member who served on committees, I focused particularly on marketing and how we could expand the organization after we got to the point where our finance [situation] was reasonable.

Are you a member of IEDC? Have you been in the leadership at all?

I have not been all that active in IEDC. I was involved in the early negotiations between CUED and AEDC, but once the merger took place, I don’t think I had an official role.

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

One specific [issue] has been that the legitimacy of eminent domain has been questioned. [Eminent domain] is important to create sites for economic development.
The real issue has been the growing legitimacy and influence of [IEDC] and the economic development profession in national policy decisions. There are those in the government that think that private enterprise makes all those decisions best, and that we are all better off with less meddling in those decisions. That is a constant. Some people might call that a conflict between the two [political] parties [and] others might not; but, in any event, there is a substantial group that still feels that private enterprise knows best. They feel that IEDC is mucking around in what private enterprise does best and deteriorating the efficiency of [the private sector] by introducing considerations other than those that are best for business. They think that what is best for business is best for the economy and the [general] population. That conflict continues today.

**Did you have a relationship with any elected officials? Did you lobby?**

We were never registered lobbyists. We very often would assist our clients in requesting federal, state, or local funding through political bodies. To get that financing [you must] be able to explain the project, the reason for the financing, and how the financing would advance the project. But, [you must] also [be able to explain] the broader cause of job growth, public revenue [generation], and that sort of thing. We regularly played that role. But, that role is subtly different [than lobbying]. We would be involved in determining and recommending what the project should be and how it could be most cost-effective. Then, we would partner with the client in their effort to get the funding through government. We tend to think of lobbying in negative terms. We call it “government representation” <laughs>.

**What brought about initial discussions of the merger? What were some of the ultimate reasons for the merger?**

The financial aspects were really the primary reason for those discussions. Initially, AEDC thought they were financially strong and CUED was financially weak. When the numbers actually came out, it turned out the CUED was actually financially much stronger than AEDC, which was about to collapse. So, there was no question that the merger had to take place. That really was the dominant process that brought about the merger.

That really was the primary reason. The result, though, has been to give the single entity more budget resources [for] better research. [IEDC] speaks with one voice and plays the larger public policy role that I have talked about. Obviously, if you had two groups, there was a great deal of repetition. A lot of budget resources were being used to achieve that repetition. When the two [organizations] came together, you had the combined resources of a much bigger membership and the elimination of the duplication of a lot of functions.

**Are there any other positives that you saw come out of the merger?**

I think those really are the major ones. One organization was much more effective than two competing organizations due to those three or four things I indicated.

**Did you see any negatives come out of the merger?**
As we look at it today, which is a significant amount of time after the merger, I would say no. I think that the old AEDC side feels it is fully supported, and I think the old CUED side feels it is fully supported. Each side probably feels that it should have a larger share of the total action than it does. But, this was not true initially, because both sides felt as if they were going to be taken over and that their priorities were not going to be deemed as important. But, I think the process has worked out very well over the long-term.

**Do you think that the merger was inevitable, or could the organizations have continued coexisting?**

I think they were in the process of proving that could not continue to coexist. They were going to disappear...[at least] one of them was going to disappear. For a while, the thought was, “Well, if CUED doesn’t come with us, they are going to disappear.” Then, with a little more well-developed arithmetic, it appeared that the Executive Director of AEDC was somehow managing to convince the AEDC Board that their financial position was a lot better than it really was. They tended to not have much staff. Rather, they used consultants to do most of the work. In reality, there is no question that both of them could not have survived financially. They absolutely would not have. If they [would have] stayed separate, I think there is a good chance that neither one would have survived terribly well.

**During your career was there anyone who inspired you? Did you have any mentors?**

Yes. Very early on there was a gentleman by the name of Lou Whitmore who was running the planning program at the University of Illinois. He was also functioning as the Special Assistant to the first Mayor Daley of Chicago. He had a great influence [on me].

The Planning Director in my hometown, Bill Klatt, was very sensitive to economic development issues. He was certainly the first who got me interested in the field itself.

Then, [there was] Phil Hammer, who was the senior partner of the firm Hammer & Company when I first joined it. [He] was probably the top urban economist in the country and a very inspirational guy. Those were really the key folks I think.

**Did you mentor anyone in the economic development field?**

Running a large consulting firm over a long period of years [means that] I certainly have played a key role in the career development of an awful lot of people. At one point, we felt like Hammer & Company had actually trained and developed most of our competition. So, there was a broader scale...a constant training of economic and financial personnel that went off into the field.

**Where do you see IEDC now? Where do you the organization going into the future?**

While I am not a board member, I certainly watch it closely. I have to watch Jeff Finkle, of course, or he takes too many strokes on the golf course <laughs>. It has been on a steady, gradually upward trend in what I think is the most important part of its activity, which is establishing the national policy perspective of economic development within the nation’s capital.
And, when I say policy, I mean policy in action. Not only are elected and appointed government officials important, but the public and private interest groups are very key because of the influence they have. They have influence over national public policy decisions. IEDC is steadily increasing its role. It’s a highly competitive and complicated arena, but it’s steadily increasing its influence over those decisions that relate to the economic wellbeing of the population. I think that is extremely important. It’s a role where the organization has a dramatically greater leverage than that of its relative membership. So, I think that is the major achievement of recent past and will be the major achievement of the future.

Just to reemphasize, a very major achievement of IEDC over the last decade has been to make local/regional economic development a major presence at the national policy and budgeting “table.” A major opportunity for IEDC over the next decade and beyond is to continue to develop articulate positions on this topic, and, more importantly, to continue to enhance our position in the dialogue.

**How is globalization affecting the field in general? Do you see a global role for IEDC?**

The economy is certainly becoming an international economy. I think the question would be whether the optimum role of IEDC is in the development of national and international economies or in the continuation of its focus on the local and regional economies that are most closely associated with the well-being of the citizenry. Within the context of limited resources, I think the priority should not be trying to reach out and establish a global role. I would be totally sensitive to supporting good thinking in that regard, but I would keep the very limited set of resources focused on economic development in cities, states, and regions.

**How has the most recent recession affected the economic development profession?**

We are really in a situation where there appear to be more reducing activities than increasing activities even though we were told the recession was over eighteen months ago. I think it is dramatically reducing the amount of resources available for catalytic economic development activity. Cities and states are broke, and that affects the amount of staff they can hire and the amount they can spend on initiative economic development projects. Even though economic development is part of the solution in the long-run, it is part of the problem in the short-run to the extent that it draws on competitive dollars.

**Do you have any other stories or anecdotes from you career that you would like to share?**

No, I don’t think so. I’m sure I could I come up a few if I thought about it awhile, but I am not sure they would greatly improve the quality of your survey. I think the good news is the role of the organization, through its various fits and stops, has continued to enhance its role in national policy and, therefore, the quality of life for all of us.