Exploring The Community Factor of Economic Resiliency

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Abstract

Resilience takes on many different meanings, but when we speak of the resilience of a market we are generally referencing the capability of that market’s capacity to respond, regroup and move forward, usually after an event or series of events that impede or encumber a market’s economic sustainability. The outcomes of a stable and performing market are indicated by its economic performance. Using economic indicators as a base, this study analyzes three markets as they recover from destabilizing events and attempt to respond, regroup and move forward. The study analyzes the Las Vegas, New Orleans and Detroit markets from an economic standpoint and measures the level of segregation in each of these areas. The study then explores, if the segregation indices as a proxy for community continuity indicate higher economic recovery in the less segregated market.

Background

The 2008 recession statistically was the worse recession on record since the 1929 Great Depression, and the Las Vegas market was one of the hardest hit areas in the country. This study explores one of the key aspects of resilience in community, and using a comparative analysis approach, comparing the Las Vegas market to other markets around the country like Detroit, MI and New Orleans, LA, which have also sustained hardship, disasters or tragedy in recent years, to see if the community factor provides a consistent indicator of economic resiliency. The study uses segregation indices as its primary proxy of community given that the diversity of a community can represent a level of cohesiveness and cooperation, and minimize the impact of social challenges caused by high concentrations of segregated communities.

Methodology

The methodology of the study uses descriptive statistical analysis produced from data provide by the U.S. Bureau of Economic Analysis, the US Census Bureau, the American Fact Finder and the Bureau of Labor Statistics. The study was designed to analyze three distinct but related urban markets. The outcomes were all measured using traditional economic indicators of unemployment, population, job growth and regional Gross Domestic Product (GDP). In addition to the traditional economic indicators, the study also looked at foreclosure rates given that the Las Vegas challenges were directly associated with a housing bubble. These economic indicators were established as measurements to help determine the ability of subject markets to respond after the misfortune or event which negatively impacted the economy of the area.

The community measurement for the study provided a more difficult challenge than the outcome measurement. There is no single measurement factor for the establishment of community, as it is intuitive or intangible in nature and considered to be an essential component of resilience, but its ability to be measured by a single indicator is elusive. This study uses segregation indices as a proxy for the measurement of community. Using segregation indices represents a level of cohesiveness in a community and, although not a perfect representation, it gives an idea of the level of inter-relational networks, which possibly exists without racial or ethnic community boundaries. The ability for the diversity of communities to co-exist speaks to the potential for community networks to develop.

Analysis

The segregation index held true with population shifts in Las Vegas increasing post event, whereas both New Orleans and Detroit experienced population losses post event, although at the 2012 mark New Orleans begins to show some signs of post event population recovery.

New Orleans and Detroit had already begun to show economic challenges pre-event, which also could account for some of the differences identified in the population counts. However, the Las Vegas market does report increasing employment counts from 2005 to 2010, whereas both New Orleans and Detroit report declining employment counts.

All three markets indicate the similar patterns of unemployment and all three markets have continually improved their unemployment rates since 2010, although the Las Vegas unemployment rate still remains extremely high and does not indicate greater improvement over the more segregated markets from the periods analyzed.

The Michigan region overall reported higher levels of increased regional Gross Domestic Product as a percentage, reported by the U.S. Bureau of Economic Analysis in a state by state analysis in 2011. For the purpose of the study, Michigan reported a 2.3% increase in GDP, followed by Nevada with a 1.2% increase and Louisiana in one of the lowest quintile in the country at 0.5% growth in GDP.

The results from the study indicate mixed responses in determining if segregation indices could be used as an effective measurement of community in terms of economic resiliency. Using Cutter’s frameworks as the basis provides that the community factor plays a significant role in the resilience of an area, and it is possible that the low-segregation levels that exist in Las Vegas have contributed to its economic improvement since 2008. It is possible that combined with other variables and measurements, that segregation can have an impact on the ability to determine levels of resiliency, but from the data retrieved for the purpose of this study, segregation indices, although they cannot be excluded, cannot alone adequately predict a market’s ability to quickly respond and recover to adverse misfortunes.

Future Research

Future research using additional variables and controlling for government externalities through quantitative analysis could be used to determine the statistical significance of the segregation index. However, from the data presented in this study, the use of segregation indices is inconclusive in supporting its use as a clear indicator of a market’s ability to recover after a traumatic event.

Findings and Conclusion

- The segregation index held true with population shifts in Las Vegas increasing post event, whereas both New Orleans and Detroit experienced population losses post event, although at the 2012 mark New Orleans begins to show some signs of post event population recovery.
- New Orleans and Detroit had already begun to show economic challenges pre-event, which also could account for some of the differences identified in the population counts. However, the Las Vegas market does report increasing employment counts from 2005 to 2010, whereas both New Orleans and Detroit report declining employment counts.
- All three markets indicate the similar patterns of unemployment and all three markets have continually improved their unemployment rates since 2010, although the Las Vegas unemployment rate still remains extremely high and does not indicate greater improvement over the more segregated markets from the periods analyzed.
- The Michigan region overall reported higher levels of increased regional Gross Domestic Product as a percentage, reported by the U.S. Bureau of Economic Analysis in a state by state analysis in 2011. For the purpose of the study, Michigan reported a 2.3% increase in GDP, followed by Nevada with a 1.2% increase and Louisiana in one of the lowest quintile in the country at 0.5% growth in GDP.

References

United States Census Bureau, www.census.gov

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