Neighborhood based Community Resilience

# Economic Resilience

*City Planning Master Studio*

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CP 501 Planning Studio I

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# DEFINING ECONOMIC RESILIENCE

**Economic resilience** refers to the capacity of an economic system to absorb disturbances, maintain function, and recover from disruptions, such as economic downturns, natural disasters, or significant market changes. [1,2]

This concept is particularly important at the local or urban levels, where the interaction of social, economic and infrastructural factors determines a society's ability to resist and adapt to various shocks.

1. Spatial
2. **Economic**
3. Social-Cultural
4. Environmental
5. Governmental

1) Martin, R. (2015). On the notion of regional economic resilience: Conceptualization and explanation. Journal of Economic Geography, 15(1), 1–25. https://doi.org/10.1093/jeg/lbu015. 2) Glaeser, E. L. (2022). Urban resilience. Urban Studies. https://doi.org/10.1177/00420980211052230.

# THE IMPORTANCE OF ECONOMIC RESILIENCE

## *“Why is the economy central to societal structures and resilience?”*

The economy is central because it determines the allocation of resources, the organization of labor, and the capacity of societies to withstand and adapt to crises. Economic resilience, in turn, is necessary to shield vulnerable populations from systemic inequalities and ensure the long-term stability of societal structures.

### *1. Economic Structures Shape Society*

- "The mode of production of material life conditions the social, political, and intellectual life process in general"[1]. This foundational role of the economy makes its stability and resilience critical to the functioning of society as a whole.

  - The shift from an agricultural economy in the 1950s-1980s to industrial and service-based urban economies fundamentally altered family structures and societal norms. Rural-to-urban migration accelerated, creating large cities like Istanbul, Ankara, and Izmir. This shift brought about new labor dynamics, such as wage labor in factories or informal sectors, changing both social ties and political demands.[2]

1) K. Marx, A Contribution to the Critique of Political Economy, Progress Publishers, Moscow, 1977, with some notes by R. Rojas

2) Keyder, Ç. (1987). State and Class in Turkey: A Study in Capitalist Development. Verso.

## 2. *The Current Economic System is a System of Crises*[1,2]

- Capitalism's crises are not anomalies but are essential features of the system, arising from contradictions such as overaccumulation and declining profitability. These crises destabilize economies, which then ripple through social and political structures.

- Resilience becomes critical to managing and mitigating these impacts, especially for the working class, which often bears the brunt of economic upheavals.

  - The 2008 financial crisis exemplifies how capitalist contradictions like overaccumulation, and speculative markets destabilize the global economy. In the pursuit of profit, financial institutions engaged in risky lending practices (subprime mortgages), leading to a housing market collapse in the United States. The crisis rippled worldwide, triggering unemployment, business closures, and austerity measures that disproportionately harmed workers and vulnerable populations.[3]

  - The currency crises we have been experiencing since 2018 are an example of the crises and contradictions of the system. Over-reliance on foreign loans and speculation has led to increased inflation, destabilizing the economy. This crisis has deeply affected society as people face wage erosion, small businesses struggle to stay in business, and the cost of living has skyrocketed. Such crises are not caused by external shocks, but by the internal contradictions of the system itself.[4]

. 1) Harman, C. (1996) The Crisis of Bourgeois Economics, International Socialism 71 (Summer 1996), http://pubs.socialistreviewindex.org.uk/isj71/harman.htm. 2)Rhodes, R. A. W. (2014). Just do it differently? Everyday making, Marxism and the struggle against neoliberalism. In S. Ayres (Ed.), Rethinking Policy and Politics: Reflections on Contemporary Debates in Policy Studies (pp. 49–70). Chapter, Bristol University Press. 3) Harvey, D. (2010). The Enigma of Capital and the Crises of Capitalism. Oxford University Press.. 4) Yeldan, E. (2021). The Turkish Economy in the Global Context: Past, Present, and Future. Routledge.

### 3. *Economic Stability Supports Resilience*

- It ensures access to essential resources like food, housing, and healthcare, which are crucial during crises. Societies with robust economic systems can better adapt to and recover from disruptions such as financial crashes, pandemics, or natural disasters. [1]

  - During the 2023 earthquakes in southeastern Turkey, the economic stability of regions like Istanbul and Ankara enabled more immediate disaster relief. In contrast, economically weaker regions struggled to access food, temporary housing, and healthcare quickly, exacerbating the crisis for residents. Economic resilience, such as robust public infrastructure and state funding, is vital in mitigating disaster impacts. [2]

### 4. *Economic Resilience as a Defense Mechanism*[3]

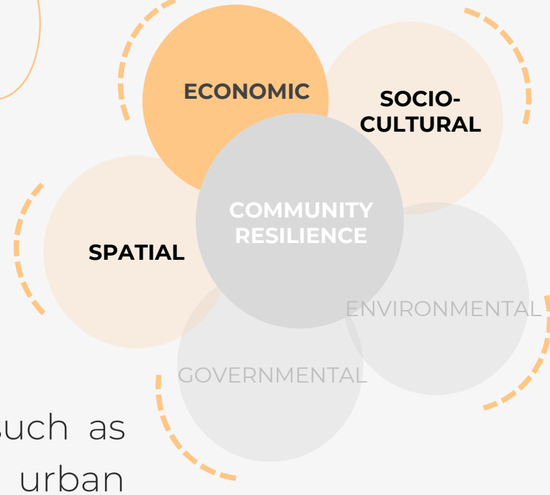
- Economic resilience is crucial for protecting people -especially workers and small businesses- from the effects of the instability of financial markets. The inability to carry the economic burden of daily life is an indicator of people's vulnerability, and economic resilience is critical to increasing resilience to economic challenges.

  - Communities that invest in cooperatives or localized economies show greater resilience during crises. For example, worker cooperatives in Argentina emerged after the 2001 economic collapse. Businesses abandoned by owners were reclaimed and managed collectively by workers, ensuring job preservation and income stability in a failing economy. [4]

  - In Turkey, local cooperatives like the Kadın Emeğini Değerlendirme Vakfı (Foundation for the Support of Women's Work) help women establish small businesses, fostering economic resilience. [5]

1) Tomlinson, Jim, 1981, The 'Economics of Politics' and Public Expenditure: a Critique, Economy and Society, volume 10, number 4 (November 1981). 2) Eraydin, A., & Taşan-Kok, T. (2014). Resilience Thinking in Urban Planning. Springer. 3) Resnick, S. & Wolff, R. (2010). The Economic Crisis: A Marxian Interpretation. Rethinking Marxism. 22. 170-186. https://doi.org/ 10.1080/08935691003625182. 4)Sitrin, M. (2012). Everyday revolutions: Horizontalism and autonomy in Argentina. Zed Books. 5) Ercan, F. (2017). Community-based Economic Resilience in Turkey: A Cooperative Approach. Journal of Economic Issues.

# ITS IMPACT ON OTHER RESILIENCE DIMENSIONS




***"How does the economy affect other dimensions of resilience?"***

- **Spatial Dimension**
  - Economic stability and investment shape the quality and distribution of spatial resources, such as housing, infrastructure, and public spaces. Unequal economic relations lead to uneven urban development, where affluent areas benefit from high-quality infrastructure, while marginalized areas experience neglect.[1]

  - Conversely, economic challenges often result in disinvestment in marginalized areas, deteriorating infrastructure, and spatial inequality. Wealthier regions recover more swiftly from crises, while poorer areas remain vulnerable, perpetuating cycles of spatial and social exclusion[2]

- **Social Dimension**
  - Social resilience is highly correlated with access to critical resources such as education, healthcare, and employment, all of which are mediated by the economy.

  - Economic instability erodes social cohesion and solidarity by increasing social inequalities, unemployment, and poverty. Communities with fewer resources are less equipped to recover, increasing vulnerability.[3]

1) Uitermark, Justus. (2011). S. Fainstein: The just city. Journal of Housing and the Built Environment. 27. 10.1007/s10901-011-9243-8. 2) Harvey, D. (2012). Rebel cities: From the right to the city to the urban revolution. Verso Books. 3) Wacquant, L. (2008). Urban outcasts: A comparative sociology of advanced marginality. Polity Press.

- **Environmental/Ecological Dimension**
  - Environmental sustainability often relies on economic investment in green technologies, conservation projects, and renewable energy. A resilient economy supports these initiatives, reducing vulnerability to climate change and environmental degradation.

  - .Economic downturns exacerbate the prioritization of short-term profits over environmental sustainability, with deregulation and resource exploitation becoming more prevalent. These practices deepen ecological crises, which disproportionately impact vulnerable communities.[1]

- **Governmental/Institutonal Dimension**
  - Governments depend on economic surplus for funding public services, crisis response, and infrastructure development. A stable economy underpins governance capacity.

  - Economic crises constrain government budgets and lead to austerity measures that disproportionately harm vulnerable populations. Cuts and privatization of public services exacerbate systemic inequalities, reducing the state's ability to ensure resilience.[2]

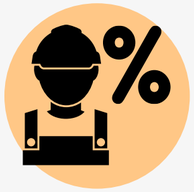
1) Swyngedouw, E. (2010). Apocalypse forever? Post-political populism and the spectre of climate change. Theory, Culture & Society, 27(2–3), 213–232.

2) Brenner, N., Peck, J., & Theodore, N. (2010). Variegated neoliberalization: Geographies, modalities, pathways. Global Networks, 10(2), 182–222.

# INDICATORS/COMPONENTS OF ECONOMIC RESILIENCE

***“What should be in a neighborhood with a resilient economy?”***

Diverse Economic Base



Employment Stability and Labor Force Participation

Governance, Policy Support and Access to Financial Resources

Affordable Living Conditions

Social Capital

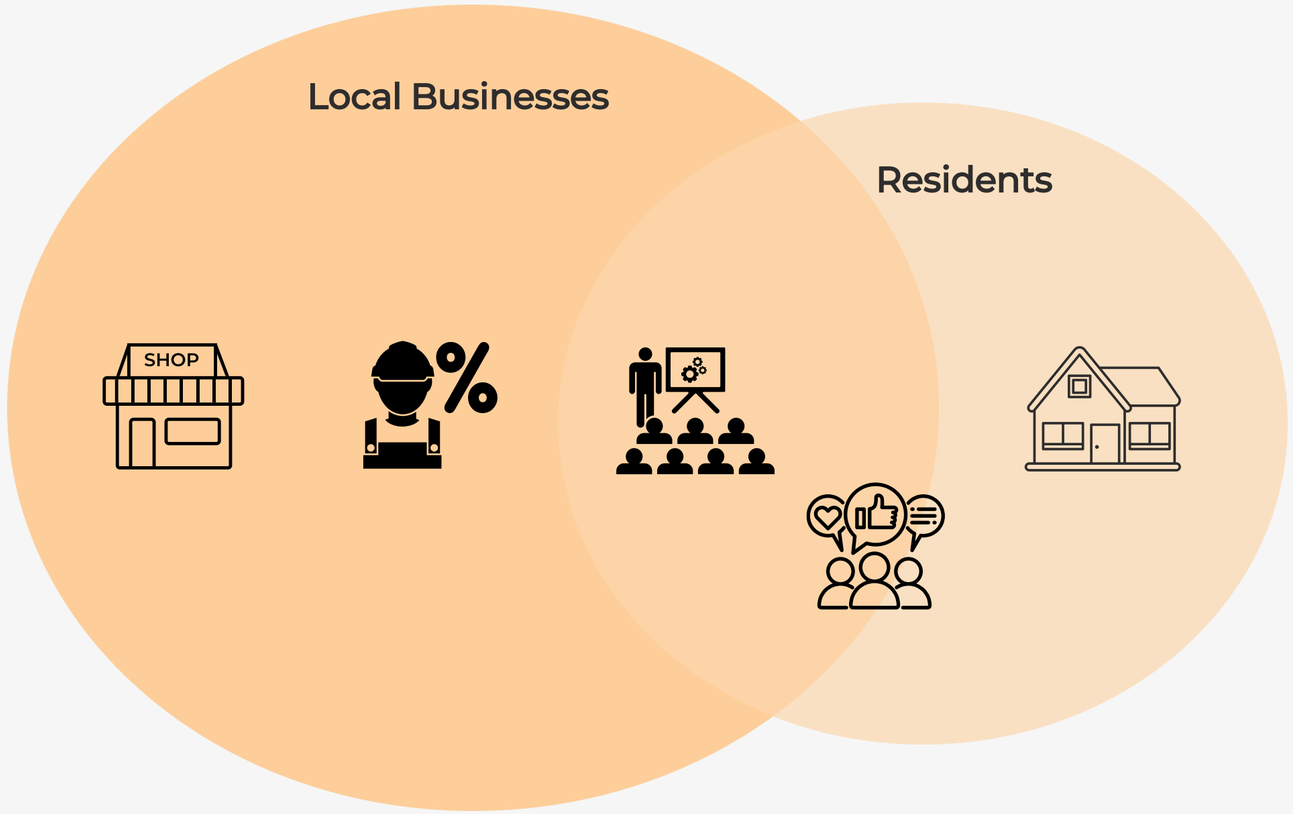
There are two subjects of economic resilience on the neighborhood scale: **Local Businesses & Residents**

The indicators that most affect the **Local Businesses** are as follows:

- Diverse Economic Base
- Job/Employment Stability & Labor Force Participation
- Governance, Policy Support and Access to Financial Resources

The indicators that most affect **Residents** are as follows:

- Governance, Policy Support and Access to Financial Resources
- Social Capital
- Affordable Living Conditions

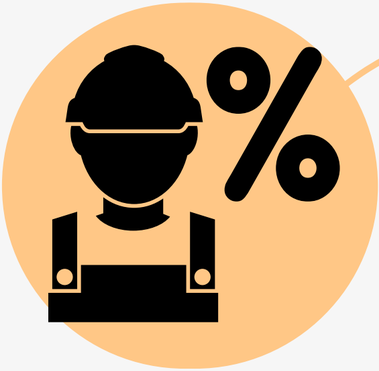


# INDICATORS/COMPONENTS OF ECONOMIC RESILIENCE

***Subject: Local Businesses***

## Diverse Economic Base

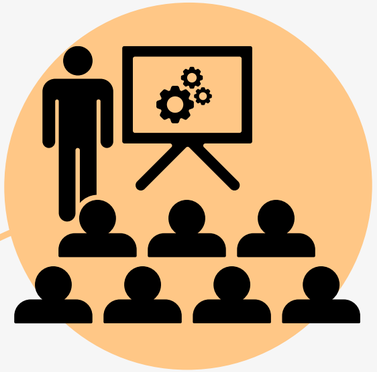
A neighborhood with a diverse economic base—where various industries and businesses operate—tends to be more economically resilient. The presence of multiple sectors reduces dependency on a single industry, making the area less vulnerable to economic downturns or external shocks that may affect a specific sector. This diversity allows local businesses to adapt and recover more effectively, fostering economic stability.



## Job/Employment Stability and Labor Force Participation

Job stability and high labor force participation contribute to economic resilience by ensuring that the neighborhood maintains a strong, skilled workforce. When residents have stable employment and regular income, they can continue supporting local businesses through consumption. High labor force participation reflects an engaged and active workforce, which helps sustain demand for goods and services, benefiting businesses.

***Subject: Local Businesses & Residents***



## Governance, Policy Support and Access to Financial Resources

Policies that support strong governance can enhance resilience by providing businesses and residents with the resources they need to thrive. This includes access to financial resources, incentives, and grants that help local businesses innovate and withstand economic downturns. For residents, effective governance can be seen in access to social safety nets, affordable housing, and public services that help cushion the impact of economic downturns.

## Social Capital

Strong social networks can help local businesses and residents respond to economic challenges by fostering collaboration, sharing resources, and providing support during times of crisis. For businesses, social capital can lead to stronger partnerships, shared knowledge, and better access to markets. For residents, it can ensure that community support systems are in place, helping to mitigate the effects of unemployment, poverty, and other economic hardships.

***Subject: Residents***

## Affordable Living Conditions

Affordable housing and living conditions are essential for ensuring the well-being of residents and their ability to weather economic challenges. When living costs remain manageable, residents can maintain a decent standard of living even during economic downturns.

Affordable living conditions also reduce the likelihood of displacement, which is particularly important in neighborhoods prone to gentrification. By reducing financial strain on residents, affordable housing enables communities to maintain a stable and engaged population, which in turn supports the local economy.

# CRITERIA FOR DETERMINING ECONOMIC RESILIENCE

## “What can be examined to understand whether a neighborhood is economically resilient?”

### 01

**Determination of Economic Sectors**

What are the dominant industries or sectors in the neighborhood?

### 02

**Evaluation of Economic Diversity**

Are there multiple industries supporting the local economy, or is it heavily dependent on one sector?

A diverse economic base reduces vulnerability to sector-specific shocks (e.g., factory closures or sector-wide layoffs).

### 03

**Labor Force Participation Assessment**

What is the employment rate in the neighborhood? How does it compare to the city average?

### 04

**Examining Job Stability**

How stable and secure are the jobs in the neighborhood (e.g., permanent vs. temporary, formal vs. informal)?

Stability and participation rates reflect the neighborhood's ability to retain employment during economic fluctuations.

05

### Examining Government Policies and Programs

Are there government policies or programs aimed at supporting local businesses and residents during economic challenges?

06

### Determining Access to Financial Resources

Do residents have access to credit, loans, or other financial resources for personal and entrepreneurial needs?

Supportive policies and financial access can help individuals and businesses recover more quickly from economic disruptions.

07

### Investigating Living Affordability

What is the ratio of housing costs to average household income in the neighborhood?

08

### Examining Affordable Living Options

Are there affordable options for essential goods and services (e.g., groceries, transportation)?

Affordable living conditions allow residents to better manage economic shocks without sacrificing basic needs.

09

**Inspection of Social Network Quality**

How strong are the networks and relationships within the neighborhood (e.g., community organizations, neighborhood groups)?

10

**Evaluating Social Capital Effectiveness**

Do residents participate in local decision-making or collaborate on economic initiatives?

Social capital fosters mutual support, resource sharing, and collective action during crises.

# Is this neighborhood economically resilient?

By answering these questions, we can understand **whether a neighborhood is economically resilient.**

# SCOPE OF THE STUDY: LOCAL BUSINESSES AS SUBJECTS

## Narrowing down the subjects of study: "Why?" [1,2,3]

There are many indicators needed to measure the economic resilience of a neighborhood. However, **to ensure the depth and focus of the study, it is essential to narrow down the subjects and frame the research within a specific scope.** For this reason, local businesses have been selected as the focus of the study. There are several reasons for this choice:

1. **Core of the Neighborhood Economy**
   Local businesses form the backbone of a neighborhood's economy. They provide jobs and offer goods and services tailored to the community, making them a direct indicator of economic resilience.

2. **Sensitivity to Economic Shocks**
   Local businesses are more vulnerable to disruptions such as economic downturns, natural disasters, and market fluctuations. This makes them a valuable source of data for understanding how the neighborhood responds to crises.

3. **Strong Community Ties**
   Local businesses typically have stronger social ties with residents. These connections enhance social capital, fostering solidarity and mutual support during challenging times.

4. **Impact of Governance and Resources**
   The state of local businesses reflects the influence of governance policies, access to financial resources, and the effectiveness of support mechanisms within the neighborhood.

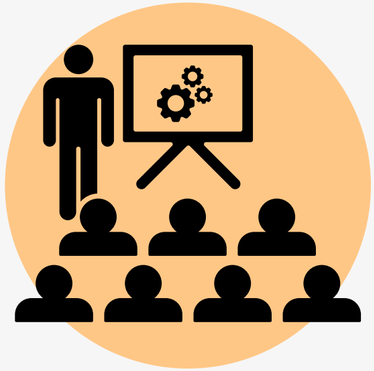
5. **Scalable Solutions**
   The challenges faced by local businesses and the resilience strategies they develop can provide practical solutions applicable to other neighborhoods with similar dynamics.

1) Martin, R. (2015). On the notion of regional economic resilience: Conceptualization and explanation. Journal of Economic Geography, 15(1), 1–25. https://doi.org/10.1093/jeg/lbu015. 2) Rose, A. (2004). Defining and measuring economic resilience to disasters. Disaster Prevention and Management, 13(4), 307–314. https://doi.org/10.1108/09653560410556528. 3) Pendall, R., Foster, K. A., & Cowell, M. (2010). Resilience and regions: Building understanding of the metaphor. Cambridge Journal of Regions, Economy and Society, 3(1), 71–84. https://doi.org/10.1093/cjres/rsp028.

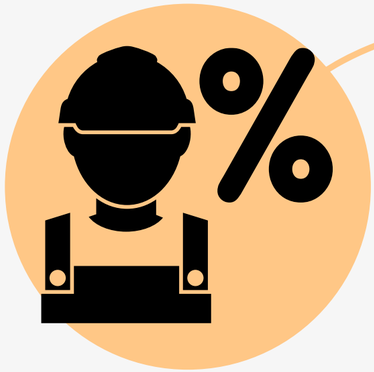
# PRIMARY INDICATORS TO BE EXAMINED WITHIN THE SCOPE OF THE STUDY

***Subject: Local Businesses***

**Diverse Economic Base**



**Governance, Policy Support and Access to Financial Resources**



**Job/Employment Stability and Labor Force Participation**

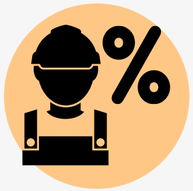
# RESEARCH QUESTION

## "How do local businesses contribute to the economic resilience of a neighborhood, and what factors enhance or hinder their ability to withstand and recover from economic challenges?"

1. What role does a **diversified local economy** play in fostering stability and mitigating risks during periods of economic uncertainty for businesses in the neighborhood?

2. How do local businesses impact **workforce participation and job creation**, and what effect does this have on the broader neighborhood's economic recovery potential?

3. How do local **government initiatives and access to financial resources** influence the resilience of small businesses within the community, particularly during economic crises?



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# Thank you!