

Research

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PROMISED LAND

How Utah became the new economic Zion

By Tony Dokoupil November 8, 2010



The Salt Lake City skyline

Dakota. “It’s a weird countercyclical phenomenon,” says Edwards, “but we’ve been busier than we’ve ever been.”

Why Utah? Founded by Mormon pioneers, the state, which has been called “a quasi theocracy” by the editor of its largest newspaper, is overwhelmingly white (93 percent) and Mormon (60 percent). Those demographics make for a socially conservative mind meld- no gay marriage, mixed acceptance of women in the workplace- that might seem hostile to the idea-swapping associated with a go-go economy. Mix in a thin coffee-and-booze culture, and you might expect Utah’s economy to be listless as well.

But the opposite is true. Greater Salt Lake City, the 75-mile corridor stretching from Ogden in the north to Provo in the south, has absorbed massive new data centers for eBay, Twitter, and Oracle; splashy new offices for Disney Interactive and EA Sports; and, just last month, a commitment from Adobe- the makers of Flash and Acrobat- to build a thousand-person software-development campus, where the minimum average salary will be \$60,000.

Homegrown tech is booming as well. The University of Utah recently tied MIT for creating the most companies out of its patented research; more than 80 since 2005. Provo, home to Brigham Young University, has the most high-growth companies per capita in the country, according to Inc. magazine. Expressing a shared sentiment among many businesspeople who go to Utah these days, Sequoia Capital venture capitalist Michael Goguen said at a Salt Lake business conference last month: “We’re noticing.”

It’s said there are no bad jobs during a recession. But there are depressing ones- like trying to recruit new business. That was Jeffrey Edward’s task as head of Utah’s Economic Development Corporation (EDC), a publicly funded carnival barker for new and emerging companies. Every state has a comparable office. But while nearly every local economy succumbed to the frozen credit markets, failing to grow much during the last two years, Utah has flourished. With Edward’s help, it set its own records for new companies (more than 40) and capital investment (nearly \$2 billion). That has helped sustain an

average of 3.5 percent annual growth during the last five years, more than any other state than energy-rich North

From EDC's Salt Lake offices, with their view of the snowcapped mountains and horizon-to-horizon blue sky, Edwards delivers a compelling sales pitch. It includes facts like cheap energy, low taxes, and top billing from

list makers like Forbes. And it follows a night on the town, where Edwards proves that "you can indeed get a drink," and "a good cup of coffee isn't that hard to find." But the close is almost bumper-sticker simple: cheaper than Washington, cooler than Texas, as outdoorsy as Colorado... and not California. Last year the EDC opened a recruiting center near Riverside, Calif., and Gov. Gary Herbert touts how he is "making the state business friendly while California is doing the opposite."

Defining itself against the liberal left coast is an act of jujitsu. Utah's biggest potential liability- its conservative, religious populus- becomes an indisputable strength. Utah's people are, indeed, an employer's dream. They are healthy, hard workers (pouring in 48 hours a week on average), and exceedingly stable, with the highest birthrates in the nation. The large number of young Mormons who spend two years on a conversion mission also means a huge swath of the population earned its sale stripes in hostile terrain. This might not offer an easily replicable path for states looking to follow Utah's economic lead. Then again, the Church of Jesus Christ of Latter-day Saints is always looking to expand.

With Mckay Coppins.