

# **The Role of AI in Building Resilient Local Economies and Communities**

## **Keynote Speech by Don Iannone**

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### **Introduction**

Good afternoon, everyone.

First, I want to thank Will Burns for inviting me to speak today at NORED's Annual Meeting. Will and I have worked together on several economic development and economic consulting projects over the years, often with Mike Carroll when he was at Bowling Green State University.

It's always a pleasure to be in a room full of people who are passionate about strengthening local economies and communities. Over the years, I have served as a consultant to several Northwest Ohio EDOs and companies, including the Toledo Regional Growth Partnership, Toledo-Lucas County Port Authority, the City of Toledo, and several counties across the region. My first consulting client in the region was the BP refinery in Lima in 1986, one hundred years after its construction by JD Rockefeller in 1886. In 1992, I worked on a couple site selection projects for SSOE.

My goal today is to offer a narrative on how artificial intelligence (AI) is shaping—right now and in the future—local and state economic development. We're already seeing early signs of its impact, but I assure you, there is much more to come. AI is no longer something on the horizon. It is here, embedded in our daily work and decision-making processes, and its influence will only expand.

Let me start by telling you how I became interested in digital culture and technology, including artificial intelligence.

My studies in philosophy sharpened my awareness of the growing debate over whether machines will one day surpass human intelligence. The concept of technological singularity—the moment AI exceeds human cognitive abilities, triggering rapid and unpredictable advancements—has long been a topic of both fascination and concern. First hinted at by mathematician John von Neumann in the 1950s, and later popularized by futurist Vernor Vinge in the 1990s, the singularity raises profound questions about control, autonomy, and the future of intelligence itself. Ray Kurzweil, a leading voice in this field, predicts AI will reach human-level cognition by the mid-2030s, setting off exponential technological change. In my view, we will achieve this development as early as 2028, as the growth of AI accelerates. Meanwhile, thinkers like Nick Bostrom warn of the ethical and

existential risks posed by superintelligent systems, calling for careful oversight. Bostrom is a Swedish philosopher best known for his work on the existential risks of advanced artificial intelligence, particularly through his influential 2014 book *Superintelligence: Paths, Dangers, Strategies*. Bostrom founded the Future of Humanity Institute at Oxford University, where he and others explore ethical and strategic challenges posed by emerging technologies.

While some view the singularity as speculative, its implications continue to shape critical discussions on AI policy, governance, and the broader trajectory of human civilization.

I started paying serious attention to AI in 2019 while writing my book *Digital Spirituality: The Influence of Digital Culture and Technology on Religion and Spirituality*, which was published in early 2020, just as the COVID-19 pandemic took hold. The book grew out of my longstanding interest in the evolution of religion and spirituality. At the time, I was watching churches embrace digital tools—streaming services, online tithing, and virtual communities were already becoming the norm during the pandemic. It was clear that the digital world had much to offer the spiritual world. That early deep dive into technology’s impact on faith opened my eyes to the broader implications of AI, and since then, I’ve kept a close watch on its rapid evolution and role in economic development and other fields.

Today, I want to talk about AI as an undeniable force that is redefining the future of work, economies, companies, government, education, medicine, law—and, yes, economic development. If we as economic developers don’t understand how AI is transforming these sectors, we risk falling behind. The first step is awareness, but the real challenge is action—understanding AI’s implications and strategically positioning ourselves and our organizations to harness its potential.

Let’s start by look at three basic questions related to AI.

### **What AI Is?**

AI (Artificial Intelligence) is a type of computer technology that can learn, analyze data, and make decisions like humans do. It allows machines to recognize patterns, process information, and even solve problems without direct human control.

Much as AI is helping medical doctors, engineers, and lawyers, AI can help economic developers by analyzing vast amounts of data, identifying trends in business and workforce development, improving decision-making in economic strategies, and in many other ways.

## **What AI Does?**

AI performs tasks that usually require human intelligence, such as answering questions, analyzing numbers, recognizing speech and images, making predictions, and even automating complex processes.

## **How AI Does What It Does?**

AI works by using algorithms (step-by-step instructions for solving problems) and reasoning models trained on large amounts of data. It learns from this data to recognize patterns, make predictions, and generate insights. Some AI systems improve over time through "machine learning," meaning they get better with experience.

## **AI's Developmental Path**

Since 2020, AI has undergone a seismic shift, moving from a powerful but narrow tool to an integrated force shaping nearly every industry. The rise of deep learning, natural language processing, and generative AI has made machines not just data processors but creative collaborators. AI now writes, designs, diagnoses, and even predicts market trends with remarkable accuracy. The launch of large-scale language models, advanced automation, and AI-driven analytics has redefined productivity and decision-making in business enterprises. In economic development, this means site selection is no longer just about raw data distilled into information—it's about AI-driven forecasts that anticipate shifts in workforce availability, infrastructure demand, and global trade dynamics. The real breakthrough of AI in the last five years has been its ability to move from the background to the forefront, influencing everything from how businesses operate to how governments plan for the future.

To make sense of what's happening, let's draw some parallels from other industries. AI is already revolutionizing diagnostics in medicine, legal research, and customer service. Doctors use AI-driven systems to detect diseases earlier and more accurately than human eyes alone. Lawyers rely on AI to sift through massive amounts of case law in seconds. Businesses are automating customer interactions with AI-powered chatbots, handling complex queries more efficiently than before. These examples give us insight into what AI will mean for economic development—better data, faster decision-making, and smarter strategies.

AI is in the early stage of introduction into economic development in a formal and organized way. However, just about every economic developer you know has an AI app on their phone or computer and uses it to support their work. Little has been written about AI adoption and use in economic development. (Pause.) It is important to note that many allied professionals that economic developers work with, such as those in real estate, construction, engineering,

marketing and public relations, and GIS mapping and data services are making growing use of AI in their work.

In July 2024, I published an article, “The Impact of Artificial Intelligence (AI) on Local and State Economic Development: A Futuristic Perspective” that examined the early signs of AI use in economic development and its future potential. Over the past couple years, Dean Whittaker from Whittaker Associates has hosted a series of webinars on AI and economic development. Dell Gines, the Chief Innovation Officer at the International Economic Development Council (IEDC) published “AI and Economic Development: Shaping the Future of Work” in July 2024. Scott Brown from IEDC published “Leading and Managing Next-Level EDOs: Leveraging Technology,” a 2023 report examining AI and other leading edge technologies in economic development.

In January 2025, IEDC published a starting literature review titled “Artificial Intelligence’s Impact on Labor Markets,” which concluded that just like with the Industrial Revolution or the early days of computers, the rise of AI brings a mix of challenges and opportunities to the job market. Sure, big changes like this can shake things up at first—but history shows they also open the door to new industries, reimagined careers, and stronger economic growth. The report went on to say that AI has the power to spark incredible innovation and boost productivity in ways we’ve never seen before. And if we take a page from past transitions—like making smart investments in education, helping people adapt, and creating fair policies—we’ve got a real shot at making sure everyone benefits from this new wave of change. (Pause)

Let’s spend a couple minutes looking at what some of the more rigorous recent research studies say about the impact of AI on jobs and work. The first two come from the Brookings Institute.

A 2023 Brookings Institution article, “Generative AI, the American Worker, and the Future of Work,” delves into how generative artificial intelligence (AI) is reshaping the American workforce. The authors highlight that generative AI has the potential to automate a wide array of tasks, particularly those involving information processing and routine cognitive functions. This technological shift is expected to impact various occupations, especially in sectors like finance, healthcare, and legal services. While AI can enhance productivity and create new job opportunities, it also poses challenges related to job displacement and the need for workforce retraining. The article emphasizes the importance of proactive policies to manage these transitions, ensuring that workers can adapt to the evolving job landscape.

A February 2025 Brookings Institution article, “The Geography of Generative AI’s Workforce Impacts Will Likely Differ from Those of Previous Technologies,” examines how generative AI is poised to affect the workforce differently compared to past automation technologies.

Unlike earlier automation that primarily disrupted lower-skill, blue-collar jobs, generative AI is expected to impact “cognitive” and “nonroutine” tasks, especially in middle- to higher-paid professions. This shift suggests that regions with a higher concentration of knowledge-based industries may experience more significant effects from AI adoption. The article emphasizes the importance of developing strategies to proactively shape AI’s impact on work and workers.

In the article “A New Look at the Economics of AI,” MIT economist Daron Acemoglu (AH-jeh-mo-loo) presents a measured perspective on artificial intelligence’s (AI) potential economic impact. Contrary to more ominous job impact forecasts (impact on 30-40% of US jobs), Acemoglu (AH-jeh-mo-loo) estimates that within the next decade, only about 5% of tasks could be profitably automated by AI, potentially boosting the U.S. gross domestic product (GDP) by approximately 1%. He emphasizes that the extent of AI’s influence will largely depend on policy decisions that guide its integration into the workforce and broader economy.

The December 2024 Bipartisan House Task Force on Artificial Intelligence’s report highlights AI’s impact across various industries, detailing both its benefits and challenges. In energy and data centers, AI’s growing computational demands lead to massive electricity consumption, exemplified by the training of GPT-4 using as much power as 4,800 homes annually. This surge in AI-driven energy use raises concerns about grid strain and carbon emissions, yet AI can also optimize energy efficiency, improve grid utilization, and advance sustainable energy solutions. Data centers, which support AI infrastructure, consume significant electricity and water but contribute to job creation, with the industry employing 560,000 directly and 4.2 million overall in 2022.

The House report says that small businesses face hurdles in AI adoption, including limited literacy, high startup costs, and regulatory burdens, though open-source models may help mitigate costs. The report urges targeted support to address these disparities. In agriculture, AI enhances precision farming, water supply forecasting, and land monitoring but faces barriers such as high costs, connectivity issues, and the need for technical expertise. AI is also modernizing commodities trading by improving pricing, compliance, and risk management. Healthcare stands to benefit from AI’s role in reducing administrative tasks, enhancing diagnostics, and accelerating drug development. However, interoperability issues and inconsistent data standards hinder adoption, necessitating transparent and secure AI implementation. In financial services, AI is already widely used for fraud detection, loan processing, and algorithmic trading, with generative AI promising to enhance efficiency and financial inclusion. Nevertheless, concerns over bias, security risks, and regulatory challenges remain. The report calls for responsible AI adoption across industries, advocating for improved oversight, investment in AI literacy, and policies ensuring equitable access and benefits.

Now, let's talk about how we might organize our thinking about AI's significance to the economic development world.

## **A Framework for AI in Economic Development**

**(SLIDE 1 HERE)** Let's do a short show-of-hands poll on your personal and work use of AI.

1. How many of you have some type of AI app, such as ChatGPT, on your phone, tablet, or computer?
2. How many of you regularly and frequently use your AI app daily for personal or business purposes?
3. How many of you work for an organization that uses AI in a formal and established way in its economic development work? For example, you use AI to analyze and generate intelligence and insights by analyzing the financial statements or other business data and information about the companies you assist with your services?
4. Finally, how many of you foresee AI playing a major role in your work in the next couple years? For example, AI is embedded in most if not all of your programs, such as business retention and expansion or workforce development.

**(SLIDE 2 HERE)** To help economic developers track and understand AI's impact, I want to offer a working framework—a set of six key issues and impacts we should be paying attention to:

1. **AI and Business Expansion, Retention, and Attraction & Site Selection** – AI is already reshaping how businesses choose locations. Site selectors and corporations are beginning to use AI-powered predictive analytics to identify optimal locations based on workforce availability, supply chain logistics, and economic trends. AI-enhanced search tools will revolutionize business site selection, making it more data-driven and precise.
2. **AI and Building the Entrepreneurial Economy** – Startups and small businesses can benefit enormously from the availability of AI tools that help prepare business plans, conduct market research, develop funding request proposals to banks, equity investors, and government ED financing programs, develop their own business AI platform, and many other things.
3. **AI-Driven Business and Economic Intelligence** – The ability of AI to process and analyze vast datasets will redefine how EDOs assess economic strengths, weaknesses, threats, and opportunities. Predictive modeling can help us anticipate

industry shifts, labor market changes, and investment trends, allowing EDOs to make proactive, rather than reactive, decisions.

4. **Workforce Transformation & AI Readiness** – AI will change the types of jobs available and the skills required to fill them. Economic developers must focus on workforce training and retraining initiatives, helping businesses and workers adapt to AI's evolving role in the economy.
5. **Smart EDOs: AI-Driven Economic Development Organizations** – High-performance EDOs will leverage AI for everything from business outreach and investor engagement to tracking regional economic indicators and forecasting trends. AI will allow organizations to operate more efficiently, reducing the time spent on administrative tasks and increasing time spent on strategic initiatives.
6. **The Ethical and Leadership Challenge** – AI isn't just a tool; it's a responsibility. Economic developers must take a leadership role in guiding communities through AI-driven change, ensuring that automation doesn't lead to displacement without solutions and that economic growth is inclusive. This requires a systems-thinking approach—seeing how AI's impact on jobs, industries, and investment flows interconnects.

Peter Senge, in *The Fifth Discipline*, said, "*Today's problems come from yesterday's solutions.*" That's a key reminder that as we embrace AI, we must do so with foresight, ensuring that the economic development strategies we implement today don't create unintended barriers tomorrow.

### **(SLIDE 3 HERE) Ten Ways AI Can Be Used in Economic Development**

1. **Business Attraction & Site Selection** – AI can help companies find the best locations by analyzing data on workforce availability, infrastructure, tax incentives, and market conditions.
2. **Workforce Development & Training** – AI can predict skill gaps in the labor market and recommend training programs to ensure workers are prepared for future jobs.
3. **Predictive Economic Analytics** – AI analyzes economic trends to help policymakers and developers make informed decisions about industry growth and investments.
4. **Smart Communities & Infrastructure Planning** – AI helps design smarter urban and rural environments by optimizing traffic, energy use, and public services to attract businesses and residents.

5. **Business Retention & Expansion** – AI can monitor business performance in a region, identifying companies at risk of leaving and suggesting proactive engagement strategies.
6. **Automating Administrative Tasks** – AI-powered tools can handle repetitive tasks like data entry, freeing up economic development professionals to focus on strategic planning.
7. **Customized AI Assistants for EDOs** – Economic Development Organizations (EDOs) can build AI systems tailored to their region, providing instant insights on economic trends and business prospects.
8. **Improving Access to Capital & Grants** – AI can match businesses with funding opportunities by analyzing eligibility criteria and guiding companies through the application process.
9. **Real-Time Business Intelligence** – AI-powered dashboards can provide up-to-date economic indicators, helping economic developers respond quickly to shifts in the market.
10. **Enhancing Public Engagement & Communication** – AI-driven chatbots and virtual assistants can answer questions from businesses, residents, and investors, making economic development efforts more accessible.

### **Conclusion:**

AI is not just a tool—it's a game changer for economic development. By leveraging AI, economic developers can work smarter, make better decisions, and create stronger, more resilient local economies. The key is to understand AI's potential and integrate it into everyday economic development strategies.

### **The Choices We Must Make**

One of the most significant AI-driven advances for economic developers is in data analysis and predictive analytics. The question is: how will we use it? AI offers an enormous opportunity for productivity—especially for small and mid-sized EDOs that may lack the large teams and budgets of bigger organizations. The choice before us is whether we integrate AI into our work to become High-Performance Smart EDOs or remain stuck in outdated methods.

AI is already embedded in the platforms we use daily. ChatGPT, Claude, Microsoft's Copilot, Google's Gemini, Perplexity, and other AI platforms are rapidly advancing. These tools work by analyzing massive amounts of data, identifying patterns, and using sophisticated models



to provide insights and recommendations. For economic developers, this means AI can assist in everything from prospecting new businesses to crafting better economic policies.

**(SLIDE 4 HERE)** Now, imagine an EDO with its own customized AI platform—one designed specifically for its regional economic data, workforce trends, and business attraction strategies. Some organizations are already moving in this direction. For example, site selection consultants are using AI-driven platforms to conduct more precise location analyses. AI is being integrated into strategic planning tools to help regions assess their competitive advantages in real-time.

### **What Comes Next?**

**(SLIDE 5 HERE)** AI is not just about efficiency—it's about transformation. But transformation requires leadership. Economic developers must be proactive in guiding their communities through AI-driven changes, ensuring that businesses, workers, and policymakers are prepared. This means advocating for AI education and training, designing economic development strategies that leverage AI, and fostering innovation while maintaining ethical oversight.

**(SLIDE 6 HERE)** To leave you with some thoughts to consider:

1. How can AI make your economic development work more efficient and forward-looking?
2. What investments should your organization be making today to ensure it remains relevant in an AI-driven economy?
3. How will you lead your community in adopting AI in a way that promotes prosperity and equity?

**(SLIDE 7 HERE)** “I’ll close with a quote from the futurist John Naisbitt: “The most exciting breakthroughs of the 21st century will not occur because of technology, but because of an expanding concept of what it means to be human.” The question is: how will we, as economic developers, embrace it to create a better, more prosperous future for our communities?”

Thank you, and I welcome your questions.

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