

AP EC 412/612
CRD 412/612
Regional Economic Development Theory and Policy
Spring 2014

ROOM: McAdams Hall 142

TIME: 10:10 - 11:00, Monday, Wednesday, Friday

INSTRUCTORS: David Hughes (dhughe3@clermson.edu)
Room 164 Poole and Agricultural (P&AS) Building
(No office phone)

Clemson Institute of Economic
and Community Development
Sandhill REC Columbia, SC (803-699-3178)

OFFICE HOURS: **Most** Mondays and Wednesdays (and certain Tuesday and certain Fridays) by appointment

Course Objectives

By the end of the semester, the student should be knowledgeable in the following areas:

1. Economic theories explaining the location of economic activities and the growth or decline of regional economies (multi-state regions, states, counties, communities).
2. Consequences of regional economic growth and development in terms of the distribution of benefits and costs across space and among local interest groups.
3. Public policies proposed to encourage local economic development and influence the distribution of benefits and costs resulting from development.
4. Shortcomings or trade-offs inherent with alternative public policies for local economic development.
5. "Hands on" experience with data and theory in a "real world" case study for an actual client relevant to the course.
6. Enhanced understanding and use of computer-based software.
7. Enhanced presentation skills.

Addressed General Education Competencies: reasoning skills, ethical judgment

Readings

Readings for the course will consist of journal articles and chapters from books on regional economics. Required and optional readings are listed within each of the designated topic areas. The required readings are denoted by a star (*). All readings are available to students on blackboard, via direct delivery, or in the library.

III. Exams and Grading

A. Exam Weights	Midterm	32% (around Mid-March)
	Project	16%
	2 nd Test	32% (April 23)
	Homework-Class Discussion	10%
	Project Presentation	10%
	TOTAL	100%

B. Grading Score

90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
59 and below	F

Undergraduate Credit vs. Graduate Credit: The exams will consist of 4 to 6 parts. Undergraduate students will answer all but one to two parts while graduate students must complete all parts of the exams. I will provide a set of candidate (i.e., possible) questions for both test based on the caveats as provided below.

Discussion Grade: The discussion grade will be based on student interest, participation, and attendance. Part of the overall class discussion grade will be a general class grade.

Homework: Due by 5:00 P.M. on the due date. Grade will drop by 5% for every day late (weekends count as a single day) to a minimum of 70%. Assignments will be accepted till the Friday (at 5:00 P.M.) of closed week (i.e., the last day of class). Students with on time assignments only, who received a grade of less than 70%, have the option of reworking their assignment once to raise their grade on the assignment up to 70%. **The policy also applies to the various versions of the Term Project.**

Tests: Makeup tests will not be given except under extraordinary conditions (documented illness, religious holidays or other equally legitimate reasons). **Except in extraordinary circumstances, students must notify me before the test if they are unable to take the exam.**

Term project: is a team (group) based effort designed to address the needs of an actual client organization. This class will be divided into small teams of students primarily based on topic areas of interest and on balance. Students will take the primary and secondary responsibility for certain parts of the report. A part of your grade may be based on grading submitted by your teammates. Your final will be a group presentation of your project; participation is mandatory. Representatives of client organizations will be invited to the presentation.

The grading policy (i.e., the percentages) only apply to teams that “hit their mark” in terms of the various versions of the project. Teams that are dysfunctional (i.e., don’t hit the marks) will have a part of their project percentage moved to the final exam. They will then be required to take a written cumulative final exam (test questions will not be provided). This final will cover all class notes and all assigned reading materials.

Class Attendance, Behavior and Treatment: Class attendance along with proper classroom behavior is expected. We reserve the right to hold pop quizzes (written or oral) as warranted with appropriate adjustments in grading policy. I also reserve the right to reorder grading percentages and not provide candidate test questions based on classroom attendance and behavior. Cheating will be prosecuted to the fullest extent of the law. All students will be treated as fairly as is possible.

V. Course Outline (Non-online readings available via blackboard or handed-out. Readings and organization subject to change)

A. Meaning of Development and Some Definitions

1. Two Views of Development and Definition of a Region

*William Grunkemeyer and Myra Moss Key Concepts in Sustainable Development
<http://www.rri.wvu.edu/WebBook/Grunkemeyer-Moss/sustainable.htm#intro>

*Ron Shaffer, Steve Deller and Dave Marcouiller. 2006. Rethinking Community Economic Development. *Economic Development Quarterly*. 20; 59-74
<http://edq.sagepub.com/cgi/content/abstract/20/1/59>

Leslie Whitener and David McGranahan. 2003. "Rural America: Opportunities and Challenges." Amber Waves, February 2003,
<http://www.ers.usda.gov/Amberwaves/Feb03/Features/ruralamerica.htm>

John Quigley. 2002. “Rural Policy and the New Regional Economics: Implications for Rural Areas.” The New Power of Regions: A Policy Focus for Rural America. Federal Reserve Bank of Kansas City. May. www.KC.frb.org/PUBLICAT/PowerofRegions/RC02_Quigley.pdf

Robert Gibbs, "New South, Old Challenges," *Rural America* 15(4), February 2001, pp. 2-6
<http://www.ers.usda.gov/publications/ruralamerica/ra154/ra154a.pdf>

2. Social Capital and Leadership

*Fabio Sabatini. Social Capital and the Quality of Economic Development. *KYKLOS*, 61(3):466-499. 2008.

*Edward L. Glaeser, David Laibson and Bruce Sacerdote. 2002 "An Economic Approach to Social Capital. *The Economic Journal* 112(483): F437 - F458.

Putnam, Robert. 2002. "The Prosperous Community: Social Capital and Public Life." *The American Prospect*. Vol. 4, Issue 13, March 1993.
<http://www.prospect.org/web/page.wv?section=root&name=ViewPrint&articleId=5175>

B. The Regional Economic Development Landscape and Export Base

1. Landscape

*Edward Glaeser and Janet Kohlhase. "Cities, Regions and the Decline of Transport Costs". *Papers in Regional Science*, 83: 197–228. 2004.

Rural County Typologies <http://www.ers.usda.gov/briefing/rurality/typology/>

2. Economic Base Models and Economic Multipliers

*Edgar Hoover and Frank Giarratani. An Introduction to Regional Economics, Chapter 11, "How Regions Develop." <http://www.rrl.wvu.edu/WebBook/Giarratani/chaptereleven.htm>

*Bill Schaffer. "Regional Models of Income Determination: Simple Economic-Base Theory." Regional Research Institute, University of West Virginia, Chapter 2; pp.1-8.
<http://www.rrl.wvu.edu/WebBook/Schaffer/chap02.html>

*Schaffer Ch. 5 pp.33-47 <http://www.rrl.wvu.edu/WebBook/Schaffer/chap05.html>

[Emery, M. pp. 165-181 Economic Base Theory](#)

*Hughes, David W. "Policy Uses of Economic Multiplier and Impact Analysis." *Choices*. 2nd Quarter:25-30, 2003. <http://www.choicesmagazine.org>.

C. Location Decisions

1. Regional Economies in Space: Von Thunen and Land Use

*Ron Shaffer, Steve Deller and Dave Marcouiller. Community Development Economics. Ch. 5, p. 81-92 (up to Land Use Planning) (**NOTE: Book designated as Shaffer et al. henceforth**).

or

*Edgar Hoover and Frank Giarratani. Land Use. Chapter 6.
<http://www.rri.wvu.edu/WebBook/Giarratani/chaptersix.htm>

*James Hite. "The Thunen Model and the New Economic Geography as a Paradigm for Rural Development Policy." *Review of Agricultural Economics*. 19(1):230-240. 1997.

2. Regional Economies in Space: Firm Location Theory from input and output sides and in general

Shaffer et al. Ch. 3 p. 38-48

*Edgar Hoover and Frank Giarratani. Location Patterns Dominated by Dispersive Forces. Chapter 4. <http://www.rri.wvu.edu/WebBook/Giarratani/chapterfour.htm>

*Edgar Hoover and Frank Giarratani., Location Patterns Dominated by Cohesion. Chapter 5.
<http://www.rri.wvu.edu/WebBook/Giarratani/chapterfive.htm>

* David Salvesen and Henry Renski. "The Importance of Quality of Life in the Location Decision of New Economy Firms." U.S. Economic Development Administration, 2002.
http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/unc_5flit_5frev1_2epdf/v1/unc_5flit_5frev1.pdf

3. Regional Economies in Space: Central Place Theory

*Edgar Hoover and Fran Giarratani. An Introduction to Regional Economics, Chapter 8, "The Location of Urban Places," (<http://www.rri.wvu.edu/WebBook/Giarratani/chaptereight.htm>)

4. Industry Clusters and Districts

* Edward Bergman and Edward Feser. "Industrial and Regional Clusters: Concepts and Comparative Application." Chapter Two, pp. 1-15 (www.rri.wvu.edu/WebBook/Bergman-Feser/chapter2.htm)

*Maryanna Feldman and Johanna Francis. "Homegrown Solutions: Fostering Cluster Formation." *Economic Development Quarterly* 18(2), 2004, pp. 127-137.
<http://edq.sagepub.com/cgi/reprint/18/2/127>

DRI-WEFA. "The South Carolina Challenge: Regional Economic Analysis." Prepared for the Palmetto Institute, 2002.
http://www.palmettoinstitute.org/client_resources/publications/DRIWEFA.pdf

*David Barkley and Mark Henry. "Advantages and Disadvantages of Targeting Industry Clusters." REDRL Research Report 09-2001-01, Clemson University, 2001.
http://cherokee.agecon.clemson.edu/redrl_rpt3.pdf

Carpio, C.E., D. W. Hughes and O. Isengildina. 2008. "Comprehensive Assessment of the South Carolina Agribusiness Cluster." Report Prepared for MarketSearch and Palmetto Institute, July.

Test 1

D. Theories of Regional Development

1. Explaining Regional Economies: New Economic Geography and Core-Periphery Models

*Paul Krugman. Page 39-65. In *Development, Geography, and Economic Theory*. 1995.

*Paul Krugman. Appendix in *Development, Geography, and Economic Theory*.

*Stephen J. Redding. "The Empirics of New Economic Geography." Centre for Economic Performance, London School of Economics. May, 2009.

<http://www.newyorkfed.org/research/conference/2009/jrs/presentations/Redding.pdf>

Regional and urban economics. Edwards, Mary E.: 2007, *Core-periphery models*

* David Barkley, Mark Henry, and Shuming Bao, "Metropolitan Growth: Boon or Bane to Nearby Rural Areas," *Choices*, 1995

*David Hughes. "Rural-Urban Economic Linkages: Implications for Industry Targeting Recommendations." Chapter 11 in S. Goetz, S. Deller, and T. Harris (editors.) *Targeting Regional Economic Development*, Philadelphia: Taylor & Francis (March, 2009).

2. Neoclassical and New Growth Theory in the Context of Regional Development

*Shaffer et al. Ch. 2, p. 26-32 (start at Neoclassical Solow.... up to Endogenous Growth....)

*Shaffer et al. Ch. 2, p. 32-36 (Endogenous Growth-end of Chapter)

*Joseph Cortright, "New Growth Theory, Technology and Learning: A Practitioners Guide. U.S. Economic Development Administration, Reviews of Economic Development Literature and Practice, No. 4, 2001.

http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/1g3lr_5f7_5fcortright_2epdf/v1/1g3lr_5f7_5fcortright.pdf

3. Product Cycle Theory and Regional Economies

*Shaffer et al., Ch. 3 p. 55-56; 105-106

David Barkley. "The Decentralization of High-Technology Manufacturing to Nonmetropolitan Areas." *Growth and Change*. 19(1): 13-30. 1988.

E. Key Elements of Regional Development

1. Entrepreneurs and Regional Development

*Edmiston, Kelly. "The Role of Small and Large Businesses in Economic Development." *Economic Review*, 2nd quarter, 2007 Federal Reserve Bank of Kansas City.

*Gregg A. Lichtenstein and Thomas S. Lyons. "The Entrepreneurial Development System: Transforming Business Talent and Community Economies." *Economic Development Quarterly*, 15 (1):3-20. 2001 <http://www.advantagevalleyels.com/downloads/EDS.pdf>

2. Human Capital

*Richard Florida. "The Rise of the Creative Class." *Washington Monthly*, May 2002.
<http://www.washingtonmonthly.com/features/2001/0205.florida.html>

*Goetz, Stephan. "Contemporary Migration Patterns and Issues." in *Migration and Local Labor Markets*, 1999 (www.rri.wvu.edu/WebBook/Goetz/Migx11.htm), pp. 1-31.

*Eades, Daniel and David W. Hughes. "Integrating Skills Gaps and Occupational Demand into Regional Economic Development Policy: The Upper Savannah Region as a Case Study." Manuscript.

Robert Gibbs, Lorin Kurmin, John Cromartie. "Low-Skill Jobs: A Shrinking Share of the Rural Economy." *Amber Waves*, November 2004.
<http://www.ers.usda.gov/AmberWaves/scripts/print.asp?page=/November04/Features/lowskilljobs.htm>

3. Social Impact Analysis

*Sumners, Gene."Small Towns Beware: Industry Can Be Costly." *Planning*. 1976. 42(4):20-21.

*Leistritz and Sell. "Socioeconomic Impacts of Agriculture Processing Plants"
Rural America, Vol. 16, Issue 1
<http://www.ers.usda.gov/publications/ruralamerica/ra161/ra161e.pdf>

Story, Louise, NY York Times, "As Companies Seek Tax Deals, Governments Pay High Price". December 1, 2012