

## UP 545: Economic Development Policy

### Meets:

**Instructor:** Prof. Marc Doussard, [mdouss1@illinois.edu](mailto:mdouss1@illinois.edu)

**Office Hours:** By Appointment

### COURSE DESCRIPTION AND OBJECTIVES

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This course will help you answer a crucial question: How can cities steer the development of their economies to ensure economic opportunities for their residents? Vibrant, equitable cities rest on a foundation of economic growth and stability. But stability is increasingly hard to come by for U.S. cities challenged by fiscal stress, continued manufacturing job losses and instability in their key industries. Economic development planning – both on its own, and as a component of design, transportation, housing and sustainability – attempts to secure sustainable growth and broadly available employment opportunities for urban residents.

Despite a dizzying proliferation of policies and celebrated cases, urban economic development remains a relatively new field. It evolved in response to urban population loss and economic contraction in the post-war era. In its earlier days, the practice of economic development was transactional and political: It revolved around deal-making and aggressive plans enacted by cities struggling to maintain footloose employers. The past twenty years have brought a wealth of technical refinement to the field. Economic development practitioners and analysts use sophisticated metrics and intensive data to answer questions about the effectiveness of their policies.

The hard science of evaluation suggests that traditional economic development programs designed to lure big employers have succeeded modestly, if at all. The subsequent search for new ideas has led to a lively period of innovation and a truly eclectic mix of programs. Today, urban economic development includes everything from living wage campaigns, to the study of industry clusters, to urban agriculture, green jobs and arts-based development.

Ideally, this course would emphasize policy evaluation, and provide generalizable conclusions about which policies provide able responses to development problems. But the evidence of policy success is uneven, incomplete and contested. Furthermore, policies are rarely as portable as we imagine them to be – a successful job-training or diversification program in one city will fit poorly with another city's problems and policymaking bodies. Judging individual policies is a complex act with no template to guide it. Indeed, one of the fundamental pleasures of economic development work is the creativity analysts must use to disentangle a policy from the many real-world factors that shape it. It is not enough to determine whether a program succeeds or fails on its own terms. The successful analyst must contextualize her evaluation with a consideration of alternative scenarios, the size of a region's underlying economic problems, the disjuncture between policy design and policy implementation, and the potential for successfully reproducing a policy among different industries, different worker populations, different economic conditions, and different cities.

The course prepares you for these challenges by emphasizing the institutional and practical elements of economic development. Each policy we consider makes sense as a response to a particular problem. But diagnosing economic problems is itself a contested act, and economic development organizations rarely implement policies as they are drawn up. The readings reflect this disjuncture, and our journey through economic development policy will embrace both the conceptual and practical components of economic plans.

In addition to a broad knowledge of economic development policy and its challenges, you should take away from this course a broader understanding of the economic life of U.S. cities. Economic development policy cannot be accurately evaluated without a careful consideration of the unique challenges and political limitations cities face. Your assignments emphasize this point by asking you to examine closely a particular policy in a particular place. Early in the semester, you will choose a policy and a region of interest. Over the course of the semester, you will develop a policy analysis that assess whether, how and under which conditions a particular program would benefit your place of interest.

## **COURSE FORMAT**

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The course will be a hybrid lecture-seminar. We will begin each session with a 20-30 minute lecture outlining key themes and providing examples of real policies and problems. The lecture will set up an in-class discussion in which you will be asked to (vigorously) participate. Economic development planning is distinguished from economic analysis by the messiness of implementation and the core role politics plays in policy. Your experiences as a practitioner, theorist and student of planning will all help bring complex subject into focus.

## **PRE- AND CO-REQUISITES**

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The course requires an intermediate-to-advanced understanding of local data and analytical techniques. You will need a) to have completed UP 505 b) be currently enrolled in UP 505 or c) possess the basic data acquisition, manipulation and analysis skills needed to make sense of local economies. Any students with questions about these requirements should see the instructor

## **COURSE MATERIALS**

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All course readings are available on-line and through Compass.

## **ASSIGNMENTS AND GRADING**

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The assignments will contribute to lively in-class discussion, and to the development of an extensive analysis of the place and policy of your choosing.

### **1) Weekly Response Papers (20%)**

Students will choose either Monday or Wednesday dates for weekly, one-page response papers providing critique and analysis of the argument, reasoning, focus, claims or empirical content of the day's reading material. I will provide detailed comments on the first week's submission to make sure you know what to expect.

### **2) Participation (10%).**

This seminar presents a unique learning environment in which you will benefit from close conversations with your peers. It is essential that you be an active participant in the discussions.

### **3) Literature Review Paper (20%)**

This assignment forms the first building block of your research paper. Early in the semester, you will choose a topic or policy to focus on throughout the course. This paper forms the factual foundation for your final assignment.

### **4) Final Presentation (10%)**

You will provide a 10-minute presentation (complete with a handout) and take questions for five minutes in the final course.

### **5) Research Paper (40%)**

The final, 20-page research paper will build on your literature review to evaluate the effectiveness of your policy for your region of interest.

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## **HONOR CODE AND LEARNING ENVIRONMENT**

The Illinois Student Code states: "It is the responsibility of the student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions." Note that you are subject to the Honor Code, as well as procedures for addressing violations to the Code, regardless of whether you have read it and understand it. According to the Code, "ignorance is no excuse."

For your written work in this course, all ideas (as well as data or other information) that are not your own must be cited. Note that ideas that require citation may not have been published or written down anywhere. While you are free—and indeed encouraged—to discuss the assignments with your peers, all of your writing, data collection, and analysis should be your own.

The Department of Urban and Regional Planning (DURP) is committed to maintaining a learning environment that is rooted in the goals and responsibilities of professional planners. By enrolling in a class offered by the Department of Urban and Regional Planning, students agree to be responsible for maintaining an atmosphere of mutual respect in all

DURP activities, including lectures, discussions, labs, projects, and extracurricular programs. See Student Code Article 1-Student Rights and Responsibilities, Part 1. Student Rights: §1-102.

## **SCHEDULE**

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### Introduction 1/14

- *Introduction to urban economies post-2008*
- *Course plan and expectations*
- *Assignments*

### **Part 1: The Problem**

### Introduction 1/22

### Decline and Inequality in U.S. Cities 1/27

- *Cities and capital flight*
- *Advanced services and the new “core” industries*
- *Changes on the job*

National Employment Law Project. 2012. “The Low-Wage Recovery and Growing Inequality.”

Clarke, Susan E. and Gary L. Gaile. 1998. “Transcending Scale: Nationalism, Globalism, Localism” and “The Changing Work of Cities,” in *The Work of Cities*. Minneapolis: University of Minnesota Press.

### Goals: Economic Growth vs. Economic Development 1/29

“Definitions and Concepts of Development,” in Malizia and Feser, *Understanding Local Economic Development*. New Brunswick: CUPR Press. (Note: The Appendix is optional, but highly informative).

### People Prosperity vs. Place Prosperity 2/3

Bolton, Roger. 1992. “‘Place Prosperity vs. People Prosperity’: an Old Issue with a New Angle.” *Urban Studies* 29: 185-204.

Agnew, John A. 1984. "Devaluing Place: 'People Prosperity vs. Place Prosperity' and Regional Planning." *Environment and Planning D: Society and Space*: 2 (1): 35-45.

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Basic Political and Economic Theories, Part I 2/5

McLean, Mary L. and Kennety P. Voytek. 1992. "Analyzing the Structure and Dynamics of a Local Economy," in *Understanding Your Economy*. Chicago: American Planning Association.

"Economic Base Theory," in Malizia and Feser, *Understanding Local Economic Development*. New Brunswick: CUPR Press.

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Basic Political and Economic Theories, Part II 2/10

"Extensions of Economic Base Theory," "Regional Growth Theory," and "Entrepreneurship Theory," in Malizia and Feser, *Understanding Local Economic Development*. New Brunswick: CUPR Press.

## **Part 2: The Practice of Economic Development**

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Big Problems, Small Policies: What Cities Actually do 2/12

- *Cities and mobile capital*
- *Rational-choice and institutionalist views of economic development*
- *Growth coalitions*

Clarke, Susan E. and Gary L. Gaile. 1998. "The Era of Entrepreneurial Cities," in *The Work of Cities*. Minneapolis: University of Minnesota Press.

Currid-Halkett, Elizabeth and Kevin Stolarick. 2011. "The Great Divide: Economic Development Theory vs. Practice – a Survey of the Current Landscape." *Economic Development Quarterly* 25 (2): 143-157

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Basic Approaches: Industry Analysis 2/17

- *Technology, factor costs and the basics of industry analysis*
- *Matching industries to locations*

Blair, John P. and Robert Premus. 1987. "Major Factors in Industrial Location: A Review,"

*Economic Development Quarterly*, 1 (1): 72-85.

Markusen, Ann. 1986. "Neither Ore, nor Coal, nor Markets: A Policy-Oriented View of Steel Sites in the U.S.A." *Regional Studies* 20 (5): 449-462.

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Basic Approaches: Occupational Analysis

2/19

- *Occupational analysis and technological change*
- *Limits to industry-based analysis*

Markusen, Ann. 2004. "Targeting Occupations and Regional and Community Economic Development." *Journal of the American Planning Association* 70 (3): 253-268.

Mathur, Vijay. 1999. "Human Capital-Based Strategy for Regional Economic Development." *Economic Development Quarterly* 13 (3): 203-216.

**Literature Review Assignment Due Friday, 2/21, 5pm**

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Tools of the Trade: Business Incentives

2/24

- *Place-based incentives and "the war between the states"*
- *Justifications for incentives*
- *The fit of incentives with industry- and firm-based strategies*
- *Drawbacks to the approach*

Markusen, Ann and Katherine Nesse. 2007. "Institutional and Political Determinants of Incentive Competition," Ch. 1 (pp. 1-41) in A. Markusen, ed., *Reining in the Competition for Capital*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

LeRoy, Greg. 2007. "Nine Concrete Ways to Curtail the War among the States," Ch. 8 (pp. 183-197) in *Reining in the Competition for Capital*.

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Tools of the Trade: Rankings

2/26

Fisher, Peter S. and Greg LeRoy. 2013. "Grading Places: What do the Business Climate Rankings Really Tell Us," Introduction, Chapter 1, Chapter 2, Chapter 3. Washington, D.C.: Good Jobs First.

Chapple, Karen, Ann Markusen, Greg Schrock, Daisaku Yamamoto and Pingkang Yu. "Gauging Metropolitan High-Tech and I-Tech Activity." *Economic Development Quarterly* 18 (1): 10-29.

U.S. Department of Transportation. "Economic Impact Analysis." <http://goo.gl/MoNHhV>

Sanders, Heywood T. 2002. "Convention Myths and Markets: A Critical Review of Convention Center Feasibility Studies." *Economic Development Quarterly* 16: 195-210.

Doussard, Marc. In Press. "Reevaluating the Pursuit of Defense Investment." *Economic Development Quarterly* 28

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Sectoral Strategies

3/5

- *Targeting industries to expand local economies*
- *Limits to industry- and firm-level knowledge*
- *Policy research vs. practice*

Fitzgerald, Joan and Nancey Green Leigh. 2002. "Sectoral Strategies for Local Economic Development," and "Industrial Retention: Multiple Strategies for Keeping Manufacturing Strong," Ch. 2, 4 (39-68, 102-131) in *Economic Revitalization*.

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Clusters: The Theory

3/10

- *Interfirm networks*
- *Agglomeration economies*
- *'Sticky' places*

Storper, Michael. 1993. "Regional 'worlds' of production: Learning and innovation in the technology districts of France, Italy and the USA," *Regional Studies*, 27, 433-55.

Porter, Michael E. 2001. "Location, Competition and Economic Development: Local Clusters in a Global Economy." *Economic Development Quarterly* 14 (1): 15-34.

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Clusters: The Practice

3/12

- *Occupational clusters*
- *The cottage industry in cluster promotion*
- *The challenge of implementation*

Feser, Edward J. and Edward M. Bergman. 2000. "National Industry Cluster Templates: A Framework for Regional Applied Cluster Analysis." *Regional Studies* 34 (1): 1-19.

Gallardo, Roberto and Bethany Stich. 2013. "The Extent of Cluster-Based Policies and the Political/Institutional Context: A Collective Case Study." *Economic Development Quarterly* 27: 325-336.

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### Inner-City Reinvestment

3/17

- *Causes of disinvestment*
- *The fit between problem diagnosis and policy prescription*

Porter, Michael J. 1997. "New Strategies for Inner-City Economic Development." *Economic Development Quarterly* 11 (1): 11-27.

Harrison, Bennett and Amy Glasmeier. 1997. "Response: Why Business Alone Won't Redevelop the Inner City: A Friendly Critique to Michael Porter's Approach to Urban Revitalization." *Economic Development Quarterly* 11 (1): 28-38.

### Part 3: New Directions

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### Anchor Institutions

3/19

- *Developing around immobile institutions*
- *Technology transfer*
- *Fiscal challenges to development based on public institutions*

Taylor, Henry Louis, Jr. and Gavin Luter. "Anchor Institutions: An Interpretive Review Essay." Buffalo: University at Buffalo.

Marcuse, Peter and Cuz Potter. 2005. "Columbia University's Heights: An Ivory Tower and Its Communities." In Perry, David C. and Wim Wiewel, eds., *The University as Urban Developer*, 45-64. Armonk, N.Y.: M.E. Sharpe.

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### Amenities

3/31

- *Attracting human capital to build innovation industries*
- *The creative class argument*
- *The assumptions about human behavior at the core of amenities research*

Florida, Richard. 2002. "Cities and the Creative Class." *City & Community* (2) 1: 3-19.

Reese, Laura A., Jessica M. Faist and Gary Sands. 2010. "Measuring the Creative Class: do we Know it when we See it?" *Journal of Urban Affairs* 32 (3): 345-366.



## Arts-Based Development

4/2

- *Arts development as endogenous growth*
- *The arts as attraction for professionals*
- *Alternative views of the economic base and import substitution*

Markusen, Ann, and Greg Schrock. 2006. "The Artistic Dividend: Urban Artistic Specialisation and Economic Development Implications." *Urban Studies* 43 (10): 1661-1686.

Currid, Elizabeth. 2007. "How Art and Culture Happen in New York: Implications for Urban Economic Development." *Journal of the American Planning Association* 73 (4): 454-467.

## Arts-Based Development, Part 2

4/7

Otis College of Art and Design. 2012. "The Otis Report on the Creative Economy of the Los Angeles Region."

Markusen, Ann. 2013. "Fuzzy Concepts, Proxy Data: Why Indicators Won't Track Creative Placemaking Success." <http://goo.gl/mbZkz>

## No Class

4/9

## Workforce Development Policies

4/14

- *The evolution of workforce development programs*
- *Their goals and limits*
- *Common applications*

Osterman, Paul. 1999. "The Changing Structure of Labor Markets," Ch. 2 (pp. 20-70) in *Securing Prosperity*. Princeton, NJ: Princeton University Press.

Giloth, Robert. 2000. "Learning From the Field: Economic Growth and Workforce Development in the 1990s," *Economic Development Quarterly* 14 (4): 340-359.

## Workforce Development, Part 2

4/16

Schrock, Greg. 2013. "Reworking Workforce Development: Chicago's Sectoral Workforce Centers." *Economic Development Quarterly*

Chapple, Karen. 2006. "Networks to Nerdistan: The Role of Labor Market Intermediaries in the Entry-Level IT Labor Market," *International Journal of Urban and Regional Research*, Vol. 30 (3): 548-563.

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Green Jobs 4/21

- *The evolution of workforce development programs*
- *Their goals and limits*
- *Common applications*

Joan Fitzgerald, *Emerald Cities*, excerpts. (On Compass)

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Living Wage Laws: 4/23

- *Effectiveness of Living Wage Laws*
- *The spread of living wage laws*
- *The political conflict over living wage policies*

Sonn, Paul K. and Stephanie Luce. 2008. "New Directions for the Living Wage Movement." In Annette Bernhardt, Heather Boushey, Laura Dresser and Chris Tilly, eds., *The Gloves-Off Economy*. 269-286. Champaign: Labor and Employment Relations Association.

Lester, Thomas W. 2012. "Labor Standards and Local Economic Development: Do Living Wage Provisions Harm Economic Growth." *Journal of Planning Education and Research* 32 (3): 331-348.

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Problems in Low-Wage Labor Markets 4/28

- *Expanding the concept of job quality*
- *Declining working conditions*
- *The problem of labor-law enforcement in deconcentrated industries*

Doussard, Marc. 2013. *Degraded Work: The Struggle at the Bottom of the Labor Market*, excerpts. (On Compass).

Bernhardt, Annette et al. 2009. "Broken Laws, Unprotected Workers." At [www.unprotectedworkers.org](http://www.unprotectedworkers.org).

- *Worker centers*
- *Codes of conduct and new regulations*
- *New roles for community-based organizations*

Fine, Janice. 2006. "Worker Centers: Organizing Communities at the Edge of the Dream." Washington: Economic Policy Institute. At: <http://www.epi.org/page/-/old/briefingpapers/159/bp159.pdf>

Wolf-Powers, Laura. 2010. "Community Benefits Agreements and Local Government: A Review of Recent Evidence" *Journal of the American Planning Association* 76 (2): 141-159.

Wrap-Up:

5/5

Presentations

5/7

**Research Paper Due Friday, May 9, 5pm**