

**AP EC 412/612**  
**CRD 412/612**  
**Regional Economic Development Theory and Policy**  
**Spring 2007**

**ROOM:** 303 Daniel  
**TIME:** 9:30-10:45, Tuesday and Thursday  
**INSTRUCTOR:** David L. Barkley  
**OFFICE:** 238 Barre Hall  
**OFFICE PHONE:** 656-5797  
E-mail Address: [DBRKLY@CLEMSON.EDU](mailto:DBRKLY@CLEMSON.EDU)  
**OFFICE HOURS:** 8:30-9:30, Tuesday and Thursday or by appointment

---

### **I. Course Objectives**

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

- A. Economic theories explaining the location of economic activities and the growth or decline of regional economies (multi-state regions, states, counties, communities).
- B. Consequences of regional economic growth and development in terms of the distribution of benefits and costs across space and among local interest groups.
- C. Public policies proposed to encourage local economic development and influence the distribution of benefits and costs resulting from development.
- D. Shortcomings or trade-offs inherent with alternative public policies for local economic development.

### **II. Readings**

Readings for the course will consist of journal articles and chapters from books on regional economics and economic development. 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 the web.

### III. Exams

<b>A. Exam Weights</b>	Midterm I . . . . .	30%
	Midterm II . . . . .	30%
	Final . . . . .	40%
	TOTAL . . . . .	100%

Make-up Exams: There will be **no** make-up exams. If one of the hour exams is missed, **for any reason**, the "value" of that exam will automatically be transferred to the final.

Then your semester grade will be determined as follows:

Exam I or II . . . . .	30%
Final . . . . .	70%

Note: If you cannot make it to class the day of the exam, the exam may be taken **before** the assigned day (provided arrangements have been made with me).

### B. Grading Score

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

### C. Undergraduate Credit vs. Graduate Credit

The exams will consist of 4 to 6 parts. Undergraduate students will answer all but one part while graduate students must complete all parts of the exams.

**IV. Attendance Policy**: Roll-call will not be taken, but attendance is expected unless extreme circumstances prevent such.

### V. Course Outline (Readings available on the web.)

#### A. An Introduction to Regional Economic Development

\* David Barkley. "Economic Development in South Carolina: An Overview of Recent Trends and Future Prospects." REDRL Research Report 08-2001-01, Clemson University, 2001.  
([http://cherokee.agecon.clemson.edu/redrl\\_rpt1.pdf](http://cherokee.agecon.clemson.edu/redrl_rpt1.pdf))

\*DRI-WEFA. "The South Carolina Challenge: Regional Economic Analysis." Prepared for the Palmetto Institute, 2002.

([http://www.palmettoinstitute.org/client\\_resources/publications/DRIWEFA.pdf](http://www.palmettoinstitute.org/client_resources/publications/DRIWEFA.pdf))

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](http://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>)

MDC Inc., "The View from the South: Why Rural Development?" in *Coming Out of the Shadows: The Changing Face of Rural Development in the South*, Chapel Hill, N.C., pp. 8-17.

## **B. Theories of Regional Economic Development**

### **1. Central Place Theory**

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

### **2. Theory of Firm Location**

\*Edgar Hoover and Frank Giarratani. An Introduction to Regional Economics, Chapters 2, 3, and 6, "Individual Location Decisions" and Transfer Costs."

<http://www.rrj.wvu.edu/WebBook/Giarratani/chaptertwo.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](http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/unc_5flit_5frev1_2epdf/v1/unc_5flit_5frev1.pdf)

### **3. The Dynamics of Industrial Locational Change**

\*National Governor's Association. State Strategies for the New Economy, 2000, pp. 11-25.

<http://www.nga.org/cda/files/STRATEGY.pdf>

R.D. Norton. "The Geography of the New Economy." Regional Research Institute Web Book, pp. 1-17. <http://www.rrj.wvu.edu/WebBook/Norton/sectiona.htm>

\*Fred Gale and David McGranahan. "Nonmetro Areas Fall Behind in the New Economy." *Rural America*, Vol. 16, Issue 1, May 2001, pp. 44-52.

(<http://www.ers.usda.gov/publications/ruralamerica/ra161/ra161g.pdf>)

\*Gerald Carlino. "The Economic Role of Cities in the 21st Century." Business Review of Federal Reserve Bank of Philadelphia, 2005, [http://www.phil.frb.org/files/br/Q3\\_05\\_Carlino.pdf](http://www.phil.frb.org/files/br/Q3_05_Carlino.pdf)

Robert Atkinson. 2004. The Past and Future of America's Economy: Long Waves of Innovation that Powers Cycles of Growth. Edward Elgar, Northampton, MA (available on Amazon.com).

#### **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](http://www.rri.wvu.edu/WebBook/Bergman-Feser/chapter2.htm))

Eric Scorsone. "Industrial Clusters: Enhancing Rural Economies through Business Linkages." Southern Rural Development Center, 2002. <http://srdc.msstate.edu/publications/scorsone.pdf>

\*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](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](http://cherokee.agecon.clemson.edu/redrl_rpt3.pdf))

Krishna Akundi. "Cluster-Based Economic Development, Part 2: An Overview of Growth Theories and Concepts." Texas Economic Development, Business and Industry Data Center. <http://www.bidc.state.tx.us/Cluster Based EconDev Part2.pdf>

### **[Exam 1]**

#### **C. Economic Development Theories**

##### **1. Economic Base and Neo-Classical Development Theories**

\*Edgar Hoover and Frank Giarratani. An Introduction to Regional Economics. Chapter 11, "How Regions Develop." <http://www.rri.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.rri.wvu.edu/WebBook/Schaffer/chap02.html>)

##### **2. New Growth Theory/Endogenous Growth**

Paul Krugman, Geography and Trade. 1992. MIT Press, Cambridge,

\*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/Image/Cache/EDAPublic/documents/pdfdocs/1g3lr\\_5f7\\_5fcortright\\_2epdf/v1/1g3lr\\_5f7\\_5fcortright.pdf](http://www.eda.gov/Image/Cache/EDAPublic/documents/pdfdocs/1g3lr_5f7_5fcortright_2epdf/v1/1g3lr_5f7_5fcortright.pdf)

Mathur, V.K. "Human Capital-Based Strategy for Regional Economic Development." Economic Development Quarterly, Vol. 13 (3) 1999. <http://edq.sagepub.com/cgi/reprint/13/3/203>

\*Shaffer, R., S. Deller, and D. Marcouiller. "Rethinking Community Economic Development." Economic Development Quarterly, Vol. 20 (1), 2006, pp. 59-74. <http://edq.sagepub.com/cgi/reprint/20/1/59>

Cortright, J. "The Economic Importance of Being Different: Regional Variations in Tastes, Increasing Returns, and the Dynamics of Development." Economic Development Quarterly, Vol. 16 (1), 2002. <http://edq.sagepub.com/cgi/reprint/16/1/3>

### **3. Entrepreneurship and Economic Development**

\*SBA Office of Advocacy. "The New American Evolution: The Role and Impact of Small Firms." 1998 ([http://www.sba.gov/advo/stats/evol\\_pap.html](http://www.sba.gov/advo/stats/evol_pap.html) )

or

\*Andrew Zacharakis, William Bygrave, Dean Sheperd. Global Entrepreneurship Monitor, National Entrepreneurship Assessment, USA, 2000 Executive Report. "The Role of Entrepreneurship in the United States" 2000, pp. 4-12. <http://gemconsortium.org/document.asp?id=136>

Sarah Low, Jason Henderson, and Stephen Weiler. "Gauging a Region's Entrepreneurial Potential." Economic Review, Federal Reserve Bank of Kansas City, Third Quarter, 2005. <http://www.kc.frb.org/publicat/ECONREV/PDF/3q05low.pdf>

National Commission on Entrepreneurship. 2000. "Building Companies, Building Communities: Entrepreneurs in the New Economy." <http://www.publicforuminstitute.org/nde/sources/reports/building-companies.pdf>

National Governors Association. 2004. "A Governor's Guide to Strengthening State Entrepreneurship Policy." NGA Center for Best Practices. [www.nga.org/Files/pdf/0402GOVGUIDEENTREPRENEUR.pdf](http://www.nga.org/Files/pdf/0402GOVGUIDEENTREPRENEUR.pdf)

\*Kendall McDaniel. 2001. "Small Business in Rural America." The Main Street Economist. Federal Reserve Bank of Kansas City, May. [www.kc.frb.org/RuralCenter/Mainstreet/MSE\\_0501.pdf](http://www.kc.frb.org/RuralCenter/Mainstreet/MSE_0501.pdf)

### **4. Employment Generation Strategies for Rural Areas**

\*David Barkley. "Employment Generation Strategies for Small Towns: An Overview of the Alternatives." REDRL Research Report 09-2001-02, Clemson University, 2001.  
([http://cherokee.agecon.clemson.edu/redrl\\_rpt2.pdf](http://cherokee.agecon.clemson.edu/redrl_rpt2.pdf))

\*Jason Henderson and Bridget Abraham. "Can Rural America Support a Knowledge Economy?" Economic Review, Federal Reserve Bank of Kansas City, Third Quarter, 2004, pp. 71-95.  
<http://www.Kansascityfed.org/Publicat/econrev/pdf/3q04hend.pdf>

David Barkley and Mark Henry. "Innovative Metropolitan Areas in the South: How Competitive are South Carolina's Cities?" REDRL Research Report 10-2005-01, 2005.  
[http://cherokee.agecon.clemson.edu/redrl\\_rpt17.pdf](http://cherokee.agecon.clemson.edu/redrl_rpt17.pdf)

NGA Center for Best Practices Using Research and Development to Grow State Economies." (by Dan Bergland and Marianne Clarke). <http://www.nga.org/Files/pdf/2000RESEARCH.pdf>

Dennis Roth, "Thinking About Rural Manufacturing: A Brief History." *Rural America*, 15(1), 2000, pp. 12-19. (<http://www.ers.usda.gov/publications/ruralamerica/ra151/ra151c.pdf>)

Chad Wilkerson, "Trends in Rural Manufacturing." *The Main Street Economist*. Center for the Study of Rural America, Federal Reserve Bank of Kansas City, Dec. 2001.  
([http://www.kc.frb.org/RuralCenter/mainstreet/MSE\\_1201.pdf](http://www.kc.frb.org/RuralCenter/mainstreet/MSE_1201.pdf))

\*Richard Reeder and Dennis Brown. 2005. "Recreation, Tourism, and Rural Well-Being." USDA, Economic Research Report No. 7, pp. 1-33. <http://www.ers.usda.gov/publications/ERR7/>

Mike Woods. "Diversifying the Rural Economy: Tourism Development." in *The Rural South: Preparing for the Challenges of the 21st Century*. No. 10, June 2000. Southern Rural Development Center (<http://www.ext.msstate.edu/srdc/publications/woods.pdf>)

Rebecca M. Winders. "Small Business Creation and Economic Well-Being of Nonmetropolitan Counties: The Case of Georgia." TVA Rural Studies Program, University of Kentucky Contractor Paper 98-8, December 1997. (<http://www.rural.org/publications/rwinders98-8.pdf>)

## **5. Understanding a Local Economy**

\*Amy Glasmeier. "The Community Economic Toolbox"  
<http://www.economictoolbox.geog.psu.edu>

[EXAM II]

## **D. Impacts of Regional Development**

### **1. Impacts of Development Over Space**

\* G. Gaile, "The Spread-Backwash Concept," *Regional Studies*, 1980, Vol. 14, pp. 15-25.

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

## **2. Distributional Effects of Growth and Development**

\* Timothy Bartik, "Theoretical Analysis of the Distributional Effects of Local Job Growth," in *Who Benefits From State and Local Economic Development Policies*, Upjohn Institute, 1991, 63-79.

\* P.N. Courant. "How Would You Know a Good Economic Development Policy if you Tripped Over One? Hint: Don't Just Count Jobs," *National Tax Journal*, 1995, pp. 863-881.

\*David Barkley, Mark Henry and Mellie Warner. "The Community-Level Impacts of Economic Development: The Role of Labor Market Adjustments." *The Rural South: Preparing for the 21st Century*, Southern Rural Development Center, October 2002.

(<http://srdc.msstate.edu/publications/barkley.pdf>)

Timothy Bartik "Evaluating the Impacts of Local Economic Development Policies on Local Economic Outcomes." Upjohn Institute Staff Working Paper No. 03-89, November 2002.

[www.upjohninst.org/publications/wp/03-89.pdf](http://www.upjohninst.org/publications/wp/03-89.pdf)

## **E. Rural Community Development Policy**

### **1. Government Policies for Development**

Robert Atkinson. "Reversing Rural America's Economic Decline: The Case for a National Balanced Growth Strategy." Progressive Policy Institute Policy Report, February 2004,

[http://www.ppionline.org/documents/rural\\_economy\\_0204.pdf](http://www.ppionline.org/documents/rural_economy_0204.pdf)

William Fox and Matthew Murray, "State and Local Government Policies," in *Economic Adaptation: Alternatives for Nonmetro Areas*, Westview Press, 1993, pp. 223-242.

\* Thomas Garrett and John Leatherman. "Cost-Benefit Analysis" in *An Introduction to State and Local Public Finance*, 1999. Chapter 5. [www.rri.wvu.edu/WebBook/Garrett/chapterfive.htm](http://www.rri.wvu.edu/WebBook/Garrett/chapterfive.htm)

\* Timothy Bartik "Evaluating the Impacts of Local Economic Development Policies on Local Economic Outcomes." Upjohn Institute Staff Working Paper No. 03-89, November 2002.

<http://www.upjohninst.org/publications/wp/03-89.pdf>

Timothy Bartik. "Local Economic Development Policies." Upjohn Institute Staff Working Paper No. 03-91.pdf <http://www.upjohninst.org/publications/wp/03-91.pdf>

\*Glen Weisbrod and Burton Weisbrod. "Measuring Economic Impacts of Projects and Programs." Economic Development Research Group, April 1997.  
<http://www.edrgroup.com/pages/pdf/Econ-Impact-Primer.pdf>

Andrew Isserman. "State Economic Development Policy and Practice in the United States: A Survey Article." International Regional Science Review, 1994, 16(1): 49-100

Margaret Dewer. "Why State and Local Economic Development Programs Cause so Little Economic Development." Economic Development Quarterly 12(1), February 1998, pp. 68-87.

Daniel Felsenstein and Joseph Persky. "When Is a Cost Really a Benefit? Local Welfare Effects and Employment Creation in Evaluation of Economic Development Programs." *Economic Development Quarterly* 13(1), 1999, 46-84. <http://edq.sagepub.com/cgi/reprint/13/1/46>

## **2. Social Capital and Institutions**

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

\*Alejandro Portes and Patricia Landolt. "Unsolved Mysteries: The Tocqueville Files II--The Downside of Social Capital." *The American Prospect* Vol 7, Issue 26, May, 1996  
(<http://www.prospect.org/web/page.ww?section=root&name=ViewPrint&articleId=4943>)

E. Glaeser, D. Laibson, and B. Sacerdote. "The Economic Approach to Social Capital." National Bureau of Economic Research, Working Paper 7728. <http://www.nber.org/papers/w7728.pdf>

\* Cornell, Stephen. "Enhancing Rural Leadership and Institutions." in *Beyond Agriculture: New Policies for Rural America*. Federal Reserve Bank of Kansas City, October 2000, pp. 103-120.  
(<http://www.kc.frb.org/PUBLICAT/beyond/RC00Corn.pdf>)

## **3. Human Capital Development**

\*DRI-WEFA. "The South Carolina Challenge: Regional Economic Analysis." Prepared for the Palmetto Institute, 2002.  
([http://www.palmettoinstitute.org/client\\_resources/publications/DRIWEFA.pdf](http://www.palmettoinstitute.org/client_resources/publications/DRIWEFA.pdf)), pp. 42-51.

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

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>

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

\* Barfield, Melissa and L.J. Beaulieu. "The Changing Nature of Work in the South: The Polarization of Tomorrow's Work Force." SRDC publication (<http://srdc.msstate.edu/publications/barfield.pdf>), July, 1999.

\*Don Albrecht. 2003. "Poverty, Inequality, and Social Injustice in Nonmetropolitan America." Webbook, Regional Research Institute, West Virginia University. [www.rri.wvu.edu/WebBook/Albrecht/Web%20Book--%20Albrecht.pdf](http://www.rri.wvu.edu/WebBook/Albrecht/Web%20Book--%20Albrecht.pdf)

Thomas D. Rowley and David Freshwater. "Are Workers in the Rural South Ready for the Future?" *Rural Development Perspectives* Vol. 14(3), 1999. (<http://www.ers.usda.gov/publications/rdp/rdpoc99/rdpoc99e.pdf>)

Calvin Beale. 2006. "Anatomy of Nonmetro High-Poverty Areas: Common in Plight Distinctive in Nature." *Amber Waves*, ERS, USDA. <http://www.ers.usda.gov/AmberWaves/november04/Features/lowskilljobs.htm>

L. J. Beaulieu and R. Gibbs (Editors). 2005. *The Role of Education: Promoting the Economic and Social Vitality of Rural America*. Southern Rural Development Center, Mississippi State University.

\*Richard Florida. 2000. "Competing in the Age of Talent: Quality of Place and the New Economy." Report prepared for the R.K. Mellon Foundation. <http://www.nga.org/files/pdf/Florida.pdf>

## [FINAL EXAM]

---

©2007 by David L. Barkley, Professor, Department of Applied Economics & Statistics, Clemson University.

updated 1/3/07