UP 545: Economic Development Policy

Meets:

Instructor: Prof. Marc Doussard, mdouss1@illinois.edu

Office Hours: By Appointment

COURSE DESCRIPTION AND OBJECTIVES

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**

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**

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**

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

**ASSIGNMENTS AND GRADING**

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.

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**

<table>
<thead>
<tr>
<th>Introduction</th>
<th>1/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>· <em>Introduction to urban economies post-2008</em>&lt;br&gt;· <em>Course plan and expectations</em>&lt;br&gt;· <em>Assignments</em></td>
<td></td>
</tr>
</tbody>
</table>

**Part 1: The Problem**

<table>
<thead>
<tr>
<th>Introduction</th>
<th>1/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decline and Inequality in U.S. Cities</td>
<td>1/27</td>
</tr>
<tr>
<td>· <em>Cities and capital flight</em>&lt;br&gt;· <em>Advanced services and the new “core” industries</em>&lt;br&gt;· <em>Changes on the job</em></td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Goals: Economic Growth vs. Economic Development</th>
<th>1/29</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>People Prosperity vs. Place Prosperity</th>
<th>2/3</th>
</tr>
</thead>
</table>

Basic Political and Economic Theories, Part I 2/5


Basic Political and Economic Theories, Part II 2/10


Part 2: The Practice of Economic Development

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

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


Basic Approaches: Industry Analysis 2/17

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


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.


Tools of the Trade: Economic Impact Studies


### Sectoral Strategies

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


### Clusters: The Theory

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


### Clusters: The Practice

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


Inner-City Reinvestment

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


Part 3: New Directions

Anchor Institutions

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


Amenities

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


Arts-based Development

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


Arts-Based Development, Part 2  


No Class  

Workforce Development Policies  

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


Schrock, Greg. 2013. “Reworking Workforce Development: Chicago’s Sectoral Workforce Centers.” *Economic Development Quarterly*


**Green Jobs**

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

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

**Living Wage Laws:**

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


**Problems in Low-Wage Labor Markets**

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


New Policies for the Bottom of the Labor Market

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


Wrap-Up: 5/5

Presentations: 5/7

Research Paper Due Friday, May 9, 5pm