

Monday/Wednesday 10:45am – 12:15 pm  
ADH 2232  
17216

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### **Course Description & Objectives**

This course will introduce students to a range of ideas and perspectives on local economic development, as well as some of the common tools and strategies that economic development planners use to achieve a stated policy objective. Throughout the course, students will be encouraged to think critically about the underlying theoretical assumptions that are used to justify specific policy interventions. They will also be asked to consider how these underlying assumptions influence the types of economic and social problems that are given special consideration and treatment during the policy making process.

In order to accomplish this, we will examine three themes that highlight how sustained economic performance varies by state, region, city, and community. First, we will consider the locational behavior of **firms** – why are companies and jobs located where they are? Why are some locations more successful in inducing firms to commit than are others? Second, we will examine how the collective behavior of firms creates certain kinds of advantages for specific **industries, sectors and regions**. Individual firms are located within webs or “systems” of production, comprised of large and small companies connected to each other through backward and forward linkages. Global trends, such as trade liberalization and corporate restructuring, provide the context in which these systems develop and influence the strategic decisions of firms. Within this context, how do factors such as agglomeration, cooperation, innovation, or entrepreneurship make some cities or regions economically vital than others? Finally, we will pay closer attention to the specific problems of increasing the pace or changing the character of economic activity in inner city neighborhoods and **central cities**. Specific attention will be paid to ideas about how spatial inequalities within and between places can be remedied.

Throughout, a primary concern will be with economic development **strategy**. Which “levers” should economic development planners pull in order to influence the future economic direction of a region, city or neighborhood? This will lead us to analyze, first, how different ideas about the sources of economic vitality lead to different policy prescriptions; and second, the internal logic and limits of a wide variety of policies and programs used in economic development practice.

By the end of the semester, students in this course should have accomplished the following:

- ❑ Developed a literacy in the concepts and ideas that explain the divergent economic paths taken by cities and regions, and expanded that literacy by examining in close detail the distinctions and similarities between those concepts;
- ❑ Gained a broad overview of the history and practice of economic development planning in the U.S., including the strategies targeted by public and private actors to influence the future direction of urban and regional economies; and
- ❑ Developed and practiced core principles for critically assessing alternative development policies and programs.

### **Requirements**

The course operates in a combination lecture and seminar format. The first half the course will consist of lectures and in-class discussions of assigned readings. The second half, which covers a set of economic development strategies commonly pursued in the field, will combine student presentations with a short follow up discussion of assigned readings.

The requirements for this course include the following:

- ❑ Weekly Readings: A maximum level of participation by students is required. Students are expected to do the required readings listed in the syllabus prior to attending class. They constitute approximately 2-3 hours of reading for each class. Please read the assigned material and come prepared to contribute to the class discussion.
- ❑ Class Participation: Informed discussion of the material is one of the most important components of this class. The participation grade is based on a combination of regular attendance and participation in class discussions. In addition, students will sign up to lead discussion of different economic development strategies during the Wednesday class sessions (20 percent).
- ❑ Midterm Exam: The exam will require students to synthesize materials from the first half of class and bring them to bear on issues of practical import. (25 percent)
- ❑ Assignment One: Students will apply different theories of business location to a hypothetical scenario. (20 percent)
- ❑ Assignment Two: Will require you to critically analyze an economic development plan or program based on an idiosyncratic geographic context, and present your analysis to the class during the final week of the course. (35 percent)

### **Required Materials**

All readings may found online at the course Blackboard site. For the class session on February 5, students will have to purchase two cases through the Kennedy School of Government at Harvard University (links are provided through Blackboard; each case costs \$2.75 to download).

### **Course Outline**

<b>- Part 1: Focus on the Firm -</b>
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#### Week 1: Introduction to the Course

January 17: What is Economic Development?

#### Week 2: Introduction to Economic Development

January 22: History & Politics of Urban Economic Development

- ❑ Clarke, Susan E., and Gary L. Gaile. 1998. *The Work of Cities*. Minneapolis, MN: University of Minnesota Press.
  - Chapter 3, "The Era of Entrepreneurial Cities."
- ❑ Dewar, Margaret. 1998. Why state and local economic development programs cause so little economic development. *Economic Development Quarterly* 12 (1): 68-87.

January 24: Core Concepts in Urban Economic Development

- ❑ Harrington, J.W. and Barney Warf. 1995. *Industrial Location: Principles, Practice and Policy*. London and New York: Routledge.
  - Chapter 5, "Comparative Advantage and Industrial Location."

- ❑ Federal Bank of Chicago. 1997. *Assessing the Midwest Economy: Looking Back for the Future*. Chicago, IL: Economic Research Bureau.
  - Chapter 3, "Why Did the Region Revive?"

Week 3: Factor Costs & the Location Decision of the Firm

January 29: Classical Theories of Industrial Location

- ❑ Harrington, J.W. and Barney Warf. 1995. *Industrial Location: Principles, Practice and Policy*. London and New York: Routledge.
  - Chapter 2, "Locating to Minimize Costs."
  - Chapter 3, "Locating to Maximize Revenues."
  - Chapter 4, "Growth and Location of Service Industries."

January 31: How Firms Actually Make Location Decisions

- ❑ Harrington, J.W. and Barney Warf. 1995. *Industrial Location: Principles, Practice and Policy*. London and New York: Routledge.
  - Chapter 8, "How Companies Actually Make Location Decisions."
- ❑ Harrison, Bennett. 1992. *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility*. New York, NY: Basic Books.
  - Chapter 6, "'Flexibility' and the Emergence of Large Firm-Led Production Networks."

Week 4: Business Incentives – Is Influencing Firm Location a Zero Sum Game?

February 5: How Business Incentives Work (Or Don't Work)

- ❑ Peters, Alan, and Peter Fisher. 2004. The failure of economic development incentives. *Journal of the American Planning Association* 70 (1): 27-37.
- ❑ Doeringer, Peter, and Ross Gittell. 1992. Georgia Power Company (A): Public and Private Organizational Strategies in State and Local Development. Case no. 1143.0. Cambridge, MA: Kennedy School of Government, Harvard University.  
<http://www.ksgcase.harvard.edu/casetitle.asp?caseNo=1143.0>
- ❑ Doeringer, Peter, Evans, Christine, and Ross Gittell. 1992. Georgia Power Company (C): Japanese Business Perspectives on Georgia. Case no. 1145.0. Cambridge, MA: Kennedy School of Government, Harvard University. <http://www.ksgcase.harvard.edu/casetitle.asp?caseNo=1145.0>

February 7: Alternatives to the Incentive Wars

- ❑ Ledebur, Larry, and Douglas Woodward. 1990. Adding a stick to the carrot: Location incentives with clawbacks, rescissions and recalibrations. *Economic Development Quarterly* 4 (3): 221-237.
- ❑ Economic Development Strategies for the New Economy. Progressive Policy Institute.  
<http://www.neweconomyindex.org/states/2002/strategies.html>
- ❑ Schweke, William. 2004. Do Better Job Creation Subsidies Hold Real Promise For Business Incentive Reformers? Paper presented at "Reining in the Competition for Capital" Conference. Minneapolis, MN: Project on Regional and Industrial Economics, Hubert Humphrey Institute, University of Minnesota.

Week 5: Agglomeration Economies & Industrial Retention

February 12: Agglomeration Economies

- ❑ Chapman, Keith, and David F. Walker. 1991. *Industrial Location: Principles and Policies*. 2nd Edition. Cambridge, MA: Blackwell.
  - Chapter 4, "The Effect of Other Firms."
- ❑ Scott, Allen J. 1988. *Metropolis: From the Division of Labor to Urban Form*. Berkeley, CA: University of California Press.
  - Chapter 4, "Agglomeration Processes and Industrial Complex Formation."
  - Chapter 5, "The Internal Production Space of the Metropolis."

February 14: Property-led Economic Development – Agglomerations Through Zoning?

- ❑ Phillips-Fein Kim. 1998. The still-industrial city. *The American Prospect* 9 (40): Available at <http://www.prospect.org/print/V9/40/phillips-fein-k.html>
- ❑ Rast, Joel. 2005. Curbing Industrial Decline or Thwarting Redevelopment? An Evaluation of Chicago's Clybourn Corridor, Goose Island, and Elston Corridor Planned Manufacturing Districts. Milwaukee, WI: Center for Economic Development, University of Wisconsin-Milwaukee.
- ❑ Wolf-Powers, Laura. 2005. Up-zoning New York City's mixed-use neighborhoods: Property-led economic development and the anatomy of a planning dilemma. *Journal of Planning Education and Research* 24 (3): 379-393.

Week 6: Clusters & Networked Production

February 19: Clusters & Flexible Specialization

- ❑ Harrison, Bennett. 1992. *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility*. New York, NY: Basic Books.
  - Chapter 4, "The Evolution (and Devolution) of the Italian Industrial Districts."
  - Chapter 5, "Is Silicon Valley an Industrial District?"
  - Chapter 7, "Large Firm-Centered Networked Production Systems in Japan & Europe."
  - Chapter 8, "Interfirm Production Networks in the United States."
  - Chapter 9, "The Dark Side of Flexible Production."

February 21: Industry Targeting & Cluster Strategies

- ❑ Boyle, M. Ross. 1994. Economic development targeting in the Nineties. *Economic Development Review* 12 (2): 13-23.
- ❑ Buss, Timothy F. 1999. The case against targeted industry strategies. *Economic Development Quarterly* 13 (4): 339-356.
- ❑ Doeringer, P. B., and D. G. Terkla. 1995. Business strategy and cross-industry clusters. *Economic Development Quarterly* 9: 225-37.
- ❑ Porter, Michael E. 2000. Location, competition and economic development: Local clusters in a global economy. *Economic Development Quarterly* 14 (1): 15-34.

Week 7: High Technology & Innovation

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February 26: Innovation & the Learning Region

- ❑ Morgan, Kevin. 1997. The learning region: Institutions, innovation and regional renewal. *Regional Studies* 31 (5): 491-503.
- ❑ Chapple, Karen, et al. Gauging metropolitan "High-tech" and "I-Tech" activity. *Economic Development Quarterly* 18 (1): 10-29.
- ❑ Testa, William. 2005. High tech in the Midwest – biotech and beyond. *Chicago Fed Letter* 220a (November).

February 28: Universities, High-Tech & High Road Economic Development

- ❑ Walcott, Susan M. 2002. Analyzing an innovative environment: San Diego as a bioscience beachhead. *Economic Development Quarterly* 16 (2): 99-114.
- ❑ Cortright, Joseph, and Heike Mayer. 2002. *Signs of Life: The Growth of Biotechnology Centers in the U.S.* Washington, DC: Center for Urban and Metropolitan Policy, The Brookings Institution.
- ❑ Bingham, Richard D., and Robert Mier, eds. 1997. *Dilemmas of Urban Economic Development.* Thousand Oaks, CA: Sage Publications.
  - Lugar and Goldstein, "What is the Role of Public Universities in Regional Economic Development?"
- ❑ "A Framework for Innovation." *Manufactline*, Winter 2005. Plymouth, MI: Michigan Manufacturing Technology Center. [http://old.mmtc.org/about%20us/pdf/manufactline\\_winter%202005\\_gs.pdf](http://old.mmtc.org/about%20us/pdf/manufactline_winter%202005_gs.pdf)
- ❑ Dewar, Margaret. 1988. Adopting new manufacturing technology: Can it help declining manufacturing industries? *Economic Development Quarterly* 2 (3): 276-286.

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*Week 8: Field Trip & Mid-Term*

March 5: Field Trip TBA

March 7: Mid-Term

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*Week 9: Entrepreneurship*

March 12: Theory and Practice of Small/Medium Enterprise (SME)

- ❑ Allen, David N., and David J. Hayward. 1990. The role of new venture formation/entrepreneurship in regional economic development: A review. *Economic Development Quarterly* 4 (1): 55-63.
- ❑ Harrison, Bennett. 1992. *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility.* New York, NY: Basic Books.
  - Chapter 2, "The Myth of Small Firms as Job Generators."
  - Chapter 3, "Are Small Firms the Technology Leaders?"

March 14: Business Incubators, Procurement Programs & Small Business Assistance

- ❑ Allen, David N. 1988. Business incubator life cycles. *Economic Development Quarterly* 2 (1): 19-29.
- ❑ Weber, Rachel, and Susanne Schnell. 2003. Contracting in: How a business intermediary sought to create supplier networks and jobs in the inner city. *Economic Development Quarterly* 17 (2): 148-164.

- ❑ Servon, Lisa J. 1997. Microenterprise programs in US inner cities: Economic development or social welfare? *Economic Development Quarterly* 11(2): 166-180.

**– Part Three: Strategies for Central Cities –**

Week 10: Capital Gaps & Economic Development Finance

March 19: Capital Gaps

- ❑ Parzen, Julia, and Michael Kieschnick. 1992. *Credit Where It's Due: Development Banking for Communities*. Philadelphia, PA: Temple University Press.
  - Chapter 2, "Capital-Market Failures."
- ❑ Barnes, Trevor J., and Meric S. Gertler, eds. 1999. *The New Industrial Geography: Regions, Regulation and Institutions*. London and New York: Routledge.
  - Florida, Richard, and Mark Samber, "Capital and Creative Destruction: Venture Capital and Regional Growth in US Industrialization."

March 21: Financial Strategies for Economic Development

- ❑ Bates, Timothy. 1995. Why do minority business development programs generate so little minority business development? *Economic Development Quarterly* 9 (1): 3-14.
- ❑ Benjamin, Lehn, Rubin, Julia S., & Zielenbach, Sean. 2004. Community development financial institutions: Current issues and future prospects. *Journal of Urban Affairs* 26 (2): 177-195.
- ❑ Seidman, Karl F. 2005. *Economic Development Finance*. Thousand Oaks, CA: Sage Publications.
  - Chapter 8, "Loan Guarantee Programs."
  - Chapter 9, "Bank Regulations and Development Banks."

Week 11: No Classes – Spring Break

Week 12: Inner City Economic Development

April 2: Competitive Advantage of the Inner City

- ❑ Porter, Michael E. 1995. The competitive advantage of the inner city. *Harvard Business Review* 73 (3): 55-71.
- ❑ Hutton, Thomas A. 2004. The new economy of the inner city. *Cities* 21 (2): 89-108.
- ❑ Dymski, Gary A. 1997. Business strategy and access to capital in inner-city revitalization. in *The Inner City*. T. D. Boston and C. L. Ross, eds. 51-64. New Brunswick, NJ: Transaction Books.

April 4: Geographically-Targeted Investments

- ❑ Riposa, Gary. 1996. From enterprise zones to Empowerment Zones. *American Behavioral Scientist* 39(5): 536-551.

- ❑ Kasinitz, Philip, and Jan Rosenberg 1993. Why enterprise zones will not work. *City Journal* (Autumn): 63-69.
- ❑ Wallace, Sherri Leronda. 1999. A case study of the Enterprise Zone Program: "EZ" avenue to minority economic development? *Economic Development Quarterly* 13 (3): 259-265.

*Week 13: Tourism-Led Economic Development*

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April 9: Tourist Economies

- ❑ Gladstone, David, and Susan Fainstein. 2001. Tourism in US global cities: A comparison of New York and Los Angeles. *Journal of Urban Affairs* 23 (1): 23-40.
- ❑ Judd, Dennis R., and Susan S. Fainstein, eds. 1999. *The Tourist City*. New Haven, CT: Yale University Press.
  - Dennis Judd, "Constructing the tourist bubble."

April 11: Place Marketing and Mega-Events

- ❑ Judd, Dennis R., and Susan S. Fainstein, eds. 1999. *The Tourist City*. New Haven, CT: Yale University Press.
  - Briavel Holcomb, "Marketing cities for tourism."
- ❑ Andranovich, Greg, Burbank, Matthew J. and Charles H. Heying. 2001. Olympic cities: Lessons learned from mega-event politics. *Journal of Urban Affairs* 23 (2): 113-131.

*Week 14: Creative Classes, Distinctive Places*

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April 16: Talent & Distinctiveness

- ❑ Clarke, Susan E., and Gary L. Gaile. 1998. *The Work of Cities*. Minneapolis, MN: University of Minnesota Press.
  - Chapter 7, "The Fourth Wave: Global-Local Links and Human Capital."
- ❑ Florida, Richard. 2002. The economic geography of talent. *Annals of the Association of American Geographers* 92 (4): 743-755.
- ❑ Markusen, Ann and Greg Schrock. 2006. The distinctive city: Divergent patterns in growth, hierarchy and specialization. *Urban Studies* 43 (8): 1301-1323.

April 18: "Cool Cities"

- ❑ Granholm, Jennifer. 2003. Michigan Cool Cities Initial Report. Lansing, MI: Office of the Governor, State of Michigan.

*Week 15: Arts & Culture*

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April 23: Arts & Culture-Based Strategies

- ❑ Markusen, Ann. 2006. Urban development and the politics of a creative class: Evidence from the study of artists. *Environment and Planning A* 38 (10): 1921-1940.
- ❑ Throsby, David. 2004. Assessing the Impacts of the Cultural Industry. Paper presented at Economic Impact Analysis of the Arts Conference, Cultural Policy Center, University of Chicago. May 12-14.

April 25: No Class

*Week 16: Student Presentations*

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