

UP 545: Economic Development Policy and Practice

Meets: Monday and Wednesday, 10:30 am. We will meet in the ether.

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

Office Hours: By Appointment.

COURSE DESCRIPTION AND OBJECTIVES

This course has big ambitions even in simple times. These are not simple times. Most of you have taken a class with me, and I know you pretty well. Even better, you know each other. This puts us in a position to be really ambitious, to push our daily conversations into new, difficult and maybe thrilling places. In short, we're going to go for big things. I'm going to ask you to absorb a lot of information about the theory, the practice and the expanding conceptual boundaries of economic development. You're going to read a good bit. To accommodate Covid-19 conditions, I'll post my powerpoint lectures as part of the readings, so that you can look at the information beforehand and we can spend the class session in conversation. Conversation is what works best right now, and I have firsthand knowledge that you are good at it.

This is all in the service of giving you vital professional skills. You will learn practical things that can appear as lines on your CV, but the ultimate skill to take away from the class is the ability to understand how economies work and fail and, most important, how the conceptual foundation of economic development is shifting under our feet. Some discrete goals for the class:

Understand the financial and economic basis that makes other plans possible.

Most plans assume a level of prosperity the actually existing economy rarely grants. We'll spend a lot of time talking about the kinds of reality checks that follow from seeing this clearly.

- **Understand textbook economic thinking, its popularity and its limits.** Supply and demand, preferences, costs, and scarcity are all extremely important. Even after a career of thinking about them, one observes new aspects of them, and new implications, almost daily. At the same time, these core economics concepts just can't tell us that much about how cities actually operate, grow and change. One of my ambitions for this course is for you to learn economics as a kind of language, a strategic way in which to convey (or fail to convey!) important ideas about cities, policy, power and decisionmaking.
- **Become a master of the uncharted territory we're entering.** Traditional economic and political-economic ideas about cities are breaking down left and right. Car ownership rates are falling. Young people enter their adult lives with hideous educational debts that change their spending, ambitions and decisions. Economic growth no longer guarantees income growth. We have cars without drivers, dying industries, industries that "make" information rather than things,

and a generation of Americans who reject (supposedly) secure jobs for underemployment and urban amenities. Covid and the CARES act have sped up these transformations, but the class will emphasize the continuity of our crisis with prior, structural and still unresolved economic shifts. Rather than treat these changes as curious exceptions to tried-and-true rules, this course will foreground them: Old ideas offer less and less information about urban economies, and you'll thrive professionally if you can be smarter than your peers about these changes.

- **Learn something about urban politics, and its constraints.** Economic development decisions are at their core political decisions about how resources are used, for whom, and with which goals. A basic problem of (most) economic development textbooks and teaching is that it pretends that *identifying* good ideas is the same thing as *persuading people to enact them*. It's not. Nor is there a such thing as an "economic developer." Power looks different everywhere. Individual cities have budgets that are high or low, good or bad credit ratings, centralized or decentralized authority, strong or weak regional policymaking bodies, infrastructure that's good or lousy, powerful or weak community groups – the list goes on. At the end of this course, you should be comfortable thinking about power in nuanced, contextual ways – ways that will help you to be smarter about what is and isn't possible in the short and long run.
- **Understand linkages between economic development and other planning specializations.** There aren't a lot of interesting or rewarding jobs that focus solely on economic development. But thinking about economic development as a component of housing, infrastructure, transportation, land use, place-making and (especially) sustainability. Understanding these linkages will make you a better, more flexible practitioner – someone who is both more likely to get a good job, and more likely to move up within a given organization once you're employed.
- **Learn to use economic language for good.** Benefit-cost analysis and labor statistics historically played a kind of disciplining role in urban policy – they allowed economists to fit cities and states with a kind of fiscal straightjacket that accounted housing, education and social infrastructure as *costs* rather than *inputs to economic growth*. The class exercises in particular will train you in expressing equity-forward measures as inputs to the growth that economists and politicians covet. You will use the language of growth to elevate, rather than beat down, social investment. It's a handy skill.

COURSE SUMMARY

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. Today's 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 firm answers of this type don't exist. 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 local and regional political institutions, 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 (due to data limitations, that place will have to be in Illinois). Over the course of the semester, you will develop an economic impact analysis of the policy. Your analysis will use one of the most conventional and powerful economic development tools. And it will use that tool creatively: Comparing the actual policy to the relatively limited means we have for measuring and articulating change is a very good way to learn about the ideal and reality of economic development at once.

COURSE FORMAT

This course covers a lot of ground in one semester. We won't be able to cover everything on the syllabus in detail – some conversations will run over, and others won't get the time they deserve. That's OK – the goal is to learn as much as possible. To that end, I've organized the course to help you assimilate as much information as possible in a short amount of time. Two aspects of the course are essential to this goal.

First, you will develop an economic impact analysis of an untested economic development proposal over the course of the semester. This is a big project, and it's a necessary one. The economic impact analysis will anchor your development of data skills, theoretical understanding and practical experience. Think about your project early on, and discuss it with me – it's incredibly important to your development. Economic impact studies are more art than science. In producing one, you'll build a body of facts, evidence and ideas about a topic important to you. And you'll learn to use impact studies as a communication device – a way to steer conversation and analysis towards important questions, and away from specious assumptions.

Second, two of you will take charge of the discussion for every class session. We are all going to talk. **Your active participation in these discussions is essential. The class schedule on Compass lists the discussion topic for each class section. Use it to guide your reading and prepare a few thoughts, questions or comments.**

The course works best for students who have an intermediate-to-advanced understanding of local data and analytical techniques. Ideally, you will a) 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. If you don't have that background, there might still be very good reasons for you to sign up for the course. Contact me, and I'll help you make a decision.

COURSE MATERIALS

The course has no required text. All readings are available on Compass.

ASSIGNMENTS AND GRADING

To do their jobs well, economic development practitioners must a) identify sound plans and policies, and b) persuade those in power to implement them. As a corollary to these skills, practitioners are also tasked with c) identifying weaknesses in existing proposals and d) making the case against poorly conceived but politically popular plans.

The course assignments will help you develop these skills. In deference to your schedules all assignments are due by 11:59pm on the listed due date. However, project management is an incredibly valuable professional skill, and I encourage all of you to plan your work in a way that minimizes these last-minute scrambles.

Economic Development Institution Map (15%): Economic development textbooks refer to the fictive character of an “economic developer.” It’s a deliberately vague term that punts on the difficult and meaningful work of specifying which agencies, organizations and individuals impact local economies. This group assignment will ask you to list Chicago’s economic development actors first by the book, and second by thinking through individual issues and problems.

Participation and Attendance (15%): You get out of the course what you put into it. The course is packed this semester, so there won’t be a lot of classroom discussion time to spread around. Please give the course your all. I promise, it will be worth it.

Foxconned (15%): Write a memo to head off the State of Wisconsin’s disastrous subsidies to Foxconn Corporation. You will fail, but you’ll also learn a lot in the process.

Alternatives to the Texas Miracle (25%): Using elementary shift share and location quotient techniques, you will propose an alternative to the Texas “model” of economic development, which has migrated to about 20 states that are very different from Texas.

Final Economic Impact Study (30%): Using Implan and the supporting economic analysis techniques presented in the course, you will develop a proposal for Mackenzie Scott to invest in a place in Illinois. I really mean this. She is giving away around a billion dollars a month, all of it to remedy inequality. You will use Implan to make the narrow case for her support – i.e., to document the short-term stimulus that will result. And you will use the theory and alternative measures developed during the rest of the course to make the broader case for why the investment matters and the long-run impact it will have. In case I haven’t made it clear, this class supports you in the goal of getting a professional degree, so actually finding a way to get the proposal into Mackenzie Scott’s hands is part of the assignment.

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

Did I mention that we live in interesting times? Since nothing is stable, the schedule, readings and plan for each class session are on the Compass homepage, where I can adjust them without saddling you with the kinds of version-control problems multiple copies of a syllabus invite.

Even long-term and devoted practitioners often struggle to answer the basic question of what development is. We begin the course by reviewing basic dilemmas – about the difference between development and growth, about creating prosperous people or prosperous places. You are unlikely to arrive at a firm answer to these questions – few people ever do! But you will benefit greatly from thinking through and recognizing these basic fault lines in how people conceptualize the goals and means of development