

***FINANCING
ECONOMIC DEVELOPMENT
IN THE 1980s***

Issues and Trends

**Edited by
*Norman Walzer
David L. Chicoine***

PRAEGER

**New York
Westport, Connecticut
London**

Contents

<i>Preface</i>	v
<i>List of Tables</i>	xi
<i>List of Figures</i>	xiii
<i>Introduction</i>	xv
1. POPULATION TRENDS IN THE MIDWEST	
John Fraser Hart	1
Growth by Size of Place	2
Census Concepts and Definitions	4
The Twin Cities	5
The Rural Population	7
Overspill	9
Small Towns	9
Resort Areas	11
Retirement Areas	11
Conclusions	14
2. TRENDS IN MIDWEST BUSINESS EMPLOYMENT	
Catherine Armington	15
Measurement of Job Creation	15
Business Establishment Formations	19
Performance of Affiliated Establishments	27
Notes	33
References	33
3. THE EFFECT OF BUSINESS CLIMATE ON EMPLOYMENT GROWTH: A REVIEW OF THE EVIDENCE	
Michael Wasylenko	34
Introduction	34
Interregional Business Location Decisions	35
Intraurban Location of Business	44

Capitalization of Fiscal Benefits	49
Conclusions	52
Notes	52
References	53
4. ATTRACTING HIGH-TECH INDUSTRY AND JOBS: AN ASSESSMENT OF STATE PRACTICES	
Robert Premus	55
Creating a Climate for Innovation and High Technology	56
Conclusions	70
Notes	71
5. CRITERIA USED FOR FACILITY LOCATION SELECTION	
Robert M. Ady	72
Traditional Assembly-Type Manufacturing Plant	73
Next-Generation Manufacturing Plants	74
White Collar Facilities	78
Emerging Industry	82
Notes	84
6. THE STATE ROLE IN ECONOMIC DEVELOPMENT	
Deborah Matz and Larry C. Ledebur	85
Financial Incentives	87
Tax Incentives	94
Nonfinancial Assistance	95
Conclusions	101
Notes	101
7. COST-EFFECTIVE DEVELOPMENT FINANCE	
Larry C. Ledebur and William W. Hamilton	103
Methodology for Evaluating Cost-Effectiveness of Industrial Incentives	105
Applications of Cost-Effectiveness Methodology	108
Challenge to Development Finance	112
Preparing for the Loss of Industrial Development Bonds	116
Conclusions	119
Notes	121
8. SMALL BUSINESS AND ECONOMIC DEVELOPMENT	
Roger J. Vaughan and Robert Pollard	122
Introduction	122
Small Business and Economic Development	123
Understanding Economic Development	128

Toward an Entrepreneurial Development Policy	130
Conclusions	136
Notes	137
References	138
9. INNOVATIVE APPROACHES TO THE CAPITAL MARKETS FOR PUBLIC BORROWERS	
John E. Petersen	139
Repackaging Risk and Returns	141
Short-Term and Variable-Rate Debt	146
Put Options and Zero-Coupon Bonds	153
Conclusions	159
Notes	160
10. THE IMPACTS OF THE PRESIDENT'S TAX PROPOSAL ON STATE AND LOCAL GOVERNMENT CAPITAL FINANCING	
John E. Petersen	162
Lowering Rates by Shifting Burdens	163
Impact on State and Local Government Capital Financing	164
Factors Affecting the Supply of Tax-Exempt Securities	166
Aspects Affecting the Demand for Tax-Exempt Securities	171
Impacts on Municipal Credit Quality	173
Conclusions	175
Notes	177
11. THE U.S. TRADE DEFICIT AND INTERNATIONAL COMPETITION	
Philip Garcia and Margot Anderson	179
Introduction	179
Overview of the U.S. Trade Situation	180
Factors Influencing the Trade Situation	184
Effects of the U.S. Trade Situation on Manufacturing and Agriculture	192
Conclusions	194
Notes	196
References	197
12. FISCAL FEDERALISM: PAST TRENDS, FUTURE PROSPECTS	
John Shannon	198
Federal Aid: The Slow Retreat	198
Federal Fiscal Crisis	200

State and Local Resiliency	205
A World Turned Upside Down	208
Five Fearless Forecasts	211
Historical Postscript	213
Notes	213
13. PRIVATE-SECTOR ECONOMIC DEVELOPMENT ACTIVITIES IN THE CHICAGO METRO AREA	
Nina M. Klarich	214
The Commercial Club of Chicago Project	216
Organization of the Project	217
Findings of Phase One	218
Strategies for Job Generation	221
Chances for Success	224
Conclusions	225
Notes	225
<i>Index</i>	227
<i>About the Editors and Contributors</i>	234