Placed-Based Development: An Inexact Science and a Possible Renewed Frontier

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Paper presented at Workshop 6: "What place-based policies for the future?"
19 October 2023

This reflection draws on decades of experience with place-based policies in the United States at the regional and urban scale. Years of trial-and-error can inform future place-based policies in a few concrete ways. For one, they should be sensitive to the on-the-ground conditions and actors which can both enable and threaten the success of large spatial programs, especially the role of State (or region) and local government. They will also, more than ever, need to stay the course: sustaining levels of investment; adapting to supply chains shocks and making them resilient; adjusting to and leveraging market developments such as technological change; addressing workforce challenges including diversity; and recognizing the commercial constraints that threaten even the most well-designed interventions. Above all, place-based programs will need to confront the challenge of the limited capacity of subnational actors to absorb and use national funding, at a scale proportionate to the challenges threatening our well-being, namely climate change and the erosion of social cohesion.

JEL codes: R11, R12, R23, R58
Keywords: decentralisation, labour market, partnership, place-based policy, skills

Funded by the European Union

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The series of six OECD-EC High-Level Workshops on "Place-Based Policies for the Future" consider place-based policies from the following angles: (1) how place-based policies have evolved; (2) the articulation of place-based policies against other policymaking frameworks; (3) how place-based policies can address current and future societal problems; (4) policy design, measurement and evaluation; (5) governance and coordination; and, (6) what place-based policies are required for the future.

The outputs of the workshops are a series of papers and a summary report that outlines future directions for place-based policies. This work will ultimately be relevant for policymakers at all levels of government who are interested in improving the design and implementation of place-based policies to contribute to equitable and sustainable economic futures.

The workshops support the work of the OECD Regional Development Policy Committee and its mandate to promote the design and implementation of policies that are adapted to the relevant territorial scales or geographies. The seminars also support the work of the Directorate-General for Regional and Urban Policy (DG REGIO) of the European Commission. The financial contributions and support from DG REGIO are gratefully acknowledged.

Citation: Glasmeier, A. (2023), "Placed-Based Development: An Inexact Science and a Possible Renewed Frontier", Background paper for the OECD-EC High-Level Expert Workshop Series on "Place-Based Policies for the Future", Workshop 6, 19 October 2023, https://www.oecd.org/cfe/regionaldevelopment/place-based-policies-for-the-future.htm.

Acknowledgments

I wish to recognize Audrey Lorvo, who read and synthesized the workshop literature materials. Her synthesis enabled me to integrate into my document relevant ideas about the perspectives presented in the year-long workshop. I also wish to recognize Sanne Eva Wright, a graduate student in the MIT Department of Urban Studies and Planning, who waded through the descriptions of new federal programs, to identify their form and content and to identify policy innovations and prospective challenges in light of 2024 economic conditions. I also want to acknowledge Jeb Kolko, a member of the event. His perspective on applying place-based programs added considerably to the discussion of the U.S. experience. Finally, I thank Michael Flood and Courtenay Wheeler for running a tight ship and formulating a very interesting and edifying discussion of the history of place-based development and contemporary and prospective applications. Their selection of participants was well done.

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Executive summary

Drawing from examples of the last seventy years, I review aspects of U.S. regional economic history, starting with two early examples of place-based development: the Tennessee Valley Authority and the Appalachian Regional Development Administration. Both programs confronted poverty, environmental degradation, and inadequate infrastructure. Both were designed to remedy long-standing economic backwardness and achieve hoped-for modernization. Changing geographic scales, I refer to two recent examples of place-based programs targeted toward manufacturing job creation and urban livelihood generation designed to combat gentrification. I then review the literature developed in support of the OECD year long event and highlight insights and challenges from a European perspective. I add my reactions to the core papers insights, with a particular emphasis on the difficulty of evaluating place-based development programs due to their complexity, but more importantly, the challenge of the multiplicity of objectives, partners, and governance structures that involve multi-locational development projects and inhibit the collection of high-quality systematic data. The paper concludes with a brief review of one of several recent policies and programs developed by the Biden Administration. The Economic Development Administration's Tech Hub Project is designed to promote sector development with cluster resourcing to advance the capabilities of 31 projects evincing nascent industrial potential. Our focus considers the challenges and risks of such endeavors.

Forward

Looking back historically, it can be said that America's place-based development policy practice is either the result of calamity or political contrivance. On occasion, our methodological approach results from an untested theoretical objective oriented toward a solution that placates the masses. Policies outcomes often release unintended consequences. In 1994, the then John Whisman Scholar of the Appalachian Commission (ARC), "Andy" (Andrew) Isserman, got up to give his award speech and bluntly said to an audience of 400 ARC adherents, "Congratulations. It is time to call the ARC a success and bring the program to a close. We have done our job, and we have succeeded" (Isserman, A., & Rephann, T., 1995). Andy's detailed analysis showed that most of the ARC's counties were at par with national averages. His pronouncement dropped like a lead balloon. Members of the audience immediately worried that the 13 states would lose funding and some 400 additional field agents would lose theirs. Place-based development will always do something. It might be different from what you wanted or of the correct scale, but executing a plan will cause something to change. The nature of the change is a function of planning (Isserman, A., and Merrifield, J.,1982).

I inherited the job of the Whisman Scholar. I spent the next seven years considering why there still were impoverished counties in Appalachia lacking jobs, accessible health care, modern schools, and sewage systems beyond straight pipes protruding out from under rickety trailers perched on crumbling hillsides. In discussing the ARC, I attempt to answer why this legendary place-based policy continues and how current approaches to place-based programming have the potential to continue to suffer from unfinished business.

In 1992, I returned to Penn State after working for five years in Texas and taking a two-year sabbatical in Washington, D.C., working at the Aspen Institute on rural development problems. I took up a position in Penn State University's geography department. My southern journeys sent me to regions I previously only appreciated from afar or when an upheaval occasionally occurred, like a flood or a forest fire. Returning to Pennsylvania recentered me in the Appalachian Region, which was arguably then, and still now, one of the nation's poorest regions. The Region enjoys a seventy-year programmatic effort to improve the well-being of its residents. Out of the current 423 counties in the Region (the regional commission adds and drops counties based on individual state recommendations), and after billions of dollars spent, the same 100 or so core coal counties remain mired in poverty, plagued by the maladies previously described. Between 1992 and 1998, I spent six years with federal, state, and local entities. I provided policy advice and program design proposals as the John Whisman Scholar, named after the Region's first research director. During those six years, I created a substitute metric for the agency to use as a tool to measure change. An adjacent assignment was to isolate and evaluate counties that had yet to progress over the agency's life. In this article, I will reflect on whether the agency achieved ARC's place-based policy objectives. I will also broaden the scope of the conversation by reviewing numerous other program applications of place-based development. I highlight durable issues that challenge the efficacy of place-based development practice. Reflecting on the papers in this conference, I comment on sector projects funded by the Economic Development Administration, that are investing in new clusters of industrial innovation in communities in the U.S.

1 The Cost of Development is Never Painless or Certain

The Original Regional Project: A Short Background on the Tennessee Valley Authority

To understand the impact of U.S. place-based development schemes, we must recognize that the U.S. uses economic development tools to manage and grow the national economy. In other words, place-based investments and public programming are not solely focused on laggard areas. In America's foray into regional-scale place-based development, we should start by reflecting on the Tennessee Valley Authority. The 1927 continental-scale Mississippi flood was unprecedented. Drawing from reports of the time, the flood "started in the summer of 1926 with exceptionally heavy rains in the Mississippi basin but did not peak until April the following year" (The Smithsonian Institution, 2023). At one point, the Mississippi River was 80 miles wide at Vicksburg, Virginia. The waters subsided in August 1927 and required federal involvement to protect the drainage basin of the Mississippi River.

A story unto itself, the enormous displacement following the 27' floods eventually led to the creation of the Tennessee Valley Authority (TVA, 1930)[1]. At its height, there were sweeping place-based efforts to improve conditions and modernize the core of a rural region at the center of the nation. Construction started in the Depression in the 1930s when President Roosevelt ordered the building of massive power and water retention systems. The president signed TVA's creation into law in 1933. The Tennessee Valley Authority Act created a public corporation "To improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley...and for other purposes (Ibid)." It was the first large regional planning agency of the U.S. federal government and remains the largest. The water retention projects at scale were large enough to provide power services to support the U.S. aluminum-based aviation effort of World War Two.

The program had four objectives and included the operation of the Clinch River project, which eventually grew into the Oakridge National Lab, a facility critical to wartime efforts of the 1940s. Population consolidation was central to the TVA, which required the taking by eminent domain of small farms throughout the Region. As the TVA's written history acknowledges: "all of TVA's hydroelectric projects took the land by eminent domain and were controversial due to the more than 125,000 Tennessee Valley residents that the agency displaced. Residents who initially refused to sell their land lost it by force via court orders and lawsuits (Ibid)." Herein lies one of the potential concerns with place-based development: collateral damage. The TVA originally acquired approximately 1.3 million acres of land in the Tennessee Valley. The Region grew more significant as the project progressed.

In the 1920s and '30s, excessive cultivation, flash flooding, and changing climate reduced much of the soil in the Tennessee Valley to dust. Potent fertilizers developed by TVA helped bring the land back to life.

[1] For a detailed account of the TVA: https://www.tva.com/about-tva/our-history/tva-heritage/the-great-experiment

After World War I, the city of Muscle Shoals in Alabama converted to peacetime production of nitrates used to replenish the Valley's agricultural landscape.

To rehabilitate the Region's soils required a change in the practice of agriculture information. The TVA was a critical factor in the distribution of research-based knowledge. TVA distributed the fertilizers using a cadre of agents that went farm to farm, inviting farmers to try the new materials at no cost. The fertilizer and the unique conveyance system improved the Region's soil capacity by several folds.

According to the TVA, the agency was a critical component of the U.S. war effort, significantly beyond water provision and management. A sampling from the agency's historical records shows the tremendous coordination and project construction occurring in a few short years:

- "During 1940-1947, the TVA did far more than tame rivers and slow soil erosion rates. A list of its accomplishments and the resulting employment impacts, experienced far beyond the immediate Region, are legendary: Between 1940 and 1945, TVA increased its installed power capacity from 958,000 kilowatts to more than 2,200,000 kilowatts. Seven dams and a steam plant were constructed under emergency authorizations, on emergency schedules, to meet this demand. (Ibid, 1930)."
- Energy production grew from 4 billion kilowatt-hours in 1940 to 12 billion kilowatt-hours in 1945 and 1946. TVA's 12 billion kilowatt-hours of electricity production exceeded that of any other integrated power system in the United States in fiscal year 1945. About three-quarters of the power was provided to war industries, such as aluminum plants and airplane factories (Ibid, 1930).
- The War Department revealed in 1945 that TVA's ability to supply abundant electric power was the primary factor in locating the atomic energy project at Oak Ridge, Tenn.
- TVA's designs for prefabricated houses enabled the War Department to secure nearly 5,000 homes for atomic energy plant employees at Oak Ridge, Tenn., and Pasco, Wash. in record time" (TVA, n.d.)

The TVA is exemplary of American place-based economic development. According to the agency's website, its overarching purpose reflects its origin: TVA's mission is unchanged from its 1933 roots—we serve the people of the Tennessee Valley to help the region thrive and grow (Ibid,1930). The TVA's industrial and land use planners transformed the central part of the country by confiscating large swaths of land in seven states, forcing tens of thousands of dry land farmers off their family land, and creating a migration across the country with minimal compensation. A decade later, the federal government would attempt another far-reaching plan to bring development to a resource-rich, income-poor coal region.[1]

Appalachia: Then and Now

The second major place-based development scheme, the iconic Appalachian Region Commission stands as an attempt by the federal government to use a federalist, multi-governmental model to recondition a region known for its poverty, inequality, and isolation.

Known as distressed counties, the agency's storehouse of reports, expenditure evaluations, newsreels, government statements, and occasional scholarly treatises provided a treasure trove of documentation that lays bare the explanation for why poverty persisted and plagued about a quarter of the original counties. Digging through the archives and conducting numerous interviews with agency life-long staff members made possible the ability to isolate the effective and ineffective elements of the program's place-based policy practice (Bingham, E. (1983); Bradshaw, M. J. (1992). After exploring the agency's well-documented history, I remain agnostic about the applicability of our contemporary tools to improve the development prospects of many regions. Not because it is impossible but because of the dependent political economy of the Region. The region suffers from the resource curse (National Resource Governance Institute, 2015). An extractive development process dominates the Region. Since 1970, mining companies have extracted over two billion tons of coal from the mountains using mountaintop mining, destroying the land's surface while burying valley streams that trickle chemically weathered pollutants (Purdy, J.B., 2016). Therein, the core of the Region and the 100 or so coal counties reside. The remaining counties reach the national average for many of the Region's key indicators. On that basis, the place-based development scheme has been successful. Why?

The most complete recitation of ARC's impact over its first 20 years is found in a paper by Ralph Widner, the Commission's first executive director. Widner's narrative lays bare the politics, geography, development strategy, the pseudo application of Growth Center theory to defray Washington's criticism of fiscal wastefulness, and the initial framework guiding funds placement. The paper also details the rationale for the highway system's choice of additional non-highway resource programming. It lays out the program's moral justification and future measure of success: closing the social and economic gaps between the region and the nation.

Unlike the TVA's overbearing approach to problem-solving, the ARC's methodology was different from the beginning. Instead of engineers ruthlessly dictating dogmatic solutions to multi-faceted problems, at the start of the ARC program, career professionals in fields such as sociology, health care, education, sanitation, local government, and housing were front-line members of development teams initially dispatched from Washington. The leadership team comprised professionals (many with advanced college degrees) focused on creating an organization built on interregional cooperation. It is not perfect, but it demonstrates some semblance of an ability to succeed at coordinated action. In the early years of the ARC, citizen engagement and consultancy were not common planning practices. Instead, local leaders were identified by governmental appointees at the state and federal levels, and planning processes were designed and dictated by the agency's Washington D.C. office staff (Bellarmine, 2021). Although the D.C. office staff included a cadre of people-oriented individuals well-schooled in the failings and the human costs of TVA's domineering approach to development, nonetheless, the important decisions were dictated by D.C. rather than negotiated with local citizens. Areas of deepest poverty were sidestepped in the initial years of the program.

Early evidence of agency impact was evident in areas of urban settlement. The initial level of funding was huge by federal standards of the day. Early successes included the precipitous decline in infant mortality as clean water and pediatric medical and maternal care reached the Region's remote areas.

Unlike the TVA, the ARC consulted regional economists, advocating a theory of concentrated development to plot a strategy for goal achievement given the considerable funds allocated and the promise of persistent planning. Not perfect, but serviceable. The model had flaws. A firmly held belief was that underdeveloped locations needed to be a specific size and location and proximate to one another and the edges of the region. With this theory in mind, the more remote, least resourced, and most difficult to rehabilitate areas were left behind. Setting aside the most troubled places was justified as much based on political as practical concerns. The cost of access to the more remote regions required blasting holes in mountains, moving rivers, and relocating residential properties.

A pivotal paper by Lawrence Wood, associate professor at Ohio University (2001) demonstrates that at the time of its inauguration, the ARC grabbed onto a theoretical notion popular at the time that successful development required geographic concentration of expenditures (Widner, R. R. (1973); Widner, R. R. (1990); Wood, L. E., & Bischak, G. A. (2000). At its height, in 1974, academics and development professionals were fixated on the notion that the means of achieving growth required concentrating resources in a few places and allowing Myrdalian spread and Hirshmanian trickle down effects do the rest. Wood's statistical analysis of ARC's first two decades of expenditures showed that in the early years, the ARC said more about growth center strategy than practiced it (Miernyk, W. H. (1967); Moore, T. G. (1994); Munro, J. (1969). Program leaders could conveniently trot out the growth center idea when needing to defend against political claims that the program was just another example of government excess. Evidence shows that more was said and less was done explicitly targeting funds despite the ARDA's directive for the ARC "to concentrate its investments in areas with a significant potential for future growth where the return on public dollars invested will be the greatest" (U.S. Congress, 1965). A critical distinction lies at the heart of both the TVA and the ARC programs. Both projects' funds were predominantly invested in infrastructure. In the TVA case, funds were spent on water-related projects. ARC's funds were divided between planning social infrastructure and transportation. From the beginning, two-thirds (77%) of the ARC funds were set aside for the highway system (Estall, 1982).

The ARC case is distinct in that individual states used their political influence and discretion to designate so-called "centers" based on various reasons, not simply following the admittedly vague theoretical prescription of the size or situation of a place. When, in the early 1980s, President Reagan threatened to shutter the ARC, the federal staff fought to redirect the funds to counties "left behind," designating them distressed counties, the most remote and challenging to support. From that point forward, ARC staff scored counties on four primary indicators, including high poverty, low income, and high unemployment.

Of importance, the structure of the ARC evolved, especially when funds dispersal defined resource access based on underlying conditions. Distressed counties now claim a significant share of the ARC's dwindling non-highway budget. The federal government continues to earmark additional funds for calamitous problems such as obesity, environmental disasters, and the opioid crisis (Rengifo, S., Wu, A., Ioffreda, P., & Ilyas, A. M. (2023).

The Appalachian Regional Commission's cumulative funding reflects billions of dollars to rehabilitate the region (Appalachian Regional Commission,1968; Appalachian Regional Commission, 1985; Appalachian Regional Commission, 2010; Appalachian Regional Commission, 2014). Since the early 1980s, the same counties primarily designated as distressed retain that designation. The ARC meets or exceeds national comparisons on several metrics, such as high school graduation rates. The ARC aimed to reduce the disparity between the Region and the nation. Parts of the region are making considerable progress. Nonetheless, the Appalachian Region remains plagued with generational poverty and retains an undiversified economy. Since 2000, most distressed counties have continued to underperform the nation (Partridge, M., Lobao, L., Jeanty, P. W., Beaulieu, L. J., & Goetz, S. (2008). Appalachia has proportionally more economically weak counties and fewer economically more robust counties than the rest of the country. The number of high-poverty counties in Appalachia is 112, down from 295 in 1960. Still, those that remain show stubbornly slow progress over the program's life (Population Research Bureau, 2023). The regional poverty rate has been cut almost in half, from 31 percent to 15.2 percent. The percentage of adults with a high school diploma has nearly tripled since 1960. Coal jobs continue to decline. Overdose-related drug mortality rates for the Region's 25–54-year-old age group—those in their prime working years—were 55 percent higher than for the same age group in the country's non-Appalachian areas. The economy's structure shows negligible diversification.

What can be said is that the Region made great strides at birth. And yet, even with time, the core distressed counties remain in despair compared with the Region and the nation. Recent research examining America's left-behind places indicates policies intended to move counties more toward national norms often remain disappointedly stuck in place, with high rates of poverty, poor health, insufficient basics such as clean water, access to medical care, access to healthful foods, insufficient modes of transportation, and isolation.

Summary Thoughts Considering the U.S. Regional Case

A variety of lessons are evident in the two cases. Federalism can work to address multi-level development challenges. Before the ARDA, capable and appropriate political and institutional infrastructure hardly existed. The first big projects required vast expenditures of energy and money to launch. At the start, there was no federalism; hence, necessary political infrastructure had to be built, and the threat of state and federal overrides was constant.

The spatially decentralized system of proposal construction supported local preferences, yet the resulting mishmash of project proposals weakened the effect of investments in vital infrastructure. In the case of the ARC, leaving the worst for last (distressed counties), was an emergency measure forced upon program operators when then-President Ronald Reagan, threatened the Commission with program closure.

Closed-door dealings always lurked in the background. The president's representative appointee also held extra cards under the table and played them at will. And still, there is evidence that progress was made. Breaking the program into two parts: highway construction and area development meant the lion's share of resources went to transregional projects designed to open east-west transportation access to make resource extraction viable and more efficient. As a development model, the ARC is perhaps best understood as a continuation of the interstate highway system alongside basic infrastructure and capacity building.

In 2023 ARC programming is light years forward from its starting principles. The multi-level governmental structure can and does work, sometimes, and only for some programs. The local development district (LDD) model remains unique. Multi-county substate regions receive resources that provide additional capacity. The additional resources expand the capability of local government to hire specialists to pursue grant competitions that inject new capacity. An example of this benefit stream is described in the following paragraph.

I ran an ARC-sponsored professional development program based out of Penn State on energy efficiency for five years. My partner, Barbara Kinne, and I were hired to create cohesion by building capacity in the ARC-sponsored Pennsylvania Local Development District (LDD) professional staff and making multi-location investments in energy efficiency programming. The program start was rocky, mainly due to underlying tensions among the LDD professionals who competed yearly for development funds and their annual positions. We discovered that though a closely knitted team, in their day job, the professionals rarely were given the choice of topic to work on and expertise to develop. Thus, early meetings started with bomb-throwing over who was the most capable member of the group to take on a task.

During our process meetings, we identified a task space for each professional, enabling them to run unimpeded in utilizing their expertise. Five years and more than four million dollars later, our program design yielded tens of thousands of watts saved, hundreds of joint purchasing agreements leading to hundreds of pieces of new equipment installed, schools insulated, and entire towns metricized to measure net energy savings. We discovered that constant tending to staff expectations was critical to the successful operation of core elements of our programs and made possible a multitude of decisions: project identification, design, resource acquisition, contractual agreements, team building, work scheduling, evaluation metrics, and a host of other tasks. A gaping hole in project development design is the need for more people's skills to manage the process.

In summary, considerable knowledge is encased in the historical records of development agencies. The ARC organization is an archival gold mine. It is relevant to ask whether ARC's model of development worked because within its web is evidence of the challenges place-based policy faces, and within its decades-long documentation lies insights into contemporary problems. To understand how it worked and to what degree, we need to look deeply into three concerns: the original policy theory known at the time of the agency's creation, the development program theory of the day, and the practice theory carried out to understand why place-based policies exist and cause change to occur.

Data needs to be more robust. Federal policy needs to be based on the nuts and bolts that require attention while staying away from momentary fads that have little hope of working in areas of long-standing economic fragility.

The two case reviews raise numerous questions: have we learned enough about place-based development to know what works? Do we have the data and the decision tools to aim at anticipated targets? Can we model likely scenarios and catch unintended consequences before they disrupt the prospect of success? Can we track our desire to regain lost competitiveness while ensuring that places left behind receive the requisite attention, resources, and consideration needed to achieve viability?

2 Alternative Means and Scales of Place-Based Development

Both the TVA and the ARC are unique in themselves. Revitalizing an entire multi-county region contrasts with the problems evident in formerly industrialized urban locations. The regional scale regularly extends beyond conventional administrative boundaries and is typically comprised of parts of individual states. This adds complexity and requires additional negotiation. Another place-based development approach commonly practiced in the U.S. is selectively supporting institutions within the confines of specific geographic areas. Classic examples include national parks. Topics range from national parks memorializing specific infrastructure like railroads to demonstrating the remnants of early industrial practices, like Lowell National Park in Massachusetts. Using its industrial history around early American textile industrialization, park professionals spin tales of the lives of a mill town for thousands of young women in the 18th century. At a cost of millions of dollars, the park's creation revitalized a city otherwise worn down and partially abandoned.

1. Federal Investments in Infrastructure to Support Industrial Development—Defense and Non-defense.

Other place-based investment targets include national labs like the Fermi, Oakridge, and Livermore Labs, and another 14 labs and research facilities that operate as engines for industrial development in and around their environs. (Congressional Budget Office. 2021). The labs produce direct and indirect benefits. Several labs' locations reflect place-based growth, not as objects of purposeful development or economic decline, but as stakes in the ground attracting ancillary activities. Even as federal funding for development projects undertaken during the early days of mid-20th century nation-building, the U.S. still strategically invests considerable funds in projects in support of lagging areas.

Federal investment as a share of the budget and the economy is lower than in the 1960s. In the 1960s, federal investment represented more than 30 percent of federal outlays and averaged nearly six percent of GDP. Federal investment has gradually declined as a proportion of discretionary spending, from roughly 50 percent in the 1960s to about 40 percent today. In addition, discretionary spending also has fallen as a share of total federal spending since the 1960s. Caps on appropriations enacted by the Budget Control Act of 2011 set limits for most discretionary spending from 2012 through 2021 to amounts lower than they would have been if annual appropriations had grown at the rate of inflation. Subsequent legislation increased those caps, most recently for 2018 and 2019. Under current law, the caps would return to the levels specified in the Budget Control Act for 2020 and 2021.

Sixty percent of total federal investment in 2018—or $297 billion, which represented about 1.5 percent of GDP—was for purposes other than national defense. Of that nondefense investment, 41 percent provided funding for education and training, 37 percent was for physical capital, and 22 percent was for R&D. Defense activities accounted for the remaining 40 percent of federal investment and totaled $195 billion, representing 1 percent of GDP. Three-quarters of federal investment for defense purposes was devoted to physical capital and the rest to R&D (Glasmeier, 2019).

There are several models of place-based development funded by state and local governments. A few examples provide a glimpse of strategies, some intentional, others more incidental, and some haphazard;

all are either interested in maintaining a culture in a specific location or ensuring the right mix of skill and job type to enable the city to retain its current economic base. All result with the help and assistance of government resources.

Two Representative Urban Examples: San Francisco and Atlanta

A recent project developed with a colleague, Timothy Sturgeon, at MIT's Industrial Performance Center, asked us to investigate examples of city-state development projects intentionally designed to preserve urban manufacturing.

A focus on urban manufacturing is deliberate. In many cities, these jobs often pay better than service employment, are more likely to employ men, do not necessarily require individuals with college degrees, have more room for entrepreneurial innovation, most often arise from residents, and tend to operate in areas unsuitable for residential development. The four studied cities include Atlanta, Boston, Seattle, and San Francisco. Each has several manufacturing districts. More than one boasts numerous manufacturing centers, usually derivative of industrial skills built over several product generations. Today, most are threatened by intensifying urbanization, either losing out to residential development, or in three of the four cities, traditional industries are experiencing displacement by office towers, technology-intensive industrialization, and consumer services. I will briefly discuss two of the cases and highlight the place-based development practices the cities pursue, the goal being to diversify the economy of their city.

I begin with San Francisco, the city by the Bay, known for its world-class tourism, multicultural milieu, physical beauty, and intact neighborhoods. I then turn to Atlanta, the Urban Queen of the South.

San Francisco

San Francisco wasn't quite a sleepy city before World War II, being the commercial and banking center of the West Coast even before the Gold Rush. The Gold Rush brought people from all over the country and the world and was an early immigrant city supported by Chinese laborers finding work on the railroads, in the mines, and in the fishing industry. Early manufacturing followed the footprint of the Region's resource industries, with shops and factories producing foodstuffs, mining equipment, agricultural supplies, clothing, and goods otherwise too expensive to ship from the east by rail.

World War II remarkably transformed the city. Tens of thousands of men boarded ships to fight alongside the Pacific fleet. Families followed their men to the edge of war, and the federal government built low-cost housing along the peaks of the city. After the war, few Veterans returned to their birthplaces and instead made San Francisco their adopted home.

Because San Francisco lay across the country, the city's manufacturing base reflected consumer preferences for goods that matched the climate and pattern of development. Breweries and other immediately consumable goods factories served residents around the Bay. Consumer and cultural industries from restaurants to show houses, publishers, education institutes, and medical centers, grew in lockstep with population growth. Consumer goods like soap manufacturing, canning, and even automobile assembly plants were established because of the prohibitive distance to other national product markets that were predominately located in the Middle Atlantic and Midwest.

In the 1980s, the city fell on hard times. Much of the early 20th-century manufacturing industries were losing out to cheaper competitors located throughout California, especially in and around the growing city of Los Angeles. The city's population numbers declined, derelict piers lay wasting, and traffic became incompatible with suburban life. Families moved out to the surrounding city suburbs.

In the early decades of the 20th century, radios, electricity, aircraft, and various new technology industries began filling in the region. Weather, distance, and innovative higher education institutions attracted entrepreneurs and industrialists of diverse backgrounds. By the end of the 20th century, technology companies and new inventions found attractive locations to operate in downtown San Francisco, where former low-rise buildings were replaced by office high rises.

By the start of the financial crisis of 2007-2009, San Francisco's manufacturing base shifted once again. In December 2022, the San Francisco/San Jose MSAs had about 329,000 manufacturing jobs, down from 427,000 in 1990, a decrease of 23%. Today job losses are in traditional, niche businesses that are unique to the city. The concern about manufacturing decline is now occurring in neighborhoods where home and work are sometimes indistinguishable.

Until relatively recently, the city of San Francisco paid little attention to the need for services, spaces, workers, and markets of local businesses making products in San Francisco. While computer equipment is the largest manufacturing employer in the city, the second largest employer is Food manufacturing, producers Ghirardelli Chocolate Company, founded in 1852, and corn chip and salsa maker Casa Sanchez, opened in 1925, as well as newer producers of boutique food items, such as Dandelion Chocolate Factory, founded in 2012. Other immediate consumables, like beverage and tobacco product manufacturing, are the 6th largest manufacturing employers in the city. Many of these businesses date back decades.

To support the city's manufacturing base, the city of San Francisco founded SFMade (2011) in 2010 by a group of 12 initial founding companies, with city support, with the mission of helping manufacturers in the City of San Francisco start, stay, and grow in the city. SFMade acts as a "full-service hub that connects low-income job seekers to employment and training opportunities; provides local manufacturers with educational resources and customized, one-on-one services; and arms policymakers with strategies and intelligence to create the conditions for home-grown manufacturers and their employees to thrive (Ibid, 2011)." It also brings "manufacturers into high school classrooms and creating internships to provide early exposure to the field (Ibid, 2011)." Cities around the country realize if diversity is to persist, service organizations with small business experience must be key partners.

Manufacturers primarily located in neighborhoods that frequently come under threat of gentrification (Ferm, 2016). "These are also the lower-cost residential areas such as the Mission, Bayview, Central Waterfront, Lower Potrero, and South of Market. Women own a staggering 43% of our local manufacturers." (Ibid, 2011).

These support service organizations post themselves at city hall to remind city officials that an essential part of their communities require support to operate in intensely competitive environments, especially given that high living costs and difficult traffic add to the stress and strain of city life. These businesses felt considerable threat when COVID started and still spend time regaining workers, market share, and supplies.

Greater detail and interviews highlight the support required to retain the current San Francisco lifestyle. City and state funding in small amounts supports the programs targeting entrepreneurs and makers. While trivial compared with the funding level supporting examples of region-wide development, the actions undertaken are much the same: identify community problems and build capacity with communities and across organizations. San Francisco's diversity, color, and culture will likely shrink without such support.

Atlanta: The Queen of the South and the Nation's Southern Capitol

Another example, different but based on the same principles, is the Atlanta infrastructure supporting job growth, maintaining the city's diversity, and promoting the well-being of its residents. Atlanta is unique when it comes to place-based development. The state of Georgia inhabits a pivotal role as the place-based development maestro coordinating the city-region's strategic development practice.

Georgia is a primate city-state. Located at the junction of three railroads, Atlanta is the pivot around which clusters various urban functions from government, medicine, finance, communication, education, institutional, recreational, corporate, religious, and promotional. The city has numerous virtues, all with the strategic intent of creating and maintaining a standard of living and way of life. For 100 years, the state's largest utility has managed place-based development, relying on county and regional development service organizations geographically dispersed across the state. Overlapping layers of development functions, such as water, power, education, and roads, deploy from the center to support the state's economic growth. The State of Georgia's Office of Economic Development is a full-service organization and reports to a board of directors, including representation from the Governor's office. The Georgia Department of Economic Development is the state's sales and marketing arm, which replicates many of the functions commonly found in economic development organizations at the state level. The assorted dispersed functional offices share many responsibilities. Indeed, an outside observer would think that duplicative layers and multiple access points confuse establishing the correct pathway to access required services. However, in Georgia and Atlanta's case, the multi-jurisdictional organization allows each level to rely on and share the burden of recruitment and location while carefully deploying land uses efficiently and effectively.

The Appalachian Regional Commission (ARC) provides resources to improve the area's business climate surrounding Atlanta. The state-federal entity provides resources to communities considered economically distressed. Atlanta has few claims on funds from the ARC. Still, over the last seventy years, the regional agency has fostered numerous development activities that meet the approval of the ARC's fiscal regulations.[2]

Despite the possibility of confusing overlap, the combination of available land, weak city governments, strong county governments, and even stronger state-level actors in the economic development and investment attraction space, the situation adds up to a stridently pro-business setting making it easy to launch new development projects in the Atlanta region, especially new manufacturing investments.

Atlanta's Legendary Diversity

Atlanta is also the 2nd largest majority-black metro area in the country, with predominantly white and black, with blacks making up about 50% of the population, as already mentioned. The Black and white residents tend not to live in the same areas of the city, with white people living in Midtown and points north and the black population living Downtown and points south. Atlanta is the second most segregated city in the U.S. Sixty percent of the city's area consists of predominantly black neighborhoods. Northwest, Southwest, and Southeast Atlanta are 92% black, and the Buckhead and Northeast neighborhoods of Atlanta are, on average, 80% white. Sixty percent of the city's area consists of predominantly black communities: together, Northwest, Southwest, and Southeast Atlanta are 92% black. Some areas are primarily white, notably Buckhead and Northeast Atlanta, which are, on average, 80% white. Still, African Americans in the city have been moving to the suburbs over the last ten years, and the city's black population shrank from 61.4% in 2000 to 54% in 2010. Meanwhile, Atlanta has seen the fastest growth in the proportion of whites in the city than any other U.S. city. The white population grew from 31% to 38% from 2000 to 2010.

The Atlanta region has strong job growth, but gaps in the education and training system leave many Atlantans behind. More than half of the advertised jobs in the Region require at least a bachelor's degree, while only 35% of residents over 25 meet that requirement. At the same time, some residents need to gain the necessary skills to land a well-paying job. The academic achievement gap between Latino students and other groups starts early and widens as they enter high school. Latinos lag behind their peers in third-grade reading proficiency. Only 26 percent of Hispanic students in Georgia are reading proficiently and above grade level by the third grade, compared to 39 percent for all students (L. Gobillon, H. Selod and Y. Zenou. 2007).

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[2] See [Classifying Economic Distress in Appalachian Counties - Appalachian Regional Commission (arc.gov)]

An added concern is the geographic mismatch between the residence of workers and the location of jobs. Atlanta consists of 29 counties. Only the five core Atlanta counties have well-developed multimodal public transit services. In the last decade, job growth has targeted the outer counties. Consequently, new jobs can require travel distances significantly beyond areas served by public transit. There is a trade-off where the smaller, more dispersed counties tend to have lower-cost housing, but they must depend more on private transportation (Urban Institute, 2019). Metro Atlanta is known as an affordable place to live, but housing costs are rising, threatening to erode this competitive advantage. An expanded regional transit network is critical to keeping metro Atlanta economically competitive. The Region must collaborate to implement the new Atlanta-Region Transit Authority or the ATL, to develop and better coordinate mobility options across the 13-county Region. Still, according to an expert from the Federal Reserve Bank Atlanta, Atlanta is the most overvalued out of the top 100 markets in the U.S., at about 50% higher than where prices should be. Housing costs less than 30% of a family's take-home pay are affordable. By that definition, most metro Atlanta neighborhoods are not affordable for families earning less than $50,000 annually.

Longer-Term Change in Neighborhoods and Rising Displacement of Poorer Residents

One of the significant challenges is the rising cost of housing and how the numerical distribution of different income groups alters the neighborhood populations and residential housing dynamics. The study examined Atlanta's population growth over the past decade and its accompanying demographic neighborhood change. Initially developed by the Institute on Metropolitan Opportunity at the University of Minnesota, the methodology classifies neighborhood change along several dimensions. The study sought to quantify that change by "measuring the change in the ratio of low-income (LI) residents to non-low-income (NLI) residents in city neighborhoods from 2010 to 2018 (Luo, Zheng, and Hite, 2021).." Based on this analysis, the research developed four categories to classify neighborhoods:

- Growth neighborhoods gained NLI and LI residents.
- Low-income displacement neighborhoods gained NLI residents but lost LI residents.
- Low-income concentration neighborhoods lost NLI residents and gained LI residents.
- Population Decline neighborhoods lost both NLI and LI residents.

Across Atlanta, neighborhood change impacted population sub-groups disparately (Ibid, 2021). Rent-burdened, impoverished, and increasingly Black residents reside in Low-Income Concentration neighborhoods associated with economic decline. Residents with a bachelor's degree or higher and households with high median incomes live in Growth and Low-Income Displacement neighborhoods. Of relevance, the current public policy practice appears to be exacerbating the inequities between these starkly different neighborhood types by investing in communities already experiencing growth and likely to experience displacement of lower-wealth residents while ignoring areas with concentrations of low-income residents.

Challenges for the City

Atlanta is the number one city for income inequality in the U.S. If a person is born into poverty in Atlanta, there is just a 4% chance of escaping poverty in their lifetime (Atlanta Wealth Building Initiative, 2024). Today, the median household income for Blacks is just one-third that of whites. The median household income for a white family is $83,722 compared to $28,105 for a Black family. 70% of Black families are liquid asset poor compared to 22% of white families. Sixty-six percent of all Latino families in Atlanta are asset-poor. Latino families' median household income is about half that of whites.

Economic Development Agencies, Educational Institutions, and Training Initiatives

Housing and community development focus on urban revitalization utilizing conventional tools in partnership with other city agencies. The tone of DCP's reports and documentation concerns residents, neighborhoods, and managing change. Their focus is on the community level, and their approach is decidedly local intent. Reviewing the records of other agencies with economic development as one of their responsibilities, the boosterism approach to economic development at the state and regional levels seems distant from the many challenges the local urban planning office addresses. DCP's Office of Housing & Community Development contributes to neighborhood revitalization by integrating targeted programs, outreach, and investment in neighborhood commercial areas.

The Atlanta Chamber of Commerce (COC) is a private non-profit organization that advocates for businesses in the city and surrounding Region and supports economic development initiatives and workforce development. They also promote the Region to the outside world. Chambers of Commerce are common in towns throughout the U.S.

Atlanta's Motto: Never Leave Anything to Chance

The Atlanta case is unique. From the beginning, strong organizations held the design reins of a legendary development program coming up in its hundredth year of operation. Success results from many fortunate events, including an initial location at a crossroads, fertile, relatively flat land, and available resources, especially water. Atlanta's primate city qualities were a feature that attracted the 1980 Olympics. Long-range thinking to make infrastructure investments in a world-class airport put Atlanta on the global air freight map; public companies morphed out of Second World War investments in military apparatus, significant institutions of education, medicine, corporate operations, arts, and culture are emerging with time. Beyond the natural and artificial resources, Atlanta's municipal decision-making is highly centralized and strategic. More than almost any other city in America, Atlanta does not wait for experiences to unfold but instead creates them and controls them. The level of coordinated autonomy given to development community members enables professionals to specialize in capabilities that sum to more than the individual parts.

Today, some say Atlanta suffers from too much success. Traffic could be better. Residential displacement is dividing communities and forcing out long-term middle-class residents unable to keep up with inflated housing costs. The highway system planners should have anticipated the city's growth and the region's geographic transformation. Modern highways serve the urban core, but insufficiently sized roads crisscrossing the hinterland cannot efficiently move suburbanites in and out of the city.

Atlanta's workforce of tomorrow is on everyone's mind. Significant reading gaps separate social groups. City professionals realize that important educational innovations are required to provide an increasingly diverse labor force capable of working in today's manufacturing economy.

Our case study of Atlanta exposed a "can do" attitude toward planning the future, including based on more than just brawn. The interviewed professionals were immediately ready for federal agencies in Washington, D.C., to lay down regulations and definitions of skills, occupations, training, and certification. Atlanta's professionals are sitting among the federal officials who design our understanding of the work of tomorrow.

Unique Political Structure and Initial Geographic Advantage

Atlanta is an example of centralized decentralization of strategic development policy. Atlanta is the primate city in Georgia and the broader Southeastern U.S. outside Florida. The city has the most significant federal agencies outside the nation's capital. The regional economy is tied to government, transportation, and hospitality services. Growth and renovation of the downtown started in the 1980s, and now the city has 75,000 hotel rooms, the third highest among U.S. cities. Atlanta also hosts a full complement of civic activities with two major sports stadiums, more than 20 professional theatre venues, and 40 museums. A confluence of rail and highways, along with Hartsfield-Jackson Airport – the largest in the world – make the city one of the best-connected urban centers in the U.S. Aside from some early growth in the textile industry, the region's economy outside of services has historically been tied to agriculture and population-serving industries. In recent years, relatively low costs, business-friendly institutions, and the availability of rural land for development have made the broader region a target for large-scale investments in automotive assembly, batteries, and solar panels. However, the lack of deep roots in industrialization is still evident in the region's industrial and economic structure, institutions, and labor force.

To sum up, while progress is being made, the last several decades have seen the city of Atlanta become predominantly white. The population is well-educated, and the suburbs are transitioning as well. Indeed, the exclusion of African Americans from some more distant white suburbs to the north of the city suggests there are both enclaves within Atlanta and in its outskirts. One might question if Atlanta is as great a city as it was when it was more diverse.

The Next 20 Years: The U.S. is Embarking on a New Era of Place-based Development

Each of the referenced examples of place-based development differs across multiple dimensions: size, location, underlying development challenge, differing political and institutional patrons, timing of policy intervention, state of technology, and so on. The question now is, what have we learned from the past as we embark on vast new locationally-based investment programs? Advocates' expectations are not only that we can renew 20th-century lagging economies but to do so based on new technological discoveries infused by massive levels of new funding provided by the Biden Administration's quest to recapture America's technological preeminence, eroded over the last forty years (Muro, 2023). Tremendous progress has been made in understanding what actions are required to build industrial and economic development. The White House staff guiding the design of the programs (Build Back Better at the federal level and the ARISE program of the ARC) are schooled in an approach to economic development that takes into consideration a deep understanding of the challenges that bedeviled earlier efforts. A larger concern is the extent to which localities are ready to embrace new program designs. Unknown is the on-the-ground conditions of newly selected locations. Applications of the new program designs will immediately confront local conditions that could include hostile state and local governments, and entrenched institutional practices that see any change as a threat. Reading the local business press across the country already reveals deep suspicion about how the proposed projects are designed to work. At this moment, economic development practitioners have at their fingertips, better data than ever before to model out proposed solutions. They also have professional associations with broad experience in many facets of the development process. Perhaps the biggest challenge is how to choke down the huge level of funding currently on the street or soon to be unleashed.

At an existential level, my personal view is if we thought that building the Hoover Dam or putting a human on the moon was complex, think about how challenging place-based development will be to revitalize the nation's industrial base while managing the likes of climate change and the desperate need to return to being a civil society.

3 Place-Based Development Discourse: Looking Toward the Future

The papers in the year-long series of seminars about place-based development comprise a timely and provocative contribution to the multi-decadal assessment of spatial policy attempts to steer regional economic change. Authors selected to contribute their perspective on contemporary regional development issues raise several important questions about place-specific interventions and their ability to achieve development expectations in line with the EU's Cohesion Policy. Beginning with a referential view of the previous papers, I contribute to the discussion of place-based development by directing our attention to the continuing challenge of underpinning such policies with evaluation efforts sufficient to provide insightful findings that inform efficacious program designs.

In my experience, place-based policies (PBPs) distribute resources based on location rather than explicitly addressing a "people problem." These investments in infrastructure broadly, including education, job opportunities, capacity building, sanitation services, etc., are to remediate pre-existing problems specific to a location. Place-based policies do have direct consequences for people where the resources are directed. As is often the case, people and place are joined together, as noted in McCann's emphasis on the "people-in-places" framework (McCann 2023). First and foremost, in my experience, PBPs focus on localized problems: funds are allocated to programs intended to impact and affect a problem when not spread too thin. In practice, however, these policies are inherently political. Too often, political exigencies require dilution of effect to justify the program's original intent. The result: access to funds is available to more than the initial target, as in this case, lagging regions. A case in point is the early days of the Economic Development Administration. In the 1960s, to clear Congressional hurdles, The U.S. Economic Development Administration's original benchmark targeted counties evidencing one percentage point above the long-term unemployment rate. With that approach, more than 60% of the nation's counties were eligible to apply for funds (Congressional Research Service, 2021). The fateful decision to set a politically feasible target for receipt of funds diluted the intended effect early in the agency's life. It was at least a decade before the measure of distress was revised. Often, lagging regions are the ones that most lack access to resources, and even when they do have access, there is usually a long line of possible recipients, those with more capacity and institutional resources.

The Age-Old Debate: Efficiency Versus Effectiveness and Equity

There is debate about whether PBPs should be directed toward exclusively poorer regions, which is presumed to be the most effective means of addressing the lack of prosperous conditions these policies are meant to address. As part of the year-long program's investigation, Suedekum (2023) observes that

PBPs are now being developed for all types of regions, including wealthy metropolitan areas. Since 2014, based on the EU classification of sub-regions, less- to more-developed regions have benefited from PBPs. The classification now includes ex-industrial regions, with policies aimed at not only fostering agglomeration and countering deglomeration (in poorer places, which are the traditional recipients of PBPs) but also at preserving existing agglomerations to prevent economic downturns (Suedekum, 2023). A more proactive approach is intended to forestall undesirable consequences. Still, without forethought, this more encompassing grouping can cause a distributional conflict by reducing the places most needing support. Evidence from specific cases suggests successful PBPs require long-term, significant, and stable funding to develop local capacities and a long-term vision (McCann, 2023). More dispersed place-based program funds would appear to be a suboptimal use of government resources, but not in the way economists habitually dismiss PBPs. Indeed, while PBPs potentially lead to an equity-efficiency trade-off without a net positive outcome (Solé-Ollé 2023), according to Nathan (2023), there is an increasing shift in economists' negative opinion of PBPs. Today, given wage rate convergence across regions, human mobility is steadily declining, especially following the impact of COVID-19, leading to wage rate convergence across many areas. As regional economic stagnation rises, the lack of mobility evokes public dissent. As pathways out of economic insecurity are more challenging, place-based delivery may be a viable option for targeting resources toward groups and individuals.

Evidence shows that distributing scarce funds across excessive numbers of regions only sets up PBPs for failure (Urban Institute. 2021). Especially when these policies are expected to not only level up lagging regions to national averages but also achieve an equal level of development by attracting new industries. Without assurances of desired outcomes, limited well-designed experiments based on careful designs, provisioned with adequate resources, and initiated with evaluation designs in place may draw out the time before evidence is forthcoming. Still, fewer well-designed projects, in tandem with upfront evaluations, may offer greater assurance of understanding what works, thus yielding more significant results.

Standing Still Should Not Be an Option

Planners and policymakers face the challenge of addressing places with poor infrastructure and limited labour opportunities. Today, we must include places that once prospered and are now in a state of stasis or decline. These events present a new set of issues. People are stuck in declining places where their circumstances are bad enough that they react to it. This jadedness, coupled with a reduction in communication distance thanks mainly to social media, enables people to connect over their disgruntlement at losing or never having had good conditions. Originally, PBPs were targeted toward places needing more resources for development and were far behind other regions. These left-behind regions lacked even the most essential investments, such as water, education services, and health care – these are essential resources in the first round of national development. Some places, such as coal counties of Appalachia, Native American Tribal lands in the U.S. West and Southwest, and select counties in the former plantation South, remain mired in this situation, as will be further discussed in this paper.

Many regions suffer from economic stasis rather than decline, so their inhabitants see little opportunity around them, no variation in opportunities in other regions, and limited incentives to create opportunities. This further discourages mobility among people who don't see their skills being more in demand in different places. Therefore, they choose to stay where they have an attachment to the local community and modest shelter. Given the current bifurcated distribution of jobs in a few locations, it is questionable whether there is enough money to assist people moving to the United States, even if it is shown to lead to more opportunities for them or their children (Chetty, 2016). There may be few opportunities for working-age adults to find a living wage job in many places. There is more competition, less displacement, fewer allocated resources, and more complexity in resolving issues. Some places acknowledged that their populations would be unable to take advantage of opportunities in other places and, given the manageable scale of their problem, settle on direct money transfers. This is the case of the lignite phase-out starting in 2020 in Germany, with compensation payments for affected companies and structural aid programs for the lignite mining regions of 40 billion euros, lasting until 2038, which represents a significant 100,000 euros per year per worker for the duration of the aid program, represents more than twice the average earnings of these workers. In addition to this aid program, the German federal employment agency is planning measures, including vocational training and early retirement (Suedekum 2023).

What can we learn from scant data and studies about the current pitfalls of place-based development programming? At least some of today's public disparagement of government is due to their sense that current policies are not working, that their circumstances are on a decline, and no one is doing anything about it. Would more effective evaluations reassure the public that we are not selectively rewarding locations and forgetting others? Would the public's dismay about their local circumstances be lessened if they saw clear progress on problems in their communities, in their labour markets, and their welfare?

Place-based policies are not guaranteed to solve the rise in political populism. Today, people feel individually left behind, rather than only their regions being forgotten. In many countries, their hope for the future is diminished because where and who they are does not map to what social media and increased connectedness show they could be. In the past decade, these feelings have fuelled political discontent across continents. What is less sure is whether PBPs are effective in addressing populism because, as Nathan (2023) noted, there is an insufficient number of rigorous experiments and evaluation studies of PBPs to isolate their actual causal effects. It is imperative to test whether policies work to stop implementing them if they don't. While well-known and regularly called for, defensible evaluation examples are few and far between. The challenge is not whether but at what price (including time and effort) we are willing to design and exactingly execute a rigorous methodology to confirm the effect of policy on our policies.

A well-documented example of where we stand with rigorous evaluations, one need only examine the U.S. Empowerment Zone program launched in the early 2000s in a few cities in the U.S. Here, we take note of just how difficult it is to operate a program that includes multiple agencies, multiple locations and pre-existing structural features including governance practices (GAO, 2004; GAO, 2022). Other challenges include differences in multi-agency objectives, values, and pre-existing standards. Beyond these concerns, perhaps the largest constraints are the turnover of personnel and the continuous availability of sufficient resources to systematically conduct the investigation. An evaluation of the Empowerment Zone project reveals the complexity of mandated partnerships that can stymie a project's assessment and variable resources to cover the full extent of the evaluation.

Empowerment Zone Program: The Challenge of Evaluation

The federal Empowerment Zone program is a collection of tax incentives and block grants designed to encourage economic, physical, and social investment in the neediest urban and rural areas of the United States. The program began in 1993, with the Department of Housing and Urban Development (HUD) tasked with assigning Empowerment Zone status to poor neighbourhoods in six metropolitan areas. Benefits included employment tax credits provided to local firms and a large Social Service Block Grant to facilitate local investment. Local employers could receive a credit of up to 20 percent of the first $15,000 in wages paid to each employee living and working in the community. Phases of the program received grant funds to revitalize impoverished urban and rural communities using various community and economic development initiatives. Combined, the benefits were intended to be substantial. Since the average Empowerment Zone worker in 1990 earned only around $16,000, this $3,000 credit represented a considerable subsidy. Approximately $200 million in employment credits was claimed from 1994 through 2000.

The U.S. Government Accountability Office (GAO) evaluated the federal Urban Empowerment Zone program. The IRS reported on tax incentives and zone targets to promote economic development in low-income communities and distressed areas. In 2004, the GAO recommended that participating agencies—Health and Human Development (HHS), Housing and Urban Development (HUD), The Department of

Agriculture (USDA), and the IRS (Internal Revenue Service), were expected to collaborate on creating a cost-effective means of collecting data to assess the tax benefits.

The IRS was responsible for helping to make tax benefits available. Agencies gave designated communities increased flexibility in deciding how to use program funds. States served as pass-through entities for providing funds. The programs avoided burdening states and localities with extensive reporting requirements.

HHS (Round I), HUD (Rounds II), and USDA (Rounds II and III) each administered grants to specific rounds of Empowerment Zones. Starting with Round 1, HHS provided fiscal data to HUD and USDA. Over time, HHS stopped sharing fiscal data due to a lack of staff. HUD and USDA were responsible for fiscal and program oversight for the urban and rural Empowerment Zones and Enterprise Communities.

HUD, USDA, and IRS collaborated to (1) identify the data needed to assess the use of the tax benefits and the various means of collecting such data; (2) determine the cost-effectiveness of collecting these data; (3) and document the findings of their analysis. USDA wanted to collaborate with the IRS and HUD but complained that collaborations would stretch the agency's already scarce resources.

Limited data hampered the programs' monitoring and administration—insufficient and inadequate data limited program evaluation effectiveness. The agencies were expected to seek authority to collect financial data. Tax form information and its availability were limited by law. A cost-effective method of determining the tax benefit location and the location of the beneficiary was never produced.

Initially, two methods for information collection were identified—through a national survey or by modifying the tax forms—but no interagency cost-effect agreement was reached for collecting additional data. Lacking detailed data and with a shortage of time, the agencies and others remained unable to tie the use of tax benefits to communities. As of 2007, the agencies implemented a compliance monitoring system that addressed GAO's recommendation.

Evaluators recognized the need for a single agency to collect data and evaluate and report on the incentive's performance. By 2021, data were not readily available for analysis. The absence of IRS data and the compliance risks of developing research parameters to assess compliance risks associated with high-wealth individuals and significant partnerships limited the evaluation.

The interim summary results indicated that: "in 2000, 500 corporations and over 5,000 individuals claimed Empowerment Zone employment credits for around $55 million, with fewer than 700,000 residents. Federal expenditures on wage credits and block grants amounted to approximately $850 per capita over the program's first six years, from 1994 through 2000. If large cities experienced fundamentally different conditions over the 1990s than small cities, comparing census tracts in selected and rejected zones was subject to bias" (GAO, 2022). A study by researchers at the University of Wisconsin included several robustness tests (comparisons and placebo effects). The findings suggested that workers were willing to commute longer distances to achieve higher incomes but were likely to keep their residential locations the same. Evaluation results suggest modest changes in incomes were noted. The firms' responses, population, and prices differed substantially over extended periods. It took many years for some economic outcomes to respond (Ibid, 2022).

Evaluation in Tandem with Project Design and Implementation

Several authors writing for the program agreed on the importance of project design, implementation, and evaluation. As we advance, there is a need to build in monitoring and evaluation of PBPs through ex-ante modeling (using tools like a theory of change framework), ex-post modeling to evaluate impact, and a process evaluation that looks at possible effect heterogeneity – whether policy effects vary according to places' characteristics (Nathan 2023). Impact evaluations following policy implementation are crucial as they are used as evidence to inform future policies. Thus, monitoring and evaluation mechanisms should be built into programs upon formulation, not as an afterthought. Modeling the whole process of industrial development is required to maximize the chances of success. Trying a pilot program instead of launching directly into a full-scale endeavor, enables relevant actors to learn by practicing. Governments need to invest in qualified individuals – Faggian and Urso point out that renewing political administration to integrate workers with up-to-date technical skills is necessary. Otherwise, the gap between richer and poorer regions will grow (Faggian and Urso, 2023). As more affluent regions will benefit from attracting the talent to monitor and analyze policy effects, lagging regions will be left with a poor understanding of the impacts of their programs and risk repeating mistakes.

Evaluation Requires Extensive, Consistent Collaboration

Place-based policies are not only justified by an equity argument. Still, they are a tool the government can use to create the social cohesion necessary for a well-functioning market. McCann notes that private investors alone cannot save an economically depressed area. Moreover, private firms only exit if something is not done to reinvigorate the place. This requires a coordinated effort with public investment to rebuild the public sphere (local public goods, infrastructure, and institutions) (McCann, 2023). In peripheral and depopulating areas, local governing bodies are often forced to play a significant role as investors, employers, and customers (Syssner, 2023).

Similarly, McCann, Green, and others refer to "felt experiences," which are crucial to building shared visions that PBPs can turn into concrete actions (Green 2023). McCann emphasizes the need to rebuild social capital and civic engagement by collaborating with a wide array of local stakeholders to strengthen governance and institutions, a necessity to attract high-yield investors. It is essential to point out that some places never had a public sphere – some were always left behind. Policymakers must acknowledge that the infrastructure problem persists in some regions. Newly declining places that were once prosperous are now falling, compounding problems. Solé-Ollé notes that distrust in institutions must be remedied to combat political discontent through a sense of local cohesion (Solé-Ollé 2023). This sense of place is most effectively formed by relying on local and regional leadership, with the central government assuming a secondary role. This multilevel governance is further strengthened by incentivizing local actors to contribute and reform their local system (McCann, 2023). Green (2023) concurs, adding that the success of PBPs depends on the extent of fiscal autonomy at the subnational level and the levers that actors have available to them at different geographical scales, including the ability for different tiers of government to work together and join their policies across geographical scales. Green (2023) cites the general increase in local autonomy between 1990 and 2000 for OECD and European Council countries, which positively impacted citizens' political trust and satisfaction with services and democracy (Green 2023). In Sweden, simplifying municipal cooperation by allowing municipalities to distribute functions amongst themselves has enhanced their ability to provide public goods to their residents (Syssner, 2023). Unleashing the capabilities found at the local level increases the prospect of genuine buy-in by residents who are otherwise left out of the design and implementation processes. Delegating greater decision-making power to lower levels of government is gaining traction, as demonstrated by Biden's programs, where both state and local actors have broad discretion regarding their local economic development choices (McCann, 2023).

National-growth-focused policies that are sector-specific can be reconciled with region-specific policies if there are significant multiplier effects or some pre-existing basis for economic growth. The increasing demand for PBPs is partly resulting from the localized impacts of climate change, the green transition, financial crises, pandemics, and wars (Solé-Ollé 2023). These lead to large-scale problems from a lack of technological capability to engage in green transition and regions at scales incompatible with tackling such broad issues. This lack of technical know-how can motivate targeted Sectoral Investment Policies, which aim to increase innovation and create jobs in strategically significant sectors of the national economy rather than specific sub-national regions. Solé-Ollé reconciles these national policies with PBPs by suggesting that Sectoral Investment Policies can have a positive effect on the growth or welfare of lagging regions if they generate significant regional spillovers and network effects or if they manage to unlock the potential of the region (Caselli and Coleman. 2001; Solé-Ollé 2023). Industrial policies will be most successful if they target areas with some comparative advantage or regions with declining industries, repurposing local specialized knowledge as some Biden CHIPS Act funds recipients possess as ex-industrial centers.

The Next 20 Years: The U.S. is Embarking on a New Era of Place-based Development

Each of the referenced examples of place-based development differs across multiple dimensions: size, location, underlying development challenge, differing political and institutional patrons, timing of policy intervention, state of technology, and so on. The question now is, what lessons were learned about place-based development that informs the Biden Administration as it embarks on vast new locationally-based investment programs? Advocates' expectations are not only that we can renew 20th-century lagging economies but to do so based on new technological discoveries infused by massive amounts of new funding accompanying the quest to recapture America's technological preeminence, eroded over the last forty years (Muro, 2023).

Four Federal Policies to Revitalize the U.S. Economy

On day one of the Biden Administration, federal offices and the White House quickly assembled teams of professionals to formulate an unprecedented system of programs to help the nation recover from COVID-19 and set the nation on a path to revitalize the economy and make considerable investments in economic and social areas that had languished under the previous administration. Two of the four programs provided funds for infrastructure, state and local government gap funding, and education and family welfare.

Two place-based programs targeting three economic development efforts were executed: The Chips Act is designed to push American semiconductor manufacturing to the forefront of technological sophistication while strengthening national security. The National Science Foundation (NSF) received a significant addition to its budget to invest in areas of potential industrial renewal and expansion, and the Economic Development Administration (EDA) received new funds to incentivize nascent industrial clusters with resources needed to support their coalesce into new industrial milieu.

I close this paper briefly, discussing the EDA’s Tech Hubs program. Earlier in the paper, I suggested that sector-based strategies can serve as accelerants in applying place-based policy. The Tech-Hub program is an experiment in geographically targeted industrial development targeting. It is based on a selection process that privileges overlooked economic growth opportunities due to their location or their latency in coordination. The EDA selected 31 locations presumed to have the potential for new development and provided start-up funds to incent coordination efforts required to bring these projects to their full potential. Initial funding distributed among the Phase 1 recipients totals $15 million. These funds will be used to build collaborations among local partners. Of the 31 locations, a smaller subset will receive a second tranche of funds between $40 and $70 million to develop their potential further.

The initial proposal required attention to the following topics:

- Technology-Based Potential for Global Competitiveness
- Role of the Private Sector
- Regional Coordination and Partnerships
- Innovative Lab-to-Market Approaches
- Composition and Capacity of the Regional Workforce
- Impact on Economic and National Security of the United States

- Equity and Diversity
- (https://www.eda.gov/funding/funding-opportunities/tech-hubs-program-phase-1)

Unlike sector place-based development programs of the past, agency personnel are aware of the pitfalls of initiating programs in the absence of required technical assistance in support of early-stage economic growth. Numerous agencies and contractors are pitching in to assist the projects getting off the ground. Progress in entrepreneurship, workforce training, and sector-specific skill development are vital components of the NSF and EDA place-based program designs. These resource enhancements offer needed support for the recently launched programs.

Reviewing the initial recipients, we consider a list of challenges and potential risks the Tech Hubs will confront as they build their program and project design and formulate evaluation frameworks. We aggregate the identified concerns into a list of issues based on reading the 31 proposals. The topics listed below offer food for thought when considering current place-based development challenges.

Sustaining investment for continuous R&D growth

Inherent challenges may include ensuring sustained investment and development in a rapidly evolving industry, navigating complex regulatory environments, maintaining a competitive edge in a global market, and navigating the complexities of dual-use technology applications in both commercial and defense sectors. Participating in competitive global markets also implies inherent challenges in maintaining technological leadership and market competitiveness. Challenges include maintaining global competitiveness, especially against European and Asian firms in product manufacturing. Also substantial will be overcoming the lab-to-market bottleneck, serious capacity constraints for pilot and demonstration-scale intermediate technologies, and the indeterminant time required to develop a trained workforce. Due to prior public investments, competitors' access to shared-use facilities forms a decided industrial advantage.

Supply Chains

There is a need to reach high production rates, an urgency to catch up with global competitors, and a need to develop domestic supply chains to reduce reliance on foreign materials.

Markets

Successful new technologies require continuously evolving market conditions and technological advancements in industries. U.S. firms must ensure the rapid development and integration of their capabilities into the market.

Workforce requirements addressing equity and diversity

There is a need to address equity and diversity effectively, especially in economically distressed parts of the nation, and to ensure the integration of underserved communities. Labor force gap-filling requires attracting a younger and more diverse workforce. Inherent challenges in technological innovation, commercialization, and maintaining a skilled workforce. Also, it ensures equitable participation from underserved communities and bridges gaps in technology readiness levels (TRLs) for smaller companies. the development of a skilled workforce. Scaling up the semiconductor workforce, intellectual property protection, and bridging the gap between education and workforce needs. Challenges in transitioning a workforce from traditional energy sectors to renewable energy, maintaining technological and market competitiveness, and ensuring equitable participation and benefits for underrepresented communities. Training the skilled workforce needed and offsetting the shift towards Asian technology markets. The need for rural and tribal community involvement in technology development and job creation.

Constraints on Commercialization

Commercializing innovations due to gaps in converting R&D to patents/venture capital (mind-to-market gap), accelerating venture capital funding to new startups (resource-to-innovation gap), and supporting new startup maturity and job creation (innovation-to-growth gap) and bridging the gaps in converting R&D into patents and venture capital, accelerating funding for startups, supporting new startups in their growth, and addressing the underrepresentation in clinical trials and genomic data. It also emphasizes the need for increasing representation and trust in medical research and treatments among underrepresented populations, particularly Black and rural communities. Challenges include the technological and commercial viability of advanced processes, keeping pace with commercial demand, and the risk of startup failure and intellectual property loss. The potential of critical intellectual property defaulting to foreign interests and the urgency to support the translation of fabrication from lab to market.

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[1] Place-based development almost always has consequential effects in association with the underlying programs. For example, "the National Commission on Urban Problems estimated that by 1967, federally funded urban renewal projects were responsible for the demolition of 404,000 dwelling units. Eleven years of highway construction, 1956-1967, displaced roughly 330,000 urban households (National Commission on Urban Problems, Building America's Cities (Washington: Government Printing Office, 1969).