

URP 290 Final Take Home
Dave Swenson
Last 25 points

This is due in my email box (dswenson@iastate.edu) no later than Tuesday, May 12 (2359 hours for Andrew). Final grades will be posted electronically and to each of you individually by Thursday the 14th.

Question 1 – **15 of the 25 points**. For this question you will use your table of multipliers that was handed out (it is also posted on my website).

The state of Iowa has three competing proposals requesting assistance in the form of state grants and loan guarantees to the new firms. The first firm is a scientific research and development firm (Sector 446) looking to advance thin-film solar energy materials. It intends to locate in Ames, Iowa, to be near Iowa State University. The company will have 60 jobs at the firm, about half of which will be part-time positions intended to be attractive to engineering students at the university needing applied research skills experience.

The second firm is an industry that makes the metal tower structures for wind energy generators (Sector 233). It will locate in Ft. Dodge, Iowa. The plant will need 35 jobs to satisfy anticipated regional demand and plans to have that many working year-round by the end of 2010. As transportation costs are an issue with this product, it is looking to satisfy Iowa and Minnesota regional growth in wind-energy towers, but it does not anticipate developing markets in the Great Plains.

The third firm will repair wind-energy generators. It will locate in Storm Lake, Iowa. Its sector is 484. It will have just 40 jobs the first year, but given the rapid growth in wind generation in Iowa, its business plan anticipates that there will be 80 jobs if not more at the firm by the end of 2010.

The state can give assistance to just one firm. It wants an evaluation of their respective economic impact prospects. You need to prepare a table comparing and contrasting the firms' economic outcomes given their respective staffing, labor income levels, and jobs. Next you will prepare no more than a one page summary indicating the relative merits of each industrial opportunity from a regional development perspective. In specific, which industry will deliver the best gains to the region and to households?

Question 2. 5 points. You are the guest essayist to set the stage for a summit meeting of Iowa's small communities on boosting their local economies. You have been asked to explain in broad terms just how regional economies work, how they grow, and what elements of the economy are more or less important to key into in terms of economic development. Your short essay will be distributed to all attendees and used as a foundation for discussion. Realizing that most people won't read a long paper, you need to keep it brief, focused, and to the point, what will you tell them?

Question 3. 5 points. Randy Tasseltoe is the local economic development executive for West Cupcake Iowa. He thinks that the whole regional economy depends on farming and on manufacturing. When he looks at his local economy he figures that 20 percent of all jobs are either tied to manufacturing or to agriculture in one way or another. He concludes, therefore, that the remaining 80 percent of jobs in the economy depend totally on agriculture and manufacturing. He thus assumes that his regional multiplier for manufacturing jobs is 5.0. He asks you what you think about his math and his logic. In a page or less you answer him by explaining how multipliers are determined, what multipliers mean, and what the limits to their usage are.