



JEDEP 11 (4/2014) - PROF. UNIV. DR. MANUELA EPURE



Prof. univ. dr. Manuela Epure on Tue, Dec 02 2014, 2:25 PM

100% match

Submission ID: 62552938

SARICA_11 (1).docx

Word Count: 4,206

Attachment ID: 82982205

100%

Citations (1/1)



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- 1 Owner: Elena Gurgu; Submitted: Wed, Nov 19 2014, 2:05 PM;
 Filename: 30.Regional Economic Growth_Socio-Economic
 Disparities among Counties.doc



(online) = ISSN 2285 – 3642 ISSN-L = 2285 – 3642 Journal of Economic
 Development, Environment and People Volume 3, Issue 4, 2014

URL: <http://jedep.spiruharet.ro> e-mail: office_jedep@spiruharet.ro

(online) = ISSN 2285 – 3642 ISSN-L = 2285 – 3642 Journal of Economic
 Development, Environment and People Volume 3, Issue 4, 2014

URL: <http://jedep.spiruharet.ro> e-mail: office_jedep@spiruharet.ro

**1 REGIONAL ECONOMIC GROWTH; SOCIO-ECONOMIC
 DISPARITIES AMONG COUNTIES**

SalihÖzgür SARICA₁

1 [FOOTNOTEREF:2] HITIT UNIVERSITY, AKKENT 3RD ST. N.3,

**CORUM, TURKEY [2: 1Hitit University, Akkent 3rdst. 1 N.3,
TURKEY, TEL: +90 (364) 225 7700, FAX: + 90 (364) 225 7710, EMAIL:
SOZGURSARICA@HITT.EDU.TR]**

Abstract. **1 STATE LEVEL ECONOMY HAS ALWAYS BEEN RELYING ON ITS MAJOR METROPOLITAN AREA'S ECONOMIC SUCCESS. SO, SUCH METROPOLITAN AGGLOMERATIONS HAVE BEEN CONSIDERED THE ONLY AGENTS THAT CAN FOSTER THE STATE'S ECONOMIC STANDING AS IF OTHER ECONOMIC PLACES DO (OR MAY) NOT HAVE SIGNIFICANT CONTRIBUTION TO THE REGIONAL ECONOMY. IN CONTRAST, AS SOME MAJOR CITIES ENHANCE THEIR ECONOMIC WELL-BEING AND AGGLOMERATE IN SPECIALIZED SECTOR, THE REST OF THE REGION LOSE THEIR ECONOMIC GROUNDS OR STAY CONSTANT BY WIDENING THE ECONOMIC GAP AMONG CITIES. THEREFORE, AN INSTITUTIONAL APPROACH CAN HELP TO ESTABLISH NEW REGIONAL ARRANGEMENTS TO SUBSTITUTE ALL ECONOMIC PLACES TO COORDINATE EACH OTHER AND SUCCEED THE ECONOMIC GROWTH AS PART OF STATE GOVERNMENT BY REDUCING THE DISPARITIES. IN THIS SENSE, THIS STUDY BUILDS UPON THE INQUIRY THAT SEEKS THE IMPACTS OF SOME ECONOMIC DISPARITIES AMONG ECONOMIC PLACES (COUNTIES) ON THE PERFORMANCES OF STATE LEVEL REGIONAL ECONOMY.**

KEYWORDS: REGIONAL ECONOMIC DEVELOPMENT, ECONOMIC DISPARITIES, INSTITUTIONAL APPROACH JEL

CLASSIFICATION: H10, H11

Introduction

1 IT IS CRUCIAL TO RECOGNIZE HOW ECONOMIC WELL-BEING OF A STATE IS IDENTICAL TO SHARP DISPARITIES AMONG CITIES WITHIN PARTICULAR SOCIO-ECONOMIC INDICATORS. THE FOCUS

HAS ALWAYS BEEN THAT CITIES CAN ENHANCE THEIR ECONOMIC STANDING BY DIFFERENT SET OF ARRANGEMENTS. PUBLIC CHOICE THEORISTS CONSIDER THAT THE AUTONOMY OF A JURISDICTION WITHIN THE PRESENT OF COERCIVE FORCE OF COMPETITION AMONG DIFFERENT LOCALITY GIVE RISE TO THE ECONOMIC PROSPERITY OF THE JURISDICTIONS. ON THE OTHER HAND, REGIONALIST SCHOLARS CONCEIVE MORE OF A COMPREHENSIVE ENTITY WHICH COORDINATES THE REGIONAL ECONOMY AND, BY DOING SO, PROSPERS THE ECONOMY OF PARTICULAR REGION- MOSTLY METROPOLITAN AREA [HOOGHE AND MARKS, 2003], BECAUSE THE SPILLOVER EFFECT, COORDINATION DILEMMA AND SPATIAL MISMATCHES HIDDEN THE OPPORTUNITY COSTS THAT THE ECONOMIC REGION HAS TO BEAR [BARNES AND LEDEBUR, 1992]. THIS EMPIRICAL STUDY INTENDS TO GO THROUGH ONE STEP FURTHER OF REGIONALIST APPROACH BY POSING THE POSSIBLE NECESSITY OF STATE LEVEL REFORMS THAT COULD FOSTER THE REGIONAL ECONOMIC GROWTH WITHIN POLITICAL AND STRUCTURAL COORDINATION AMONG DIFFERENT LEVELS OF ECONOMIC REGIONS.

THE HYPOTHESIS OF THIS STUDY IS THAT ECONOMIC DISPARITY AMONG CITIES LEADS TO A RELATIVELY LESS ECONOMIC WELL-BEING OF STATE LEVEL ARRANGEMENTS. BARNES AND LEDEBUR [1992], IN THEIR ANALYSIS, POINT OUT THAT CITY AND SUBURB TOGETHER SHARE THE DESTINY OF METROPOLITAN AREA'S ECONOMIC STANDING IN COMPARISON TO OTHER METROPOLITAN REGIONS. IN THIS MANNER, REGIONALIST APPROACH OFFERS TO DEAL WITH FREE-RIDER ISSUES AND TO TAKE ADVANTAGE OF ECONOMIES OF SCALE THROUGH RELATIVELY EMPOWERED COMPREHENSIVE INSTITUTIONS [SAVITCH AND VOGEL, 2000]. LIKE OTHER REGIONALISTS CONCEIVE THAT REGIONAL ARRANGEMENTS ARE NOT

ALTERNATIVES TO THE POLY-CENTRIC SET OF JURISDICTIONS BUT COMPLEMENTS TO EXISTING INSTITUTIONS IN WHICH THEY HAVE A CHIEF ROLE IN PROSPERING THE SUSTAINABLE ECONOMIC GROWTH OF METROPOLITAN AREAS [HOOGHE AND MARKS, 2003]. THIS STUDY HAS THE SAME APPROACH THAT STATE LEVEL REGIONAL REFORMS CAN ENHANCE THE ECONOMIC STANDING WITHIN EQUAL SHARE AMONG EACH JURISDICTION BY IMPLEMENTING CRITICAL PROGRAMS FOR THE SAME PURPOSE. THE SPACE OF AGGLOMERATION ECONOMIES HAS ALWAYS BEEN THOUGHT AS METROPOLITAN AREA AND THIS MISLEADS TO SEE THE POTENTIAL ECONOMIC GROWTH WITHIN THE STATE LEVEL COOPERATION.

2. **1 LITERATURE REVIEW THERE ARE TWO MAIN APPROACHES ABOUT HOW GOVERNMENT SHOULD BE ARRANGED IN TERMS OF CONTRIBUTING THE ECONOMIC GROWTH OF SPATIAL ARRANGEMENTS BY ALLOCATING THE RESOURCES AND DESIGNING THE INSTITUTIONAL STRUCTURES. ONE APPROACH IS IN FAVOR OF FISCAL AUTONOMY WHERE THE LOCALITY CAN COMPETE WITH ONE ANOTHER. IT IS ALSO KNOWN AS PUBLIC CHOICE PERSPECTIVE IN WHICH TIEBOUT [1956] OFFERS MULTIPLE JURISDICTIONS THAT THEIR QUASI-CUSTOMER RESIDENTS CAN FIND THEIR PREFERENCES OF PUBLIC GOODS. THE BASIC ASSUMPTION OF THIS APPROACH IS THAT ECONOMIC WELL-BEING CAN BE OBTAINED THROUGH THE COERCIVE FORCE OF COMPETITION AMONG LOCALITIES WITHOUT OVERWHELMING GOVERNMENT INTERVENTIONS. ON THE OTHER HAND, THE SPILLOVER EFFECTS, NEGATIVE EXTERNALITIES, COORDINATION DILEMMA AND THE LACK OF SCALE ECONOMY ADVANTAGES LEAD SOME SCHOLARS TO BE SKEPTICAL ABOUT MULTIPLE JURISDICTION BASED SPATIAL ARRANGEMENTS. IT IS THE REGIONALIST APPROACH THAT SETS FORTH THE SET OF PUBLIC**

INTERVENTIONS DESIGNED TO FULFILL SUCH TASKS TO RELIEVE COLLECTIVE ACTION PROBLEM BY DESIGNATING A COMPREHENSIVE GOVERNMENTAL ENTITY [SAVITCH AND VOGEL 2000]. THESE PERSPECTIVES ARE DIRECTED TO THE FAILURES OF CURRENT SITUATIONS WHICH ARE CALLED - MARKET FAILURE OR INSTITUTIONAL FAILURE [KEATING, 2004]. THE EFFICIENCY AND EQUITY OF RESOURCE ALLOCATION ARE THE MOST SOCIALLY DESIRABLE, AND EXPECTED TO BE IMPLEMENTED OTHERWISE THE DEVIANCE FROM BOTH PURPOSE IS MAINLY DEEMED AS THE MARKET FAILURE IN THE LIBERAL POLITICAL ECONOMY.

REGIONAL STUDIES HAVE USUALLY BEEN FOCUSING ON THE METROPOLITAN AREAS AS CONSTITUTES OF CENTRAL CITY AND ITS SURROUNDING SUBURBS. THE PLACE OF ANALYSIS, THEREFORE, WAS TO SOLVE THE COLLECTIVE ACTION PROBLEM IN FRAGMENTED METROPOLITAN REGIONS BY OFFERING A REGIONAL GOVERNMENT ENTITY. THIS UNILATERAL REGIONAL PERSPECTIVE IS IMPORTANT TO INQUIRE THE METROPOLITAN AREAS' SOCIAL PROBLEMS. HOWEVER, THE REGIONAL APPROACH SHOULD ALSO SEE THE STATE GOVERNMENT AS A POLITICAL DEVICE, FISCAL ENTITY AND COORDINATING STRUCTURE IN TERMS OF WHETHER IT CAN FOSTER THE REGIONAL ECONOMIC GROWTH WITHIN THE SIMILAR THEORETICAL PERSPECTIVE DIRECTED TO THE METROPOLITAN STUDIES.

MICHAEL KEATING IN HIS ARTICLE "THE POLITICAL ECONOMY OF REGIONALISM" CLARIFIES HOW WE SHOULD SEE THE REGIONALIST APPROACH'S THEORETICAL BASE;

"THE TERM REGION TAKES DIFFERENT FORMS IN DIFFERENT PLACES AND REFERS TO A VARIETY OF SPATIAL LEVELS. SPATIALLY, IT EXISTS SOMEWHERE BETWEEN THE NATIONAL AND THE LOCAL AND IS THE SCENE OF INTERVENTION BY ACTORS

FROM ALL LEVELS, NATIONAL, LOCAL, REGIONAL AND NOW SUPRANATIONAL. EVEN THOUGH, THE THEME OF REGIONALISM IS INCREASING IN IMPORTANCE, IT IS OFTEN WEAKLY INSTITUTIONALIZED ITSELF ”.

AS SUCH, THE REGIONALIST APPROACH ATTRACTS MANY SCHOLARS IN THE NEED OF ECONOMIC WELL-BEING OF DIFFERENT LEVEL OF SPATIAL ORGANIZATIONS. THERE ARE MANY ARGUMENTS WHY INTERVENTIONIST ARRANGEMENTS ARE NECESSARY AND HOW IT SHOULD FORM;

OLBERDING [2002] STATES THAT PROPONENTS OF REGIONALISM HAVE ASSERTED A MORE OPTIMAL OUTCOME IS ACHIEVED WHEN LOCAL GOVERNMENTS RECOGNIZE THEIR INTERDEPENDENCIES AND ACT IN A COORDINATED WAY. SOME SCHOLARS HAVE FOUND THAT LARGE ECONOMIC DIFFERENCES AMONG CITIES IN A REGION DEMONSTRATE A NEED FOR A REGIONAL APPROACH; HOWEVER, OTHERS HAVE CONCLUDED THAT LARGE DIFFERENCES IN LOCAL ECONOMIES MAKE IT MORE DIFFICULT TO PURSUE A REGIONAL STRATEGY.

DAVID RUSK IN HIS ARTICLE “GROWTH MANAGEMENT: THE CORE REGIONAL ISSUE” POINTS OUT THAT GROWTH MANAGEMENT IS RAPIDLY EMERGING AS THE TOP REGIONAL ISSUE OF THE NEXT DECADE. THERE ARE TWO KEY TARGETS: STATE LEGISLATURES, WHICH CONTROL LAND-USE RULES, AND FEDERALLY REQUIRED METROPOLITAN PLANNING, WHICH SHAPE THE ALLOCATION OF FEDERAL TRANSPORTATION GRANTS. THERE ARE ONLY TWELVE STATES THAT HAVE ENACTED STATEWIDE GROWTH MANAGEMENT LAWS. THEY VARY IN EFFECTIVENESS FROM STRONG (OREGON) TO ALMOST PURELY EXHORTATORY (GEORGIA). MARYLAND GOVERNOR PARRIS GLENDENING’S SMART GROWTH ACT STRENGTHENS A WEAK STATE PLANNING

LAW ADOPTED IN 1993. IN SOME STATES EXISTING REGIONAL PLANNING ORGANIZATIONS ARE LIKELY TO HAVE THEIR PLANNING AUTHORITY EXTENDED INTO HOUSING POLICY, REGIONAL REVENUE SHARING, AND ECONOMIC DEVELOPMENT POLICY. SOME MAY ALSO BECOME VEHICLES FOR MANAGEMENT OF REGION-WIDE INFRASTRUCTURE PROGRAMS FORMERLY CARRIED OUT BY INDEPENDENT AUTHORITIES.

MILLER ET AL. [2000] POSE THE IMPORTANCE OF REGIONAL CONSENSUS; “THE HYPER-COMPLEX NATURE OF US FEDERALISM REQUIRES MULTILEVEL INTERVENTION, USING STATE AND FEDERAL POWERS TO REINFORCE LOCAL MOVES IN THE DIRECTION OF REGIONAL CO-OPERATION AND CONSOLIDATION. LUTHER HALSEY GULICK [1962], THE METROPOLITAN PROBLEM AND AMERICAN IDEAS, REFLECTED THE SPIRIT OF JOHN KENNEDY’S ‘NEW FRONTIER’. GULICK’S ONE OF THE MAIN POINT WAS THAT: ALL LEVELS OF US GOVERNMENT—ESPECIALLY THE STATES—MUST BE BROUGHT TO BEAR ON EMERGING URBAN PROBLEMS. TOP-DOWN DIRECTIVES, THOUGH OUT OF FAVOR, ARE NECESSARY FOR MANAGING METROPOLITAN DEVELOPMENT AND ENSURING FISCAL EQUALIZATION. THESE ARE INCREASINGLY UNLIKELY IN CANADA AND A LONG SHOT IN THE US. NONPUBLIC GROUPS, A POTENTIAL REGIONAL FORCE, LACK UNITY AND COHERENCE. VOLUNTARY CONSENSUS BUILDING IS NICE BUT NOT ENOUGH TO SHAPE REGIONAL PATTERNS”.

KEATING [2004] CRITICIZES THAT THERE COULD BE AN INCREASE IN INEQUALITY BETWEEN REGIONS AND WITHIN THOSE REGIONS WITHOUT A REGIONAL SET OF ARRANGEMENTS;

“REGIONAL ANTI-DISPARITY POLICIES EMERGED IN THE POSTWAR ERA AS AN EXTENSION OF KEYNESIAN MACRO-MANAGEMENT WITHIN THE AIM OF RECTIFYING WHAT WERE

SEEN AS MARKET FAILURES IN THE ALLOCATION OF RESOURCES
THE MAIN INSTRUMENTS OF DIVERSIONARY POLICIES WERE
GRANTS AND INCENTIVES TO PRIVATE INVESTORS TO LOCATE IN
DEVELOPMENT REGIONS; RESTRICTIONS ON INVESTMENT IN
BOOMING LOCATIONS; THE DIVERSION OF PUBLIC SECTOR
INVESTMENTS INTO DEVELOPMENT REGIONS; PUBLIC
INFRASTRUCTU