

designed to change the supplies of resources and, in turn, how changes in product and factor prices affect the level of output, resource employment, and income within the recipient region. Since similar investments in heterogeneous regions have different effects on employment, dissimilarities among regions must be considered. These regional differences exist in the form of a differing resource base or differing industrial structures.

Planners and decision-makers need information on the effectiveness of natural resource projects in fostering growth in employment and income. Back [4] has pointed out that the assessment of the role of natural resource investments in stimulating growth of a regional economy will be a difficult task without knowledge of the relationships between natural resource investments and other important stimuli on changes in employment and income of the region. Information on the effectiveness of natural resource investment programs in meeting specified objectives is critical for future program planning. This research, though only conducted for a sub-region, should provide information applicable to the Southeastern region.

### **Objectives**

The general objective of this study is to evaluate the effectiveness of selected types of natural resource investments in accelerating employment growth in local recipient areas. The study includes the four-state region of Mississippi, Alabama, Georgia, and Florida over the time period 1960 to 1970. The general objective will be accomplished by:

1. Developing an economic model to explain changes in industry employment and the number of firms within the region.
2. Empirically applying the model to selected industries in order to determine the importance of changes in natural resource investments on changes in employment and the number of firms.

### **Review of Literature**

Previous studies of the effects of investments in natural resources on employment, income, and output are quite varied in purpose, objective, and scope. All previous work can be grouped into three basic categories consisting of (1) case studies of individual projects and their impacts on local areas, (2) studies proposing various procedures that could be used in evaluating project effects, and (3) studies that attempt to determine the