

THE  
COMMUNITY  
LEADER'S  
LETTER

NEWS & VIEWS FOR SOUTH CAROLINA'S  
GRASSROOTS LEADERS

## Keeping College Graduates At Home: Is There a Problem in South Carolina?

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tion - p. 2*  
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Carolinians: An  
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Science and engineering graduates are important as a pool of human resources for existing higher tech industries and to provide entrepreneurs who start new high-tech businesses.

One of the big arguments for increased investment of tax dollars in education is the need to increase this pool of educated workers. But graduates may obtain a degree subsidized by South Carolina tax money, then move out of the state and take their scientific and technical expertise with them.

A new study from the Southern Technology Council (STC) shows that South Carolina is among the top states in the country in retaining students who receive a degree from a South Carolina college or university, although the state does less well in retaining its high school graduates. The study also shows that the number of college graduates who earned degrees in other states and moved to South

Carolina is greater than graduates produced by the state's college and universities. On balance, South Carolina benefits by importing graduates produced in other states and often at the expense of the taxpayers of other states.

If the state wants to increase its pool of scientific and engineering skills, however, the STC study provides some interesting clues about how that can be done. Given that more than two-thirds of the graduates of South Carolina colleg-

es and universities remain in South Carolina, it is important to welcome out-of-state students to the state's campuses. The STC study shows that lower tuition for out-of-state students increases the in-migration of science and engineering graduates. Keeping South Carolina high school graduates at home for college is also important, and lower in-state tuition makes that happen. The study found that the HOPE

*(Cont. p. 4)*

*In furtherance of  
Clemson University's land-grant  
mission, the  
Community &  
Economic Development Program  
at Clemson provides access for  
community leaders in South  
Carolina to expertise in all branches  
of knowledge on  
the University  
campus.*

## Regional Retail Centers Thrive In Metro and Nonmetro Areas

Where people shop is changing. Good roads and improved communications explain much of the change, and in general, the change is adverse to retail establishments in rural counties.

Yet according to a new study by J. Terrance Farris of Clemson's Department of Planning and Landscape Architecture, seven of South Carolina's 30

nonmetropolitan counties still manage to capture retail trade from outside their counties.

Farris calculated the ratio of actual retail sales in 1992 relative to the potential sales based on income. The potential sales are based on the assumption that individuals in any given county spend their disposable in-

*(Cont. p. 4)*

ECONOMIC BRIEF NO. 30

# Benefits of Monopolistic Competition

This series of economic briefs explores fundamental concepts in economics and community and economic development.

*Retail firms—grocery stores, gas stations, card shops, hair salons, flower shops, hardware stores—are the lifeblood of the local business community. They operate under a market structure that economists classify as “monopolistic competition.” They function as competitive businesses with some of the advantages or drawbacks of monopolies. They have lots of com-*

*materials or patents, or have an exclusive government license. Or the nature of the product may require a firm to be very large in order to be cost-effective, so there is only room for one firm.*

*In monopolistic competition, the barriers to entry are low, so new firms can easily enter the industry if it looks profitable.*

*That’s why many smaller communities recently have been swamped with convenience stores and video rental places. So if a monopolistically competitive firm is making a profit, a competitor is almost certain to show up, undercut prices, offer longer hours or better service, steal some customers and wipe out the other firm’s profits.*

*So where is the monopoly power?*

*The local monopolistically competitive firm or retailer has a few degrees of freedom. It can raise prices a little without making it worthwhile for new firms to move in or for customers to drive ten miles to shop. Monopoly power often derives*

*from convenience—a small place that’s close by and a quick stop for busy people. Sometimes a history of good service, customer loyalty, or friendship may keep people coming back even with a WalMart superstore just 15 miles away. But that WalMart also places some pretty strict limits on the market power of the local retailer. If the local firm’s prices are raised too high or hours are too short, even the most loyal customer is likely to spend some dollars at WalMart.*

*Monopolistic competition illustrates both the costs and the benefits of firms with market power. The biggest cost of this market structure may be too many small, inefficient firms with high prices. The major benefit is the ability of customers to make choices based on variety and services as well as location and service. This structure also preserves downtowns or creates strip shopping centers that give a town gathering places and focal points.*

*Monopolistic competition combines some of the best features of both competition and monopoly to provide the customer with variety and convenience.*

**Monopolistic competition combines some of the best features of both competition and monopoly to provide the customer with variety and convenience.**

*petition, but they enjoy some advantage that lets them raise prices a little or be a bit slow on ordering spare parts without losing too many customers.*

*What makes a firm a hybrid between monopoly and competition?*

*A monopoly is created when it is virtually impossible for another firm to get into the industry; that is, the barriers to entry are high. The monopolist may have all the prime locations sewn up, control essential ma-*

***Under a monopoly, a sole seller has lots of market power, and frustrated customers have no good alternatives.***

***Under competition lots of similar, interchangeable small firms have very little market power because buyers have many good substitutes.***

# South Carolina Lives Up to Expectations Of Retirees Moving Here Five Years Ago

Do retirees who migrate to South Carolina find that their new communities have lived up to expectations? How do they perceive their new communities? And do they wish they had made a different choice?

In 1990 Ken Backman, a demographer and research associate at the Strom Thurmond Institute of Government and Public Affairs completed a study profiling a random sample of about 600 persons over 55 years of age who had lived in South Carolina less than a year after moving here from the Northeast or Midwest. And now he has followed up on the same group in a study called *New South Carolinians: Revisited*. About 125 of the original group responded this time around.

In the original study new South Carolinians rated climate, lifestyle, and cost of living high as reasons for picking the state as a place for retirement. When asked about how well they liked living in their chosen community over 65 percent vowed they would be reluctant to leave their new communities, while 14 percent stated they would never leave it.

When asked to name the community characteristic that was better than expected, the

most frequent answer: recreation and leisure activities were better than expected. On the other hand, the daily cost of living was cited most frequently as the community attribute that was not as good as expected (by 26 percent of the respondents). The availability of good food and cuisine also did not live up to the expectations of many in-migrants.

Other lifestyle factors that were better than the retirees had ever expected were the pleasant attitude of South Carolinians at 50 percent, followed closely by the availability of shopping opportunities and facilities for golf. Both the friendliness of the people and the opportunities to golf, walk, and garden were originally rated as factors important to choosing their retirement home location

After living in South Carolina for 5 years, the majority of the retirees surveyed feel that their new communities have been about what they expected in terms of climate, housing values, daily cost of living, recreation and leisure opportunities, closeness of relatives, closeness of friends, cultural opportunities, employment opportunities and outdoor recreational opportunities. However, about 17

percent still do not feel part of their new communities.

New South Carolinians on the whole (57 percent) believe that they bring skills and business opportunities to local communities which help to keep the local economy healthy. They also realize that this sometimes means local residents must accept change to experience these economic benefits. About 75 percent of the retirees also bring volunteer energies which are focused on religious, human service, and recreational organizations. Environmental organizations and youth services are least likely to benefit from their volunteer efforts.

Backman's findings certainly can guide communities that want to compete successfully for the recession-proof income retirees can bring to South Carolina communities.

*The characteristics and preferences of these retirees were originally set forth in Retirees Choosing to Move into South Carolina Have Differing Characteristics and Preferences in the Community Leader's Letter, Spring 1992 (Vol. 3, No. 1). The group was almost evenly divided between those choosing retirement locations in urban/suburban communities and those seeking out small towns and rural areas.*

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THE COMMUNITY LEADER'S LETTER

## Regional Retail Centers . . . (From p. 1) Keeping . . . (From p. 1)

come in the same way as the average South Carolinian. A ratio greater than 100 means the county captures more retail sales than can be accounted for by local in-county buyers.

Dillon (ratio 124), Georgetown (123), Beaufort (122), Orangeburg (121), Greenwood (112) Hampton (108), and Marion (102) counties capture more retail trade than can be accounted for by local customers. In the cases of Dillon, Georgetown, Beaufort, and Marion, tourism may explain the rather robust retail sales. Tourism may also be a factor explaining the strong retail sector in Orangeburg County, although sales are strong across almost all types of businesses in Orangeburg. Greenwood and Hampton counties seem to fill a niche as area shopping centers.

As might be expected, counties on the outskirts of major metropolitan centers

tend to have the weakest retail sectors. In 1992, total retail sales in McCormick County were only 32 percent and in Calhoun County only 38 percent of their potential. Every other county except Fairfield at 45 percent accounted for at least 50 percent of its potential for all retail trade.

Among the metro counties, the strongest retail performance was shown by Horry County (156), followed by Florence (143), Charleston (128), Richland (110) and Greenville (109). All other metro counties showed ratios below 100, although some exhibit higher ratios for particular types of retail establishments like food stores, drug stores, and service stations.

Among cities with 350 or more retail establishments, the strongest performance was posted by Myrtle Beach (375), followed by Anderson (363) and Florence (310).

scholarship program in Georgia, which provides free tuition at the state's public colleges and universities to all Georgia high school graduates who meet certain grade standards, is producing major long-term economic development benefits for our neighboring state.

Climate, environmental amenities, and good wages and salaries are also important in attracting scientific and engineering graduates. The good wages and salaries, in turn, are a product of achieving a critical mass of scientific and technical skills. States that get behind in developing this critical mass of technical expertise may not ever be able to catch up.

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*Where Have All the Students Gone?* is available for \$10 from Southern Technological Council, P.O. Box 12293, Research Triangle Park, NC 27709. Contact Connie Hansen by telephone 919-941-5145 or e-mail [chansen@southern.org](mailto:chansen@southern.org)

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J. Terrance Farris, *Retail Expenditure Patterns and Potential Supportable Space for Counties and Selected Communities in South Carolina - 1992*, available for \$25 from Reva Kaufman, Department of Planning and Landscape Architecture, Box 340511, Lee Hall, Clemson University, Clemson, S.C. 29634-0511. Make checks payable to the Clemson Architectural Foundation.