

Department of City and Regional Planning
Fall, 2002

Urban and Regional Economic Development Seminar PLAN 264

Instructor: Professor Meenu Tewari
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Class meets T,R: 5:15-6:30
Room: New East 301
Office hours: T, R: 11:15-12:30
or, by appointment.

Course Description

This course critically examines fundamental concepts and theories of economic development, and traces how policy thinking about the development process has evolved over time. Changing global economic trends, and new findings of extensive empirical research over the past two decades have posed several new challenges to our basic understanding of how regions develop, change, and grow. Students will use directed readings, theoretical debates, and case materials to examine how our current thinking about key development problems—such as economic growth, employment, competitiveness, industrial upgrading, skill formation, and institutional arrangements that sustain innovative development processes—has changed in light of the new global challenges.

The course has three components. The first introduces students to historical debates about economic development and how they have been applied to issues of local and regional development. The second part examines new issues and institutional arrangements in development: the informalization of work, the rise of network forms of production, industrial upgrading, decentralization, social capital and good governance. The third component involves a discussion with researchers and practitioners about new directions in development research and practice. I have proposed some speakers, but students in the course are invited to actively participate in shaping this part of the course.

Throughout the course we will address issues of regional and local economic development in a comparative, developed-developing country context, drawing on case material from North America, Latin America, Asia, and Europe.

Course Organization

The course will be taught as a seminar, and high levels of class participation are mandatory. After an initial lecture-based stage-setting, the course will proceed in a discussion format. Students will elaborate, clarify, critique, and apply the theories discussed in class to concrete development problems and issues. Relating the theoretical material to contemporary development practice is an important objective of class sessions, and students are encouraged to pick a region, place or locality of their preference as a specific context within which to examine the theories and debates discussed during the semester.

Text: Malizia and Feser, *Understanding Local Economic Development* at Student Stores
All Chapters and Appendices assigned as 'MF,' are from this text.

Other readings will be available in the Planning Library. A set of readings is available for copying.

Course Requirements

Students are expected to attend class prepared to discuss assigned readings, ask questions, respond to discussion questions and lead seminar discussions.

Master's students will submit five (5) short reflection papers, the last of which will be a specific take home assignment. Ph.D. students will submit two (2) short papers and one term paper.

What is a Reflection Paper?

All the short papers assigned in class must be written as reflection papers. They must NOT summarize the main points of the article/s read during the previous two weeks, but must develop a point or set of points or themes that struck you, upon reading the assigned material, or listening to class discussions, as interesting, surprising, or puzzling; or which led you to think differently about the issue in question. In each instance you must not only say that statement X or point Y was interesting, or surprising, but explain exactly why it was interesting, or surprising. Or what it was about the point in the article that led you to think in a new or different way about the issue under discussion. For the reflection paper to work, it is important that your discussion be concrete and grounded, and not abstract, vague, or overly general. To avoid abstractness please be as specific as possible about the point you are making, and illustrate it, and ground it within concrete examples.

The papers must not exceed five to six double-spaced pages.

Group assignments including role plays, case analysis, will be announced in class.

<u>Grading</u>	Papers	50%
	Individual and Group presentations and in-class performance	40%
	Improvement and overall contribution	10%

Student Responsibilities

I. Papers

Short paper due dates:

PAPER 1: Chase a Planner (In light of the historical Debates of the first weeks)	9/12
PAPER 2: Reflection on material covered since 9/12	10/3
PAPER 3: Reflection on topical areas covered since 10/3	10/22
PAPER 4: Reflection on topical areas covered since 10/22	11/14
PAPER 5: Final assignment, handed out: 11/26; Due:	12/3, 12/5

Term Paper Option

12/5

II. Class Sessions

Seminar Leader:

Each student will lead two* seminars on two of the major theories or issues covered in the course. Seminar leaders will present a very brief overview of the theory and raise questions about the theory. Discussion questions may be drawn from the text, assigned articles, or generated by the seminar leader(s).

Participation:

Successful seminars require that all students come to class well prepared. Good preparation, punctual and consistent attendance, and helpful participation is required, and will be reflected in student grades.

III. Guest Speakers

The instructor has invited three guest speakers to class. In addition to this, students are

invited to suggest additional guest speakers whom they would like to invite to class. Speakers may be economic development professionals, academic-researchers, or others with knowledge of the field.

Class Schedule and Reading List

8/22 (R): **Course Overview; First Assignment handed out** (Due: 9/12 in class)

PART I: Historical Debates

8/27 (T) The Classical Synthesis and its Antecedents: Specialization and Division of Labor as Drivers of Economic Development

Smith, Adam. [1776] 1976. "Of The Division of Labour," "Of the Principle which gives Occasion to the Division of Labour," "The Division of Labour is Limited by the Extent of the Market" In Book I: 'Of the Causes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally distributed among the different Ranks of the People,' The Wealth of Nations. Edited by Edwin Cannan. Chicago: University of Chicago Press. Pp. 3-21.

Marx, Karl. 1932. "How Capital Revolutionizes the Mode of Production: 'Cooperation,' 'Division of Labour and Manufacture,' 'Machinery and Modern Industry'" and "What Capital Accumulation Leads to." In Capital, Volume I. New York: The Modern Library. Pp 63-99, 202-205.

MF (Malzia and Feser) Appendix 2.1.

8/29 (R) The 'Logic' of Modernization – Classical Palimpsests

Rostow, W.W. 1962. "Introduction," and "The Five Stages of Growth: A Summary." In The Stages of Economic Growth. A Non-Communist Manifesto. London: Cambridge University Press. Pp 1-17 (pages. 18-58 Optional).

MF Chapter 2

Flammang, R. 1979. Economic growth and economic development: counterparts or competitors. *Economic Development and Cultural Change* 28, 47-62.

Sen, Amartya. 1981. "Public Action and the Quality of Life in Developing Countries."

Oxford Bulletin of Economics and Statistics 43 (4, November):287-316.

9/3 (T) The ‘Logic’ of Modernization in Less Developed Countries

Lewis, Arthur. 1963. "Economic Development with Unlimited Supplies of Labour." In: A.N. Agarwala and S.P. Singh (Eds) The Economics of Underdevelopment. New York:Oxford University Press.

9/5 (R) Economic Base Theory and Its Extensions

MF Chapter 3, 4, Appendix 4.1

North, D. 1955. Location theory and regional economic growth. *Journal of Political Economy* 63, 243-58.

Noyelle, T. 1983. The rise of advanced services: some implications for economic development in U.S. cities. *Journal of the American Planning Association* 49, 280-90.

Recommended:

Solow, Robert. 1956. "A Contribution to the Theory of Economic Growth," Quarterly Journal of Development Economics. Pp. 65-94.

Polanyi, Karl. 1957. *The Great Transformation*. Chapters 5 and 6. Boston: Beacon Press.

9/10 (T) (Carry over from Previous session &) Growth Poles and Unbalanced Growth

MF Chapter 5

Hirschman, Albert. 1958. *The Strategy of Economic Development*. New Haven: Yale University Press. Chapter 1 (Especially pp. 1-10 and 24-28), Chapter 4. (Chapter 3 Optional)

Myrdal, G. 1957. *Economic theory and underdeveloped regions*. New York: Harper and Row. 11-66. (Book will be placed on Reserve at Chapin Library)

9/12 (R) Chase a Planner Presentation in Class (Assignment 1 Due)

PART II: Dualism in Economic Development and Industrial Policy: Controversies over Firm Size and Segmentation

9/17 (T) Bifurcated Industrial Policy: The large vs. Small Firm Debate

Chandler, Alfred. 1992. "The Emergence of Managerial Capitalism." The sociology of Economic Life. Edited by M. Granovetter and R. Swedberg. Boulder CO: Westview Press. Pp. 131-158.

Williamson, Oliver E. 1981. "The Economics of Organization: The Transaction Cost Approach." American Journal of Sociology 87 (3):548-577.

Recommended:

Coase, R. H. 1937. "The Nature of the Firm." Reprinted in The Nature of the Firm. Edited by Oliver E. Williamson, and S. G. Winter. 1991. New York: Oxford University Press.

9/19 (R) Why do Small Firms Persist? Technological, Political and Social Explanations

Piore, Michael J. 1980. "The Technological Foundation of Dualism and Discontinuity." In Dualism and Discontinuity in Industrial Societies by Suzanne Berger and Michael Piore. Cambridge: Cambridge University Press. Pp. 55-81.

Berger, Suzanne. 1980. "The traditional Sector in France and Italy." In Dualism and Discontinuity in Industrial Societies by Suzanne Berger and Michael Piore. Cambridge: Cambridge University Press. Pp. 88-131.

Peattie, Lisa. 1980. "Anthropological Perspectives on the Concepts of Dualism, the Informal Sector, and Marginality in Developing Urban Economies." International Regional Science. 5:1-31.

Recommended :

Brown, Charles, James Hamilton, and James Medoff. 1990. Employers Large and Small. Cambridge, MA: Harvard University Press. Chapter 1.

Meller, Patricio and Manuel Marfán. 1981. "Small and Large Industry: Employment Generation, Linkage and Key Sectors." Economic Development and Cultural Change 29(January):263-274.

**9/24 (T) The resurgence of interest in small firms and decentralized production:
The Industrial Restructuring Debate**

Piore, Michael, and Charles Sabel. 1984. "Mass Production as Destiny and Blind Decision," "Corporate Responses to the Crisis," and "Possibilities for Prosperity: International Keynesianism and Flexible Specialization." In The Second Industrial Divide. New York: Basic Books. Chapters 2, 8, 10. Pp. 19-48, 194-220, 251-280.

9/26 (R) Clustering and Flexible Specialization

MF Chapter 10

Harrison, Bennett. 1994. "Big Firms, Small Firms, Network Firms " Lean and Mean. New York: Guilford. Chapter 1 and 4.

Porter, Michael. 1998. "Clusters and the new economics of competition." Harvard Business Review. November-December Pp. 77-90.

Recommended:

Scott, A. J., and M. Storper. 1986. "Industrial Change and Territorial Organization: A Summing Up." Production, Work and Territory, Edited by A.J. Scott and Michael Storper. Boston: Allen and Unwin. Pp. 301-312

Gertler, Meric. 1988. "The limits of flexibility: comments on the Post-Fordist vision of production and its geography." Transactions: Institute of British Geographers 13 (4):419-432.

Porter, Michael. 1990. "The Competitive Advantage of Nations." Harvard Business Review. March-April 1990. (Reprint)

Saxenian, Annalee. 1994. Regional Advantage. Cambridge, MA: Harvard University Press. Pp. 1-10, 133-160, 161-170.

Sabel, Charles. 1995. "Turning the page in industrial districts." Conclusion, in: Small and Medium Size Enterprises. Edited by Arnaldo Bagnasco and Charles Sabel. London: Pinter. Pp. 134-158.

10/1 (T) Clustering as a Development Strategy in Industrializing Countries

Tendler, Judith, and Monica Amorim. 1994. "Small firms and their helpers. Lessons on Demand." World Development.

Tewari, Meenu. 1998 "Intersectoral Linkages and the Role of the State in Shaping the Conditions of Industrial Accumulation: A Study of Ludhiana's Manufacturing Industry." World Development 26(8):1387-1411.

Recommended

Tewari, Meenu and Jeffrey Goebel. 2002. "Small firm competitiveness in a trade-liberalized world: Lessons from Tamil Nadu, India." Paper prepared for the Center for International Development, Harvard University. April.

Humphrey, John. (ed.) 1995. "Industrial Organization and Manufacturing Competitiveness in Developing Countries." Special Issue of World Development 23 (1). Introduction.

10/3 (R) Reflection Paper 2 Due in Class

Informalization and Productive Decentralization

Peattie, Lisa. 1987. "An idea in good currency and how it grew: The informal sector." World Development 15 (7):851-860.

Tendler, Judith. 1987. "The Remarkable Convergence of Fashion on Small Enterprises and the Informal Sector: What are the Implications for Policy?" Mimeo, MIT.

De Soto, Hernando (1989). The Other Path. Translated by June Abbott. New York: Harper and Row. (Book will be on Reserve at Chapin Library)

Recommended:

International Labor Office. 1972. Employment, Incomes, and Equality: A Strategy for Increasing Productive Employment in Kenya. ILO, Geneva. Pp. 1-8 (51-57, 76-77 optional). **(The original categorization: Marginality Theory)**

Bromley, Ray. 1990. "A New Path to Development? The Significance and Impact of Hernando De Soto's Ideas on Underdevelopment, Production, and Reproduction." Economic Geography 66(3):328-348. **(Neo-liberal revisionism)**

Castells, Manuel, and A. Portes. 1989. "World Underneath: The Origins, Dynamics and Effects of the Informal Economy." In The Informal Economy: Studies in Advanced and Less Developed Countries. Edited by A. Portes et. al. Baltimore: The Johns Hopkins University Press. Pp. 11-37. **(The neo-marxist critique)**

Illich, Ivan. 1979. "Are we now going to colonize the informal sector?" In International Development Review 21 (4):9-14. **(Anarchist approach)**

10/8 (T) Modern Constructions of Informality

Cheng, Lu-Lin, and Gary Gereffi. 1994. "The Informal Economy in East Asian Development." In International Journal of Urban and Regional Research 18 (2):194-219.

Razzaz, Omar. 1994. "Contestation and Mutual Adjustment: The Process of Controlling Land in Yajouz, Jordan." Law and Society Review 28 (1):7-39.

Sassen-Koob, Saskia. 1989. "New York City's Informal Economy." In: The Informal Economy, Studies in Advanced and Less Developed Countries. Edited by Alejandro Portes et. al. Baltimore: Johns Hopkins University Press. Pp. 60-77. (Chapter 3)

Recommended:

Waldinger, Roger. 1986. Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trade. New York: New York University Press.

Charmes, Jacques. 1998. Informal Sector, Poverty, and Gender: A Review of Empirical Findings. Washington D.C.: The World Bank.

10/10 (R) Entrepreneurship, Microcredit and Local Development

The Grameen Bank Case: To Be assigned. (KFBS, BOP Lab Case)

Jain, Pankaj S. 1996. "Managing Credit for the Rural Poor: Lessons from the Grameen Bank." World Development 24 (1):79-89

Buvinic, Myra (1986). "Projects for Women in the Third World: Explaining Their Misbehavior." World Development 14(5):653-664. [12 pp.]

Buckley, Graeme (1997). "Microfinance in Africa: Is it Either the Problem or the Solution?" World Development 25 (7):1081-1093.

Recommended:

Bates, Timothy (1995). "Why Do Minority Business Development Programs Generate So Little Minority Business Development?" Economic Development Quarterly 9 (1, February) 3-14.

MF, Chapter 9

Schumpeter, J. 1950. *Capitalism, socialism, and democracy*. New York: Harper. 81-86.

10/15 (T) Microcredit, Replication and Scaling Up

Guest Speaker: Robert N. Schall, President, SELF HELP Ventures Fund.

10/17 (R) HOLIDAY – Fall Break

PART III: Emergent Issues in Economic Development and Local Transformation: Special Topics

10/22 (T) Reflection Paper 3 Due in Class

Social Networks and the Processes of Development and Underdevelopment

Lewis, Oscar. 1966. "The Culture of Poverty." Scientific American 215 (4): 19-25.

Fernandez-Kelley, Patricia M., and Anna M. Garcia. 1989. "Informalization at the Core: Hispanic Women, Homework, and the Advanced Capitalist State." In: The Informal Economy, Studies in Advanced and Less Developed Countries. Edited by Alejandro Portes et. al. Baltimore: Johns Hopkins University Press. Pp. 247-264. (Chapter 13)

10/24 (R) Social Networks, Embeddedness, and the Problem of Collective Action

Granovetter, Mark. 1985. "Economic Action and Social Structure: The Problem of Embeddedness." American Journal of Sociology Vol. 19:481-510.

Grabher, Gernot. 1990. "On the Weakness of Strong Ties. The Ambivalent Role of Inter-Firm Relations in the Decline and Reorganization of the Ruhr." Discussion Paper FS I 90-4, Labour Market and Employment Research, WZB, Berlin.

Recommended:

Barr, Abigail. 1996. "Multipurpose Networks," and "Conclusions and Policy Implications." In Entrepreneurial Networks and Economic Growth. Ph.d. Dissertation, Sub-Faculty of Economics, Oxford University. Chapters 6, 7. Pp. 219-250, 252-268.

Sabel, Charles F. 1992. "Studied trust: building new forms of cooperation in a volatile economy." In: Industrial Districts and Local Economy Regeneration. Edited by Frank Pyke and Werner Sengenberger. Geneva: International Institute for Labor Studies. Chapter 8. Pp 137-165.

Lorenz, Edward H. (1988). "Neither Friends nor Strangers: Informal Networks of Subcontracting in French Industry," In Gambetta, Diego (ed.) Trust: Making and Breaking Cooperative Relations, pp. 194-210. Oxford: Blackwell.

10/29 (T) Social Capital

Putnam, Robert. 1996. "The Strange Disappearance of Civic America" The American Prospect. Winter. (Optional: Chapter 1 of Making Democracy Work, by Robert Putnam. 1993)

Comment on the above piece: Skocpol, Theda. 1996. "Unravelling from Above." The American Prospect. March - April.

Kenworthy, Lane. 1997. "Civic engagement, Social Capital, and Economic
American Behavioral Scientist 40(5):645-656.

Recommended:

Harriss, John (1997). "'Missing Link' or Analytically Missing?: The Concept of Social
Capital." Journal of International Development 9(7):919-937.

10/31 (R) Globalization and International Trade – 1

MF, Chapter 7

11/5 (T) Globalization and International Trade – 2: Product Cycle Theory

MF, Chapter 8

[Vernon, R. 1966. International investment and international trade in the product cycle.
Quarterly Journal of Economics 80, 190-207.

Or,

Bruce Cumings. 1984. "The origins and development of the Northeast Asian political
economy: industrial sectors, product cycles, and political consequences." International
Organization 38 (winter 1984).]

11/7 (R) Creating Dynamic Comparative Advantage

Bernard, Mitchell and John Ravenhill. 1995. Beyond product cycles and flying geese:
Regionalizaion, heirarchy and the Industrialization of East Asia." World Politics. 47.
Jan 1995.

Amsden, Alice. 1989. Asia's Next Giant. New York: Oxford University Press.
Chapter 1

Recommended:

Porter, Michael. The Competitive Advantage of Nations

Krugman, Paul. The New Geography of Trade

Rodrik, Dani. 2001. "The Global Governance of Trade as if Development Really Mattered." Harvard University. Paper prepared for the United Nations Development Program.

11/12 (T) Value Chains, Global Commodity Chains and Industrial Upgrading

Gereffi, Gary, John Humphrey, et. al. 2001. "Introduction: Globalization, Value Chains and Development." Special edition of IDS Bulletin: The Value of Value Chains: Spreading the Gains of Globalization. Eds. Gereffi et. al. Vol. 32, No. 3, July. Pp. 1-9 (Rest optional)

Dolan, Catherine, John Humphrey. 2000. "Governance and trade in fresh vegetables: the impact of UK supermarkets on the African horticulture industry." Journal of Development Economics. Vol. 37. No. 2. Pp. 147-76.

Reardon, Thomas, and Julio Berdegue. 2002. "The Rapid Rise of Supermarkets in Latin America: Challenges and Opportunities for Development." Development Policy Review (4), September.

11/14 (R) Reflection Paper 4 Due in Class

Guest Speaker: William Schweke, Director, CFED, Durham

11/19 (T) New Levers for Upgrading: International Standards

O'Rourke, Dara. 2001. "Community Driven Regulation." Draft. MIT.

Gereffi, Gary, Ronie Garcia-Johnson, and Erika Sasser. 2001. "The NGO-Industrial Complex." Foreign Policy, July, August. Pp. 56-65.

Recommended:

Reich, Robert. 1990. "Who is Us?" Harvard Business Review, No. 1, January-February. Pp. 53-64.

11/21 (R) Sustainable Enterprise and Socially Responsible Business and Local Development

Guest Speaker: Professor Stuart Hart, KFBS

**11/26 (T) Institutions of Good Governance and Wrap Up
Final Take-Home Assignment Distributed**

Tendler, Judith. 1997. "Civil Servants and Civil Society, Governments Central and Local." In Good Government in the Tropics. Baltimore: Johns Hopkins University Press. Chapter 6. Pp 135-166.

Skocpol, Theda. 1991. "Targeting within Universalism: Politically Viable Policies to Combat Poverty in the United States." In The Urban Underclass. Edited by Christopher Jencks and Paul E. Peterson. Washington D.C.: The Brookings Institute.

Wright, Gavin. 2001. "Resource-based growth, then and now." Draft. Stanford University.

Recommended:

Perez-Aleman, Paula. 2000. "Learning, Adjustment, and Economic Development: Transforming Firms, The State, and Associations in Chile." World Development 28 (1).

11/28 (R) HOLIDAY – Thanksgiving

12/3 (T) Student Presentations

12/5 (R) Student Presentation