Foundations of Comparative Regional Development
Department of Regional Economic and Social Development
Professor Chris Tilly
Fall 2007 (September 18, 2007 version)

Professor Tilly
O’Leary Library 500-N
978-934-2796, 617-983-3202 (H)
chris_tilly@uml.edu
Office hours: Mon 2-3:30, Tues. 3:30-5:00

Course meeting time and location
The course will meet on Tuesday evenings, 6:00-8:50 in the RESD seminar room 500-M in the RESD suite on the 5th Floor of O’Leary Library.

Course description
Cities, states, and regions (such as New England, Southeast Asia, or the Caribbean) rise, develop, and decline. The recent economic flameouts of Southeast Asia and Russia, as well as the economic roller coaster New England has experienced since the early 1980s dramatically illustrate that prosperity can be fragile. This course explores the principles of economic development. There are big disagreements about how and why regions develop, so we look carefully at some of these debates. We draw on insights from a variety of social science approaches, including sociology and geography as well as economics. Although we particularly focus on the U.S. and New England economies, we also look at cases from places such as Japan, Mexico, and Italy, in order to learn from the comparisons. Throughout, we draw out lessons about how business, government, and the nonprofit sector can help (or hurt!) a region’s development.

Course requirements
This course is built around informed discussion and independent work by students. Doing the readings on time, attending class, and participating in discussion on the readings are absolutely required, because students need to do these things to get value from the class.

There are also take-home assignments due almost weekly throughout the semester. There are four kinds of assignments:

1) Exercises (two of them). I give you data, and you use the techniques you have learned to analyze them.

2) Memos (three of them). Based on a community or region you have picked, you gather information, analyze it, and report on it. The second and third memo each have three due dates--two for initial pieces of the memo, the third for the entire memo.

3) Take-home exam. Your chance to broadly discuss and apply the main concepts in the course.

The final grade will be approximately based on the following:

25% Class participation (PLEASE NOTE THAT ONE-QUARTER OF THE GRADE IS CLASS PARTICIPATION)
10% Two exercises
45% Three memos (10% for Memo 1, 17.5% each for 2 and 3)
20% Take-home exam

Due dates of all assignments are given in the course schedule. Assignments turned in late will be graded down severely.

In all written work, we expect you to identify all sources of data, information, and ideas. When quoting or
paraphrasing someone else’s work, cite the source. Our preferred form of citation is the author-date form. For example:

The data on firm size indicate that small business’s contributions to U.S. growth are actually relatively modest (Harrison 1994, Chapter 2).

Then at the end of the paper, have a complete list of references. For example:


**NOTE:** Using someone else’s information or ideas without citing the source is misleading, prevents a reader from following up on interesting ideas, and defeats the educational purpose of the assignments (which is to build on other people’s work to come up with your own ideas and conclusions). Also, the university forbids it, and stipulates serious penalties if a student is caught at it. Please don’t do it. The rules and penalties for plagiarism given in the graduate school catalog and are available online at [http://www.uml.edu/grad/pdf/regulation.pdf](http://www.uml.edu/grad/pdf/regulation.pdf) pages 5 and 6.

**Readings**

We will make photocopied readings available to students. Some of the readings will be made available online.
SCHEDULE OF CLASSES AND ASSIGNMENTS

Week 1 (September 11): Posing the problem of regional development
What is a region? What is development?

READINGS:
Chapter 2, “The Ends and Means of Development”

ASSIGNMENTS:
Exercise 1 (Tracking and comparing economic growth) handed out

WEEKS 2-5: LONG RUN GROWTH—SECTORAL APPROACHES

Week 2 (September 18): The location and growth of industry
Why do particular industries locate and grow in particular regions? Why did the textile industry first develop in Lowell (and elsewhere in New England) and not some other region? Why did the computer industry locate in Massachusetts and California? What factors are “exogenous” to this process and what factors are “endogenous?”

READINGS:
• Interview with Peter Hall, “Location, Location: A leading urbanist argues that when it comes to innovation, place really does matter,” Wall Street Journal; New York, N.Y.; Sep 25, 2000.

ASSIGNMENTS:
Exercise 1 due
Memo 1 assignment (Community overview) handed out

Week 3 (September 25): Location Theory and the neoclassical approach to economics
Continuation of our discussion of why firms locate and grow in particular areas. How do linkages develop among firms? Agglomeration—linkages among firms and industries and the ideas of increasing returns to scale and external economies.

READINGS:

ASSIGNMENTS:
Nothing due this week

Week 4 (TUESDAY, October 2): Product cycle and profit cycle—bringing strategy into the picture
Businesses are proactive strategists, not just reactive “price-takers.” What are the implications for regional development?

READINGS:
• Ann Markusen, Profit Cycles, Oligopoly, and Regional Development (Cambridge: MIT Press, 1987). Ch.1-4 (theoretical framework, pp.1-50) and Ch.8 (case study of Pittsburgh and steel industry, pp.73-100)
• “Up from the Scrap Heap,” Business Week, July 21, 2003: 42-45 (an update on the U.S. steel industry from where Markusen left off)
• “Why steel industry’s consolidation, Balkanization may keep prices high,” Wall Street Journal, July 16, 2007, p.A2 (an even more recent update)

ASSIGNMENTS:
Memo 1 due
Memo 2 assignment (The community’s key industries) handed out

Week 5 (October 9): Sectoral analysis/Small business strategies
What is a sectoral study? How is a sectoral study conducted? We will look at examples involving small businesses, so we will also ask: What are winning strategies for developing small businesses?

READINGS:
• “Sectoral Strategies: Targeting Key Industries,” Beth Siegel, Andrew Reamer and Mona Hochberg, Commentary, Winter 1987

ASSIGNMENTS:
Memo 2, part A (identifying key industries) due

WEEKS 6-9: TRADE, GLOBAL COMPETITION, AND ECONOMIC DIVERGENCE

Week 6 (October 16): Free trade, globalization, and their critics
Is free trade always a good thing? Ever a good thing? How much of a change is the globalization of the economy—and is it a change for the worse or the better? What are the implications for regional growth?

READINGS:
• Arthur MacEwan, “The new evangelists: Preaching that old time religion.” Dollars and Sense, November 1991
The following short pieces are optional. They are provocative and will help stimulate discussion, but if you are pressed for time, you do not need to read them.
• Alice Amsden, ”Ending Isolationism,” Dissent vol.27 no. 2 Spring 2000 p. 13-16.
• Walden Bello, “From Melbourne To Prague: The Struggle For A Deglobalized World,” Talk delivered at a series of engagements on the occasion of demonstrations against the World Economic Forum (Davos) in Melbourne, Australia, 6-10 September 2000

ASSIGNMENTS:
Memo 2, part B (appointment to interview industry spokesperson) due

Week 7 (October 23): Competitive advantage
How does a region get to be (and STAY!) “good” at a particular industry or type of product?

READINGS:


ASSIGNMENTS:

Week 8 (October 30): Explaining divergent growth—diminishing returns vs. increasing returns

Why are some countries more developed than others? What makes growth faster or slower in the long run?

READINGS:


Week 9 (November 6): Social capital and the role of institutions in economic development

More exploration of how businesses make decisions that have an impact on regions. What is social capital, and does it matter? How do local institutions influence the economic advantages of a region?

READINGS:


ASSIGNMENTS:

Memo 2 (full memo) due
Take-home midterm handed out

WEEKS 10-11: BEYOND GROWTH—INEQUALITY AND THE ENVIRONMENT

Week 10 (November 13): Growth and inequality

Does inequality help or hurt growth? Does growth help or hurt equality? Is inequality getting worse, and if so, why?

READINGS:

- Chris Tilly, “Why inequality is bad for the economy: Geese, golden eggs, and traps,” *Dollars & Sense*, July/August 2004
- Optional (this article has a lot of interesting ideas, but also assumes a lot of prior knowledge so parts of it

**ASSIGNMENTS:**
Memo 3 assignment (Recommendations for a key industry) handed out

**Week 11 (November 20): Environmental impacts of growth**
Is growth necessarily environmentally destructive? What economic policies will be most successful in achieving environmental sustainability?

**READINGS:**
- John Miller, “The wrong shade of green: Orthodox economics puts profits before sustainability,” *Dollars and Sense*, April 1993, pp.6-9

**ASSIGNMENTS:**
Midterm due
Work on Memo 3

**WEEK 12: SHORT RUN GROWTH**

**Week 12 (November 27): Short run economic growth**
What causes booms and recessions in a region? How important is the role of national business cycles played out in the region, and how important are key industries in the region?

**READINGS:**

**ASSIGNMENTS:**
Midterm due
Exercise 2 (Shift-share analysis) handed out

**WEEKS 13-14: CITIES AND NEIGHBORHOODS**

**Week 13 (December 4): Cities**
What forces affect the economies of the small regions that we call cities? What approaches to urban revitalization have succeeded?

**READINGS:**
ASSIGNMENTS:
Memo 3 Part A (literature review on the sector) due

Week 14 (December 11): Neighborhoods: The economics and politics of community development
What can be done to revitalize low income neighborhoods?

READINGS:


ASSIGNMENTS:
Exercise 2 due
Completed Memo 3 due December 18, during exam period
There is no final exam