

CRD 140, 4 units  
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### **CRD 140 -- Dynamics of Regional Development Course objectives**

This course aims to increase your understanding of the political economy of regions in today's increasing globalized economy. My goal is to encourage you to think about the operation of capitalist economies in a global perspective and to highlight some of the critical forces shaping our lives. Hopefully, you will have better insights into the business headlines that you read every day. This seems particularly important today as the U.S. and, indeed, the global economy is in the most profound crisis it has experienced since the Great Depression of the 1930s.

While we will begin with some macro-statistics, most of the course will study the role of industrial clusters in economic development and globalization. The class will draw upon contemporary and historical examples.

Capitalism is a particularly interesting political economic system in that no single actor or small group of actors control the economy, but obviously some of them have far more power than others. While we do not discuss the macroforces affecting the development of capitalism and thereby the spatial configuration that we now experience, these forces will be a constant subtext to our discussions. Economists generally treat economic forces as natural, but we understand that politics are a critical part of economics. The corporate decisions affecting all of us are also political decisions, as we can see in the banking, mortgage, and student loan crises. Conversely, economic actors have enormous sway over politics and politicians. This can be seen by the way our cities and rural regions have been configured as an outcome of economics and politics. Capitalist history is one of a chaotic process in which social, political, and economic actors are constantly operating, dealing, finagling, building, destroying, winning, and losing. The groups involved in these struggles are not only the elites. Unions, environmental groups, anti-globalization groups, and many others affect outcomes, though they must operate within the rules of a capitalist state. For example, the destruction of the Occupy Wall Street movement was a coalition of the Obama national security state and Wall Street banks. The US's endless wars in the Middle East are about keeping the oil supply chain operational, so that global corporations can continue their activities. Given the current environmental, political, social, and economic state of the world, it is now clear globalization is no longer an issue, it is a fact of life -- the debate today is about how it will be shaped.

The topics of this course are vast and you will only be getting an introduction, but hopefully by the end of the quarter you will have new insights into how the political economy shaped and being reshaped.

One fact I would like you to keep in mind the entire quarter is that persons with their own perspectives and agendas write all of the articles you read in this class. Question them! I hope that by the end of this course you will be able to think more critically and get better insight into why economic outcomes are the way they are.

#### **Student Code of Conduct**

All students should be familiar with the Student Code of Academic Conduct that is located here <http://sja.ucdavis.edu/cac.html>. Please review this carefully and ask your instructor, if you have any questions. Remember the instructor is obliged to refer you to Student Judicial Affairs in all cases of violation or suspected violation.

In addition to the well-known cases of plagiarism and cheating on examinations, it is also a violation of the Code of Conduct to use your own written materials from papers prepared for other classes, unless you take the following points into consideration.

It is permissible to use materials and texts from other class projects, within CRD or in other departments, under these conditions:

(1) You inform the instructor beforehand.

- (2) You clearly identify the portions where you quote yourself (or collaborative work)
- (3) You provide a copy of the previous work you have submitted in the other class to the instructor.
- (4) To ensure that you receive a good grade make sure that it fits seamlessly into the assignment for THIS class.
- (5) If you have any doubts about the extent to which you can use already written materials, the talk to the instructor or the TA prior to making any submission.

### Readings

Readings are an essential part of the course and will be discussed during class. They are the necessary background for discussion. Class participation is important and students are expected to be prepared to discuss readings in class. I will call on you by name.

The readings are all on the class UCD Smartsite.

### Course requirements

The course grade is based upon the following:

Quizzes	30%
Term paper	60%
Participation	10%

**Quizzes:** There will be four quizzes; each is worth 10% of the class grade. I will drop the lowest score (so total is 30%). There will be no make-ups. The quizzes cover the last few days of readings including those for the day of the quiz and the last couple of lectures. They are short and are designed to encourage you to do the readings.

Quizzes missed cannot be made-up. However, the lowest one will be dropped. The quiz can be given at any time and any student more than 10 minutes late will not be allowed to take the quiz (no exceptions).

**Term paper:** The task is to take a corporation and trace its evolution. The goal of the paper is to deepen your understanding of how a single firm as changed its production, R&D, and headquarters' location through time. In effect, you are doing an economic, social, and geographical history of the company. You should try to answer why it changed locations, did it globalize, is it located in a cluster, what happened due to its relocation to the communities that lost and those that gained the operations. Try to connect our readings to the changes in the corporation. Samples of excellent past papers are available at the class website.

The paper is meant to give you with a deeper understanding of how firms evolve and, if successful, spread their geographical scope. All students are required to submit the name of the company on **January 21, 2013**. I will then discuss the feasibility of your choices with you. If possible, choose a company with which you are familiar or in which you have some interest. The earlier you begin work on the paper, the more insightful and interesting the paper is. **REMEMBER IT IS VITAL FOR YOU TO USE THE READINGS WHEREVER POSSIBLE. NOT USING THE READINGS WILL MAKE IT IMPOSSIBLE TO GET ANYTHING MORE THAN A "C."**

The term paper must be typewritten, double-spaced, and printed only on one side. I require a paper copy of the paper delivered to my office or box on the day of the final. I also require an electronic copy of the paper emailed to me on the final day. Please use Times or Arial 12 font. The paper should a Microsoft Word attachment (no other attachment will be accepted). The attachment should be titled in the following way <Last name, name of firm>. There are no exceptions to the requirement that I receive a hard copy and email copy (I will not print copies for you). If you do not have prior permission, late papers will automatically receive a one full grade deduction.

#### **Requirements for paper:**

1. All papers must use citations in the text (Kenney 1998) and then have the full citation at the end.
2. Every paper must have at least one map showing the firm's location (s). More maps and figures usually improve a paper.

**Presentations:** During the last two days of class student will be given the option of doing a 5-minute presentation on their topic. These are useful for you in ensuring that you are on the right track and forcing you to complete your research prior to the final week of class.

**Participation:** Roll is not taken, however I note excessive absences. Ten percent for participation is a substantial portion of your grade; it can have an effect upon the final grade. One way I measure participation is through the questions I ask during class.

**Final Grade:** Incompletes will only be allowed with a written and signed reasons delivered to me prior to the final date and time to turn in papers. If the paper is not received at that appointed day and time, then an “F” will be awarded. All incompletes must be justified.

## Readings

### Monday, January 7 -- Orientation

Introduction, handout the syllabus, answer questions.

### Wednesday, January 9 – The Current Depression, California, and You

Please look at the material at the following URLs

Economic Policy Institute website <http://www.epi.org/>. Check out the State of Working America charts, especially interesting are the inequality and international charts. <http://stateofworkingamerica.org/subjects/overview/?reader>

Mishel, L. 2012. “The 10-year decline in wages for most college graduates.” <http://www.epi.org/publication/10-year-decline-wages-college-graduates/>

Bohn, S. and E. Schiff. 2011. “The Great Recession and Distribution of Income in California.” Public Policy Institute of California (December).

Kenney, M. 2012. “California’s unrivaled capacity for innovation.” *San Francisco Daily Journal* (November 27, 2012).

### Monday, January 14 – Understanding the Current Criminogenic Political Economy

Frank, T. 2004. *What’s the Matter with Kansas*. (New York: Metropolitan Books): 1-88, 237-264. This is a long reading so just skim it to get the gist. It is critical of Republican voters.

Read these articles to get a perspective on Obama:

Black, W. 2011. “Fannie and Freddie Fantasies.” <http://neweconomicperspectives.blogspot.com/2011/12/fannie-and-freddie-fantasies.html#more>

Black, W. 2011. “President Obama’s view of fraud from 40,000 feet.” <http://neweconomicperspectives.blogspot.com/2011/12/president-obamas-view-of-fraud-from.html>

Black, W. 2012. “Why Did Obama and Cameron Save a Criminal Enterprise Like HSBC?” [http://www.huffingtonpost.com/william-k-black/hsbc-settlement\\_b\\_2291859.html](http://www.huffingtonpost.com/william-k-black/hsbc-settlement_b_2291859.html)

Taibbi, M. 2012. “Outrageous HSBC Settlement Proves the Drug War is a Joke.” December 13, 2012 <http://www.rollingstone.com/politics/blogs/taibblog/outrageous-hsbc-settlement-proves-the-drug-war-is-a-joke-20121213>

### Wednesday, January 16 - Real Estate Development Is Not Economic Development

Logan, J. R. and H. L. Molotch. 1987. *Urban Fortunes* pp. 1-98. A heavy reading in terms of length and content, but well worth it.

Lewis, M. 2011. "When Irish Eyes Are Crying." <http://www.vanityfair.com/business/features/2011/03/michael-lewis-ireland-201103>

<http://detroityes.com/home.htm> Please go to this site and take the tours. The city of Detroit is one of the most devastated of the Midwestern industrial cities, but there were many others including Youngstown, Ohio; Erie and Pittsburgh, Pennsylvania. If you have time take the Cave Paintings of Detroit Tour. This is pretty old now, but still quite sobering.

Las Vegas videos: <http://www.youtube.com/watch?v=c39JZXR7v8E> (Look at some of the others if you are interested)

Spain Takes a Hit. 2010. <http://www.businessinsider.com/ws-j-spain-housing-bubble-2010-9> (Ignore the slightly racist and clear right-wing perspective and just look at what is happening. Begin at about 7 minutes on housing bubble).

China's Ghost Cities 2011. <http://www.youtube.com/watch?v=rPILhiTJv7E> March 24, 2011.

### **Monday, January 21 – Holiday**

### **Wednesday, January 23 – How Do Cities Develop?**

Jacobs, J. 1969. *The Economy of Cities* (New York: Random House): 47-118.

### **Monday, January 28 -- Transportation, Communication and Globalization**

Kenney, M. and T. Sturgeon. 2006. "Enabling Massive Coordination in Global Knowledge and Production Networks: Infrastructure, Standards and the Co-Evolution of a Global Supply-Base." Unpublished mimeo.

Lappin, T. 1996. "The Airline of the Internet." *Wired* (December).

Taggart, S. 1999. "The 20-Ton Packet." *Wired* (October).

### **Wednesday, January 30– Globalization**

Kenney, M. 2004. "Introduction." In Martin Kenney with Richard Florida (Eds.) *Locating Global Advantage* pp. 1-19.

Dedrick, J., K. L. Kraemer, and G. Linden. 2009. "Who Profits from Innovation in Global Value Chains? A Study of the iPod and notebook PCs." *Industrial and Corporate Change* 19, (1): 81–116.

Bestor, T. C. 2000 "How Sushi Went Global." *Foreign Policy* (November 1): 54-63.

Suggestion: Check your personal computer and cell phone -- where were they assembled.

### **Monday, February 4 – Globalization and Work**

Freeman, R. 2010. "What Really Ails Europe (and America): The Doubling of the Global Workforce. March 05, 2010 <http://www.theglobalist.com/printStoryId.aspx?StoryId=4542>

Reich, R. 1991. *The Work of Nations* (New York: Knopf): 171-184, 282-315. Can I find replacements for these old books

Suggestion: Talk to your parents about how their jobs are globalized. Be prepared to discuss in class.

### **Wednesday, February 6 – Globalizing Service Provision**

Blinder, Alan S. 2007. “How Many U.S. Jobs Might Be Offshorable?” Princeton University, CEPS Working Paper No. 142.

Dossani, R. and M. Kenney. 2007. “The Next Wave of Globalization: Relocating Service Provision to India.” *World Development* 35, (5): 772–791.

Levy, David. L. 2005. “Offshoring in the New Global Political Economy.” *Journal of Management Studies* 42 (3): 685-693.

### **Monday, February 11 – Globalization and Marketing**

Watson, J. 1997. *Golden Arches East: McDonald's in East Asia* (Stanford: Stanford University Press) pp. 1-38.

Lind, D. and E. Barham. The social life of the tortilla: Food, cultural politics, and contested commodification.” *Agriculture and Human Values* 21: 47–60, 2004.

### **Wednesday, February 13 – Codes of Conduct and Sweatshops**

O’Rourke, D. 2006. Multi-stakeholder Regulation: Privatizing or Socializing Global Labor Standards? *World Development* 34, (5): 899–918.

Locke, R., M. Amengual, and A. Mangla. 2009. “Virtue out of Necessity? Compliance, Commitment, and the Improvement of Labor Conditions in Global Supply Chains.” *Politics & Society* 37, (3): 319-35.

University of California Code of Conduct for Trademark Licensees 2003. Please see website: <http://www.ucop.edu/ucophome/coordrev/policy/1-05-00code.pdf>

### **Monday, February 18 – Holiday**

### **Wednesday, February 20 -- The Role of Innovation and Creativity in the Future**

Florida, Richard. 2003. *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (New York: Basic Books). Please read the preface and pages 1-43.

Keighley, Geoff. 2004. “Cirque de Soleil: The Phantasmagoria Factory.” *Wired* (February).

Liu, Cathy Yang, Ric Kolenda, Grady Fitzpatrick and Tim N. Todd. 2010 “Re-Creating New Orleans: Driving Development through Creativity,” *Economic Development Quarterly* 24 (3): 261-275.

### **Monday, February 25 – Clusters and Geography**

Marshall, Alfred. 1890. *Principles of Economics* Book Four: The Agents of Production Land, Labour, and Capital and Organization Chapter 10.

Porter, Michael. 1998. “Clusters and the New Economics of Competition.” *Harvard Business Review* (November-December): 77-90.

Arthur, W. B. 1994. *Increasing Returns and Path Dependence in the Economy* (Ann Arbor: University of Michigan Press) pp. 1-12.

### **Wednesday, February 27 -- Industrial Clusters and Regions**

Feldman, M. P., J. Francis, and J. Bercovitz., 2005. "Creating a cluster while building a firm: entrepreneurs and the formation of industrial clusters." *Regional Studies* 39: 129-141.

M. Gladwell. 2000. "The Young Garmentos: The T-shirt Trade Becomes a Calling." *The New Yorker* (April 24).

Chiles, T. H., A. D. Meyer, and T. J. Hench. 2004 "Organizational Emergence: The Origin and Transformation of Branson, Missouri's Musical Theaters." *Organization Science* 15 (5): 499-519.

#### **Monday, March 4 – Knowledge, Business, and Regions**

Bathelt, H., A. Malmberg and P. Maskell. 2004. "Clusters and Knowledge: Local Buzz, Global Pipelines and the Process of Knowledge Creation." *Progress in Human Geography* 28 (1): 31-56.

Beebe, Craig et al. 2012. Identity creation and cluster construction: The case of the Paso Robles wine region. *Journal of Economic Geography*.

#### **Wednesday, March 6 – Universities and Regional Economic Development**

Lester, R. K. 2005. "Universities, Innovation, and the Competitiveness of Local Economies."  
<http://web.mit.edu/lis/papers/LIS05-010.pdf>

Lapsley, J. and D. Sumner. 2013. "We Are Both Hosts": Napa Valley, U.C. Davis and The Search for Quality. In M. Kenney and D. Mowery (Eds.). *The UC System and Regional Industries*. Stanford: Stanford University Press.

#### **Monday, March 11 – Stadiums and Development**

Nelson, Arthur C. 2001. "Prosperity or Blight? A Question of Major League Stadia Locations." *Economic Development Quarterly*, 15, (3): 255-265.

Rappaport, Jordan, and Chad Wilkerson. 2001. "What Are the Benefits of Hosting a Major League Sports Franchise?" *Economic Review* (Federal Reserve Bank of Kansas City), First Quarter 2001, p. 55-86.

#### **Wednesday March 13 – STUDENT PRESENTATIONS**

#### **Monday, March 18 – STUDENT PRESENTATIONS**