

CRD 140, 4 units
Martin Kenney
Office: 2307 Hart Hall
Office Hours: MW 10-11 am
F by appointment

Community and Regional Development
University of California, Davis
Office tele. #: 754-5943
mfkenney@ucdavis.edu
<http://hcd.ucdavis.edu/faculty/kenney/>

CRD 140 -- Dynamics of Regional Development Course Objectives

This course aims to increase your understanding of the political economy of regions in today's 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 regions. After this class, I hope you will have better insights into the headlines that you read every day. This seems particularly important today as the U.S. and, indeed, the global economy still suffers from a relative lack of high-quality jobs and severe inequality.

While we will begin with some macro-statistics, most of the course will study cities, clusters, and value chains as part of regional development. I will draw upon contemporary and historical examples.

Capitalism is a remarkable political economic system in that no single actor or small group of participants control the economy, therefore it is inherently unplanned and unstable. This means it is also prone to crisis, but also driven to innovate. In this system, labor is necessary to create value, but also is a cost that firms try to minimize. While I provide only an introduction to Marxist political economy, I believe that Marxist political economy is the best way for understanding how our society operates. Capitalism has many forms, but in all forms it configures the space within which economic and social actors perform. Economists generally treat economic forces as natural, but we understand that politics and social relations are the basis upon which all economies rest. The corporate decisions affecting us are also social and political decisions, as we can see in the recent banking, mortgage, employment and student loan crises. Inequality is a political decision regarding how the wealth created socially is shared. Of course, economic actors have enormous sway over politics and politicians – and even entire ideologies that are accepted as descriptions of the way the economy should work. Whether a city or a rural region, all have been shaped and structured through the interplay of economics and politics driven by an inexorable drive to generate profit.

Capitalist history is an on-going drama within which social, political, and economic actors are constantly operating, dealing, finagling, building, destroying, winning, and losing. However, very little of this constant activity threatens the heart of the system – extracting value. The groups involved in these struggles are not only the elites. Unions, environmental groups, anti-globalization groups, and many others affect outcomes, though they operate within the rules of a capitalist state. These struggles can be about micro-level issues such as a local strike, larger levels such as the push for \$15 per hour minimum wage, or even larger ones over a share of the total social output – such as single-payer healthcare. Similarly, the battles over the use of alternative energy sources are struggles over power and capture of value. The rise of China and its alliance with Russia is beginning to reorganize the existing world order which had the U.S. as its center and Western Europe and Japan as subordinated regions. This recognition is part of the current incipient trade war with China. The systemic tensions can now be seen globally, whether Brexit in England, the gilet jaune movement in France, or the current discontent in Italy. The question of whether democracies and capitalism are necessary twins or whether capitalism can operate without democracy is openly discussed. The giant digital platform firms are becoming ever more powerful in the US and around the world – how should we understand these firms and their impact on the economy? A similar question is whether the environment can survive given the current logic of capitalism, or, put differently, can the planet survive capitalism? 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 and for whom will our planet be shaped.

The topics we will explore are wide-ranging and this is only an introduction, but hopefully by the end of the quarter you will have new insights into how the political economy is shaped and understand better how it can be reshaped. Such a macro-level understanding will help you orient yourself in a rapidly changing and increasingly chaotic world.

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! It is my hope that you will be able to think more critically and get better insight into why political and 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, talk to the instructor or the TA prior to making any submission.

General Education Requirements

This class meets two General Education Requirements:

1. GE Writing is met by your writing a 10-page paper to be submitted at the end of Week 8. This paper will be worth 25% of your grade. It will be graded and returned to you in Week 9. After which you will do more research, improve, and rewrite the paper for submission on the day of the final. The draft will be graded for the research, the writing, and the application of theoretical concepts in the class.

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 Canvas.

Course requirements

The course grade is based upon the following:

Quizzes	30%
Draft term paper	20%

Final Term paper	40%
Participation	10%

Quizzes:

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).

There are no make-ups because you decided to go out of town for a vacation or for a family visit, to present a paper, to go to a study session, or any other reason. If you want to miss class during the quarter, it is your choice. If missing quizzes worries you, please drop the class.

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 has 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. If you have a favorite website, Instabrand, or some such firm that is good also. You can study its formation and evolution.

Prompts for the paper:

1. Why did the firm form there?
 - a. Characteristics of the location at that time
2. Who were the founders and what did they do prior to creating the firm?
3. Why did the firm grow?
4. How did the geography of the firm change and why?
5. What types of employees does it have and where are they located? Has this changed over time?
6. What is their supply chain? Can you diagram it or part of it? Has it changed over time?
 - a. E.g., offshored and what was offshored?
7. How do they deal with certification and abuse in the chain.

The paper is meant to give you a deeper understanding of how firms evolve and, if successful, evolve in activities and geographical scope. All students are required to submit the name of the company on **January 16, 2019**. We 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."**

A draft of the final paper must be submitted on **February 27, 2019**. It must be ten pages in length including references. It will be evaluated in terms of structure, grammar, research quality, and application of theoretical concepts. It must be a hard copy and comments will be made in the text and it will be returned to you on March 6, 2019 for improvement.

The term paper must be typewritten, double-spaced, and printed only on one side. I require a paper copy delivered to my office or box on the day of the final. Please also upload an electronic copy of the paper onto Canvas. Please use Times or Arial 12 font. The paper should be a Microsoft Word attachment (no other attachment will be accepted – NO PDFs). 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 Canvas 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.

Required Readings

Monday, January 7 -- Orientation

- Introduction, handout the syllabus, answer questions.

Wednesday, January 9 – Understanding the Current Political Economy

- Peck, Jamie, Nik Theodore and Neil Brenner. 2012. "Neoliberalism Resurgent? Market Rule After the Great Recession" *South Atlantic Quarterly* 111:2, 265-288.
- 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. Remember this was written in 2004.

For further perspective:

- Frank, T. 2018. Forget Trump – populism is the cure, not the disease. *Guardian* (May 23)
<https://www.theguardian.com/books/2018/may/23/thomas-frank-trump-populism-books> **Go to URL**

Monday, January 14 – Introduction to Marx's Economics

HAND IN PAPER TOPIC

- Harvey, D. 2011. "The Circuit of Money Capital" *Marx's Capital* (notes and discussion).
- Moody, J. (edited by Martin Kenney). 2016. Summary of Marx's *Capital*.
- Acemoglu, D., & Robinson, J. A. (2015). The rise and decline of general laws of capitalism. *Journal of Economic Perspectives*, 29(1), 3-28.

Wednesday, January 16 – Transportation and Communication

- Hesse, M., & Rodriguez, J. P. (2004). The transport geography of logistics and freight distribution. *Journal of Transport Geography*, 12(3), 171-184.
- Levinson, M. 2006. *The Box: How the Shipping Container Made the World Smaller and World Economy Bigger*. Princeton: Princeton University Press. Pp: 1-35, 127-149, 264-278.

Monday, January 21 – Martin Luther King, Jr. Day – NO CLASS

Wednesday, January 23 – Global Value Chains

- Gereffi, G., Humphrey, J., & Sturgeon, T. 2005. The governance of global value chains. *Review of International Political Economy*, 12(1), 78-104.
- Ponte, S., Kelling, I., Jespersen, K. S., & Kruijssen, F. 2014. The blue revolution in Asia: upgrading and governance in aquaculture value chains. *World Development*, 64, 52-64.

Monday, January 28 -- Globalization of Manufacturing

- 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.
- Permanent Subcommittee on Investigations. 2013. Offshore Profit Shifting and the U.S. Tax Code - Part 2 (Apple Inc.) Apple Case Study pp. 17-41.

Wednesday, January 30 – 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

Monday, February 4 – Globalizing Service Provision

- Blinder, A. S., & Krueger, A. B. (2013). Alternative measures of offshorability: a survey approach. *Journal of Labor Economics*, 31(S1), S97-S128.
- Gereffi, G. and Fernandez-Stark, K., 2010. The offshore services value chain: developing countries and the crisis. World Bank Policy Research Working Paper Series.
- Read this Economist 2013 Special Report on Offshoring. <http://www.economist.com/news/special-report/21569572-after-decades-sending-work-across-world-companies-are-rethinking-their-offshoring> go to URL

Wednesday, February 6 – Codes of Conduct, Corporate Social Responsibility, and Sweatshops

- Scherer, A. G., & Palazzo, G. 2011. The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy. *Journal of Management Studies*, 48(4): 899-931.
- Raynolds, L. T. 2009. Mainstreaming fair trade coffee: from partnership to traceability. *World Development*, 37(6): 1083-1093.
- Locke, R.M., Qin, F. and Brause, A. 2007. Does monitoring improve labor standards? Lessons from Nike. *Industrial & Labor Relations Review*, 61(1): 3-31.
- University of California Code of Conduct for Trademark Licensees 2000.

Monday, February 11 – 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).
- Ponzini, D. and Rossi, U. 2010. Becoming a creative city: The entrepreneurial mayor, network politics and the promise of an urban renaissance. *Urban Studies*, 47(5): 1037-1057.

Wednesday, February 13 – Digital Platforms and the Economy

TO BE DETERMINED

Monday, February 18 – Presidents' Day – NO CLASS

Wednesday, February 20 – The New Labor Market

- Grossman, N. and Elizabeth Woyke. 2016. *Serving Workers in the Gig Economy: Emerging Resources for the On-Demand Workforce*. O'Reilly and Company.
- Kenney, M and Zysman, J. 2018. Work and Value Creation in the Platform Economy. *Research in the Sociology of Work*. In Kovalainen, A. and Vallas, S. (Eds.).
- Brynjolfsson, E. and McAfee, A., 2012. Winning the race with ever-smarter machines. *MIT Sloan Management Review*, 53(2), pp. 53-60.

Monday, February 25 – Upwork, YouTube and Beyond

Please think of some brands that you now purchase that began online through Instagram or some other web site.

- Cunningham, S., Craig, D., & Silver, J. (2016). YouTube, multichannel networks and the accelerated evolution of the new screen ecology. *Convergence*, 22(4), 376-391.
- Popiel, P. (2017). "Boundaryless" in the creative economy: Assessing freelancing on Upwork. *Critical Studies in Media Communication*, 1-14

Wednesday, February 27 – 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.

Monday, March 4 – Industrial Clusters and Ecosystems

- 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.
- Jacobides, M. G., Cennamo, C., & Gawer, A. (2018). Towards a theory of ecosystems. *Strategic Management Journal*.
- 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.

Wednesday, March 6 – How Do Cities Develop?

- Jacobs, J. 1969. *The Economy of Cities* (New York: Random House): 45-118.

Monday, March 11 – Real Estate 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.
- <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. Go to URL

Wednesday, March 13 – STUDENT PRESENTATIONS