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11.481J / 1.284J / ESD.192J Analyzing and Accounting for Regional Economic Growth
Spring 2009

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Problem Set 1

DUSP 11.481J, 1.284J, ESD.192J

Please answer either Question No. 1 **or** Question No. 2 using the articles cited with the relevant question.

1. Neo-classical and Alternative Location Theories:

- a. What do we know about agglomeration and decentralization in terms of the role of increasing returns and congestion?
- b. How can we use alternative theories as a contrast to the mainstream solution of the agglomeration-decentralization issue? Do any have direct implications for public policy with respect to promoting economic growth?

Base your answer upon the following:

- i. Casey J. Dawkins. 2003. "Regional Development Theory: Conceptual Foundations, Classic Works, and Recent Developments," *Journal of Planning Literature*, 18 (2) (November): 131-153
- ii. Paul Krugman. 1995. *Development, Geography, and Economic Theory*. Cambridge, MA: The MIT Press, pp. 31-59.
- iii. One of the other articles listed under Section II.A.

2. Regional Growth and Location Theories

- a. How does innovation or national growth affect regional economic growth?
- b. What role do analysts think networks play in the innovation of business firms?

Base your answer upon a comparison of the following papers:

- i. Chris DeBresson and Fernand Amesse. 1991. "Networks of Innovators: A Review and Introduction to the Issue." *Research Policy*, 20 (5) (October): 363-379.
- ii. Börje Johansson. 1991. "Economic Networks and Self-Organization." In *Regions Reconsidered: Economic Networks, Innovation, and Local Development in Industrialized Countries*, edited by Edward Bergman, Gunther Maier, and Frank Tödtling. New York, NY: Mansell Publishing Ltd., pp. 17-34.

Write your answer as a complete essay, including an introduction, conclusion, and references and focusing on one or more key issues. In answering the question, be certain to discuss each of the relevant articles, but do not try to include every other paper you have read. Keep your arguments simple and relate the theory to relevant cases, where feasible. Identify the differences between the arguments, and critique either one or all articles, making clear your position on the question. We will judge your essay based on an ability to argue your position effectively and on good writing.

You should write the evaluation based on readings we cite above. All of the readings are available on stellar or in the books mentioned in the syllabus. You are not expected to refer to readings not on the reading list, but, if you do, please provide a copy of the reading(s) to us. We suggest that you use about nine hours outside of class to read (skim) all required readings in Sections I, IIA, and IIB; then, spend about 10 hours during the next two weeks to review the articles in more depth and to write the critique.

Please provide your name and the names of any students with whom you discussed the problem set in depth. Each member of the group must submit a separate answer, representing individual thinking. Do not exceed 8 double-spaced typed pages, including references (with at least one-inch margins and no smaller font than 11 cpi). Refer to "Suggestions for Writers" concerning common writing problems. Submit both the paper and electronic form of your answer. Note: Five points will be deducted for each day that the essay is late.