

Institutions and policies in city economic evolution: evidence from British cities

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Context: project “Structural Transformation, Adaptability and City Economic Evolutions”

- **Overall objective** – to understand how city economies change, re-orientate and adapt over time, and to inform policy
- **Main hypothesis** – differences among cities in medium-long run growth are in part due to differences between cities in the process, nature, extent and success of structural transformation and adaptation, and how policy interventions have influenced such development
- Focus is on *structural change and adaptive growth*



Principal methods and sources of information

1. Data sets:

- Newly constructed dataset with data on GVA and employment (and by implication: productivity), with sectoral breakdown (82 sectors) for 85 cities in Great Britain (TTWAs > 200,000 population), for 1971-2014.
- Similar dataset with occupational breakdown (25 occupations (within 45 sectors)), for 1981-2014.
- Supplemented with existing datasets on patent applications; firm-dynamics; and historical employment patterns (going back to 1851).

2. Case studies:

- Case studies of Middlesbrough & Stockton, Glasgow, Birmingham, Bristol, and Peterborough.
- Main focus: role of institutions and policy in structural transformation and adaptation.

Outline

1. Institutions and policies in Evolutionary Economic Geography
2. Addressing the conceptual challenge
3. Addressing the methodological challenges:
 - Comparative case study design and selection
 - Analytical framework and techniques
4. Conclusions

Institutions and Policies in Evolutionary Economic Geography



Evolutionary Economic Geography

“Examines the processes by which the economic landscape – the spatial organisation of economic production, circulation, exchange, distribution and consumption – is transformed from within over time” (Boschma and Martin 2010: 6-7)



Institutions and policies in Evolutionary Economic Geography I

“The clash between Neoclassical and Institutional Economic Geography can be understood as a result of two fundamental differences, related to methodology (use of formal modelling) and key behavioural assumptions (bounded rationality and routines / institutions guiding decision-making). Evolutionary Economic Geography takes an intermediate position: it agrees with the neoclassical approach in the usefulness of formal modelling that requires some degree of abstracting from local contexts and with the institutional approach in its assumption of bounded rationality and its emphasis on the contextuality of human decision-making.” (Boschma and Frenken 2006: 281-2)

Institutions and policies in Evolutionary Economic Geography II

“We are concerned that an overreliance on imported frameworks, such as Generalized Darwinism and Nelson and Winter’s theory of the firm, may result in the theoretical relegation of institutions, social agency and power relations, compared to emerging themes such as self-organization, technological change, and the generation of economic novelty” (MacKinnon *et al.*, 2009: 133)



Conceptual and methodological challenges

Conceptual challenge:

- Integrating 'institutions' and 'policies' into Evolutionary Economic Geography strand of theory

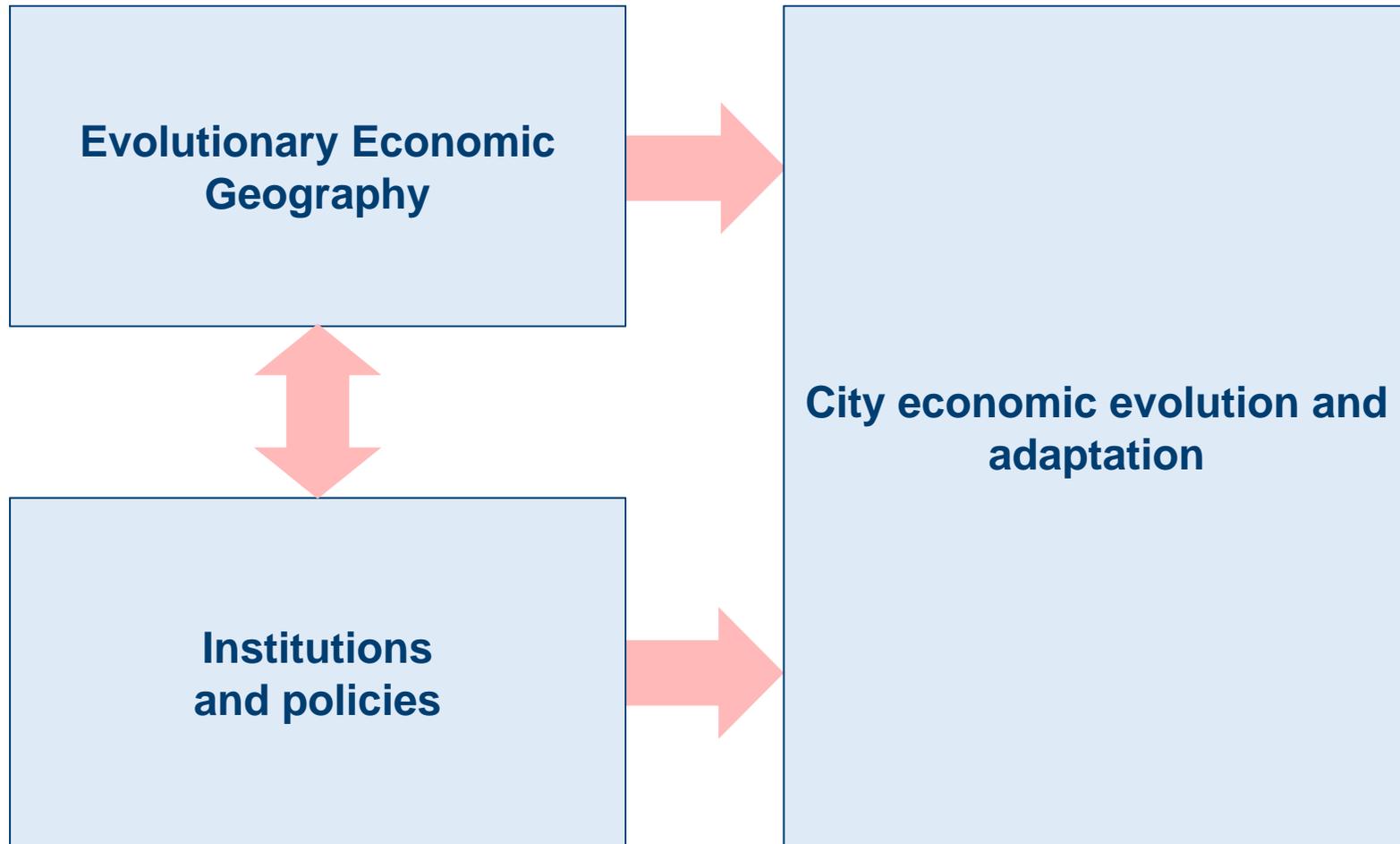
Methodological challenges:

- Identifying, determining and isolating the relative extent, nature, directions and strength of (any) relationships and attributing causation
- Non-standardised, unsystematic and difficult to compare data

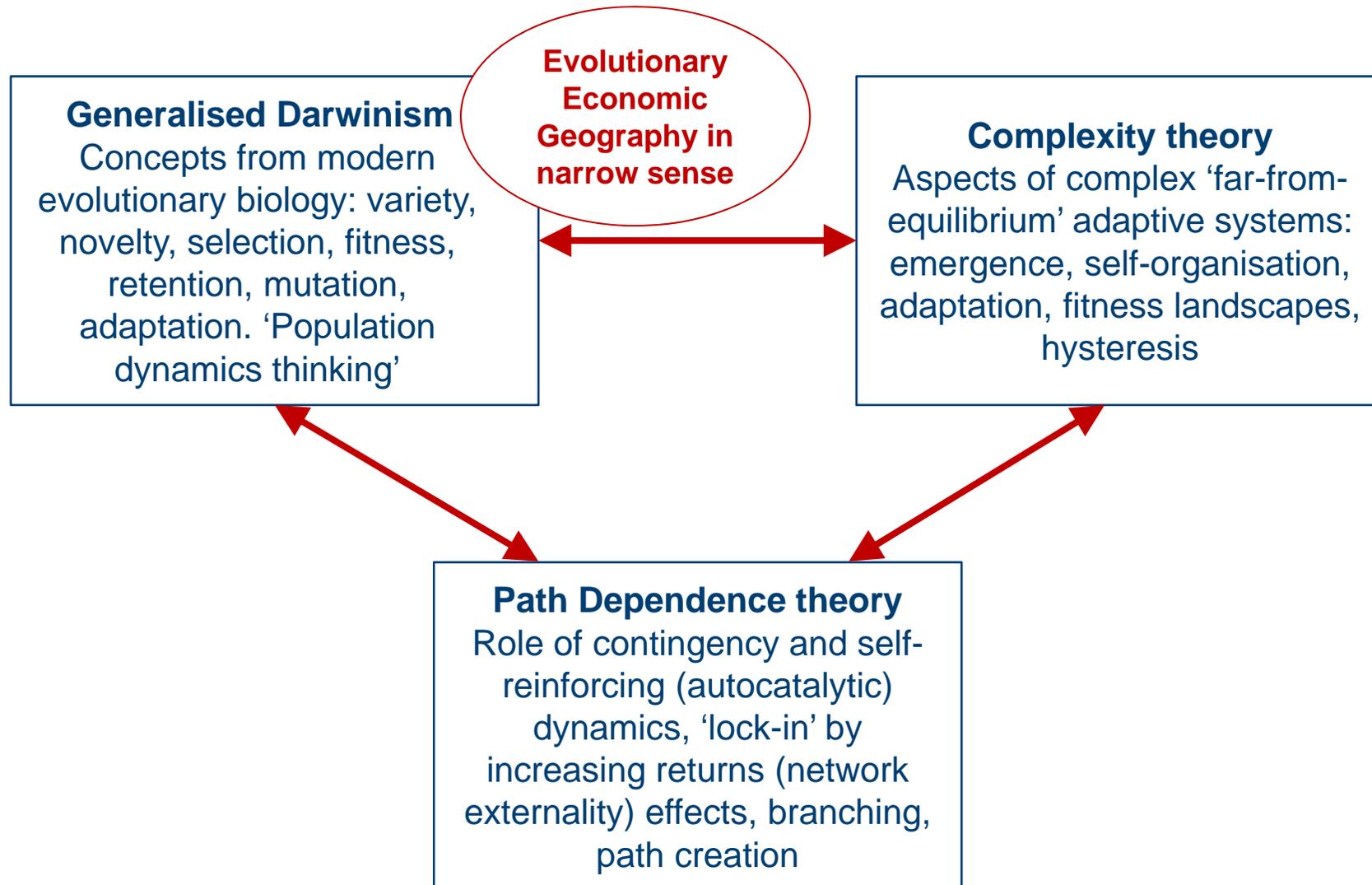
Addressing the Conceptual challenge



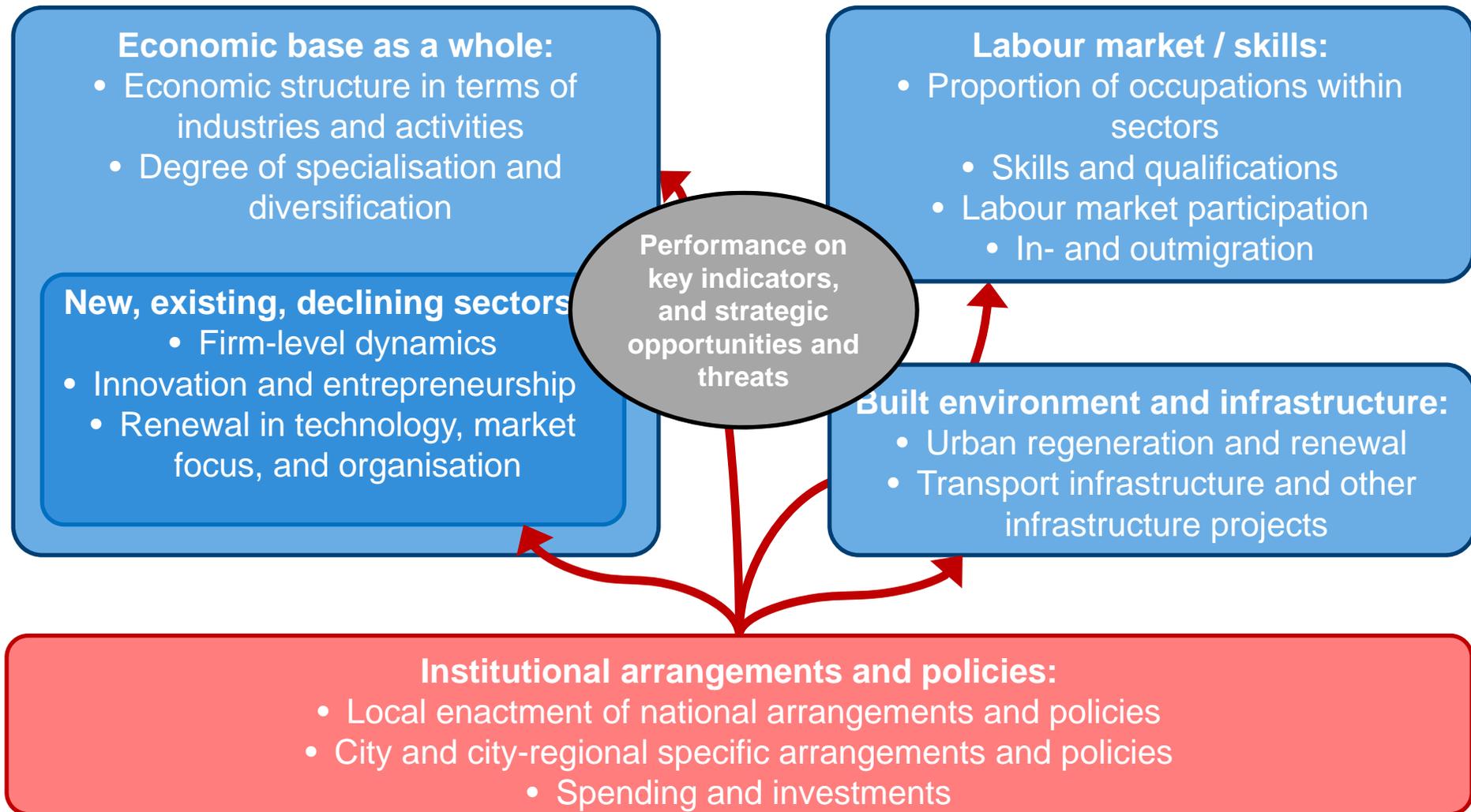
Focus on particular issue



Drawing mainly on Path Dependence Theory



Institutions and policies in city economic evolution and adaptation: analytical domains



Addressing the methodological challenges I: Case study design and selection



Case studies: overview and objectives

- **5 case studies:** Birmingham, Bristol, Glasgow, Middlesbrough & Stockton and Peterborough.
- **Objectives:**
 - Detailed examination of city economic evolution and adaptation, and the role of institutions and policies.
 - Draw lessons for design of institutional arrangements and current policies.
- **Mixed methods and data analysis:** quantitative (historical) and qualitative (key actor interviews, roundtables, secondary document collection).