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Economic Geographers and the Limelight: The Reaction to the 2009 World Development Report

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Abstract

The reaction of economic geographers to the World Bank's World Development Report 2009 – *Reshaping Economic Geography* – has so far been a corporatist turf-protecting exercise. The report has been dismissed as the work of economists who completely ignore a rich tradition of work by 'proper' economic geographers. However, this negative response has prevented geographers from engaging constructively with the World Bank's analysis and proposals. In this note I argue that, while the report presents an accurate diagnosis of recent development trends and should be praised for its flexibility in providing numerous policy alternatives, geographers can significantly contribute to promote a discussion around two key issues in the report: its treatment of institutions and its recommendation of spatially-blind policies.

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Welcoming the World Development Report 2009

I have been involved in a series of workshops where the World Bank's World Development Report 2009, entitled *Reshaping Economic Geography* (World Bank 2009) – henceforth the report – was discussed. The most interesting gatherings included a mixture of academic economists, policy-makers, and international organisation officials. Such workshops gave me the chance of seeing my colleagues in, using Overman’s (2004) words, economic geography ‘proper’ defend the discipline against what many consider an intrusive incursion by economists into our internal affairs.

A ‘token proper economic geographer’ was often invited to give a ‘geographer’s view’ of the report. The arguments of successive geographers were cut from the same cloth and echo many of the already published criticisms. They can be summarised as follows. First, the report is the work of economists, overlooking or eschewing the work of geographers (Rigg et al. 2009, 128; Mariganti et al. 2009, 44). No geographers have been involved in the panels of advisers (World Bank 2009, 15) and virtually none is cited (Rigg et al. 2009: 130; Mariganti et al. 2009, 47). Second, the report seeks simplicity at the expense of complexity, obscuring diversity and leading to a monochromatic view of the world (Bryceson et al. 2009, 723). The outcome is a report full of simplifications and crude typologies that, “if taken too far, become absurd abstractions or even dangerous ones if translated into policy” (Rigg et al 2009, 131). Hence “the Report appears, to geographers at least, academically narrow and historically shallow” (Rigg et al. 2009, 130) and devoid of “the nuances that geographers usually deploy” (Bryceson 2009, 723).

The desire for simplicity in the report also hides a degree of ‘intellectual provincialism’ (Scott 2009, 58). The report closely follows the ‘new economic geography’ (NEG) approach, disregarding not just the work of geographers, but also that of less ‘orthodox economists’ (Scott 2009,584). This supposedly blinkered approach is extensible to its neglect of alternative methods: qualitative analysis is considered merely anecdotal (Rigg et al. 2009, 131).

The criticisms also retake the ‘been there, done that’ feel of Ron Martin’s (1999) initial critique of NEG. Accordingly, the report gives “the impression that economic geography began in the last decade or so” (Rigg et al. 2009, 130) ignoring “the long-standing professional experience of previous agglomeration modellers from geography who know all too well the complexities of urban growth and welfare” (Rigg et al. 2009, 130).

In the extreme, the authors are even accused of intellectual dishonesty, by only resorting to the cases which support their preferred views and “avoiding citation of data that would undermine the explanatory power of new economic geography agglomeration theory” (Bryceson et al. 2009, 731).

One final criticism suggests that, had the report been written by geographers, it would have been much more comprehensive and inclusive. The social, political, and environmental dimensions of development would have been covered, alongside institutions, path dependency, gender, ethnicity, intergenerational issues, social exclusion, local elites, and other currently excluded aspects (Bryceson et al. 2009; Scott, 2009).

In sum, geography has welcomed the report with the adage coined by Martin (1999, 67) for the NEG : what is there “is not that new, and it is most certainly not geography”.

What has the report done to deserve this?

While, individually, these arguments may have – except that of intellectual dishonesty – some merit, collectively they represent an unhelpful critique of the report. The lack of constructive engagement with such an influential document may simply be another bout of what Duranton and Rodríguez-Pose (2005) call ‘lions and butterflies’: that is, the incapacity of geographers and economists to address issues of common interest in a constructive and non-corporatist manner. But this reaction, rather than bringing the geographers’ case to the fore, is hurting more than helping the discipline on three fronts: a) in our capacity to influence policy-making; b) because of the thinness and reversibility of our criticisms; and c) because we may be choosing the wrong target, as the report is, to the outside world, a solid and, given the scale of the task undertaken, rather reasonable document, which is casting economic geography ‘tout court’ into the policy limelight. I will treat these three counts in turn.

The report, geographers, and policy-makers.

In presentations of the report, I always found the reaction of policy-makers the most interesting. Both because of their position as 'neutrals' in the economists vs. geographers divide, and because of their capacity to transform academic advice into real policy. At these meetings the 'token' geographer is invited to comment on a presentation of the report. Following the body language of policy-makers during these exchanges has been one of my secret past-times. Prior to the engagement, the mood is of expectation. Most of the policy-makers are already familiar with the contents of the report and aware – this being the World Bank after all – that it has been written by economists. They are eager for the geographer to show her or his wares and may even secretly cherish the idea of a geographer putting some egg of the World Bank's face.

The presentation of the report usually involves a reproduction of its key findings and policy recommendations. The geographer is then given between ten and twenty minutes to comment. The expectations rise. The first punch comes quickly: the report is the work of economists who ignore a rich tradition of scholarship by 'proper' economic geographers. Fair enough, thinks the policy-maker. Then come the criticisms of (2) oversimplification, of (3) selective use of methods and cases, of (4) disregarding the political, social, and environmental dimensions, and so on until completing the long list of 'affronts' to the dignity of geography 'proper'. By the time the more constructive engagement begins, three quarters of the time allocated have passed and, alas, few are still paying attention. While the first complaint may bemuse the listener and the second intrigue her, the third or fourth complaint become a source of frustration. The body language of the audience starts to change. First, the eyes begin to roll, then the body gets twitchy, and finally the heads drop. Engagement with substance only arrives when most of the audience is already buried in memos for their next meeting. The substantial arguments are thus lost, doing more harm than good to our capacity to influence policies.

Are our criticisms criticism-proof?

An additional stumbling block for geographers is whether our criticisms of the report are, in turn, criticism-proof – or as Buckley and Buckley (2009) indicate, whether they are both valid and significant. The problem is that they are easily revocable.

It is undoubtedly true that the report ignores the work of economic geographers. But this is mutual. As Duranton and Rodríguez-Pose (2005) show, the level of ignorance by economic geographers of the work of geographical economists is marginally lower than vice versa. The report may also be selective in its choice of cases, but given its breadth, this is inevitable. Similarly, in the criticisms of the report, the cases chosen are those more likely to contradict its findings. The question is thus not whether the cases are the most favorable, but whether the agglomeration tendencies prevalent throughout the report are the exception and not the rule. And here even the most recalcitrant geographer would have to agree this is not the case.

The criticism of simplicity reflects economists' fondness of parsimony. While parsimony has its risks, there are also "gains from coordinating targets and instruments" (Buckley and Buckley 2009, 2810) and parsimonious objectives may facilitate policy learning and adaptation to different contexts. Strong diversity in policy recommendations reflecting place-based characteristics may, in contrast, easily derive in relativism and in the impossibility of policy transfer and adaptability.

But perhaps the most perplexing criticism is that of the report's blatant ignorance of the political, social, and environmental dimensions of development. This is by choice and not by error. As noted, "to keep the Report focused, several important aspects of the spatial transformations do not get the attention they would in a fuller study. The main aspects not considered […] are the social and environmental effects of a changing economic geography" (World Bank 2009, 34). The authors thus acknowledge the importance of these aspects but prefer to concentrate on the economic dimension. Hence, such criticisms reflect what 'proper' economic geographers believe the report *should have been* about and not what it *is* about.

The final argument that had geographers written the report it would have been more inclusive – while possibly true – would have generated other problems. Given that just four published commentaries of the report by economic geographers have generated more than twelve proposals of topics which ought to have been covered, geographers could have ended up with a report simply skimming over the issues it intended to address.

On the choice of target and its quality

The choice of target may also not be the best for two reasons, one dealing with the impact and diffusion of the report, the other with its quality. Regarding the former, although, from a geographer's perspective, the title *Reshaping economic geography* may be unfortunate, the report has cast economic geography into the limelight and is pushing policy-makers to think hard about the spatial implications of their actions. It represents an excellent opportunity for 'proper' economic geographers to showcase our research and have a real go at influencing policy. But the vitriolic reaction to the report is obscuring the significance of our message to the point of almost making it irrelevant.

Regarding the issue of quality, dismissing the report outright is again counterproductive. To the independent reader – s/he with no particular turf to defend – the report is an extremely well-crafted document. It is compact, instructive and informative, and reads well. Its tripartite divisions of scale (local, national, and international), development dimensions (density, distance, and division), and solutions (institutions, infrastructure, and interventions) creates a sort of Rubik's Cube of development problems and solutions at different geographical scales which allows both for a simple understanding of the complexity of development and provides, simultaneously, basic guidelines but also an array of options about how to address development issues in different parts of the world. The 'development in 3-D' idea (World Bank, 2009: XIX) becomes extremely appealing and contributes to make economic geography sexy.

In terms of content, the report presents a generally accurate diagnosis of development problems. Development is territorially uneven and economic activity increasingly agglomerated in urban areas, often benefiting the densest and richest regions within countries the world over. It is also correct in highlighting that agglomerated areas usually do better than sparsely populated ones and that size matters: large cities do better than medium-sized cities and so on (Henderson and Wang 2005; World Bank 2009, 118). Of the 42 countries for which I have gathered subnational GDP per capita time-series data – including most of the large developed and emerging countries – only Brazil represents a genuine case of reduction of territorial disparities. In all other cases, the tendency is either towards stability or increasing divergence, with emerging countries in Central and Eastern Europe, Latin America, and parts of Asia – led by China and India – witnessing the steepest rises in territorial polarisation (Rodríguez-Pose and Gill 2006). And polarisation in low and middle income countries is much higher than in developed ones (i.e. subnational disparities in Thailand are close to nine times those found in Australia or the US).

The report is also spot on in stressing that uneven territorial development may not necessarily be 'bad' for future prosperity and for improving the life chances of individuals, especially if we are concerned with interpersonal and not interterritorial inequality. It is also right in underlining that development policies have had, at best, limited results and that those areas which have done best tend to be those more accessible to or integrated with, economic cores.

But perhaps the greatest novelty of the report lies in its policy recommendations. Not because they are particularly valid or because I share them – which I don't – but because behind a façade of simplicity they hide a potential for enormous diversity. The spatially-blind institutions solution for one-dimensional problems; add connective infrastructure for two-dimensional issues; add spatially-targeted intervention for three-dimensions (World Bank 2009, 23-24) combines the simplicity which pleases decision-makers with the novelty, for an economic policy document, of allowing a multiplicity of combinations of interventions, depending on the scale and dimension of the problem. This 'development in 3-D approach' ought to please 'proper' economic geographers, who have been long advocating a greater responsiveness by public intervention to different territorial conditions.

A different form of engagement: institutions and spatially-blind policies

Does this mean that I agree with everything in the report? Not in the least. While I find the gist of the analysis, by and large, correct, I feel uncomfortable with sections of the analysis and thoroughly dispute its policy recommendations.

On the analysis, I believe the report makes too many assumptions which are unaccounted for and which reflect a certain voluntarism. This voluntarism pervades the first few chapters. I am particularly uncomfortable with the assumption – also noted by Mariganti et al. (2009) – that there is a unique Kuznetsian economic development path. As mentioned in the report, "there is no reason to expect that, when [developing countries] prosper, other parts of the world will not experience the same patterns [experienced by developed countries in the past] – a rising concentration in some industries, before overflowing to their neighbors" (World Bank 2009,10). However, this is never properly demonstrated and the world today differs significantly from 19th

century Europe. Moreover, development trajectories have differed from one place to another and at different geographical scales (e.g. Wade 1991; Chang 2002), limiting the certainty that that any past development paths may be reproduced. This issue, while mentioned in the report, is never properly addressed (World Bank 2009, 120-1).

This voluntarism also permeates the idea that agglomeration will result in better opportunities for all and, eventually, in lower inequalities. On page 39, it is stated that the report is not anti-equity. It may be true, but it is by no means certain and is again not demonstrated. Even the examples chosen to illustrate this point contradict this assumption. Greater population migration and agglomeration in the US has been associated with lower territorial disparities than in the EU, but has not resulted in lower social inequality (World Bank 2009, 39). If this reasoning is transferred to the developing world, massive rural-urban migration will not be the solution against social inequality, but a transformation of what has fundamentally been a rural-urban problem into an intra-urban one. Here the criticisms by geographers are accurate: rural-urban migration in Africa, Latin America, or Asia may just reduce spatial disparities at the expense of greater and pervasive social inequality (Bryceson et al. 2009; Mariganti et al. 2009). But contrary to the critics' views, this trend rather than the exception may be the rule: there is no evidence that economic agglomeration in cities in the developed world leads to greater social equality (i.e. Sassen 1991; Florida 2003). Given the above, it is surprising that the timing of rural-urban migration does not command greater attention. While I would not go as far as Scott (2009, 585) in disagreeing with the report's "implicit position that rural-to-urban migration in developing countries should probably be allowed to accelerate", a thorough discussion of the implications in time of such a massive movement of people is necessary.

Voluntarism is also a feature of the report's policy solutions. NEG posits that improvements in transport infrastructure may accelerate economic agglomeration, which may benefit overall economic dynamism but, as discussed above, not result in lower social inequality. And the returns to economic integration are likely to differ substantially when Burkina Fasso integrates in ECOWAS than when Mexico or central and eastern Europe integrate in NAFTA and the EU respectively. Even greater integration with advanced territories is no panacea for development and prosperity. The cases of state-building in 19th century Italy or late 20th century Germany – despite claims to the contrary on page 235 of the report – represent evidence of the difficulties of integrating economic uneven, although relatively culturally homogeneous spaces (Trigilia 1992;Quehenberger 2000).

Another issue in the report is that the key concepts of agglomeration and distance are dealt in a monolithical way. Agglomeration is treated as if all types of agglomeration were equally good, when contributions by economic geographers and cognate researchers have shown that different types of agglomerations yield diverse outcomes. Qualitative (e.g. Markusen 1996; Iammarino and McCann 2006) and quantitative (e.g. Frenken et al. 2007; Boschma et al. 2009) analyses have demonstrated that the type and composition of clusters and their relationships to the outside world determine whether agglomeration and economic dynamism will prevail. NEG has also focused on this issue (e.g. Duranton and Puga 2005), making the monolithical treatment of agglomeration even more striking. Distance is equated to geographical distance, yet evolutionary geographers (e.g. Boschma 2005; Torre and Rallet 2005) have defended that other types of distance – cognitive, organizational, institutional, and social – may not only affect the relevance of geographical distance, but also radically alter its influence on the location of economic activity. While these ideas are still controversial, it would have been worth exploring them, as distance is one of the three articulating dimensions of the report.

My main concern with the report lies, however, not in its assumptions or in its treatment of agglomeration and distance, but in its handling of institutions which, in turn, leads to what, in my view, is its greatest weakness: the recommendation of spatially-blind policies.

Institutions are, if taken at face value, one of the stars of the report. They appear everywhere: from the Foreword by the World Bank's President Robert Zoellick (World Bank 2009, xiii) to the last three chapters. This is no surprise. Economists have made substantial inroads into showing that institutions may matter more for development than alternative factor endowments (e.g. Rodrik et al. 2004; Acemoglu and Johnson 2006). The institutions economists talk about are basically formal institutions and, in particular, the rule of law, and the protection of property rights. However, while these institutions are of capital importance for economic development, they fail to capture why territories with similar formal institutions often develop at radically different rates. By bringing informal institutions – and more specifically the relationship between formal and informal institutions (Rodríguez-Pose and Storper 2006) – to the fore, geographers are making a substantial contribution in areas where economists have struggled: in understanding how place-based interactions between formal and informal institutions shape economic development in complex ways (e.g. Amin and Thomas 1996; Storper 1997; Cooke and Morgan 1998; Gertler 2003). Yet the report adopts a simpler definition of institutions than that of geographers or even economists. Institutions are equated to “policies that are spatially-blind in their design and should be universal in their coverage” (World Bank 2009, 22) and include “regulations affecting land, labor, and international trade and such social services as education, health, and water and sanitation financed through tax and transfer mechanisms” (ibid, 22-23) or, in another formulation, law and order, basic services, and macro economic stability (ibid, 202).

This definition of institutions leads to the view that development is best achieved through spatially-blind policies, that is “policies that are designed without explicit consideration to space” (ibid, 24). While spatially-blind policies are indeed necessary in order to create the conditions for sustainable economic activity, once basic formal institutions are in place, the relationship between institutions and economic outcomes becomes much more complex, fuzzy, and difficult to isolate. There are significant differences in the formal and informal institutional structure among territories and in the way these institutions operate and function, yet pinpointing the effect of specific institutions on development is difficult. Most econometric analyses about the impact of formal institutions on development in advanced countries find that the overall effects of institutions on economic activity and welfare tend to be negligible. This may be a consequence of inadequate proxies, of the fact that different institutional arrangements in different geographical contexts can lead to similar economic outcomes, or that, beyond a certain threshold, the role of formal institutions – and thus of spatially-blind policies – may be limited (or a combination of the three). Hence, the interaction of spatially-blind institutions with transport infrastructure and economic integration is likely to yield radically different economics outcomes in different institutional settings.

No wonder that proposing spatially-blind institutions clashes with other reports which have treated institutions differently, leading to opposite policy recommendations: place-based strategies. The 2009 Barca Report on the reform of the European Cohesion Policy advocates the adaptation of development strategies to local conditions as a means “to reduce persistent *inefficiency* (underutilisation of the full potential) and inequality (share of people below a given standard of well-being and/or extent of interpersonal disparities) in specific *places*, through the promotion of bundles of *integrated*, place-tailored public goods and services, designed and implemented by eliciting and aggregating *local preferences and knowledge* through *participatory political institutions*, and by establishing linkages with other places” (Barca 2009, 5). The same approach is adopted by the OECD in its 2009 report *How regions grow*. These reports posit that even the best spatially-blind development strategy can be undermined by poor institutional environments. Starting with the Italian Mezzogiorno (e.g. Trigilia 1992), where adverse institutions have repeatedly derailed interventions along the three pillars proposed in the report (spatially-blind institutions, infrastructure, and economic integration), the cases where institutional failure has contributed to transform good policies into substandard ones are legion. Had institutions, in general, and informal institutions, in particular, been dealt with in a more encompassing and comprehensive way, the policy recommendations of the report may have been different.

Conclusions

Ron Martin asked in 2001 why geographers had such a little influence on public policy. His main suggestion was that much economic geography conducted by ‘proper’ economic geographers was of little practical relevance for policy. In this paper I have argued that the 'policy turn' that he pleaded for has taken place and that economic geographers are conducting research that is novel and of extreme policy relevance. This research complements rather than opposes the research of geographical and spatial economists on the other side of the disciplinary boundary. The same could be said vice versa.

However, the impact of the work of 'proper' economic geographers on important policy documents, such as the WDR 2009, remains limited. The reason for this lies not in the quality of geographers' research, but in a combination of path dependent *Realpolitik* power structures – economists are a larger and more powerful group and their research commands greater media attention and policy influence – with our failure to engage constructively with other groups interested in spatial issues. The WDR 2009 is, albeit in a peculiar and contorted way, contributing to feed the interest of policy-makers for the work of 'proper' economic geographers. Yet, it has been taken by many colleagues both as a lost opportunity and as an unwelcomed and unsolicited interference by a disciplinary foe in affairs that we consider our own. I would argue that the lost opportunity lies not in the report but in our collective failure to engage with it in a positive way and to further feed the interest of policy-makers on the issues it treats. The reaction to the report by economic geographers has so far been a futile corporatist turf-protecting exercise which is damaging the projection of our research to the outside world. Unless we want to spend the next 31 years awaiting another important policy document to attract such attention to economic geography – whether of the economics or the geography type – we better put our fifteen minutes in the limelight to better use.

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