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A behavioural theory of economic development: The uneven evolution of cities and regions

by Robert Huggins and Piers Thompson, Oxford University Press, Oxford,
2021. 336 pp., £83.00 (hbk), ISBN 978-0-19-883234-8

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BOOK REVIEWS

A behavioural theory of economic development: The uneven evolution of cities and regions, by Robert Huggins and Piers Thompson, Oxford University Press, Oxford, 2021. 336 pp., £83.00 (hbk), ISBN 978-0-19-883234-8

Our scientific jargon, the theories we have built and the methodologies we invented, they all let us communicate in abstractions. The risk of all this human reasoning is that we may forget the human itself, which is the basis of every social phenomenon. *A Behavioural Theory of Economic Development* gives us a clear and helpful framework that helps to avoid this risk. This book is written by Robert Huggins and Piers Thompson, a productive pair of economic geographers who frequently contribute to debates about development and its spatial dimensions.

It is the behavioural model of urban and regional development that, hopefully, will determine the impact of their work. This model is outlined at the beginning of the book. It unravels different factors and links them to each other in a framework that has a high value, from both a theoretical and a heuristic perspective. It starts with what Huggins and Thompson call ‘psychocultural behavioural patterns’ which are built up from a reciprocal relationship between ‘socio-spatial culture’ and ‘personality psychology’. Socio-spatial culture is a key concept in the intellectual endeavour, since it sticks human behaviour to a particular territory. Drawing on earlier work, the authors propose that ‘the socio-spatial culture of cities and regions consists of the ways and means by which individuals and groups within place-based communities interact and shape their environment’ (p. 18). This quotation reveals Huggins’ and Thompson’s answer to the structure–agency question. Human behaviour is indeed influenced by structures, such as the regional economic set-up of sectors and firms. But it is not determined by it; people can change the structure. In more abstract terms, they have ‘agency’. This means that, translated towards the domain of urban and regional development, people can defend the old economic structures or they can change them into new directions and growth paths. These individuals have their own personality traits. They differ, for example, in their mentalities, in their sociability and in their emotional reactions, and in the extent to which they are open to change. All these people make up the socio-spatial culture of an area and, at the same time, are shaped by it. This reciprocal relationship is the fundament of the model: humans are part of groups (that might concentrate in cities and regions) and the group’s behaviour influences the behaviour of the individual – but the individual can change the group’s behaviour as well.

A pivoting point in these authors’ behavioural framework is the nature of agency. They distinguish between ‘Human Agency Potential’ and ‘Human Agency Actualization’. The former is the intention to take action with the goal of achieving a particular aim. We all have intentions, but not all of us act correspondingly. We have to actualize our intention first, and this is why Huggins and Thompson separate Human Agency Actualization from intentional behaviour. This

distinction is pivotal because it leads to the central question: What influences the conversion of intentions to real action? And what spatial dimension influences this conversion process? In the behavioural theory outlined in the book, the answer lies in institutions. Institutions, being both formal rules and informal conventions, stimulate or hamper the conversion of intentions into action.

After a profound examination of the composing concepts of the model, the book delivers the empirical evidence for the theoretical propositions it delivers. Most of the empirical evidence concentrates on the nexus between personality traits and socio-spatial culture, and less on the idea of institutional filters that impact on agency. Huggins and Thompson demonstrate their deep knowledge and creative abilities with respect to quantitative methods. They summarize their own, earlier work that shaped psychocultural behavioural profiles by local authority in England, Wales and Scotland. These profiles are based on a compositional analysis of survey data that formed the primary source for personality traits. Subsequently, the differences between personality traits are translated in several categories. In doing so, the authors conclude, for example, that the north of England, Scotland and south Wales are ‘inclusive amenable’ because these territories show high social cohesion but low levels of openness, amongst others. The profile that characterizes London and south England most is ‘individual commitment’, because the values measured in these areas mirror individualism as well as an engagement with education and employment, amongst others. The authors extend on these profiles by linking them to data of European surveys on values and agency. Regression analysis gives the psychocultural profiles of cities and regions more width and depth.

However, the outcome of this quantitative approach is that the psychocultural behavioural profiles remain abstract categories, based on the compositional mix of pre-set personality traits based on surveys. The authors are aware of this, as they claim that they do not intend to reflect on ‘culture as a whole’ (p. 123). This methodological or, better, epistemological consideration reminds us of the anthropological distinction between etic and emic. Etic descriptions of behaviour are culturally neutral; the etic observer describes behaviour from the outside of a group, with abstract categories and replicable methods. An emic account is based on direct observations from within the group. It wants to understand what is meaningful to the members of a group. Independently from certain generalizations about personalities, it tries to capture the unique specificities of individual and group behaviour. In a methodological sense, an emic account requires examinations of the views of the group members. For Huggins and Thompson, this would ‘blur’ (p. 128) their results, but a real understanding of the relationship between individuals and the group cannot without an inside group perspective as well.

Notwithstanding these side notes, *A Behavioural Theory of Economic Development* can and should become a guide for researchers who want to give culture and agency the place they deserve in the study of urban and regional development. The volume extends our knowledge of individual and group behaviour with respect to regional development. And it

stimulates one to look for the right methods, both quantitative and qualitative, to capture the cultural dimension of it in the best way.

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Public expenditure in India: Policies and development outcomes, by Gayathri Karnam, Oxford University Press, Oxford, 2022. 328 pp., £75.00 (hbk), ISBN 9780192857569. <https://global.oup.com/academic/product/public-expenditure-in-india-9780192857569?cc=gb&lang=en&>

The government's role and provisioning of public goods through public finance have consistently gained the limelight in academic and political debates. The supply of public goods portrays not only the aggregate demand but also the extent of the government's activity in the economy. One of the frequently explored issues in the scholarship is the extent of government operations and the link between fiscal deficit and economic expansion. In the present-day discussion of the state's policy on subsidizing goods and services as a stimulus for the revival of the pandemic shock-driven economy, thereby burdening the government exchequer, the options between fiscal stimulus and fiscal consolidation are widely discussed. Several empirical studies have been conducted to uncover the relationship between growth and fiscal deficit (Tanzi & Schuknecht, 1997; Taylor et al., 2012), whereby the efficiency of public expenditure is perceived as a critical determinant of economic growth. Gayathri Karnam's extensive *Public Expenditure in India: Policies and Development Outcomes* covers historical trends and experience of national and subnational governments across sectors, various budgeting strategies and reforms witnessed over the years. The author extensively explains budget and fiscal policy management and performance. India's fiscal policy, as an emerging economy with a large population, impacts both internally and externally. Thus, a study on these issues has a significance that extends beyond the specific Indian case.

Chapter 1 presents an overview of the discussion in the book as understanding the concepts of public expenditure and budgeting is significant for the scholarship. Chapter 2 presents the key concepts and classifications of public expenditure practices and nomenclature, and familiarizes the reader with the basic concepts of the budgeting process. The book's central theme explores the exercise of public budgeting and the changes in public expenditure over time in Indian fiscal federal relations. The subject matter advances through the substantial literature backing as the author tries to bring continuity in understanding the trends and composition of public spending through a historical review. An evidence-based

examination of changing structure and patterns of Indian public expenditure is carefully undertaken in chapter 3. Beginning with the theoretical underpinning of public expenditure theories to continue with the direction and framework of public expenditure practices in India, the author presents the timeline through structural breaks in the economy and narrates the axiomatic structure of public expenditure in India. What is the role of government and how can government affect the lives of its citizens are fundamental questions that the scholars of the discipline have always chased.

The discourse continues with an examination of the subnational expenditure. Chapter 4 explores the subnational (federal states) expenditure pattern and composition. The causes behind spending fluctuations and compositions are cross-examined and corroborated with arguments from the existing literature. Chapter 5 discusses public expenditure management, control mechanism and the issues encountered. The footing on various constitutional mechanisms (pp. 140–153) helps readers appreciate the limits of and control exercised by the legislative and executive government on the management of public spending.

The analysis of public expenditure would be incomplete without analysing the background of the political economy. Chapter 6 studies the electoral impacts of changes in government expenditure from the evidence of 14 major states in India, categorizing them based on income as low-, middle- and high-income states (p. 183). It brings out a detailed picture based on Nordhaus' (1975) 'electoral business cycle' on various expenditure categories. It empirically verifies the existence of the political business cycle in India (p. 191). An in-depth enquiry of the public sector's expenditure is significant when the countries are experiencing a fiscal deficit. Thus, efficiency, adequacy and effectiveness are reviewed through reforms in public spending through institutional mechanisms and corrective measures. The author articulates the effectiveness of public expenditure controls through the data on the budget discussions within parliament and via controller and auditor general (CAG) reports. The issues concerning public accountability are presented in chapter 7, which investigates the internal and external controls established to monitor spending practices. Subsequently, the author illustrates the evidence of the heuristic practices adopted by the government of India through performance auditing by CAG (p. 197) and performance budgeting (p. 198).

Chapter 8 presents the issues that need to be addressed in reforming Indian public expenditure. It portrays not only the reforms adopted in India but also those adopted on the international stage and the magnitude of changes brought in each country in a descriptive analysis. In addition, another key concept discussed is the analysis of programme performance assessment. Chapter 9 presents various frameworks for analysing performance budgeting adopted in India. The performance assessment and outcome budgeting followed in India are compared with the performance review in Organisation for Economic Co-operation and Development (OECD) countries. Chapter 10 discusses the context of public spending during the COVID-19 pandemic, which is new and unique in the field of study (Patnaik & Sengupta, 2020; Rangarajan & Srivastava, 2020; World Bank, 2020). Additionally, as spending or tax reduction causes a higher budget deficit (International Monetary Fund (IMF), 2020), the chapter places a record of the spending and its fiscal deficit's impact in the long run. The author argues that poor