

# Research impact: making a difference

## Influencing the content of five landmark global development reports

Department of Geography expertise on approaches to economic growth influenced OECD, World Bank and European Commission publications

### What was the problem?

Since the global financial crisis of 2008, international development agencies have sought new approaches for addressing global economic inequalities. The ongoing Greek debt crisis has sparked renewed debate about how best to create the conditions for sustainable, wide-reaching growth.

Broadly speaking, two camps have emerged in this debate. The first, often described as 'spatially-blind', suggests that economic growth results from improving generic economic drivers like productivity, skills and knowledge, and that such drivers can be nurtured with roughly equal success anywhere.

A second 'place-based' camp suggests that the nature and potential for economic growth depends upon local combinations of social, cultural, and institutional characteristics, and that development strategies therefore require an in-depth understanding of, and investment in, local environments.

To make informed decisions about future policy and investment, governments and industrial leaders require a thorough and clear understanding of the distinctions between these two camps and their potential points of convergence

### What did we do?

Since the 1990s the LSE Department of Geography and Environment – particularly through research in Economic Geography – has been influential in shaping the positions of both the spatially-blind and place-based economic development camps.

Research and analysis focused on spatially-blind development strategies was first initiated by Paul Cheshire, now Emeritus Professor of Economic Geography, between 1996 and 2005, with further development by Professor Gilles Duranton. Other key LSE researchers in this area were Henry Overman and Steve Gibbons, both Professors of Economic Geography; Christian Hilber, Associate Professor (Reader) of Economic Geography; Olmo Silva, Associate Professor in Real Estate Economics and Finance; and Giordano Mion, an Associate (Globalisation) with the LSE Centre for Economic Performance and Professor of International Trade at the University of Surrey.

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LSE's spatially-blind research focused on the extent to which differences in economic activities are the result of how companies and institutions are organised and operated in general, as opposed to differences in outcomes for identical individuals or firms in different locations. Researchers used geo-referenced data – using satellite mapping to pinpoint where development activities of interest were occurring globally – to analyse the impact of infrastructure investments.

The place-based camp, on the other hand, drew heavily on the work of Andrés Rodríguez-Pose, Professor of Economic Geography; Riccardo Crescenzi, Associate Professor of Economic Geography; and Michael Storper, also Professor of Economic Geography.

Their work emphasised the need to shun one-size-fits-all policies and to adopt strategies specifically tailored to the potential of local and regional institutions in order to make the most of human capital, infrastructure and innovation. Their research focused on combating underdevelopment in a way that promoted local growth, stressing the importance of building strong networks of capable institutions to support sustained, long-term development.

## What happened?

LSE research in spatially-blind and place-based development was highly influential in five critical development reports published in 2009 and 2010, for which LSE researchers acted as independent advisors, contributors, and authors of background papers feeding into the different reports.

### *World Bank World Development Report 2009*

Seven papers by LSE researchers were cited in the 2009 version of the *World Development Report*, a publication which has been published annually by the World Bank since 1978 and which influences government and industrial policy worldwide. The need to move away from generalised infrastructure investment and into strategies to support education and local institutional development, highlighted by Rodríguez-Pose, was a strong feature of the report.

### *Barca Report 2009*

Rodríguez-Pose and Storper acted as advisors to Italian politician and economist Fabrizio Barca during the drafting of a report for the European Commission recommending a place-based approach to European economic development. They were responsible, jointly with Thomas Farole, Senior Economist for the World Bank, for organising two advisory sessions that were referenced extensively in the report.

Rodríguez-Pose and Storper also wrote, with Farole, a working paper titled "Cohesion Policy in the European Union: Growth, Geography, Institutions," which inspired large sections of the report and which was referenced seven times in the final version. The working paper was later

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published as an article in the *Journal of Common Market Studies*. In addition, a total of 11 pieces of LSE research were cited in the report.

Following the recommendations of the Barca Report, the EU revised its cohesion policies along the lines of many of the principles included in the background paper prepared by Rodríguez-Pose, Storper and Farole.

## *Organisation for Economic Cooperation and Development (OECD) 2009*

For the OECD, an influential 34-nation economic development organisation, Rodríguez-Pose acted as advisor to a report titled *How Regions Grow*. Another report, *Regions Matter*, cited the research of Rodríguez-Pose, Overman and Storper.

LSE researchers also made ongoing contributions to OECD policy meetings and documents. One example was the 25th Meeting of the Territorial Development Policy Committee of the OECD, dealing with changes in development models, held in Paris in June 2011. The only two academics addressing the meeting were Cheshire, defending the spatially-blind development strategy, and Rodríguez-Pose, doing the same for the place-based policy strategy. Their views were reproduced in the OECD 2011 *Regional Outlook*, within a policy forum section devoted to "Place-Based or Spatially-Blind development models?".

## *Corporación Andina de Fomento (CAF) 2010*

Rodríguez-Pose and Storper acted as advisors for the 2010 Local Development report of CAF, Latin America's largest development bank, with five papers by Rodríguez-Pose and two by Storper cited in the text. Rodríguez-Pose was also the only academic advisor to take part in the official launch of the report in Cartagena (Colombia) in September 2010.

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