

planning and strategy

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outline

misc

organizational behavior (Natemeyer and McMahon, 2001)

reality is socially constructed (Berger and Luckman, 1966, Wildavsky, 1987)

planning and strategy (Blakely and Leigh, 2009, ch5,7)

program evaluation/impact analysis

projects' discussion and midterm review

- BERGER, P. AND T. LUCKMAN (1966): The Social Construction of Reality: A Treatise in the Sociology of Knowledge, Garden City, NY: Doubleday.
- BLAKELY, E. AND N. LEIGH (2009): Planning local economic development: Theory and practice, Sage Publications, Inc.
- NATEMEYER, W. AND J. MCMAHON (2001): Classics of organizational behavior, Waveland Pr Inc.
- PIERSON, P. (2000): "Increasing Returns, Path Dependence, and the Study of Politics." American Political Science Review, 94, 251.
- PORTER, M. (2000): "Location, competition, and economic development: Local clusters in a global economy," Economic development quarterly, 14, 15–34.
- WILDAVSKY, A. (1987): "Choosing Preferences by Constructing Institutions: a Cultural Theory of Preference Formation," American Political Science Review, 81, 3–21.

Necessary readings

- ◇ Wildavsky (1987)

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continue from previous class

- ◇ we will start with slide 10 of the.pdf
- ◇ let's have some class discussion and discuss the necessary readings

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and now some organizational behavior

- ◇ let's first define some basic ideas that would help us understand more specialized/down-to earth things
- ◇ a great book: classics of organizational behavior (Natemeyer and McMahon, 2001)
- it's about human behavior; traditi
- ◇ when you think of planning and strategy (regional development in general) you need to be aware of some psychological regularities

groupthink

- ◇ when you agree on everything it should be a red flag
- ◇ you may be a victim to groupthink !
- ◇ groupthink is social conformity in group dynamics
- ◇ people would follow whatever is the mainline
- ◇ see also Asch experiments
http://en.wikipedia.org/wiki/Asch_conformity_experiments
- ◇ need a fresh blood; bring in somebody from a different geographical location or from a different field
- ◇ otherwise you all gonna start thinking the same way

groupthink

- ◇ shared illusions, groupy feelings
- ◇ a strong need to be loyal to the group
- ◇ sticking to the policies adopted by the group even if they don't work/have unintended consequences
- ◇ mental deficiency as a result of group pressures
- ◇ don't want to question leaders'/colleagues' ideas
- ◇ no bickering to spoil the cozy 'we-think' atmosphere
- ◇ as group cohesiveness (feeling accepted by others) increases so does groupthink (you want it to stay that way; be accepted)
- ◇ any lingering uncertainties: give benefit of the doubt to the group consensus

- ◇ members of group collectively create rationalizations to discount warnings/negative feedback
- ◇ members of the group believe in stereotypes (nothing can help Camden); yet everything ends; Camden won't be poor one day; the question remains when...
- ◇ and they believe in they morality, they are the good guys; the others, e.g. politicians, policymakers are the bad guys

illustration: Tienanmen Square

- ◇ when there were the famous protests in Tienanmen Square (1979?)
- ◇ there was a military/police for some time to supervise the protest
- ◇ but they were there already for some time so many of them could have gotten in a similar mood with the protesters, or even sympathize with them
- ◇ the commanders were smart and brought in the military from a far away region to pacify protesters

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two classics

- ◇ Berger and Luckman (1966)
- ◇ Wildavsky (1987)
- ◇ also interesting: Pierson (2000)

why does it matter for regional development

- ◇ reality is socially constructed: people think what others around them think (I live in NY, I am a Democrat, and agree on everything Democrats agree upon)
- ◇ hence, it is difficult to bring about the change
 - somebody mentioned lass class Deliberative Polling: you need to educate people first, otherwise they won't understand what you are doing
- ◇ and the same thing with path dependency: history tends to repeat itself and changes are not very likely
- ◇ then it seems, that for a change to happen you need either:
 - a critical mass of new people with new thinking, few but very able leaders; other resources...

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phases

- ◇ data (what is happening?)
- ◇ goals— > projects— > plans— > details
- ◇ data again (did it work?)
- ◇ things to keep in mind...
 - remember to break it into small actionable short term tasks
 - max impact, the biggest bang for the buck; most projects sound reasonable but only few make the biggest difference
- ◇ build a movie theater in Camden ? yes, reasonable; build a gym ? yes, reasonable...etc etc; but resources are limited, opportunity cost—you always need priorities

what is likely to work?

- ◇ what worked in the past
- ◇ what is working in other areas
- ◇ but places are different
- ◇ make sure that you are comparing areas with similar conditions
- ◇ and try to make educated guesses about the future (e.g. Ted Talks, The Economist)—nothing is forever: Detroit, Sillicon Valley, etc
- ◇ important: people overestimate that things will never change (e.g. all empires collapsed, people did not believe even after the fact (Nial Fergusson))

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the idea...

- ◇ figuring out an impact of a program/policy is difficult
- ◇ you need to exclude alternative explanation (maturation, regression to the mean, etc)
- ◇ it all boils down to the idea of counterfactual
 - that is what would have happened had we not implement the policy
 - that is you want to compare after-policy to fictitious without-policy
- ◇ an example would be new residents after 15k housing incentives in Camden vs no such policy
 - e.g. after the policy we may have fewer new residents than before; but had the trend continued we would have even

cost-benefit analysis

- ◇ “are those policies worth borrowing money from China” (Romney)
- ◇ most policies sound reasonable and bring some positive effect
- ◇ but it's not enough
 - think how much they cost
 - and how much regulatory burden (red tape) they add
 - does it work in practice (externalities, pervasive incentives, opportunity cost): e.g. bailout-TBTF
- ◇ and periodically overview, simplify and standardize
 - as you keep on adding things, it becomes unwieldy (US tax system)

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projects

- ◇ how are the projects going ?
- ◇ any challenges, e.g. cannot find a topic, lack of data/complicated data ?
- ◇ any success, e.g. found something fascinating ?

presenters?

◇ anybody presenting a paper today ?

key concepts

◇ let's quickly go over key concepts from past classes

midterm tips

- ◇ midterm would be more theoretical/conceptual than quantitative
- ◇ focus on understanding and application of concepts: for instance: what agglomeration economies are produced by having many great universities (MIT, Tufts, BU, Harvard) in Boston area ?