On Concepts of Regional Economic Structure

by

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1. Introduction

The world of economics is apparently one of endless diversity, both in the nature of economic activity and in the economic structure of those myriads of entities which we call "economies." The economic literature implies that this diversity is sufficiently extensive to be a dominant feature of economies, or at least intractable to successful economic analysis. Amidst this diversity, economists have been able to identify commonalities or regularities in economic structure only in the most general and non-operational terms, and have made virtually no progress towards either classifying economies into "like", "similar" or "dissimilar" groups, or identifying a basis for measures of similarity among economies.

This paper addresses the question of diversity and similarity among economies. Section 2 addresses first the implicit presumption of endless diversity in economics. Section 3 probes the notion of similarity in more depth, indicating that the science of taxonomy could provide some valuable insights into the classification of economies, and the expression of degrees of sameness or similarity. Section 4 suggests the use of input-output tables as a data base for measuring the degree of similarity and suggests a revised concept of Fundamental Economic Structure as one approach to this measurement. Section 5 provides some concluding comment.
The central thrust of this paper is the suggestion that regional science, and economists in particular, might profitably address regularities in economic structure, rather than diversity, and that such an approach has potentially significant rewards in terms of insights and research resources. While economists have been content to assume regularities in economic behaviour, they have generally not sought to address questions of regularities in economic structure. This paper suggests some concepts and approaches which may be relevant on these issues.

2. Diversity in Economics

We can interpret the often vaguely-used term "economy" simply as the aggregate economic activity occurring in a given physical space. These spaces could be defined in a regional science context, in terms of a spatial hierarchy of economies, from the world economy, to groupings of national economies, national economies (the most common unit), state or provincial, regional, sub-regional, urban, locality and community economies. These economies may or may not refer to areas which are continuous or contiguous. Most economies are defined spatially on political or administrative boundaries; few are defined more flexibly on more rationally-determined criteria. On this basis alone, analysts are faced with a vast array of economies with an apparently equally vast range of characteristics or differentiating features. Considering also the array of national economy types, the apparent degree of diversity in economies and economic structure could be considered to approach that degree of diversity occurring in the natural world.

The literature suggests that economists have presumed the diversity of the economic world, and of the structure of economies in particular, to be almost infinite, or at least sufficiently extensive to be intractable to organisation/classification in all but the most general and rudimentary terms. This is evident from the propensity of the economist to consider and analyse chosen single-unit (usually national or regional) economies, and to imply a high degree of individuality and uniqueness for that economy, to place a high value on that individuality in economic analysis, and to imply that the integrity of economic analysis is compromised unless these values are observed.