



## BOOK REVIEWS

## CONTENTS

<b>The Oxford Handbook of Urban Economics and Planning</b> , edited by Nancy Brooks, Kieran Donaghy, and Gerrit-Jan Knaap. Review by Roger Bolton .....	535
<b>Not So Golden After All: The Rise and Fall of California</b> , by Larry N. Gerston. Review by Michael B. Teitz .....	539
<b>Struggling Giants: City-Region Governance in London, New York, Paris, and Tokyo</b> , by Paul Kantor, Christian Lefèvre, Asato Saito, H. V. Savitch, and Andy Thornley. Review by John Harrison.....	541
<b>Globalization and Regional Growth in Europe: Past Trends and Future Scenarios</b> , by Roberta Capello, Ugo Fratesi, and Laura Resmini. Review by Wolfgang Polasek .....	542
<b>Reshaping Regional Policy</b> , edited by Harry W. Richardson, Chang-Hee Christine Bae, and Sang-Chuel Choe. Review by Daisuke Nakamura.....	544
<b>Making Capitalism in Rural China</b> , by Michael Webber. Review by C. Cindy Fan.....	546
<b>Housing Markets and the Global Financial Crisis: The Uneven Impact on Households</b> , edited by Ray Forrest and Ngai-Ming Yip. Review by Andy Krause .....	547
<b>Innovation and Regional Growth in the European Union</b> , by Riccardo Crescenzi and Andrés Rodríguez-Pose. Review by Zoltan J. Acs .....	549
<b>The Geography of Creativity</b> , by Gunnar Törnqvist. Review by Melanie Fasche .....	550
<b>The Oxford Handbook of the Indian Economy</b> , edited by Chetan Ghatge. Review by Kavita Pandit.....	552
<b>Global Environmental Commons: Analytical and Political Challenges in Building Governance Mechanisms</b> , edited by Eric Brousseau, Tom Dedeurwaerdere, Pierre-André Jouvét, and Marc Willinger. Review by Sarah Burch .....	553

**The Oxford Handbook of Urban Economics and Planning**, edited by Nancy Brooks, Kieran Donaghy, and Gerrit-Jan Knaap. 2012. New York: Oxford University Press. 1006 + xx. ISBN 978-0-19-538062-0, \$175.

Handbook? It's a Kodiakbearclawbook—about 800 pages of text (excluding references and indexes) in 39 essays. The editors have succeeded in their goal to reflect a “problem-driven but theoretically informed approach” (p. 3) to connections between urban economics and planning and to promote dialogue between them. Their comment on the context is sobering: many institutions taken for granted by economists and planners are not serving us well, and “the efficiency of markets . . . in most domains of urban life is itself becoming increasingly questionable” (p. 4).

There are 57 contributors, generally prominent scholars. They have extensive experience working with practicing planners, though about 80 percent work primarily in universities. About 80 percent are from the United States and Canada. There are familiar teams like Peter Gordon and Harry Richardson, Joseph Persky and Wim Wiewel, Timothy Bartik and Randall Eberts, John McDonald and Daniel McMillen, and Ingrid Ellen and Katherine O'Regan.

I'll describe the book generally, comment on recurring themes and a selection of essays, and then mention topics the authors don't cover or cover skimpily. Here are the seven parts, with my descriptive phrases (number of essays in parentheses):

- (1) “Principles of Planning and Urban Economics” (3). Their relevance to each other; what planners should know about economics and economists about planning.

- (2) "Urban Structure, Growth, and the Development Process" (5). Suburbanization, polycentric cities, industry clustering, infrastructure, sprawl.
- (3) "Social and Equity Issues" (8). Social interactions and social capital, racial and economic segregation, poverty, homelessness, drugs, gentrification.
- (4) "Urban Land-Use and Transportation Policy" (9). Housing, zoning, exclusionary policies, infill development, New Urbanism, planning for natural disasters, and transportation including land-use/travel models.
- (5) "Economic, Workforce, and Human Capital Development" (5). Location and quality of schools, incentives for business investment, local economic development, and operational forecasting and simulation models, such as combined econometric and input-output models.
- (6) "Urban Public Finance and Governance" (3). Fiscal impact analysis, fiscal disparities, land-use regulation and property values, capture of windfalls.
- (7) "International Settings" (6). Globalization, transportation planning, informal housing, slums, and migration.

It's not a cookbook or technical manual. The authors who are economists don't aim to help planners solve nuts-and-bolts problems, rather to help them—and their educators—understand ways of thinking about issues. The majority of the economists are concrete, empirical, and rely on fairly basic microeconomic theory. The extensive reviews of literature are a strong point, and they reinforce connections to reality by being honest when empirical work doesn't offer confident conclusions. Even readers already familiar with the topics will value those reviews. The author and subject indexes—26 and 46 pages, respectively—are excellent.

The book is actually not best suited to practicing planners, rather to economists and planning academics who *teach* urban economics, planning, and public policy. Teachers will find new ways to handle various topics, as well as guides to literature. As for planning *students*, the story is mixed. Many essays are useful for their theory, history, data, and logical arguments that will stimulate discussion. Five, however, are heavy on urban microeconomics and calculus, and in some others authors use simple models but explain them poorly, or cram essays full of terse summaries, or employ (not well explained) economics terminology. Those essays are tiring to read, which gives a teacher pause. Better editing would have reduced ambiguity and the sense of mad dashes through empirical studies (and caught typos like "Burton" for "Bruton" and "Kaya" for "Kaza" (a fellow contributor!), and two identical four-line footnotes eight pages apart). All in all, the book is diverse in style of exposition as well as in topics.

A recurring theme is how urban economists and planners are different. Several contributors offer generalizations. Planners are more likely to understand second-best policies, value equity, care more about actual compensation of losers than potential Pareto compensation (Brooks, pp. 16–17; Persky and Wiewel, p. 151). They are more likely to see weaknesses, not strengths in markets, favor regulation over pricing solutions, be idealists rather than pragmatists, and challenge consumers' tastes (Richard Arnott, pp. 51, 77; Persky and Wiewel, p. 151). The comments I most appreciated are by Richard Schramm, an economist who has taught planning and worked with planners on local development. About economists, he says: "their approach does not necessarily build community, at least not for all those currently living in that area . . . That specific individuals and enterprises stay or leave . . . is not a major concern. Even efforts to reduce poverty and enhance the tax base do not include the question of who leaves or stays as a result" (pp. 660–661). He also says economists think in terms of top-down processes by which expanding sectors generate jobs "that, hopefully, will trickle down to those most needing jobs" (p. 664), while planners know and care more about the uneven distribution of jobs and build in targeting.

You may find such generalizations useful, but it's notable that economists writing in parts 3, 4, and 6, and in one of the essays on sprawl, pay great attention to equity. Persky and Wiewel make the excellent point: "the sides taken by individuals are probably better predicted by their political affiliations than by their disciplines" (p. 151).

Another theme: a city or region's planners have limited power or influence. Authors in the book often describe *national* contexts, national policies, and natural constraints—including competition for capital and people from other cities. Examples are William Goldsmith on drug policy,

Manuel Pastor on immigration, Genevieve Giuliano on transit, Tracy Gordon on fiscal disparities, and of course the several authors on housing. Philip McCann adds global forces as he discusses the relationship between city scale and productivity or wealth. A third theme is the importance of interest groups, who work through politics and in other ways. Interest groups make unparadoxical a seeming paradox: urban ills are often the result—intended or not—of government action, yet there is vigorous public opposition to new government actions that might be remedies. Examples are in essays by Giuliano, again, Paul Jargowsky and Leah Platt Boustan (in separate essays) on segregation, Casey Dawkins on exclusionary policies, William Goldsmith on drug policy, Bartik and Eberts on incentives for business, and Eric Hanushek and Kuzey Yilmaz on schools.

I found the great majority of essays useful, but have space to comment on only a few I found especially valuable. Nancy Brooks has advice on teaching urban economics to planners: don't attack straw men, recognize mutual interests; recognize and use behavioral economics (changing preferences, endowment effect, loss aversion); place is important; market failure does not imply government action or government failure imply privatization. Richard Arnott's summary of the general equilibrium monocentric city model, warts and all, is thoughtful and stimulating, though most so for economists and for planners who are *very* up on urban theory. He says very little about equity beyond "equity and efficiency [are] inextricably intertwined" (p. 77), yet also says "The monocentric model has proved to be remarkably rich . . . . Since it is a general equilibrium model, it permits rigorous welfare analysis" (p. 67). Whether you agree depends on your definition of rigorous (uniform, consistent, applied strictly according to some rule? or complete, accurate?).

Alex Anas relies greatly on polycentric development in analyzing and evaluating sprawl, arguing that it brings jobs closer to residences and is essential in understanding that some sprawl is efficient. His essay is a fine combination of theory, empirical data, and summaries of many models and previous research. (The tight exposition requires very close reading.) Anas concentrates entirely on efficiency, and analyzes only one market failure, unpriced road congestion (p. 125). One notable conclusion: planners laud transit-oriented development (TOD) and New Urbanism as tools to reduce sprawl, but those tools "may be wrongly promoted . . . . Planners may do better to view them as mechanisms that will promote efficient polycentric land uses" (p. 147).

Gordon and Richardson explain how polycentric development has curbed increases in commuting time, and they recognize equity issues by saying the problem with sprawl is not that people have moved to suburbs, but that some "have been left behind" (p. 110, quoting Glaeser and Kahn, 2003). They conclude: "Remarkably, even in a second-best world, spatial patterns emerge that facilitate efficiency and growth. Unfortunately . . . many prescriptions for how cities can be better managed are accompanied by assertions (with very little evidence) that compact spatial arrangements are superior" (p. 118). Their essay combines accessible theory, economic history, and lots of data, and it's suitable for an urban economics or planning course at any level. Philip McCann's essay on city scale and wealth and Brendan O'Flaherty's on homelessness are suitable for the same reasons, namely the triad of theory, history, and data.

In sharp contrast to Anas, Persky (economist), and Wiewel (sociologist and planning academic) dwell almost wholly on the equity aspects of sprawl, elaborating the problems of those left behind. Students would benefit from reading their piece along with Gordon and Richardson's.

Stephen Ross provides a very detailed survey of empirical studies of social interactions and their effects, with special attention to difficulties in identifying causal relationships. A representative question is: Schools vary greatly in their pupils' learning. How much is due to direct peer interactions, how much to other differences like family resources? (pp. 219–220). Eric Hanushek and Kuzey Yilmaz emphasize the high correlation between school *location* and race, poverty, and school quality. In the U.S.'s decentralized financing system, families choose where to live depending on their own resources, preferences, and school quality (the biggest factor in "school choice" is the choice of residential location (p. 596)). In turn, school quality feeds back to affect the family's future resources. Persky and Wiewel are blunt about it in their essay: "Hoarding educational resources behind local school boundaries is surely one of the most depressing aspects of metropolitan decentralization and sprawl" (p. 162).

Genevieve Giuliano gives a fine survey of urban transit. The distribution of costs and benefits helps explain why voters support transit subsidies but oppose correct pricing of congestion. One result is: "The voter, not the transit user, is transit's primary customer" (p. 575). The poor depend most on transit but aren't satisfied with it. Bartik and Eberts appraise business incentives from the viewpoint of greater earnings for residents. Good targeting is essential; here economists are thinking like Schramm's planners, and targeting helps explain why customized services like worker training and manufacturing extension may trump tax breaks. Bartik and Eberts suggest that even if job creation is a zero sum game for the nation, subsidies are socially good if they redistribute jobs from low-unemployment to high-unemployment areas. Jae Hong Kim and Geoffrey Hewings's excellent treatment of forecasting and simulation models is valuable because such models are used widely but are not typically covered in planners' basic education.

The essays on international settings would be good in teaching, and there are nuggets in them. Martim Smolka and Ciro Biderman take pains to show how misleading is the common monocultural image of "slums." They observe that poor people often live far from business centers, because paying more for transportation (including time) frees up resources for better housing (I would add, perhaps also for investment in small businesses?). Thus, transport costs substitute for monetary credit, which is hard to get (pp. 824–825). That kind of observation will broaden a typical American student's theoretical perspective. Margaret Grieco describes transportation planning in many African cities as plagued by a legacy—attitudinal as well as material—of infrastructure built to serve extraction and export of raw materials; what cities need now is to improve links with hinterlands, facilitate nonmotorized transportation and the small-scale carriage of water, and improve accessibility for petty traders (many of them women).

What's missing or slighted in this book? I mention six topics. First, benefit-cost analysis (BCA). There's no systematic survey, though Lorelei Juntunen, Knaap, and Terry Moore explain well how fiscal impact analysis differs from BCA. I believe practicing planners need tools to understand specialists' BCA and to inform the public about its problematic combination of breadth and narrowness. Second, more attention to nonprofit organizations, drawing on ideas available in economic and political theory. Third, feminist perspectives. Only fourteen authors are women and there is no systematic treatment of the topic. Fourth, "communicative planning," an important idea for planning academics. Nikhil Kaza and Knaap give us two pages on it, much too little. One interesting question here is how can planners make urban economic theory intelligible to the public, so as to increase the public's voice in planning? Communicative planning implies planners should enable the public. The underlying philosophy of Habermas is not friendly to conventional economics, but planning academics teach a less extreme version.

Fifth, multiple equilibria, in economic theory and in the real city. Multiple equilibria are prominent in models in modern economic geography and social interaction analysis, so it's a natural topic. What's more, the authors of many nontheoretical essays in the book describe bad situations in cities and neighborhoods in ways that made me think of "traps" of some kind, which suggests multiple equilibria.

Finally, a systematic treatment of interest groups—how they form, what they do, how well they succeed. The reasons are obvious from my earlier remark. An essay combining social science theory (from Mancur Olson and others) with empirical examples would help planners and economists. Consider Daron Acemoglu and James Robinson's argument (made after the book appeared): "Even when it is possible, removing a market failure need not improve the allocation of resources because of its effect on future political equilibria" (2013, p. 174). That can happen if policy changes the distribution of rents and other benefits in a way to affect the power of certain groups, which has implications for both efficiency and equity in the future. Particularly if policy strengthens the power of already dominant groups, "it should not just focus on removing failures and correcting distortions . . . [It] calls for a different framework, explicitly based in political economy" (p. 190). As Acemoglu and Robinson (AR) note, it's not simply second-best thinking. Second-best is about how the coexistence of several market failures complicates the analysis of any one failure separately; AR's point is that reforms today may affect political equilibria tomorrow. Their illustrations are at the national level, but the argument is relevant to urban policy, especially if, as is likely, urban policy affects the formation and maintenance of civil society.

I urge readers to look at the book carefully and get a sense of how it can educate them on various topics. It may be a worthwhile buy.

Roger Bolton  
*Department of Economics  
 and Center Environmental Studies  
 Williams College*

## REFERENCES

- Acemoglu, Daron and James Robinson. 2013. "Economics versus Politics: Pitfalls of Policy Advice," *Journal of Economic Perspectives*, 27 (2), 173–192.
- Glaeser, Edward and Matthew Kahn. 2003. *Sprawl and Urban Growth*. Working Paper 9733, National Bureau of Economic Research, Cambridge, Massachusetts.

**Not So Golden After All: The Rise and Fall of California**, by Larry N. Gerston. 2012. Boca Raton, Florida: CRC Press. 320 + xxi. ISBN 978-1-43-988012-8, \$59.95.

Books about California seem to fall into two categories: panegyrics and denunciations. The former were common in the state's earlier history, when from a distance California did indeed appear to be golden; many books were written to extol the state to potential migrants. More gloomy appraisals have appeared recently, as the state's luster has diminished, notably by Schrag (1998). However, earlier writers also found fault with California, sometimes brilliantly, as did McWilliams (1949), seeing its injustices and class divisions. Perhaps the most balanced account of the state appears in Kevin Starr's magisterial series of histories that cover both the good and bad times (e.g., Starr, 2009). Larry Gerston comes down decidedly on the negative side, sometimes to the point of writing a diatribe. He sees the state as being in acute decline across many dimensions, but especially in its political failure to meet the requirements of effective government since the 1970s. The future that he sees is bleak unless radical changes are made in the way that California is managed.

Gerston's account is long—over 300 pages—and his style is reminiscent of a text book, so the going is laborious at times, but it does cover a lot of territory. The argument is framed in four major sections, with the chapters in each further subdivided into numerous sections and subsections, to the point where the reader's attention begins to flag. Headings are often cute or lack transparency, and many diversions occur along the way.

Section I, "The Setting," provides a background to the author's argument while simultaneously presenting a picture of California as a very complicated place. Gerston is at once fascinated by the complexity and appalled by what he sees:

"It's a state spiraling downward to mediocrity and less, with no urgency among most of the leaders and public alike to do much about it. Hopes and dreams have been buried under conditions that become more burdensome every day." (p.19)

And that's not all:

"Worse yet, as grim as it is today, the picture is only likely to become uglier in the years to come unless Californians get a reality grip on their state's condition and act on it." (p.19)

In the second chapter of this section, titled "The Canary in the Mine," Gerston sketches out what he takes to be themes that exemplify the character of California. It is a grab bag, ranging from Bohemians and Hippies to new religions, income inequality, taxes, education, social welfare, visionaries, movies, Disneyland, high technology, venture capital, and Silicon Valley. Brief descriptions of people and events, for example, the evangelists Robert Schuller and Rick Warren, flow by. Exactly how all this constitutes a warning of disaster is not spelled out in a way that would give meaning to the title.



The second major section, "The Demography," covers immigration, the state's economy, suburban life and governance, and infrastructure, in four chapters. This is an expansive view of demography, but Gerston seeks to describe how each of the themes contributes to his vision of decline. Again, everything is chopped into small, presumably manageable, segments. For example in Chapter 3, addressing immigration, each ethnic immigrant group (Native Americans, Spanish, Mexicans, Irish and Chinese together, Vietnamese, and Others) receives a page or two. The history of domestic migration to California is covered in six pages. Overall, the breadth is wide, but the depth shallow. Much the same can be said for the other three chapters. The economy, described in Chapter 4, surveys the growth of agriculture, changes in the industrial base, new technology, labor issues, tax breaks, and more, concluding that the outcomes are unequal. Chapter 5, titled "Life in the Burbs—Where There is No There There," deals with the multiplicity of local governments, Proposition 13, privatization, and similar issues. Chapter 6, "Infrastructure on the Brink of Collapse," covers highways, water, energy, and prisons, all in the space of 22 pages. It's all too much crammed into too little space.

It comes as no surprise—Gerston being a political scientist—that Section III, "The Politics"—is the best part of the book. In four chapters, it addresses party politics, institutional gridlock, the power of special interests, and the structural deficit. Among the many problems that the author sees are weak political parties, duplication of legislative and administrative structures—for example, three different agencies dealing with finance, headed by independently elected officials, but with overlapping jurisdictions. Ironically, much of the duplication results from earlier efforts at reform. In particular, the direct democracy reforms of the Progressives at the turn of the twentieth century, such as the initiative, have resulted in unforeseen consequences, notably Proposition 13, which devastated local governments' ability to provide services. The chapter on the state's fiscal crisis lays out the array of problems, but was published before Governor Jerry Brown's recent success in securing more revenue. Much of the content here will be familiar to those who study California, but there are many useful insights.

In the final section, "Restoring the Dream," Gerston sets out in 20 pages his prescription for the future. The list is not long—reinvest in the state's infrastructure and labor force; raise the necessary revenue by expanding the tax base; remove bottlenecks to public decision making by means such as administrative streamlining, a unicameral legislature, merging local governments, and reforming direct democracy. It is a formidably ambitious agenda. One would have liked to have seen some discussion of how these goals might be achieved. Most of what Gerston has written would suggest that it is politically impossible. Yet, some of the logjam may be breaking. Governor Brown convinced the public to approve an initiative that raises taxes, and the Democrats gained enough seats in the 2011 election to control the legislature and perhaps overcome the two-thirds requirement for passage of critical legislation. Whether this momentum can be sustained, or whether the lack of party discipline that Gerston describes will lead to short sighted political behavior remains to be seen. In any event, California will continue to be fascinating to those who care about this extraordinary, complex, and ever-changing society on the Pacific Rim.

Michael B. Teitz  
*Department of City and Regional Planning*  
*University of California, Berkeley*

## REFERENCES

- McWilliams, Carey. 1949. *California: The Great Exception*. New York: Current Books.
- Schrag, Peter. 1998. *Paradise Lost: California's Experience, America's Future*. Berkeley, California: University of California Press.
- Starr, Kevin. 2009. *Golden Dreams: California in an Age of Abundance, 1950–1963*. New York: Oxford University Press.

**Struggling Giants: City-Region Governance in London, New York, Paris, and Tokyo**, by Paul Kantor, Christian Lefevre, Asato Saito, H. V. Savitch, and Andy Thornley. 2012. Series: Globalization and Community, No. 20. Minneapolis: University of Minnesota Press. 333 + xi. ISBN 978-0-8166-7742-9, \$90 (cloth); ISBN 978-0-8166-7743-6, \$30 (paper).

*Struggling Giants* addresses the particularly thorny issue of city-region governance. I say thorny issue because these cities—London, New York, Paris, and Tokyo—which have benefited more than most from the greater global economic integration which marks our increasingly globalized (and still globalizing) modern world are also the very same locations where we see perhaps more evidently than anywhere else on the planet the marked socioeconomic and cultural–historical differentiations which exist in society and are widening at a considerable pace. Alongside this, these cities have undergone further significant transformation as rapid urbanization produces sprawling metropolises that now extend far beyond the traditional “city limits.” Now I hear you say that this is not unique to the cities of London, New York, Paris, and Tokyo, and, yes, you are right. But as Paul Kantor, Christian Lefevre, Asato Saito, Hank Savitch, and Andy Thornley argue, these cities are currently at the apex of the global urban hierarchy, meaning they have the most to lose if other cities “get it right” by doing it better, quicker, smarter.

What marks these cities out is that they had the strategies required to capitalize on previous rounds of capital accumulation. Quite simply, they have a track record of “getting it right.” The open question which is playing out before our eyes is whether this urban economic infrastructure and urban-regional planning and governance arrangements are flexible enough to enable these cities to respond to the new opportunities, pressures, and challenges posed by late-capitalism to remain at the apex of the global urban hierarchy.

Perhaps unsurprising in view of the book title, *Struggling Giants* is an account that documents the continuing struggle for governability of these city regions. With two chapters describing the governance arrangements of each city comprising the main body of the book it is not, however, until Part V, *Pathways of Change*, that you start to see the real significance of the contribution that this volume makes to current academic debate. As we move from the more inward-looking descriptive city accounts, which largely characterize the eight chapters immediately following the introductions, to the two more outward-looking and analytical chapters, which close the volume, what the reader arrives at are the key research questions, which Kantor et al. not only set but endeavor to resolve. So what do they ask and what do they conclude:

- (1) Are global city regions (henceforth GCRs) following a common pathway? Their conclusion—globalizing forces dictate a trajectory of governance, but a politics of place remains and governments do continue to have a choice of pathways to follow.
- (2) Is world city governance regionalizing? Their conclusion: in part yes, but increasingly intergovernmental fragmentation and rivalry remains a more dominant political force.
- (3) Is a regional leadership emerging? Their conclusion: in part yes, but again “no mayor can be credited with the creation of regional governmental coalitions having lasting power” (p. 256).
- (4) Does private leadership make up for a public deficit? Their conclusion: business has the potential to do this but is “yet to fulfil this role in any of the GCRs” (p. 256).
- (5) Are world city regions becoming more autonomous? Their conclusion: there are signs of political autonomization vis-à-vis the nation-state but no more.

What this leads to is Chapter 11 and the keystone of their argument, namely the question of “Are global city regions governable?” Yet I could not help feel that perhaps what their research points toward is the question: “Do global city regions need to be governable?” This owes itself to a sense that the main problematique arrived at by undertaking this research is that if, as they have documented, city-region governance in these “great” cities is so fragmented and piecemeal, why does it continue to persist? The reason I raise these points is that one could argue there are two important paradoxes, which are underplayed in the analysis.

The first is the paradox of city-region governance. This requires us to understand what actually makes London, New York, Paris, and Tokyo “great” GCRs and by implication the focus of their research. In the main, the analysis presented in *Struggling Giants* focuses on profiling the four cities

according to common measures (e.g., global headquarters) but it stops short of fully emphasizing that it is their economic diversity and inherent complexity which stands them apart from other notable GCRs. So while some cities are successful because they specialize in leading-edge industries such as financial services (Frankfurt) or media (Los Angeles) or high-tech (Bangalore), London, New York, Paris, and Tokyo are very successful cities because they encompass all cutting-edge industries. This requires perpetual renewal of their economies, thereby creating ever more complex divisions of labour. Indeed, it is this economic diversity and inherent complexity, which necessarily makes them the most challenging to govern. And herein lies the paradox of city-region governance. To be extremely successful, cities need to become ever more complex and by implication increase the difficulty of governing them, yet metropolitan governance aspires to create extremely successful cities by cutting through complexity, simplifying complex processes, and isolating “levers” to effect change.

This leads to the second paradox, which is: if the governance of London, New York, Paris, and Tokyo is, as argued, fragmented and piecemeal such that “pragmatic adjustment” (p. 276) is the capacity of what metropolitan governance can achieve in these GCRs why then do we pay so much lip service to their governance arrangements? In part, this could be attributed to their international reputation, that is, their undoubted success in attracting inward investment and corporate relocations. Part could also do with their track-record of “getting it right,” providing them with knowledge and an experience of how to reinvent their urban economic infrastructure and urban and regional governance arrangements—which other cities aspire to learn from. In raising these two points what I am suggesting that there is scope for engaging with some broader issues relating to city-region governance and developing the reach and impact of their analysis to touch on nontrivial questions around aspects of theory.

In this context, one thorny issue which is neatly side-stepped is that of the city region over which governance is being enacted in each GCR. Maps are provided on pages 16–17 but these do not do full justice to the complexity of how city regions are constructed politically, that is, defined, delimited, and designated as spaces for planning, governance, and other activities. For example, the map situating the city of London within its regional context is not recognizable as an official “city-region” space (it is not the official South East region implied) nor does it bear resemblance to what people would conceive as the London city region. Furthermore, the maps of each GCR are not comparable as different approaches are adopted in each case. A more detailed exposition of this aspect of city-region governance would, therefore, be a welcome addition to their analysis.

To conclude, this is a worthy addition to the literature on city-region governance—particularly the final two chapters, which provide revealing insights into the ongoing struggles for the governability of the world’s major GCRs. As all good research does, *Struggling Giants* raises as many new questions as it provides answers. In particular, it raises the need to extend this analysis to nontrivial questions of theory with one direction being to relate this and other research on the governance of GCRs to broader debates around the spatial construction/transformation of state power.

John Harrison  
*Department of Geography*  
*Loughborough University*

**Globalization and Regional Growth in Europe: Past Trends and Future Scenarios**, by Roberta Capello, Ugo Fratesi, and Laura Resmini. 2011. Series: *Advances in Spatial Science: The Regional Science Series*. Berlin and Heidelberg: Springer. 339 + xxii. ISBN 978-3-642-19250-0, \$139.

“Globalization is not a state of the world but an evolutionary process . . .” That is how Capello, Fratesi, and Resmini begin (p. 1). You may like this phrase or not, but it shows a rather common tendency in applied social sciences: explain one term by one or more other undefined terms. I rather prefer the concept of Galileo: “Make measurable what has not been measurable so far.”

The book has three parts: “National and Regional Globalization Processes”; “Globalization and Regional Economic Growth Patterns”; and “Globalization Scenarios for European Regions.” In the first, the authors summarize trends in global trade and investment flows and in European



integration, and they also note one can expect there to be winners and losers among the European regions. In the second, they report empirical analyses, explaining why some regions win and some lose, and they classify regions according to their openness to the world outside Europe. There are four types of regions: “global players,” “pure gateways,” “regional players,” and “local” (p. 56). In the third part, the authors explain their scenario methodology and the MASST (Macroeconomic, Sectoral, Social, Territorial) model they used for simulations, report the winners and losers, and discuss policy issues.

The book seems to be based on a European research project, where one task was to provide a common database, and it appears that over the years several research groups have worked on different aspects of the database with a goal to combine these in a joint model, the MASST model. In theory this approach makes sense, in practice we find out there was not enough time to do all the things planned. As one sees from Chapter 10—“The European Territory in 2020: Winners and Losers in a Globalized World”—the main goal was at the end to find “winners and losers.”

Regional science has made great progress in the last two decades in the direction of better measurement, due to two developments. First, regional data have become more and more available, more reliable, and harmonized across the European Union due to the integration and enlargement process that started in the 1990s. Second, spatial analysts have used the recent advances in spatial econometrics to get more and more empirical results. Unfortunately, these positive developments cannot let us neglect the major challenges of modern regional science, which can be roughly summarized by the concept of “heterogeneity.”

Why is there heterogeneity? First, regions exhibit a natural heterogeneity, due to their relative locations, sizes, and positions in the process being analyzed, such as European integration. Second, one has to expect a national heterogeneity, because almost every region is embedded in its nation's economy. And third, there is a nugget heterogeneity due to special effects like being a capital, a port, an island, or a border region.

So in what way does it make sense to analyze regions in a cross-section or in panels, with statistical methods? While on an aggregate level we could expect the process described by the central limit theorem to start to work toward a somewhat triangular and symmetric distribution, the necessary assumptions are hard to justify at a regional level. These fundamental problems are not addressed so far in regional science, and—no wonder—each study group develops its own approach, whether or not the chosen pieces of the puzzle fit together.

Three reasons make estimating models at a regional level inherently difficult. First, heterogeneity and temporal effects are constant companions of all models with disaggregated data. Second, an important aspect concerns the relationship between the aggregate and the disaggregated level. There are very few results, theoretical or empirical, on what this relationship should look like for regions. This aggregation problem becomes even more relevant when it comes to comparing spatial models, like spatial autoregression (SAR) and structural equation model (SEM) models on both the aggregate and disaggregated level. Third, the recent theory of New Economic Geography needs to be explored in much more depth when analyzing the regional dimension.

Another important aspect relates to regional policy making: have policies for regions changed because the European Union has promoted the concept of a Europe of regions? Or is regional policy in many regions of Europe just an appendage of national economic policy?

Unfortunately, Capello, Fratesi, and Resmini do not approach these problems in a rigorous way in this book, and the reader will not get satisfying answers to such big, open questions in modern regional science. Maybe these (my) expectations are too high, since quantitative regional science is still so difficult. Recall the euphoria of global modeling some decades ago. What is left of it today? Do we need to see more generations of empirical regional modeling before we get more insights into the unsolved regional problems? I expect that this process might take much longer than many think, because of the absence of enough experiments in economics and the rather sad fact there are unlimited possibilities of how the regional data-generating process can change quickly over time.

So what empirical techniques are the authors using? Not surprisingly one is club convergence analysis (Chapter 4) and another is cluster analysis (Chapter 6). In Chapter 4, they explain their taxonomy of “global players,” “pure gateways,” “regional players,” and “local.” I have my doubts that regions can act as players of any kind in the Europe of today.

As mentioned, the authors' final goal is to explain the MASST model, but they explain it very late, beginning on p. 221 in Chapter 8. They claim that it is linked simultaneously to the national (NUTS0) and the regional (NUTS2) level of territorial units, because it uses an additive regional adjustment model: regional growth rate = national growth rate  $\pm$  differential shift effect ("NUTS" is the abbreviation of the French version of "nomenclature of territorial units for statistics"; NUTS0 units are nations, NUTS1 ones are "major socioeconomic regions," and NUTS2 ones are "basic regions for the application of regional policies." See, for example, [http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction)).

In many instances, the book's chapters look like many tables and graphs in search of a theory. The MASST model is meant to be a simulation model for regional policies in Europe. Determining the validity of its success was not a purpose of the book. Thus, I think it will take many more studies to embed the goals of the book into a generally accepted regional economic theory.

In the last chapter the authors give policy recommendations, but I think many are rather weak ones, since "I am not convinced." Why? Difficult to say, but let me explain my doubts by the following analogy: you are lucky to have found some evidence in a vastly heterogeneous heap of data. But would you claim that you have found a clear message by just looking at one cross-sectional slice of the data? If you did not analyze all the data of the last decades, what policy can be recommended confidently for a new decade to come? In my view, scientists have the obligation to be rather humble in such circumstances. Politicians might not like to hear this.

Summarizing, I think the book contains a diversity of facts and methods in search of a theory. The MASST "model" is a nice proposal to summarize a cross-sectional snap shot of regional regularities, but more work must be done in order to get more generally accepted "stylized facts" for regions. Reading the book, some regional scientists will get nice ideas as what to do or not to do, but in total the value added to new knowledge in regional science is small. Concentration on a few but important key questions would have been sufficient. The economic story for the regions in Europe still needs to be told, but requires much more patience, more precise notions, and longer reliable data series based on the ongoing processes that shape the present regional landscape.

Wolfgang Polasek  
*Department of Economics*  
*Institute for Advanced Studies*  
 Vienna

**Reshaping Regional Policy**, edited by Harry W. Richardson, Chang-Hee Christine Bae, and Sang-Chuel Choe. 2011. Cheltenham, U.K. and Northampton, Massachusetts: Edward Elgar. 372 + x. ISBN 978-1-84980 280-2, \$135.00 (cloth); ISBN 978-0-85793-592-2, \$44.00 (paper).

Spatial concentration within particular areas may be one of the requirements to achieve efficient economic growth during the beginning of an economic development stage. However, this concentration may also cause severe spatial congestion within the area. In addition, this may result in insufficient economic development in other noncentral locations, such as rural areas. Eventually, regional income disparities can further expand, which attracts economic activity at the central place; the latter in turn enhances the centrifugal forces of the local population and economic activity from rural areas. Indeed, the vicious cycle of unbalanced spatial organization cannot be solved unless effective remedies are coordinated.

Readers who are interested in these problematic issues in specific countries or regions may find particular chapters in this book worthwhile. While the primary concern is to investigate spatial reorganizing policies in Korea, various attempts are made to compare and contrast the case of Korea with several case studies around the world. The first part, introduced by Choe, examines interregional Korean cooperation, competition, and decentralization by using a framework that is meant to reshape regional policy.

The next section explores global views in order to reveal the nature of regional policies across the world. Hall's initial discussion in Chapter 2 analyzes regional policy in Korea and clarifies that the analyses of regional performance and development strategy necessitate the inclusion of various international case studies. In Chapter 3, Lall examines the importance of a reduction in

spatial differences in living standards within the national territories. The argument consists of three keywords, density, distance, and division, and three integration instruments: incentives, institutions, and infrastructure. Finally, Donovan investigates cross-border cooperation in Chapter 4. Cross-border cooperation among different countries may be an alternative way to enhance regional development by utilizing the comparative advantage of each country. As argued in existing cases, the cross-border agreement process includes directly involved economic agents and local authorities but also requires legal approval because of the international aspect of the agreement; the latter is the fundamental difference between interregional cooperation within a country and cross-border cooperation among different countries.

The next section on international experiences opens with cases in Europe. First, Faludi explores the function of spatial planning in Chapter 5. In this chapter, Faludi refers to the interplay between the pursuit of cohesion, coherence, and cooperation throughout the history of European Union (EU) regional policy. Second, in Chapter 6, Farole, Rodríguez-Pose, and Storper examine the urban-regional spatial hierarchy across the EU, which may be affected by agglomeration economies. This chapter includes an exploration of EU cohesion policy. In addition, institutional modernization is clearly classified by type of region in the EU. Third, allocation of expenditures by region for local industrial development in France is analyzed in Chapter 7 by Creze. Subsequently, Kawka argues the concept of growth and innovation in Germany in terms of spatial planning policy in Chapter 8. In this chapter, the metropolitan function index is applied across Europe in addition to Germany. Finally, in Chapter 9, Richardson investigates the background of Regional Development Agencies (RDA) and the interaction of these agencies with other regional policies.

For outside Europe, first, Onishi (Chapter 10) provides details of Japanese national regional development, including one of the most recent national spatial reforming policies, called the Administrative Reform Proposal. This is an alternative spatial administrative system beyond the existing top-down planning structure. In Chapter 11, Horio further focuses on national land policy by looking at population estimation in Japan together with mutual growth in East Asia. Finally, the contributions of new technologies to regional growth and development are examined in detail by Feldman and Lowe in Chapter 12.

The next section looks at income versus spatial equity. First, Heikkilä explores inequitable economic development in Korea in Chapter 13; within this context, he argues for identity and equity in planning practice. Second, Bae provides a comparison of regional development in Washington State and Korea in Chapter 14 in terms of population, density, and other spatial attributes including transportation infrastructure. Finally, the roles of London and Seoul in the national economy are argued in Chapter 15 by Richardson. In his discussion, Richardson reveals the administrative, functional, and cultural differences between the United Kingdom and Korea.

Focus is next given to regional development policy in Korea. First, the necessity of rural development for regional competitiveness in Korea is systematically formulated in Lee's chapter 16; this chapter also discusses further economic growth in the Seoul Metropolitan Area. Moreover, with the goal of exploring future effective spatial planning, regional development in the past and present in Korea is covered in Chapter 17 by Jang. In Chapter 18, Park looks at long-term visions and strategies for regional development policy in Korea. Furthermore, Jung links effective regional development policy in Korea to the role of the private sector in Chapter 19. Finally, Kim proposes an interregional and intraregional governance system in Korea in Chapter 20. This proposal is meant to facilitate economic promotion and development in mega-economic regions by clarifying the meaning of regional governance and its limitation.

As suggested in the concluding chapter by Richardson and Bae, the approach of the book can be particularly useful for countries that ought to consider spatial reorganization policy for long-term sustainable economic growth as national population growth declines. These countries likely have to consider spatial reorganization of administrative and functional structures, that is, structures that satisfy optimal economies of scale, scope, and complexity for long-term sustainability given certain constraints. While policy remedies for these issues would be different for the various countries or regions, methodological principles may be applicable by means of some adjustments based on a generalized framework that requires constant review of conventional location theory.

Daisuke Nakamura  
*Department of International Liberal Arts*  
*Fukuoka Women's University*

**Making Capitalism in Rural China**, by Michael Webber. 2012. Cheltenham, U.K. and Northampton, Massachusetts: Edward Elgar. 324 + x. ISBN 978-0-85793-409-3, \$150.

Michael Webber's overriding concern in his new book is the "two faces of development in rural China" (p. 1). Playing on Mao's saying that "revolution is not a dinner party," Webber picked "Development is not a dinner party" as the title of his opening chapter, to convey that he wants to show how development "does violence" (p. 1) to people, old ways of life, and the environment. The title of his concluding chapter is "Development is the irrefutable fact," a phrase made famous by Deng during his 1992 southern tour that confirms the state's commitment to economic development. Sandwiched between those two chapters are seven chapters on case studies. Drawing from his deep knowledge about China and 15 years of fieldwork spanning large distances across the country, Webber's cases are solidly anchored on the lives of the people and the places he has visited, as aptly summarized by the statement that "detailed fieldwork is the only way to understand what has happened" (p. 51).

The second chapter, "Rich Wang's village: marketing the dairy economy," is about Beidaolaban, a village of three thousand people in Inner Mongolia (the Wang brothers grew up there, but moved away and eventually struck it rich in an urban construction business). Most of the milk produced in Beidaolaban is by household farmers, who are inferior competitors in capital, technology, and quality control against the increasingly powerful capitalist firms. While intense competition explained in part farmers' willingness to accept below-market rates of return and the milk contamination scandal in 2008, Webber emphasizes that the outcomes of competition are complex.

Switching to a relatively more prosperous part of China, in the next chapter Webber focuses on two villages in southern Jiangsu, or Sunan. He shows how the category "township and village enterprises" (TVEs) comprises large numbers of private enterprises and is not primarily public as is usually portrayed. More importantly, he highlights how urban and industrial development was made possible by appropriation of rural land. He argues that land developments for capital accumulation depend on the depressed incomes of rural households, on communal/city control of land, and on revenue-sharing arrangements between central and local governments. Meanwhile, dispossessed peasants are being forced into the wage-labor market.

With an animated title "We never forcibly evict anybody, except those who refuse to move" Chapter 4 draws from a survey of more than 300 households who lost land, assets, and income due to the Three Gorges Dam project, a symbol of not only development but the Chinese nation. Facing forced dispossession directed by the state, peasants erupt into numerous protests but are unable to solidify a movement of resistance that unites constituencies beyond the local, which Webber correctly interprets as a lack of knowledge and proficiency about democracy. He describes similar detrimental effects in a chapter titled "May god bless our injured land . . .," which focuses on the village of Mandula in Inner Mongolia. The standard, official line about environmental degradation identifies pastoralism as a catalyst of desertification. This logic justifies grazing bans, which have resulted in ecological migration of pastoralists, almost all of them Mongols. To Webber, the bans represent "culturally superior views" (p. 157). He argues for an alternative interpretation of environmental degradation, one that highlights policies that inappropriately impose the household-responsibility system on grasslands, pressure Mongols to give up traditional practices and land-use decisions, and move herders into higher and drier steppe. Critical of such policies, he draws attention to how they have destroyed traditional culture and lifestyle and threatened the Mongol ethnic identity.

In another chapter, Webber examines the solutions to water shortage, based on fieldwork in the Beidong village in Shandong, where farmers use surface water for irrigation. He argues that prevailing approaches such as the South–North Water Transfer project, which makes a commodity out of a fundamental necessity such as water, misdiagnose the problem and threaten the lives and livelihood of farmers. Using pricing to regulate water use, he contends, ignores farmers' real circumstances and casts them as ignorant and wasteful, and diverts attention away from water-management problems and the dramatic rise in urban and industrial demand. In this view, raising the price of water misses the root of the problem and instead further impoverishes farmers and drives them off the land.

The chapter titled "The miracle of creation" is about how the tourism industry selectively makes and remakes places. This time the research is grounded on Dali in Yunnan. Webber shows that

tourism, which prioritizes specific sites of attraction, has created a spatial geometry that consists of points. In this framework, the territories between tourist sites are valueless, and cultures are created to serve tourism. This process of spatial sorting escalates uneven development, as some places are being brought closer to the global economy while others become more distant, both regionally and socially.

The chapter on “ethnicity, poverty, migration” (title of Chapter 8) considers the formation of the Uyghur category of persons, adopted by the Xinjiang government in order to distinguish turkophone Muslim oasis-dwellers (p. 227). Uyghurs are inferior to Han Chinese in social class and occupation. Ethnic boundaries, Webber argues, are demarcated as an expression of demands for ethnic equality. The surveys that he and his associates conducted in Urumqi show that Han and Uyghur migrants are further segmented by discriminatory social processes in the urban labor market. In this case, the market, rather than forced dispossession, has become a source of resistance and ethnic consciousness by the subordinate.

Clearly, one of Michael Webber’s objectives is to highlight the underprivileged places and people and how their relative positions have changed—in most cases worsened—during the process of development. As shown above, he is particularly concerned with those who are dispossessed, especially of land, either by government force or by the market. Such concern is at once committed by the choice of cases, all of which are rural places and all but two (Shandong and southern Jiangsu) inland locations. Webber’s usual strategy—“see what is happening in a specific place and argue from its circumstances” (p. 165)—reveals how the social and economic processes of development are actually lived. The book is richly substantiated by statistics, illustrations, and archival materials such as the details on protests about evictions in the Three Gorges region. But it is the first-person narratives—be they from a Mongolian herder lamenting not being able to live off three cows, or a Uyghur complaining of Han chauvinism—that directly give voice to the weak and powerless.

Despite the title of the book, Webber is not concerned with capitalism as a unique form of society. Far from it. He questions the assumption of capitalism being a single and known end-point, and instead stresses that the future is unknowable and there is no one story of development. He highlights the role of the state that makes capitalism in China decidedly different from that in the West. In many other ways, throughout the book, Webber challenges assumptions and whether the right questions have been asked. Always careful about definitions and terminologies—such as the differences between “eviction” and “resettlement”—Webber is a great communicator readily challenging dogmas and opening up new and alternative ways of seeing and reading. His writing is lively, captivating, and jargon-free. Whether one agrees with the critical perspective that the book takes, it is undeniably an important, persuasive, and highly readable contribution to the scholarship on contemporary Chinese economy and society.

C. Cindy Fan  
*Professor of Geography and Asian  
 American Studies and Interim Vice-Provost  
 for International Studies  
 University of California,  
 Los Angeles (UCLA)*

**Housing Markets and the Global Financial Crisis: The Uneven Impact on Households**, edited by Ray Forrest and Ngai-Ming Yip. 2011. Cheltenham, U.K. and Northampton, Massachusetts: Edward Elgar. 260 + xiii. ISBN 978-1-84980-375-5, \$103.50 (cloth); ISBN 978-0-85793-591-5, \$31.96 (paper).

The housing market bubble, its subsequent crash, and the ensuing global financial crisis are the defining drivers of the current worldwide economic situation. In our highly integrated, global economy it is likely that no nation escaped the last six years without suffering some impact from this crisis. What is interesting, however, and what this book does an excellent job of illuminating, is the variety in the experience of homeowners across a collection of countries, ranging from the United States and the United Kingdom to Hungary and Vietnam during this time period.



Before discussing what this book is, it is helpful to note what it is not. This is not a volume steeped in deep economic analysis or complex econometrics. It does not seek to prove causality or derive statistically significant inferences of policy impacts. Nor does it develop or enhance any new or existing financial theory. Rather, this book provides a rich, contextual, and, ultimately, descriptive portrayal of the aftermath of the financial crisis and how homeowners in 13 countries—United States, United Kingdom, Iceland, Ireland, the Netherlands, Hungary, China, Japan, Hong Kong, South Korea, Vietnam, Australia, and New Zealand—have fared in its wake. It is this breadth of analysis and useful national context that make it a worthwhile read.

In looking across the various countries covered in this volume, the differences easily outnumber the similarities. Despite this fact, three common factors are present in nearly every place and could be distilled as the “lessons to be learned.” First, policy environments allowing (and sometimes even encouraging) higher leverage have resulted in greater stress on individual households as well as on the national banking communities from which they have borrowed. In hindsight, it may seem self-evident that such enormously high leverage ratios could prove disastrous but the industry professionals, normally conservative investors, and countless home purchasers bought into this high-leverage marketplace. Second, across all countries poor and young households have been hit the hardest by the crisis. It is these households that were more likely to be engaged in sub-prime or other innovative (and highly leveraged) loan instruments. These households were also more likely to be negatively impacted by the subsequent financial crisis, thereby limiting their ability to make their monthly mortgage payments. Third, and finally, culture and policy matter. Through the 1980s and 1990s movements toward more neoliberal policy (or less regulated markets) gathered steam across much of the world. One of the ultimate results of these shifts in political ideology was loosened standards on banking, and on leverage and lending practices in particular. However, the extent to which homeowners in the various countries were impacted by these policy shifts was, and remains, heavily mediated by preexisting cultural norms and other idiosyncrasies of national housing markets. For instance, the lack of securitization and tight lending rules kept Hong Kong’s housing market somewhat isolated from disaster despite the level of globalization of its economy. Similarly, South Korea’s Jeonse system of housing tenure precludes highly leveraged mortgages and has limited the exposure of its homeowners to falling prices. On the other hand, the relatively small banking sectors of Iceland and Hungary forced many borrowers to turn to loans in foreign currencies, which quickly became unaffordable when national currencies crashed in the financial crisis of 2008. Each country possesses a handful of these cultural and policy idiosyncrasies that ultimately have determined the level of pain experienced by its homeowners in the past five years. This book offers a window into how these individual factors have shaped postcrisis national housing markets.

One of the true strengths of this book is the fact that most of the individual authors present, at the very least, a short history of housing policy and norms for each country. For a student or researcher interested in comparative housing markets, each chapter can provide a great place to start when searching for a collection of case studies to test various hypotheses. Like most edited volumes, it suffers a bit from a lack of continuity between the chapters. A bigger downfall, however, is the lack of discussion of land supply, land-use policies, and the spatial configuration of impacts. In other words, there is very little discussion (save the chapters on Ireland and China) about the regional performances of housing markets in the individual countries and on what impacts space may have had, or is having, on how homeowners have fared in the aftermath of the crisis.

In sum, this edited volume offers a good introduction to housing markets across a wide variety of countries and their respective responses to the global crisis, but remains one that is focused on macroeconomic and financial trends as opposed to more localized and regional outcomes.

Andy Krause  
*Department of Urban Design and Planning*  
*University of Washington*

**Innovation and Regional Growth in the European Union**, by Riccardo Crescenzi and Andrés Rodríguez-Pose. 2011. Series: Advances in Spatial Science. Berlin and Heidelberg: Springer. 215 + x. ISBN 978-3-642-17760-6, €99.95, \$139.

In 1997, Attila Varga finished his dissertation on the *Regional Economic Effects of University Research: A Spatial Econometric Perspective*. Working with the county as the unit of analysis, aggregating them into Standard Metropolitan Statistical Areas, using appropriate measures of innovative inputs and outputs as well as proper statistical techniques Professor Varga (now at the University of Pecs) came up with one of the first convincing measures of R&D spillovers. The finding suggested that knowledge spillovers were bounded and decayed rapidly and did not travel more than 50–75 miles. About the distance one could drive in a day. This research was published in the *Journal of Urban Economics*, among other places, and is now an accepted part of the broader literature on knowledge spillovers.

When Dr. Varga returned to Hungary from West Virginia, where he received his PhD, I suggested that he repeat his research for the European Union. He responded that because the economic units were not appropriate, the data were not available, and the data that were available were spotty it was not possible. This, however, has not prevented others from taking up the challenge. Riccardo Crescenzi and Andrés Rodríguez-Pose have taken up this challenge in *Innovation and Regional Growth in the European Union*. The subject is broader than the Varga thesis but nevertheless the methodology covers similar ground.

Crescenzi and Rodríguez-Pose are clear in the purpose of their analysis, “This book’s aim is to illustrate the nature of the relationship between technological change and territorial development, shedding some new light on the primary causes of the observed pattern . . . of the European regions” (p. 2). The authors are interested in why some regions have benefited from the information revolution and why others have not. Their objective is clear. Crescenzi and Rodríguez-Pose are obviously interested in economic development broadly defined. If one looks at any map of the European Union, the issue is striking. For example, the new *European Regional Competitiveness Index* reveals a polycentric pattern with high scores for capital regions (London–Paris–Madrid) and with large cities (Amsterdam–Munich–Milan). One would hope that the authors would be able to shed some light on this statistical artifact.

The book is organized into seven chapters with Chapter 2 laying out the theoretical framework, Chapter 3 focusing on human capital accumulation, Chapter 4 the role of the underlying socioeconomic conditions, Chapter 5 examining knowledge flows and their spatial extent, and Chapter 6 comparing the European Union and the United States. The last two chapters look at what we can learn from this “integrated approach” to regional development and the final chapter looks at E.U. regional policy and the socioeconomic disadvantaged European regions. The focus clearly is on disadvantaged regions so the analysis is both relevant (see above) and timely given the distress of the southern states of the Union.

I will focus on Chapter 2, the theoretical setup, Chapter 3, the test at the national level, and the application of this integrated framework at the regional level comparing the United States and the European Union in Chapter 6. This is interesting because it builds on the work of Varga, among others.

In Chapter 2, the authors integrate three levels of research that have dominated work on technology, innovation, and regions. They are: (1) the linear model of innovation; (2) regional/national innovation systems; (3) the geography of innovation and knowledge spillovers. These three well known literatures have all played an important role in trying to explain why some regions are successful and others lag. The chapter goes into great detail to lay out how these three literatures function both independently and how to integrate them. The integration in Equation (2.1) (p.25) suggests that regional growth is a function of the level of knowledge transferred from abroad, the level of knowledge created in the country, and the absorptive capacity of the country or region. This translates into an estimation Equation (2.5) (p. 28) where regional GDP is a function of innovation effort, national system of innovation, and the socioeconomic conditions. This theoretical structure, building on Fagenberg’s approach, while interesting, is dated and inconsistent. The Systems of Innovation literature depends on the institutional structure of a country or region with no agency. The regional knowledge spillover literature depends on agency for its results. The model does not

integrate these two aspects and leaves agency out of the picture, substituting distance and socioeconomic conditions.

Chapter 3 tests the model at the national level. Using “the usual logarithmic transformation of the ratio of regional per capita GDP at the two extremes of the period of analysis” (p. 35) they regress this on the innovation variables. Not surprising, the 25 European regions exhibit differences in terms of innovative effort, as well as the relationship between innovative effort and growth rates. The variable measuring human capital shows a positive correlation with growth rates too. None of this is surprising or new.

Chapter 6 is a comparison of the United States and the European Union using an expanded knowledge production function along the lines of Jaffe–Feldman–Varga, expanded to include socioeconomic variables. The U.S. model was estimated for 1990–1999. The analysis is carried out for 266 metropolitan areas. The E.U. model was carried out for 1990–2002. Many of the Central European states had to be left out for a lack of data. Moreover, the analysis should ideally be carried out at the level of ‘functional economic units’ but because of a lack of data it was done for NUTS 1 and 2 administration regions. This is unfortunate and shows that the availability of “good” data in Europe lags significantly the United States.

There are three conclusions from the comparative analysis. First, there seems to be some territorial convergence in the regional distribution of innovative output. This trend seems to be less accentuated in the United States than in the European Union. In the United States, we have more stable regional production of knowledge and its impact on regional growth is stable. One interesting finding is that the knowledge distance decay effect in the United States is stronger than in Europe—100 km versus 250 km. This is likely to lead to self-contained centers of innovation in the United States relying on innovation inputs instead of knowledge spillovers.

However, the convergence revealed in the static analysis is overshadowed by the concentration of human capital and R&D investment. In other words, “short term regional convergence gives way to divergence in the medium term as a consequence of the better endowments of core regions with these factors” (p.146). New investment in infrastructure has contributed to enhancing the centripetal effects of new roads, etc.

The strength of this book lies in the methodology that the authors bring to the analysis. But given the data, measurement, and unit of analysis problems, it is a difficult topic. The weakness is found in two areas. First, I am not sure that the theoretical advances will hold up under closer scrutiny. Second, and more to the point, is the issue of what to do about the lack of convergence, as we mentioned above and as the authors have demonstrated. One answer is not to work against the prevailing trends. In a knowledge economy capital and labor will flow to regions where the returns are the highest. Unfortunately, that will leave the lagging regions with less knowledge, human capital, income, and growth. What policy levers to bring to bear on this issue is going to stay a vexing problem on both sides of the Atlantic for decades to come.

Zoltan J. Acs  
*School of Public Policy*  
*George Mason University*

**The Geography of Creativity**, by Gunnar Törnqvist. 2012. Cheltenham, U.K. and Northampton, Massachusetts: Edward Elgar. 215 + xi. ISBN 978-1781001509. \$110.

According to the author himself his book is meant to overcome a language barrier and presents an opportunity for a larger international audience to learn more about his body of work, because to date his research findings have predominately been published in Swedish (Törnqvist, 2011, p. xi). The book examines geographic and institutional milieus where creativity finds expression. The geographic focal point is on the West, especially the Nordic European countries, whereas the institutional focus is on science and research settings. The book consists of 12 chapters, which gradually develop the line of argument by interweaving broader contextual and historical overviews with more detailed descriptions and analyses of concrete cases emphasized by stylized conceptual insight.

The first chapter, *Prologue*, reveals the wider background of the recent momentum of creativity research and puts forward four interrelated points of departure of research on creativity, namely process, product, person, and place. The following four chapters, Chapters 2–5, provide brief overviews on those departure points by using a broad concept of creativity and shedding light on the qualities of creative milieus at a very general level. In Chapter 2, *Process*, Törnqvist distinguishes vertical from lateral thinking and reveals phases of the creative process. He reflects on the continuum of creative types in Chapter 3, *Person*, ranging from everyday creativity to being a genius. Törnqvist reveals his research focus on individuals contributing to scientific progress through intelligence, productivity, or genuine creativity and typifies them as either pioneers or entrepreneurs. In Chapter 4, *Place*, he analyzes different historical settings and their characteristics of impeding or enhancing creativity and entrepreneurship, as well as attracting or fending off pioneers and entrepreneurs. Törnqvist reveals common interests, spatial proximity, and affinity of smaller groups and organizations as constituents for breeding grounds of creativity. Furthermore, he argues that places characterized by temporary instability and chaos enable breaking with established patterns of thinking and doing whereas places of order and stability may be more impeding for creativity. In Chapter 5, *Metropolis*, he sheds light on the general shifts toward a flexible organization of work and competition between people rather than firms, which has been leading to a growing importance of the role of places as social and economic units.

The following six chapters, Chapters 6–11, apply a more refined view on creativity and study smaller organizations. These chapters examine the achievements of individuals by unpacking the tension between productivity, efficiency, and entrepreneurship on the one side and genuine creativity and innovation ability on the other side. Törnqvist argues that not whole organizations are creative but rather smaller units within them, which he describes as “islands of creativity in a sea of more traditional activities” (Törnqvist, 2011, p. 64). In Chapter 6, *The Institutional Milieu*, Törnqvist focuses on the form and size of institutional settings and emphasizes the role of time in creative processes. He warns that quantifiable results of smaller units in stable productive phases should not be overemphasized while potentially dismissing promising activities of other units that are currently in a rather unstable but creative phase. Törnqvist moves the debate to science and research as engines for societal growth in Chapter 7, *The Scientific Revolution*, and highlights the underlying complexities and the nonlinearity of serving those purposes. In Chapter 8, *Universities in Focus*, he takes a critical look at measuring excellence by quantitative methods. He teases out characteristics of successful places in Chapter 9, *Research Milieu par Préférence*, while in Chapter 10, *Nobel Laureates*, and Chapter 11, *Scientific Careers in Time and Space*, he examines the careers and living circumstances of those highly regarded and successful Nobel prize-winning scientists and researchers. The last chapter, *Epilogue*, recalls the first four more general chapters, and then highlights observations and insight from the following six chapters before drawing conclusions on necessary but not sufficient prerequisites of the creative process. On the whole, Törnqvist offers a very informed and nuanced perspective on creativity. He critiques today's paradigm of quantifiable and verifiable results as dominant measures of success in science and research by revealing the complexity and unpredictability of creative processes themselves that may not automatically foster local and regional growth.

This elegantly written and very readable book can be highly recommended to scholars and students in regional science and economic geography alike. Those familiar with the wider discourse and contemporary debates will find this book a stimulating complement to the established repertoire on creativity and innovation while those just starting to explore these themes will experience this book as a valuable introduction.

Melanie Fasche  
Joseph L. Rotman School of Management  
The Martin Prosperity Institute  
University of Toronto

**The Oxford Handbook of the Indian Economy**, edited by Chetan Ghate. 2012. New York: Oxford University Press. 958 + xii. ISBN 978-0-19-973458-0, \$175.

India's transformation over the past two decades has been remarkable enough to change the country's image from a struggling developing country to a rising economic power. Economic activity unleashed by liberalization and the end of the "license Raj" has created previously unimaginable clusters of wealth concentrated in the high-rise residential and commercial districts of India's major cities. At the same time economists have reported deepening income disparities, neglect of rural sectors, and rising social strife. The overall picture is confusing and even contradictory.

The publication of *The Oxford Handbook of the Indian Economy* is therefore well timed to help those unfamiliar with India make sense of the trends and directions in the country's economy. It comprises 31 chapters and over 900 pages, divided into eight sections that address a broad range of topics: historical development, rural poverty, industrialization, social infrastructure, politics and policy, macroeconomic policy, India and the world economy, and future directions. There is diversity in the treatment of these topics, which ranges from descriptive reviews of the literature to formal modeling and estimation using econometric techniques. The majority of chapters, however, will be accessible to noneconomists and those with a limited proficiency in mathematical and statistical modeling.

Editor Chetan Ghate of the Indian Statistical Institute in New Delhi, in the introductory chapter, states that the handbook is in response to the urgent need for deeper understanding of the issues that drive India's economic policy, an understanding that is vital for directing appropriate government action. Ghate also stresses the importance of long-run considerations that go beyond election cycles, and the need to base economic policy on an analytical foundation informed by research. Toward this end, he has assembled contributions from an impressive group of economists and India experts. They are based in universities, policy research institutes, and federal and development banks around the world and include well-recognized names as well as rising scholars.

The Indian historical context is ably presented by Tirthanker Roy and Ahmed and Varshney in the first section of the book. They take the long view, reviewing India's economic and political history over two centuries. I found their concept of "master narratives" particularly intriguing. Master narratives, according to Roy and Varshney, are "stories about the central experiences, cleavages, and fault lines of a society" (p. 75) around which political coalitions driving economic policy are formed. They identify three such narratives in the twentieth century: secular nationalism, Hindu nationalism, and caste-based social justice. The exact narrative defining contemporary India is still unclear. Overall, coming to the present time, the reader is left with a cautionary message—that while impressive, India's economic growth has not erased deep structural problems, and that there is an urgent need to balance growth with access and inclusion.

Subsequent sections of the book address what could be considered standard economic themes, but with a focus on topics and issues of contemporary relevance and reflective of advances in data and methodology. The section on rural poverty is a good example of the fresh approach to a topic whose treatment in most economic texts is fairly predictable. Instead of rehashing the considerable literature on Indian agriculture and the rural sector, the authors in this section focus on data and methodology involved in the estimation of poverty (M.H. Suryanarayana), the "self-help group" microfinance model (Prabal Roy Chowdhury), microinsurance for rainfall (Giné et al.), and the relationship between caste and economic mobility (Vergard Iversen). The last of these, in particular, represents a topic not commonly discussed in economic texts. Yet, as Iversen shows, caste identity continues to play an important role in the rural sector, slowing the pace at which market reforms and political empowerment are translating into better conditions for the rural disadvantaged. It is an important issue to consider and this handbook does.

Several other chapters also focus on topics that are seldom covered by economic texts. Particularly notable is Gautam Bose's contribution on bureaucratic corruption in India, a phenomenon that, at least anecdotally, renders many Indians extremely pessimistic about the country's future. In the absence of reliable data, Bose draws from studies done in other countries, which highlight the factors such as red tape and multiple intermediaries required for a transaction that lead to the creation of corrupt markets. In another contribution, David Bloom discusses India's population dynamics, particularly the implications of age structure on future development. There is a clear indication



that India will enjoy a demographic dividend that comes from a high share of its population in the working age cohorts. To what extent this demographic dividend will translate into economic growth depends on India's ability to reduce underemployment and to feed, educate, and keep its population healthy.

Even as this volume takes on contemporary issues not often reflected in other volumes, the editor has taken care to cover core economic topics—industrial structure, income distribution, fiscal and monetary policy, trade, and many others. Another notable feature is a collective focus of authors in identifying gaps in the literature and where future efforts may be productively directed. For example, a recurrent issue brought up by many of the authors is the need for better data. They point out the many definitional, sampling, and measurement issues associated with the National Sample Survey, a frequently used source of data on the Indian economy. Newly emerging sources of data and developments in modeling and estimation can help address some of these issues. Overall, the comprehensiveness of topics and forward-looking spirit with which authors approach their topics will make this handbook particularly appealing to students and young scholars.

No volume, however comprehensive, is capable of addressing all audiences. Regional scientists will find an inadequate treatment of geographic variation in the economy across Indian states and cities. Although a few authors do report state-level data, the overall perspective is national and does not dwell on the very significant regional economic differentiation one finds in India. There is also a surprising absence of discussion of migration. Yet rural-to-urban and intraregional migration in India is directly related to rural poverty, industrialization, and trade. Looking internationally, Indian diasporas, particularly in the United States have played a major role in India's economic trajectory in the past two decades. These are significant omissions.

Notwithstanding these points, Chetan Ghate and Oxford University Press are to be congratulated on publishing an outstanding volume, which should be a must-have reference for scholars across all disciplines that are interested in the Indian economy.

Kavita Pandit  
*Department of Geography*  
*University of Georgia*

**Global Environmental Commons: Analytical and Political Challenges in Building Governance Mechanisms**, edited by Eric Brousseau, Tom Dedeurwaerdere, Pierre-André Juvet, and Marc Willinger. 2012. New York: Oxford University Press. 435 + xxiii. ISBN 978-0-19-965620-2, \$110.

Global environmental governance is in a state of flux. International negotiations on pressing issues like climate change have largely failed to trigger transitions of the pace and scale required to avoid significant impacts. Instead, flexible, multilevel arrangements, nonstate actors, and networks are moving into the fore, offering challenges for theories of governance but also innovative, agile solutions to environmental problems. In *Global Environmental Commons: Analytical and Political Challenges in Building Governance Mechanisms*, editors Eric Brousseau, Tom Dedeurwaerdere, Pierre-André Juvet, and Marc Willinger gather together a distinguished panel of scholars to explore the frontier of environmental governance. The book's central claim is that traditional modes of environmental governance fail to grasp both the complex and dynamic nature of socioecological systems, as well as the deeply social underpinnings of behavior and cooperation.

The book is comprised of four parts, each of which examines one of the following topics: the challenges faced by environmental governance, the latent (and often realized) potential of subnational or polycentric approaches, the need for institutions to account for social preferences, and strategies for designing more efficient and effective governance mechanisms. Brousseau et al. offer a timely, careful contribution to the conversation about the global environmental commons: given the very modest success in providing a global solution to challenges like climate change, is a radical, rather than incremental, shift needed to deliver results? While the main contribution of the book is theoretical, this theory is applied in practice (e.g., with the issues of governing the high seas and global

disease risks covered in Chapter 3). Climate change is a central issue, explored by Oran Young in his chapter on dynamic and complex socioecological systems, and also by Elinor Ostrom's presentation of polycentric governance in Chapter 5.

The first chapter provides readers with an introduction to key problems in governing the commons—first by articulating the nature of commons that are incompatible with current governance mechanisms, then by exploring issues of preferences and property rights. The discussion of preferences is particularly helpful as it reveals the roots of policy from the global to the local in traditional welfare economics. This excludes the possibility that other-oriented or altruistic preferences are actually widespread and powerful motivators of behavior, leading to suboptimal policy outcomes. As the authors note, this may in fact perversely incentivize a higher degree of selfishness than is intrinsic or desirable. This is a major issue of reframing, but of course is complicated by the discounting and double-counting that is possible if those other-oriented, or social preferences are geared toward future generations. Similarly, Chapter 3 reiterates that many environmental public goods are socially constructed: they exist because of social rules of access rather than biophysical properties of the system concerned.

Chapter 2, by Arild Vatn, diverges from the previous chapter in that it reverts to a biophysical framing of environmental governance when equity, human necessity, and politics are in some cases more crucial ties that bind different places together. In this chapter, Vatn also refers to a critical dimension of natural systems that challenges imperfect market and price mechanisms: discontinuities, thresholds, and feedbacks characterize natural systems. This characterization feeds well into Oran Young's deeper exploration of these issues in Chapter 4. It is here that crucial comparisons are made between biophysical systems, which are subject to abrupt changes and deep complexities, and human systems (such as institutions governing environmental problems) that may similarly experience dramatic shifts after shocks or pressures.

The second part of the book deals with the optimal level or scale of environmental governance (i.e., governing the global commons globally or locally). This is a particularly useful contribution given the ongoing preoccupation with global negotiations and treaties that have failed to produce sufficient results. Evidence shows, and all but one of the chapters argues, that polycentric or subnational mechanisms outperform top-down global mechanisms. The flexibility of these polycentric systems is particularly important given the uncertainty, complexity, and dynamism of the systems we are attempting to govern (as described by Oran Young in Chapter 4).

This issue of scale is a major contribution, and also tension throughout the book. The book doesn't sufficiently problematize the faulty (but common) global/local distinction that plagues climate change policy design and scholarship. For instance, in Chapter 3, mitigation is described as a purely global public good, without reference to local cobenefits. The *form* that mitigation takes matters: some strategies have limited local benefits while others may facilitate a broader sustainability transition in addition to reducing greenhouse gas emissions. Elinor Ostrom, in Chapter 5 begins to reveal these more complex scalar dynamics.

While a large portion of the book nonetheless relies on the standard assumption of the selfish rational actor, the 3rd part of the book returns to the early claim about the importance of social preferences. The relationship between selfish and social preferences is explored, including the role of social capital and the perverse effect of government intervention on dampening motivation for voluntary individual action.

The fourth and final section of the book moves on to the very practical issue of designing mechanisms for effective environmental governance, given what we know of coordination and integration challenges, the complexity and dynamism of socioecological systems, and the crucial importance of social preferences. The authors focus mainly on the creation of incentives, but highlight the need for hybrid or combined approaches that mesh with polycentric modes of governance.

Tension exists between two central issues in this book. The first relates to scale: chapters conflict in the extent to which they question traditional distinctions between the local versus global nature of responses to issues like climate change. The second relates to the extent to which a more human or social framing is permitted to pervade the design of environmental governance strategies, compared with the more common methods of taking biophysical systems as the starting point. Rather than being a flaw in the presentation of the material, this tension actually reflects the

conflict between dominant, and deeply institutionalized approaches to environmental governance, and the more varied, reflexive, and fluid arrangements that are gaining momentum.

*Global Environmental Commons* is a compelling contribution to the field of environmental governance, reflecting both progress and tensions within theory and practice. It will be of value to a diverse array of governance scholars, as well as practitioners from the local to the global scales, and will likely inform future conversations about the development of more effective mechanisms for managing treasured environmental public goods.

Sarah Burch  
*Department of Geography and  
Environmental Management  
University of Waterloo*