

BOOK REVIEWS

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Economic Geography and Public Policy, by Richard Baldwin, Rikard Forslid, Philippe Martin, Gianmarco Ottaviano, and Frederic Robert-Nicoud. 2003. Princeton: Princeton University Press. 487 + xi. ISBN 0-691-10275-9, \$45.

The authors of this book make an excellent case for modern economic geography theory as a tractable analytical tool for the study of policy. Can policy exploit, for example, the sensitive dependence of location of economic activity on initial conditions, which receives so much attention by economic geography, and thus alter economic outcomes? Should policy heed the possibility of dramatically different, that is, “catastrophic,” outcomes, and more generally the possible multiplicity of equilibria, or are those merely theoretical curiosities that are irrelevant for policy? Most economic geography theorists have been reluctant to work on adapting the theory so it can address policy questions, perhaps because its predictions are “stark”—to use Peter Neary’s apt term in a review of the Fujita, Krugman, and Venables’ 1999 book *The Spatial Economy* (Neary, 2001, p. 556).

This book facilitates the application of theory to policy in an important way. It offers several tractable variants of the theory, some of which propose closed-form solutions for important endogenous variables. While this is clearly valuable, another step is needed: the theory must lend itself better to serious empirical work. Policy without serious empirical evidence is a risky exercise.

Part I, “Analytically Tractable Model,” has eight chapters and takes up nearly half the book. Part II is on general issues of policy and welfare and on specific features of the theory that lend themselves to public policy analysis. Parts III, IV, and V are on trade, tax, and regional policy, respectively. A final chapter sums up highlights and discusses future research.

Unfortunately, absent throughout, with one exception to be discussed shortly and the concluding chapter notwithstanding, is any reference to the need for serious

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empirical support for the claims made by theory, and for a general empirical framework for questions of policy. It is extremely hard to know how relevant are theoretical claims about the large consequences of small changes in parameter values in the absence of any notion of the relevant magnitudes. The authors recognize it occasionally, as, for example, when they examine the feasibility of compensating the losing party in a reciprocal trade agreement (p. 328). Realistic numbers would help pin down the actual compensation.

The one exception to their avoiding empirics is a short section titled “Empirical Evidence” (pp. 4–5). They argue there that while they are aware of this glaring deficiency, they could not make up for it because, first, empirics is not their expertise, and, second, the empirical literature has developed so rapidly that it would have been unwise and premature to attempt to handle it. They then turn to a defense of the empirical “relevance” of their theoretical treatment. The theory’s predictions depend critically on its particular features and on combinations of parameter values and “killer” stylized facts that lead to particular outcomes, like agglomeration. How do we know that policy affects anything at all, or whether common policy variables have any effect in their traditional ranges of values? The section ends with a brief overview of a few studies, only one of which (by Gordon Hanson in 1998) uses a structural model that may help elucidate the fundamental parameters of the theory. Recall that Paul Krugman says he is often motivated to pursue specific theoretical findings after being persuaded of their relevance by the results of simulations. One wonders, what is the appropriate range of values to feed into simulations? And, shouldn’t data inform the selections? Nonetheless, this excellent book offers a systematic and yet usable treatment of key aspects of the theory that advances the theory itself.

Part I provides critical clarifications of an enhanced Krugman core-periphery model and isolates eight *key features*: home market magnification (an exogenous change in demand in one region sets in motion an agglomeration force, bringing about more than proportional relocation of industry to that region); circular causality (moves by firms out of a region induce further moves); endogenous asymmetry (caused by reductions in trade costs that disturb an initial symmetric equilibrium, and takes effect after a threshold of parameter values is surpassed, ushering in “catastrophic” agglomeration, that is, the entire concentration of economic activity in one region); hysteresis or path dependency associated with multiple equilibria; hump-shaped dependence of rents to factors associated with agglomeration; and “overlap” (the possibility that self-fulfilling expectations will move the economy away from the symmetric equilibrium). The authors use these key features as benchmarks against which to judge all simplified models. I would prefer the technical material, now in appendices, to be integrated into the text, especially since the main text is not so free of technicalities anyway. Signposting could guide the reader on how to skip very technical material if she so desires. The illumination of dynamics and the examination of how important are different assumptions are very helpful.

The “footloose capital” model in Chapter 3 breaks the link between production and expenditure shifting and thus allows for closed-form solutions. In the full model, workers spend their income in the region where they live and work, affecting both cost of living and demand. The cost of living, however, affects interregional flows, which are thus dependent on the regional distribution of population. The footloose capital model assumes output is produced with mobile physical capital, the source of fixed cost, and immobile labor, the source of variable cost. Capital owners spend their income where they live and not where their capital is employed. The dynamics of interregional capital movement now depend on the difference in *nominal* returns to capital, which continue

to be endogenous. The model now allows for agglomeration due to the home-market effect, which is not self-reinforcing because there is no longer circular causality. Unlike in the general core-periphery model, one can compute the equilibrium regional distribution of industry in closed form as a function of the regional distribution of factors and of parameters.

In the “footloose entrepreneur” model of Chapter 4 migration still depends on *real* wages, but it is human capital that is mobile and used only to provide fixed cost, as entrepreneurial skills. The expressions for long-run equilibria are no longer linear, but still are more tractable than in the full core-periphery model. This model exhibits all eight key features of the full model, once again underscoring the importance of simplifying the specification of fixed costs.

Chapter 5 uses a quadratic utility function instead of CES. This leads in turn to linear demand functions and a linear monopolistic markup instead of a proportional one, which is the hallmark of the Dixit-Stiglitz model. (Speaking of that model, I think it is important on grounds of fairness to also cite Michael Spence’s 1976 work). Unlike the footloose capital and footloose entrepreneur models, this one may not be nested into the core-periphery model, at least as presented here. (Of course, the authors do explore the assumptions of the footloose capital/entrepreneur models within the quadratic utility model.) The single most important result due to quadratic utility and linear transport cost, and not present in the Dixit-Stiglitz model, is that markup pricing is sensitive to the extent of competition, clearly a desirable feature. The authors claim that the convenience of quadratic utility affords the introduction of congestion costs, which favor dispersion. The only drawback appears to be that the break point (the level of trade costs where the agglomeration force overpowers the dispersion force and the symmetric equilibrium becomes unstable, i.e., symmetry breaks) coincides with the sustain point (where trade costs render asymmetric equilibria stable, making core-periphery outcomes sustainable). Both these concepts are important features of Krugman’s original nonlinear model.

Chapter 6 exploits the notion that capital is produced locally using labor. This “constructed capital” model not only retains all the key features of the core-periphery model (except that the break and sustain points coincide, and there no longer is “overlap”), but also generates new possibilities that facilitate the linkage between expenditure and production shifting. Since the supply of capital is endogenous, capital accumulation induces symmetry breaking for sufficiently low trade costs and thus generates agglomeration-induced investment-led growth. Capital immobility along with trade liberalization allows a permanent divergence between per capita incomes in a core-periphery world that resulted from an originally symmetric world.

Having ushered in growth, the authors turn in Chapter 7 to evaluation of policies that affect long-run outcomes. Their endogenous growth models allow for spillovers in capital production and full dynamics via a standard intertemporally separable utility. When spillovers are global, all the features made possible by the constructed capital (here being interpreted as knowledge capital) model are retained and, in addition, endogenous growth appears. However, the long-run growth rate is independent of geographical distribution of industry and capital. This is modified later when they assume spillovers are localized and interregional diffusion of knowledge is dampened. Introducing the degree of interregional diffusion enriches the model and makes it possible for economic geography to affect the growth rate. Growth becomes a new agglomeration force while local spillovers are a new dispersion force. Part I concludes with two models in Chapter 8 that introduce vertical linkages and allow for cumulative

causality. At this point in the book, the reader would love to have a nice big table, showing different features of the models succinctly, along with their abbreviated names, and such a table would have stimulated continued reading, and probably working with the model as well.

Part II is dedicated to general policies and welfare issues. The dramatic nonlinear properties feature quite prominently in Chapter 9. For example, trade liberalization policies take time to work out, hysteric effects take time to work out, and subsidies to attract industry to a region will not work unless certain thresholds are exceeded. Chapter 10 has a brief typology of welfare effects from a regional perspective. Chapter 11 examines efficiency and equity aspects of the footloose capital and footloose entrepreneur models and of the optimality of agglomeration. Not surprisingly, the authors find that when the spatial dispersion of industry does not match that of the population, free markets will lead to socially inefficient outcomes, an issue addressed by the traditional regional and urban economics literature. The most novel result pertains to welfare properties when there are multiple stable equilibria, which may not be Pareto-ranked.

The three chapters in Part III examine separately unilateral trade policy, reciprocal trade agreements, and preferential trade agreements. Incidentally, in *Geography and Trade* Paul Krugman was explicitly supportive of protection, invoking Canada's successful experience in the nineteenth century. The updated view in front of us is not different in this regard. Baldwin et al. show in Chapter 12 that price-lowering protection is possible, even with agglomeration forces. They are not happy with this as a policy prescription to promote industrialization. They also consider the role of trade liberalization in promoting industrialization, which depends critically on the presence of vertical linkages. Chapter 13 takes up the issue of whether it is possible to design reciprocal liberalization between a large and a small country that makes both better off. Working with the footloose capital model, they confirm the basic fear that small countries typically express, namely that they would suffer loss of industry to the larger party in an agreement, other things being equal. Yet, if asymmetric protection of the smaller nation is allowed, Pareto-improving agreements are possible. But if other things are equal, the appropriate international transfers necessary to offset the impact of liberalization would seem to be too large to be feasible. Clarity and honesty make this chapter one of the most interesting of the entire book. Chapter 14 turns to aspects of preferential trade agreements, which have been unexplored in the context of economic geography. Removal of trade barriers between any two countries generates home-market effects within the bloc and in particular in favor of the largest market within the bloc. It also creates a self-reinforcing "domino" effect creating incentives for additional outsiders to join. Finally, a country that serves as the "hub" of a number of preferential trade agreements with others that do not have such agreements among themselves stands to benefit more. Such considerations make clear that geography is subtle concept, but theory is sufficiently powerful to handle its subtlety.

Part IV deals with the possible role of taxation in influencing agglomeration, and the analysis yields important new insights. Chapter 15 contains a review of the standard tax competition literature. With agglomeration already in place, policies that strengthen agglomeration tend to lock industry in the core, giving the core the freedom to tax the mobile factor. In contrast, when the economy starts from a symmetric equilibrium, stronger agglomeration forces make the symmetric equilibrium more fragile. As the previous analysis establishes, trade openness is a key parameter. The impact of tax policy is greatest when agglomeration is most likely, and that occurs in the intermediate range for trade costs. A tax-financed public good confers an additional advantage to

agglomeration, because a larger region constitutes a larger tax base, with the effect being larger the more the migrating factor is taxed. Chapter 16 offers key insights into the stylized facts of international tax competition and how attempts by interdependent economies to tax mobile factors may have unpredictable effects.

Part V deals with regional policy, a very natural topic in a study of the role of economic geography, where infrastructure policies directly affect interregional trade as well as commuting (and migration) costs. Full international economic integration turns countries into regions of an integrated economy, thus creating the scope for understanding policies that may affect the welfare of regions. The European Union and the United States rely on both infrastructure and regional subsidy policies. Both Parts IV and V underscore the importance of political economy. For federations and confederations of states, or simply multilateral trade agreements to promote international harmony, smaller states must be given disproportionate power.

In sum, the authors of this rich and rewarding volume have done a marvelous job of promoting the relevance of economic geography theory for understanding policy. The authors cut through the inherent complexity of what is undoubtedly a powerful paradigm and makes it much more accessible to scholars. This is especially so because the authors have provided detailed references to their own other works, from which they developed the chapters. I predict the book will stimulate additional interest in economy geography. I hope the book will help stimulate empirical research as well, which is sorely needed for a really useful application of economic geography to the understanding and design of policy.

The quality of production and editing is very good. I would have preferred a single set of references and an index with names, not just subjects. I would also like these attributes to be searchable electronically. These are easy in our computerized world and important in the conduct of research. These comments should not detract from what is clearly an extraordinary accomplishment. This book will be read and used!

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A Primer on U.S. Housing Markets and Housing Policy, by Richard K. Green and Stephen Malpezzi. 2003. American Real Estate and Urban Economics Association (AREUEA) Monograph Series No. 3. Washington, DC: The Urban Institute Press. 226 + viii. ISBN 0-87766-702-0, paper, \$26.50.

Regional scientists should, and do, have a natural interest in housing markets, for housing is perhaps the most spatial of all commodities. It takes up the lion's share of developed urban space, and has markets that are more spatially heterogeneous than other goods. Housing creates spatial externalities, and is heavily influenced by the

externalities generated by other land uses, the recognition of which gives rise to spatial policies such as zoning. To borrow the well-known phrase of real estate professionals, housing units are defined primarily by their location, location, location.

Therefore regional scientists should, and will, welcome this new book from two highly respected housing economists. Richard Green and Stephen Malpezzi's *Primer* surveys a wide variety of topics on housing markets and policies, does it in a relatively small number of pages, and does it extraordinarily well. The book, one of a series of monographs issued by the American Real Estate and Urban Economics Association, actually seems to have two worthy goals: to provide (as the title indicates) a survey of housing markets and policies using economics as the lens through which these are examined, and to provide students and noneconomists an overview of the methods that economists use when they go about analyzing housing. The extent to which they accomplish those two goals successfully in such a limited space is, to me, remarkable.

This is particularly so in Chapter 2, the first of three long chapters that form the core of the book. Its primary goal is to provide an overview of housing markets in the United States, and so the authors discuss both spatial and temporal variation in the prices and quantities of various types of housing, and review other aspects of housing supply and demand. But more than that, this chapter is a kind of guide to how people can go about studying housing markets for themselves. In that vein, there are brief, but very informative, discussions of hedonic models, repeat sales indexes, user costs, capitalization, and even the parameter identification problem. Perhaps most useful is the appended guide to data sources on housing. This section of the book would be extraordinarily useful for students and other readers entering into housing research for the first time.

The second long chapter is about housing policy in the United States. There is a comprehensive review and discussion of the various programs by which the federal and other levels of government insert themselves into the housing market, including not only the various direct demand- and supply-side policies, but tax preferences like the mortgage interest deduction, as well as the way the federal government influences the credit market. The authors are economists, so their emphasis while discussing many of these programs is on efficiency. For example, they provide a nice survey of the consumption inefficiency that arises from the use of renter subsidies such as public housing and Section 8 subsidies, summarizing results from a number of different studies. And note their definition of consumption inefficiency: "[it] implies that the tenants value the housing less than the market does . . . Cash is the most consumption efficient transfer because people will only buy things they value as much or more than the market" (p. 99). A nicer one-line treatment you could not find. This is important because here, and even more so in a slightly more technical appendix, the authors give the reader a cogent rationale for why economists (such as myself) put such stock in efficiency as a policy goal, and why efficiency is the first—though only the first—step toward a well-designed program. It is only the first step because obviously efficiency is not the only end toward which policy is directed.

In a chapter entitled "Six Questions for the Next Decade," the authors discuss six topics they think are at the center of housing market research and present a summary of some of the relevant recent research. Again, the emphasis is on both research practice and research results and I think no one would argue very strongly with the authors' choices of questions. In part this is because the questions are well (and broadly) posed; one of them is "Does the Housing Market Work for Minorities?" The breadth of the question requires the first paragraph in the answer to consist of six

subquestions that cover more specific issues, such as: "What effects are observed on tenure choice [by various ethnic groups]?" and "What is known about race and the provision of housing finance?" As can be gleaned from these examples, the topics deal largely with things that can be construed as policy issues. If this volume has a shortcoming, then, it is in the relative lack of connection between this chapter and the previous one.

As noted, the discussion of the impact of actual programs is largely limited to discussing their efficiency, or lack thereof. In the treatment of policy questions, the discussion centers on (to continue the example) the extent to which minority homeownership rates are lower than white homeownership rates. But to have the discussion is to imply that we are interested, as a society, in narrowing the gaps between homeownership rates across groups, and more generally, in the housing prospects of all of society as a whole. Presumably this is because housing is special in some way, either because housing has external effects, or because ameliorating inequities in housing is seen as a way of reducing overall inequality in a society, or because the government wants to be paternalistic in housing policy (or even because it wishes to benefit interest groups and lobbyists). Whatever the reason, the United States government does seem to have a substantial interest in housing markets.

Anyway, the ownership gap did in fact narrow a bit over the 1990s, and it would be valuable to understand the role of the various housing policies in that accomplishment (and not just whether those policies are efficient). It would be equally interesting if housing policy had no such role. The fact that the authors for the most part do not address these linkages is understandable, since policies have lots of ramifications, and to have addressed them all would surely detract from the pleasing conciseness of this volume, while on the other hand there has perhaps not been enough research on the nexus between policy initiatives and housing market outcomes from which to draw firm conclusions.

To be sure, Green and Malpezzi have produced an outstanding volume, one that both engages and instructs the reader, and one that everybody can learn something from.

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A Social Philosophy of Housing, by Peter King. 2003. Aldershot, U.K., and Burlington, Vermont: Ashgate. 108 + x. ISBN 0-7546-1458-1, \$69.95.

Peter King is a philosopher. His book is intended as a summation and extension of much of his work since the late 1980s, in particular, *The Limits of Housing Policy* (1996) and *Housing, Individuals, and the State* (1998). The book presents one particular social philosophy of housing, a social philosophy strongly inspired by Robert Nozick's seminal libertarian work, *Anarchy, State, and Utopia* (1974), and it seeks, in essence, to apply Nozick to housing.

The slim volume consists of six chapters and a short concluding chapter. In the first two chapters, King advances the case for an explicit and extended philosophical discussion of housing: "I wish to consider a justification for housing provision based on concepts of choice, rights, and responsibility. My aim is to link choice, rights and responsibility together around the notion of individual autonomy" (p. 9). He begins his argument by examining contemporary housing policy in Great Britain. Here he

takes to task the Blair government's alleged "Third Way" or modernized social democratic housing policy for "pretending to be something it is not" (p. 13). As a prime example, he points to the Blair government's policy to allow for greater choice into housing allocations by permitting eligible applicants to bid for vacant dwellings. King argues that while this reform is touted as major advance in consumer empowerment, it is in reality simply another supply-side reform: "Potential tenants are still faced with monopoly suppliers able to determine access using needs-based criteria they have developed themselves" (p. 15)

In Chapters 3 to 5, he provides an extensive philosophical analysis of three key topics: the relationship between needs and choices in housing; a right to housing; and the concept of responsibility. The in-depth treatment of these concepts leads into Chapter 6 where he argues that the concepts of rights, choice, and responsibility are intimately related and can be bound together into the overarching concept of individual autonomy:

Individual autonomy is based on the premise that we have legitimate interests that we should not feel guilty about pursuing. These interests, as we saw in chapter 4, can be seen as individual rights. Rights, therefore, are the embodiment in moral terms of the freedom from constraint. Coming from this, we can see choice as the expression of our legitimate interests. Choosing is an action that makes manifest our interests and the means we have elected to pursue them. But we are only free from coercion because of the actions of others. Rights are therefore based on responsibility, in that we can only pursue our legitimate interests when they are recognised . . . by others (pp. 83–84).

In the final chapter King proposes a number of principles by which one can evaluate specific housing policies in a moral sense. These principles suggest distinctly different housing policies than would be supported by either socialist or utilitarian philosophies. For example, on the one hand, King strongly rejects the pervasive notion in much of Europe that housing should be viewed as a *social right* apart from the individual rights of the members of society. Alternatively, he also argues forcefully for the principle of *universalization*. Here he rejects all policies based on the utilitarian philosophy that allows some individuals to benefit at the expense of others, as long as the aggregate benefit exceeds the aggregate loss. On this basis he rejects, for example, the Conservative government's housing policy reform that allowed social housing tenants to buy their dwellings. In King's view, the right-to-buy policy essentially benefited more affluent tenants of long standing at the expense of other groups. He is also clear, and in my view, and persuasive with respect to his arguments rejecting the highly paternalistic housing policies generally followed in modern welfare states, often based on the merit good argument of mainstream economics. What is not clear, however, is to what extent his general principles allow for resource transfers to support the *housing consumption* of low-income households. He is clear that in-kind transfers in the form of state-owned housing are in conflict. But what of in-kind transfers in the form of housing vouchers or simply cash transfers?

The book's concluding chapter is only five pages in length. It would have been most helpful if King had expanded it, using the fundamental principles set forth to assess in some detail all of the key welfare state housing policy measures.

Peter King's book is a welcome addition to the housing literature. In the postwar period, a vast array of housing policy measures has proliferated in the modern welfare state. Often, however, the evaluation of housing policy alternatives is undertaken with little precise thinking about fundamental moral principles. In general, various

combinations of socialist and utilitarian principles implicitly guide policy formation with little attention paid to potential moral inconsistencies and injustices. In contrast, King provides a coherent and well-reasoned alternative philosophy and applies it to an important area of social policy.

One must note, however, that although clearly written, the book requires a substantial interest and background in moral philosophy. For those lacking such a background, Daniel Hausman and Michael McPherson's *Economic Analysis and Moral Philosophy* (1996) is recommended. Housing policy analysis in the modern welfare state would surely be improved by more explicit and rigorous thinking about the appropriate fundamental principles that are to guide policy.

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Paris: Capital of Modernity, by David Harvey. 2003. New York: Routledge. 372 + xi. ISBN 0-415-94421-X. \$30.

David Harvey is a noted geographer, in this book identified instead as a “critical intellectual.” The book is consistent with this evolution, since the geographic dimension, while present, is subordinated to accounts and representations of the social and political story of Paris in the mid-19th century.

To begin with, it is a handsome volume, and its many illustrations will appeal to many readers, whether they find the work as a whole persuasive or not. Harvey has assembled a mass of engravings, caricatures, and period photographs, many unfamiliar to me, and effectively worked them into his argument. However, this is anything but a coffee table book. On the dust jacket the title—of which more later—is set over a photograph of an unnamed, clearly pre-Haussmann (though rectilinear!) Paris street. It is almost as if Harvey was telling us not to take the word “modernity” in the title literally, although no irony is apparent in the text.

The bulk of the book is taken up with a narrative and thematic telling of the history of Paris in the Second Empire, the age of Haussmann and his paradigmatic reworking of the physical city. To be more precise, the account goes from the Revolution of 1848 to the Commune (1871), with a prelude on the society of the July Monarchy and a coda on the expiatory project of building the Sacré Coeur church. Nor are the end-points merely reference dates, for Harvey views popular uprisings as milestone events. The voice and thrust of the text are not what one might expect from a lavishly illustrated volume. To say that the treatment has a clear point of view is to sin by understatement. From the chapter epigraphs on, the treatment is unabashed if slightly

updated Marxism, right down to detailed consideration of trends and nuances in left-wing thought and rhetoric. We should not forget that the founding document of Communism, the *Manifesto* of 1847, consists mostly of a—largely forgotten—settlement of scores with various factions of the Left.

David Harvey resuscitates some of these now obscure ideas and voices and he takes them seriously (and less polemically than did Marx and Engels). He also draws heavily on contemporary social criticism in the arts, from Balzac and Zola to Daumier, and comes close to treating their words and images as straightforward social data. Since he apparently agrees with the postmodern view that representation is reality—I almost showed my age by writing “also reality”—and objectivity a snare and a delusion, this literal approach does not rate a cautionary note. Indeed, the chapter on representation is among the best, and the longest, in the book, and Harvey is also good on the condition of women. On the other hand, the discussion of class and community, especially the language in which it is couched, might take a cue from the fall of the Berlin Wall and fade out of the picture.

One telling omission is any discussion of an important, and clearly geographic, aspect of Haussmann’s urban renewal/removal program. In order to limit the expensive seizure and destruction of prime property and to “sanitize” the worst slums, he often had new thoroughfares cut through the middle of blocks as opposed to widening existing streets. At least that is the conventional wisdom regarding his strategy. Surely it was worth discussing this view, if only to reject or modify it. It is as if Harvey so despised Haussmann and what he stood for that he avoided taking him seriously. As I see it, Haussmann’s real sin, repeated by his successors and echoed by David Harvey, was to ignore completely the area outside the fortifications, that is, beyond the Paris of post-1860. Not until after World War II did the *banlieue* get any kind of infrastructure, while its long-unplanned development still dogs those who try to get through or find their way within it.

One could quibble further. For someone with working-class sympathies, Harvey treats eastern Paris a bit casually. The Faubourg Saint Antoine and its woodworkers seem to be slighted, though they were as radical as any. On the other hand, it is not true that the east became overwhelmingly popular. Haussmann and later planners provided it with a number of broad avenues, which got their share of bourgeois apartment houses. Today the area is in fact rather in vogue. Finally, the editing does not come up to the standard set by the book’s physical appearance.

The tight intramural focus of Harvey’s treatment precludes any sort of comparative dimension. Had even a passing thought been given to London, to say nothing of New York, it would have been difficult to claim Paris as the capital of modernity. Instead, as Harvey explicates well, Paris was the primary locus of the struggle over modernity, a perhaps prophetic engagement with its potential negative effects on human beings and society. But other places, even in France, went about the business of actually becoming modern much more smartly. From the aristocratic Faubourg Saint Germain to the diehard craft worker associations, Paris was too busy clinging to old traditions and rehashing 1789 to be truly forward looking. Even the economy had more of the old than the new, including small workshops and stores, many domestic workers, and notaries as financial intermediaries. Capitalism in its big and terrifying forms—great banks, mass retail, and heavy industry—was and long remained mostly for tomorrow, for all the fuss over the *Crédit Mobilier* and the *Bon Marché*.

One can argue that the real source of the bad conditions of housing, labor, and infrastructure is better brought to light in theoretical terms by W. Arthur Lewis than

by Marx. Paris then, like many metropolitan cities today, confronted a perfectly elastic and cheap supply of (mostly provincial and rural) immigrants. Any spare space, open job, or underused resource was immediately taken up, and only misery and congestion limited the human inflow. Given the current relevance worldwide of massive urban immigration, one might better speak of precocious postmodernity. At that, Haussmann did better for Paris in terms of hygiene and amenities than many who are responsible for urban governance in today's megacities.

Harvey defines modernity as "creative destruction" (p. 1). He is good on destruction and even better on the creative ways it was depicted and resisted. Where he fails is in the second part of his definition, the creative consequences of destruction. Nowhere in this book can one get even a glimmer of the city as it revived just a few years after the Commune and the Prussian indemnity. While not free of either strife or misery, Paris of the Belle Epoque was a vital, bustling, yet livable place, one that acted as a magnet for creative people, provincials, and tourists alike. It was also the capital of a democracy and a republic, imperfect to be sure, but certainly workable at least until the 1930s crisis. How did the blood-lusts of the Commune and its repression fade so fast? Why no dictatorship or restored monarchy or, for that matter, socialist state? The Third Republic even sorted out the more or less peaceful separation of church and state. In this light, the ugly basilica on the brow of the Montmartre hill deserves to be honored as a frugal way of exorcising bitter divisions. Finally, David Harvey can take comfort in the fact that, while many more people see the Sacré Coeur than do the Mur des Fédérés, only in the latter place, where the Commune died, are visitors aware of its symbolism.

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The Urban Revolution, by Henri Lefebvre, translated by Robert Bononno. 2003. Foreword by Neil Smith. Minneapolis: University of Minnesota Press. (First published in French in 1970 as *La Révolution urbaine* by Editions Gallimard, Paris.) 196 + xxiii. ISBN 0-8166-4159-5, cloth, \$52.95; ISBN 0-8166-4160-9, paper, \$18.95.

Henri Lefebvre's *The Urban Revolution* is an ambitious book that takes a broad sweep at "the urban"—its nature, its context, and how it should be studied. Despite its age, it is still relevant for geographers and urbanists, in part because it made such a big impact at the time it was written. But it is also relevant because it displays Lefebvre's clear fascination with urbanism, and his willingness to explore the topic in the most critical and imaginative ways possible. The book is short—only 196 pages and organized into ten chapters covering urban shape, urban myths, urban levels, and urban strategies. Like Lefebvre's other texts, it is not necessarily a quick read. Neil Smith's well-written foreword, however, provides a good overview of the major themes, and places the book in the context of the debates of the time. As for this review, I will try to provide a primer on Lefebvre's notion of urbanism, and how I think he wants us to study it.

He begins with the premise that "society has been completely urbanized," yet his notion of "urbanization" is not immediately apparent (p. 1). For Lefebvre, the shape of the built environment changes from period to period. In any particular time period, the built environment is tied intimately to the nature of social life, and also to the mode of

production. He proposes a space-time axis (a sort of time line) that diagrams the extent to which “urbanism” has grown in any given period. He identifies three key stages on the axis, the agricultural or rural stage (a period of sparse urbanism), the industrial stage (a period of increasing urbanism), and the urban stage (a period of complete urbanization). The “urban revolution” in the title occurs in the present period, a time when the spread and prominence of urbanism has made this form of society globally dominant.

According to Lefebvre, as society shifts from period to period, space and the built environment also change. In the current period, remnants of the earlier spaces remain—the rural and the industrial coexist with the urban (p. 125). For Lefebvre, rural space is symbolic, an “immediate product of nature” (p. 125); it is tied to the soil and completely full of meaning. Industrial space is homogeneous, quantitative, and rational (p. 125). Urban space, the most complex of the three, takes these earlier features from the other two and juxtaposes them. It is simultaneously differential and symbolic, yet also controlling and repressive. Urban space takes on the homogenizing, gridlike features of industrial space, but then links them into a hyper-signified, representational, globally connected late capitalist modernity.

At some points in the text, Lefebvre appears to be drawing parallels between his descriptions of urban space, with its “repressive” and “banal” tendencies (p. 148), and a concept drawn from his earlier writings—*the everyday*. In several earlier works, he developed a critique of 20th century urban industrial society that went something like the following (for a comprehensive discussion of Lefebvre’s work, see Shields, 1999). Industrial society was characterized by alienation and monotony, and the repetitive, assembly-line work that many individuals were compelled to perform distanced people from their creative impulses and deadened their minds and senses. This alienation extended beyond work, to include home life, leisure, and politics, leading to individual lives where people existed rather than lived, and chose to substitute creative leisure hours for empty leisure filled with meaningless consumption. Such was the argument put forward by Lefebvre in his *Critique of Everyday Life* (1991).

The theory of urbanism that comes through in *The Urban Revolution* bears similarities to this notion in a number of ways. For instance, Lefebvre bemoans the reductive type of urbanism proffered by urban scientists and urban planners. He suggests that they view cities in technical terms, as nothing but scientific data points. He also makes much of the distinction between what he calls “habitat” and “habiting,” two terms that roughly correspond with different types of private housing. Habiting, the richer of the two, constitutes a range of diverse “ways of living” (p. 81). It includes various “urban types, patterns, cultural models, and values associated with the modalities and modulations of everyday life” (ibid.). Habitat, in contrast, is “imposed from above” (ibid.). It reduces the lived experience to simply existing, and replaces homes with bland enclosed living spaces that are nothing but “boxes, cages, or ‘dwelling machines’”—his term for modernist high-rise housing (ibid.).

Thus, Lefebvre’s critique of urbanism and the urban revolution is a critique of what he sees as a shift to a repressive, controlling, yet highly complex form of social-spatial life. He takes great pains to emphasize that urbanism is not an object, nor is it reducible to just “the city.” Specialists from fields such as sociology, demography, and economics fail to understand urbanism properly, he argues, because they confuse it with an object and study it by fragmenting it into isolated elements and pieces. For Lefebvre, urbanism is a process, and what is needed is a critical, dialectical (Marxist) analysis, which is capable of uniting both the material and the ideological elements of the city and understanding it as social practice.

Readers of Lefebvre's later work, *The Production of Space* (1974; English translation 1991; reviewed in this journal by Barney Warf in the February 1993 issue, Vol. 33, No. 1, pp. 111–113) will no doubt recognize many aspects of that work in *The Urban Revolution*, and indeed there are some strong similarities. There are also, however, some noteworthy differences. Like *The Production of Space*, the present work begins with the premise that the built environment is tied to the material conditions of production, and that it changes through historical stages. In both works, these historical stages can appear reductionist, simplistic, and overly romanticized—a critique of Lefebvre made by many theorists. Both works also launch volleys at the academy for its petty territorial battles and institutional cleavages. The highlight of *The Urban Revolution*, however, is its optimistic view of the urban. Although Lefebvre is concerned to highlight the negative aspects of the global shift toward the urban revolution, he retains his belief in its positive potential as well. He consistently argues that, while urbanism can be reductive and controlling, it also contains an element of progressive politics. “Something is always happening in urban space,” he argues, “virtually anything can happen anywhere. A crowd can gather, objects can pile up, a festival unfold, an event—terrifying or pleasant—can occur. This is why urban space is so fascinating” (p. 130). And indeed, the reader is left with the impression that for Lefebvre, urban space *is* fascinating. In spite of its coercive and controlling nature, the city's complexity means that it is also full of myth and meaning. It is a political space, and a space where struggle is always possible. What is needed, Lefebvre argues, is a critical analysis that can reveal this, and an urban strategy that can make use of it.

Along with its critique of the urban revolution, the book contains some wonderfully thought-provoking passages, both for scholars and for students (for instance, see the section on “the street” in the first chapter, pp. 18–20), and it is clear why it had such an impact at the time of its original publication. Lefebvre's fascination with the urban is contagious, and for that reason, this book is an invigorating and rewarding read for urbanists of all sorts.

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Modelling Geographical Systems: Statistical and Computational Applications, edited by Barry Boots, Atsuyuki Okabe, and Richard Thomas. 2002. The GeoJournal Library, Vol. 70. Dordrecht and Boston: Kluwer. 356 + x. ISBN 1-4020-0821-X, \$130, €130.

The International Geographical Union founded a Commission on Modelling Geographical Systems at its 1996 Congress in The Hague. This book is a collection based on sixteen papers presented at the subsequent 2000 Congress in Seoul, and as such provides a valuable measure of the state of the field, and of progress over that four-year

period. It was published in 2002, two years after the papers were presented, a reasonable interval given the peer review that each paper received. The editors provide an essential definition of geographical systems in the introduction: "What makes [them] particularly distinctive is that their analysis usually requires the specification of relationships measuring *locational* characteristics of the objects like their degree of *spatial separation*" (p. 1, emphasis in original).

The book has two parts, on statistical models and computational models, though the distinction is fairly loose and one could quibble with some of the assignments (the editors describe these in the introduction as "two complimentary [*sic*] modeling styles" [p. 2]). Since geographical systems can be both social and environmental, it is heartening to see chapters on the modeling of debris-flow hazards and on urban heat islands, though the task of modeling integrated social and environmental systems, and the interactions between human and physical agents, is apparently as elusive as ever. The final section of the book contains four chapters on various aspects of cyberspace, and explores the ways in which the Internet is interacting with and modifying social landscapes.

Several chapters seemed particularly interesting and compelling to this reviewer. In Chapter 3 Barry Boots, one of the editors, finds a novel application of local association statistics to address a fundamental problem in mapping: the characterization of the strength of boundaries on maps of soils, land cover classes, and allied phenomena. In Chapter 4 Tomoki Nakaya describes a very useful extension of Fotheringham's Geographically Weighted Regression (GWR) (Fotheringham, Brunsdon, and Charlton, 2002) to the modeling of spatial interaction, by allowing the parameters of the model to vary as functions of location; as with other forms of GWR this provides some interesting insights, in this case into the geography of spatial interaction in Japan. In Chapter 6 Isao Mizuno develops an elegant mathematical model of the development of the megalopolis, and reaches a series of general conclusions, of which I found the second most surprising and interesting: that the conditions for the development of megalopolis include space-time convergence. In Chapter 7 Phillip Smith and Richard Thomas describe a model of the spread of HIV/AIDS between Eastern and Western Europe following the collapse of the Iron Curtain, and provide a detailed analysis of the various mechanisms that transferred the disease both across the divide, and between the Eastern countries. In Chapter 14 Narushige Shiode looks at the geometry of the Internet through the lens of scaling laws, simulating its growth as a cellular automaton that successfully replicates observed properties.

In total, the distribution of chapters reflects the geography of the Congress's origins: close to 60 percent of the authors are Japanese, though surprisingly there are no Korean papers, and only one author is from the United States. There is of course a rich flow of work on geographical systems from Japan, but nevertheless one is bound to ask whether the book provides a true representation of the global research effort. More intriguing perhaps is the relationship between the work reported here and the entire domain of research that satisfies the definition of geographical systems quoted above. Spatial relationships are surely important across vast areas of geology, geomorphology, ecology, economics, anthropology, criminology, and indeed any discipline that deals with phenomena on the surface of the Earth (and in other spaces also, if one attaches significance to the use of *spatial* rather than *geographical* in the definition).

What, then, does one learn from a collection that draws from such a wide range of substantive areas, including debris flows, Internet connectivity, megalopolis, and multicriteria decision making? Unfortunately, the book lacks an epilogue and has only a short introduction, leading the reader to speculate on its wider significance and to find

largely personal answers to such questions. To this reviewer, the recent growth of interest in geographical systems is at least in part attributable to the advances that have been made in recent decades in computational tools, including geographical information systems (GIS), simulation modeling, and spatial analysis; and in the availability and quality of data. These tools now provide something approaching a common language, a means by which a specialist in urban growth and agglomeration can understand a model of urban heat islands, and vice versa. In some cases the common language approaches formality (e.g., Takeyama and Couclelis, 1997; Tomlin, 1990; van Deursen, 1995). The common language leads in turn to a valuable cross-fertilization of ideas, and ultimately to the possibility of integrated models that allow us to investigate the effects of growth processes on heat islands and energy consumption, for example, or debris flows on transportation.

These are interesting arguments, but one inevitably wonders whether they are strong enough to justify the compilation of this volume. Why, for example, would an author of a paper on urban heat islands choose to publish that work in a volume that attempts to cross the entire domain of geographical systems, rather than in a book or journal devoted to urban climatology? The appearance of this book, and the international research effort that lies behind it, suggests that there is indeed a trend toward greater integration and less reductionism in modern science, and that researchers at last are understanding the importance of working across disciplinary and domain boundaries. If so, we can look forward to many more conferences and books of this nature.

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Voices from the North: New Trends in Nordic Human Geography, edited by Jan Öhman and Kirsten Simonson. 2003. Burlington, Vermont, and Aldershot, U.K.: Ashgate. 314 + xii. ISBN 0-7546-3425-6, \$54.95 (paper).

During the 20th century human geography has developed toward a multi-embracing discipline including elements of almost all the other social sciences. The connections to other disciplines are reflected in the denominations of subdisciplines: economic, social, historical, political geography, and so on, but even within the

subdisciplines the “borrowing” is not restricted to the discipline of the prefix. Just to take one example, economic geographers not only use theories developed in economics and business administration, but also theories and findings in sociology and political science. Watching this expansion of scope, it is no exaggeration to say that human geography does its best to fulfill the Roman playwright Terence’s motto *Humani nil a me alienum puto* (Nothing human is alien to me).

This could perhaps also be the motto for the book that is the subject of my review. Sixteen chapters by human geographers from Denmark, Finland, Norway, and Sweden are divided in five broad themes: (1) production, social institutions, and local development, (2) welfare state, planning, and human geography, (3) spatiality, identity, and social practice, (4) nature, landscape, and environment, and (5) difference, distinction, and power.

The book begins with two theoretical papers by scholars on the international research front concerning spatial perspectives on current economic transformation, one by Anders Malmberg and Peter Maskell and one by Bjørn Asheim. Both papers focus on the role of space and locality in the growing knowledge-based economy. Clusters, innovation systems, embeddedness, and social capital are some well-known concepts that partly are given a new illumination. Malmberg and Maskell argue that the process of globalization threatens to erode localized capabilities in high-cost areas and thereby the competitiveness of firms: “as ubiquities are created, localized capabilities are destroyed” (p. 17). Another process of “ubiquitification,” as the authors term it, is the codification of knowledge so that “everyone” gets access to it. “What is not eroded, however, is the non-tradable/non-codified result of knowledge creation—the embedded tacit knowledge” (p. 21). Thus, firms in high-cost areas have two alternatives: to enhance competitiveness through cost reductions or to create new knowledge and transform it into innovations. The authors’ conclusion is that firms located in certain regions have better prerequisites for applying the latter strategy. They also believe that Nordic scholars in general are well prepared to research further in this field, since they are situated in advanced economies characterized by smallness and openness.

Asheim develops the spatial aspects of this discussion further when he discusses different levels of spatial integration, from simple *territorial* input–output (value chain) relations through *functional* and *system* integration to “regional development coalitions” as a form of “learning regions” that also include *social* integration. In this perspective innovation is not only a technological process but also a culturally and institutionally contextualized one where environment-related (my term) social capital plays an important role. Asheim does not wholly agree with Malmberg and Maskell’s sharp distinction between tacit and codified knowledge and the ubiquity the latter is said to cause. Instead he maintains that “much strategic knowledge, tacit as well as codified, is disembodied, and, thus, remains ‘sticky,’” and that “important parts of the learning process continue to be localized as a result of the enabling role of geographical proximity and local institutions in stimulating interactive learning” (p. 42).

In the third and last contribution to the first theme, Jørgen Ole Bærenholt and Michael Haldrup discuss the relations between economy and culture and develop a model in which social capital and reflexivity are connected to innovations, institutional regulation, networking, and formation of identity. They apply the model to North Atlantic and East European case localities. One of their conclusions is that local and regional development is always inherently linked to issues of social justice and cultural identity.

Part II of the book deals with two Nordic “specialties” that once were seen as very successful: the welfare state and planning. Frank Hansen discusses social polarization and Hans Thor Andersen and Eric Clark discuss factors behind the increased segregation and social polarization of Scandinavian cities the last two decades, an issue also treated in Roger Andersson and Irene Molina’s article. Jan Öhman analyzes current development of Swedish municipal planning and Ann-Cathrine Åquist discusses theories of everyday life and their linkages to planning. Her paper is in fact the only one that has a time-geographic approach—one of the few, really original Nordic contributions to geographical theory.

The articles in the other parts show in different ways the broad scope of Nordic human geography: space and identity, the embodied city, rurality and gender, the sociospatiality of the life course, the Nordic landscape, politics of nature, safety in cities, and finally an essay by Gunnar Olsson on the landscape of landscape, with references to the *Odyssey* and Shakespeare as well as the Bible.

What then does the specific “Nordic” in contemporary human geography consist of? The obvious answer is of course that it, like most of the chapters in the book, focuses on Nordic problems and uses Nordic empirics. However, only one of the contributions gives a discipline-historical background to the current state of the art: Jan Öhman’s paper on the strong position of human geography in Swedish urban and regional planning and the heavy reliance on Christaller’s central place theory for several decades. The lack of historical background elsewhere in the book is a pity, since overviews of how the different subjects of the book have come up and developed in the Nordic countries would certainly have given more knowledge about what it is that really is Nordic in Nordic human geography.

For a nongeographer like myself, perhaps the most striking impression of the book is that it in itself is an excellent reflection of a characteristic of research in the Nordic countries: its strong integration with international research. The empirics may be Nordic, but concerning theoretical approaches Nordic human geography finds its inspiration in the international literature. The book gives a good overview of the diversity of the discipline in the Nordic countries as well as a couple of very interesting contributions to the interdisciplinary research field of clusters, innovation systems, and firms’ and regions’ responses to globalization.

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Culture, Institutions and Economic Development: A Study of Eight European Regions, by Michael Keating, John Loughlin, and Kris Deschouwer. 2003. Cheltenham, U.K., and Northampton, Massachusetts: Edward Elgar. 215 + vii. ISBN 1-84064-701-9, \$80.

Although much of the literature on regional economic development eschews—indeed is often antipathetic to—a cultural dimension, it can be argued that the regions and their cities, which are emerging as the powerhouses of the global economy, strive to conceptualize and visualize themselves in cultural as well as economic terms. To a considerable extent, the reality of regions is encapsulated in the narratives of time and

place shaped by the multiple cultures that occupy these spaces. In this timely book, which discusses a succession of European examples, Keating and his coauthors argue that regions are not merely geographical spaces but social systems in which cultures are not necessarily embedded as reified identities but play a dynamic and flexible role in the processes of economic development.

While a relatively concise study, the book's arguments are conceptually complex, meshing culture, identity, development, region, and the institutional transformation of the nation-state. The region is defined as an intermediate spatial level between state and locality, one characterized by a certain sense of common identity and institutions. It is accepted this scale of social, economic, and political organization possesses increasing importance as a sphere of development and social location as the nation-state is undermined by the processes of reterritorialization accompanying globalizations (the so-called "glocalization"). Culture is envisaged as the way in which a society can interrogate itself and, while recognizing its internal conflicts and contradictions, nevertheless regard itself as a functioning society. Within this nexus of region and culture, the analytical framework is provided by the "new" institutionalism that "focuses on differences among social systems and the explanations for them, while trying to avoid essentialist or purely cultural arguments" (p. 23). The argument is thus open to the importance of historical revisionism and the cultural change promoted by such processes.

This substantial theoretical discussion is amplified by a detailed consideration of eight European regions, drawn from Spain, Belgium, France, and the United Kingdom. All are relatively distinct spatial entities and several can be categorized as stateless nations. They are divided into two groups: Catalonia, Flanders, Brittany, and Scotland are defined as "strong" regions, whereas Galicia, Wallonia, Languedoc-Roussillon, and Wales are categorized as "weaker" ones. Whichever, all eight are regarded as systems of social regulation and collective action, built by political and social actors in given contexts, and, above all, open to change.

In linking culture and regional development, the authors posit four ideal types. First is a low-cost model centered on the primacy of inward investment in which regions compete on low labor costs and deregulation. None of the case-study regions falls into this category. Secondly, bourgeois regionalism depends on high-quality, high-value-added production but which may not be socially inclusive. It is argued that Flanders and Catalonia fulfill these conditions, both being dominated by a process of nation-building in which culture, notably language, is a fundamental element. Thus social cohesion, particularly in Catalonia, is tied to a discourse about nation-building and solidarity. A third social democratic model shares some of these characteristics but is more explicitly redistributive and inclusive. Wallonia, Wales, and Scotland all share such a commitment to social inclusion, environmental sustainability, and a role for organized labor, although the book's analysis is less than convincing on the ways in which, for example, New Labor rhetoric in the United Kingdom is actually translated into a more equitable society. Finally, overlapping both the bourgeois regionalism and social democratic models is a fourth nation-building paradigm that incorporates the construction of the region as a stateless nation, with or without pretensions to eventual statehood. This incorporates regional autonomy, the insertion of the region on international circuits, and the promotion of regional culture and language as elements in their own right.

Consequently, one of the important themes of the book is that there are different trajectories to modernity and development. Somewhat curiously, however, three of the

case-study regions—Galicia, Languedoc-Roussillon, and Brittany—do not conform easily to any of these four categorizations. The analysis portrays the former two as clientelistic and fragmented and thus lacking in the infrastructure of the new institutionalism necessary to articulate the symbiotic fusion of culture and development. Brittany is closer to the social democratic model, its social cohesion allowing it to achieve better results despite having almost identical institutional and political structures to Languedoc-Roussillon. The very difficulty faced by the authors in reconciling their case studies with an idealized regional categorization underscores the problematic nature of the relationship between culture and economic development.

One concurs entirely with their conclusion that “culture . . . does matter to development” and that it can work both ways, “sustain[ing] a positive or negative self-image and facilitat[ing] or hinder[ing] change” (p. 187). It is an important argument and one too often ignored. There are, however, several qualifications and reservations concerning the current state of the debate as articulated in this study. First, the authors envisage culture as a resource that is “used and shaped by élites in the construction of a development coalition” (p. 1) and largely portray it as a progressive, open, and flexible force. While they are open to its negative connotations, their focus on the use of culture rather than culture itself underplays its role as a potential obstacle to change through, for example, the reification at the regional scale of the very sort of exclusive nationalist narratives of place to which regionalism is often a riposte. Culture, as the authors acknowledge, can be inward-looking but it can also be both a means of resistance to élites and a denial of communality. Moreover, cultural conflict is characteristic of Europe as its societies are redefined by multiculturalism. The repercussions of the creation of regional identities are not fully explored in the context, for example, of the exclusion of minority groups from what can be largely ethnic conceptions of territory and place. Nor is any consideration given in the book to the delinking of territory, culture, and identity that some theorists regard as a defining characteristic of post-modernity.

Second, an interesting point concerns the idea of “usable” pasts as resources for culture and identity. Places—regions among them—are created and the process involves a complex array of cultural markers and resources. The cultural success or failure of regions can thus reflect the nature, extent, and adaptability of those resources, and, it can be argued, the relative success or failure of regional institutions in harnessing the resources. The analysis advanced here, however, tends to elide a wide array of cultural markers in favor of an emphasis on language, and it does not explore the broader role played by representations of the past in framing the cultural content of the region, nor the ways in which these may be shaped as centripetal narratives of oppression and discrimination. Moreover, the argument downplays the capacity of language to exclude particular social groups as well as acting as an inclusive force. Nor does it address the related problem concerning the conflicts and tensions that ensue from the role of culture in identity formation and its economic commodification for regional tourism and marketing imagery.

Third, there remains the issue of isolating the cause-effect relationships between culture, institutions, and regional economic development. The authors are aware of this dilemma and do not, for example, dispute that “traditional factor endowments . . . [and] the economics of scope and scale that arise from geographical proximity” (p. 176) are crucial factors in regional development. But their argument remains framed largely within the academic field of politics, and in accessing little of the very

extensive geographical and economic literature on regional development, they perhaps underestimate the sheer complexity of these relationships.

Despite these qualifications, however, this is a valuable book that focuses on an issue of real importance in the “new” Europe and also does much to redress the tendency of economists and economic geographers to regard culture and economy as two largely separate domains. Myriad tensions and contradictions may exist between these two spheres of human activity, but, as the case studies here demonstrate convincingly, the former is vital to the legitimation of the political and economic institutions of regionalism. Nevertheless, strong economic regions may still have weak cultural representations and powerful cultural regions can be economically fragile. The relationships between culture and development are profound and important but perhaps even more complex than the authors of this particular book allow.

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Economic Convergence and Divergence in Europe: Growth and Regional Development in an Enlarged European Union, edited by Gertrude Tumpel-Gugerell and Peter Mooslechner. 2003. Cheltenham, U.K., and Northampton, Massachusetts: Edward Elgar. 471 + xxii. ISBN 1-84376-241-2, \$120.

In November 1999 the Finnish government organized a seminar in Saariselkä on structural policies in the framework of economic and monetary union, as part of its presidency of the European Union (EU). Bringing together member state and European Commission (EC) officials, central bankers, and academics, it was for many participants the first time issues of convergence and cohesion had been discussed in a forum involving both regional policy and monetary policy experts. Despite the best efforts of the Finnish government, the seminar was not repeated as part of subsequent presidencies.

This book is based on a similar event—the Österreichische Nationalbank’s (OeNB) East-West Conference 2001 held in Vienna on November 4–6, 2001—which explored convergence and divergence among countries and regions of Europe from the perspective of both monetary and regional policymakers. Set in the context of the launch of the euro and eastward enlargement of the EU, the ambitious scope of the book includes economic convergence with respect to theory, historical trends, recent national and regional disparities, factors such as monetary and exchange policy and the role of the financial sector, issues for accession and nonaccession countries, and the role of policy.

The first theme addressed concerns the trends in national and regional economic convergence within Europe and more specifically the EU. The key message is that the process of convergence is almost certainly long-term. This is very well demonstrated by the opening, and one of the most interesting, essays by Ivan Berend, who provides a historical review of core-periphery developments from 1800 to the present. During the first half of the 19th century, the contrast between “the rapidly moving, locomotive-driven core and the horse-driven trudging peripheries widened tremendously” (p. 10). The core at this time comprised Great Britain, France, Germany, Belgium, and Switzerland, widening to include Scandinavia by the start of the 20th century and parts of the Mediterranean from the 1950s onwards. On the evidence of the past, Berend suggests that integration of the “peripheries” is a task likely to take

generations. "The Western rim of Central and Eastern Europe... is emerging on the road towards a successful integration into the core, but it will take a long time even with a much higher than average permanent growth performance" (p. 22).

With respect to the factors influencing convergence, Berend highlights the role of investment—especially foreign investment—in opening up the peripheries, as well as the importance of R&D, education, and technological investment as preconditions for effective restructuring. Angel de la Fuente agrees with this diagnosis in his analysis of regional convergence in Spain, which he attributes at least partially to public investment and education policies. A chapter on the experience of German unification by Karl-Heinz Paqué emphasizes the importance of innovation and the difficulty of closing the "innovation gap" in advanced industrial regions. Michael Steiner reiterates this point in a review of the experience of old-industrial regions in western European countries, many of which failed to adjust to economic change. Drawing on the experience of Styria, he says the key policy requirements to promote adaptability and innovation include a "well-designed mixture of institutions" (p. 104). All three authors are wary of drawing specific, transferable lessons from Spain, Germany, or Austria for Central and Eastern Europe (CEE), de la Fuente noting that "the process of convergence is not necessarily smooth nor is it automatic over the medium term, and it can be influenced by a large number of factors, some of which we do not understand very well" (p. 82).

Several authors consider convergence from a CEE perspective, focusing primarily on the processes and patterns of development within the region. János Gács discusses structural changes among the CEE economies, relating the variability in structural shifts to levels of foreign direct investment (FDI) and the development of subsectors with high-unit values. Jozef Konings also cites the importance of external ownership in his firm-level analysis of "defensive" versus "strategic" restructuring, other important variables being firm size and export orientation. Foreign direct investment and trade are two of the key factors in a regression analysis of regional disparities undertaken by Roman Römish, who attributes patterns of convergence-divergence among CEE regions to the mismatch between the capital cities and other regions, the inherited economic structure, and distance to Western borders.

This brings us to the second theme of the volume—the role of European integration in convergence. Jesús Crespo-Cuaresma, Maria Antoinette Dimitz, and Doris Ritzberger-Grünwald start the debate with an empirical analysis that concludes "there seems to be a growth bonus associated with formal EU membership" (p. 68). Moreover, growth is found to increase faster the longer that countries are EU members, and the trends are more pronounced for poorer countries. Based on an extensive review of the literature, Vitor Gaspar and Francesco Paolo Mongelli theorize that European monetary unification should have a profound effect on economic integration, but that it is too early to say. They note that greater integration is still impeded by impediments in financial and labor markets, and that price transparency in goods and service markets has apparently not yet been translated into increased trade integration.

Of particular interest is the chapter by Jarko Fidrmuc and Iikka Korhonen, who assess whether the accession countries (ACs) belong to the same optimum currency areas as the current eurozone members. Their analysis of the correlation of supply and demand shocks between the euro area and ACs (and among EU members) produces very variable results. The a priori expectation of high correlation in business cycles because of trade and FDI relationships is borne out in the cases of Hungary and Estonia, which have a high correlation of supply shocks with the euro area. For others,

correlation is much lower suggesting that euro membership could be problematic for several ACs. Interestingly, and contradicting some earlier research, the authors find increasing correlation of business cycles among EU member countries, associated with closer economic cooperation.

These findings are relevant for the third theme, which is how to balance real and nominal convergence and the challenges for monetary and exchange rate policy. The question is taken up in a series of short chapters by representatives of the central banks of the Czech Republic, Slovenia, Poland, Hungary, Slovakia, and Estonia. These contain some informative discussion of the perceived complementarity or trade-off between real and nominal convergence, and the costs and benefits of euro membership, especially in the essay by István Hamecz and Ágnes Horváth. Recurring themes are the importance of labor market flexibility, liberalization of financial sectors, reduction of fiscal deficits, and reforms of welfare systems. This, is however, the least satisfying part of the book: there is considerable repetition of theoretical and policy issues, and the contributions sometimes read like reports to the EC justifying national monetary policies and the state of readiness for euro membership.

The fourth theme—the question of whether the financial sector contributes to real growth—is more stimulating. Joseph Bisignano provides a good overview of the contribution of finance to economic growth in industrial countries. As in the earlier discussion of innovation, financial development is conditional on the appropriate institutional infrastructure and endogenous adaptive ability. On the debate over the merits of different financial systems, Bisignano finds that “neither bank-centred nor market-based financial systems have an unambiguous comparative advantage over the other” (p. 315). The importance of reforms in legal, informational, and corporate governance infrastructures helps explain the results found by Andy Mullineux and Victor Murinde in their econometric assessment of the convergence of the financial sectors of the ACs with EU members. They identify convergence of banking systems and stock markets of some ACs (Czech Republic, Estonia, Hungary, Poland) but not among other CEE countries. This is underscored by Thomas Reininger, Franz Schardax, and Martin Summer, whose review of the transition of the financial sector in the Czech Republic, Hungary, and Poland records impressive progress in the rapid establishment of a modern financial system. However, the sector is handicapped by the small size of the banking sector and past burdens, as well as weaknesses in “the general quality of law enforcement, where the CEEC-3 uniformly rank below the countries in the European Union” (p. 367).

The fifth theme looks beyond the EU, under the provocative heading: “Is There Somebody Left Out in the Cold?” In his keynote speech to the OeNB conference, Xavier Sala-I-Martin sets the discussion of convergence in Europe in a global context, particularly the challenge of prioritizing the reduction of national income inequality, by ensuring that poorer countries grow faster, over reductions in within-country inequality. Two essays examine European integration from the perspective of the Balkans (Vladimir Gligorov) and Russia and the Ukraine (Hermann Clement). In all the countries, economic integration with the EU is limited, regions are highly underdeveloped, and EU accession is (for most states) a distant prospect. Nevertheless, the implications of political disintegration and issues of border security mean that the EU has a vested interest in economic relations with these countries.

This topic is picked up in the final part of the book, which is concerned with policy challenges. Judy Batt argues that the new eastern border seems likely to impede rather than promote economic and political convergence in the wider Europe unless the EU engages more actively with the non-ACs in a “new neighbourhood” policy that

contains a regional (substate) dimension. Stanislaw Gomulka rounds off the debate by considering the macroeconomic risks, options, and policies for the ACs before and after EU and Economic and Monetary Union (EMU) entry. Despite possible public resistance, he advocates continued structural reforms to accelerate the liberalization of labor taxes, reform of public finances, institutional changes, and fiscal prudence.

Overall, this is a very impressive book. Written by leading academic specialists and policymakers, it is wide-ranging and covers topics that are not often considered in similar volumes. Europe is not defined exclusively in terms of the EU, whether EU-15 or EU-25. Despite the breadth, the conference organizers/editors have ensured coherence and, apart from the questionable number of chapters on central bank policies, a tight focus on a limited number of key questions.

The volume would have benefited from more discussion of the interrelationships between national economic growth and *regional* development, as promised by its subtitle. The EU is currently facing important decisions about the respective priorities of competitiveness and cohesion in determining its post-2006 budgetary priorities, and many EU-15 members are engaged in changes to their national regional and industrial policies that shift the balance away from the reduction of internal disparities to the promotion of economic growth. These trade-offs are pertinent to structural reform and policymaking in the ACs where regional and social disparities are increasing.

In the same vein, there is little explicit consideration of the EU's regional policies. Vasco Cal outlines the European Commission's priorities, and some of the analyses of convergence trends (e.g., Crespo-Cuaresma et al. and de la Fuente) acknowledge the role of Structural and Cohesion Funds, but there is no substantive, critical assessment of how these resources should be structured and deployed in an enlarging EU. Time has, of course, moved on, and the challenges for monetary policy are different from when the volume was written at the outset of monetary union.

These criticisms should not detract from the overwhelmingly favorable review of the book. OeNB is to be congratulated on organizing the conference and the resulting volume. The editors have produced a readable, informative, and interesting book, which should promote better understanding of convergence in an enlarged EU and closer cooperation between regional and monetary policymakers and researchers.

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European Spatial Planning, edited by Andreas Faludi. 2002. Cambridge, Massachusetts: Lincoln Institute of Land Policy. 235 + xi. ISBN 1-55844-153-0, \$25 (paper).

The book arises out of a lecture by Professor Faludi on European spatial planning organized by the Lincoln Institute in April 2000 and a subsequent seminar at the annual meeting of the American Planning Association in March 2001. These events appear to have stimulated a lively interest among American planners in the evolution of a pan-European perspective on spatial development. *European Spatial Planning* is a gem in the literature on spatial planning that will be read by planners not only in the United States, but also throughout Europe and elsewhere. Drawing on his own extensive personal experience and also on the first-hand knowledge of colleagues who have contributed to the evolution of the *European Spatial Development Perspective*

(published by the European Commission in 1999), Faludi has assembled a collection of essays that should become essential reading for students of planning. Here we obtain many fascinating insights into, among other things, the struggle to develop new concepts that can link apparently conflicting objectives such as competition and territorial cohesion, the challenge of maintaining the momentum for a supranational spatial planning perspective in a context where the European Union (EU) has no specific legal competence in this sphere of activity, and the dilemmas around cartographic representation of key proposals.

The book consists of ten chapters that provide collectively a comprehensive overview of this innovative pan-European experiment in spatial planning. The first three review European planning practices and include Faludi's overview of the *European Spatial Development Perspective (ESDP)*, Derek Martin and Jacques Robert's assessment of the influences on the development of European spatial planning, and Philippe Doucet's outline of the experience of developing a transnational planning perspective for North West Europe against the background of the *ESDP*. This section also includes an insert containing 21 maps in color, selected from seminal documents on European spatial planning. These greatly assist the reader and constitute a very valuable educational resource.

Faludi makes an important distinction between spatial planning and spatial development. The former is viewed as a somewhat restrictive concept usually articulated through statutory frameworks for land use planning, while the latter is based on the experience of Dutch and German planners and is more holistic and also dynamic. While there continue to be some tensions between planning traditions throughout Europe, the pan-European initiative exemplified by the *ESDP* has opted for an approach where strategic planning is seen as supporting spatial development strategies that are given effect via programs to support EU policies, for example, in relation to territorial cohesion, transport, the environment, agriculture, and so on. As Faludi explains, the EU has adopted this approach based on intergovernmental consensus instead of attempting to devise a continental scale master plan, as it does not have a legal competence to engage in prescriptive territorial planning.

A key theme explored by Martin and Robert is the change that occurred in the relationship between internal and external experts. The former include public servants and politicians while the latter are typically academic or private consultants. In the late 1980s and early 1990s the external experts enjoyed a very influential role where they were frequently driving the process that led to the *ESDP*. Reports produced by external experts for the European Commission at this time helped to raise awareness of the need for a European perspective on spatial development so that a more coordinated policy framework could be developed. As the process moved closer to the drafting of the *ESDP* the internal experts took a much stronger role as it became necessary to produce a document capable of securing wide political support. The dynamic interaction between internal and external experts has in itself provided the impetus for new concepts and ideas.

Section 2 titled "Theorizing European Spatial Planning" includes a fascinating exploration of the concept of polycentric development (Bas Waterhout). This core idea, still very much contested, he argues has a fundamental bridging role in respect to the objectives of the *ESDP*. He discusses in some detail the conflicting perspectives of Dutch and German planners and politicians with their focus on territorial planning to support economic competitiveness and on the other hand the Mediterranean perspective, expressed most strongly from Spain, which was to ensure that the EU supported an effective strategy to reduce core-periphery disparities. These contrasting

perspectives, given graphic expression through the so-called Blue Banana and Bunch of Grapes models, are reconciled through the adoption of the multiscalar concept of polycentricity. Linked to this concept is the idea of global economic integration zones as the localized engines for a more globally competitive European economy. The adoption of a polycentric approach to spatial development provides a basis for putting forward "balanced competitiveness" as a core objective. While such concepts facilitated the final drafting of the *ESDP* they also represent the Achilles heel that is making it very difficult to operationalize the vision contained in it. The absence of an explicit theoretical underpinning for the polycentric model and satisfactory empirical data are major weaknesses that need to be addressed urgently. Equally, it is questionable whether polycentric models can be stimulated artificially, especially in low-density regions and where for historical reasons neighboring urban centers have adopted competitive rather than complementary roles.

Also in Section 2, Ole Jensen analyzes the discourses underlying the *ESDP* including a discussion of its role in creating new territorial identities, and Vincent Nadin draws on his experience as a contributor to the project on a Spatial Vision for Northwest Europe. While national and local planning is often guided by the articulation of visions Nadin's experience suggests that at the transnational level there are many obstacles to visionary thinking that will lead to clear proposals on areas of shared interest. Instead, he argues transnational planning perspectives are more likely to consist of projects reflecting primarily national interests. Arthur Bentz addresses the complex operational issues that arise in the implementation of vertical and horizontal coordination. He is particularly concerned to bring the coordination task back to manageable proportions by focusing on core issues and adopting procedures that enable conclusions to be drawn. His chapter includes a number of proposals to enhance the effectiveness of coordination, which will become all the more important as the EU boundaries are extended.

In Section 3, "The Future of European Spatial Planning," Jean-François Drevet discusses the challenges posed by new models of cooperation and the implications of EU enlargement for spatial planning. John Zetter provides a stimulating and at times entertaining account of how European spatial planning may evolve over the period to 2010. He is optimistic that even in the context of an enlarged and more diverse EU there will be a European spatial development strategy that will provide a framework for giving and receiving regional assistance. Finally, Faludi concludes the volume with a wide-ranging contribution on the relationship between spatial planning and European integration. He correctly draws attention to the possibility of different types of integration in a future enlarged EU, which in turn raises uncertainty concerning the meaning and practice of European spatial planning in the decades ahead.

Whatever emerges from the integration program it is very evident from this book that there will continue to be a need for more in-depth analyses of the territorial impacts, or perhaps the sustainability impacts as suggested by Zetter, of the range of forces that are reshaping the structure of Europe. The book describes and assesses the first phase of developing a perspective for European spatial development. Already it is evident that there are significant gaps in the theoretical frameworks for planning at this scale, and most importantly in the availability of appropriate databases to support much-needed empirical analyses on a pan-European scale. The editor and contributors are to be congratulated for providing such a readable and challenging text that should in my view become essential reading for planning students and practitioners. It will become a major reference work for a planning experiment that is unique in terms of its

geographical complexity, but which may also become a model for supranational strategic territorial development in other parts of the world.

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Geographies of Labour Market Inequality, edited by Ron Martin and Philip S. Morrison. 2003. Regional Development and Public Policy Series, published with the Regional Studies Association. New York: Routledge. 272 + viii. ISBN 0-415-30014-2, \$39.95 (paper).

This volume of eight essays topped and tailed by the editors is based on conference papers by a group of United Kingdom and New Zealand economic geographers. They examine the spatial processes that create local concentrations of inequality and unemployment and offer spatial assessments of some of the active labor market policies designed to tackle these problems. Martin and Morrison press the case for giving spatial analysis greater prominence, to gain a better grasp of “contemporary changes in the labour market, and especially labour market inequalities, as they are manifest in particular localities” (p. 10).

Following a helpful editorial introduction, the first essay, by Morrison and Olga Berezovsky, provides an engrossing analysis of the official New Zealand household panel survey on employment status, drawing on a source to which few other government statistical services are prepared to give researchers access. The database covers 30,000 individual responses for each of 53 quarters between 1986 and 1999, a period of considerable labor market deregulation in New Zealand. Morrison and Berezovsky use this rich source to compare movements in employment status over time in ten New Zealand regions, offering some thought-provoking findings.

Despite the statistical traps awaiting those who mine gross regional labor market flows, which the authors explicitly recognize, their results are intriguing. At the most basic level, the sheer scale of churning is revealing: of the 119,000 males in Auckland surveyed between the third and fourth quarters of 1991, 40,000—14 percent of the region’s working age population—changed their labor market status over a single quarter, moving between employment, unemployment, and nonemployment. The authors analyze these gross flows matrices with a linear logit model to explore the dynamics of unemployment and the job search process.

Morrison and Berezovsky conclude that the weaker, more rural labor markets differ from their metropolitan counterparts primarily in variations in the proportion of workers likely to enter “the state of joblessness.” The consequent regional differentials in unemployment risk, they contend, impact subsequent job search strategies. Counterintuitively, given the strong negative correlation between activity and unemployment rates in New Zealand regions, “those leaving jobs in weaker markets are more likely to use active job search strategies in order to get back into employment than those in stronger, metropolitan markets who can afford to adopt a more relaxed search strategy simply because they face large number of jobs and higher vacancy rates” (p. 46).

In Auckland, for example, workers switching from employed status demonstrate a much higher propensity to withdraw from the labor market than to register as unemployed, compared with those leaving employment in rural regions. The authors conclude that their analysis of gross flows, far from supporting the “discouraged worker” hypothesis, “actually reflects a relative *confidence* in the labour market” (p. 46, emphasis in original) by residents in more buoyant markets. In these metropolitan New Zealand markets, greater gross short-term fluctuations in activity rates created by such confidence help to account for lower unemployment rates.

The other essays offer plenty of supporting evidence on the value of exploring the spatial dimensions of labor markets. Ian Gordon undertakes a stimulating analysis of locational unemployment differences in U.K. markets, concluding that “shortfalls in demand at national and regional levels play a fundamental role in the development of concentrated (and persistent) unemployment among particular groups and in particular areas” (p. 77). Focusing on the chains of job substitution that exist in urban labor markets, Gordon examines previous research to establish support for this thesis.

Paul Cheshire and colleagues consider the interactions between local labor and housing markets in the United Kingdom that combine to create localized areas of social exclusion. Drawing on research in the Reading area and applying a model in which houses are viewed as positional goods, they suggest that these areas reflect and are reinforced by growing spatial variations in income distribution stimulated by recent labor market deregulation. Other essays consider labor market deregulation more specifically, with Suzanne Reimer focusing on the impact that the contracting out of U.K. local authority services has had on the wages of low paid workers in local public services, and Diane Perrons investigating the effects of the “new economy” on the work-life balance.

The final three essays provide spatial evaluations of specific policies targeted toward the low-paid and unemployed. Andrew Lincoln considers employee ownership as one response to the closure of a dominant employer, comparing case studies in Pennsylvania and Wales. Ron Martin and colleagues apply a spatial analysis to the impact of the U.K. New Deal program, showing that the performance of this active labor market instrument is significantly affected by the state of the local market. They conclude that without additional efforts to ensure that there are local jobs available, “[i]mproving the ‘employability’ of workers does not necessarily generate jobs or guarantee job offers for those coming off the New Deal” (p. 199). They also observe that the main source of job growth in the United Kingdom is either in professional and technical occupations that do not provide opportunities that most participants in the program can access readily, or in temporary and part-time jobs that do little to enhance job security.

The final essay, by Peter Sunley and Ron Martin, examines the regional impact of minimum wage legislation in the United Kingdom. This addresses an issue that has received little attention from U.K. policymakers, namely, the effect of significant variations in wage rates across regions. The authors conclude that there are potential “problems for younger workers in localities with both high unemployment and extensive low pay” (p. 231). In a concluding chapter, the editors use these research findings to argue convincingly that geography matters when considering labor market inequalities, and that a better understanding of spatial factors would lead to clearer analysis of the sources of such disparities and better identification of the means to address them.

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Megaprojects and Risk: An Anatomy of Ambition, by Bent Flyvbjerg, Nils Bruzelius, and Werner Rothengatter. 2003. New York: Cambridge University Press. 207 + ix. ISBN 0-521-80420-5, cloth, \$55; ISBN 0-521-00946-4, paper, \$20.

Mega-Projects: The Changing Politics of Urban Public Investment, by Alan Altshuler and David Luberoff. 2003. Washington, DC: Brookings Institution Press and Cambridge, Massachusetts: Lincoln Institute of Land Policy. 339 + ix. ISBN 0-8157-0128-4, cloth, \$54.95; ISBN 0-8157-0129-2, paper, \$22.95.

Both these books tackle the development and deployment of large projects, or “megaprojects,” but from somewhat different points of view, one European, the other American; one disparaging, the other positive; one largely statistical-empirical, the other political-historical. We consider them in turn.

In *Megaprojects and Risk*, Flyvbjerg et al. examine the problems with the conventional megaproject development process from the perspective of risk management. Based on in-depth reviews of three large-scale European megaprojects, namely the Channel Tunnel, the Great Belt Link, and the Oresund Link, the book is structured into two major parts: identifying problems and proposing solutions to the problems of interest.

To begin, the authors identify a common feature of the conventional megaproject development, that is, despite the overwhelming cost overruns, revenue shortfalls, and strikingly poor performance records in terms of economy, environment, and public support, megaprojects grow continuously in number and scale around the world, forming the so-called megaprojects paradox. The authors explore this problem and its consequences in the first six chapters, which document the cost overruns, demand overforecasts, and viability inflation of major megaprojects.

They then proceed to use risk as an analytic frame and identify the main causes of the megaprojects paradox to be inadequate treatment of risk, and more fundamentally, the lack of accountability toward risk. In particular, they argue that megaprojects normally involve great magnitudes of uncertainties, making risks unavoidable, and decision makers and the public would be deceived about the project outcomes in absence of proper risk analysis. Hence, they propose acknowledging and managing project risks as a solution to the megaproject paradox.

They attribute the problem of optimistic appraisal to the failure of the decision-making process to acknowledge and manage risk, that is, decisions are made based on misinformed visions of decision makers and the general public about the outcomes of projects. However, one can explore further the causes of this problem since even if risk information were brought to the decision makers, optimal appraisal would not necessarily be reduced as long as incentives to produce optimistic estimates of viability are stronger than the disincentives. In fact, sensitivity analysis normally is included in feasibility studies, indicating that information about associated risk is available. Ignorance of risk information in optimistic appraisals could then be attributed to lack of incentives to treat the risk properly.

Risk management is not sufficient to fundamentally address the megaproject paradox. The concept of risk provides an instrument to analyze the problem. And lack of accountability to manage risk is identified as the key problem that leads to the megaproject paradox. However, the problem of risk management is a representation of an underlying cause: the institutional arrangement of the decision-making process, that is, those who make decisions are not necessarily held responsible for the

risk of decisions made. Fundamentally addressing the megaproject paradox hence lies in better institutional arrangements such that decision makers are also in the position of taking the risks of their decisions, which would create incentives to produce responsible decision making.

Transparency is one instrument of accountability proposed in this book to be used in project development. An assumption of this approach is to take the role of government as one that represents and protects the public interest, and hence transparency requires the possibility for the public to verify this assumption at all times. While in principle this assumption is true, in practice government's functions deviate greatly from it, especially in the megaproject development process when the initiation of projects is often a bottom-up process representing localized interests that are narrower than public interests. As a consequence, difficulties might arise when implementing the transparency strategy in terms of verifying government's role of protecting the public interests.

The idea of allocating risks to those best suited to manage them also serves an equity function, in the sense that it reverses the common practice of transferring costs of risks to ordinary citizens, who are in the weakest positions to protect themselves.

One feature of the book is that it documents in detail the megaproject paradox based on information about hundreds of projects in twenty nations and across five continents, which makes a rich resource for those who are interested in this topic and issue. The inherent connections between the identified problems and the proposed solutions, however, are not so strong and obvious.

Under the similar title of *Mega-Projects: The Changing Politics of Urban Public Investment*, Alan Altshuler and David Luberoff examine the megaproject phenomenon from the perspective of public investment politics. Concentrating their coverage on three project types of highway, airport, and rail transit systems, they study cases of American large public works projects, following a presentation of the history of American public investments and the leading theories of urban politics.

In particular, they start with narratives and empirical research on large public megaprojects through the history of urban public investment over the past century. This is followed by a review of leading theories of urban and American politics, examining how well theories can explain the facts observed through history. The authors draw common themes from the project narratives and then integrate the most relevant theories with projects under study to pursue better understanding of the megaproject politics. Based on the review of previous megaproject developments, they conclude with speculations on the future of urban megaprojects.

One feature of the book is the broad perspective it provides on the topic of megaproject development in terms of the time-span and theoretical scope. The history provides readers with a unique view of the patterns and trends of megaproject developments at a macro level. Integrating that with major policy shifts over time, one can draw insights about the fundamental forces that drove the trend of project developments. Meanwhile, the wide spectrum of theories provides arrays of perspectives of how decisions are made and public choices are shaped.

Waves of megaproject developments over the past half-century reflect the back-and-forth interplay between the demand for megaprojects and the opposition to them from those who tended to be affected negatively. Throughout history and across different types of projects, it seems always true that the systems function in a way that some would benefit from a project while others have to pay for the costs. Hence the problem of balancing conflicting values would persist for megaproject development and "has

no solution. . . that will command universal assent,” as put by Altshuler and Luberoff (p. 288). A realistic and meaningful approach to dealing with this situation would be to improve the process design so as to seek the wisest balance among multiple perspectives.

Another interesting point brought up about the federal-local relationship in project development is the notion of “bottom-up Federalism” in Chapter 7. Particularly, the authors argue against the existence of national goals of federal government when granting funding assistances to local projects. Instead, they describe the federal decision process as one dominated by local initiative and pork barrel bargaining. This explains why recent megaprojects normally fail any reasonable benefit-cost analysis and why the benefit-cost analysis of a project development process is, more often than not, at best of minor importance, at worst irrelevant.

These two books tackle one subject, and both are worthwhile contributions to the literature. Altshuler and Luberoff, based in Boston, seem encouraged by the Big Dig (dismissing the cost overruns as a political problem of curiosity as to how it is resolved, rather than a social problem that has significant opportunity costs), which those of us in the rest of the country paying for it may not see as quite as worthwhile. The Big Dig is impressive, both as a piece of engineering and a work of politics, but there is always the risk biographers have of falling in love with their subject. In contrast, Flyvbjerg et al. seem to face the opposite problem, condemning the projects they analyze, denying the benefits that may not appear on the benefit-cost ledger. While we tend to lean in favor of benefit-cost analysis, it is clear that some improvements open up new pathways for technologies whose benefits cannot properly be assessed at the present time.

If one thinks of the project (Big Dig or Channel Tunnel) not simply as a project, but as research and development for the future, developing new technologies for things like tunneling, having an apparent benefit/cost ratio below 1.0 might be justified. As noted by Altshuler and Luberoff, we have a mature transportation system. The projects described (new transit, new airports, new highways) are largely replacements, not new developments. It remains to be seen whether the technologies pioneered as part of megaprojects will open up new opportunities and enable the deployment of new networks.

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The American Midwest: Managing Change in Rural Transition, edited by Norman Walzer. 2003. Armonk, New York: M. E. Sharpe. 304 + xiv. ISBN 0-7656-1121-X. \$68.95 (cloth); 0-7656-1122-8, \$26.95 (paper).

The book is a series of thirteen essays that focus on issues and policy prescriptions for development in the rural American Midwest in the context of economic restructuring and population loss. Defining the Midwest as the twelve states of the U.S. Census Bureau’s Midwest Region, the book has three sections. After an overview chapter, Chapters 2 through 6 focus on major issues facing the Midwest, and Chapters 7 through 13 focus on various policy prescriptions and alternatives.

For a book with such an ambitious title, the focus is somewhat narrow in the early “issues” chapters, with an emphasis on population trends and agriculture. In Chapter 3, Andrew Sofranko and Mohamed Samy document the population loss and aging occurring in parts of the region. They split their demographic analysis between the eastern Midwest and the western Midwest, arguing that the states in the latter are fundamentally different from their eastern counterparts in their geographic isolation from urban areas and their population loss. This distinction has been highlighted in other research on declining rural populations and outmigration, and it would have been nice to see the distinction applied throughout the book.

Thomas Johnson and James Scott supply a broad discussion of rural trends in Chapter 4, linking economic restructuring, globalization, migration trends, and decentralized governance. One of the most striking ideas to come out of this chapter is the possible emergence of two types of rural places: the connected and the isolated rural community. The connected one is characterized by high amenities, growth through migration, high educational levels, a lack of industrial-scale agriculture, quality services, and a strong telecommunications infrastructure. Isolated ones are characterized by large, technologically advanced farms, population decline, poor immigrant populations, antiquated telecommunications, and minimal public services. These divergent types of communities imply a growing inequality in rural society that has many serious implications for policy.

Two chapters and part of a third in the “issues” section of the book are devoted to trends in agriculture. That is curious given that a number of contributors argue explicitly or implicitly that rural development policy should focus less on agriculture and more on other sectors. One wonders whether at least one of these chapters should have focused on problems of manufacturing and service industries (such as environmental challenges and low-skill manufacturing), which form the basis of much of rural development strategy today. Still, Kimberley Zeuli and Steven Deller caution against policies that overreact and completely ignore agriculture’s important role. Using a sample of rural counties in the Midwest, they demonstrate that agriculture still plays an important role in some communities, especially when one considers the impact of federal payments. They caution against a one-size-fits-all approach to rural development and they present research that implies that the transition from family-based farms to larger farms may enhance economic growth.

The second half of the book addresses various policy prescriptions for rural development. Lee Munnich and Greg Schrock investigate the concept of rural knowledge clusters—agglomerations of industries based on existing competitive advantages, history, and institutions. They investigate three such clusters in Minnesota and uncover critical factors in their development. This chapter is notable in that rural development policies have typically encouraged diversified economic growth. According to the authors, certain rural communities might possess the potential to build a successful niche industry that builds on itself by creating agglomeration economies. The trick is identifying which communities might have this potential—a challenging task given that each case study reveals a different and possibly unpredictable path to success. Still, the idea is intriguing and may encourage community leaders to examine potential knowledge clusters for their communities.

Also of note is John Leatherman’s chapter dealing with rural areas and the Internet-based economy. He argues that rural areas’ strengths, inexpensive land and extractive resources, are not the resources that information technology-based businesses need—they need an educated, skilled, and young workforce, along with an existing

infrastructure. One of the ironies of the Internet age has been that although space has the potential to be marginalized, the information technology (IT) industry has located primarily in urban areas to take advantage of the geography of agglomeration economies and the density of skilled workers. Leatherman offers a number of interesting strategies to deal with the lack of infrastructure and IT skill in rural areas, including cooperative models that aggregate demand, locally based telecommunication enterprises, and technical literacy programs. However, he states that although technical skills are important, developing a rural populace with lifelong generic learning skills may better prepare rural communities to take advantage of future technical advances.

Such an adaptive learning approach is the focus of John Gruidl and Ronald Hustedde's chapter on rural learning communities, in which they propose a broad-based model of community development, borrowed from the organizational behavior field, that creates flexible, adaptive communities that produce results. The emphasis is on building trust, giving all constituencies a voice, and developing a core mission statement for the community. Under this approach, community members can begin to piece together the linkages between different challenges and avoid the Band-Aid solutions that often result from ineffective decision making. Although the authors admit that this is a difficult, even impossible model for any community to implement fully, they do offer interesting anecdotal examples of how it has worked in various rural communities. Given the useful yet selective nature of policies discussed in the other chapters of this section, this chapter offered a welcome holistic view of rural development.

A collaborative work with such a broad scope cannot be expected to address the full range of rural issues, yet there are some notable omissions coverage of which could have strengthened the book. There is little mention of environmental issues such as the impact of amenity-based tourism or the negative environmental impacts of certain undesirable industries. Also, the term "rural" is used quite loosely throughout the text. "Rural" can take many meanings, and some of the authors needed to delineate better the type of rural areas they were focusing on. This is especially important given the range of rural communities discussed in the book and the contrast between rural areas adjacent to urban areas and more remote ones. Related to this complaint, there was lack of discussion of economic and social linkages between urban and rural areas. Changes in urban areas impact rural areas, especially as they become increasingly connected.

Yet despite these minor objections, the book accomplishes its mission, particularly in the second half. It offers useful insights (most via case studies) of successful implications of various policy prescriptions. It would be useful both to policymakers looking for new policy strategies and to researchers working on rural development issues, and also as a supplemental text for graduate seminars.

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Water and Climate in the Western United States, edited by William M. Lewis Jr.
2003. Boulder: University Press of Colorado. 294 + x. ISBN 0-87081-727-2, \$45.

Although we live and learn in the verdant lushness of the Susquehanna River basin in the eastern United States, my water resources management students and I spend approximately half our time studying the arid western United States and its

associated problems, policies, and practices. I point out to students that careers in water resources are more plentiful in the West than in the East, probably pay more, and come with a high level of stability, given the West's continuing and ever-deepening obsession with water. More importantly, western states presently face issues of water scarcity, climate variability, population growth, and archaic policies that eastern states will eventually face; we in the East will look to the West for models to emulate or avoid in water resources management. In assembling the essays in this book, Lewis has not only highlighted the progress and perils in linking climate to water resources in the West, but has indirectly given other regions advanced notice of issues that we, too, will face.

Lewis divides the essays into four parts (with an overview essay as a fifth part), starting with aspects of physical geography (climate variability and links between climate and hydrology) and moving to aspects of human geography (responses of water managers to climate and general perspectives on humans and water). The major themes of the first two parts echo through the halls of geography: the nature of spatial distributions and the importance of scale. Spatial variability, not scarcity, best defines the region of the West in terms of water resources. The essays in Parts I and II discuss the difficulties involved in predicting water quantity in a region with great spatial and temporal variability in precipitation, and with great spatial differences in response to longer-term climate change. Kelly Redmond points out that the El Niño phase of the El Niño-Southern Oscillation (ENSO) phenomenon, for example, creates wet winters in the desert Southwest but dry winters to the Pacific Northwest (p. 39).

In addition, climatologists and water managers face each other across a great gap in scale: the scale of climate model output (i.e., predicted temperature and precipitation) rarely serves the needs of the hydrologists and decision makers. The inadequate weather observation network in the West is only part of the problem. A larger issue, and possibly an easier one to address, is the need for clearer communication between climatologists and water managers, particularly the communication of the probabilities and uncertainties associated with climate forecasts and predictions. Essays on the linkages between the prediction of climate and hydrology by Dennis Lettenmaier and Alan Hamlet, and John Labadie and Luis Garcia both note that physically based climate change models may be less useful to both hydrologists and water managers than semi-empirical or conceptual models that produce strong correlations and are able to handle statistical uncertainty (pp. 120, 126).

In terms of human geography, highly urbanized populations, tremendous growth rates, a large amount of federally managed land, and the law of appropriation unite the West as a region. Parts III and IV of Lewis's book contain essays on the variable human geography of the West, including policies and institutions involved in water resources management. Two essays stand here. In his essay on water managers and climate variability, Eugene Stakhiv suggests that climate change poses a lesser challenge to water managers than the human framework: "it is more the case that external, policy-driven institutional constraints and conditions are likely to be the larger factors in determining the direction and pace at which adaptation occurs" (p. 132). Inconstancy of climate is nothing new to the West; water managers, including federal agencies like the U.S. Army Corps of Engineers, are accustomed to dealing with natural climate variability, the uncertainties of climate forecasting, and changing demand. Stakhiv believes that modern techniques, like adaptive management and risk analysis, will serve just as well in response to climate change as they do to present climate variability; the challenge is not to develop new plans for dealing specifically with climate

change, but to continue to develop flexible, responsive water management schema capable of dealing with shifts in supply and demand, and competing water uses, no matter the ultimate cause.

In a discussion of water law and policy, David Getches asserts that while demographics, economics, and public attitudes have changed in the West, water law and state water policies—supposedly the dominant control on water resources—have failed to evolve in response. As a result, the western states have given control over water management to the federal government or withdrawn from responsibility completely. Getches writes: “Western water law was simply a framework for allocating rights in the first instance and was so unembellished by rules and so inflexible that it did not well serve modern needs or help solve water problems” (p. 191). The management of western water is largely constrained by the doctrine of prior appropriation, which runs against the tide of conservation and environmental concern expressed by the public today. A real change in western water policy will have to come from the states as a fundamental change in water law, a move that will likely be precipitated by crisis if states are prepared to seize the opportunity. Otherwise, the current struggles for more water supply and the cost of environmental degradation will continue.

In the final essay, Patricia Nelson Limerick, a historian, offers an excellent encapsulation of western water resources, identifying patterns in the human “climate” of water resources management. In particular, she calls attention to the assumptions that agriculture will continue to be the major water user and population growth will continue unabated. Granted, these two assumptions, founded on classic American values of independence and progress, have strong sentimental support and show little evidence of change; however, a water crisis, such as a prolonged drought or a federal ban on exceeding the allowance of Colorado River water, could produce such dramatic social changes. On the other hand, she also points out, technology and “progress” through use of water have made possible a world in which advocates clamor for naturalness and environmental restoration. As Limerick puts it, “Humans, as many episodes in history besides this one show, dwell in a medium of irony as fish live in water” (p. 277). The fate of this antiprogress sentiment will also influence the future of water resources. As a final note, Limerick asks scientists (particularly climatologists) to reenter society and engage the “human” side of water resources; she assigns scientists the tricky task of “reeducating” the public audience on the probabilistic nature of predictions, conveying the importance of their work humbly, and sharing their larger ideas about the role of water in society. Again, the problem seems less one of climate change and more one of a change in the social and political climates.

Here in the humid East, on the banks of a river with twice the annual yield as the Colorado River and only one-ninth the drainage area, what can we learn about water resources management from the West? Perhaps that we are less subject to the whims and shifts of climate than we are to our history and the institutions we have inherited from it. Perhaps that we have less to fear in change of climate, and more to fear in the lack of change in our perceptions and policies related to water resources.

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The Commons in the New Millennium: Challenges and Adaptation, edited by Nives Dolšak and Elinor Ostrom. 2003. Politics, Science, and the Environment series. Cambridge, Massachusetts: MIT Press. 369 + xxiv. ISBN 0-262-54142-4, \$26.95 (paper).

Garrett Hardin's essay, "The Tragedy of the Commons," which appeared in *Science* in 1968, is arguably one of the most influential works in the related fields of environmental studies and resource management. The issues Hardin raised regarding the potential for the overuse and eventual degradation and destruction of unregulated commons have been researched extensively by, among others, the robust membership of the International Association for the Study of Common Property (IASCP). This book is a collection of nine substantive articles (along with introductory and concluding chapters) originally presented at IASCP's eighth biennial meeting in Bloomington, Indiana, in 2000. The list of authors is distinctively international and multidisciplinary.

The articles focus on what are known in IASCP parlance as "common pool resources" (CPRs), which have two defining characteristics: (a) subtractability, or rivalness, meaning that resources consumed by one user are no longer available to others, and (b) costliness of excluding potential beneficiaries from access, and thus the potential for free riders. The substantive articles analyze case studies that illustrate problems in managing three types of CPRs—marine fisheries, forests, and the atmosphere. The introductory chapter by Dolšak and Ostrom sets forth an analytical framework that emphasizes how the diversity of the resources and users, as well as political, legal, and economic environments, impact the nature of the institutions that manage common resources. Conversely, institutions and management schemes have reciprocal implications for their political and legal environments.

Most of the chapters examine situations in which responsibility for managing CPRs is divided between levels of political authority, in particular local communities and the state. James Acheson and Jennifer Brewer offer an interesting case study of the Maine lobster industry, which was once controlled by local "harbor gangs" who fished small areas adjacent to their home ports, limited the number of traps their members could set, and vigorously defended their territories, often by destroying the traps of intruders. Over time, the harbor gangs proved to be inadequate for coping with boundary disputes and with technological and economic changes that caused increasing congestion in the fishery. Maine adopted a state law in 1995 that established boundaries, while allowing local councils of lobster fishermen the option of deciding quotas within their assigned territories.

In a chapter on New Zealand's fisheries, Tracy Yandle and Christopher Dewes distinguish three approaches to managing CPRs—bureaucracy-based, market-based, and community-based. In 1986 New Zealand became the first country to adopt a market-based system that manages marine fisheries by individual transferable quotas (ITQs). The system was adopted both to maintain a healthy fishery and to improve the efficiency of the fishing industry. To evaluate New Zealand's experiment with an ITQ system, the authors conducted surveys of commercial fishers and company managers. The fishing companies and quota owners were quite positive in their assessments, while small-scale fishers, in particular those without quotas, were more critical of a management system that tended increasingly to exclude them.

Iceland's experience with ITQs has been more contentious, as portrayed in an article by Einar Eythórssón. After Iceland extended its jurisdiction over coastal waters to 200 miles in 1975, its domestic fishing industry mushroomed to the point that it seriously compromised the health of the country's cod fishery. A 1990 fisheries management act permanently allocated shares of the total allowable catch (TAC) to boat owners. The law did achieve a greater measure of efficiency and profitability, in particular, for the fishers that were granted free quotas during the original allocation. Other fishers, who must pay the market price for quotas, have challenged the fairness of permanently allocating shares of a critical public resource to certain fortunate recipients. The ITQs have led to a major redistribution of wealth, income, and power, with some coastal communities suffering severe economic setbacks as the fishing industry has become increasingly centralized.

Turning to the atmosphere as a common sink for pollutants, Alexander Farrell and M. Granges Morgan explore the feasibility of ITQs in the international context, as provided for by the Kyoto Protocol, which establishes a "cap and trade" program for emissions of carbon dioxide and five other greenhouse gases. To gain insights into whether such schemes are workable among actors that are heterogeneous in their attributes and circumstances, the authors evaluated attempts in the United States to establish emission trading programs for nitrogen oxide emissions, a key ingredient in ozone that plagues the northeastern states. It has been difficult to induce upwind states in the Middle West, whose pollutants from fossil-fuel power plants contribute significantly to elevated ozone levels of the downwind states of the Northeast, to agree to ITQ programs that would require costly investments to reduce emissions. The authors argue that initiating emission-trading schemes voluntarily among small groups of relatively homogeneous and like-minded nations holds more promise for tackling complicated CPR problems such as global warming than do worldwide approaches as attempted by the Kyoto Protocol.

Several other chapters analyze the social and political forces that influence the management of CPRs. The most notable of these is Regina Birner and Heidi Wittmer's study of the political struggle in Thailand over legislation that would transfer much of the control over forests from the national government and its bureaucracies, which have adopted policies favorable to commercial plantation forestry, to community groups seeking to reassert traditional, local uses of the forests. After explaining the concepts social capital and political capital, the authors contrast the substantial social capital assembled by local groups in the form of networks and organizations with the more narrowly based social resources of the elites. Nevertheless, the skill of the elites in applying their more limited social capital to generate political capital has enabled them to head off versions of the community forests legislation that would devolve management of the forests to villagers. The political struggle over Thailand's forests continues, as the community groups seek to take advantage of constitutional changes to exert political influence at the national level to achieve their objectives.

The Commons in the New Millennium is a significant contribution to what has become a sizeable literature on CPRs, which is remarkable for its conceptual unity and cumulative research findings, due in large part to the guidance of Elinor Ostrom and other IASCP leaders. The articles in this collection should be of interest to scholars of regional studies for the questions they explore regarding the division of responsibility between national governments and local communities for managing common resources in ways that are economically efficient, socially just, and environmentally

sustainable. The book has little to offer, however, to those interested in international and global commons, which are likely to become increasingly stressed in the new millennium.

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Entrepreneurship and Local Economic Development: Programme and Policy Recommendations, by Organisation for Economic Co-operation and Development (OECD). 2003. Paris: Author. 238. ISBN 92-64-19978-0, €35/\$35 (paper); purchase price also allows free downloading.

This useful book, written by Alistair Nolan of the OECD's Local Economic and Employment Development Program, examines the main ways enterprise creation and development can impact local economies. It is an important subject given the enormous number of policies in developed and developing countries that promote entrepreneurship on economic and social grounds. The book follows on from the OECD report *Fostering Entrepreneurship* (1998), which helped raise the importance of supporting entrepreneurship across many countries and particularly the European Union.

The book is set out clearly in two parts with a 23-page introduction and summary. Part I concerns evidence and the basis of policies, considering recent empirical evidence on the relationship between entrepreneurship and local and national economies and on barriers to entrepreneurship, especially in disadvantaged communities. It then reviews the benefits of, and rationales for, policies to promote entrepreneurship, concluding that while entrepreneurship is a critical component of local development, it is not a panacea. Part II sets out recommendations on the design of programs for national and local governments and development agencies, together with some suggestions for further research. This raises a number of general and specific questions. Some of these revolve around: What is meant by entrepreneurship? Are there missing issues or evidence? What is the implicit or explicit theoretical context for policy recommendations? Are the policy suggestions appropriate?

Differences in what is meant by entrepreneurship can often lead to confusion. There are many different perspectives on what the term means, each with profoundly different policy and theoretical implications. These perspectives include seeing entrepreneurship as: a function in the economy linked to innovation or resource allocation; a new business start-up; an owner-manager of a micro or small business; a set of personal characteristics, attributes, or motivations (such as risk taking or being a "great leader"); or a form of behavior (which Peter Drucker suggests is "the purposeful and organised search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation" [1985, p. 49]).

It is also important to distinguish "entrepreneurship" from "entrepreneurs." "Entrepreneur" normally means the private sector owner-manager of a micro/small firm or of a fast-growing firm, or founder of a private business (although these perspectives need to be distinguished from each other when considering policies). Other "entrepreneurs" in the social sectors are often termed "social entrepreneurs" (including those setting up charitably based businesses, often among disadvantaged communities); while those within larger private organizations can be termed "intrapreneurs."

The book also notes rightly that self-employment and entrepreneurs(hip) are not fully interchangeable, as conditions for many of the self-employed “differ little from those experienced by employees” (p. 58).

On the other hand the term “entrepreneurship” has wider implications, which are only touched on in the book. For instance, entrepreneurial behavior can be important for the wider economy with entrepreneurship training potentially improving the performance of employees as well as those seeking immediately to start up a business. Similarly, entrepreneurial behavior in the social sectors may provide significant benefits to society and the economy.

The book recognizes that the term entrepreneurship is an elusive concept. It briefly recognizes the behavioral perspective with entrepreneurship seen “as the act of identifying and seizing new business opportunities” (p. 34, note 1). However, it concentrates explicitly on the start-up perspective as “The analytical focus is placed on the creation of autonomous new firms and the development of self-employed, micro and small enterprises, particularly during the early years of trading” (ibid.). This “definition” has some clear implications in limiting attention on some important issues mentioned above. However, there are advantages in restricting the focus of the book mainly toward persons starting up businesses, so as to prevent the recommendations becoming too all encompassing and too general.

Turning to missing evidence, the book claims to have gleaned insights, where relevant, from regional economics (p. 10). Any writer must select carefully from the literature, so there are bound to be some studies that the reviewer felt should not have been omitted. Having said that, the book does cover many of the most significant issues relating to entrepreneurship and local economic development. To take one example, in considering the merits of enterprise promotion, key issues such as displacement, dead weight (i.e., activity that would have happened anyway, without the policy), quality of jobs, and so on, are all covered (albeit in varying depth), in a form that is useful to both nonspecialists and specialists (and future graduate students will no doubt be directed to them as an introduction).

The book’s emphasis is on general principles and drawing lessons (p. 10), so it is no surprise that most topics get a broad-brush treatment. This means that while the main points may be identified, detailed analysis is often limited and in a few cases this has resulted in almost token sections. Indeed the sections on lack of personal motivation and cultural obstacles warrant only fourteen words each. The book also appears to be largely ahistorical, and it might have benefited from, for instance, tracing the rise and fall and rise of entrepreneurs over time in many countries (at least in the sense of the roles of small or new firms) and the dramatic changes in policy focus. Similarly some theoretical context for both the development of entrepreneurship and development of policies would be welcome to improve our understanding of these issues (without making the book into a dry tome).

Policy recommendations, and their limitations, are clearly set out for national and local governments in Part II. After an overview, the main recommendations are set out under these heads: strategy; finance; program design; and a smaller section on policy-relevant research. The overview is a balanced account of the well-known argument whether to focus on new or on established or fast growth firms (p. 121). In the conclusion the author appears unwilling to come down on either side (although perhaps correctly so) by stating “there are reasons why policy should in principle facilitate both high-quality start-up and support existing firms” (p. 122). One point in the discussion of this debate that is relatively ignored is the role of opportunities in a

local economy. The Scottish Enterprise Business Birthrate strategy is cited (although recent evidence questions its effectiveness in terms of generating new businesses), with one potential reason for low start-up rates being suggested as the more limited local opportunities, compared, for example, to ones located in larger markets. This is an underresearched area, with policy implications for how to expand significant market opportunities in more disadvantaged regions. Another area that might warrant further research is the link between widening income distributions and greater numbers of start-ups or fast firm growth. As the book suggests, better evidence could lead to better policy.

The recommendations usually tie in to comments and evidence presented in earlier chapters (although the lack of an index is regrettable). For example, when discussing the rationale for policies, especially at the local level, the "importance of local flexibility in the design and implementation of policy" (p. 91) is stated. While this is almost a "motherhood and apple pie" statement, it is useful that the book discusses how to integrate support (so as to avoid wasteful duplication and achieve economies of scale, etc.) and also how to oversee and monitor local public provision to ensure that it is delivering high quality services and support (for instance in evaluating business incubators "where business development, in terms of raising productivity and improving management, may be more important than short-term job creation" [p. 192]). The book makes a very useful contribution by often asking the question "why" and unpacking the answer, for instance why are institutions often resistant to evaluation?

The book does need to be read as a whole as Part I already has some recommendations. For example, the author clearly argues that support for existing social enterprise should essentially be the same as for profit-oriented firms (p. 115). This may be broadly correct, although one needs to recognize the different motivation, operation, and expertise on the board of directors, and the fundamentally different patterns of setting up such social enterprises.

In addition to what policies to carry out, there is a welcome emphasis on how to develop, implement, and monitor policies. Similar policies can have very different impacts in different areas due to the way they are implemented, who carries them out, local circumstances, and so on. This is worthy of much greater research and understanding, particularly in an era when local development policies appear often to be "sold" globally, and where imitation without understanding the real key criteria for success is often confused with "learning from others" or "following excellence." There remains a pressing need for good quantitative (as well as qualitative) evaluations to help determine what differences policies to promote entrepreneurship have made.

Overall, this is an excellent overview of the key issues concerning entrepreneurship and local economic development. While primarily aimed at the pragmatic policy-makers, who will find it extremely valuable, it also has the rigor and breadth to interest researchers and students.

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Organisation for Economic Co-operation and Development. 1998. *Fostering Entrepreneurship*. Paris: Organisation for Economic Co-operation and Development.

Schumpeterian Dynamics and Metropolitan-Scale Productivity, by Yeonwoo Lee. 2003. Bruton Center for Development Studies Series. Aldershot, U.K., and Burlington, Vermont: Ashgate. 141 + x. ISBN 0-7546-3426-4, \$79.95.

The central question that Lee addresses is whether job churning, the Schumpeterian dynamics of job creation and job destruction, is an important determinant of productivity growth for metropolitan economies. The creative destruction of capitalism identified by Schumpeter focused upon the birth, death, expansion, and contraction of firms in response to changes in technology and the composition of final demand. A less than ideal quantitative surrogate for that complex process is job creation and job destruction across industries, the more disaggregated the better. An ideal measure would be such job creation and destruction at the establishment level. Lee uses job churning at the two-digit Standard Industrial Classification code level for 187 metropolitan areas (including both metropolitan statistical areas and primary metropolitan statistical areas) of the United States.

Following a short introduction, in Chapter 2 Lee reviews a good deal of literature about city size and urban productivity as well as an extensive empirical literature that seeks to measure the relationship between productivity and job churning as the measure of Schumpeterian dynamics. For most of the studies cited, the establishment, the ideal measure, is the sampling unit. However, none of the studies reviewed is urban, rather all are national, or, in some U.S. studies, the geographical unit is a state or group of states. Most of the studies include manufacturing only. Thus the prior work is too broad spatially and too narrow sectorally.

Chapter 3 presents the research design, data, and model. The basic argument is that the reallocation of labor is “*the* core mechanism in producing productivity level and growth differentials across metro-scale economies” (p. 30, emphasis in original). The author poses this as a challenge to the conventional view in urban economics that agglomeration economies of urbanization, usually measured by population size, are central to differences in productivity across urban areas. The model specification is similar to others that have sought to analyze productivity differences among urban areas, in that the arguments include size, specialization, and human capital. What is unique here is a variable that measures annual job churning at the metropolitan level—the surrogate for Schumpeter’s creative destruction at the metropolitan level. The model is estimated with panel data over fourteen years (1986–1999) and 187 U.S. metropolitan areas. The dependent variable is the log difference (approximate percent change) of productivity in a metropolitan area in a year. The right-hand variables are all log differences for the same year. The econometric issues raised by such a model are almost all addressed in a thorough manner. The same cannot be said for the data issues.

The empirical results are presented in Chapter 4, including tests for robustness of the dynamic process in subsamples partitioned on the basis of population growth or decline over the fourteen years. The highlighted finding is that indeed annual urban productivity growth is positively and significantly affected by the level of job churning that same year. Depending on the equation, the elasticity of productivity with respect to job churning ranges from +.005 to +.008. Considering that the elasticity of productivity with respect to population in the same equations ranges from +.090 to +.332, or 18 to 41 times as large, the author’s assertion that labor reallocation, that is, job churning, is the core of urban productivity growth is contradicted. His analysis of results fails to point that out.

The final chapter, Chapter 5, contains a summary and the usual perfunctory genuflection to policy applications. Some of it reads like a *Wall Street Journal* editorial scolding local governments for profligacy.

Although as noted the econometrics is sophisticated, the data to which it is applied are not carefully described with definitions, tables, and sources. The sources noted, in the half page devoted to data, are not the usual government sources for metropolitan data but rather a private firm and a university. Further, a trend that the author states his data show—government's share of GDP rising in the 1990s—is contradicted by Bureau of Economic Analysis data (see *Survey of Current Business*, December 2003). Those flaws make me skeptical about the empirical results. The econometric problem is rooted in the data. Lee's basic estimation equation includes three broad measures of sectors' shares of the metropolitan economy: manufacturing, government, and services. What he defines as services is all industries except manufacturing, government, construction, and primary production, or about 49 percent of total regional output. Thus his three sectors sum to about 85 percent of any metropolitan economy. That is uncomfortably close to 100 percent, which would result in a singular matrix. Thus the coefficients on the sector share variables and their signs, which the author makes much of, are highly suspect. Also, the lumping together of such disparate industries as retail trade and trucking with banking and business services, and assuming that that vast conglomerate is characterized by low productivity, simply obscures the interesting transformation of metropolitan economies.

There are some editorial problems as well. Many of the notes are not in standard English, and Appendix D is titled "Manufacturing Industries" but in fact is the list of all the industries lumped into the services category. The note with the table (p. 123) claims that the classification of services is the one used by Noyelle and Stanback, which is not the case at all.

Having noted those problems, I nonetheless think that the author has pointed out an important new direction for the analysis of urban growth and decline. Getting the data right is the next step.

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The Technological Evolution of Industrial Districts, edited by Fiorenza Belussi, Giorgio Gottardi, and Enzo Rullani. 2003. Economics of Science, Technology and Innovation Series, Vol. 29. Dordrecht and Boston: Kluwer. 499 + xxxiii. ISBN 1-4020-7555-3, \$160, €144.

Local development and industrial clustering examined through the lens of the industrial district (ID) model as experienced in the Italian context has for the last two decades captured the attention of academic discourse, research efforts, and policy debates regarding emulation efforts. However, the treatment of the model and its concepts by various disciplinary perspectives and within different theoretical frameworks and academic traditions have produced a plethora of noteworthy but often incomplete results and propositions. This edited volume of papers is from the 1999 Vicenza conference on "The Future of Districts" and two later meetings of (mostly Italian) industrial economists, engineers, and technology management experts. It

represents a painstaking and intellectually challenging effort to set the record straight on the theoretical treatment of IDs and to stimulate new knowledge-centered theoretical venues for further study of the concept and model.

It is organized in three sections, preceded by an informative, thoughtful, well-written preface that sets the tone. The first three chapters present the background and theoretical framing of the model of the Italian neo-Marshallian ID, set in the post-Fordist production and growth regime. They are informed by the French institutional perspective and by the Nordic perspective on localized knowledge-based organizations, learning, and innovation. While all three are informative and provide a great theoretical grounding and orientation, Chapters 1 and 3 stand out. In the first, Giacomo Becattini describes the ID as a system comprising intense and interpenetrating relations between the sociocultural environment of the localized human community and the economic/productive apparatus of a specific territory. With reflections from the Prato ID, he outlines how these two elements organize and process the various activities that lead to “districtualization” or to the transformation of territory into a district.

Peter Maskell’s Chapter 3 offers a very interesting proposition that can initiate a new line of research, particularly in the North American context. While exploring the fundamental economic theory of the cluster he reconsiders important questions regarding the reasons that, and the process through which, firms cluster in some locations and not in others. In the process of this exploration he moves the argument away from the traditional explanations associated with strictly economic (production and transaction cost) savings to a more qualitative explanation. This directs our attention to: (a) the interdependent nature of the development of the economy and local institutions and (b) an inquiry into how the varied attractiveness of certain places may be due to the existence or not of dynamic localized institutional endowments. Proceeding with caution, Maskell suggests further investigation into the nature of the localized institutional environment, and in particular he examines its internal organization and its rate of adjustment in relation to the fast-paced new industries.

Part II is the theoretical core of the book, a serious intellectual effort to explore the cognitive processes and properties of IDs and also an effort toward the formulation of a specific knowledge-based theory of IDs. There are nine chapters that explore IDs as unique, cognitive, evolutionary organic systems. These systems are able to generate, acquire, use, and spread knowledge via the use of district-specific social, cultural, and institutional mechanisms, which can decode internal and external information about innovations, production processes, institutional organization, financing, and competition.

In Chapter 4 Rullani argues for the localized, area-specific nature of development and proposes that any local area or district is a unique cognitive system containing specific, embedded social and intellectual capital, tacit and contextual knowledge, and specific mechanisms to circulate and duplicate knowledge. As such, while localized development occurs in many contexts, he cautions against rigid emulation efforts and policies as these can have damaging effects and waste limited public resources. The capacity for local development is centered on the local shared knowledge facilitated by embeddedness and developed over time through repeated interactions of the local social, economic, and intellectual contexts. This stimulates not only the “multiplying cognitive processes of the district” (p. 65) in the use of information, but also various parallel exploratory searches in the face of uncertainty as well as involuntary information sharing among members of the district.

Similar theoretical argumentation is at the core of Chapters 5, 6, and 7, which describe and analyze further the process of knowledge creation in IDs. In Chapter 5, Gottardi situates IDs in the debate on the effects of new information and communication technologies (ICTs) and the ability of individual businesses and traditional systems like IDs to copy, adopt, and apply those new technologies. Previous work had presented IDs as networks without technology, suffering from a historical technological backwardness that they owe to the set nature of the sociocultural and economic relations that make absorption of new technology difficult. Although a little skeptical, Gottardi suggests that it is possible that it is exactly this environment that may be able to incorporate and absorb new ICTs, e-commerce, and Internet applications. The established patterns of relations, the embeddedness of the local actors, and the cognitive abilities of the IDs have up to this point helped them not only to create but also absorb, process, and apply new forms of information, production process, and technology into their environment. However difficult it may be it is possible that these same characteristics can aid IDs in the incorporation and application of the new ICTs.

In Chapter 6 Mauro Lombardi sketches the cognitive profile of the ID model that highlights the identification of the cognitive properties and processes through which local/district-specific agents and institutions absorb information into the localized stock of knowledge. In Chapter 7 Belussi and Luciano Pilotti differentiate IDs as weak, stable, or dynamic evolutionary systems depending on their learning and knowledge creating capabilities. Focusing attention on the dynamic evolutionary systems or the successful Italian IDs, they propose that the success arises from the ability of local innovative firms not only to create, process, and apply new knowledge, but also from the ability to manipulate the existing stock of tacit and contextual knowledge in the creation of radical innovations.

However important this book's overall contribution is, I think that Lucio Biggiero and Alessia Sammarra's Chapter 10 contributes its most important argument and stimulus for new research. It provides the skeleton of a new theoretical perspective, which borrows from social psychology's Social Identity Theory to introduce the concepts of district identity and identification. These concepts used in the context of district firms—perceived as cognitive actors—explain how firms establish their relations, sense of place, attraction, belonging, and rootedness in their district. The stronger the firms' identification with the district, the more they can contribute to the creation of the distinct behavioral patterns—trust, cooperation, collaboration, district citizenship, sharing, collective action, and so on—characterizing IDs and exhibited by firms in them. As the literature on IDs suggests, these behavioral patterns, along with economies of scale and scope and organizational and technological innovations, contribute directly to district competitiveness—above and beyond low wages and prices.

Some initial empirical evidence supporting these theoretical propositions appears in the same authors' Chapter 16, which profiles the Biomedical Valley centered in the city of Mirandona and the province of Modena, where the authors analyze the perceptions and evaluation of the district by member firms. The main conclusion suggests that the stronger the local firms identify with the district, the more positive both their evaluation of the perceived internal district environment and their perception of the district's external image. This, the authors suggest, has possibly contributed to the district's competitiveness and also to its ability to function even under the current environment characterized by strong multinationals.

The last section of the book represents the applied focus of the collection. Its authors use case studies and data regarding various canonical, embryonic, and mature

IDs in attempts to test some of the propositions on cognitive and technological evolutionary processes developed in the previous sections. The authors offer a picture of the rich tapestry of intricacies of district-specific forces, circumstances, and processes at work in the evolution, transformation, and continued existence of successful districts.

In sum, this volume represents the latest information and most comprehensive collection of works on the subject of IDs. It is highly stimulating intellectually, but is sometimes hard to understand. This is mainly due to the richness of the theoretical work, which presupposes a high level of experience with the knowledge-based perspective; to the inconsistency in style and quality of writing inherent in edited volumes of conference papers; and, with the exception of Chapters 10 and 16, to the lack of cross referencing between the theoretical and applied sections. Notwithstanding these shortcomings, the book has the potential to become a classic and foundational work required for study and research on IDs and on local and regional development especially in the context of the new economy and the knowledge-based industries.

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Spatial Autocorrelation and Spatial Filtering: Gaining Understanding through Theory and Scientific Visualization, by Daniel Griffith. 2003. *Advances in Spatial Science Series*. Berlin and New York: Springer. 247 + xiv. ISBN 3-540-00932-9, \$99, €79.95.

Daniel Griffith here makes an effort to expand the methodological toolbox of spatial analysis by presenting, analyzing, and meticulously demonstrating with numerous examples, the applications of spatial filtering, an innovative technique he has proposed for studying various aspects of spatial autocorrelation. In the preface, he invites the reader to share his perspective on spatial autocorrelation by “cultivating an understanding of spatial autocorrelation through visualization” (p. vii). Well, spatial filtering is a somewhat complicated data transformation technique, so it genuinely helps to have visualization extensively used (with more than 80 figures, including maps) to depict geographic distribution of spatial variables and application of spatial filtering to these data.

In the first chapter, Griffith introduces his understanding of scientific visualization and spatial autocorrelation, formulates the fundamental theorem of spatial filtering, and presents major visualization techniques for depicting spatial autocorrelation. From the very beginning, he uses graphic material to illustrate major points, and concludes the chapter with demonstration of sample spatial datasets.

Chapter 2 is “an eigenvalue paradise”: it contains a very useful collection of theorems and propositions about mathematical properties of the eigenvalues and the eigenvectors of matrices frequently used as geographic connectivity/spatial weights matrices, including explicit formulas for the eigenvalues of the regular grid contiguity matrices. The collection is thoughtfully accompanied by a set of conjectures and theorems about approximate properties of the eigenvalues, such as moments. These approximations are designed to replace the exact computations and simplify the

analysis and estimation of large-scale models. Some of the mathematical results are directly linked to spatial autocorrelation measures.

Chapter 3 is devoted to the study of sampling distributions as they pertain to the spatial autoregressive (SAR) model and some of its variations, and it covers several topics, such as randomization versus unconstrained selection, Monte Carlo simulations, estimation of nonlinear models, and other extensions of the SAR model. It also offers a treatment of an issue of effective sample size, that is, the problem of finding a smaller dataset of independent observations to which a set of spatial observations is equivalent. While the approach to the problem is straightforward and relies on the interpretation of spatial autocorrelation as redundancy of spatial information, it would be helpful if the author separated spatial statistics (Moran coefficient, Geary ratio) from estimated model parameters (such as the coefficient of spatial autocorrelation in the SAR model) because in the latter case the measurement of redundancy is affected by model specification decisions, especially the number of independent variables.

The most valuable part of the book is Chapters 4–7, which deal with description, analysis, and illustration of the spatial filtering technique as applied to various datasets and several types of variables. The basic idea of spatial filtering is to use the projection matrix $[I - (ee'/n)]$ in replacing the geographic connectivity matrix C traditionally used in spatial analysis by the transformed matrix $[I - (ee'/n)]C[I - (ee'/n)]$, where e is a column-vector of ones, I is an identity matrix, and n is the size of the dataset. Further, the eigenvectors of the transformed matrix are used in the analysis of spatial patterns, relying on the consideration that every possible spatial pattern can be represented by a linear combination of the eigenvectors of a geographic connectivity matrix.

While “eigenvector” sounds too mathematical and ungeographical, Griffith makes a considerable and quite successful effort to illustrate how various levels of positive and negative spatial autocorrelation relate unambiguously to the eigenvector-eigenvalue pairs and produce distinctive spatial patterns. Basically, he shows how to map an eigenvector. My favorites are a series of maps in Figures 4.1–4.8 that depict how spatial patterns vary with the eigenvectors. Simply put, larger eigenvalues tend to produce larger patterns with fewer elements, while smaller eigenvalues generate higher frequency oscillating patterns. For a regular grid (as in series of maps in Figure 4.5), the larger eigenvalues generate fewer but larger identical tiles. As in a mosaic, these tiles cover the entire map, creating an ornament-like image, with a distinctive but repetitive pattern. For smaller eigenvalues these tiles become smaller, but their number increases. The independence of patterns implies no interference, that is, overlapping any two patterns would create a new, distinctive pattern. I would encourage everyone to see it—what can be better than a map?

The monumental effort to put and illustrate various aspects of spatial autocorrelation in this book, however, is not without imperfections. A review would be incomplete without mentioning two. First, reading the book requires quite an effort to get used to shortcuts, scattered around the book, but left undocumented. For example, many parameter estimates—such as Model (1.3) and Table (1.2), expression (2.1), Chapter 3, and so on—are provided without reference to the estimation methods. Consequently, some statements about these parameter estimates and their statistical properties are correct only for a specific estimation method, while other statements may be correct for a wider group of estimators. In some instances, it becomes unclear if particular results (such as extreme values, outliers, etc.) are a genuine feature of a dataset or just peculiarities of an unknown (to the reader) estimation method.

A more detailed narration could substantively benefit understanding of many theorems as well.

Second, the rationale behind using the transformed matrix $[I - (ee'/n)]C[I - (ee'/n)]$ instead of an original geographic connectivity matrix in the spatial pattern analysis perhaps should have been made more lucid. For example, it would help to accentuate the differences in the results that arise from using the original versus the transformed matrices. It would be helpful if the book contained some discussion of the practicality of the visualization and spatial filtering tools that are advocated. The largest nonsimulated dataset used in the book contains only 504 observations, with most results demonstrated by using smaller (one hundred or so observations) datasets. Visualization and eigenvector-based analysis of spatial autocorrelation for larger datasets is a more intriguing and difficult issue, yet receives little coverage in the book. The methodology of spatial filtering is well elaborated and presented only for connected spatial weights matrices. An unprepared reader would be disappointed to find out that applying the methodology as is to some common datasets, such as U.S. states, U.S. counties, or other datasets with multiplicity in largest (principal) eigenvalues, simply fails because of difficulties in selecting the eigenvector with all-positive components. The description of the procedures in the book is inadequate to accommodate such cases.

In sum, many readers will find the book an appealing source of geographic and statistical material, richly supplemented by the use of scientific visualization for conveying and linking together both the conceptual and the quantitative in spatial analysis. Underlying the difficulty of spatial conceptual analysis, the author saturates the book with abundant empirical and graphical illustration, which, to a large extent, significantly aids the reader's familiarization with spatial autocorrelation through spatial statistics, spatial models, and spatial filtering. Conceivably, spatial researchers will appreciate its invigorating introduction to mathematical-geographical properties of spatial datasets, and the statisticians will enjoy its many witty and challenging examples.

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Living Space: Towards Sustainable Settlements in New Zealand, edited by Claire Freeman and Michelle Thompson-Fawcett. 2003. Dunedin: University of Otago Press. 240. ISBN 1-877276-45-6, \$49.95 (paper).

This collection of 11 chapters plus an introduction and epilogue has been edited by two British academics in the Geography Department in New Zealand's southernmost university, the University of Otago in Dunedin. The origin matters because the book is the most recent in a long line of texts inspired by the contrast that British academics confront in a country that is simultaneously young, far away, and comparatively untamed. In his forward Geoffrey Kearsley suggests that the book's two intended contributions are the recognition of the role of urban life in sustainability debates, and a "southern perspective," the latter being both a Dunedin and a New Zealand

counterbalance to the Northern Hemisphere (and Australian) dominance in the sustainability literature.

So what is this urban/southern approach? What makes it different (and relevant)? What counterbalance does it offer to a “northern hemisphere” sustainability agenda? Unfortunately no clear answers to these questions emerge. In the end the editors can only tell us, “the notion of sustainable settlements in New Zealand is complex, multi-layered and also contested” (p. 221).

If the lack of internal coherence in the volume is a weakness then it is shared by many collections, and the effort involved in pulling together a text like it should not go unappreciated as a result. Although not made explicit by the authors, the book nevertheless contains two quite different approaches to the “sustainability debate.” The first and dominant group in this collection are those authors who see greater sustainability being achieved through incremental physical planning (Peter Holland and Thompson-Fawcett, on the historical environmental transformation of New Zealand; Freeman on the greening of New Zealand’s towns and cities; James Lunday, on searching for a more sustainable urban form in private sector development projects; and Thompson-Fawcett and Catherine Carter on four different local approaches to minimizing detrimental outcomes for the environment).

In contrast there are those who see the roots of unsustainability embedded deep in the country’s social structure. Unfortunately while the papers on social inequality are timely, their connection with physical sustainability was not that clear: Sara Turner and Beverley Turner on those at the margins of New Zealand society, and Lawrence Murphy, Wardlaw Friesen, and Robin Kearns on Auckland as a divided city. An exception is the paper by Carol Thomson, which explores the conceptions of justice and sustainability in a package (the Sealords Deal) that acknowledges the property rights of Maori, for she recognizes explicitly that the ability of a population to manage sustainably the environment in which they live is largely dependent on their social and economic well-being.

Sitting in between the planners and the social commentators are those engaged in the active process of community: Bronwyn Hayward on deliberative planning by communities and Ruth Panelli on the concept and meaning of rural communities. The former recounts “a deliberative approach,” how greater public deliberation can contribute to the planning for sustainable settlements. The latter offers an overview of some of the pertinent literatures and conceptual questions that surround contemporary thinking on sustainability.

One of the reasons for the lack of any clear closure may be the book’s eerie silence on the subject of markets. There is no more than a hint of how land and housing markets, for example, pit the social critique against physical planning; there is no drawing of the reader’s attention to the Hirshian paradox, to the critical role of positional goods in driving a wedge between a sustainable urban environment and social justice. As Graham Haughton’s postscript remind us, “Policies for sustainable settlements need to be scrutinised to see *who* is promoting what kind of settlement pattern and what kind of urban form” (p. 234, my emphasis). In these key respects is New Zealand very different? I’m not so sure. And is there really a southern approach? If so it is hard to spot. What may be more important is the generality of global-wide competition for resources that has taken root in New Zealand as it has elsewhere.

Central to our understanding of sustainability, Haughton points out, is the concept of *cost transference*, the way “we pass on environmental costs to future generations, other social groups, other sectors of the economy” (p. 228). As a radical concept,

sustainability can only work if the narrow Bruntland notion of preserving the environment for future generations is broadened to include the redistribution of resources among the present generation. “We engage in environmentally damaging behaviour,” Haughton continues, “in large part because we have developed increasingly sophisticated ways of cost transference, of avoiding acknowledging our responsibilities” (p. 228). A divided city the northern geographers in New Zealand tell us, is an unsustainable place (Introduction, p. 17).

It is a pity the concept of cost transference perspective appears in the epilogue, because the concept and the political economy perspective that lies behind it could have provided an integrating framework for the diversity of ideas that the editors confronted in writing their summary (Chapter 11). The concept of cost transference may have helped resolve the two main calls on the sustainability concept that compete for recognition here: as a tool for social critique and its role in guiding physical planning. A number of the chapters would have been considerably more powerful had they begun with Haughton’s reminder that “problems don’t just engage as some mental, collectively agreed consensus, rather they are socially and politically constructed as problems by people pursuing particular ends” (p. 229). All the more so because several authors are implying rather than making explicit this very same point. The very concept of “creative destruction” is an immense challenge to sustainability.

At the same time the competition for relevance and recognition within the sustainability debate exhibited by the two competing perspectives in this book—the physical and the social—make it potentially valuable as a tool in the classroom and as background reading in public debate. And for an academic audience, it reminds us both of the real intellectual challenge that the concept continues to pose as well as the thick vein of conservatism that continues to run through the very concept of sustainability.

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