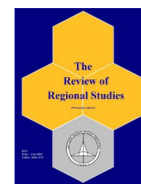




## The Review of Regional Studies

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## BOOK REVIEWS

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**Besnik Pula. 2018. *Globalization Under and After Socialism: The Evolution of Transitional Capital in Central and Eastern Europe*. Stanford University Press: Stanford, California. ISBN-10: 9781503605138, 272 pp., \$65.00 (harcover).**

Reviewed by *Tuyen Pham*, West Virginia University

After 1989, socialist countries in Europe and Asia changed their closed, autarkic economies to an open market orientation. Most believe that the post 1989-market reform policies were the main cause of economic reforms in socialist countries, but Besnik Pula argues a different theory, that the reform socialism in Central and Eastern Europe in the 1970s provided the origins for the transitional capitalism in 1990s. Pula earned his master's degree in Russian, Eurasian, and East European Studies from Georgetown University and his doctoral degree in sociology from University of Michigan. Currently, he is an assistant professor in the Department of Political Science at Virginia Polytechnic Institute and State University. Throughout the book, he explains how historical events, as well as existing external and internal forces affected globalization in Central and Eastern Europe. The book is well organized and leads readers through historical events and explains how each event played a role in this reform.

The most interesting part of the book is from chapters 1 to 4. The author introduces his argument in chapter 1, while chapters 2, 3, and 4 provide historical information and empirical proof of his hypothesis.

In chapter 1, the author explains the globalization in the area and how it was affected by Central and Eastern Europe's duo-dependency on the USSR's political dominance and the West's economic dominance. He also described how global financial growth and the competitive pressure from East Asia played important roles in structural changes in Central and Eastern Europe.

In chapter 2, Pula provides historical information, spanning the period 1946-1969, about international contexts before the Cold War, post war, and the formation of Comecon, the first socialist multilateral organization. Since duo-dependency made it hard to achieve industrial development, Comecon was introduced as an important framework for Central and Eastern Europe's industrialization. Even though Comecon was first established with pure political motives, it then served as a framework for inter-bloc trade, technology sharing, provision of

basic supplies, machinery, and infrastructure development. Pula examined the benefits of Comecon on the region's development by comparing it with other developing and socialist nations in South American and found that Comecon members facilitated rapid growth. However, Besnik also compared the region to the West and pointed out the limits of an autarkic economy and how the institutional constraints continued to limit growth and trade with the West.

Chapter 3 discusses the rise of the reform socialist movement in Central and Eastern Europe in the 1950s and 1960s and how the 1973 economic crisis in the West affected the Eurodollar market that created more opportunities for these regions. Namely, excessive liquidity in the Eurodollar market made it much easier for countries and firms to lend money. The global economic changes provided opportunities for the region to expand trade and deepen economic ties with the West. However, these changes affected countries in Central and Eastern Europe differently due to their domestic institutional patterns and political goals. In general, three different models emerged, import-led growth in Poland and Hungary, Stalinist Globalization in Romania, and Comecon Integrationist in Czechoslovakia and Bulgaria. The chapter explains how different models emerged in different countries with different orientations as well as the importance and the effectiveness of import-led policy.

In chapter 4, Pula shifts the focus to the impacts of institutional changes on firm level organizational processes. In this chapter, he argues that different patterns of political changes from socialist countries in the region and their different relationships with the West the period before 1989s could account for the difference in foreign direct investment (FDI) flows into their countries. He also provides empirical proof to explain the flow of FDI into the regions and how it unevenly affected the different countries because of their different political factors and economic characteristics.

Chapter 5 completes the argument by examining the patterns of structural changes in these institutions and how these changes played an important role in determining the direction of globalization since 2000. In this chapter, Pula explains why FDI became a dominant production network strategy in Eastern Europe in the 2000s and provides comparative statics to demonstrate how different flows of FDI to different countries, different export markets, and technology dependency led to significant divergences in the region's patterns of integration.

In chapter 6, the author discusses how post-Communist elites made decisions in building markets. He suggests that there were two major policy orientations after 1989: one favored openness in trade and export driven growth while the other one favored domestic driven development. Later in this chapter, Pula discusses the difference between the two strategies.

The book was well-written and shows the author's deep knowledge of this subject. The author provided compelling arguments for his position. However, it is a challenge to read, especially to readers who do not have historical, political, or economic backgrounds on the topic. Regional scientists, especially those studying integration of the post-socialist countries in Eastern Europe, should find the book of value, even if they do not agree with the arguments presented by the author.

**Arun Sundararajan. 2016 *The Sharing Economy: The End of Employment***

***and the Rise of Crowd-Based Capitalism.* MIT Press: Cambridge, MA, USA. ISBN-10: 0262034573, 256 pp., \$26.95 (hardcover).**

Reviewed by *Rolando Santos*, Lakeland Community College

This book entails a clear description of the sharing economy. A sharing economy is defined based on the following characteristics; 1) largely market-based, i.e. the sharing economy creates markets that enable exchange of goods and the emergence of new services, resulting in potentially higher levels of economic activity; 2) high impact capital, i.e. open new opportunities from assets and skills to time and money; 3) crowd-based networks rather than centralized institution or hierarchies; the supply of capital and labor comes from decentralized crowds of individuals rather than corporate or state aggregates; 4) the blurring lines between personal and professional, i.e. the supply of labor and services of commercialized and scales peer to peer activity like giving someone a ride or lending someone money; and 5) blurring lines between fully employed and casual labor, between independent and dependent employment and between work and leisure. A good example of these kinds of services would be Airbnb and Uber.

In chapters 3 and 4 of this book, the author explains how technological progress seems to reinforce the move away from markets and toward increasingly sophisticated hierarchies. This gave rise to block chain economies as the crowd is the market maker. Block chain is a public ledger that is encrypted and hard to counterfeit which can be used as a mode of payment such as in the case of bitcoin. However, because block chain is a decentralized ledger, it makes accountability more efficient and reduces the need for a third-party channel such as banks or government institutions. This is consistent with achieving efficiency through economies of scale and sustainability of resources.

The author explains the economic impact of “crowd-based” capitalism. It explains four important impacts in chapter 5. This includes a) an increase in capital; b) changes in consumption driven by greater variety and different modes of access; c) shifts in the nature of economies of scale and network effects; d) democratization of economic opportunities. The motivation for people engaging in crowd-based capitalism is not purely monetary. This suggests a need to focus not just on economic growth as measured by income and dollar value of output, but on economic development broadly defined. This can also affect the way we viewed GDP as a measure of national output.

In chapter 6 the author delves into the roles of regulation to the sharing economy. The right philosophy to regulate sharing economy is one that rejects the idea that the creation of new technology seek permission from public official before taking their services to the markets. It refers to the notion that experimentation with new technologies and business models should generally be permitted by default. Unless a compelling case can be made that a new invention will bring serious harm to society, innovation should be allowed to continue unabated and problems if they developed can be addressed later.

The author explains in chapter 7 the implications of employment in a sharing economy. New labor definition is needed for a world of “crowd-based” capitalism. As the case against Uber reveals, this future has arrived well in advance of policy to support it. There are already 3 million on-demand workers in the United States. The sharing economy enthusiasts see the future of the world of work as increased flexibility, fluidity, innovation, and creativity.

Individuals will be empowered entrepreneurs who take control of their own destinies on an unprecedented scale. On the other hand, the big money goes to the corporation that owns the software. The lesser part of the share of benefits goes to the on-demand workers. Work will be defined by low wages, the elimination of benefits and high level of job insecurity. One implication of the sharing economy is the way we view GDP. The creation of work in the sharing economy cannot easily be understood using established employment measures. A need for metrics development that takes into account job quality, income stability, and work-life balances is needed.

In conclusion, this book is a great read as it relates to the reality of the future of work. This crowd-based capitalism exploits the underutilized resources be they physical and financial capital or talent is both unstoppable and accelerating. The long-term benefits are not just in efficiency and productivity gains but also in much needed new jobs requiring a broad range of skills. Indeed, those who fear the job destroying and job shifting power of automation should look upon the sharing economy as a source of their fears.

**William Bonvillian and Peter Singler. 2017 *Advanced Manufacturing: The New American Innovation Policies*. The MIT Press: Cambridge, Massachusetts. ISBN: 978-0262037037, 415 pp., \$43 (hardcover).**

Reviewed by *Zachary T. Keeler*, West Virginia University

*Advanced Manufacturing: The New American Innovation Policies* provides insight into the past, present, and future of U.S. manufacturing. The U.S. manufacturing sector had a difficult decade between 2000 and 2010, indicated by decreasing employment, investment, output, and productivity. Bonvillian is a lecturer at MIT, former Director of MIT's Washington, D.C., office, and the author of *Structuring an Energy Technology Revolution* (MIT Press). Singler is a Policy Advisor in MIT's Washington, D.C., office. They use their experiences and expertise to examine the causes of this decline, followed by suggestions and recommendations to overcome some of the challenges in the industry. Therefore, this book provides a road-map for the revitalization of the U.S. manufacturing sector and the success of future economic prospects.

Chapter 1 describes some of the barriers and challenges facing the U.S. manufacturing sector. The manufacturing sector has been hollowing out, with declining and stagnant employment and output levels. For example, the number of manufacturing jobs decreased by 5.8 million between 2000 and 2010, and output fell by 10.3 percent during the Great Recession of 2008. The increased focus on information technology and biotechnology sectors has led to less manufacturing development, despite its legacy as a dynamic sector in the U.S. economy. Some of the challenges facing the manufacturing sector include perverse pricing effects that overprice U.S. goods relative to foreign competitors because of a high-value dollar, a financing system that limits support to start-up firms, vested interests that can make innovating in advanced production processes difficult, unfavorable public habits and expectations, a knowledge and human resources structure that does not support the high-skill labor future manufacturing will require, limited research and development, and market imperfections. The chapter concludes by applying the five models of innovation (pipeline, induced innovation, extended pipeline, manufacturing-led, and innovation organization) and highlighting

some core ideas including new production paradigms and the future of production.

Chapter 2 provides insight into some of manufacturing's critical moments in economic history. These critical moments include James Watt's "walk on the Green" of Glasgow, interchangeable machine-made parts, mass production, and the defense innovation system. This chapter also includes lessons and main takeaways based on manufacturing's past. For example, one lesson is that production and innovation are linked, which serves as the core theme for the remainder of this book.

International competition and the decline of U.S. manufacturing is the subject of Chapter 3. One challenge to U.S. production in the 1970s and 1980s was Japan's quality manufacturing model. During this time, the U.S. experienced a period of industrial decline, low GDP, productivity growth, income stagnation, and deep industrial resentment. However, this all changed after the IT revolution and the rise of the Chinese manufacturing sector. China's innovative new production scale-up approaches propelled them to be the world leader in manufacturing output after passing the United States in 2011. International competition resulted in U.S. manufacturing experiencing a difficult decade from 2000 to 2010 as indicated by decreasing employment, investment, output, and productivity. In response, U.S. firms began outsourcing production processes, which could ultimately change the mindset of "innovate here/produce there" to "produce there/innovate there." The chapter concludes by discussing related social disruptions.

Chapter 4 provides an overview of how economic theory explains manufacturing. First, growth theory is reviewed, including New Growth Theory and its effort to better model economic growth. New Trade Theory is examined, which focuses on the innovative and competitive capabilities of firms. However, these concepts and their application to manufacturing have been largely overlooked. The chapter concludes by discussing the role for policy in strengthening the country's manufacturing innovation system. The authors follow this up by examining how advanced manufacturing developed at the federal level following the Great Recession in Chapter 5. For example, the restructuring of the auto industry, MIT's Production in the Innovation Economy (PIE) study, and others, provide insight into the emergence of advanced manufacturing. The chapter also discusses and evaluates manufacturing problems and corresponding policy proposals.

Chapter 6 discusses the advanced manufacturing innovation institute model. A key goal of the manufacturing institute was to evolve advanced manufacturing through collaboration between industries, universities, and government. The chapter includes a table of institute names, descriptions, and their progress to date. Also discussed are challenges faced by manufacturing institutes, as well as lessons and suggestions from institute leaders, federal agency officials, and university experts.

The authors provide an overview of the difficulties new firms have in production in Chapter 7. Start-ups developing "hard" technologies are finding it increasingly difficult to scale up in the manufacturing stage from lack of venture capital financing. As a result, venture capitalists have focused their attention on less risky investments, such as in software, biotech, and service sectors. Mechanisms to overcome financial barriers are also reviewed, such as the concept of "innovation orchards" where industries, universities, and government can partner to help promising young firms scale-up manufacturing.

Chapter 8 reviews the role of highly skilled workers that are necessary for the evolution of advanced manufacturing. Mechanisms for the development of workers are also examined, including apprenticeships and community colleges. This naturally leads Bonvillian and Singler to examine the future of work in manufacturing in Chapter 9. Specifically, the authors address technological displacement and secular stagnation. Technological improvements such as IT-based automation have the capability of impacting certain manufacturing jobs, with lower educated workers the most at risk of displacement. However, technology-based employment displacement does not seem to pose a significant threat in the near future. The chapter also addresses secular stagnation, raising concerns over the decline in innovation, growth, the middle class, productivity rates, and related investments. Bonvillian and Singler conclude this chapter by identifying ways advanced manufacturing can address these concerns, including investment to handle employment and wage problems, infrastructure, and advancement through college, industry, and government collaboration. They conclude this book with a chapter that summarizes their key findings and that stresses the importance of innovation-driven advanced manufacturing for the future of the U.S.

This book is a good read and provides insight into the past, present, and future of the manufacturing sector in the U.S. The authors do a nice job of presenting information while also providing suggestions and recommendations to overcome some of the challenges in the industry. However, while I commend the authors for their analysis, some of their mechanisms for recovery seem overly optimistic. Despite this minor comment, the book is very well-written and informative. For those regions with a long history of manufacturing or those with potential manufacturing development in the horizon, the ideas expressed in this book can help promote future success. Additionally, the proposed prescriptions to overcome challenges discussed in the book can help spur the economic revitalization of communities that may have been impacted by the past hardships of the manufacturing industry. Overall, I would recommend this book for business and government leaders or those readers who take an interest in understanding the manufacturing sector in the United States.

**Francesco Duina. 2018 *Broke and Patriotic: Why Poor Americans Love Their Country*. The Stanford University Press: Stanford, CA, USA. ISBN: 978-0804799690, 223 pp., \$19.95 (paperback).**

Reviewed by *Erika Davies*, West Virginia University

Despite being objectively worse off than the poor of other advanced countries, having fewer welfare programs and more expensive healthcare, America's poor are fiercely patriotic. Patriotism, the *opinion that one's country is fundamentally better than other countries*, thrives within these poorest communities. Not only do the American poor revere their country more than poor people of other nations, they love it more than working-, upper-, and middle-class Americans. Of the poorest Americans, 100 percent reported being either "very proud" or "quite proud" of their nationality. Compared to Germany, where the proud poor make up 37 percent or even Japan it is 75 percent, this statistic is significant.

Why do the poor love America? What, specifically do they love about it? Most importantly, *how do the poor reconcile their love for country and their poverty?* With over 60 interviews conducted at bus stations, public libraries, laundromats, on sidewalks, and at fast

food joints in Alabama and Montana, Bates College sociologist Francesco Duina constructs a narrative of patriotism among the poor. Among these interviews emerges a complicated, definitive answer: poverty is irrelevant in the greater scope of all America has to offer, or, there is enough hope for the future that poverty is temporary for the individual.

Why do the poor love America? In a word: “freedom.” More on this later in this review. In four words: justice, progress, equality, and familiarity. Americans are held responsible for their actions, by the market or the judicial system. Importantly, the judicial system is *fair*, as opposed to places cited by one interviewee, like “Germany or Russia,” where they may “cut [my] hand off or cut [my] tongue out.” America is only getting better! Many interviewees mention improved race relations in the country over the last 50 years. In America, everyone is worth the same: anyone can be the President. Finally, for most interviewees, America is all they know. For better or for worse, they are unable to entertain the possibility of living anywhere else.

The poor in Alabama love their freedom with a dash of Confederate flavors, while those in Montana enjoy their freedom with a sprinkle of libertarianism. Freedom of religion, to many Southern interviewees, means freedom to be Christian without persecution. Duina’s interviews portray a double standard among both the Alabama and the Montana poor, neither of which group would like a Muslim president. “I do not want a president who wants to kill me,” one interviewee stated, which is a threat she and another woman perceived as real. They shook their heads, notes Duina, since as they saw it, President Obama is a Muslim.

Perhaps the most sobering revelation in these interviews is the poor’s reliance on firearms, or, as the liberal media says, their “attachment.” Duina’s interviewees stress that they truly rely on their Second Amendment right to bear arms. Though some in Montana mention protection against tyranny, and some in Alabama mention the right to protect themselves and their property, regardless of location, the poor need their guns as a means of feeding their families. In America, as long as you have a gun, your family can eat during every season of the year. In this context, love of country is not just a redneck attachment to guns; it is the reassurance that you may survive and provide.

Duina also tackles the *American Dream*: the belief of the possibility of upward mobility in society’s ranks. The poor of America overwhelmingly believe that if you work hard, your hard work will be rewarded. Because people can improve their life by working hard and climbing the social ladder - because that option is believed to exist at any time - the poor believe that America is unique, and special. They seem enraged by other countries, like the Netherlands, where they perceive that people do not need to work to climb, and society pays for it with high taxes. Even though the American poor would enjoy a greater quality of life in the Netherlands, almost every interviewee swore that there was nowhere he or she would rather be than in the United States.

Herein lies the truth of their love for country: the poor love that America has rules. Whether they are enforced or consistent does not seem to matter, not with the rosy glasses the poor wear. If you work, you are rewarded. If you do not work, America will offer you shelter and food until you can work again. Many interviewees praised the welfare system in America, and the availability of clothing, shelter, and food. The beauty of the American system seems to be its discipline. As long as there are poor without jobs or homes, the

system is working. As long as there are poor who get jobs and escape poverty, the system is also working.

Finally, Duina's most "cynical and educated" interviewee, whom he met at a laundromat in Billings, has one simple, elegant insight to the question why do the poor love America? The interviewee, "Darrius," explains that having nothing, not even pride in your country, or dignity as a citizen, is an unbearable reality. The poor can avoid this ultimate vacuum by taking pride in the country that they perceive as theirs, even though it may be one of their only possessions.

These face-to-face interviews with the patriotic poor are certainly valuable, but it is Duina's insight and his ability to extrapolate that make this book flow. He deliberately conducts interviews to the point of 'saturation,' or until patterns in the interviews are so obvious that nothing new is being said. Duina does not handle the poor "with kids' gloves," but he still writes with respect, and with an air of harmless curiosity. When his interviewees muse that America has gotten too soft and we need to "bring back public hangings" and, conversely, that America is great because in other countries, "if you get caught with drugs, you get the death penalty," Duina records both, and tries to make sense of each. He presents a fair interview of (or by?) the poor of America who, undeniably, love their country.

*Broke and Patriotic* can be an inspiration to regional scientists, or a discouragement. On the positive side, regional scientists can rely on the American poor to accept reduced regulation in the name of freedom or classic America. However, the poor also rely heavily on the same welfare system that some of them resent as socialist. Duina's interviews reveal that poor Americans are as heterogeneous as any other groups, so he is unable to present a clean description of the representative poor American. One theme remains throughout this work, free for exploitation by economists, policy-makers, and regional scientists alike: weave a patriotic thread into any policy, and the poor will get behind it.