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BOOK REVIEWS

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Simona Piattoni and Laura Polverari (eds.). 2016 *Handbook on Cohesion Policy in the EU.* Edward Elgar Publishing: Cheltenham, UK and Northhampton, MA, USA. ISBN: 9781784715663, 547 pp., $310 (hardcover).

Reviewed by *Mark A. Jubulis*, Gannon University

The European Union (EU) is often in our daily headlines, engaged in the "high politics" of crisis management, but what sort of activities make the EU valuable to its citizens on a daily basis? Through its Cohesion policy, which accounts for approximately one-third of the EU's total budget, the European Union has sought to promote the economic development of peripheral regions or entire states in order to generate a greater degree of social equality and "solidarity" throughout the entire EU. As a "handbook" on a particular topic, the present volume aims to be comprehensive in nature, and fifty different authors cover multiple dimensions of the EU's Cohesion policy in thirty-two separate chapters. A series of well-made color maps precedes the text, while several tables provide a great deal of hard data. Each chapter also contains many references to the existing literature on the subject, allowing the reader to appreciate how Cohesion policy has been interpreted over time. Overall, this book is the culmination of an ambitious research project that will be a valuable resource for many years to come. However, like all works that seek to interpret the ongoing development of the EU, we must remember that the authors are aiming at a moving target, and events such as the "Brexit" referendum or a surge in immigration have the potential to derail recent trends.

The focus on Cohesion policy over time provides us with a more complete picture of how the EU as a whole has evolved since its inception in 1957. Initially, it was hoped that Cohesion policy would offset economic disparities caused by the adoption of the common market and later the common currency. Cohesion policy has also developed in response to new waves of enlargement, since new members tend to lag behind existing members in terms of economic development. This was the case with the addition of Spain, Portugal, and Greece in the 1980s and the addition of central European states after the fall of communism. However, it is also the case that even wealthier member states receive EU funds as part of the Cohesion policy. For example, Great Britain argued that it should receive funds for regional development because it did not expect to benefit from the EU's Common Agricultural Policy,

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while Germany has had to deal with regional underdevelopment in the former communist lands in the eastern part of the country.

But Cohesion policy is not merely a response to new situations, it has also fostered change in the internal dynamics of the EU, most notably by encouraging many distinct subnational regions to act on their own interests. This means that Cohesion policy engages forces from below even as it has strengthened the role of the EU Commission from above. Three chapters deal specifically with this issue of regionalization. The Maastricht Treaty created The Committee of the Regions, which formally began work in 1994 and was primarily a consultative body that issued opinions on EU Cohesion policy proposals. Despite its limited policy-making role, this body inspired a renewed emphasis on the principle of subsidiarity in the EU. While this was a positive development, talk of an emerging "Europe of the Regions" fizzled out after the draft Constitution of 2005 failed to formalize a new institutional role for the regions and instead maintained a central role for the member states. In conjunction with the shift in funding to the new members admitted in 2004, Emanuele Massetti and Arjan Schakel explain that this has caused some regional parties to lose hope that Cohesion policy can continue to improve their status. Eve Hepburn notes that the regions which have been most successful at mobilizing demands for autonomy are regions that already benefited from a federal framework in their respective countries, so the domestic national context still matters a great deal (p. 207). Some of these regional parties have recently embraced the more radical option of secession "... so that their regions could finally take their place at the "top table" of the EU Council of Ministers" (p. 212). However, Hepburn also points out that the EU lacks any formal policy on "internal enlargement," so this must limit the confidence of nationalists in Scotland or Catalonia that they will be eagerly welcomed into the EU as full members once they achieve independence. This policy is unlikely to be forthcoming because it is in the interest of the existing nation-states represented in the European Council to prevent a precedent that may lead to a cascade of demands from multiple regions across the EU.

Massetti and Schakel point out in their chapter that the amount of cohesion funding may explain why some regional parties are either Eurosceptic or Europhile, suggesting that Cohesion policy makes sense in theory, i.e., more funding to regions produces more Europhile regional parties. This is an important observation, but there is not enough evidence provided to determine whether or not Cohesion policy has made the EU more "cohesive" by strengthening the bonds of unity among citizens of the EU. How is pan-European unity enhanced by promoting the assertion of regional identities? Massetti and Schakel track the changing positions of regional parties, but not whether or not the shift in positions causes them to be more or less popular among voters. In any event, the trend identified in this chapter has been for regional parties to become more Euroskeptic, and this suggests that the Cohesion policy has failed to produce its desired effect.

This ambiguity surrounding the impact of Cohesion policy on diverse regions calls into question the appropriateness of the name for the policy. Efforts to level the economic playing field more properly fall under the category of "harmonization." However, it is also doubtful that the Cohesion policy has even succeeded in its goal of promoting greater harmonization of economic and social outcomes across Europe. Indeed, vast regional disparities still exist after several decades of Cohesion policy initiatives and huge amounts of spending. Such disparities have actually increased since the 2008-2009 financial crisis. To their credit, many authors in the present volume recognize this. In some cases, even the impression of success can be deceiving. For example, a region may "graduate" out of the status of an underdeveloped region without making any significant objective advance because a new member states lower GDP brings down the overall EU average, thereby raising a region up in terms of its relation to the average GDP and making it seem more advanced in comparison to the poorer regions of the new members (p. 211).

Despite these shortcomings, Cohesion policy has still made a significant impact on the political development of the EU, especially on the nature and distribution of sovereignty. Multiple chapters emphasize the way that Cohesion policy has contributed to the emergence of "Multilevel Governance" within the EU, involving transnational, national, and subnational levels of government. These chapters build upon the previous work of Liesbet Hooge and Gary Marks (2010). Even though we noted that the aspirations of many regions have not been met, they are clearly more involved in the EU policy process than they would have been without the Cohesion policy. While the erosion of state sovereignty in the EU is usually portrayed as the surrender of sovereignty from the nation-state to the transnational institutions of the EU, the emergence of the regions as independent actors has created a subnational level of sovereignty as well, thereby weakening the grip of sovereign control for the nation-states.

This is clearly an issue that warrants further study and theorizing. If sovereignty is fluid and "de-centered," where is ultimate accountability to be assigned? If the answer is not clear, what does this mean for democracy? If national borders no longer matter, why does Spain want to prevent the secession of Catalonia? If the nation-state is losing its sovereignty and its relevance, then why do people in Catalonia want their own state? Furthermore, to the extent that Multilevel Governance is a real feature of EU politics, academic theories frequently interpret particular developments within the EU as redefining state sovereignty in the world at large. Indeed, it is common to see the processes of EU integration and globalization described interchangeably. Yet China today seems determined to impose its own definition of national sovereignty, even as it has benefited greatly from globalization. Finally, theoretical insights about the nature of sovereignty drawn from this study of the EU Cohesion policy deal entirely with the realm of economics, yet the member states still maintain their own military and defense budgets as well as their own seats in the United Nations. When it comes to many traditional foreign and security policies, the question of sovereignty remains tied to the nation-state. These issues and the movement towards Brexit remind us that there remains a serious potential for the reassertion of national sovereignty even in the context of an EU with multiple layers of sovereignty. The chapter by Andreas Faludi stands out for giving a fair assessment of these issues.

But if the member states retain a great deal of authority, the focus on Cohesion policy highlights the way that the nation-states must constantly struggle to retain their sovereignty. Ingeborg Tömmel highlights the tensions between the EU Commission in Brussels and the member states in his chapter on "The Commission and Cohesion Policy." He notes that "... the Commission met fierce resistance from national governments" and that it was the Commission...which pressured the member states first to set up, later to expand, and finally to maintain Cohesion policy" (pp. 107-108). The distribution of funds can also promote competition for those funds and cause various states or regions to feel like winners or losers in the process. In their Introduction, the editors note that: "Cohesion policy is highly political and arouses a great variety of institutional and non-institutional interests, injecting a disordering dynamic in both national and EU interinstitutional relations" (p. 3). A more cynical perspective sees Cohesion funding as a pay-off to member states to get them to agree to other EU policy proposals (p.58).

Finally, this book expands our familiarity with some lesser known EU institutions that play a role in Cohesion policy, such as the European Court of Auditors and the European Investment Bank. We also learn a great deal about the bureaucratic nature of the EU. Unfortunately, scholars writing about the bureaucracy often adopt bureaucratic language themselves. The book contains a mind-boggling array of acronyms, from ESPON (European Spatial Planning Observatory Network) to NUTS (Nomenclature of Territorial Units) and SURE (Special Committee on the Policy Challenges and Budgetary Resources for a Sustainable European Union). One must be prepared to meet phrases such as the following: "socio-spatial structuration is a co-constitutive dimension of socio-political regulation" (p. 506). This bureaucratic nature of the EU and explanations of how the EU works further add to the sense of frustration regarding the lack of transparency and the "democratic deficit." How can voters respond to EU policies if they cannot make sense of the inner workings of the EU or determine who is ultimately responsible for adopting those policies? While this is not the purpose of the book, the way that many authors shine a spotlight on the bureaucratic nature of the EU gives us some help in understanding the rise of Eurosceptic populism in many countries. The statement "we voted" is likely to resonate more with people than "they decided."

Alain Bertaud. 2018. *Order Without Design: How Markets Shape Cities.* MIT Press. Cambridge, MA, USA and London, UK. ISBN: 9780262038768, 413 pp., $40.00 (hardcover).

Reviewed by *Noah J. Trudeau*, West Virginia University

Order Without Design: How Markets Shape Cities is a fascinating synthesis of a lifetime career of urban planners and an urban economist. Throughout the book, Alain Bertaud illustrates how urban planners could implement the theories of urban economics to better the lives of urban citizens. To Bertaud, a prominent urban planner, the worlds of urban planning and urban economics rarely meet, and both worlds could benefit from an exchange of ideas. Urban planners often decide what is appropriate for a city; what is sustainable, livable, preferable, and attempt to implement these all while ignoring market forces at play. Urban economists theorize and hypothesize about how urban settings work, what are the driving forces, and what is to be expected from possible changes in the future. Unlike urban planners, urban economists almost always stay out of the actual planning process of city design. Bertaud has a well of personal experience as an urban planner and experience with urban economic theory to draw on. Because of this, the reader gets to see how cities work, why they work as they do, and the frictions between economic theory and urban planning preferences.

The book is introduced with two stylized perceptions of cities: those of economists and those of urban planners. It is emphasized how these two perceptions need to be synthesized. Bertaud mentions his own history as an urban planner in Tlemcen, Algeria and how the regulation written in urban code law was not particularly lining up with the desires of the local populace. This was because the regulations were French, and the French ideals did not particularly line up with the cultural norms of the Algerians. It was not until later when on assignment in Port-au-Prince that Bertaud would have his first encounter with an urban economist, Jim Wright. Wright was able to put theory, like agglomeration and economies of scale, to what Bertaud had been observing in years of work. It was through this chance meeting that Bertaud learned the basics of urban economics, and how it could provide a theoretical backdrop to the application of urban planning. In Bertaud's own words, "It was like somebody who, after spending years observing the planets, has suddenly gained access to Newton's law of gravitation." He, then, follows up by explaining that markets are actually the antithesis of urban planners, how few planners have been able to plan cities without markets, and how those that were able to spectacularly ended in failure. Urban planners are surprisingly ignorant to basic economics, while urban economists are often too far removed from the normal day-to-day operations of cities.

The heart of this book deals with explaining cities from a theoretical perspective with the understanding that practical application is what both economists and planners alike are endeavoring toward. Cities are shown to be labor markets where there are benefits from knowledge spillovers and agglomeration. Different theoretical models, i.e. the monocentric city, are brought in to explain how travel time and the spatial distribution of jobs are important in measuring the size of the labor market cities provide. Then, the formation of urban spatial structures is explained. Bertaud compares how markets organize versus that of design. Markets tend not to provide organized road networks and public spaces and design tends to be pragmatic and leaves out the adaptability for market participants to enact change they want. Bertaud uses Miletus in sixth century B.C. Greece as a wonderful example of planning enough, so markets could function, and technical order still be prevalent. Bertaud then twice goes back and forth between economic theory and practical planning application hitting on topics such as: models of the spatial distribution of land prices and densities, designing urban roads and transport systems, affordability of living space, and alternative urban shapes and utopias. Bertaud concludes by calling to action urban planners and urban economists to work together to have a positive impact on urban population centers.

Personally, I wish I read this book before taking an urban economics course because Bertaud does a terrific job of explaining urban economic theory and practical urban planning applications in a way that is not only easy to read but enjoyable as well. I would readily assign it as reading for an undergraduate class in urban economics. The argument that urban planners and urban economists need to come together to create better outcomes for society is compelling and well supported. Perhaps though sheer circumstance, Bertaud has had fascinating personal experience that leads to interesting anecdotes as well. This adds both readability and a touch of personability to the text. If I were to dig, and I would have to dig, for a criticism it would be that many of the examples used are anecdotal or case studies, but it does nothing to leave a blemish on this work. I would readily suggest *Order Without Design: How Markets Shape Cities* to regional scientists, urban economists, urban planners, or anyone fascinated by cities alike.

Michael H. Best. 2018. *How Growth Really Happens: The Making of Economic Miracles through Production, Governance, and Skills.* Princeton University Press: Princeton, New Jersey. ISBN: 978-0691179254, 320 pp., $29.95 (hardcover).

Reviewed by *Ethan Schmick*, Washington and Jefferson College

Short periods of rapid economic growth are often termed "miracles" by both economists and the wider populace. Examples include many Asian economies, e.g., China, Hong Kong, Japan, Singapore, South Korea, America's industrial build-up during World War II, postwar Germany, and Silicon Valley. The word miracle is invoked because traditional economic models cannot explain these periods of rapid growth. In the traditional production function approach to economic growth, labor and capital are the key inputs in the production process. Any increase in output that is not the direct result of increases in labor or capital is left unexplained. The problem, of course, is that this unexplained component makes up around 80 to 90 percent of the total increase in productivity.

In *How Growth Really Happens*, Michael Best attempts to explain these economic miracles by challenging the mainstream approach described above. Best's argument takes a production centric view of economic growth that rests on the idea of a "capability triad." Capability triads consist of: (1) a business model, (2) production capabilities, and (3) skill formation. This production centric approach to economic growth places the emphasis on how goods and services are actually produced. For example, are interchangeable parts used in production? Is synchronization of production cycles used? Do firms' network with other firms provide complementary skills to each other? The way in which goods are produced make up the "business model" component of the triad. Does the production of goods and services lead firms to develop new products? New technologies? New production techniques? The opportunities opened up by production make up the "production capabilities" component of the triad. Finally, how do firms attract workers with the skills they need? How do educational institutions know what skills firms are looking for? Do workers learn and improve on the job? The skills of workers and managers make up the "skill formation" component of the triad. Best's central argument is that these three factors are interconnected and all three must be brought together for growth to occur.

The book can be divided into three parts. The first part provides case studies of (1) America's industrial build-up during World War II and (2) Greater Boston's high-tech sectors in the postwar era. President Franklin Roosevelt was determined to win the war by outproducing the Axis powers. America's national output nearly doubled between 1939 to 1944, which the author argues was not the result of fiscal and monetary policy but because of rapid changes in the way in which American firms produced goods. In particular, American firms, with leadership from the War Production Board (WPB), adopted the principles of mass production and synchronized cycle times (the time to make one unit of a good) *en masse*. This required, for example, synchronizing a supply chain of over 30,000 parts to make one B-24 bomber. As a result of this synchronization, factories went from being able to produce one B-24 a day in 1940 to producing one an hour by 1944. In addition, the government supported skill formation by educating the workforce in the techniques of mass production; a job carried out by the Training Within Industry (TWI) program. The

TWI encouraged participatory management practices where workers would set standards, solve problems, and even introduce new products, technologies, and methods into the production process. Thus, America's WWII miracle occurred through a process of adopting mass production techniques including synchronization (business model), training workers in these techniques (skill formation), and using these workers and managers to further develop new products, technologies, and production techniques (production capabilities).

The book moves from a national to a regional scope by studying Boston's high-tech cluster of firms in the postwar era. Boston's high-tech firms are built on a capability triad that consists, first, of a regional technological legacy of precision engineering of interchangeable parts. During the 1800s, Greater Boston was a center for machinists that engineered interchangeable parts, e.g. parts for muskets, with fine tolerances. This technological legacy is evident in Greater Boston's prominence in the engineering of small medical devices, such as stents, and electronics today. The second component of Boston's capability triad is the education of workers in engineering and technology at local universities. At one point, the high-tech firms of Greater Boston made an agreement with local universities stipulating that the firms would provide 2 percent of their research and development budget to the universities in exchange for the universities expanding their engineering programs. Finally, Greater Boston's capability triad is complete through an open business model, where firms produce highly differentiated products and then network with other firms that can provide complementary skills and capabilities. This networking results in the spread of ideas, the development of new products and technologies, and further differentiates firms.

The second part of the book contains only one chapter, which guides the reader through a history of economic thought focusing on production centric growth. It begins with Adam Smith, whose classic pin-making example illustrates that he was intensely interested in how goods are actually made. Then, it peruses Charles Babbage, who believed that technological change emerges from production, and Edith Penrose, who believed in adaptable and evolving firms. According to Penrose, firms are not static agents that take labor and capital and transform them into an output. Instead, firms respond to opportunities and the changing knowledge of their workers and management, which allows them to innovate and further differentiate themselves. The ideas of Alfred Marshall, Allyn Young, George Richardson, Jane Jacobs, Moses Abramovitz, and Joseph Schumpeter are also examined.

The final part of the book continues with case studies of Germany's *Mittlestand*, the United Kingdom, Ireland, Japan, and China. These case studies continue to highlight the author's main point of capability triads leading to economic growth. For instance, Germany's postwar economy is built on a capability triad of medium sized firms *Mittlestand* with an open business model that can rapidly change and adapt to new technologies and production techniques. This is supported by a government educational system where local universities train students in the skills of that region's particular technological expertise. Finally, the *Mittlestand* is financed through a system of regional banks that are actively engaged with local business and labor leaders, making it easier for them to determine when promising opportunities needs financed.

The author uses the United Kingdom as an example of capability triad failure. Manufacturers in the UK never embraced the ideas of interchangeable parts or synchronization of production cycles. The few sectors of the UK economy that are successful, like the Formula

1 race car sector, are too small to have a macroeconomic impact. The UK also failed to establish a system of technical education for their work force. Interesting case studies of Ireland, Japan, and China all drive home the author's main theme of capability triads leading to economic growth. The book concludes with warnings about the fracturing of America's capability triad, partially due to America's World War II industrial build-up. The author argues that, at the very least, the Greater Washington, D.C. economy is a contract economy that has lost the incentive to innovate and adapt because their only client is the United States' government.

Michael Best has written a long and impressive book. However, I am left wondering if more could have been done in the space that was used. While the book claims to explain how growth really happens, few generalizable policy prescriptions are reached. Instead, the author relies solely on case studies of individual national and regional economies whose institutions are not transferable to other locations (a point the author readily makes). The author drives home the point that governments need to intervene to help establish capability triads, but he provides no guidance on how this should be done. In addition, I found parts of the book to be difficult to read, partially due to the author's persist use of phrases such as "capability triad," "cluster dynamics," "economic governance," "entrepreneurial industrial district," "industrial ecosystem," "network linkages," and "triple helix."

At its best, *How Growth Really Happens* is a sea change in the way economists think about economic growth. The chapters on Greater Boston's high-tech firms and Germany's *Mittlestand* are especially valuable in understanding the author's view of how growth occurs. In addition, the book provides a great opportunity for future research as many of the ideas presented can be further explored using modern, empirical methods.

William Kerr. 2019. *The Gift of Global Talent.* Stanford University Press: Stanford, CA, USA. ISBN: 9781503605022, 256 pp., $27.95 (hardcover).

Reviewed by *Allyssa Wadsworth*, West Virginia University

Global talent clusters are the epicenters of breakthroughs in technology, business startups, and patented developments. While it is common knowledge that talent migrates globally it may not be known why the migration occurs and the consequences that arise from policy and exponential development. Negative immigration policies have enveloped the United States of America in recent years and through the knowledge of factual evidence there is still a chance for America to restore it,s economy and not only the dreams of those abroad but citizens too. Though an extensive case study using modern day companies and pop culture icons such as J.R.R. Tolkien, Apple, and Johnny Depp, this book examines these issues. William Kerr is a Harvard Business School professor and has worked with governments worldwide to help identify, access, and utilize global talent. Using his knowledge from the field he breaks away from political tides, illustrating facts on global flows and their consequences that an everyday reader would appreciate.

This book is grouped into two sections, both based on three major propositions for talent. First, talent is the most precious resource the world has to offer because talented individuals are those that drive economic development and, hence, global prosperity. For these talented individuals to lead the world into prosperity they must be move-able, leading to the second and conceivably the most important proposition of the three. Allowing for talent to transfer location enhances clustering of similar individuals, collaboration between firms, growth of talent clusters, like Silicon Valley, and increased productivity. The third proposition states talent is significantly influenced by the surrounding environment, suggesting talent develops when those interact with others who also have skilled minds. All three propositions are the foundation for the themes analyzed and discussed throughout this book.

The first half is comprised of a historical case study on global talent, including an in-depth analysis of flows, employment opportunities, and gatekeepers. Using numerous data sources, such as The World Intellectual Property Organization (WIPO) data on patents and inventors, patterns emerged in the dataset, which led to Kerr's three findings. The first of the key findings is, as discussed above, talented people migrate more frequently than the general population and tend to flow towards advanced economies, like America, with a large portion from Asian based countries. While these flows are often seen as bad because of the native job loss, the evidence suggests that natives do better. Talent generally flows towards opportunities which lead to "side-by-side increase in involvement." Global talent flows comprise roughly a quarter of the American innovative workforce and boost fortunes of both migrants and natives.

Regulations and pathways for global talent flows are two topics of consideration in part one of the book. A comparison was provided for the average reader of visa types and immigration systems of the United States and various other countries, including Canada and Australia. The US relies on firms and businesses to submit for potential worker's H-1B visas, leading to employment ties to firms and older workers unwillingly being replaced at a higher rate. Other countries utilize a points-based system that focuses on specific skills, like work experience and education. Another pathway to economically developed countries is through education. Many migrants start their transition as students in universities because it allows for simultaneous job search and skill development. This makes universities the second largest gatekeepers in the United States for global talent just surpassed by firms and businesses and proceeded by America's government.

The second half of this book analyzes the consequences that stem from global talent flows and how they can influence the path forward in globalization. Talent clusters have been rapidly developing and stemmed from the need to access talent and increase productivity. With this growth human resource departments are forced into making hard decisions to balance costs and benefits for firms, which could ultimately require moves, as seen in the case study on GE, or even layoffs of older employees. Along with complications in the HR office, rapid migration may lead to the lack of information and understanding of cultural norms in the areas. This can lead to misunderstandings between native workers and those hired via the global talent flows. Although there may be many negative consequences the positive aspects are plentiful, including diffusion of information from talent clusters, which is the spreading of information to other regions and countries from the clusters. A policy prescription is provided in the concluding chapter, focusing on America and selection processes, treatment, and pathways provided for visa applicants. Through flows of human capital discussed as talent, the knowledge economy is booming but consequences must be acknowledged and handled in a manner that promotes growth and development.

Kerr has sparked interest in global talent flows through everyday examples ranging from

Johnny Depp to General Electric. By relying on fact-based information for the complete analysis, he allows the reader to think beyond political affiliations and focus on formulating a knowledge-based opinion. The primary criticism for this book is the discontinuity between the first and second sections. The first section focuses our attention on immigrants traveling to America and the pathways used. The second section provides a completely different focus and provides information on specific firms and policies placed without much connection to the immigrants as discussed in part one. With that being said, the book provides a strong base of factual evidence supporting global talent flows based on individual accounts and firm experiences. A *Gift of Global Talent* is recommended for those involved in large firms dealing with immigrant workers, and regional scientists seeking an overview of today's global talent migration paired with informative and entertaining case studies.