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BOOK REVIEWS

Book Review Editor:

Brian W. Sloboda

College of Doctoral Studies, University of Phoenix, USA

bsloboda@email.phoenix.edu

Nourse, Hugh O. (1968) *Regional Economics*. McGraw-Hill Book Company: New York, NY, USA. Library of Congress Catalog Card Number 68-11935247, 272 pp., \$14.95 (hardcover).

Reviewed by *Richard Cebula*, George Mason University

At the time of publication of this McGraw-Hill Economics Handbook Series text (1968), the discipline of “regional economics” was in various respects relatively young. For example, the *Journal of Regional Science* was just barely into its eighth volume. This circumstance created the opportunity for a well-written, broad-based textbook that would provide students a useful grasp of as well as insights into the diversity of substantive issues that were becoming and have since become the well-developed discipline that is the title of Hugh Nourse’s exceptional text. Students of economics, geography, and urban planning were to be provided with a richly written and yet very accessibly written body of knowledge. The introductory chapter (Chapter 1) in this book helps provide students of varying backgrounds a capacity to comprehend and appreciate the breadth of issues that can be classified as being under the rubric of “regional economics” and to correspondingly appreciate to at least some degree that the field involves a blend of different perspectives, tools, and techniques. Yet, the student is shown that there are practical, everyday problems being addressed across the board. Perhaps it is pragmatism in the real world that binds the various facets of this subject matter. Chapter 2 begins to introduce the student to the theory of the firm generally and how alternative locations influence a firm’s bottom line. This chapter is largely intended to provide the backdrop for subsequent chapters. It is also intended to aid students, especially those who have only a limited economics coursework background, to compete on a more level playing field with those having a more robust economics coursework background. Chapter 3 elevates the level of analysis by presenting the students with a theory of systems of cities. It is ultimately distilled from the classic work by August Losch (1954). Among other things, the key role of economies of scale is emphasized. With the threshold plant size different from one commodity to another, a system of cities of varying sizes is gradually envisioned, enabling the student to appreciate the underpinnings of how an economy can be systematically and non-uniformly developed. How the pattern of economic development is influenced by overlapping trading areas between competitors and by political boundaries is

also cogently demonstrated and explained. Patterns of industrial location are the focus in Chapter 4. This chapter is strengthened by a well-developed exposition of, for the time in history when this book was written, the geographic dispersion of manufacturing. This chapter is further enhanced by a compelling exposition of the basics of agglomeration economies. Factors influencing land use patterns within a given geographic area such as a metropolitan area constitute the substance of Chapter 5. In this chapter, rent bid curves (rent gradients) are developed. Rent gradient factors are developed for a variety of broad classes of activities. These include agricultural activity, manufacturing, residential housing, alternative forms of manufacturing, and a broad class of activities such as banks, offices, and other business activity that is especially dependent upon on customer accessibility. This paradigm is generally used to explain the pattern of land use. The contribution of Dick Muth (1961) is evident in this analysis.

Chapters 6 and 7 are concerned with a macroeconomic perspective within the scope of regional economics. Included in these chapters are a basic introduction to input-output analysis, interregional trade, and regional business cycles. The next two chapters focus on regional economic growth, with an emphasis on migration and its determinants in Chapter 8, where the migration decision, with certain caveats, is treated as a migration decision (Sjaastad, 1962); there is an emphasis on population growth and technology in Chapter 9. The analysis found in the latter two chapters is compelling in part for its focus on the location decisions involving entrepreneurial activity. Finally, Chapter 10 focuses on public policy and its spatial implications; the intellectual influence of Richard Musgrave (1959) is clearly present in this chapter. The hallmarks of this work are simplicity, clarity, and rigor. Topics are covered with words that flow smoothly and that methodically open doors to issues that, despite their sometimes highly technical nature, are reduced to sets of principles that are made remarkably easy for students to assimilate. The quality of this book should certainly place it among the best of its kind.

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Reviewed by *Brian W. Sloboda*, University of Phoenix

While perusing for influential books in regional economics, a colleague suggested *Regional Economics* by Harry W. Richardson, which was written before my foray into regional economics. After I ordered this book via Amazon, I received a good condition of the book that represents a classic in regional economics. With eagerness, I started to read this book. Even

after a few pages, I was taken aback by the content I was reading and continued to read this book. This regional economics book has ten chapters that covers topics such as defining regions, spatial price theory, location, macro demand models, trade and factor movements, regional growth, growth pole analysis, techniques, policy issues, and regional trends as well as policies in the United States. The author also provides a comprehensive list of references which no doubt enables the reader to review papers of interest to him or her. This review provides a synopsis of the chapters, so the reader can understand the earlier issues confronted in regional economics as well as how these topics fit into the scope of regional economics and perhaps serve as a springboard for future research into these topics.

As stated in the Preface, *Regional Economics* is a companion to the author's other work *Urban Economics* (1978). These two books together replace his other volume, *Regional Economics: Location, Theory, Urban Structure, and Regional Change* (1969). He further acknowledged that urban economics would be covered in *Regional Economics* but Chapters 5, 7, and 10 of *Regional Economics* do delve into urban economics somewhat.

Chapter 1 presents the underlying theme of regional economics: defining what is a region. A region is taken as defined for political or statistical reasons, and the methods and analyses of national economic models are applied. The difficulties in defining a region are numerous: how to obtain meaningful spatial units of analyses, the tendency to examine internal relations (e.g., regional accounts rather than examining the interdependence with other places), and the lack of sensitivity to the enormous differences in the size and power of regions.

Chapter 2 delves into the spatial price theory which differs from the standard microeconomic theory of prices and output because it does look at space. The introduction of space into price theory changes the emphasis because prices for homogeneous goods will no longer be the same, even in equilibrium, but prices will vary among locations because of transportation costs. In this discussion, he suggested the simplest solution is to employ the linear programming transportation model to minimize total transportation costs subject to market clearing and trade balance constraints. This results in optimal interregional (i.e., inter-market) flows where post-trade price differentials between markets are equal to or narrower than the intervening unit transport cost. Also, the price discriminatory behavior of the monopolist can be analyzed within the context of a spatial market. As mentioned in the chapter, and building upon the work of Hoover (1937), Greenhut and Ohta (1975) showed that the monopolist will discriminate against nearby buyers if the rate of change of demand elasticity is greater than the rate of change in price. This condition will hold if the demand curve intersects the vertical axis (i.e., if demand disappears at some finite price). Even in the absence of monopoly, oligopolistic sellers may practice price discrimination. Despite past research in spatial pricing, Richardson concluded that the spatial price analysis has not received much attention by regional economists.

Location theory forms the theme of Chapter 3. In fact, location theory is the oldest branch of regional economics with contributions spanning decades. The emphasis on the role of transport costs by Launhardt, Weber, Ritschl, Palander, and Hoover; the early work on general location theory by Predohl, Weigmann, Losch and Lefebvre; the stress on agglomeration by Weber, Hotelling, Hoover, and Isard; the profit-maximizing locational model with variable costs and demand developed by Greenhut, Moses and Churchill (1967); and the comprehensive surveys in the 1950s by Greenhut, Isard, and Losch add to the dimension

of location theory in regional economics. There have been many advances in the location theory for many years as outlined in this chapter, but as of the writing of this book, Richardson acknowledges that the advances in location theory were dormant.

Chapter 4 forms the macro demand models such as the export base models, interregional income models, regional balance of payments, interregional income distributions, and demand growth models. These approaches share a common motif: the data requirements make them doable, they work well for short-run analysis, and these methods are nonspatial. These models are used in short-run analysis and attempted in long-run dynamic analysis often with little success. Richardson emphasizes the export-based approach in this short chapter because it is one of the oldest approaches used in regional economics. A popular understanding of the way trade may produce growth is expressed with the idea of an “export base.” Richardson’s succinct definition of this concept states that “the regional growth rate is a function of regional export performance.” The interregional income models amend the export base model by allowing for autonomous expenditures rather than exports, exports are endogenous, and the introduction of taxes which signifies the role of government in regional economics. Interregional income fluctuations largely enable interregional economic fluctuations. However, as pointed out by Richardson, these models have largely been ignored by regional economists. The models presented so far in this chapter can be extended into short-run growth models. He starts off with the model by Hartman and Seckler (1967) and builds the discussion based on their approach. After the presentation of their model to regional science, he concludes the chapter.

Trade and trade factor movements form the theme of Chapter 5. Richardson expressed his disappointment that regional economists have not researched more deeply into the problems of spatial diffusion theory because there is much to be gained from an integration of the work of economic geographers with the work of economists. In neoclassical economics, there are two homogeneous factors (e.g., labor and capital that form the comparative statics framework). Using the latter, it becomes easy to adopt assumptions that lead to interregional factor movements until the factor prices are equalized. Given the latter, such models can be amended to allow for movement costs. It seems straightforward to amend because there are regional variations in natural resource endowments, spatial diffusion of innovations, and the mobility of entrepreneurs. As we know, regional natural resources are immobile, but these natural resources can attract other productive inputs to the region. As mentioned by Richardson, it is more critical that the diffusion of innovations cannot be fully understood with the integration of the urban areas into the models. In brief, the neoclassical two factor model would give a misleading impression of the ease of the mobility resources in regional economic development.

Chapter 6 delves into regional growth theory. Richardson asserts that the development of the neoclassical regional growth model is a major contribution from standard economics to regional economics. The neoclassical model provided a theoretical justification for interregional per capita income convergence. The coincidence of internally consistent theory and descriptive support increased the attractiveness of the neoclassical approach. However, Richardson was skeptical of the neoclassical approach namely because of the determinants of inter-regional mobility, and capital flows in the real world do not reflect the assumptions of the models based on perfect factor mobility. That is, can these models clearly explain the

regional economic growth adequately for advanced nations and developing nations?

He presents the growth pole approach in Chapter 7. The growth pole approach hypothesis has been borrowed from the toolbox of economic development. In this short chapter, Richardson uses the theory of spread and backwash to suggest that net positive spillovers will not be created around a growth pole in the early years of its implementation, and very long time horizons are needed for successful results to be shown. It is also shown that the incidence of spread and backwash over space is asymmetrical, a finding that may have far-reaching spatial planning implications. He largely suggests that the growth pole hypothesis is not tested adequately because of the following reasons: data limitations, growth pole has not existed for sufficient time, and it is not largely accepted by economists. The spillover is the key to this approach, but the author does not delve much into the estimation of these spillover effects as he did in Richardson (1976).

The author provides a cursory overview of the methods that are used in regional economics in Chapter 8, so the reader must consult other references to explore the complete workings of these methods. He briefly provides an overview of the input-output model, linear programming models, the gravity model, regional econometric models, shift-share models, and other techniques. Despite the popularity of the economic base approach, Richardson (1969) has some reservations about the value of this approach. He suggested that more tests on the stability of economic base multipliers and on the evaluation of the different estimation methods would be helpful, but he contends that economic base model still exhibits weaknesses for the appropriate analysis in regional economics. Regional econometric models have been promising, and these models extend the subnational level of macroeconomic models of the type used to forecast future levels of activity in the economy as a whole. He asserts that the regional econometric models need a better theory to integrate into regional econometric models, but the regional models developed at the time have been hindered by severe data limitations, few observations, extensive reliance on static models, a recursive structure, heavy dependence on national exogenous variables, and ignoring a spatial element. Given these limitations, these regional econometric models have a promising future.

Another popular technique in regional economics is shift-share analysis because it is easy to understand since the required data are readily available in most countries, and it appears to offer a systematic method of separating the national contribution to regional growth performance from intraregional contributions. Over the years, shift-share analysis has been adapted to a variety of uses, but several applications are inappropriate, and the benefits from the shift-share analysis would prove to be an illusion. Richardson stressed that the gravity model is the heart of regional economics because regional econometric analysis should focus on testing spatial interaction models rather than the pseudospacial frameworks from standard economics. The appeal of the gravity model rests on the realization that it is the epitome of spatial economics, at least in the sense of macrospace if not microeconomic analysis. Regional economics are about the relative strength of agglomeration forces (i.e., mass variables) and dispersion forces (i.e., distance frictions). The value of the mass exponents measures agglomeration economies or diseconomies (depending on which side of unity they fall); the distance exponent measures the more general distance frictions that cannot be fully represented by Euclidean distance or transport costs (the higher the distance exponent, the more rapidly flows attenuate with distance). However, it is often not easy to estimate

these complex relationships as specified in the gravity models.

Chapter 9 presents the policy issues or policy-oriented problems that are confronted in regional economics. Policy issues discussed include the efficiency vs. equity trade-off; the case for subsidized migration; the relative merits of subsidies of capital, labor, and infrastructure; growth centers; and regional policy evaluation. Some of these topics pose interesting questions but also raise important empirical questions. It is suggested that many of the unresolved questions in regional economics spill over disciplinary boundaries and require the interdisciplinary skills of the regional scientist rather than the theories and concepts from standard economics.

In the final chapter, Richardson explores the regional trends and policies in the U.S. The first part of the chapter presents the regional growth in the United States since 1870 because the population quadrupled between 1870 and 1950. This population enabled the U.S.' economy to grow. Despite the significant rise in the population, there was a lack of regional policy making because of the distrust of the states towards the federal government, and the size of the nation that often made implementation of national policies more difficult. Richardson provides some historical attempts to implement these policies, and the inherent difficulties in the implementation of these policies. At the time of this book, there were no major federal regional policies in the United States. However, in the late 1960s, there was a brief flirtation for regional policies that were based on the Appalachian Regional Development Act and the Public Works and Economic Development Act, both of which passed in 1965. These latter programs were beginning to gel, but they were overshadowed by the difficulties of the Vietnam War and the Nixon Administration's anti-policy position. As a remedy, there was some discussion in the early 1970s about the development of a national urban growth policy to deal with rural-urban balance and the continued growth of large metropolitan areas. However, these discussions never materialized.

In brief, this is a good book on the subject, and it is a classical text for anyone interested in the field of regional economics. The author presupposes no previous exposure to regional economics and the reader has familiarity with economics. In addition, advanced mathematical skills are not required by the reader, so it enables the material to be comprehensible by focusing on intuition and understanding of the concepts as used in regional economics. From the table of contents, this book covers a wide range of topics that gives the readers a good feel of the topics in regional economics. Despite being a classic in regional economics, a reading of this book by newer readers provides a useful preview of questions (e.g., regional growth analysis and in urban economics) that can be a springboard for future research in regional economics.

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Reviewed by *Christa Court, Robert Botta, Joao-Pedro Ferreira, and Mengming Li*, University of Florida

After decades of existence, it is often the case that a discipline has several seminal texts, but the discipline of input-output analysis has one that stands tall above the rest: *Input-Output Analysis: Foundations and Extensions* by Ronald Miller and Peter Blair. This does not diminish the contributions of others such as Miernyk (1965), Polenske (1976), Leontief (1986), Miller et al. (1989), Lahr and Dietzenbacher (2001), or Dietzenbacher and Lahr (2004) but merely speaks to the uniqueness of a text that is both an educational tool and a resource for applied research. Miller was renowned for the quality of his teaching, which no doubt contributed to the clarity of the methodological chapters, and Blair's experience in both engineering and economics contributed to the wide-ranging interdisciplinary applications presented. In one text, a student within the discipline can find an encyclopedia of disciplinary knowledge, a long-time scholar can find a source of enlightenment on a new issue, and a student from outside of the discipline can find an effective training tool for interdisciplinary applications. Indeed, this one text is the go-to source of inspiration for new research, for clarification on a perplexing equation or algebraic formulation, or for a simple refresher on the basics of a particular technique or application.

AN EDUCATIONAL TOOL

The first and second editions of Miller and Blair have been used as an introduction to the discipline of input-output analysis at the undergraduate and graduate levels for decades. The first four chapters of the second edition (Miller and Blair, 2009) should be required reading for anyone seeking to become a scholar or even a casual purveyor of input-output data or analyses. These chapters not only introduce the theories and conceptual frameworks that are the foundation for the input-output analysis but also provide several illustrative examples to ensure understanding. Later chapters build on this basic theoretical knowledge and introduce several advanced techniques as well as applications of input-output methods that incorporate data from other disciplines. The clarity of the text and consistency of notation throughout ensure that the material is accessible to anyone with a minimal understanding of matrix algebra.

Miller and Blair (2009) prove to be an educational tool for not only students being trained in economics or regional science but also to those outside of these disciplines. The accessibility of the material in Miller and Blair (1985, 2009) along with the advent of input-output based software products with simple user interfaces such as IMPLAN and IO-Snap have encouraged the adoption of input-output techniques in other disciplines. While the thought

of an entire text devoted to a method of analysis could seem daunting to someone outside of the fields of economics or regional science (the home disciplines of input-output analysis), students in a diverse group of disciplines such as engineering, mathematics, environmental science, and natural resource management have recognized the usefulness of regional economic analyses within their own work after reading Miller and Blair (2009). The text provides the background knowledge necessary to fully understand the data and methods that are the foundation of the the easy-to-use software interfaces, allowing for more accurate and reliable results.

Importantly though, the education is not only for students and those researchers new to input-output analysis. Miller and Blair (2009) provide a textbook that stays on the shelf for many years and for good reason. Several colleagues have described Miller and Blair (2009) as follows: “whenever we encounter theoretical difficulties or trouble arises whilst developing or analyzing our own input-output models, we can always find the answers or find a hint for further exploration within this book!”

A RESOURCE FOR APPLIED RESEARCH

The second edition of Miller and Blair also provides a foundation and represents an important source of inspiration for new as well as innovative research. The possibilities for something as simple as analyzing changes in final demand are innumerable. One can examine the broader economic impacts of changes in household consumption patterns due to changes in migration patterns, consumer preferences, or even demographic changes within a population. Alternatively, one can analyze the role of public or private investment, public expenditures, or exports within a regional economy. Finally, input-output analysis has long been used to transparently simulate the short-term impacts of a crisis or a catastrophe.

Chapters 6 and beyond introduce several important, established applications and extensions that incorporate aspects of geography, energy, and environment. Input-output analysis has significantly contributed to societal challenges such as sustainability due in part to the inclusion of these techniques in this text, and many researchers are still advancing these techniques. Of course, not everything is in Miller and Blair. While Miller and Blair introduce input-output concepts, methods, and extensions, their work also serves as a long-term resource for students and scholars as they navigate the state-of-the-art innovations that appear in every issue of *Economic Systems Research* and other internationally recognized journals.

WHAT LIES AHEAD?

Since the second edition was published, there have been important developments both in theory and practical applications within several sub-fields of the input-output discipline. Significant increases in data availability and computational capacity have contributed for many of these advances. Regional input-output models continue to provide a unique tool for analyzing economic structure and relationships within and among regional economies. Increases in computing capacity have allowed for the inclusion of several regions within the same IO framework. Multi-regional models on both the national and global scales are now

more common than ever. The endogenous treatment of trade among regions within a single economic framework has improved the way modelers address regional spillovers and feedback effects. New data sources and time will likely yield models with improved considerations of the role of additional socioeconomic flows (e.g., remittances, financial transfers, or commuting flows) in explaining the regional distribution of income among regions.

Advancements in data and computing power have also led to advancements in global value chain analysis and environmentally extended input-output analysis. The 2013 and 2016 releases of the World Input-Output Database (WIOD) combined with the data available in the environmental accounts (2013 release) and the socio-economic accounts (2016 release) have allowed for the applications of many of the concepts presented in Miller and Blair (2009) [Chapters 3, 5, 9, and 10]. These data and applications allowed researchers to quantify the increasingly interdependent world we all live in, forming the basis of many studies that underline how the production of some products (from iPhones to food products or automobiles) contains inputs from and produces environmental outputs all over the world. The increased application and improvement of value chain analysis at the regional level will depend largely upon the existence and/or availability of region-level data.

Finally, a first approach to Structural Decomposition Analysis (SDA) appeared in the final chapter of the second edition of Miller and Blair, allowing for further investigation of changes in output, value-added, or employment across time. While SDA allows researchers to quantify whether a change in the economic activity was motivated by changes in a particular component of final demand, changes in the production technology, labor-intensity, or even international or interregional trade, this method is still far from being considered “fully explored.”

Rumor is that the third edition is now in press. We fully expect that it will build on the success of the first two editions and include the essential material for educating the next generation of scholars in the foundations of input-output analysis while providing additional details on accounting concepts, proven applications, and novel extensions. This will allow even long-time input-output scholars to happily revisit the pages and update their knowledge!

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Reviewed by *J. Sebastian Leguizamon*, Western Kentucky University

Catherine Evans, a teenage girl in Dalton, Georgia, could not have imagined in 1985 that the bedspread she made as a wedding present could have started a series of events that would transform her small town into one of the largest carpet manufacturing centers in the United States. Although tufting had not been used for some time, the newlyweds loved their new tufted bedspread. Tufted items became popular in the small Georgia town as Ms. Evans made different items to sell around town. With the rise in popularity, Ms. Evans and her friends gave birth to a handicraft industry that supplied a variety of communities.

By Krugman's account, Ms. Evans did not seem to be interested in the carpet business. However, her interest in tufting seemed to have spurred what would become the U.S. capital of carpets. Technological advances after World War II made machine tufted carpets cheaper to produce. Carpet firms would soon need labor who knew about tufting, making Dalton a perfect location. According to Krugman, this story is not unique. Many established industries across the U.S. follow a similar story: a random event gives rise to the geographic concentration of production. Yet the story of geographic clustering of industries, according to Krugman, is not just a tale of accident. Although catalysts, Krugman argues that localization, and the persistence of industrial clusters, is mainly driven by process that follows such accident. In the Evan's story, it is the dynamic process of finding a pool of labor that can rip the returns of an evolving production technology.

In *Geography and Trade*, Paul Krugman tackles some of the most important questions in regional economics: why does economic activity take place where it does? Why do some geographic locations prosper as economic centers while others do not? Krugman argues that geographic concentration is primarily driven by economies of scale and transportation costs. In particular, Krugman argues the following:

Because of economies of scale, producers have an incentive to concentrate production of each good or service in a limited number of locations. Because of the costs of transacting across distance, the preferred locations for each individual producer those where the demand is large or supply of inputs is particularly convenient—which in general are locations chosen by other producers. [Thus] concentrations of industry, once established, tend to be self-sustaining; . . . (*Geography and Trade*, pp. 99)

In the book, Krugman presents a handful of theoretical models that explain the concentration of industries across space. While simple, these models do provide a theoretical tool with the necessary rigor to explore the locational equilibrium that is/was anecdotally found in the U.S. Regardless of the assumptions, which Krugman covers in detail, the models presented in the book all tend to underscore the importance of low transportation costs of final goods and increasing returns to scale.

Throughout the book, Krugman addresses other factors that could lead to the same locational equilibria such as technological spillovers or high transportation costs for intermediate goods. In a non-dismissive context, Krugman attempts to convince the reader that while these factors may contribute to what has been observed, at least in the U.S., the evidence and theory suggest that increasing returns to scale and low transport costs are perhaps the most important determinants of the core-periphery equilibrium observed in the data. Furthermore, he argues that this is true even for high-tech industries in which technological spillovers tend to be more prevalent.

Although his argument may not be revolutionary today, at the time, such argument was in its infancy. Up to that point, Krugman suggests that economists had been reluctant to explain spatial concentration of industries through market imperfections. Indeed, the use of increasing returns to scale was mostly used in growth theory. In three small and easy to understand chapters, which transcribe a series of three lectures, Krugman makes a convincing argument. The models, while simple, do provide a compelling analytical view of industrial conglomerates. The empirical evidence, although merely suggestive, does help the reader visualize the story of localization and its importance in regional economics.

In the third chapter/lecture, Krugman links the economic geography and its story of localization to international trade. Starting at the time of the lecture, nations across the world were planning and implementing regional trade agreements. Many of those agreements would be limited to the free movement of final goods. Europe, however, was getting ready to remove many other barriers, including those on labor and capital mobility. In essence, Europe was attempting “to eliminate international economics (within Europe) and replace it with economic geography,” where European nations would become economic regions.

Krugman hypothesizes that the economic processes in the nineteenth century in the U.S. and Europe experienced declines of transportation costs and growth on economies of scale. However, by the nature of the European political structure, the fall in transportation costs was offset by tariffs, partially preventing the regional equilibrium suggested by models. The union could supposedly transform Europe into a series of economic regions rather than states. While only speculative at the time, Krugman suggests that the locational distribution and development of the region would be subject to the policies put in place as countries would one way or another fight to keep a relevant economic role.

Although this book is somewhat outdated, and vast literature has emerged since it was first published, the arguments it includes provide a solid base to better understand the current shape of what Krugman calls economic geography. Both graduate and undergraduate students of regional economics and regional science can benefit greatly from these three short but encapsulating chapters. In many ways, this should be required reading in any regional economics class. Moreover, it could be of great benefit to those studying international economics as well, providing them with basic tools for the analysis of trade restrictions. Given its level of complexity, however, this is not necessarily a book for non-economists. While the topics are simple, and the models are not extremely complex, this book is better suited for those with some formal training.

Those interested in regional science may find this book essential to the understanding of the theories and empirical findings that have inundated the literature in the three decades that followed. Although some of the arguments presented by Krugman may have been

successfully or unsuccessfully disputed by more recent research, the book still provides the background necessary to fully appreciate the role and value of regions in economic activity. Moreover, it can serve as benchmark for the study of the European integration experienced in the last thirty years.