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BOOK REVIEWS

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Mark Thissen, Frank van Oort, Dario Diodato, and Arjan Ruijs. 2013. *Regional Competitiveness and Smart Specialization in Europe: Place-based Development in International Economic Networks*. Edward Elgar Publishing: Cheltenham, UK and Northampton MA, USA. ISBN 978-1-78254-515-6, 264 pp. \$114 (hardcover).

Reviewed by *Peter Karl Kresl*, Bucknell University

Twenty years ago it became apparent that there was a significant productivity gap between the EU and the US economies. This was seen as the key element in the relatively weak performance of EU national and regional economies. One response of the European Commission was establishment of a new agency, the European Research Area that was soon replaced by the Innovation Union. A high-level think tank, the Knowledge for Growth expert group, was created at the same time as an advisory group to the European Commissioner for Research. The objective of all of this was creating a mechanism for policy makers to be able to identify the most appropriate priorities for determination of policies for regional economic development to respond to and to narrow this productivity gap. The concept that was developed as an overall rubric for these policy studies was that of “smart specialization.” This book by Thissen, Van Oort, Diodato, and Ruijs presents an explication of this policy concept, an approach as to how it can be realized, and suggests how regional policy would be related to national policy to achieve the objective of reducing the productivity gap. Since, as the authors note, regional policy consumes one-third of the EU budget, it is imperative that the policy community gets this right. Along the way they offer valuable insights into several other issues that are receiving attention from researchers into subnational economic and competitiveness policy.

Smart specialization was designed in recognition of weaknesses in the knowledge-dissemination processes of the EU. The initial response was to focus on identification of potential opportunities for high-technology R&D, but this soon shifted to promoting adoption, dissemination and adaptation of General Purpose Technologies, especially Information Communications Technologies. The task for policy makers, and presumably for the private sector producers involved, was that of ascertaining rather precisely what activities and sectors showed the most promise for enhancing EU productivity, exports and jobs. The authors devote

the major part of their book to suggesting how this process of policy determination could most effectively be carried out.

One of the first things to note is that benchmarking comes in for close scrutiny, but also affords the authors an opportunity to make their own contribution. They find that many benchmarking studies “combine disparate industries and indicators” into aggregates that obscure important differences among cities that may not even compete with each other. Benchmarking also tends to accept place-neutral analysis of competitiveness, while the authors argue that place-based analysis and policy determination is what is called for. This latter feature motivates them to analyze the top 30 EU regions that are seen as being important competitors by other regions in seven sectors: Agriculture, low-, medium-, and high-tech manufacturing, all services, marketing/financial and other marketing as well as all sectors. From this they are able to demonstrate that sectorial structures as well as export orientation vary among the regions. Then they classify the regions as: agglomerations, strong medium-sized regions and peripheral and emerging regions. The results gained are too rich to be elaborated here, but they do present us with a dynamic picture of regions gaining/losing competitiveness over the decade 2000-2010, how these impacts affected pairs of major EU cities, and how categories of regions have evolved in their competitiveness strength.

Having developed a new dataset for trade flows within the EU for 256 NUTS-2 regions and for 59 goods and services product categories, the authors then present their concept of “revealed competition.” This is a concept, and a method, that reveals which markets are most important for firms and the regions from which they obtain their strongest competition—essentially “which region competes with whom, on what and where.” They argue that their revealed competition indicator “provides the opportunity to develop a place-based sophisticated benchmark tool that underpins smart specialization strategies”, and avoids the shortcomings of traditional benchmarking exercises. This approach is clearly an advance on the traditional benchmarking exercise in which one gathers data on as many variables as possible, without any way to determine which of the variables actually has any relevance to the case at hand. The contrast can be presented as a bottom-up approach rather than a top-down one.

Many students of economic policy making have recently come to the conclusion that the policy prescription of an outside consultant may not be very useful for a specific region or city. The “one size fits all” approach suggests that the same fashionable economic plan that works in the consultant’s office will have application in many if not most actual locations since they are all governed by the same global economic forces. The authors prefer the “one size fits one” approach in which one starts with the actual conditions of a particular regional or urban space and builds a policy prescription rooted in this reality. They state that their revealed competition indicator does just that.

Another welcome discussion in this book declares that small regions are not doomed to a secular deterioration that is determined by their lack of agglomeration economies and other big city attributes, and that the world will not be dominated by mega-cities and mega-regions. Smaller cities have their own unique attractiveness, certain economic activities, such as the creation of social capital, are easier at this scale than in large cities, and they can also, to use Alonzo’s term, “borrow size.” If a firm locates in a smaller city for amenities or for some other reason, it can utilize inputs made in a larger city where the agglomeration effects make for efficiency and low price products. The firm in the smaller city can use these inputs with higher transport costs being the only consequence. The issue then is whether the benefit of the small

city amenities offset the transportation costs. Smallness can also be overcome through specialization in a limited number of sectors so as to achieve economies of localization, and through participating in networks—essentially clubs that achieve the benefits of clustering but with proximity not being a characteristic. The authors note that in Europe small regions in the core tend to be diversified and open while those on the periphery tend to be specialized and clustered. In both instances the smaller regions are economically viable.

This is a very interesting book and one that will be most informative to specialists in the EU economy and its regions. One gets a clear understanding of how the EU sought to fashion a policy response to the productivity gap in a way that was based on the central position of the EU regions. After all, it is the policies at the regional and urban level that have the most impact on the success or failure of individual firms. One thing that is curious to a non-European is the lack of attention to the firms themselves. It appears that the big issue is what policy makers can do to create the best policies for the regional economy, without much attention being paid to what one would think would be the factors that really matter to the firms that produce the goods and exports, and create the job—labor market policy, market regulations, affordable capital, and market access. One senses that firms are simply waiting for the policy maker to do the right thing. This may just be another EU-US gap! Nonetheless, this is a fine book and this reviewer can heartily recommend it to all who are interested in EU economic policy.

Hans Westlund and Kiyoshi Kobayashi (eds.) 2013. *Social Capital and Rural Development in the Knowledge Society*. Edward Elgar Publishing: Cheltenham, UK and Northampton, MA, USA, ISBN:978-1-78254-059-5, 338 pp. (hardcover \$135).

Reviewed by *David W. Hughes*, University of Tennessee.

This book is a collection of papers presented at an annual conference held alternatively in Japan and Sweden starting in 2004. It provides the context for rural development issues in several diverse settings (Aboriginal Canada, China, Japan, Poland, and Scandinavia). The strengths and weaknesses are typical for books of this type. Specifically, a wide range of approaches are used in discussing the interplay between social capital and rural development in various settings. At the same time, the discussion cries out for an overarching theme. The use of the term “knowledge society” in the title is also interesting given a complete lack of coverage of internet-based social networking as a form of social capital and only mixed coverage regarding the interplay between social capital, knowledge-based innovations, and rural development or structural change.

In this regard, the book “dances around” but does not truly address several major themes with regard to social capital and remote rural communities. Specifically, what is the best approach to addressing the trend of decline for remote rural areas (depopulation, loss of employment and public service base) as discussed in many of the chapters (and observed in all developed and many developing countries)? Can this market-based macro-trend be reversed by collective action on the part of rural communities, in which appropriate social capital must play a significant role? What is “the right mix” of the various major types of social capital (bonding, bridging, and linking) in achieving this policy goal? Should social capital-based efforts be aimed at easing the pain of such transitions instead of attempting to reverse the trend? In working with remote rural communities, I have observed that community development efforts (youth programs, services for the elderly) usually can be successfully implemented but successful economic development efforts (specifically growing desirable jobs) are a much greater

challenge. In such situations, what is the best ways to use social capital as a means of facilitating community development in an atmosphere of local economic stagnation?

Besides the introductory chapter, the book is divided into three sections (the needs and problems of building social capital, analyses of effects of social capital, and problems of local development and rural policies). As well as summarizing the rest of the book, the introductory chapter sets the stage by highlighting the growing levels of urbanization and the need for rural and urban linking based on appropriate combinations of bonding and linking social capital. However, this emphasis on rural-urban linkages is not maintained in much of the rest of the book. To some degree, the analysis by *Kiyoshi Kobayashi*, *Tsuyoshi Hatori*, and *Hayeong Jeong* (Chapter 2) of a collaborative forest management approach (within the context of game theory) is an exception. Management issues (arising because of depopulation of mountainous areas) have led to competing claims between local residents, urban-based users and interest groups and government.

The authors emphasize the role of legitimacy and trust between managers, users, and other stakeholders in forest management decisions. *Lars Westin* and *Johanna Zola* provide a taxonomy of formal social capital arrangements in terms of jointly managed assets over extensive areas in Chapter 3. Their analysis is conducted within the context of nonrivalrous and/or non-excludable goods in consumption. Categories of jointly managed assets include municipalities, joint facilities (such as a set of private land owners jointly managing a system of roads as commonly done in Sweden), improvement districts (such as businesses in downtown improvement districts), voluntary associations (such as town center associations), private geographically extended clubs (such as golf courses), and regulated commons (such as national parks). Each of these types of arrangements is analyzed in terms of length, level of volunteerism, formalized structure, and public-sector involvement. The authors make a very limited attempt to empirically evaluate why these arrangements are more common but less utilized in rural areas of Sweden.

In Chapter 4, *Gautam Ray* provides a well-written and interesting review of the social capital literature although more recent citations are lacking. He highlights four foundations of a general theory of collective action including tangible and fairly well distributed benefits, shared mental models, focal actors who get things done, and objective social conditions that provide an atmosphere of support. This dialogue should have included the implications for new frameworks for social capital development such as internet-based social networking with an emphasis on rural areas.

Provided in the second section are attempts at measuring the impact of social capital, some of which are only somewhat related to rural development. For example, in Chapter 8, *Yuheng Li* and *Hans Westland* examine the relationship between economic growth and a measure of formal social capital in China at the provincial level. To some degree, differences between more urbanized eastern provinces and the rest of China proxy for rural areas. They find evidence for social capital playing a role in the economic growth of more urbanized regions. Perhaps in contradiction, in Chapter 5 *Kent Eliasson*, *Hans Westlund*, and *Stefan Fölster* found that the effect of social capital decreases as municipalities grow larger (in an econometric analysis of the effect of social capital on growth for 288 municipalities in Sweden from 1997 to 2002).

In Chapter 6, *Katsuhisa Ito* conducts a thorough analysis of the role of social capital in meeting community needs in twelve mostly isolated and often mountainous rural communities in

Japan. Based on survey data, levels of community activities are compared to survey-based observations regarding various aspects of social capital such as trust and openness. In general, these communities have been able to maintain traditional functions often under conditions of population loss and aging. The author emphasizes the importance of openness and equality as an aspect of bridging social capital, which can be used to share a sense of mission and the use of new ideas. In Chapter 7, *Anna Gąsior-Niemiec* provides an interesting review of rural development policy in Poland. In response to often hostile treatment by urban elites, rural communities have relied on bonding social capital. While this fact is problematic, the author is optimistic regarding the possibility of successful social-capital based rural development efforts.

The authors in the third section attempt to address problems of local development and rural policies. In Chapter 9, *M. Rose Olfert* and *David Natcher* identify a native population that is relatively remote and dependent on government transfer payments but younger and growing more rapidly than rural Canada in general. These facts along with stronger ties to place (through treaty-based use of nature and extended family ties) are justification for considering place-based policies in general and social capital as a policy tool in particular. The authors provide an interesting review of place-based versus people-based policies. I would have liked to have seen more discussion concerning how social capital linkages fit with both, but especially the former in the context of Canadian Aboriginal peoples.

In Chapter 10, *Cecilia Waldenström* discusses the capacity of municipalities to support innovations using several examples from Sweden based on cultural-historic activity theory, where boundaries between activities and learning opportunities are emphasized. Interactions between municipalities are discussed in terms of supporting businesses and civil society and in providing governmental services. The author emphasizes the difficulties that municipalities face in playing nontraditional roles and how such activities provide opportunities for institutional learning. The chapter would have been strengthened by a more complete discussion regarding the role of social capital in such interactions.

In Chapter 11, *Anette Forberg* places an emphasis on the degree to which isolated rural communities feel ignored and the struggle of community development in such places; however, contradictory information highlights the critical role of outside support (especially financial support usually in the form of European Union funds in this case). The well-known observation is made that a few dedicated and key leaders are critical to development efforts in such places, but that such individuals often burn out after a few years. The author makes an apt criticism regarding the glossing over of the role of power in typical social capital analysis; however, she apparently lacks appreciation for the dependency problems inherent in the “right of access to resources no matter what” that disadvantaged groups can express at times.

Hayeong Jeong, *Kiyoshi Kobayashi*, and *Hans Westlund* examine the possibility of using voluntary associations as a way to fill publicly-provided service provision gaps in the last chapter. Like several of the other chapters, the paper is long on theoretical discussions but short on examples. They emphasize the interaction between government and voluntary associations in calling for an entrepreneurial approach (one presumably based on applying innovations) to solving public provision shortages in rural communities.

In Chapter 12, *Mailin Eriksson*, *Lars Dahlgren*, and *Maria Emmelin* provide a study of how social capital is used as a means of mobilizing support for a local health clinic for a village in rural northern Sweden. Their analysis is based on a critical realistic view and a grounded

theory approach through a set of interviews and focus group meetings. Six different archetypes (such as the Enthusiast) are developed based on their critical evaluation of the resulting data (the noted interactions between the archetypes “ring true” in my experience of working with rural communities). This chapter raises many interesting questions concerning the role of outsiders and various types of players in a social capital context in actualizing projects. It is a useful read for those involved in assisting communities in implementing specific projects by exploring the mechanisms that “were active in the process of mobilizing social capital” (p. 276). The authors also do an excellent job of providing a real world context for the tradeoff between power and public participation in “getting things done” and in discussing the efficacy of and possible problems with using social capital as a means of obtaining community health goals. In particular, their five summation points provided at the end of the chapter are useful guides for action for any practitioner attempting to assist a community in implementing a specific project.

How useful is the book for community development practitioners or theoreticians working in the rural development arena? Here again, the review is mixed. Some chapters, such as Chapter 12 concerning the analysis of how a health center was constructed as an endogenous development project, are extremely useful. In fact, this chapter should be required reading for student groups and others assisting communities in obtaining a specific project goal. Other chapters I found to be less useful. For individuals deeply involved in the influence of social capital on rural development efforts the book is a useful reference. Selected parts of the book are a worthwhile read for anyone with an interest in the fate of rural communities, especially remote rural areas.

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

Reviewed by *Jiyoung Park*, University at Buffalo

Any single recipe cannot be enough for a proposed development strategy on the Korean Peninsula under the current complicated circumstance of a sharply divided Korea. New directions of Korean regional policies under this context have been demonstrated in *Reshaping Regional Policy* edited by Harry W. Richardson, Chang-Hee Christine Bae, and Sang-Chuel Choe. Under the global economic structure, the paradigm shift of Korea’s new regional policies has been discussed intensively in examining the regional policies towards European Union and other Asian countries. Reshaping Korea’s regional policies delivers a common, but specific regionally oriented strategy on spatial and temporal growth and development as well as possible limitations on future development to other countries. Various discussions in this book will be critically informative to scholars and policymakers because the broadest possible information of the many challenges that the Korean Peninsula is facing will involve both regional and global issues such as denuclearization, sanctions regimes, distribution of food, energy, and other resources, communications, and environmental sustainability.

First introducing “reshaping regional policy in Korea” in Part I, the book begins from global level and scales down to Korea: Part II: GLOBAL VIEWS; Part III: INTERNATIONAL EXPERIENCES; Part IV: INCOME VS. SPATIAL EQUITY; Part V: KOREA. The two editors, Richardson and Bae, evaluate the accuracy of statements addressed in the book in conclusions, providing many insightful cautions and questions on the new regional policy strategies.

Reshaping Korean regional policy is examined by *Sang-Chuel Choe* (Chapter 1) with the introductory context of Korea's regional policy that faces both global economic competition and local regional cooperation. The Presidential Committee on Regional Development (PCRD) for the reshaping strategy re-organized new geographical scales to address regional specialization, decentralization, and deregulation, continuing existing regional projects. Various challenges in achieving the aims of PCRD are also discussed.

In Chapter 2, *Sir Peter Hall* introduces a global view on the regional development policies of Korea, Europe, and the United States, which contributes to reducing regional differences. By introducing types of innovative cities, the chapter concludes with 'thirteen pointers to policy' that has implications for regional development policy. *Somik V. Lall* (Chapter 3) suggests effective regional policy strategies that diminish regional differences and accelerate economic integration. Density, Distance, and Division are three major components for economic growth of a region. Institutions, Infrastructure and Incentives play important roles in reducing the spatial differences experienced in economic growth. *Michael G. Donovan* (Chapter 4) discusses how regional policy strategies can benefit from international cross-border cooperation based on each country's comparative advantage. Introducing OECD's practices of cross-border governance, opportunities and challenges of the economic exchanges in the Pan-Yellow Sea Region (PYSR) are also discussed.

International experiences of PART III include three regions: Europe, Japan and the U.S. European regions covers Chapters 5 through 9. *Andreas Faludi* (Chapter 5) introduces the EU's historical experiences on spatial planning and regional policies, exploring the interplay when pursuing cohesion, coherence, and cooperation. *Thomas Farole*, *Andres Rodriguez-Pose*, and *Michael Storper* (Chapter 6) emphasize the economic rationale of cohesion policies in the EU. They especially pay attention to the dynamics of economic development across the EU, avoiding a uniform approach to regional development. New directions suggested in this chapter include tightened networks across all regions for long-term growth of both local areas and the EU. The regional policy discussion of *Patrick Creze* (Chapter 7) extends to the French in how an economic stimulus package was used to invest in local areas as a regional competitiveness policy. *Rupert Kawka* (Chapter 8) introduces Germany's metropolitan regions for growth and innovation. Spatial structures of both Germany and the EU are analyzed using the metropolitan function index in addition to the exploration of some spatial development policy strategies for metropolitan regions including strong partnership between urban and rural areas. *Harry W. Richardson* (Chapter 9) extends the regional development policy case to England; he assesses the Regional Development Agencies in England and compares it with the new Korean institution, PCRD.

Takashi Onishi (Chapter 10) explains a regional planning practice in Japan with a case study. Using a top-down planning structure, a new Japanese regional development strategy shifted to incorporate the decentralization process of administrative functions into regional planning process in order to ensure a balanced development. It is valuable that an alternative Japanese regional administrative system needs to be restructured to strengthen economic and industrial development in each region, avoiding simple integration of local municipalities. *Hiroyasu Horio* (Chapter 11) discusses a new national land policy strategy combining the global emerging issues of declining population and an aging society to an economic development strategy in Japan. Long-term economic and various sustainable development plans can be successful when they have been reached via mutual cooperation and exchanges among East

Asian countries beyond Japan. *Maryann Feldman* and *Nichola Lowe* (Chapter 12) examine how a (well-established) research-based community contributes to the development of an emerging technology cluster, based on a U.S. biotechnology industry example formatted in Cambridge, Massachusetts and Berkeley, California. In these areas, even though strong local regulations may facilitate high-tech entrepreneurship, different local development strategies need to be applied with the consideration of diverse local conditions.

PART IV introduces spatial inequality in income and delivers spatial mismatch in sharing benefits from regional development. *Erik Heikkila* (Chapter 13) explores issues of “collective identity.” By delivering a regional development strategy direction that considers spatial (and racial) inequality, this chapter implicates spatial identity issues for the Korea’s regional development strategy. *Chang-Hee Christine Bae* (Chapter 14) examines the effectiveness of a regional development policy on the improvement of income inequality by comparing Washington State and South Korea. This chapter discusses whether a sound regional development strategy can be an alternative approach to reducing income inequality as a tool as opposed to a social welfare policy or a direct income distribution measure. *Harry W. Richardson* (Chapter 15) turns back to the United Kingdom’s regional and urban development policies to deliver the implications for the current spatial policy strategies of Korea. Placing the New Economic Geography into the central discussion, this chapter evaluates that the current Korean strategies may oversimplify the complexities in regional development process.

Spatially narrowing down, PART V focuses on regional development policy strategies in Korea. *Young Geol Lee* (Chapter 16) discusses new possible opportunities gained from fiscal policies that support Korea’s new regional development strategies. *Jae-Hong Jang* (Chapter 17) more generally reviews the regional development policy history of Korea. To pursue co-prosperity of local regions in each Economic Region (ER), an ER-wide cluster policy that includes multi-strategies and local infrastructure-related areas is suggested as a core regional policy of Korea. *Sam Ock Park* (Chapter 18) understands how Korea’s regional development policy under economic spaces is globally reshaped, providing long-term visions and strategies for the development policy. Under the global economic context, *Soon Nam Jung* (Chapter 19) justifies the effectiveness of ER-wide regional development policy, projecting the policy as a dynamic and long-term economic driver for Korea. *Yong-Woon Kim* (Chapter 20) proposed an integrated and collaborative multi-scaled regional governance system that covers ER regions. While there are many structural and practical barriers, this chapter concludes that stepwise implementation strategies toward the long-term perspective need to be established for the interregional and intraregional governance system.

Conclusions addressed by *Harry W. Richardson* and *Chang-Hee Christine Bae* (Chapter 21) clearly summarize the current status of “reshaping of regional policy in Korea,” which is still in progress and providing useful commentary and constructive criticism that is particularly helpful for other countries’ regional development strategies to consider spatial reorganization. It is especially remarkable to point out the necessity of a local-based “budget allocation” system and the future “political conflict” in the new institutional structure because the new structure is expected to reach some degree of reconciliation between top-down and bottom-up administrative strategies. Korea has not experienced long periods of local autonomy in her history. This may cause the PCRD-led regional development policy to have the entire responsibility rest on a single government agency. This makes it difficult to cope with the complicated interregional and intersectoral issues in the divided Korea.

Reshaping Regional Policy is interesting and informative especially for, but not limited to, scholars, students and professional public administrators who are working on regional policy development strategies. My single concern was its lack of regional development policy cases surrounding the Korean peninsula: for example, China and Taiwan may have similar experiences of reshaping regional policy while *Michael G. Donovan* briefly introduces the economic growth discussion in *PYSR* in Chapter 4. Because these surrounding countries have a similar cultural background, including in-depth descriptions on these cases could have made this book much more informative.