

BOOK REVIEWS

Book Review Editor: Clifford A. Lipscomb, Greenfield Advisors LLC, Atlanta, GA

Fan Zhai, ed. 2009. *From Growth to Convergence: Asia's Next Two Decades*. Palgrave Macmillan: London. ISBN: 978-0-230-22176-5. (352 pp.) \$115.

Reviewed by *Nalitra Thaiprasert*, Ball State University.

From Growth to Convergence is a collection of advanced studies on the Asian economy by reputable economists around the world, edited by Fan Zhai of the Asian Development Bank (ADB). It outlines a vision of the economy for developing Asia over the next two decades and beyond. The book identifies five key conditions to sustain high growth and income convergence in Asia, which are (i) increasing trade and regional integration through more open trade and investment policies; (ii) accelerating investment in hard and soft infrastructure; (iii) overcoming resource constraints; (iv) improving human resource development; and (v) enhancing opportunities and incentives with inclusive growth for all citizens, without exception. The book heavily discusses the rise of two giants—the People's Republic of China (PRC) and India, which have conferred substantial growth leverage on their neighbors via bilateral and regional trade. It also extensively covers trade and regionalism issues.

Most chapters use computable general equilibrium (CGE) models and build scenarios on observed recent historical trends in global and regional economic development. In a sense, this book provides readers with a future profile of what developing Asia could look like. Concise and useful theoretical backgrounds are provided in every chapter before the modeling simulation results are discussed. Readers interested in CGE modeling should find recent CGE modeling techniques and discussion quite intriguing. However, modeling very long run scenarios (more than two decades in this case) is always risky as there could be several unpredictable events during the simulation period. Several authors thus emphasize that their modeling results should not be interpreted as forecasts or predictions of future economic development. They should rather be seen as scenarios representing a set of plausible and mutually consistent assumptions, providing a good starting point for debating potential policy trade-offs.

A commentary at the end of each chapter helps readers see the issues from different angles and takes the discussion much deeper. I wish the book included more discussion on current economic policy issues of each Asian country. A well-balanced set of topics (less on trade and more on structural change and other issues) could have made the analysis in the book more refined.

The book consists of nine chapters. Chapter 1, by the editor *Fan Zhai*, provides a background story of how many parts of Asia have emerged in recent decades as the most dynamic growth areas in the world economy. He then elaborates on the concept of high convergent growth in Asia and provides facts and figures. Finally, the chapter ties all subsequent chapters together nicely and connects each chapter's essence to the book's title and objectives. For time constrained readers, reading only Chapter 1 allows them to grasp the concept and main topics of the book.

Chapter 2 and Chapter 3 discuss trade integration and regionalism in Asia. However, both chapters seem to heavily emphasize Bilateral Trade Agreements (BTAs). Chapter 2, by *Jayant Menon* of ADB, explains that the sheer number of BTAs and their continued rapid growth are

generally harmful to the world trading system, due to the spaghetti-bowl effect [overlapping preferential agreements due to inconsistencies between various elements of the agreements, such as different rules of origin, different schedules for phasing out tariffs, conflicting standards, exclusions, and differences in rules dealing with anti-dumping and other regulations and policies. The more agreements there are, the higher the cost of doing business and potential of further trade diversion.] and the diversion of scarce negotiating resources away from the multilateral front. Although Chapter 2 provides a great background and taxonomy of BTAs, it does not provide enough detail about the relationship between BTAs or regionalism and growth or convergence in the region. The commentary on Chapter 2, by *Siow Yue Chia* of the Singapore Institute of International Affairs, gives more definition and discussion on BTAs and Regional Trade Agreements (RTAs), but in a more political-economy setting. The commentator discusses how a larger East Asia FTA can play a bigger role in promoting growth and convergence in Asia than smaller FTAs or bilateral agreements. However, South Asia seems to be left out of discussion.

Chapter 3, by *Frank Harrigan*, *William James* and *Fan Zhai* of ADB, and *Michael Plummer* of Johns Hopkins University, discusses how BTAs in Asia have gained momentum largely as a defensive response to the emergence of trade blocs centered upon large hub economies (such as Japan and the US), the stalling of the Doha Round, and the complex and overlapping rules of origin. The chapter proposes 10 rules of thumb on good practices in BTAs, since a practical and appropriate policy response is to accept BTAs, identify major pitfalls, and try to avoid these pitfalls or fix them. The chapter uses a CGE model to explore good practices in regional FTAs and the simulation results confirm the benefits of good practices and more open FTAs. *Patrick Low* of the WTO comments on Chapter 3, suggesting the chapter should discuss more about discriminatory regional arrangements (developed vs. developing countries, agriculture vs. manufacturing sectors) because they are directly related to the convergence issue.

Chapter 4, by *David Roland-Holst* of University of California, Berkeley, discusses the roles of infrastructure as a catalyst for regional integration, growth, and economic convergence. The author provides an overview of regional infrastructure investment as a means of accelerating growth and integration using a CGE model. The author identifies three different economic roles played by infrastructure: as a demand stimulus (Keynesian stimulus), as a means of reducing trade costs (Ricardian stimulus), and as a spur to productivity growth (Neoclassical stimulus). Using a global CGE model, he found that infrastructure can be a potent catalyst for wider economic participation, especially to unleash the full trade and growth potential of the PRC and India. Moreover, with improved infrastructure, Southeast Asia could act as a bridge to connect the two emerging giants and capture many of the indirect growth spillovers from intensified trade linkages. The commentary on Chapter 4, by *David Canning* of Harvard School of Public Health, describes the three mechanisms necessary to evaluate public sector infrastructure: public goods, externalities, and monopoly power. Canning emphasizes how difficult it is to measure externalities; the use of an aggregate production function approach or a cost-benefit approach would still likely miss significant externalities. He suggests that there need to be new approaches to look for externalities from infrastructure, such as looking at spillovers from foreign direct investment volume or the effect of infrastructure on the poor.

Chapter 5, by *Fan Zhai* of ADB, focuses on the trade performance of Asia's least-developed countries, using Bangladesh as an example. The author argues that, in addition to restrictive trade policies, some domestic supply-side constraints (especially a weak institutional

environment and poor infrastructure) severely limit the export competitiveness of the poorest economies. Using a CGE model, he found that through effective and comprehensive trade facilitation reform such as reducing broad trade costs, Bangladesh (and probably other least-developed countries as well) could significantly boost the economy's export competitiveness, diversify its export structure, and bring larger welfare gains to the country than through unilateral trade liberalization or tariff reductions alone. The commentary to the chapter, by *Richard Pomfret* of University of Adelaide, Australia, agrees with Zhai's CGE results, but is cautious with the assumption of some scenarios.

Chapter 6, by *Thomas Hertel*, *Carlos Ludena*, and *Alla Golub* of Purdue University, talks about technological progress as a major means to overcome resource constraints. The chapter examines patterns of trade and structural change of food and agricultural products, as well as implications for long-term price trends using the Dynamic GTAP model. It discusses agricultural productivity growth and Total Factor Productivity (TFP) growth in Asia versus the progress in agricultural technology innovation. Although this chapter includes a detailed discussion and interesting modeling results, I find it quite difficult to follow; a better chapter structure would help improve it. The commentary to the chapter, by *Allan Rae* of Massey University, New Zealand, points out how the modeling results could have changed if the authors incorporated urbanization and the changing age structure of the population into the analysis.

Chapter 7, by *Sergey Paltsev* and *John Reilly* of Massachusetts Institute of Technology, examines a number of alternative energy futures in Asia with different assumptions about economic growth rates, energy efficiency, and energy prices through a global CGE model. The authors predict rapid growth of global energy demand, relatively rigid energy supply, and a sharp rise of energy prices over the next two decades. The chapter also evaluates the adverse regional growth effects that rising energy prices will create. Since oil prices have fluctuated significantly in the past few years (I believe after the chapter was written), the results could turn out to be much different than projected. The chapter also finds the PRC to be a dominant source of future growth of Asia's energy demand. The commentary to the chapter, by *David Roland-Holst* from University of California, Berkeley, points out how steadily rising energy prices could affect growth of the global economy drastically through spillover effects; and these effects may have important consequences for the global convergence process. He suggests that, given the importance of Asian economies to the global economy, the region's governments and businesses need to improve substantially their abilities to manage the risk arising from volatile world commodity markets.

Chapter 8, by *Rod Tyers*, *Jane Golley*, and *Iain Bain* of Australian National University, examines how changing fertility rates in the PRC and India may affect economic growth in the next three decades. Simulation results indicate that a two-child policy in PRC would increase GDP, reduce the aged population dependency ratio, and reduce per capita income by 2030. The authors argue that if higher fertility rates are considered desirable, policy efforts will need to be directed toward mitigating the negative impact of higher population growth on per capita income. In the case of India, the population policy is directed towards promoting declines in fertility. Simulation results show that a faster fertility decline in India would lead to lower GDP growth, yet the benefits in terms of per capita income could be substantial. The commentary to the chapter, by *David Canning* of Harvard School of Public Health, gives an excellent background and discussion on demographic transition in PRC and India.

Chapter 9, by *Maurizio Bussolo, Rafael De Hoyos, Denis Medvedev, and Dominique van der Mensbrugghe* of the World Bank, wraps up the book very nicely with a discussion of growth and income distribution. Through combining CGE-based projections with a micro simulation based on standardized household surveys, the chapter finds that global economic growth will lead to a decrease in global inequality, but an increase in domestic inequality in more than two thirds of low- and middle-income countries. The rise in inequality is somewhat mitigated by convergence between farm and nonfarm incomes. The study also projects that Asia's developing economies will experience a vast increase in middle-income populations through the migration of labor, yet the poverty challenge will still be considerable. *Rod Tyers* of Australian National University comments on the chapter and argues that urbanization, industrialization, and shift of labor out of agriculture provides the impetus for the growth accelerations seen in developing Asia.

Overall, I found *From Growth to Convergence* to be worthwhile and I am pleased to recommend it to both policymakers and economic modelers. This book provides the implications for both theory and policy context and is an important step in furthering discussions about what the economy of developing Asia should look like over the coming two decades and beyond.

Bishop, Bill. 2008. *The Big Sort: Why the Clustering of Like-minded America Is Tearing Us Apart*. Houghton Mifflin: Boston. ISBN 978-0-618-68935-4 (369 pp.). \$25 paper.

Reviewed by *Cynthia Rogers*, University of Oklahoma

The Big Sort seeks to explain the transformation of the "politics of place" in America. The basic argument is laid out in the first chapter: the increasing mobility of Americans, coupled with heterogeneity in preferences regarding neighborhood political composition, has lead individuals to intentionally sort themselves in neighborhoods. Being surrounded by like-minded individuals, in turn, tends to strengthen the influence of extreme opinions on both ends of the political spectrum causing an erosion of the middle ground. Ultimately we are left with parties that advocate more extreme views than they would if people were less sorted. Bishop's book provides fascinating historical accounts of the evolution of religious organizations and their connection with partisan politics in America. It also provides psychological insights regarding the comfort people take in being with homogeneous groups and how groups shape preferences. What is lacking, however, is convincing evidence regarding the extent to which individuals intentionally sort to be with politically like-minded neighbors.

A fundamental flaw with Bishop's analysis is the reliance on *county* level data to analyze *neighborhood* level sorting. In particular, analysis of county level migration patterns is intended to be evidence that 'The Big Sort' has occurred. Bishop shows that people who left Republican counties between 1995 and 2004 were more likely to move to counties that were landslide Republican in the 2004 Presidential election (Bishop, p. 44). Based on analyses such as this, he concludes that individuals were sorting based on the political preferences of neighbors. County level data, however, cannot reveal the extent of *neighborhood*-level sorting. A county with a 50-50 split of Democrats and Republican may have a few large clusters of Democratic households or it may be comprised almost entirely of mixed neighborhoods. Furthermore, if the same county changed to a 40-60 split, there is no way to know the extent to which clustering has changed short of using sophisticated spatial data analysis at a micro (street) level of geography. Bishop

fails to substantiate that there has, in fact, been an increase in political sorting at the neighborhood level.

A further concern is that even if we were to observe an increase in neighborhood sorting, it is difficult to uncover why it occurred. Aggregation, correlation, and causality issues are evident. As Schelling (1978) demonstrates, it is difficult to work backward from observed patterns of sorting to the underlying individual preferences of the groups involved. Different combinations of preferences for similar neighbors can lead to similar patterns of clustering. Thus, one could not uncover the underlying motives for sorting based solely on observed (aggregate) outcomes. Consequently, Bishop's approach is inadequate for uncovering the motives for sorting.

Bishop appeals to theoretical models to support his claim that political sorting is not unexpected. Indeed, Bishop describes the neighborhood location decision as a lifestyle choice. He relates this to the Tiebout framework where consumer-voters chose a location based on the mix of public goods provided by the local jurisdiction. The resulting fiscal competition between jurisdictions leads to clustering of households with similar demands. Correlation of neighborhood amenities and political views, however, makes it difficult to separate the role of a single dimension of preferences (political viewpoint). Although not mentioned by Bishop, the classic Alonso (1964)-Mills(1967)-Muth (1969) models describe how sorting within an urban area reflects differences in the spatial distribution of amenities (i.e., distance to central business district) as well as conditions in the housing market. In fact, it is precisely the correlation between these demands that makes it difficult to find evidence supporting 'The Big Sort.' Did individuals sort for political reasons, or was political sorting a consequence of income/amenity sorting? Bishop suggests the former, but fails to substantiate the role of political motives in observed sorting. Income segregation alone could lead to sorting by political affiliation to the extent that political views are systematically related to income.

Bishop explains how initial motives for sorting (political beliefs) are reinforced through neighborhood and community interactions with like-minded individuals. As Ioannides (2010) explains, individuals both shape and are shaped by their social and political environments. Bishop asserts that political views drove migrants to move to certain neighborhoods and that their political views were further influenced by their new neighbors. Although both claims are plausible, the recursive nature of this relationship makes it difficult to establish a direct causal link between political motives for sorting and observed political sorting as described by Bishop. Neighborhood influences, alone, could explain the political sorting.

There are other considerations for understanding "The Big Sort" that Bishop omits from his book. For instance, housing supply is certainly relevant for understanding sorting across space. The tendency of developers to build homogeneous housing developments leads to sorting by income and neighborhood amenity preferences. In addition, there is no discussion about the changing structure and location of American industries, the impacts of which would affect migration flows and political composition of neighborhoods.

In conclusion, the tremendous correlation between lifestyle factors and political views obfuscates the influence of political sorting. To support the notion that individual households are increasingly sorting along political lines would be a heroic empirical task. Convincing evidence might include observations of sorting by political affiliation within a given neighborhood (controlling for school quality, job proximity, and other neighborhood amenities). Despite these

concerns, however, Bishop's ultimate concern resonates clearly for the American political landscape: the increasing political and social isolation of like-minded individuals undermines the workings of democracy. This book would be of interest to individuals interested in U.S. political economy and the forces that shape American Democracy. The discussion of the evolution of political and religious institutions in the United States is particularly useful for understanding the current social and political climate in the U.S.

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Meng, Xin, Chris Manning, Li Shi, and Tadjuddin N. Effendi, eds. (2010) *The Great Migration, Rural-Urban Migration in China and Indonesia*. Edward Elgar: Northampton, MA. ISBN 978 1 84844 644. (262 pp.) \$140 hardcover

Reviewed by *Christiadi*, West Virginia University

This book compiles the first set of studies conducted by the Rural-Urban Migration in China and Indonesia (RUMiCI) project. The project itself conducts five-year longitudinal surveys of rural-urban migration in China and Indonesia during the period of 2008 through 2012. This means the studies compiled in this book are the first of many to come.

This is a welcome addition to the migration literature. It looks at various aspects of rural-urban migration, not only about the income gain (Chapters 2, 6, 8, and 10) but also about consequences of rural-urban migration such as discrimination, job segregation (Chapters 3, 4, and 8), and the impacts on health and children's education (Chapters 5 and 9). The book would be a good reading for undergraduate students with a good command of econometrics and researchers interested in migration or economic development.

Perhaps the most significant contribution of this book is that it presents the impacts of two distinct cases of rural-urban migration: the China case, which represents a highly regulated or much more restricted migration; and the Indonesia case, which more or less represents unregulated migration typically seen in other developing countries in Asia or Latin America. Through this book, readers are expected to learn how institutional differences in the regulation and operation of labor markets in these two countries may lead to considerable differences in the migration outcomes.

The book explains that the restrictions on rural-urban migration in China were imposed through the implementation of household registration (*hukou*) system. The system requires each household to identify themselves as holder of either rural *hukou* or urban *hukou* according to

their original area of residence. Migrants hold rural *hukou* and by law have limited access to urban public facilities such as hospitals and schools. More importantly, since in principle working in the cities is illegal, migrants are often subject to harsh exploitation and discrimination. Over time the restrictions continue to be relaxed. However, as long as *hukou* system exists, migrant workers are always at risk of being exploited or discriminated against. Chapter 3 notes that such practices continue to exist. The extent to which companies comply with the new and more favorable labor market regulations depends mainly on the level of scrutiny the city government imposes on them. In contrast, in Indonesia, anybody making it in the cities can become city residents regardless of where they originally come from. Nonetheless, to a lesser degree, migrants, primarily new migrants, still face job segregation and discrimination.

Like most other migration studies, this book looks at the impact of rural-urban migration by comparing migrants and non-migrants rather than comparing before and after migration. In this case, migrants serve as a control group. It is interesting to see that the institutional differences mentioned also affect which control groups you can eventually get. With the *hukou* system, the surveys in China can easily identify non-migrants from migrants and for that reason can easily establish two different samples as control groups: rural non-migrants and urban non-migrants. For the surveys in Indonesia, the control group only includes non-migrants living in the cities. Moreover, these strict restrictions tend to cause rural-urban migration in China to select fewer children and women than in Indonesia. Although not addressed in this book, differences in this sample selection should to some extent affect differences in the outcomes. Also not addressed in this book, but worth noting, is that by design the sample excludes migrants who have returned home. This potentially creates a selection bias problem as only migrants remaining in the cities, who more likely have made it in the cities, are included. For that reason, the positive impacts of rural-urban migration found in these studies may slightly be overestimated.

While not to the standard of a textbook, this book is quite well written. Readers may notice that some chapters are better written than others. The book itself contains 11 chapters. Chapter 1 explains really well the background and purposes of the book, ingeniously summarizes the outcomes of the studies, and successfully paints the big picture of the rest of the book. The next six chapters from Chapter 2 to 7 discuss rural-urban migration in China, and the final four chapters from Chapter 8 to 11 discuss rural-urban migration in Indonesia.

Two chapters (Chapters 7 and 11) are dedicated to research methodologies. General readers may skip or read these results-oriented chapters only casually. However, these chapters are actually quite informative. Those interested in reading this book more seriously may want to read these two chapters early. They explain the grand design of the research and the definition of different categories of migrants. This information helps readers better understand the study outcomes.

If I were to improve the quality of this book, first and foremost would be to add a chapter that formally compares the migration outcomes in China and Indonesia. Through this book readers will get a general idea that migrants in China face more severe discrimination and exploitation, even more so for women, and consequently earn less than migrants in Indonesia. However, no formal comparison of income or other measures of outcome is done in this book. Adding such a chapter into the book would greatly improve the quality of the book. Not only

would it more convincingly confirm the hypothesis but may yield fascinating findings never thought of before.

I wouldn't mind trading this new chapter with Chapter 6. Chapter 6, while providing findings of its own, seems to add less value to the book than the other chapters. This chapter examines the impact of rural-urban migration on poverty. However, poverty is a measure directly derived from income. Another chapter has discussed at length the impact of rural-urban migration on income. Moreover, the variable income enters as a continuous variable, which supposedly should provide more complete variations of outcomes than the variable poverty, which in this book enters as a binary variable.

I would also approach Chapter 5 differently. I would avoid comparing migrants, rural non-migrants, and urban non-migrants at the same time. Instead, I would separate the analysis into two: first, compare migrants and rural non-migrants and second, compare migrants and urban non-migrants. The underlying questions between these two comparisons are different. When comparing migrants and rural non-migrants you examine whether migration is a good decision as opposed to staying in the village. When comparing migrants and urban non-migrants, you examine how well migrants fare with urban workers. Separating the two analyses can make the arguments more convincing or less confusing.

Finally, provided that it's feasible, I would incorporate into this book more in-depth or anthropological studies on how migrants make it in the cities. It is known that the process to make it in the cities is a long, nonstop, and painful struggle. Reading in-depth stories on this struggle would be fascinating. These stories can also help emphasize different aspects of rural-urban migration, such as the true costs of migration or the true meaning of the migration gain. Chapter 3 of this book mentions that 22 percent of rural-urban migrants in China are self-employed. Yet, the book hardly takes a peak at how self-employment plays a role in determining the migration outcomes. A good example of an anthropological study is a documentary movie entitled "The Last Train Home." The well-done movie illustrates the true costs of rural-urban migration in China. Because parents had to migrate to and then live in the cities for years, they became spiritually disconnected from their children. Both parents worked extremely hard to make sure their children could live well and could afford a good education. In the end, however, the daughter rebels and ends up being a migrant worker of her own, the very same status her parents tried hard to leave behind.

Acs, Zoltan, ed. 2010. *Entrepreneurship and Regional Development*. Edward Elgar: Northhampton, MA. ISBN: 978-1-84844-978-7. (608 pp.) \$251 hardcover.

Reviewed by *Saima Bashir*, Lander University

The book deals with an interesting issue in the literature on entrepreneurship and regional development. The main objective is to introduce entrepreneurship within the area of technological changes through different approaches. This book has eight parts and each part consists of a few articles by different authors. Part One provides an overview of entrepreneurship. Wennekers and Thurik (1999) provide the basis for the link between entrepreneurship and economic growth. Malecki (1994) focuses on the relationship between entrepreneurship and regional and local development. Scott (2006) explains three relationships: entrepreneurial behavior and new firm formation; technological and organizational changes; and the symbolic elaboration and re-elaboration of cultural products.

Part Two contains some articles on theories of entrepreneurship explained by Schmitz (1989), Porter (1998), Audretsch and Keilbach (2004), and Acs et al. (2009). Schmitz (1989) presents a model in which endogenous entrepreneurial activity is a key factor of economic growth. Unlike previous theories, he focuses on imitation and long-run growth. Porter (1998) illustrates the importance of clusters and new economics of competition, which has major effects on regional development. Audretsch and Keilbach (2004) introduce a new factor, entrepreneurship capital, and link it to output in the context of a production function model. Acs et al. (2009) advances the microeconomic foundations of endogenous growth theory by developing a knowledge spillover theory of entrepreneurship.

Part Three consists of the regional variation in entrepreneurship. The first article by Bartik (1989) estimates how the characteristics of American states affect small business start-ups. The second article by Reynolds et al. (1994) analyzes the birth rates of new firms in France, Germany (West), Italy, Ireland, and the United Kingdom. The third article in this part by Sturat and Sorenson (2003) provides information about firm co-location in high-technology industries that draws upon a rational account of new venture creation. Lastly, the article by Acs and Armington (2004) estimates the relationship between the local levels of human capital and firm formation rates.

Part Four provides information on the relationship between entrepreneurship and regional employment growth. Reybolds (1999) examines if there is any systematic evidence that creative destruction is associated with economic growth, proceeds economic growth, or has a significant causal relationship to economic growth. Audretsch and Fritsch (2002) analyze the policy debate about whether regional economic development policy should be targeted towards fostering new firm start-ups or nurturing large, incumbent enterprises. They conclude that diverse growth regimes exist across both time and space. Acs and Armington (2004) estimate the impact of all employers in the whole U.S. private sector economy on employment growth in local market areas. Mueller (2008) estimates the link between new firm formation and employment growth.

Part Five is an overview of the role of entrepreneurship on regional productivity growth. Holtz-Eakin and Kao (2003) present the link between entrepreneurship and productivity. They find that increased birth rates of firms lead to higher levels of productivity. Another finding is that higher death rates do not seem to be related to productivity growth. Disney et al. (2003) provide an innovation in their article by using a longitudinal micro data set to study the sources of U.K. manufacturing productivity growth with particular attention to the role of entry, exit, and survival of firms. Anselin et al. (1997) examine the local geographical spillover between university research and high-technology innovations. They find local spatial externalities between university research and high-technology innovation activity, directly and indirectly.

Part Six contains some articles on the relationship between entrepreneurship, innovation, and creativity. Acs and Varga (2005) measure the effects of entrepreneurial activity and agglomeration on knowledge spillovers within a Romerian framework. They find that after controlling for knowledge stock and research and development expenditures, entrepreneurial activity and agglomeration have a significant and positive effect on technological change. Audretsch and Lehmann (2005) find whether the Knowledge Spillover Theory of Entrepreneurship holds for regions. The results show that the Knowledge Spillover Theory of Entrepreneurship holds for regions as well as for industries. Lee et al. (2004) estimate whether connections exist among regional social characteristics, human capital, and new firm formation. They find that new firm formation is strongly associated with cultural creativity and diversity.

The results also show that special attention should be paid to social habitat to encourage regional entrepreneurial dynamics. Florida (2003) also estimates the relationship between entrepreneurial activity, creativity, and regional economic growth.

Part Seven consists of entrepreneurship and regional clusters. Feldman (2001) presents the idea of the development of entrepreneurial culture and the formation of regional industry clusters. The author finds that supportive social capital, venture capital, and entrepreneurial support services help to boost entrepreneurial culture. Rocha (2004) examines the moderating effects of clusters on the impact of entrepreneurship on development. The results show that entrepreneurship is positively related to economic growth. The results also show that it is difficult to generalize the impact of clusters on the association between entrepreneurship and development. Baptista and Swann (1998) analyze whether firms located in strong industrial regions are more likely to innovate than firms outside these regions. They find that firms are more likely to innovate if one-sector employment in its home region is strong. Dumais et al. (2002) estimate the dynamics of geographical concentration in the U.S. manufacturing industries. The results indicate that the location choice of new firms tend toward de-agglomeration, whereas plant closures have tended to reinforce agglomeration.

The eighth and final part of the book contains one article on public policy. In this part, Acs et al. (2009) shed light on providing information to policy makers and citizens to what is known about the effects of various local and state policies aimed at fostering entrepreneurially driven growth.

Comments. Considering a large number of other factors, this book covers entrepreneurship from many different angles. The articles cover many approaches such as new firm formation and small business enterprises clusters, creativity, and human capital development through technology. New endogenous growth theory shows that technological changes result in profit-motivated choices for economic agents or entrepreneurs in the process of economic growth and development. Some of the recent papers shed light on to what extent a country's entrepreneurial and economic system is agglomerated, which could be a factor of technological change. Some of the papers included in the book [i.e. Audretsch and Fritsch (2002), Acs and Armington (2004), and Mueller et al. (2008)] found that entrepreneurship is encouraged and enhanced by starting new firms with or without technological changes.

However, the book ignores two major points about entrepreneurship: self-employment and spillover effects. Self-employment is another major measure of entrepreneurship that affects economic growth and development, especially in the rural areas. Therefore, the idea of ignoring self-employment implies that a large source of entrepreneurship is ignored in any region. The second factor ignored in this book is spillover effects. Now that technology has facilitated stronger ties with other regions around the world, any incident occurring in one region affects other regions. Similarly, changes in the economy of any region or county affect the economic growth and development of other regions and countries (i.e. energy use, oil prices, etc.). Therefore, it is essential to consider spillovers to see the effects of entrepreneurship on regional development.

This book examines the issues associated with entrepreneurship and regional development. It develops the idea of studying entrepreneurship from different angles; Parts Six and Eight in particular provide some of the different approaches. Using practical examples and models in all articles, the book defines how this different direction can effectively estimate the

crucial issues of economic growth, in an extensive manner. This book would be useful for graduate students to understand the relationship between entrepreneurship and regional development.