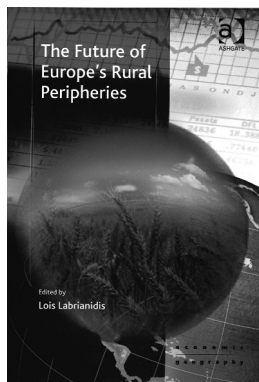

BOOK REVIEWS

In this section

- **Rolf Bergs on Labriandis (ed) 'The Future of Europe's Rural Peripheries**
 - **Frank van Oort on Cheshire & Durantton (eds) 'Recent developments in urban and regional economics'**
-

Labriandis, L. (ed.) (2004) *The Future of Europe's Rural Peripheries*, Aldershot: Ashgate, 318 pp. Hardback, ISBN 0-7546-4054-X, £49.95

Rolf Bergs
Policy Research & Consultancy
Koenigsteiner Strasse 116
65812 Bad Soden, Germany
E-mail: RolfB@prac.de



Technological innovation, rapid structural change and globalisation have changed the role and appearance of rural peripheries in Europe. The simple definition of rurality – based on the historical rural-urban dichotomy – is not useful any more; the distinction has become fuzzy and any analytical approach viewing the contemporary rural economy in Europe has to consider a complex system of characteristic facets.

As the agricultural sector is declining in its relative importance and negative agglomeration externalities are posing limits to further urban growth, the rural economy has become more and more attractive in absorbing investment.

Re-migration to rural areas has likewise contributed to an improvement of the human resources and the ability to establish sustainable business structures outside the agricultural sector. Information and communication technology has furthermore relieved implications of infrastructural bottlenecks of peripheral regions, hence, there seem to be big potentials of expanding markets of 'rural origin' production and services. Meanwhile a marked trend – the reversal of rural development – can be observed, not only in rural outskirts of cities, but even in peripheral rural areas.

Interestingly, these new developmental dynamics do not only occur in the most developed EU regions, but also in less developed southern member states (Greece, Portugal). Entrepreneurship, the 'fourth production factor', is seen as the crucial precondition of accelerating the process of dynamic rural growth. In fact, the different

socio-economic trajectories of the peripheral rural areas and their specific entrepreneurial potentials is still an under-researched issue. The book reviewed here, aims at making an important contribution to that fresh academic debate.

The 13 papers included in that volume are the outcome of a EU funded research project within the Fifth Framework Programme. Ten comparative case studies in five member and accession countries (Greece, Portugal, Poland, Germany and the UK) were carried out for that purpose. An important aim of the exercise has been to determine adequate policy recommendations. The book is divided into two parts: part 1 (chapters 1 to 6) comprises the thematic debate viewed from different perspective (technology, globalisation, policies etc.); part 2 (chapters 7 to 13) covers the results of the case studies.

In the introduction the editor explains the purpose and the methodology of the research. The analytic typology of European rural areas is at the centre of that chapter. Four dimensions were defined, namely (i) level of accessibility, (ii) level of competitiveness/business dynamics, (iii) economic performance (regional GDP per capita) and (iv) the sectoral importance of agriculture. Altogether, 24 different types of rural regions are defined. Out of these, the ten empirical case study regions represent seven types. Based on that, an analysis of characteristic factors of unity and diversity in rural development should be made possible.

Chapter 2 (Understanding peripheral rural areas as contexts for economic development) views the relationship of rurality and peripherality and elaborates a complex multi-variable ('four dimensional') approach (peripherality as distance, dependency, difference and discourse). Peripherality is then combined with a 'holistic' view of rurality consisting of further seven variables

covering environment, demography, institutions, social capital and others ('seven dimensional'). Though the chapter captures the important criteria of rurality and peripherality, the (two-dimensional!) table on page 54 labelled as a four times seven dimensional grid appears a bit odd.

Chapter 3 (Entrepreneurial behaviour in rural contexts) views the sources of rural entrepreneurship (entrepreneurial talent, specific local environment) and concludes that those processes are rather path-dependent, however, according to the empirical analysis the availability of economic agents and their embeddedness in the local context as well as access to resources from outside the region constitute necessary factors of success.

Chapter 4 (Rural SMEs in the context of globalisation and enlargement) looks at two major phenomena with impact on the European economy. The authors specifically view the influence of European policies on rural areas and the participation of rural SMEs in international business. A further aspect of that paper is related to challenges and opportunities of rural SMEs after the EU enlargement.

Chapter 5 (Technology, peripherality and rurality) refers to the importance of the so-called innovative milieu determined by numerous factors such as institutions, skills, public policies and infrastructure. Chapter 6 (European policy to foster entrepreneurship in rural peripheral areas) deals with an analysis of the different national and supra-national policy interventions (like the mainstream structural fund interventions, LEADER, INTERREG, PHARE). The authors find that present policies are highly fragmented and miss their target, since there is no sufficient inter-policy co-ordination. Therefore, targeting the entrepreneurial capacity of rural peripheral regions is likely to require a systematic and co-ordinated policy.

Chapters 7-12 deal with the contrasting case studies in Cumbria, Devon and Cornwall (UK), Waldshut and Nordwestmecklenburg (Germany), Kilikis and Lesvos (Greece), Baixo Alentejo and Oeste (Portugal) and Zary and Bialystok (Poland). Important findings are that rurality does not necessarily hamper the materialisation of innovative strategies of entrepreneurs (chapter 7 on Cumbria), critical preconditions of successful entrepreneurial development in rural regions are intelligent and coherent rural policies (chapter 9 on Waldshut and Nordwestmecklenburg and chapter 8 on Devon and Cornwall). In Greece and Portugal, the innovative milieus, in terms of institutional endowments, are still insufficient, however, 'innovation [...] derives basically from individual experiments by firms with more "Schumpeterian" behavior ...' (chapter 11 on Portugal; p.265).

In the two Greek regions, firms pursue different orientations; Kilikis is more characterised by larger companies with an outward orientation while enterprises in Lesvos are smaller and more locally oriented, nevertheless both regions still lack physical infrastructure, knowledge dis-

semination and the necessary social environment for entrepreneurship (chapter 10 on Kilikis and Lesvos). Immigrants play an important dynamic role in entrepreneurship in the more attractive rural regions, such as Devon and Cornwall, Cumbria and Nordwestmecklenburg.

Besides the latter, Zary and Bialystok in Poland represent regions of a former communist country and appear to be different from the Western case studies. Here, the transition process has influenced rural development. The booming metropolitan areas are an important developmental engine in the course of integration into the European markets; rural and backward regions may therefore further continue to decline. Besides, the agricultural sector has a relatively higher importance for Poland than for the other European countries. Non-agricultural economic activity has been hampered by specific tradition and the lack of a consistent regional policy during the nineties. Patterns of entrepreneurial innovation are therefore still at the very beginning (chapter 12).

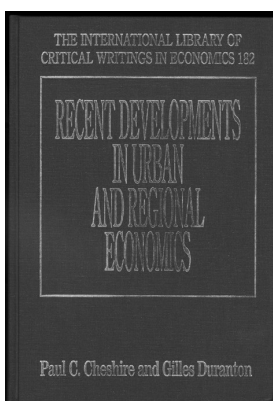
In chapter 13 (Entrepreneurship, Enterprise and Policy: Towards a Synthesis) the different conclusions of the empirical research are discussed. Recommendations refer to policies such as improving human resources for entrepreneurship, creating the necessary physical and intangible infrastructures, encouraging young people and potential business leaders, enhancing business cooperation and non-agricultural diversification or facilitating knowledge/know how transfer.

The volume sheds light on the complex factors of entrepreneurship and innovation in European rural regions and might further stimulate the debate on structural change in rural and peripheral regions with profound empirical insights. However, despite research on perspectives of structural change and entrepreneurial innovation in rural areas is still at the beginning, the findings in that volume are not really new or very surprising. Particularly, the insights of the importance of institutional capacity and thickness at regional level and well co-ordinated policies has much advanced in regional science.

There are few minor weaknesses of the book. For instance a case study on a Northern country like Finland or Sweden could have covered the interesting category of least accessible but competitive and better performing regions. The fact that all case studies represent border or coastal regions narrows the view on the diversity of factors for successful entrepreneurship-based development in rural areas. The reason for this specific choice is not further explained. The audience of that important book are researchers and students working on social and economic issues of rural development in Europe and authorities and policy makers dealing with regional and rural policies. The findings and recommendations of the book could also well contribute to the final shape of the new EC Council regulations of funding rural development. The book price is justified.

Cheshire, P., Duranton, G. (eds.) (2004), *Recent developments in urban and regional economics. The international library of critical writings in economics 182*. Cheltenham, Edward Elgar. 607 pp. ISBN 1-84064-953-4. £150 (hbk).

Prof. dr. Frank G. van Oort
Department of Economic Geography
Utrecht University
PO Box 80115
3508TC, Utrecht
The Netherlands.
Tel.: (+31) 302532037
E-mail: f.vanoort@geo.uu.nl
Website: <http://econ.geog.uu.nl/vanoort/vanoort.html>



This volume contains a collection of articles on urban and regional economics in the 1990s. My review is not on the individual papers, but on the choice of the papers in terms of being representative, complete, state-of-the art and informative. As a professional reader one is of course curious about the number of reprinted articles known already (for me this was 20 out of 28) and about the aspects the editors highlight

in the volume. For a large degree the highlights are in fact the ones expected and (strongly) appreciated, but on certain choices critical notes are applicable.

Why a new volume on urban and regional economics, since the previous version (Cheshire & Evans, 1991) was not that long ago published? The introduction gives clear, valid and informative answers to this question. Since 1990, the divide between urban and regional economics as separate fields has basically disappeared. Moreover, spatial economics (the aggregate name?) has become in large measure part of the mainstream economics. In the 1991 volume, only 21% of the articles selected first appeared in leading mainstream economic journals and 58% in interdisciplinary journals. In the present volume these percentages are 50 and 11, respectively.

Perhaps the convenient marker in this process was Krugman's 1991 classic on increasing returns and economic geography, reproduced in the volume as chapter 21. Throughout the introduction of the book, eight important trends are articulated that justify a new collection of papers in the nineties.

The first is the awareness of the need of micro-economic foundations of urban and regional economic theory. The new economic geography merged the concept of firms as actors into spatial agglomeration outcomes of economic processes.

The second trend is the awareness that regions themselves are not actors (a pitfall still emerging from much economic geography 'proper' literature on for

instance 'learning regions') but meso-economic regional and urban contexts are important for understanding both micro- and macro-economic growth processes.

The third trend hints at the increased data availability on the micro- and meso-level (and subsequent computing power) that allowed for detailed sensitivity analyses in empirical research.

The fourth trend comprises the emergence of spatial econometrics that introduced a toolkit for spatial analysis not available before; the emergence of new journals such as *Spatial Economic Analysis* demonstrate that spatial econometrics is rapidly becoming an independent discipline in its own right. However, the editors rightly remark that spatial econometric approaches that reveal spatial dependence do not inform us automatically how to explain this in terms of spatial economic mechanisms.

The fifth trend is that urban and regional economics become increasingly open to sub-fields of economic analysis (like financial and labour economics).

The sixth trend stresses that the past ten years marked an evolution of city-shapes due to information and communication technology and both ongoing suburbanisation and central urban revival. These paradoxical stylized facts are still not optimally captured in modeling and theory.

The seventh trend, in line with the previous one, stresses that amenities play a crucial role in urban and regional development, an underdeveloped notion in economic modeling.

The eighth trend signals that urban and regional economics have evolved from a predominantly practical and policy-induced research group into a theoretically more developed and mature discipline (while urban economists are still among the most practical economists around!, p.xii). Indeed, actual developments that justify a new anthology of up-to-date papers.

Distilling a representative reader from 10 years research is of course subject to arbitrary choices and headings in themes. At the very end of the introduction the authors reveal their criteria for selection.

'The articles chosen are of several kinds – original contributions, surveys and articles which synthesise influential areas of work in accessible ways' (p.xxiii).

The volume aggregated 28 papers in six parts

(themes): theoretical analyses of city structure, empirical analysis of city structure, systems of cities, agglomeration economies and growth, new economic geography and public finance and policy. Those six themes are reasonable headings that capture the trends mentioned in a systematic manner, although the distinction theory – empirics (that works fine in parts 1 and 2 on city structure) should have been more guiding throughout the volume.

More alarming to my opinion is that all four articles in the 'systems of cities' part do not deal with systems of cities. Instead, they deal with sizes and the formation of individual cities (stressed in all four papers). None of the Pred-like city-systems and systems of cities thinking that I had expected. The merging of agglomeration and convergence studies in the 'agglomeration and growth' part does not work together either. The four papers on agglomeration and the three papers on regional convergence read as distinctive different subjects. Arguing that they actually should not read as different subjects implies that the editors should put effort in showing where the overlap between themes actually is.

One of the original and pioneering articles (stressed as criteria) that anchors a theme is the Krugman (1991) article that indeed triggered the new economic geography as a discipline. Well chosen for opening the new economic geography section. But in the agglomeration section, the papers by Combes, Dekle, Duranton and Audretsch address flaws in the seminal Glaeser et al. (1992) and Henderson et al. (1995) papers (published in mainstream economic journals) on urban growth and agglomeration circumstances. These two articles have put the discussion on intra- and inter-industry externalities (back) on the agenda. Why are these not reprinted to get a full understanding of these important aspects?

Finally, critique can be placed on the critique-less nature of the volume. The volume is number 182 in the Critical Writings in Economics series – but some important critiques are missing. The editors rightly remark that urban and regional economics are characterized by theoretically-informed empirical work (trend eight), but with the possible exception of the new economic geography section, theory is to a large degree interpretable in multiple ways. Agglomeration papers often build on new growth theory as theoretical framework, but it turns out that a neo-classical framework in many cases predicts the same observed outcome (Fingleton 2003). How urban and regional economists (should) deal with these kinds of theoretical flexibility is not discussed by the editors.

Missing theoretical paradigms that comprise interesting and critical points of view are evolutionary economics (Boschma & Lambooy 1999), economic geography 'proper' (Martin 1999, discussed in the contribution of Peter Neary in relation to the new economic geography), new growth theory with geographically localized knowledge spillovers and social networks (Breschi & Lissoni 2003; in the volume this subject is relatively uncritically

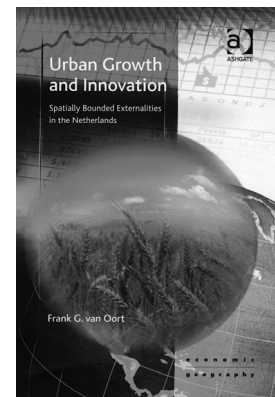
summarized in a contribution of Audretsch), knowledge based perspectives on clusters and institutions (Maskell 2001) and knowledge production function conceptualizations in relation to knowledge spillovers (Jaffe et al. 1993). We already observed that trends that are not addressed by any of the papers are multi-centricity, city-systems and the unambiguous determination of causal relations of cities with their surrounding regions.

The volume is extremely information-dense and illustrative in its subjects and themes. Whether all papers are themselves good introductions to the field of urban and regional economics is doubtful – a major textbook is probably better to get an overview of the mechanisms at work. Recent trends in theoretical, conceptual and empirical research (that are all placed in context very adequately in the introduction) justify an extensive (new) overview for the more experienced reader though.

Shortcomings are, in short, that little notice is given to the fact that spatial economic theory is far from mature yet, and hence empirical testing is far from unequivocal either. This is not critical yet, but we probably need a new volume in ten years time to address the references of this review alongside other exciting new developments. We will ask Paul Cheshire to read along all the literature (maybe some more along the papers in the interdisciplinary journals, all the same) and then repeat the good job he has done here in enthusiastically advocating the urban-economic discipline by then.

About the author

Frank van Oort is professor in Urban Economics and Spatial Planning at Utrecht University, The Netherlands. He also works for the Netherlands Institute for Spatial Research (RPB) in The Hague. In 2004 he published the book 'Urban Growth and Innovation' with Ashgate Publishers, that deals with spatially bounded externalities and spillovers in urban and regional growth.



References

- Boschma, R.A. and J.G. Lambooy (1999), Evolutionary economics and economic geography. *Journal of Evolutionary Economics* 9, pp.411-29.
- Breschi S. & F. Lissoni (2003) Mobility and social networks: Localised knowledge spillovers revisited. CESPRI Working Paper 142.
- Cheshire, P.C. and A.W. Evans (eds.) (1991), Recent developments in regional and urban economics. Cheltenham: Edward Elgar.

- Glaeser, E.L., H.D. Kallal, J.A. Scheinkman and A. Schleifer (1992), Growth in cities. *Journal of Political Economy* 100, pp.1126-52.
- Fingleton, B. (2003) Increasing returns: evidence from local wage rates in Great Britain. *Oxford Economic Papers* 55: 716-739
- Henderson, V., A. Kuncoro and M. Turner (1995), Industrial development in cities. *Journal of Political Economy* 103, pp.1067-85.
- Jaffe, A.B., M. Trajtenberg & R. Henderson (1993), Geographic localization of knowledge spillovers as evidenced by patent citations. *Quarterly Journal of Economics* 108 (3): 577-598.
- Krugman, P. (1991), Increasing returns and economic geography. *Journal of Political Economy* 99 (3), pp.483-99.
- Martin, R. (1999). The new 'geographical' turn in economics: some critical reflections. *Cambridge Journal of Economics*, 23 (1): 65-91.
- Maskell, P. (2001), Towards a knowledge-based theory of the geographical cluster. *Industrial and Corporate Change* 10: 921-943.

Acknowledgements

Many thanks to all the contributors to this edition. Text contributors included:

Rolf Berg, Policy Research and Consultancy, Germany
 Gordon Dabinett, Sheffield University
 Mike Danson, Paisley University
 Frankie Freeland, Regional Studies Association
 Henrik Halkier, Aalborg University, Denmark
 Sally Hardy, Regional Studies Association
 Steve Musson, Birkbeck College, London
 Frank van Oort, Utrecht University, the Netherlands
 Roos Pijpers, Radboud University Nijmegen, the Netherlands
 Geoff Whittam, Paisley University
 Felicity Wray, Newcastle University

We are also grateful to contributors to the Tyler, who include:

Calvin Jones, Cardiff University
 Joyce Liddle, Durham University
 Kathy Wood, Durham University

Many thanks also to those who contributed in other ways:

Lisa Bibby Larsen, Regional Studies Association
 Paul Braidford, University of Durham
 Val Brown, Urban Land Institute, USA
 Pieter de Bruijn, INRO-TNO, the Netherlands
 Mike Coombes, University of Newcastle
 Debbie Fattore, Ashgate Publishing
 Tim Richardson, Sheffield University