

BOOK REVIEWS

SOCIAL SCIENCE IN GOVERNMENT: THE ROLE OF POLICY RESEARCHERS

Richard P. Nathan, *The Rockefeller Institute Press, Albany, NY*, (New Edition), 2000, pp , ISBN Hardcover 0-914341-65-0 \$US38.95, Paperback 0-914341-66-9 RRP \$US16.95.

Kingsley E. Haynes

Dean, School of Public Policy, George Mason University, Fairfax, VA 22030, USA.

Professor Nathan in the preface to this new edition notes that he first published his book on this topic a decade (late 1980's) previously. However, this is not merely an update, it is in most respects a new book on the same topic with five entirely new chapters plus a new final chapter on the limits and possibilities of applied social sciences in government. This makes six of his thirteen chapters entirely new and the other seven significantly updated and reinterpreted. However, it does not follow the structure of the earlier book – it is new wine in an old bottle.

Nathan provides a frank introduction on the high expectations for applying social science in government and the reality of its modest success. Fundamentally he compares “demonstration” research with “evaluation” research and the political complexity of implementing both. In particular, he is sensitive but not critical of the real world within which all applied research must operate. This experiential wisdom will be appreciated by those who live and work in the dynamic political environment with which all important public policy research takes place. However, this does not mean that he is naive concerning the impact of politics or policy research, quite the opposite. Rather he recognizes it as part of the costs of doing important applied social science work in the real world environment where the outcomes matter. In fact, his review of specific projects and specific types of applied research indicate he understands the research damage created by that activity. He suggests ways to limit it but not avoid it.

In his review of applied demonstration research he identifies the classic problems of the “treatment or intervention” issue and the lack of a real experimental or even quasi-experimental design in the real world. Further, he notes the continuing problem of the counterfactual state and the lack of any central group in the highly politicized environment of demonstration projects. This does not mean that these considerations should not be strived for and utilized if possible, but if and when can they be used it is often not consistently or for long. Further, the role of experimental contamination of demonstration research comes up against issues of human subject treatment, interaction between research subjects and experimental operators as well as selection bias.

These are all barriers even when the null hypothesis can be articulated effectively, and it usually cannot be clearly set forth.

In terms of demonstration research his short review of the U.S. negative income tax experiment and the income maintenance demonstration and his longer review of U.S. welfare demonstration studies are enlightening not simply from the output perspective but from the operational considerations.

Nathan spends much more time and space on evaluation research and is particularly sensitive to the issues of date and evaluation in the context of federal government systems where federal initiatives get implemented at the state and local level, and the sources of disturbance and error that can take place in such decentralized systems. This should be of particular interest to the Australian readers. Nathan is also sensitive to the role of learning not only in the evolution of a project but also in its implementation. After a careful and insightful review of California's 1985 welfare policy he spends time on the evaluation of welfare reform at the U.S. national level (1988 and 1996). These family and welfare evaluations are complemented by a review of lessons learned from employment and training programs implemented at the state and local level.

His final two chapters are on the need for a field network in real world evaluation research and the need and limits to applied social science research in government.

The intent of the work, its focus on what can and cannot be done and/or expected from social science applied in the real world of public policy makes it very worthwhile. I wish I had read this book ten years ago, and I will use his book in a doctoral seminar I will be teaching in macro-policy. The examples are U.S. but the purpose of the book reaches all of us in the public policy world.

COMMUNITY OPPORTUNITY AND VULNERABILITY IN AUSTRALIA'S CITIES AND TOWNS: CHARACTERISTICS, PATTERNS AND IMPLICATIONS

Scott Baum, Robert Stimson, Kevin O'Connor, Patrick Mullins and Rex Davis.
Australian Housing & Urban Research Institute, University of Queensland Press, St Lucia, Qld. 4072, Australia, 1999, ISBN 1 875997 31 8, pp.182, RRP \$AUD32.95.

Ifor Ffowcs-Williams

Cluster Navigators Ltd, 11 Chequers Way, Chartwell, Wellington 6004, New Zealand.

It is clear that over the coming decade we will see more change than in the last decade; what we may need to be reminded of is the speed and fullness of change over recent years, particularly at a community level.

Many communities across Australia have gained strongly during this time frame, benefiting from the new economy. Others are falling by the wayside and becoming increasingly vulnerable. In Australia, as in other OECD countries, there has been an increase in the number of deprived areas, limiting the opportunities and prospects of those who live in them. Doing something about the increasing inequality and desertification requires as the first step a systematic identification of the places that are being left behind.

This softback provides us with the necessary base, taking us inside:

- 240 metropolitan city regions
- 122 large regional cities and towns (populations of 10,000+)
- 136 small regional cities and towns (populations of 4,000 to 9,999)

and through a range of ABS data, gathered by Statistical Local Areas (SLA) over the decade to 1996, displays each area on a continuum of community opportunity and vulnerability. The variables cover population change and mobility, labour force engagement, income levels, occupation and industry structure, unemployment, education levels, the presence of socially disadvantaged groups, and housing financial stress.

Using a two stage approach, a hierarchical cluster analysis followed by a multivariate technique, the differentiators between each SLA were identified. With the metropolitan city regions, nine clusters of differentiators were identified, ranging from 'global economy / high-income opportunity' to 'extremely vulnerable old manufacturing economy'. The 136 small regional towns segmented into eight cluster groups, ranging from 'extractive industry opportunity' through to 'social disadvantage/extractive industry vulnerable'.

Common differentiators between the communities of opportunity and vulnerability across the metropolitan, large regional and small regional communities were labour-force engagement and the industry / employment structure.

The data provides a rigorous base for benchmarking communities against others on the community opportunity – vulnerability continuum, which gives a valuable starting point for the formulation of regional policy. As was highlighted at the recent Hobart conference, in New Zealand there is also growing awareness of the increasing regional divide; a similar database on New Zealand communities would be a welcome asset.

The next steps on both sides of the Tasman include drilling down within each community, and understanding at an even more micro level the factors influencing the competitiveness of the clusters of economic activity within the area. This approach offers merits at both ends of the spectrum: the communities of opportunity, and the communities of vulnerability.

REGIONAL COMPETITION

Peter W. J. Batey and Peter Friedrich (eds), *Springer-Verlag, Berlin-Heidelberg*, 2000, ISBN 3-540-67548-5, pp.290, RRP \$US75.00.

Edward Nissan

Professor, Department of Economics, Finance, and International Business, The University of Southern Mississippi, Hattiesburg, Mississippi 39406, USA.

In *Regional Competition*, Peter W. J. Batey and Peter Friedrich have supplied a very good and useful resource for those wishing to teach or do research from a regional competition perspective. They have included an impressive group of regional experts to provide a multi-disciplinary critique, understanding, and assessment of a vital subject. *Regional Competition* is a set of thirteen revised lectures presented during Summer 1998 at the European Advanced Studies Institute in Regional Science of the European Regional Science Association. Two companion volumes, containing lectures related to regional competition, are published under the headings, *Policies of Regional Competition*, and *Theory of Regional Competition*.

The thirteen essays in *Regional Competition* are assembled into three parts--Foundation of Regional competition (5 essays), Models of Regional Competition (4 essays) and Policies for Regional Competition (4 essays). The first essay, entitled "Aspects of Regional Competition," is a succinct and excellent introduction written by the editors drawing out the unifying features of the book. In it, the editors explain that the recent intensity of growth of competition between regions is a consequence of economic integration, globalization, and transformations which were enhanced through technological advances in telecommunications and transport facilities. The editors, mindful of some notable gaps in the material, set out to provide an investigation of two additional aspects, one of which is the development of policies to increase regional competitiveness. For this purpose, they used Mersyside, a declining region in North West England receiving state intervention, as a case study. The other aspect considered is related to political considerations of regional competition.

The remaining four chapters of the first section (Part A) were written by Börje Johansson, Ralf H. Funck, Peter Nijkamp, and Philip McCann. Johnson's article "Regional Competition: Endogenous and Policy-Supported Processes," is an overview of theories and models pertaining to competition between regions of which there are many types, such as competition between exporting firms located in different regions with emphasis on the role of policy makers.

"Hard and Soft Determinants of Interregional Competition," is Funck's article, in which he defines what is meant by hard (interregional cost discrepancy) determinants, and qualitative or soft (socio cultural and natural environment) determinants. Funck prefers (p. 67-68) that, "factors that influence a region's specific conditions for a certain productive activity having, thus, a direct impact on the net profit rate, and being determined by market forces or

through direct market intervention should be treated as hard location factors; all other factors exerting an indirect influence only, and having no 'visible' impact on economic outcome should be regarded as soft factors."

Nijkamp's contribution, entitled "Infrastructure and Suprastructure in Regional Competition: A Dues ex Machina?" tackles the often raised question whether the provision of social overhead capital is good for economic development. His important, and perhaps unexpected, answer is that enhancement of social overhead capital is not a sufficient condition for regional development. Micro studies based on interviews of users of infrastructure should also be taken into account to determine the usefulness of new expenditures of overhead capital.

The article by McCann, "Industrial Logistics and Regional Competition," concludes the first part of the volume. In it McCann takes up three issues relating to the relationship between logistics and regional competition and development. The first is the ability of a region to develop its own infrastructure; the second is the location of a region as a whole relative to other regional market areas; and the third is the ability of firms in a region to adapt to the newest techniques and modes of logistics organization.

The first article of Part B (Models of Regional Competition) of this volume is by Martin Beckmann reviewing the work of Wilhelm Launhardt (1832-1918) who, as an engineer, specialized in network design of roads and railroads. Beckmann relates the influences of Launhardt theories to understanding regional competition. The title of the article is "Wihelm Launhardt: Location Theorist."

The second article in this series is by Michael Sonis and Geoffrey J. D. Hewings, entitled, "Regional Competition and Complementarity: Comparative Advantages/Disadvantages and Increasing/Decreasing Returns in Discreet Relative Spatial Dynamics." Here, the authors focus on the relationship between regional comparative advantages and disadvantages and their effects in generating increasing or decreasing returns. The article embodies a theoretical section and empirical section. The authors note that regional economies are becoming similar, while, at the same time, trade between them is increasing with the expectation that complementary relationships between regions will dominate the competition between them.

The third chapter of Part B, written by Aura Regianni, Peter Nijkamp, and Enrico Saballa, is "Evolutionary Algorithms for Modelling Interregional Transport Flows." The authors tackle the potential of Evolutionary Algorithms as applied to spatial-economic systems and in particular to interregional freight transport. The authors provide, first, an overview of Evolutionary Algorithms, comparing them with other bio-computing tools such as Neural Networks. Afterwards, the authors focus on an application of freight transport flows from Italian and Greek regions to the rest of Europe.

The fourth chapter of Part B, "The Role of Public Enterprises in Regional Competition," written by Peter Freidrich and Xiao Feng, addresses the issue whether public enterprises should be employed as instruments in regional competition in Europe. The authors identify the types of public enterprises as those which support regional competition such as business promotion agencies;

and those which serve to improve the financial position of their host region.

The third section of the volume (Part C) devoted to Policies for Regional Competition, is again composed of four chapters, the first of which, Chapter 10, is written by Jacques Poot with the title, "Reflection on Local and Economy-Wide Effects of Territorial Competition." Poot interprets territorial competition broadly as actions to enhance the standard of living of its inhabitants. To assess competitiveness of some 46 countries, Poot develops a "super index" based on the sum of the ranking published by the World Economic Forum and the International Institute of Management Development. Accordingly, Singapore is ranked first and Russia is ranked last. Poot then investigates the prevailing theories of economic growth to determine the possibilities for governments to enhance competition. Territorial competition is also considered by debating the various development policies to influence such competition.

Interdependence of regional competition and the armed forces, using Germany as a case study, is the theme of Helmut Maneval's article (Chapter 11), "Disarmament in Germany and Regional Competition." Maneval devotes the best part of his paper to analyzing the economic effects of the Federal Armed Forces (Bundeswehr) build-up since the mid 1950s and the disarmament trends during the 1990s on the West German economy in general and the affected regions in Germany in particular. The armed forces' strength attained during the 1970s was 485,000 soldiers and 180,000 civilian personnel, which constituted a highly important economic force, especially at the regional and local levels. The reduction in total personnel by 250,000 between 1990 and 1997 (from 727,000 to 477,000) undoubtedly has resulted in negative economic impacts. The remainder of the chapter is devoted to the effects of disarmament on regional competition.

The European Union was the concern of the last two chapters (12 and 13) of this book. Filip Abraham (Chapter 12) wrote, "Regional Competition in the European Union," and Hartmut Fest (Chapter 13) wrote, "The EURO and the Competitiveness of Agglomerations: What Does the Single Currency Add?" Abraham traces the evaluation of a two-fold contradictory strategy where authorities develop political and economic ties with other regions and simultaneously promote strategies to benefit their own regions. This is done through subsidies, tax breaks, reduced labour costs and lower levels of social protection as incentives to lure business from competing regions.

Fest's article deals with the effect of the introduction of the EURO on locational competition of the immobile factors of production for mobil capital and know-how. Fest concludes that among 20 location factors which play important roles in location decisions of potential investors, six stand out as the most likely for heightened competitive pressures. They are: availability and quality of producer services; availability and quality of human capital; availability, diversity, and cost of housing; availability and quality of regional promotion schemes; efficiency of co-operation of different local authorities; and the burden of taxes and administration charges.

Regional Competition contains diverse topics and it fills a gap in the area of regional competition. Certainly, something in this book may be of interest to a researcher. In particular, the diversity is likely to be a rich source for further

research, especially for graduate students, for both theoretical and empirical potentials. Because of the broad coverage of regional competition; the book serves as an excellent reference. The wealth of references employed in writing each of the chapters is also invaluable to acquiring a solid grip on published literature for an important area of regional research, regional competition.

HOME TRUTHS: PROPERTY OWNERSHIP AND HOUSING WEALTH IN AUSTRALIA.

Blair Badcock and Andrew Beer, *Melbourne University Press, Melbourne*, 2000, (ISBN 0 522 84893 1 – RRP \$AUD38.45 (inc. GST) – PB - 212 pp.

Patrick Mullins

School of Social Science, The University of Queensland, St Lucia, Qld 4072, Australia.

Written by two of Australia's leading housing researchers – with Lisel O'Dwyer writing the chapter on housing inheritance – this book makes an outstanding contribution to a neglected aspect of the Australian housing system: housing wealth. The book is organised in response to two questions. First, whether successive Australian governments' decisions to favour home ownership had enriched a small proportion of households but financially entrapped many others. Second, whether the housing trends of the boom years 1945-75 – with the sharp increase in home ownership – changed over the last quarter century and whether these recent trends will continue into the near future.

In effect the book is structured into two parts, each of four chapters. The first part covers specific aspects of Australian housing wealth, while the second places housing wealth within the wider context of the Australian economy and society.

In the first part, the initial chapter examines conditions leading to Australia's widespread housing wealth. These include householders' place within the labour market, government policies favouring home ownership, governments' decisions not to tax housing wealth, geographic advantages offered by particular urban areas and suburbs, the way certain development projects (e.g. major roads) add value to housing in particular locations, and timing: when the house is bought and sold. The next chapter provides a typology of households according to the housing wealth they accrued, or failed to accrue. Three types of households accumulated, while four failed to accumulate, housing wealth. The first of the winners, the 'fortune seekers', are those who had deliberately set out to make money from buying and selling the homes in which they lived. 'The squirrels' are those who cashed in on rising prices following long years of residence in the same house. The 'stayers', the third category of winners, lived in the same house for a long time, with their house fortuitously increasing in value over this time. In contrast, of those who failed to accumulate housing wealth, 'business-linked

casualties' are essentially small business people who were badly affected by the economic changes of the 1980s, with these changes impacting upon mortgage repayments and housing values. Secondly, 'the overwhelmed battlers' were largely first time and marginal home owners who struggled to honour mortgage repayments. Thirdly, 'family adjusters' are householders whose housing situation was affected negatively by marriage dissolution or by the arrival of a new child. Finally, 'the castle builders' are households who overcapitalised on their housing following major structural changes.

The third chapter in this first part focuses on the intriguing question of housing inheritance. It shows that, although an inheritance is certainly a windfall for beneficiaries, it makes little overall difference to these people's lives because, in mainly being middle aged, most were already home owners, they were well housed, and they were financially well established.

The final part of the first section focuses on housing as a component of Australian private wealth, with housing accounting for almost 60% of this wealth, an outcome resulting from a combination of factors. These include the Australian preference for home ownership, the concentration of population and housing in a few big wealthy cities, the key place of housing in the Australian economy, the high inflation of the 1970s/80s, and having a tax system that does not penalise home ownership.

The second part of the book, focusing on the socio economic context in which the housing system is located, is also divided into four chapters. The first of the chapters examines the important role played by housing in the Australian economy. This is not so much in terms of the building industry, but in the way governments have used house construction to stimulate the economy and, most importantly, in the way the financial sector has greatly benefited from the very safe and highly profitable opportunities offered by home lending. The second chapter examines the housing careers of three generations of Australians: those born in the 1920s/30s; the baby boomers (born 1946-61); and the Generation X (born 1962-1977). The older generation received considerable advantages from the postwar economic boom, not only in terms of jobs and income, but also because they were able to become home owners relatively easily and were thus in a position to accumulate housing wealth. Baby boomers were in an even better position, having bought housing over the years from late 1960s to the late 1970s. The high inflation of the 1970s/80s enabled them to accrue considerable housing wealth, but they are also becoming the generation benefiting most – through inheritances - from the housing wealth accumulated by their parents, the 1920s/30s generation. In comparison with these earlier generations, the members of Generation X have been reluctant to purchase housing, primarily because of economic and social uncertainty, and because of geographic mobility. Yet, this is also a far better educated group, one that provides the workforce for the new economy, with many holding well paid professional and managerial jobs.

The third chapter in this second half attempts to predict the Australian housing system of 2030. It suggests home ownership rates will fall significantly and private rentals will increase markedly. As a consequence, housing wealth will no longer comprise a large share of private wealth. Moreover, there will be a

growing divide in terms of housing and housing wealth between a significant group of key players in the new economy and those who are working at the margins of this economy.

The book concludes with a discussion on the need for a fairer housing system, particularly following the decline in home ownership and the contraction of public housing ('a tenure of last resort'), a situation leading to an increasing reliance on private rentals. Yet, there is little indication that the private rental market will be able to cope with the increased demand, and for this reason it becomes imperative for governments to search for new policies to create a fairer housing system.

This is an excellent addition to the Australian housing literature. The book is well written and logically structured, which ensures that the information provided is disseminated with ease.