chapter on the theory of international environmental agreements nicely rounds out this section of the volume.

The last two chapters, on biodiversity (by Polasky, Costello, and Solow) and climate change (by Kolstad and Toman), are topical reviews that focus on the economic aspects of these two key areas of environmental concern. While this reviewer does not wish to quibble with the inclusion of these two excellent essays, their presence does raise the question of why this series did not include similar chapters on water quality, hazardous waste disposal, mobile sources, or other specific environmental topics. More generally, one might also ask what the purpose of a handbook series should be. Is it to provide grounding in the literature of a subdiscipline, to comprehensively summarize the state of the art in that field, or is it a place to solicit contributions that otherwise would not exist in more traditional venues? The word "handbook" suggests a focus on methodology or basic principles, but this three-volume collection is broader than that, as are many of the titles in North-Holland's *Handbooks in Economics* series.

While the individual essays are all well written and worthwhile contributions to the literature, overall, the book is less cohesive than the previous two volumes. Furthermore, those chapters that focus on specific issues are likely to feel "dated" sooner than will some of the other chapters. Regardless, this handbook should be of interest to a large number of researchers, students, and instructors. It is just unlikely that any one reader will be equally drawn to all parts of this volume.

Sean B. Cash
University of Alberta

Cohen, Daniel. *Globalization and Its Enemies*. MIT Press, Cambridge, Massachusetts, 2006, 192 pp.

In this immensely readable book, Daniel Cohen tackles issues such as the ability of markets to create wealth, the ability of markets to benefit the rich and the poor, and the advantages afforded to citizens by globalization. In each chapter Cohen takes on many of the arguments made by the opponents of globalization. The main reason behind this exercise is to line up anti-globalization arguments with economic theory and data, and show how many legitimate sounding anti-globalization arguments neither describe reality nor hold up to the data.

Cohen places 20th century globalization as the third act in a history of globalization that began with the Spanish Conquistadors, followed by a second episode of 19th century globalization. Cohen argues that rich and poor countries have diverged not because rich countries have exploited poorer countries, but because rich countries need little from the poor countries in terms of traded goods and services. For Cohen, 19th century globalization involved large movements of labor and capital, whereas 20th century globalization is comparatively "immobile" and mostly involves the movement of commodities and images. This leads to his main conjecture that while globalization today promises so much to so many, it will continue to deliver on those promises to only a few.

Chapter 1 addresses how historical inequalities across civilizations occur, and what role geography has in this process. Cohen credits Eurasia's dominance in world history to the east–west extent of Eurasia and its climate zones, and the availability of Eurasian animals for domestication and plants suitable for cultivation. While this is an interesting hypothesis, Cohen's arguments require us to think carefully about causation. Even though modern agriculture was invented in the Fertile Crescent, farming is more productive in rich countries. This suggests that rich countries became rich not because of differences in climate, endowments, or technology, but because of differences in how these have been used. Thus, it is to how resources are used that we must look for an explanation.

By comparing the pattern of trade in the 19th and 20th century, in Chapter 2 Cohen asks why 19th century globalization led to sharp divergences in economic performance across the great Eurasian civilizations? He also sheds light on how important colonialism was as a factor of Western wealth.

These are fascinating questions. Cohen cites evidence suggesting that colonialism ultimately was not a big factor in the colonizing countries' wealth. The notion that colonial countries got rich because of the exploitation of raw materials imported from poorer countries does not appear to be supported by the data. This is because rich countries have for long produced raw materials themselves. Cohen also cites terms of trade data to argue that once the price of raw commodities is adjusted for transportation costs, the terms of trade of poor countries actually improve, and not deteriorate. None of these can therefore account for why incomes were higher in wealthier countries and not in poorer countries. Using India's historical experience in textile manufacturing, Cohen suggests that the answer lies in how poorer countries used their endowments of capital and labor. The late Victorian period coincided with the spread of the empire. Britain ruled an area almost a hundred times its size. Those, who were ruled, naturally, had to be inferior. Otherwise they would not be subservient in the minds of the colonists. This justified the payment of low wages. However, Indian workers refused to work harder and longer unless they were paid more than exploitation wages. Lower productivity cancelled out any advantage offered by the low cost of Indian labor.

Chapter 3 looks at how scale economies and the reduction in transportation costs explain today's pattern of international trade and geographic concentration of economic activity. Cohen starts by observing that the majority of world trade today is akin to neighborhood commerce, both for products as well as trading partners. Specialization allows firms to amortize their fixed costs over a larger volume of business that dictates comparative advantage. There are several interesting observations made in this chapter. Economists have long wondered why companies in the same industry locate near one another. This is paradoxical in a world with low transportation and communication costs. Such concentrating forces now also exist within countries in the South, like China. What is distressing is that the new economy appears to heighten the polarity between the center and the periphery, in the "image of a town center and its suburbs." These issues are important especially if the new economy gives rise to the illusion that it defines a world without borders in which North–South tensions can be resolved.

Chapter 4 discusses several issues relating to the impact of religion on the incidence of a demographic transition and economic growth. Cohen sets out to debunk popularly held notions relating religion to economic performance by looking at the data. Cohen argues that to show whether the Muslim population is poorer than the global average requires Muslim countries to be compared to their non-Muslim neighbors, not Islam in general to the rest of the world. This is because neighboring countries share the same initial conditions, as well as the same people and same history. When a neighboring country attempts a new program or policy that succeeds, a neighboring country tries to do the same. When middle-class Indians go to Thailand or Malaysia for a holiday and are wowed by the latter's economic progress, they come back with aspirations for change within their own communities. However, neighborhood synergies may not always be exploited beneficially. For instance, India is an energy-deficit country, but it does not obtain energy from Burma, Bhutan, and Nepal. One reason is that smaller countries feel that they will not get a fair price for their natural resources from a bigger neighbor. Such dynamics create a perceived sense of South–South exploitation, which is as real as the perceived North–South exploitation.

Cohen ends the chapter by noting that in technology terms the Muslim world, South East China, and North Western Europe were equally poised for development, even though they ultimately diverged. A factor that Cohen does not mention here is that Europeans had readier access to resources that were central to their particular course of economic development. China's resources, such as water, were different. What is important to note is that the use of water involved central organization, unlike the use of coal or steam. However, as economic historians have pointed out, while centralized authority can be an asset when resources for large-scale developmental projects need to be obtained, the same unity works against diversity in intellectual life and political institutions. Ultimately, it is the interaction of these processes of experiment and change, which is central to economic growth.

Chapter 5 discusses several interesting issues comparing the role of international trade to the availability of an interior engine of growth. Cohen briefly touches upon Japan—the only country that has developed a prosperous economy without importing European settlers and institutions. Cohen argues that the South Korean case is instructive as South Korea inherited a sufficiently egalitarian society after World War II, which allowed for mass education. What is less emphasized is the role that export subsidies played relative to import substitution policies, both in the case of South Korea, and other small open economies, in generating a high growth path. In the end, Cohen argues for a theory wherein the wealth of a nation is furthered by the operation of a series of levers that raise one another and are not driven by human labor alone. The primary lever is human capital. This assists in the productive usage of physical capital, the second lever. Physical capital, in turn, enacts a third lever, called "global efficiency," which includes technological progress and other forms of organizational capital. These three dimensions offer a potential explanation of modern economic growth. This chapter is immensely readable and provides some interesting ideas to growth theorists and economic historians alike.

Chapter 6 provides a discussion on how and whether the European Union's institutional framework will foster a market structure conducive to Schumpeterian innovation. Europe's experience with globalization is instructive, as it shows that economic integration need not entail the eradication of cultural diversity. Cohen observes that the European Union has always succeeded in re-absorbing the income inequalities between its member nations. This is the foundation of the European Union's success, although the emphasis on cultural diversity within an integrated union at the same time hinders its ability to create a modern nation state.

Chapter 7 ends the book with a discussion on AIDS and the economics of debt. This book is a highly original, thought-provoking book. It puts forward a series of intelligent and nuanced observations on why globalization today is unlikely to serve as a conduit for wealth diffusion and creation for the world's poor. Not only would economic historians, international economists, and growth and development economists enjoy reading the book, but also the general reader wanting to read about globalization in a nuanced way. One limitation of the book is that Cohen portrays the benefits of globalization primarily in economic terms. While being aware of the economic benefits of markets, people are averse to the continuous change induced by markets and value stability, history and tradition for their own sake. This is a legitimate concern of the anti-globalization camp. Most importantly, what irks the enemies of globalization is the way in which communities are now linked together: the binding agents are market forces rather than a supra-national democratic process of the same kind. Cohen does not discuss this either. However, Cohen's main point, that the gains from globalization today are likely to remain elusive and a mere spectator sport for the poor, is made elegantly and solidly.

Chetan Ghate
Indian Statistical Institute, New Delhi

Johnson, Thomas G., Daniel M. Otto, Steven C. Deller (eds.) *Community Policy Analysis Modeling*. Ames, IA: Blackwell Publishing, 2006, 287 pp., $99.99.

Seasoned readers who follow developments in regional economics may wonder if this volume is an updated version of a 1993 book edited by Otto and Johnson. While the topic is similar, the two books are quite different; the 2006 volume does not even cite the 1993 volume. The 1993 book was a loosely organized but still valuable collection of readings focused on input–output and related models. The 2006 book appears to have been carefully outlined by the editors and commissions issued to the various contributing authors. The apparent attention to the book's organization helped minimize many of the pitfalls associated with a typical edited volume (overlap, gaps). The book should be especially useful for practitioners, or for researchers who have a grasp of the theory behind the models, but who need a basic introduction to how to implement this type of modeling. The book is composed of sixteen chapters that provide the reader an introduction to the many dimensions of successful model development and interaction with stakeholders.

In Chapter 1 (Johnson, Otto, and Deller), the reader gains an introduction to the history of the kinds of models employed by the Community Policy Analysis Network (CPAN), an umbrella organization that unites the book's contributors (mostly agricultural economics faculty) across the Land Grant system. The chapter also offers insights into how requests from policy makers are typically framed, and some comments on various types of community indicators before concluding with a discussion of the organization of the book.

Chapter 2 (Scott and Johnson) provides an overview of the challenges facing rural America. The chapter authors then describe some particular issues facing rural governments before concluding with some comments on the role researchers can play in informing local government policy.

Chapter 3 (Otto and Swenson) provides an overview of the various kinds of local government in the United States, the services they provide, their sources of revenue, and the amount of money they allocate to their functions. They conclude by pointing out that rural governments face particular challenges due to low population densities and aging infrastructure.