

Book Reviews

Jun-Jie Wu, Paul Barkley, and Bruce A. Weber (eds.). 2008. *Frontiers in Resource and Rural Economics: Human-Nature, Rural-Urban Interdependencies*. Washington, D.C.: Resources for the Future, 266 pp., \$85.00 (cloth), \$41.95 (paperback).

The anthology *Frontiers in Resource and Rural Economics* grew out of a symposium in honor of Emery N. Castle, Professor Emeritus at Oregon State University and Senior Fellow Emeritus at Resources for the Future. Professor Castle is the editor of, among other works, *The Changing American Countryside*—one of the classics in the rural economics literature—and *Economics and Public Water Policy in the West* (co-edited with Stephen Smith). Additional contributors to *Frontiers in Resource and Rural Economics* include environmental and resource economist V. Kerry Smith, economic geographer Maureen Kilkenny, and development sociologist David L. Brown, to name a few. The book is highly recommended for the practitioner in either resource economics or rural economics. Although not every chapter will likely be of interest to all readers, there is enough variation to satisfy both the specialist and the generalist, the theorist and the practitioner.

Castle's research encompasses natural resource, environmental, and community economics, and thus it is appropriate that both this anthology and the symposium it followed focus on the overlap among these three fields of study. The editors tout the volume as exploring the "interdependencies between natural resource management and rural development as well as between rural and urban communities," and as such the book is divided into four parts: "The Past 50 Years," "Human-Nature and Rural-Urban Interdependence," "Policies and Programs for People and Places," and "The Next 25 Years."

A difficulty in reviewing any anthology is to avoid the temptation to review each work in isolation, and instead to focus on the editors' difficult work in integrating each separate piece into a

coherent whole. The editors of *Frontiers* have an additional challenge—that of integrating threads of two overlapping yet distinct disciplines in rural economics/rural studies, and natural resource economics. The editors succeed admirably in including works that explore the interdependencies of rural and urban areas and of natural resources and economic development, with Emery Castle and David Ervin providing a helpful synthesis at the beginning of the book. Each piece is interesting and thought-provoking in its own right, yet it is not recommended that the reader attempt to read the collection straight through from start to finish, as the chapters do not always follow each other seamlessly. This, of course, is a criticism that can be made of many other anthologies—it is not unique to this work.

The first section of the book, entitled "The Past 50 Years," serves as an example of the challenges inherent in assimilating elements from these two sub-disciplines. It comprises two essays, one considering resource and environmental economic literature from 1950–2000, the second considering the literature and movement of rural economics from the early nineteenth century to the present. While different in scope and tone, both chapters end on a very similar note. Daniel Bromley, in "The Emergence and Evolution of Environmental and Natural Resource Economics," accuses environmental and resource economists of becoming too "hidebound"—that is, that resource economists have become too wrapped up in their models and methods to continue to be relevant to the public. He questions whether they can bring new insights to the field, or anticipate economy-nature conflicts before they arise, given these economists' dependence on axioms. In short, he suggests that the field is becoming stagnant. Paul Barkley, in "Rural Economics: People, Land, and Capital," also strikes a cautionary tone. He warns that "Economists must be very careful in applying the interests and skills of their discipline to the problems of rural areas and rural communities... [as] very little of the theory fits the problems

found in today's rural areas." He points out specific areas where those trained in economics could be of help to rural areas, specifically in the appropriate allocation of resources and in the tracking of changes in values of natural assets. (Interestingly, he mentions the estimation of the demand for natural amenities and their "virtual price," the same task that Bromley castigates.) He calls for a more robust conversation among economists, sociologists, and psychologists, yet also says that conversations between the economists and sociologists have "not always yielded critical insights." Similar to Bromley, he criticizes the rural economics literature as repetitious, vast, and "naïve."

One can be forgiven for initial confusion and pessimism about the current state of resource and rural economics (reinforced by a reading of the first essay in the next section, "Environmental Economics and the Curse of the Circular Flow," which commits some of the very methodological "crimes" railed against in the first section). And yet the first section is very much a call to arms, challenging scholars to recognize the limits of their discipline and to engage in more multi-disciplinary collaboration.

The second section, "Human-Nature and Rural-Urban Interdependence," perhaps does not hold together as well as the other two sections in this volume. Contributions vary widely in methodology and tone, ranging from a computable general equilibrium (CGE) model (discussed by V. Kerry Smith and Jared Carbone), to a simple theoretical core-periphery model, to an empirical analysis of the relationship between natural amenities, human capital, and economic growth. Maureen Kilkenny's insightful chapter on "The New Rural Economics" might have been a better fit for the section on "The Next 25 Years," as it provides a critique of the "Krugman style" new economic geography and of traditional rural economic models, while providing a look forward. The equations used in this section could have used a more careful editing, as the same symbol was used in the same paper (although in different models) to represent two different things.

The third section, "Policies and Programs for People and Places," focuses on public policies and how those policies do (or do not) reflect the interdependencies highlighted in the subtitle of this volume. Bruce Weber argues for a place-based policy to address poverty, pointing out that

"social scientists do not have a good understanding of how place affects income and poverty." Ronald Oakerson ("The Politics of Place: Linking Rural and Environmental Governance") also calls for a focus on place, arguing that doing so "can help to overcome the longstanding practice of separating issues of environmental protection in rural areas from issues of rural community development." Using the Adirondack Park in New York as a case study, he calls for regional governance—the idea of "eco-regions." Upon first reading, this chapter seems out of place in a volume primarily dedicated to economics, but it highlights a theme which is picked up by Castle later in the section—that of the importance of intermediate decision making and nested levels of government.

Also in this section, Maureen Kilkenny and Monica Haddad ("Rural Human Capital Development") offer an empirical investigation of student performance relative to class size. Their findings question the growing trend of rural school district consolidation. Mitch Kunce and Jason Shogren ("Property Taxation and the Redistribution of Rural Rents") examine the belief that tax incentives to resource-extractive firms will increase production and promote economic development. The final chapter in the section, "Frontiers in Resource and Rural Economics: A Methodological Perspective," contributed by Emery Castle himself, discusses "revolutionary economics" and explores the link that exists and needs to be fostered between rural and resource economics and revolutionary new theories in economics, such as growth theory. This chapter might have been a better fit in the final section, "The Next 50 Years," with its emphasis on cutting edge theories and techniques.

As it is, the fourth section, "The Next 50 Years," consists of two chapters, the second (contributed by David Brown) focusing on rural areas "through a socio-demographic lens." This chapter might have been better suited as an introductory chapter examining the questions: What exactly is rural? What do rural communities look like, and where are they likely to go in the future?

The first chapter in this section, Kathleen Segerson's "Resources and Rural Communities," is, I believe, the crowning chapter of this book, as it identifies two emerging issues in resource economics that have implications for the field of rural economics, and where some synergy between

the two can be achieved. One is the “bidirectional link between human systems and ecosystems, and the crucial role of ecosystem services in supporting human systems.” The other is “the role of sustainability as a normative goal in environmental policy design.” She then identifies several areas of study of potential benefit to rural communities and that further the goal of environmental sustainability, including the valuation of ecosystem services and ecological changes, the demographic trends that might affect those values, and the potential for rural communities to meet the demand for ecosystem services in the future. This chapter epitomizes the very title of this volume, as it highlights some exciting areas of synergy between the two fields.

It is that common ground between resource economics and rural economics that form the basis for this book, and that synergy has been and will be an area of very fruitful and exciting research. This book makes a strong case for such collaboration. Many of the papers highlighted only illustrate the work still to be done. Yet further collaborations between rural and resource economists, following the path broken by this book, will find their way a little easier.

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Many “frontier” collections are accessible only to a select group of specialist researchers and academics. Rarely are such works accessible to policymakers and ordinary citizens. The edited volume reviewed here—*Frontiers in Resource and Rural Economics*—is unique in its accessibility to a wide field of economists, social scientists, policymakers, and educated citizens with interests in examining the interdependencies among human and ecological systems, and urban and rural settlements.

The editors of this volume conceive it as an effort “to push back the frontiers of our knowledge about resource and rural economics by exploring the interdependencies between natural resource management and rural development as well as between rural and urban communities” (p. vii). Seen both as a celebration of Emery Castle’s outstanding contributions to resource and rural economics and as an opportunity to advance social science research and policy design, the symposium on which this volume is largely based brought together leading scholars in disparate fields to consider the past, present, and future of resource and rural economics.

The final product is an edited volume of fourteen chapters divided into four parts. Used to lay the groundwork for the volume, the initial chapter is, appropriately, co-authored by Emery Castle. In addition to summarizing the content of the volume, Castle and David Ervin highlight five priority subjects that are, and will continue to be, of primary import in the continued development of rural and resource economics. It is useful to highlight these topics, as they arise frequently in alternative forms throughout this collection. First is the need to develop tools, methods, and concepts to account for, and explain, the interactions between economic and ecological systems. Both systems are dynamic and complex. Nevertheless, the tendency to treat these systems as “stand alone” systems is no longer useful, as the interactions between the ecological system and the economic system have been found to be so diverse and substantive that employing a *ceteris paribus* assumption, on either system, is likely untenable. Second, Castle and his co-author highlight the need to integrate social, economic, and political science into the investigation of the interactions between humans and nature and between rural, urban, and fringe settlements. A singular disciplinary perspective, it is argued, is likely to fail in providing the rich conceptual apparatus needed to investigate the challenging interactions and paradoxes at the heart of rural and resource economics. The volume itself reflects this priority in bringing together leading experts in a variety of fields to tackle the issues at hand. A third priority relates to intermediate decision making and the importance of local and regional agency. The fourth priority concerns the potential conflict between “efficiency” and “sustainability” in the design of land use policy. To incorporate “sustain-

ability,” the concept of “efficiency” may need to be modified as core sustainability issues, like intergenerational equity, are not central to efficiency-based policy analysis. Finally, from Castle and Ervin’s perspective, a fifth priority must focus on how best to make decisions under uncertainty where irreversibility holds and potential threshold effects may lead to catastrophic ecological outcomes.

Part I of the volume contains two chapters focused on the past 50 years of resource and rural economics. This section’s initial chapter by Daniel Bromley offers a condensed history of environmental and natural resource economics. This contribution is valuable for its clarity and in directing scholars to the seminal works shaping the evolution of environmental and natural resource economics. Further, the chapter contains a reflection on “whether our specialized field is well positioned to be relevant in the future” (p. 17). In this case, Bromley expresses concern, first, that disciplinary belief systems may hinder our ability to spot important new problems and develop innovative tools, and, second, that a policy maxim to “maximize social net benefit” is wrongheaded and not supported by a strong conceptual foundation. The chapter concludes by calling for “environmental and resource economists to start the long-overdue quest for a new conceptual ground on which to build our specialty” (p. 25).

Concluding Part I is a short reference on the historic development of rural economics as a field of study. The presentation suggests that the field of rural economics was formed primarily in response to pragmatic problems as they arose historically in the U.S. countryside.

Part II consists of four chapters exploring the interdependencies at the core of this volume. The initial chapter is perhaps the most technical of the volume and aims to illustrate a fundamental insight attributed to Castle. Through general equilibrium modeling and numerical computations, Kerry Smith and Jared Carbone intend to show that “economic interactions outside markets influence what takes place inside markets” (p. 45). The work is nicely motivated with reference to the traditional circular flow model which, Smith and Carbone argue, provides “historical precedent that seems to have allowed modern general equilibrium models to ignore the physical world” (p. 58). But the physical world cannot be ignored, and Smith and Carbone aim to demonstrate this point

by developing a model to show how the “physical link between emissions and air quality can alter judgements about the net benefits of policies” (p. 59). The implications of this work point to the fundamental weaknesses surrounding benefit-cost policy prescriptions and suggest a need to develop alternatives.

In a break from the immediately preceding chapter, the two remaining chapters of Part II both introduce the “new rural economics” and draw on these ideas to explore the prospects for amenity-driven growth. The chapter by Maureen Kilkenny on the “new rural economics” is a particularly valuable reference, with its succinct description of a new rural economics resting on “explicit spatial microfoundations, demand-side ideas, and empirically tested models” (p. 64). This chapter contains a rich set of references placing the new rural economics in context and linking it to the “new economic geography” of Paul Krugman. The thorny issue of agglomeration is also considered in some detail.

Part III’s initial chapter provides a useful review of rural poverty and offers an interesting discussion of the general approaches used in addressing it. In particular, the United States has focused primarily on person-based approaches for addressing rural poverty when there are good reasons to consider place-based strategies. Bruce Weber presents the case for both approaches, arguing that, in general, U.S. policy has over-emphasized person-based policy at the expense of place-based policy. As a result, Weber suggests that place-based strategies should play an increasingly important role in public policy. The subsequent two chapters of this policy-based section include (i) a consideration of human capital development in rural areas, and (ii) an empirical analysis of the distributional effects of taxation on resource extraction activities.

The well-integrated, final two chapters of Part III provide a unique and valuable perspective on governance at the local level. In the first of these chapters, Ronald Oakerson argues that natural resource bases in rural communities blend with rural culture, supporting a unique way of life for local residents. However, this culture is not highly valued by people in urban areas, who are more concerned with the aesthetic and recreational benefits associated with rural resources. Oakerson argues that, in such cases, a focus on place “can help overcome the long-standing practice of sepa-

rating issues of environmental protection in rural areas from issues of rural community development” (p. 170). A politics of place, Oakerson argues, can help mediate the tension between environmental preservation and community preservation.

The second of these chapters on local governance contains a broad discussion on methodology in resource and rural economics and develops the argument that standard economic methodology is incomplete since it neglects the role of intermediate decision making. In this contribution, Castle argues that localities can, in some circumstances, exercise autonomy without hindering “the economic efficiency of individuals or firms at the micro level, or of established interests at the macro level” (p. 200). In some cases, more than one course of action is consistent with micro- and macro-level considerations. It is important, therefore, to develop methodologies to incorporate intermediate decision making.

Part IV of this volume contains two chapters aimed at considering the future of resource and rural economics. In the first of these chapters, Kathleen Segerson discusses ecosystem services and the potential of using sustainability as a normative policy goal. The discussion on sustainability is particularly interesting for economists interested in considering when efficiency and sus-

tainability criteria result in similar policy recommendations and when they yield conflicting recommendations. Segerson reviews two primary approaches for incorporating sustainability into standard efficiency evaluations. In one case an intergenerational equity constraint is incorporated. In the other case, it may be possible to include “environmental stocks” directly in utility functions, implying a type of sustainability in the long run. The author considers these potentials and suggests that future work will be needed to determine the most suitable approach. The final chapter in this volume speculates on the future of rural America using social-demographic reasoning.

Overall this volume holds together well, with many selections referring to other selections in the volume. The editors should be commended for their work in keeping the volume focused and integrated. The contributions are all well-written and provide a comprehensive entry point for researchers, policymakers, and graduate students hoping to develop a deeper understanding of the interdependencies between people and resources and rural economics in general.

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