

***The Evolution of Regional Economies: Entrepreneurship and Macroeconomic Change.* By Luis Suarez-Villa. New York: Praeger, 1989. xviii + 263 pp.**

**Reviewed by Roger Bolton, Department of Economics, Williams College.**

Suarez-Villa has attempted to remedy what he rightly sees as an important gap in the previous literature on long-run regional change: the lack of attention to entrepreneurship as a force in shaping how regions adapt to changes in demand patterns.

His book is a useful introduction to many diverse literatures; he presents a coherent and integrated framework for analysis of regional growth and structural change, one that will stimulate the reader to ponder the effects of entrepreneurship. His footnotes are erudite and contain some of his most useful and original observations, and they suggest many profitable byways for the reader's exploration. I must conclude, however, that the book, like much of the literature Suarez-Villa criticizes, does not go far in integrating entrepreneurship into a theory of regional growth. Perhaps this task is inherently too difficult.

Suarez-Villa defines entrepreneurship as "the making or implementing of decisions on the coordination and utilization of scarce resources in the space economy, that result in new long-term outcomes or in 'new ways of doing things'" (p. 11). But one grasps fully what he means only when he lists and discusses at length several "roles of entrepreneurship" in Chapter 2:

- Investment (including risk bearing);
- Intermarket linkage and integration, what also could be called coordination of supply;
- Productive coordination, which requires major contributions by middle and line managers;
- Strategic planning, which is a product of the rise of the modern corporation; and
- Invention and technical innovation.

At the end of the discussion, some readers, I think, will wonder if there is a difference between entrepreneurship and ordinary garden-variety management. Others will prefer to define entrepreneurship more narrowly in a way that suggests the brilliant stroke of which one often thinks on hearing the word.

Suarez-Villa starts his third chapter with a useful review—one that contained nice surprises for me—of stages-of-growth frameworks used

in previous regional analysis. He then presents his own stages framework for the United States. Each stage is identified with one or two entrepreneurial roles:

- Industrial revolution (1780s-1840s)—investment role;
- Capital goods industrialization (1840s-1890s)—intermarket linkage and invention roles;
- Mass production industrialization (1890s-1950s)—productive coordination and invention roles;
- Services-oriented industrial change (1950s-present)—strategic planning and invention roles.

Each stage also is characterized by a dominant form of enterprise, by leading economic sector(s), and by broad regional effects.

In this and later chapters, Suarez-Villa provides much detail on the stages, on the changes in leading and lagging sectors, and on the effects on seven U.S. regions. (He uses the nine Census divisions, but combines New England and Mid-Atlantic into Northeast and South Atlantic and Each South Central into Southeast.) Unfortunately, he does not say much about the details of the entrepreneurial roles. After a promising start, the book settles into a fairly conventional economic history, in my opinion. Many parts of the discussion are, however, valuable.

To oversimplify a bit, the underlying theoretical model in the evolution of stages is that different income elasticities cause different economic sectors to grow at different rates; new frontier sectors grow rapidly while lagging sectors respond by increasing productivity in order to maintain some market share; these sectoral differences naturally have great impact on regions because they cause changes in labor demand and then population responds to labor demand. The way entrepreneurship comes in is that the entrepreneurial function in both leading and lagging sectors shapes the way sectors are transformed and the way regions adapt to the changing demand forces. But, as I say, there is not much detail on the latter subject. We do not get much of a flavor of who performs the roles. What kinds of persons are they? One thing I definitely missed is a systematic discussion of how different regions supply entrepreneurial talent differently—of how they grow the relevant individuals—and whether spatial differences in supply make much difference. Spatial differences would not make much difference, for example, if there were something close to a national market in the talent.

I also missed help in answering a question such as the following which has intrigued me recently: How has New England managed to innovate at a steady pace for so long, has managed to introduce time