



Book Reviews

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To cite this article: J. Atkin (2002) Book Reviews, Journal of Development Studies, 38:6, 165-193, DOI: [10.1080/00220380412331322631](https://doi.org/10.1080/00220380412331322631)

To link to this article: <https://doi.org/10.1080/00220380412331322631>



Published online: 29 Mar 2010.



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Book Reviews

Development Sociology: Actor Perspectives. By Norman Long. *London and New York: Routledge*, 2001. Pp.xiii + 294. £19.90. ISBN 0 415 23536 7

The influence of Norman Long's thoughts on development studies is considerable. His was a major voice breaking the stultifying neo-Marxist hegemony in the 1970s by referring to rich, empirical work. Instead of incorporating the idea of development in an all-embracing world system, Norman Long emphasised the construction of social practice from below. This approach created space to locate impulses for change in a more decentralised perspective and could thus account better for heterogeneous outcomes. In advocating this, he brought to development studies essential elements from the anthropological tradition. This tradition has in the past decades been widely condemned for stereotyping the 'other' in the service of colonialism and imperialism. Norman Long's work, however, referred back to the genuine interest in the diversity of mankind that propelled anthropological enquiry probably more than any notion of serving the Lords of Human Kind. The thread that runs through all the chapters in this book is a concern with the diversity of outcomes in social change because human beings are actors creating society.

This volume can be seen as a textbook, but it is also a record of Long's intellectual development in the last 15 years. The building blocks of the book are a string of articles that have been published in disparate places. Principal among these are a number of papers resulting from debate with colleagues at Wageningen Agricultural University, who advocated various forms of 'social engineering' in rural society and viewed their proper role as controlling social change, nowadays buttressed by the belief in participatory techniques. Long, however, depicts planners, engineers and policy-makers as not necessarily the actors in charge, but as some among a host of potential actors in planned intervention. These 'authorities' are enmeshed in a process of interacting cultures and social practices – called interfaces – where so-called target populations are potentially powerful actors. In the past decade, I have found this theorem potent in facilitating the understanding of a wide variety of social situations far removed from interventions in rural societies. For example, election observation is presented as the impartial judgement of the bearers of democratic values using quasi-legal yardsticks. It is, however, much more enlightening to see these observers as enmeshed in local political struggles and articulating their views in a continuous exchange with local culture. The publication of these papers in an accessible form – and often thoroughly rewritten – is thus particularly welcome.

The book will also be appreciated by those who have called for a more systematic treatment of Long's actor-oriented approach in development studies. Sections that give a more comprehensive view of society through reflections on the nature of knowledge and power follow the papers on planned intervention. The book even ends with something like a vision on 'the' world system. Those who have been clamouring for a statement on 'What is such an actor-oriented approach all about?' can find answers in an appendix entitled: 'Cornerstones of an actor-oriented approach'.

These extensions to the seminal ideas may gratify a considerable number of scholars and practitioners, but the result seems to be that the project drifts away from its moorings. Long writes emphatically in the introduction: 'it has never been my

intention to promote actor-oriented analysis as a fully elaborated theoretical model or toolkit of methods and techniques. Indeed to do so would run counter to the spirit of the endeavour' (p.xii). That position seems to me consistent with the openness of the actor-oriented approach. However, there are categorical, general theoretical statements in this book that run contrary to this spirit. An example: 'In general terms, the notion of agency attributes to the individual actor the capacity to process social experience and to devise ways of coping with life, even under the most extreme forms of coercion' (p.16). It seems to me more consistent with an actor-oriented perspective to consider this a working hypothesis and not an axiomatic truth. It is certainly a statement to be validated by research. It is then sensible, for example, to keep an eye open for the space that women in *pardah* have to create social practices, but one cannot then deny that they live in the equivalent of a prison. Implicit in an actor perspective is the opening up, rather than the closing off, of avenues for research.

This brings out clearly the way in which the book moves away from the project that it set out to fulfil. An actor-oriented approach relies on research to formulate grounded theory as such approaches imply the possibility of a continuous process of adaptation, transformation and creation of social practices and culture. Our knowledge has to follow society, and in so doing it may clarify it. In this book, however, empirical research is often pressed into a theoretical perspective instead of being a source for theory formulation. For example, Chapter 4 develops the interface concept and concludes that: 'the analysis provides a much-needed and refreshing image of the Mexican state: a picture which gives plenty of room for the agency of the many players involved' (p.84) (Note: Most of the case material in this book is from Mexico or Peru.) However, one of these supporting cases portrays a Mexican extension agent, Roberto, who appears powerless to influence anybody. The case therefore primarily illustrates how little room for manoeuvre Roberto had.

It is not surprising that this tendency to enrol research to support categorical statements leads to ideological positions that may fossilise actor-oriented perspectives. Statements are regularly hedged with qualifying remarks, but there is a tenor that celebrates the freedom of the individual and the rationality in social action. Street children in Mexico City are not seen as people on the margin who die if they do not muster the aggression to survive, but as rationally calculating survivors who take from the outside world only what fits into their lives. While reading the chapter on Mexican entrepreneurs selling maize husks in the United States, I could imagine them entrapped in a game where debtors try to outsmart them and where that may regularly have fatal consequences. In this book, however, they are seen to manipulate debts, cleverly enhancing their business opportunities. The result often resembles an anarcho-liberal view of the world where reliance on the individual taking his chances with the support of spontaneously emerging small groups is the logical position. For example, the concluding chapter on globalisation presents overwhelmingly the image of a free, globalised world that now unlocks this potential on a global scale, albeit that there is some mention of deplorable situations such as in Rwanda and in the Balkan states. In the preface, this optimism is even embedded in the modernist belief in enlightenment through an analogy with twentieth century music: 'what is really new about 20th century music is constructivism, the idea of composers inventing their own laws ... , inventing their own world, a world of sound and a world of laws and techniques' (a quotation from George Benjamin) (p.xii).

These reservations are not applicable to the whole book. It is an uneven book, containing extremely valuable insights as well, which are often concisely and lucidly presented in an exemplary fashion. Such pages make the book useful for teaching. The

inclusion of the extended case study of the Jimenez family is maybe the most valuable contribution in this book. Even those who are familiar with Norman Long's work regrettably often overlook this anthropological documentation of entrepreneurship. It deserves a central place in development studies courses as a case to confront the complexities of social change with the rigidities that easily creep into theory formation. In the entrepreneurial history of the Jimenez family one finds tragedy, failure, political violence and bitter quarrels – matters that show little evidence of 'the capacity to process social experience and to devise ways of coping with life'. It is in this chapter that Norman Long's stature as an important intellectual force in development studies shows: an actor-oriented approach opens the way to particularly enlightening empirical research of a kind that we need more of. This book deserves therefore to be widely read, but it needs a critical mind to get at its valuable core.

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Living with Environmental Change: Social Vulnerability, Adaptation and Resilience in Vietnam. Edited by W. Neil Adger, P. Mick Kelly and Nguyen Huu Ninh. London: Routledge Research: Global Environmental Change Series, 2001. Pp.xxi + 314. £70. ISBN 0 415 21722 9

Vietnam has many advantages when it comes to facing the environmental challenges of today and tomorrow. As a relatively recent arrival on the stage of global development it should be well-placed to learn from and avoid duplicating the harsh ecoexperiences of more gnarled actors, many of whom are in the same neighbourhood. It should be able to capitalise on the technological and managerial devices that have evolved in reaction to the worst excesses of resource exploitation and ecological degradation, and which underpin optimistic notions of 'ecological modernisation'. It has centuries of experience of the kinds of environmental stresses that are likely to accompany a future of sea level rise and increased climatic volatility (typhoons and coastal inundation in particular), and has developed strong and effective social mechanisms to prevent, react and rebuild in such instances. More generally, Vietnam's modern history has bestowed a social heritage of distributive justice (albeit vaguely Orwellian), decentralisation (albeit centralised) and altruistic governance (albeit unaccountable), all of which should determine that appropriate sustainable development choices are made and pursued.

Living with Environmental Change: Social Vulnerability, Adaptation and Resilience in Vietnam unwraps this transitional and enigmatic country at a time of momentous change and monumental challenge. It presents an absorbingly anxious account of the unravelling of resilience and resistance in the face of inexorable pressures emanating from the market, the international community and the delatentification of individualism, competition and greed. It finds a society that is extremely vulnerable to both self-inflicted and externally-imposed environmental stresses and shocks. It describes how idolatry of the chimera of development has been paralleled by a fraying fabric of both social and political means of coping with present and future challenges, in the process increasing the vulnerability of certain groups, sectors, areas and ecosystems to environmental degradation and its inevitable social consequences.

Living with Environmental Change is the latest in a series of volumes that have resulted from the UK's Global Environmental Change programme, funded by the

Economic and Social Research Council, which ran from 1990 to 2000 and which sought to draw out the social dimensions of environmental processes and problems. The Vietnam project was jointly based at the Centre for Social and Economic Research on the Global Environment at the University of East Anglia and the Center for Environment Research Education and Development at the Hanoi University of Science. Nine of the thirteen chapters are contributed by scholars who have been either directly or indirectly involved in the research programme. The volume is divided into three sections. The first lays out the conceptual framework, which essentially places institutions (both formal and informal) and entitlements at the heart of the social and political construction of vulnerability and resilience, and places this within the Vietnamese context. The underlying theme is the process of change – transition, regionalisation, marketisation, liberalisation, privatisation, aspiration – at a critical juncture, and the ways in which social groups in varying locations and situations have been affected by and are responding to the associated stresses and challenges. The section also helpfully provides the lay reader with a great deal of background information on the country's environmental stress points (deforestation, resource degradation, pollution, biodiversity) and on the essential features of Vietnamese communalism and government policy across time.

The second section presents a number of highly informative case studies of particular forms of resource base utilisation and management across Vietnam. The country's coastal resources have come under particular pressure as the reform process has simultaneously intensified the pressure to expand and maximise the aquacultural production potential and eroded common property resource management regimes which hitherto have served to minimise the scale, speed and socially divisive consequences of resource use. A critical eye is cast over the economic justification of rapid land conversion, particularly of the mangroves which play a vital role in typhoon protection, and finds the process to be symptomatic of the mad rush for resource mobilisation that has been typical of Vietnam's neighbours – from whom it appears that very few lessons have in fact been learned – regardless of highly dubious medium-term economic validity. Meanwhile, the individualisation of resource access rights is both leading to and reflective of widening inequalities of wealth and power within Vietnam. The country's uplands and forests, and the ethnic minorities whose livelihoods depend on them, are examined under the same lens, with land allocation policies and their implications for sustainable agricultural development the main focus of investigation. The section ends with two chapters which explore alternative ecomanagement systems which might be used to right some of the environmental wrongs associated with inappropriate cultivation techniques in the Mekong Delta region and the rapid depletion of coastal mangroves, and a chapter which looks at ways of averting tropical cyclone impacts, especially during El Niño/La Niña events.

The final section considers 'development pathways' for Vietnam's future by looking at wider trends which can be expected to have some bearing on the country's room for manoeuvre in developmental and environmental terms. The developmental experience of the established East and South-east Asian 'tigers' is surveyed from the perspective of its industrial pollution consequences and, although the connection with and relevance to Vietnam appears quite tenuous, past experience is presented as a stark warning to Vietnam as it seeks to crank up its own industrial development. The urbanisation process and the prospects for 'sustainable urbanisation' in Vietnam is then examined against a backdrop of wider regional processes, such as extended metropolitanisation. Finally, sub-regional efforts, under the auspices of the Asian Development Bank, to mobilise the resource potential of the Mekong River are

discussed against a backdrop of the ecological and developmental implications for the Mekong Delta. All three chapters show clearly that Vietnam's open doors policy, set against wider and seemingly irresistible globalisation and regionalisation processes, means that the country is no longer isolated from external processes and agendas, nor is it in total control of its destiny. The challenge for the future is to both gain and retain all that is good and to resist all that is bad in both developmental and environmental terms, and to maintain the scope to define good and bad in both respects. Vietnam stands to lose much more than it will gain from passive acquiescence to the inexorable forces of change.

Living with Environmental Change: Social Vulnerability, Adaptation and Resilience in Vietnam is itself a rich resource which will help to broaden and deepen students' and scholars' understanding of environmental change in transitional economies.

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Victims, Perpetrators or Actors? Gender, Armed Conflict and Political Violence.

Edited by Caroline O.N. Moser and Fiona C. Clark. *London and New York: Zed Books, 2001. £45/US\$59.95 and £14.95/US\$19.95. ISBN 1 85649 897 2 and 898 0*

This volume arose out of a conference held at the World Bank in 1999, entitled 'Gender, Armed Conflict and Political Violence', to which the authors contributed. There are three introductory chapters, including a thoughtful one by Cynthia Cockburn, who suggests that if we wish to know the impact on women in conflict situations of their ascribed gender roles, then we need to 'Ask the women in question' (p.16). One of these introductory chapters should have been redrafted in my view, to draw themes together at the end of the book; there is no overall conclusion. There are however ten chapters covering case studies, including Africa (Rwanda and Mozambique), India, several countries in Latin America (Colombia, El Salvador, Guatemala and Peru), as well as Northern Ireland, Israel and Palestine, South Africa and Croatia. The chapters explore everything from all-out warfare and political violence, to civil unrest and post-conflict reconstruction.

Among the most interesting chapters are those by Meredith Turshen on warfare and rape in Africa and Urvashi Butalia on communal violence in India. Both agree that economic liberalisation has exacerbated conflict and weakened, rather than strengthened, women's position in relation to access to resources and in relation to men (pp.67, 112). Turshen emphasises the way in which soldiers not only regard women as property, but have also used rape (for example, in Rwanda) as a means of gaining access to land through women (pp.60–64). Post-conflict demobilisation often bypasses girls raped or abducted, expressing women's disadvantage under patriarchal property relations.

In the case of India, Butalia raises an issue that undermines any simplistic feminist perspective on gender and conflict. In particular, 'The realization that the mass mobilization of women into right-wing Hindu parties had been achieved through a deliberate and careful appropriation of the language and strategies of feminist groups was a sobering one' (p.109). The argument here is that agency may not always be a positive thing for women; this amounts to the same point that Moser makes about social capital being potentially either productive or perverse (that is, violent or

destructive). Unlike Butalia, however, Moser still considers that perverse social capital (for example, organised crime) is overwhelmingly the domain of men (p.44).

In her chapter, Turshen refers to Butalia's earlier work on gender and property relations during the 1947 Partition, in an example of the cross-fertilisation that is a strength of some parts of this book. Turshen explains that this earlier study by Butalia showed that older women were abducted by younger men who then demanded those women accept them as their 'sons', so gaining a short-cut to property rights. Turshen says it was this research that led her to 'investigate women and property in Rwanda and Mozambique' (p.62). As Turshen concludes, in an agrarian context there is often an economic basis for rape: 'Control of women's productive labour is one of the gains from rape and abduction in civil conflicts' (p.61).

Simona Sharoni's chapter compares the Israeli/Palestinian conflict and Northern Ireland, and concludes that such conflicts over territory and sovereignty neither dovetail nor automatically conflict with gender equality goals (p.97). Like Sharoni (p.98), Donny Meertens shows how the private/public divide can become disrupted by political violence, leading to complex shifts in gender power relations. The Colombian case shows women more able to cope with displacement than men. Ana Cristina Ibanez's chapter tells the stories of two very distinct women ex-FMLN combatants, divided by class and upbringing (pp.122–30). Here the use of personal stories worked very well, and this chapter avoided some of the sweeping generalisations that crop up in some chapters of the book.

A few weaknesses have already mentioned, including the front-loading of introductory chapters and lack of a concluding chapter. Otherwise, there are some significant omissions (no chapters on Sudan, Afghanistan or the Vietnam–Cambodia–Laos experiences of long-term inter-generational warfare, for instance).

Overall this is a useful collection, particularly set beside other recent publications like the collection edited by S. Jacobs *et al.*, *States of Conflict: Gender, Violence and Resistance* published by Zed Books in 2000. Teachers of conflict and peace studies, international relations, gender and development and related fields like human geography and sociology will find this text useful. It may also appeal to a wider research and activist audience in that it touches on post-conflict issues of reconstruction, and deals with gender power relations under low-level civil violence and unrest, as well as during all-out warfare.

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Engendering Development: Through Gender Equality in Rights, Resources, and Voice (World Bank Policy Research Report). *Oxford and New York: A co-publication of the World Bank and Oxford University Press*, 2001. Pp.xix + 364. £23.99/\$35. ISBN 0 19 521596 6/2053926 6

As far as issues of gender in economics are concerned, one could say, it is the best of times, it is the worst of times. At this really interesting moment – when sub-disciplines such as feminist economics are beginning to take hold and produce extremely relevant work questioning the very foundations of economic analysis – there is still the need to convince development policy-makers of the extreme importance of gender, not as an afterthought variable, but as an integral part of policy analysis, design and implementation. It is this that the report seeks to do.

It begins by placing the importance of gender inequalities to understanding development policy and practice. Gender is defined as, 'socially constructed roles and socially learned behaviours and expectations associated with females and males' (p.34), and equality is defined as equality under the law, equality of opportunity, and equality of voice. Gender discrimination remains a pervasive world-wide phenomenon, with no gender equality of any kind anywhere in either the 'developed' or the 'developing' world. Unfortunately, the high costs of reluctance, apathy, and ignorance in relation to gender are usually not understood by disregarding the links between gender and the environment, better governance, poverty, growth and development, health, economy, business and productivity, and societal institutions. This ultimately harms everyone in every way. While the existence of connections between gender disparities and some of these issues are beginning to be uncovered, it is often still possible to dispute the size of the impact. The report has a significant strength in this empirical area and marshals a remarkable array of empirical evidence and statistics in order to make the numerical arguments connecting the targeting of gender disparities with higher economic returns at both the micro and the aggregate levels, the reduction of poverty and associated malnutrition, illiteracy, health, with cleaner businesses and less corrupt governance.

The way forward is sketched out in terms of a strategy to promote gender equality by institutional reform to establish equal rights and opportunities for women and men, by providing the development incentives for more equal resources and participation, and by taking active measures to address disparities in command over resources and voice. The informative comparison across geographical regions in this regard throws up some intriguing evidence. For instance, while at a general level the gender indicators vary between high, middle, and low income countries in a way that gender disparities tend to be greatest among the poor, this does not work when it comes to issues of voice – parliamentary representation of women tends to remain minimal regardless of the level of development (p.7).

The answer to the question of why gender disparities persist is provided in terms of the role of institutions, the households and the economy. There are complex factors at work in social norms, customs, rights, laws and the ways in which markets shape the roles and relationships between men and women, thus influencing access to resources. Similarly, unlike the orthodox mainstream economic analysis, the household cannot be seen as a black box of joint utility maximisation by individuals. In fact, the very naturalisation of the gender division of labour within the household is an issue that needs to be addressed in this context. Even apparently gender neutral development policies can have gender differentiated outcomes depending on institutional and household decisions to shape gender roles and relations, and ignoring this can compromise policy effectiveness from both equity and efficiency perspectives.

This policy research report is an urgent recognition of the need to consider a gender perspective in the light of addressing what it calls the 'emerging issues' (pp.27 and 272–3) of ageing demographics, spread of HIV/AIDS, globalisation and new information technologies affecting production, and the decentralisation and localisation of government authority and decision-making. In order to understand more and better about what implications these changing circumstances will have for gender equality and public policy, much additional work is needed.

Indeed one of the strengths of the report, in my opinion, is that it does not attempt to provide final answers. It acknowledges the limitations in many of the indicators used (p.8), and when evaluating the relationship between economic development and

gender equality in the context of transitions to market economies, it repeats 'the evidence is mixed' (pp.220 and 223), and 'varies across countries and depends on the gender composition of the industrial sectors hit hardest by restructuring' (p.221). It is, of course, optimistic in its argument for 'cushioning the effects of reform on the vulnerable' (p.227, Box 5.4), in the way that it envisages a role for the state.

This brings me to some of the difficulties that I had with this report. At some points, it takes up all too readily the championing of a naively reformist perspective. No doubt, gender inequalities and disparities are a terrible feature of the world, which are exacerbated by economic processes. But, the state cannot be relied upon to provide solutions because in many cases it is not a lack of information that holds those in power from empowering others, since its own authority and oppression is often tied up with maintaining and legitimating these inequalities. As Nivedita Menon writes ('Universalism without foundations?', *Economy and Society*, Vol.31, No.1 (2002), pp.152–69), it is somewhat ironic to argue for a greater role of the state in health, education and so forth, when 'people's resistance movements all over the world are based on precisely the understanding that health and safety are "simply too basic" to be decided by state alone' (p.155). Further, in its efforts to convince the sceptics (economists?), the report takes up the defensively empiricist line, when perhaps a more nuanced consideration of the issues of power and the structural perpetuation of the linkages between various kinds of oppressions would have addressed the concerns of many in questioning the very grounds of 'economic' valuation and definition of the 'development process'.

However, that aside, this is a very informative and timely discussion of a most important issue. There are numerous appendices (see especially 3 on relative earnings of women and men adjusted for differences in human capital, and 4 on empirical tests of the 'unitary' household model), a glossary, and extensive multidisciplinary references. At least, after this, there should be no development economics course which does not discuss gender explicitly. I definitely recommend a reading.

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Environment and Agriculture in a Developing Economy: Problems and Prospects for Bangladesh. By Mohammad Alauddin and Mosharaff Hossain. *Cheltenham: Edward Elgar*, 2001. Pp.296. £59.95. ISBN 1 84064 043 X

This book aligns a very welcome concern for the environment and natural resources with agricultural prospects and policies in Bangladesh. It does this by supplying stock-takes of the subsectors within the scope of agriculture, fisheries and forestry, summarising the recent history of various aspects of agricultural policy and then outlining and analysing several policy issues. The book follows the stock-take/analysis/recommendations model and selects the issues of property rights, sustainability and the environment, poverty in agriculture and research for detailed treatment. Bangladesh is surely a special case, so whilst the book is very useful for students of Bangladesh, there must be some doubt concerning whether the lessons learned here have a great deal to offer other countries.

The constraints imposed by the difficult physical environment of the country are described in fascinating detail in an early chapter, information invaluable to anyone

undertaking research or consultancy in Bangladesh. The time series econometric analysis of changes in cropping patterns in the following chapters offer insights but might have benefited from more micro-type analysis of producers' and consumers' decisions. Further chapters look at ancillary sectors within agriculture – namely, livestock, forestry and fisheries.

Another chapter deals with the property rights issue at some length. This chapter includes a historical review and reads as if property rights are one of the authors' research interests since it seems to be comprehensive and covers the history of the issue. However, the description and analysis of research, in a later chapter, lacks credibility, at least for this reviewer. The authors want agricultural research, extension and education to do everything for the sector, as well as switching from commodities to systems research – an implausible scenario – but without establishing any linkage to national economic benefit. There is a much more serious problem with agricultural research than is appreciated here. It is not that research is unimportant. It is, but it is carried out on a global stage with high levels of investment and a technology of public supply which does not depend on mere summation of inputs. How Bangladesh can participate in this as well as reap some benefits is a complicated issue that requires very careful planning and analysis as well as high quality research leadership.

The fisheries section presents a history of policy in Bangladesh, from the first Five Year Plan for the years 1973 to 1978 through to the Fifth from 1997 to 2002. Each of the plans is reported to have set various quantitative objectives for the sector. Whether or not Bangladesh hit, under or overshot these targets seems to have been largely a matter of chance and very little to do with the plans. Surely it is time that the logic of setting industry-wide quantitative targets should be questioned?

A number of chapters supply analyses of the observed patterns in each of the ancillary sectors. Again, referring to the fisheries contribution, the authors note siltation and shoaling of rivers, land reclamation, river works, removal of surface water for irrigation, pollution and over-exploitation as factors explaining a decline in the 1980s. Then the recovery in the 1990s is attributed to a stocking policy, fish culture advances, respect for property rights and credit for fish farmers, although it is not clear how any of these contributed to the improvements in marine captures.

Coastal aquaculture for shrimps, a highly controversial issue in Bangladesh, receives significant attention. The book covers the ground well – noting numerous positive linkages from shrimp culture development, such as shrimp fry collection and shrimp processing plant development, but also summarising a number of the various negative externalities, such as reduced paddy production and the destruction of mangroves. It does not actually mention the downside of the fry collection business – its impact on catch rates in other fisheries as a result of negative congestion and resource externalities.

This is where the book begins to read rather like an old-fashioned book on agricultural economics, but with an environmental concern. It seems behind the times because, apparently, it has not been much influenced by the sustainable livelihoods (SL) approach to rural development. The environment is an add-on, rather than something integrated in a practical way into the economic calculus, as it should be if natural capital – one of the famous categories in the SL system – is properly accounted for. For example, it becomes clear that shrimp culture development might have taken a radically different course if decision-making had been based on a thorough accounting for the costs of employing natural capital. It does not, of course, imply that shrimp culture would not have taken place, but it does imply that it might have looked very different from the problematic and controversial industry of today.

Many internal and external observers of Bangladesh believe that the country is a sleeping giant. The book notes the oddest issue of all, the failure of manufacturing to take off. Why a country with such low labour costs and such an able and energetic workforce should have attracted so much less investment than the Asian tigers, is perhaps not a mystery, but something which policy makers need to address with urgency. Rather than plough on with old-style development strategies and associated targets, some of which are outlined at the end of the book, perhaps it is time that agriculture and fisheries should also be brought into a modern policy framework, alongside manufacturing, that respects property rights, addresses poverty issues, allows markets to work and insists on accounting adequately for the depreciation of natural capital.

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Strategies for Industrialisation: The Case of Bangladesh. Edited by Mozammel Huq and Jim Love. *Dhaka: The University Press*, 2001. Pp.xvi + 331. Tk. 495. ISBN 984 05 1543 8

This book is a collection of papers, examining some of the theoretical and empirical issues regarding the strategy of industrialisation in developing countries with special reference to Bangladesh. The experience of East Asian economies, where the effort to orient industrial production for exports played a crucial role behind the success, warrants the need for a better understanding of industrialisation strategies to be followed in developing countries. This volume, focusing on export competitiveness, technological capability, and related policy issues, is a noteworthy attempt in this milieu.

The book starts with an introductory chapter by the editors discussing the process of industrialisation in Bangladesh since independence. While examining the performance of the manufacturing sector in terms of growth, structural transformation and exports, it highlights the importance of enhancing private investment, pointing to the low level of private investment in the economy. The rest of the book may be classified into three sections: discussions on industrialisation strategies, competitiveness and trade liberalisation with a theoretical focus (Chapters 2–4); discussions on issues related to Bangladesh's industrialisation in general (Chapters 5–9); and specific case studies from Bangladesh (Chapters 10–11).

The chapters in the first section emphasise the importance of external competitiveness, in a more theoretical way. Along with arguments for an outward oriented regime there is also stress on the importance of selective intervention and geographical specificities. The need for developing a co-active relationship between government and private sector is emphasised and the essays highlight the relevance of a multiple set of factors in explaining successful industrialisation. Attempts are also made to critically examine the import substituting industrialisation and other policy strategies in developing countries. Despite the increasing share of developing countries in world manufacturing production over the last two decades, low technology manufacturing still constitutes a large proportion. This puts them in a disadvantageous position, as technological capability is critical in determining international competitiveness. While discussing international competitiveness, the changes in industrial organisation from mass production to global flexible specialisation, the importance of knowledge-based inputs and intra-firm organisation in determining it is highlighted.

Chapters dealing with specific issues related to Bangladesh's industrialisation stress the importance of competitiveness with an empirical focus. The papers discuss a wide range of issues regarding industrial reforms, technology policy, manufacturing growth, tariff structure, exchange rate regime, export performance and various export promoting incentives. Attempts are also made to examine the intersectoral linkages. A significant improvement in export performance in the 1990s along with a shift in the composition of the commodity basket exported is observed. However, the export base remained narrow and the country failed to broaden its export market, leading to a scepticism on attributing the export performance to globalisation. The need for achieving structural competitiveness in addition to retaining price competitiveness and relaxing the diverse non-price constraints, as world trade becomes more competitive through the process of globalisation is recognised. Since the exchange rate affects all tradable goods and services, the real exchange rate is often taken as an economy-wide indicator of competitiveness (E. Siggel, 'India's Trade Policy Reforms and Industry Competitiveness in the 1980s', *World Economy*, Vol.24, No.1 (2001), pp.159-83). Maintaining inappropriate levels of exchange rate gives wrong signals and hurts competitiveness of the tradable sector. The attempt to estimate and analyse the real exchange rates shows that the results are in conformity with the view that macroeconomic fundamentals influence the course of the real exchange rate to a large extent.

The chapter on technology policy brings out the need for a feasible technology policy enhanced by the availability of institutions for achieving greater competitiveness and the arguments are strengthened by the findings of selected industry case studies. Policies to promote demand and supply of technology and to provide effective links between the two are to be balanced for technology policies to be effective. The attempt to identify the key sectors in terms of linkages, which is important from the point of view of targeting investments in such a way that linkage benefits are maximised, observe that a large number of sectors depend on primary inputs for a substantial part of their input supply.

The last two chapters in the volume constitutes two case studies stressing the importance of enhancing competitiveness in the selected industries, namely, leather manufacturing and readymade garments (RMG) manufacturing. The former, following a brief description of the leather industry and related policy environment, touches upon many issues like growth, capacity utilisation, technology, product diversification, and labour productivity. The latter analyses the indicators reflecting the dynamic changes taking place in the RMG units in terms of factor accumulation, intensity and productivity. Both papers look at the factors affecting competitiveness. While the former does so by examining the strength and weaknesses of the sector in terms of selected factors, the latter focuses on technological capability of the sample firms. In the case of leather manufacturing, though there is an improvement in export competitiveness, the study raises certain questions regarding its sustainability.

The presentation of the book, in general, is reasonably non-technical. The importance of equipping the country to tap the benefits of globalisation and of having an efficient management of the globalisation process is brought out. It would have been beneficial for the reader if the editors had included an introduction with a brief summary and a discussion of the structure of the book. While the book succeeds in discussing and arguing the case for enhancing competitiveness, it remains almost silent on the hurdles at the policy implementation level, which is important when discussing strategies for industrialisation. Competitiveness is a result of both comparative advantage, resulting largely from high productivity and factor abundance, and price distortions (Siggel, op. cit.). In the empirical examination of

competitiveness, the book should have given much more space for these factors. The role of monetary policy in determining international competitiveness (see M.H. Miller, 'Monetary Policy and International Competitiveness: The Problem of Adjustment', in *International Macroeconomics* edited by W.H. Buiter, Oxford: Clarendon Press, 1990) is also not given ample importance. In spite of this, the book is an important addition to the literature on industrialisation strategies in LDCs.

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The Development Business: A History of the Commonwealth Development Corporation. By Michael McWilliam. *Basingstoke: Palgrave*, 2001. Pp.xvii + 296. £50. ISBN 0 333 80057 5

To many observers, the Commonwealth Development Corporation (CDC) has been simply the outstanding development corporation operating in emerging economies over the past 50 years. It has invested more than £2 billion in over 400 enterprises in 55 countries. Of these enterprises, some 50 have been controlled and managed by CDC itself – mainly in plantation and smallholder agriculture but also in power, housing, transport and the manufacture of materials such as cement (successfully) and textiles (usually unsuccessfully). It has pioneered new crops and new forms of productive organisation, has helped to establish and manage local in-country development corporations, and has launched and managed several regional venture capital funds. In countries with severe balance of payments and debt-servicing problems, it has negotiated novel debt roll-over arrangements which have allowed CDC access to a mix of forex and domestic funds in return for some incremental CDC investment in export earning enterprises. CDC initiatives and modes of operating have been widely admired and imitated by other developed country governments and to some extent also by the IFC subsidiary of the World Bank. Its overseas offices, staff and investments have generated enormous goodwill, as a result of which, along with the knowledge that it has been a British government owned corporation paying no dividends to its shareholder, it has benefited from significant tax concessions and received other forms of in-country public support. Despite the enjoiner in its founding legislation that it should 'break-even taking one year with another' – this, in 1948, to avoid accusations of colonial exploitation – it has generally managed to achieve somewhere between a four per cent and an eight per cent return on its portfolio, which has allowed it to grow the business despite a marked decrease over later years in net new funding from the British government (HMG). On the occasions when CDC's future has been debated in Parliament, friendly Members of Parliament from all parties have expressed their appreciation of the corporation's achievements.

Ruminating on the limited life expectancy of many other large corporations – especially those established by governments – McWilliam identifies four occasions when CDC itself might have ceased to exist. First, there was the poor judgement exhibited in CDC's very early years, when enthusiasm outran experience and when far too many projects were embarked upon simultaneously of which several failed precipitously – notably the Gambia poultry scheme. We are reminded that CDC's sibling, the Overseas Food Corporation, which had been established by the same 1948 legislation, was shut down after the Tanganyika groundnuts fiasco.

Second, there was the attempt by the British Colonial Office in the early 1960s to prevent CDC from continuing to operate in countries once they had become independent. After all, in those days, the initials CDC stood for Colonial Development Corporation. Had that attempt succeeded, CDC would have gone the way of the Colonial Office itself.

Third, in the mid-1980s, McWilliam believes there was a danger that CDC's very success in working in the new Commonwealth was encouraging the Overseas Development Administration officials to bring about a convergence with their own administration. The circumstances may have been different and the language more friendly, but there is resonance here with the sentiments of a senior civil servant a generation earlier who was quoted as saying 'that he was a great enemy of CDC and that he had had more than he could stand from Lord Reith. He considered that there was no need for CDC, whose work could be done more cheaply and effectively by the Colonial Office.'

Fourth, in the mid-1990s, there was the political threat to the CDC as one of the last public corporations still evading privatisation. Some will see irony in the way in which CDC, having fought off this threat throughout the Thatcher/Major years, may yet be changed out of all recognition as a result of one of the earliest initiatives of the Blair administration.

Leaving aside for the moment the likely impact of the Commonwealth Development Corporation Act of 1999, McWilliam credits CDC's survival so far to a corporate ethos and a corporate vitality manifested in the skill, energy and steely resolve of a succession of remarkable chairmen and chief executives – notably Lord Reith himself, Sir William Rendell, Lord Howick (better known as Evelyn Baring) and the present Lord Eccles. Formidable men, all of them, who were able to inspire their far-flung staff with a sense of CDC's autonomy and purpose. He also argues that CDC's navigation of the hazards that beset it involved, over the half century, three significant transformations in its business. The first was from a development bank whose investments were largely associated with the public sector into something more like a private equity fund with a special geographical focus on poor countries. The second was a process of evolving a management culture inside CDC that was independent of Whitehall and the civil service. This process was assisted by the CDC Board's jealous defence of its exclusive right to appoint (and when necessary to dismiss) the corporation's senior executives. The third transformation was financial. With the switch in 1971 to concessional funding (in the form of loans with a reduced rate of interest), with a growing income from its investments, and with a build-up of reserves from its retained profits, CDC by the early 1990s was capable of self-sustaining growth without any net contribution from the UK's aid budget. Indeed, in 1996, when cash generated from interest receipts, from dividends, from capital repayments and from asset realisations amounted to £313 million, there was even a small repayment (under muted protest) of some £5 million from CDC back to HMG.

The book ends with a consideration of events since Blair's address to the opening session of the Commonwealth Heads of Government meeting in October 1997 announcing that CDC was to be prepared for majority privatisation in a new style Public-Private Partnership. The speech predicted (some might say 'promised') 'it will give the Corporation substantial extra funds each year to invest in development'.

During the succeeding four years, the author concludes, a number of flaws have been exposed in the government's model. The balance sheet has shrunk. The promised extra resources have not materialised. The investment portfolio has been

culled, and a decision taken to withdraw from the agricultural sector. Staff numbers have been reduced by more than a third, and there has been a sharp reduction in CDC representation in small countries. In short 'The template that is being imposed on CDC in preparation for the private investors to take a majority stake in the company is destroying a distinctive element of its hard-won reputation in the developing world'.

From an author as distinguished and scholarly as Sir Michael McWilliam, with his extensive experience of overseas banking including five years as Chief Executive of Standard Chartered and six years on the board of the CDC, these are conclusions that deserve to be taken extremely seriously. Students of development corporations everywhere will have much to learn from this book, particularly from its account of what can often be the strained and antagonistic relationship between the senior management of the corporation and the senior civil servants in those ministries with which it has to deal.

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States of Development: On the Primacy of Politics in Development. By Adrian Leftwich. *Cambridge: Polity*, 2000. Pp.vii + 240. £50 and £14.99. ISBN 0 7456 0842 6 and 0843 4

The limited success of foreign assistance is increasingly attributed to political weaknesses in the developing world. During the past decade, international institutions have restructured their assistance programmes to directly address these weaknesses. In fact, bilateral and multilateral institutions have placed 'good governance' at the top of their agendas, introducing a range of new initiatives to reform public administration, professionalise civil services, strengthen public sector accountability, and enhance transparency.

In this book, Adrian Leftwich critically examines the 'good governance' agenda of international institutions. He welcomes this newfound attention to governance and repeatedly stresses the 'primacy of politics in development'. At the same time, his research challenges many of the fundamental assumptions underpinning internationally-supported political reform programmes.

Leftwich first reviews how the idea of 'development' has evolved over time and evaluates alternate theories of the third world state. While these early chapters cover familiar territory, the author's central objective is to demonstrate that the influence of politics on the development process has not been sufficiently recognised or understood by both scholars and practitioners.

For Leftwich, this failure to fully appreciate the centrality of politics in shaping development outcomes has limited the impact of assistance programmes, including the contemporary emphasis on 'good governance'. The political reform programmes of the past decade, which Leftwich carefully describes in subsequent chapters, represent a 'technicist illusion' and have little prospect for significantly changing state structures (p.107). The narrow administrative reforms promoted by the World Bank and other institutions, he suggests, fail to address the broader practice of politics in the third world. Moreover, because political systems reflect the unique social, economic, and cultural experience of each country, there is little reason to expect outside actors could play a more constructive role in the future.

For Leftwich, the limited understanding of third world politics has led to the dubious assumption, especially prevalent during the past decade, that democratic governance is a prerequisite for economic development. The author cautions that democracy is not a 'mono-system', with a single set of constitutional and institutional arrangements, but can take multiple forms (p.10). While some democratic systems, such as dominant-party states (Botswana and Singapore) or consociational states (Malaysia and Mauritius), may be conducive for development, the same can not be said for class-compromise states (post-Apartheid South Africa and Venezuela) or alternating-party states (Costa Rica and Jamaica). Leftwich also presents examples of non-democratic states (including China, Indonesia, South Korea, Taiwan and Thailand) which have achieved more rapid development than many democracies.

This sets the stage for Leftwich's central proposition. The key to development, he argues, is not regime type (democratic or authoritarian) but the presence of a 'developmental state'. For Leftwich, a 'developmental state' constitutes a state 'whose politics have concentrated sufficient power, autonomy, capacity and legitimacy at the centre to shape, pursue and encourage the achievement of explicit developmental objectives, whether by establishing and promoting the conditions of economic growth ... or by organizing it directly ... or a varying combination of both' (p.155). The author points to a number of 'developmental states', especially in East and South-east Asia, but also in such diverse settings as Southern Africa (Botswana), the Caribbean (Cuba) and South America (Chile). Although these countries exhibit varying degrees of democracy, he posits, they have all achieved rapid economic progress.

Leftwich even suggests that democratic governance may *not* be the most suitable political system for economic development. Because democratic leaders must proceed more incrementally and accommodate opposing interests, he argues, they are typically more conservative than their non-democratic counterparts (p.174). This contention is supported by various examples of 'democratic, non-developmental states', such as India, Jamaica, Senegal and Venezuela. The type of fundamental change needed for rapid economic development, Leftwich suggests, requires a state which is relatively autonomous from societal interests and equipped with a powerful, well-insulated bureaucracy. As he puts it, 'non-consensual and non-democratic measures may often be essential in the early stages of development sequences' (p.149). In the long run, however, he believes economic growth creates the necessary foundations for stable, consolidated democracies to emerge.

This book adds to the author's already substantial and significant research on the third world state and economic development. Leftwich underscores the importance of politics in the development process and offers an informed and critical assessment of the 'good governance' initiatives which are currently so popular. At the same time, some might question the depiction of these initiatives as narrowly administrative and externally-constructed. To their credit, international institutions have supported much broader efforts to expand political participation and strengthen civil societies and domestic actors have played a central role in structuring the overall scope, character, and content of these programmes.

A larger concern might be Leftwich's tendency, especially evident in his empirical analysis, to equate development with economic growth (p.173). Although the historical record may very well suggest that a 'developmental state' enhances economic growth, this is a fairly narrow definition of development. There are certainly cases where such growth has coincided with deteriorating living standards for the poor

and greater inequality. When a more expansive notion of development is employed, which encompasses meeting basic needs, enhancing equity, and empowering poor communities, the importance of democratic governance becomes more apparent.

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Trade Liberalization and Poverty: A Handbook. By Neil McCulloch, L. Alan Winters and Xavier Cirera. *London: Centre for Economic Policy Research and Department for International Development, 2002. Pp.xxviii + 405. Institutional £25.00/Personal £15/Developing World £5. ISBN 1 898128 62 6*

Proponents of free trade always argue that trade liberalisation will expand markets for products and services, introduce competition, reduce transportation and production costs which all, in turn, stimulate exports, increase production and benefit workers. Open markets and free trade act as an engine of growth, generating higher living standards and shared prosperity for all, including the poor. This kind of view has been strongly advocated by the latest call from the WTO Director-General to the developing countries to embark on trade liberalisation as a way of reducing poverty. In addressing the International Conference on Financing for Development (ICFD) in Mexico in March 2002, he made a claim that participation of poor countries in world trade could boost the world economy by nearly US\$3bn per year and bring 320 million people out of poverty by 2015.

This type of general proposition is, however, usually based on a simple model and stylised facts, far from the reality of the complex, multi-sectoral linkages of an economy. The actual impacts of trade liberalisation could go either way, due to the existing structure and levels of taxation on foreign trade, along with other economic policies in the international and domestic markets, as well as in the production sector. The global market can bring about unemployment, skew income distribution, endanger the environment, and even compromise national sovereignty. Opponents of globalisation and free trade also routinely blame them for undermining human rights, weakening environmental protection and pushing workers into a 'race to the bottom' for lower wages and poor working conditions. Moreover, empirical results on the trade liberalisation effects are still inconclusive and often examined without consideration of other factors such as political economy, sustainability and so on. Therefore, there is also a strong argument that the effects of trade liberalisation could be specific to the economy in question, depending on the production structure, the labour market, the tax system, and the government's industrial and other policies.

The issues become more complicated if concern about the poor is explicitly taken into account as noted in the book: 'tracing the links between trade liberalization and poverty is detailed and generally very case specific work. There are no answers of the sort: (trade) liberalization A will have poverty effects of type B' (p.66). Moreover, the effects of trade liberalisation on the poor depend on what the trade reform entails and other aspects such as why they are poor, a country's endowment and its infrastructure.

Part 1 of the book examines 'Linking Trade Liberalization and Poverty'. It starts by answering questions of why poverty, trade liberalisation and the link between the two matter, followed by what are the main debates and the lessons that can be drawn.

The debates continue by addressing the trade liberalisation issue, especially with regards to measurements of openness, benefits and costs, impacts on prices, and effects on terms of trade and growth. Concise reviews of Sen's entitlements and the World Bank concepts of poverty are summarised in Chapter 3, along with measures of and the extent of poverty worldwide, and the main characteristics of the poor. A conceptual framework for linking trade liberalisation and poverty is then developed. The framework explains how trade liberalisation affects enterprise, distribution and government, all of which in turn will affect individuals and households. Readers familiar with the social accounting matrix (SAM) modelling framework can associate this with the economy-wide multi-sectoral effects of a SAM-based modelling system, which is discussed in the book (pp.104–9).

Part 2 examines 'the effects of specific liberalizations' for the poor that include trade reforms in the agricultural, manufacturing and services products, other trade related policies such as Trade Related Intellectual Property Rights (TRIPs) and Trade Related Investment Measures (TRIMs), subsidies, anti-dumping, labour and environment standards, and competition policy. These topics are crucial for the poor, especially in the context of the World Trade Organisation's agenda, and their inclusion in this book reflects the book's origins: research on trade and poverty initiated by the UK Department for International Development (DFID) in 1998, which was subsequently to provide background material for both the World Bank's *World Development Report 2001, Attacking Poverty*, and the UK government's White Paper *Eliminating World Poverty: Making Globalization Work for the Poor, 2000* (p.xix).

Overall, the book provides a comprehensive overview and discussion of the linkages between trade liberalisation and poverty. Issues are discussed in a systematic way, clarifying the underlying theory and concepts, and remaining consistent with the main theme of the book. The 'handbook' style of this book is evident as individual chapters, to some extent, can be read separately. The main idea and summary boxes at the beginning and the end of each chapter are very helpful, as was the use of boxes throughout the chapters. While this should widen the book's 'audience' and be very helpful for teaching and reference purposes, some readers may find that this format was obtained at the cost of more in-depth analysis that is commonly found in other handbooks in economics. Nevertheless, it is an excellent, clear exposition and user-friendly presentation of a range of important issues related to trade policy and poverty. Readers can surely benefit from this book as I have done.

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African Economies and the Politics of Permanent Crisis, 1979–1999. By Nicolas van der Walle. *Cambridge: Cambridge University Press*, 2001. Pp.xii + 291. £40/US\$59.95 and £14.95/US\$19.95. ISBN 0 521 80364 0 and 00836 0

A well-written book is usually a persuasive book, and this book is well written. Its reasoning is more than persuasive, however: it is compelling in its gloomy conclusions, in which the failure of economic reform seems inescapable. Such compelling reasoning may be inherent in the book's theoretical orientation. Under the approach of New Institutional Economics, economic behaviour is seen as structured

by the particular incentives built into institutions. In African economies, these incentives are then shaped by patrimonialist politics, with its concomitant client and patron systems. Economic reform aims to replace these by the incentives of the market. Van der Walle argues that such reforms normally stall. He disagrees, however, with common analyses that explain such partial reform as resulting from interest groups asserting themselves to resist reforms. The state in Africa is autonomous – free from the influence of groups outside the state – to a much greater degree than is usually assumed. The reforms stall for reasons inherent in the state: the forces of patrimonialism reassert themselves.

The state may initially resist reforms as they threaten rent-seeking practices. Patrimonial practices corrode technical capacity however, and this results in states with a low capacity. Therefore the state runs out of resources to distribute. Reforms then become inescapable, but patrimonialism reasserts itself after these have been partly carried out. Then there are again resources to appropriate, mainly because of increased aid flows. The result of partial reforms is usually a reinforcement of patrimonialism: power is recentralised because Structural Adjustment Programmes are typically administered from special units, often located in the President's office. Fiscal austerity allows the state to withdraw from development functions as well as from social service sectors, but the state maintains and enlarges 'sovereignty expenditure'. Fungibility allows such expenditure often to be funded by aid. Donors fund the few development activities that are undertaken. NGOs become important in sectors such as health and education. Programme aid, conditional on economic reform, has been toothless in the face of these forces. Democratisation may have seemed to create countervailing powers to the corruption and self-seeking behaviour inherent in patrimonialism, but there is as yet no evidence of positive effects on the economy as a result of these changes.

This summary does not do justice to the complicated and long lines of reasoning in the book. It is, however, essential to grasp the iron logic in the reasoning to get at its message. For example: 'The rational-legal order in African countries can be thought of as a public good, on which neopatrimonial interests attempt to free-ride. Thus rent-seeking and much corruption require that the state sets rules that are generally followed, so that rents [levied for exceptions to rules] can be abused for personal profit. Excessive free riding can destroy the public good' (p.128). This summary may give the impression that the book remains at a high level of abstraction, but that is not the case. Van der Walle illustrates his propositions with examples derived from many countries, using also many examples from French-speaking Africa.

Van der Walle's book is probably the best among a spate of literature that explains the African economic predicament in terms of the patrimonial nature of politics, particularly as he has more of an eye for diversity in political behaviour than is usually the case. Despite this, my unease about such reasoning is unabated. The presumed iron logic becomes stifling, as it is a kind of mantra that closes off further lines of enquiry.

The idea of patrimonialism undoubtedly makes much behaviour intelligible, but it does not explain as much as it claims. Zaire under Mobuto and Tanzania under Nyerere can both be seen as patrimonialist regimes, but does that explain their distinctive nature? Indeed, van der Walle tries to see diversity, but he sees differences as merely superficial. For example, in his analysis, Uganda and Ghana may be showcases for reform, but the basic forces of patrimonialism remain at work: 'There is enough evidence from both countries of corruption and rent-seeking close to the presidency to suggest that these men are not dissimilar to other African leaders' (p.186). The rent seekers there do not kill the golden goose as they do where the state collapses.

Diversity, however, seems to me a source for further enquiry: may something other than patrimonialism be at work?

More detailed attention to particular political and economic histories could produce insights that are not so easily subsumed under patrimonialism. Van der Walle presents quite an elaborate overview of economic reform in Tanzania (pp.152–7) that overlooks essential elements in the process. In Tanzania, economic reform preceded agreement with the IMF in 1986. After stiff resistance in the early 1980s, in response to popular pressure Nyerere and CCM embarked on significant liberalisation, for example, in food trade. Such a response cannot merely be reduced to a crisis in patrimonialism: the Tanzanian people did not like state regulation, and government was democratic enough to accede to that. The period of the mid-1990s is depicted as mere gloom in Tanzania. However, that period can be seen as a success for donor conditionality. Donor pressure broke resistance to macro-economic stabilisation. This resistance was the result of a collective choice dilemma based on short-term interests. After it was broken, liberalised monetary policies, combined with more stringent control of the money supply, became popular. There is no political capital to be made by pleading for a return to the previous situation. A similar story can be told in Uganda: political opposition centres on poverty and corruption, but not on a return to the economic *ancien régime*. The importance of donor pressure in breaking paralysing collective choice dilemmas does not fit easily in a picture of donors being merely encapsulated in patrimonialist practices.

The style of reasoning in this book has been close to an orthodoxy in the last decade, and that means mostly that it closes the mind as everything is explained by the mantra. The possibility that we may not know how African economies work is not entertained. The consistent portrayal of Zambia, for example, as a poor reformer overlooks the fact that the Chiluba government almost immediately (1991) lifted all exchange controls, liberalised the trade in food, and more. The possibility that such reforms may not have had the effects that were anticipated is not taken into consideration. The implicitly assumed reason for failure is that reforms do not go far enough. In this context, the delay in privatisation of the mines is seen as a prime example of political resistance from within the state to sensible economic reform (p.82). However, although the mines are now privatised, the results are very disappointing indeed. Foreign investment is not taking place, except where it is possible to reprocess slagheaps with new techniques. Unexpected technical problems have played a major role in Anglo American's withdrawal from developing the Konkola deep, open-cast mine. Such attention to the real economy – the actual production processes – is absent from this book, but is important if one wants to analyse why supply responses in the economy occur or do not occur.

The political discourse of donors and the opposition in Zambia no longer dwells on privatisation of the mines, but has now shifted completely – in line with the analysis in this book – to concerns about corruption. Corruption, in my opinion, is a moral scourge and mostly harmful for economic life. Indignation about corruption may, however, also become a mantra that diverts attention from the confounding questions about the working of African economies.

These sceptical remarks are a reaction to the seeming iron logic of the arguments made in this book. There is, alas, little reason to disagree with van der Walle's pessimism about African performance. When he diverts a little from his strict theoretical scheme, he appears to be a trenchant observer of this stagnation and decline. He notes for example that – paradoxically – the African state has lost capacity, while the expansion of education since independence should have enhanced its

capacity. He sees the worldview of African intellectuals as a major explanatory factor. For example, 'It is harder to explain the hostility [to economic reform] of a wide array of independent groups and intellectuals, who are otherwise harshly critical of their governments' (p.147), and 'underlying much of the opposition to reform is a deep seated pessimism about Africa's economic potential, which colours all decision-making including rent-seeking activity' (p.172). Such remarks show a humanity and empathy that are sorely needed in understanding African policy-making and make the book worthwhile reading. My reservations concern not only this book, but also a mindset that is found widely. This book is probably the best of its kind. That means the best textbook available on African economies in the past decades, albeit that a better one needs to be written.

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The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics. By William Easterly. *Cambridge, MA and London: The MIT Press, 2001.* Pp.xiii + 342. £21. ISBN 0 262 95965 X

There will be many in the development studies community who will, mistakenly, not give this book the attention it merits. The mere fact that it is written by a World Bank economist will condemn it, or induce hyper-criticism, in some would-be readers. Others will neglect it or reject it due to its at times somewhat folksy writing style, and the use of personal reminiscences about poverty in boxes between chapters (called 'intermezzos') that do not seem to be related particularly to the arguments developed in the chapters that precede or follow them.

This is, however, an important book, and its vice for some readers (its easily accessible writing style) is an important virtue for others, since it makes potentially rather difficult economic arguments about the causes of economic growth readily understandable to the non-specialist, and non-economists will have no difficulty in coming to grips with the theories it describes. Why is this an important book? Because it decisively takes the reader back to the really fundamental basics of what development and change should be all about, which is achieving sustained improvements in the material living conditions of that enormous proportion of the world population that lives in entirely unacceptable circumstances, with insufficient food, poor shelter, dirty water, inability to secure proper health or education services, massive gender inequalities, and no effective options to do anything about any of these difficulties. Unless one subscribes to the always rather shaky philosophical position that it is fine to live in severe material deprivation if you are culturally rich or if your neighbours do not regard you as poor, then this book provides a forceful reminder that people's lives can only really become more fulfilled by moving out of absolute levels of material poverty.

We all know the problems and defects of GDP growth as a measure of what is happening to poverty and inequality in a society. Nevertheless, as Easterly conveys with numerous examples, no society has succeeded in reducing the proportions of its population in absolute poverty solely by attempting to redistribute an existing level of national income, and the only countries that have unambiguously succeeded in reducing the incidence of poverty within their borders have been countries that have attained fast rates of economic growth sustained over a run of years. One of the

stylised 'facts' that Easterly draws on a lot is that, with few exceptions, living conditions have improved more rapidly over the past half century in the already high income countries than in the low income countries. The extreme case is sub-Saharan Africa, where almost no net change in real per capita income occurred in the last 40 years; whereas in the 'West' already high per capita incomes more than doubled in real terms over the same period. Easterly would most definitely not subscribe to a neo-imperialist take on such trends (that is, that the growth of the latter is predicated on the impoverishment of the former); on the contrary he focuses on factors that are mainly internal to the way countries function to explain these different growth experiences.

This is a very good book for rather effortlessly catching up with economists' evolving ideas about the causes and barriers to long run growth. Easterly takes the reader through early growth theories (so-called 'investment gap' models); technological change-based models; those that have emphasised human capital; and the more recent growth models put forward by Romer and others that invoke endogenous technological change and propose the existence of increasing returns created by the role of information in economic growth. These theories are set out in Parts II and III of the book, and are interwoven with their impact on policy thinking by the World Bank and other donors, and also with the findings of empirical models that have sought to identify the causes of differing growth performances across countries. Easterly does not shirk from taking a critical view of the Bank's own approaches and the policies that flowed from them in the 1980s and 1990s; and in one chapter there is trenchant criticism of Bank behaviour that effectively rewarded the most appallingly dishonest governments by sequencing loans in such a way that 'bad behaviour' was rewarded rather than discouraged.

Part III of the book is mainly about the issue of incentives towards creating an environment conducive to more rapid growth; and is variable in the degree to which the mainly economic arguments that are deployed provide plausible explanations of the way states behave, and, more importantly, the processes and factors that might change the way states behave. Difficult issues concerned with corruption and ethnic diversity are raised, and while again the economic treatment of these seem to provide fairly clear-cut pointers to desirable future ways of reducing their adverse impacts on economic performance, there is something of a lack of a broader vision of the political dimension that sustains governments irrespective of the long-term terrible economic record of the countries that they rule. In the round, however, this is an accessible and valuable book; and even if the reader disagrees with its predominantly economic explanations of the successes and failures of different development trajectories worldwide, useful and thought provoking insights will be gained by reading it.

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Microfinance Systems. By Graham Wright. *London: Zed Books, 2000.* Pp.xix + 283. £45/US\$69.50 and £15.95/US\$25. ISBN 1 8649 787 9 and 788 7

Women Development Workers: Implementing Rural Credit Programmes in Bangladesh. By Anne Marie Goetz. *New Delhi: Sage Publications, 2001.* Pp.443. £35. ISBN 0 7619 9532 3

Many articles and books have been published on microfinance in Bangladesh. These two books, which present contrasting perspectives and analytical frameworks, are welcome additions to that burgeoning literature. The book by Wright provides guidelines on how to build microfinance programmes from the bottom up. It is a sort of 'how to' book and deals with the practical issues involved in providing financial services to the poor. In contrast, Goetz's book examines how and if women workers change their perspectives on gender issues in the process of providing financial services to mostly female clients.

Wright's book is divided into three parts. Part 1 provides a good survey of the major theoretical issues of microfinance. Chapter 1 of this section summarises the debates about the definitions of poverty, the need for business development services, minimalist credit, conscientisation, empowerment and sustainability. Chapter 2 examines the dynamic nature of the problems faced by groups. Here Wright investigates the reasons for drop-out and defaults in a group, addresses the question of whether successful members should graduate out of the group and examines how group liability leads to the exclusion of the poorest of the poor. Chapter 3 studies the issue of voluntary savings and examines whether there is any demand for them and if such savings are helpful in capitalising an MFI (microfinance institution). It also includes extensive discussions of various modalities of regulation and supervision of MFIs, especially in the context of voluntary savings mobilisation. Chapter 4 examines the experiences of replicating established models such as Grameen in other countries. The main message of this chapter is that 'the process of replication must include a period of research and reflection, pilot testing, monitoring and modification, to tailor the "model" system being replicated for local conditions' (p.125).

Part 2 of the book has two chapters. In the first the author presents a set of principles for developing and implementing microfinance programmes. The principles deal with how to form groups, establish permanent institutions that are capable of delivering quality financial services, and determine price, repayment frequency, flexibility and maturity status of loan products, and more importantly how to supply savings. The next chapter offers guidelines for practitioners on how to develop flexible and responsive financial service products for the poor. The author suggests an institution must first identify the needs of the clients by careful market research, followed by product design and pilot testing. Next, it has to monitor the financial and organisational consequences of the new product and before scaling up the product, based on the clients' responses, it may have to change the product, its price and delivery mechanisms.

The last part describes how the author used the principles described in Part 2 to restructure two very different microfinance programmes – CECAP in the mountains of Central Luzon in the Philippines, and BURO, Tangail in Bangladesh, where there is one of the highest concentration of MFIs. This section will be most valuable to practitioners.

A recurrent theme of the book is the need for flexible savings products. Flexible financial services are supposed to be a panacea for all problems – to stop drop-outs,

enable the poorest to participate, and so forth. However, there is little discussion as to whether such services and products are economically justified. Wright states, 'such a service would be expensive to implement, and whether it would be a cost-effective strategy for an MFI with its sights firmly set on financial sustainability is open to question' (p.60). The author's recent co-authored work (Graham A.N. Wright *et al.*, 'ASA's Culture, Competition and Choice: Introducing Savings Services into a Micro Credit Institution', draft paper, *Micro-Save Africa*, March 2001) suggests that the costs of voluntary savings mobilisation outweigh its benefits. Along the same line, I am a bit disturbed by the product development fetish. Developing products that are geared to the needs of the borrower is a good idea. The important question, however, is who is going to bear the costs of product development? Why would an MFI spend its valuable time and money developing a product that others can easily copy? Since a new product is a public good, should the donors underwrite the costs of product development?

I found the whole discussion about modalities of regulations in Part 2 somewhat muddled. The author is sceptical of the role of the central bank as supervisor and regulator and he is quite justified in his scepticism. However, he provides an uncritical analysis of other modalities of regulation, such as the one about deposit insurance. Most of these alternatives presuppose the existence of a well-developed financial market that does not exist in countries such as Bangladesh. I was surprised that there was no discussion of PKSF – the apex organisation of MFIs in Bangladesh and the possible role it can play in a future regulatory regime. PKSF has already developed codes of behaviour for savings mobilisation of its partner organisations. I have one further concern – the book is full of extended quotes from other authors that weaken the analysis somewhat, and Wright fails to provide the page numbers for the quotes. Nevertheless, practitioners and others who want to start a microfinance programme of their own or improve an existing one will benefit immensely from reading this book, especially the last section that deals with the CECAP and BURO, Tangail case studies.

Even though Wright's book is about establishing financial services for the poor, it is surprising how little attention is given to the issue of staffing the institutions. It is clear that successful implementation of any programme requires good staff. It would have been useful to have a separate chapter on how to recruit, train and retain workers and the proper incentive structure to get the most out of them. Goetz's book is about staffing issues, especially about women development workers. However, her interest goes beyond the practical consideration of staffing; she explores how women field-workers develop a sense of leadership and identity with gender equality goals in the process of implementing anti-poverty programmes that target women. The book studies the role of women field workers and the contrasting approaches to incorporating women staff in two institutions – BRAC, the largest NGO in the world, and RD-12, a government sponsored microcredit programme.

Chapter 1 of the book presents a historical survey of women development agents in Bangladesh. Here Goetz examines the various notions of interests, identities, power and participation, and explores how women development workers' effectiveness is shaped by these understandings. Chapter 2 provides a useful review of gender and development challenges in the provision of credit, and of the relationship between access to credit and empowerment of women, and explains how BRAC and RD-12 mainstreamed women into their credit programmes. Detailed information about the place of origin, education, class background, religion and marital status of the field-workers follows in the next chapter. In Chapter 4, Goetz shows how field workers use favouritism, dissuasion and even distancing in implementing policies, and how the

implementation practices vary across the gender line. Chapter 5 looks at staff management practices that facilitate the integration of female staff in rural development organisations. Both organisations have invested in women by increased recruitment and adopting pro-women policies. However, the recent emphasis on quantifiable targets and salary tied to performance has also had negative implications for women staff.

Chapter 6 examines discrimination that emanates from the 'institutionalisation of male interests' that pervade space, time, culture and power in a development organisation. Here Goetz describes the experiences of women when they try to exercise authority. Needless to say, women had a difficult time establishing authority. As one respondent put it, 'Even the dogs bark when they see us'. Whenever women tried to establish authority by becoming 'sociological male', the strategy backfired on them because their male colleagues found it an unacceptable gender role violation. In both organisations women staff did not see themselves as legitimate participants in decision-making. Fear of sexual harassment is the most severe constraint on women's capacity to work.

The last chapter of the book examines the issue of women field-workers in the larger context of national and international politics, and explores the various problems of getting institutions right for women staff and women clients. It also explains why resistance to gender equity issues is so strong and suggests that the current popularity of microfinance in Bangladesh is a reflection of the effectiveness with which it can benefit many people without marshalling a serious challenge to class- and gender-based distribution rights.

Paradoxically, the author finds that despite administrative and cultural differences typical of NGOs and public-sector organisations, they do not necessarily result in incentives for greater local-level receptivity to women's needs in development. The book also did not find a clear gender difference in the policy interpretations and enactments routines of women and men and, hence, no case is made for investing in women field workers on the ground that they are always more effective than men in reaching rural women (p.189). Despite all the qualifications, the book suggests that 'a slow but important process of individual empowerment is triggered by deploying women as non-traditional development agents. This process extends beyond the personal level because it encourages gradual attitudinal change amongst men development workers and the rural communities in which they work' (p.316).

Goetz suggests a mixed strategy for integrating women staff in development organisations: incorporate NGO strategies to challenge gender relations with bureaucratic protections available for government workers. In addition, she suggests creating an enabling environment for women to consult amongst themselves and build cultures of mutual support. Given the complexities and the tensions that are clearly laid out in the book, it is unclear how creating opportunities to network will solve these structural problems.

The message of the book is clear – it is hard being a woman field-worker in a development organisation. To begin with, it is difficult for them to get a job because of the special needs of the work. Even when they have a job, it is difficult for them to keep it because of the mobility requirements, unfriendly living conditions and their biology. Even if they survive the initial years of work, it is harder for them to move up the ranks in a hierarchy because of the lifecycle/career norms and gendered nature of the organisations. It is clear that women who work in the field pay a 'price' for their pioneering role – postponement of marriage and having a family, verbal abuse from male workers and villagers, and even threats to personal safety.

Though the book is not geared to practitioners, they could learn immensely by familiarising themselves with some of these issues (laid out clearly in Table 7.1). A familiarity with these problems will enable them to retain valuable female workers, design better products and delivery mechanisms that will be beneficial to their women clients, and build institutions that are more pro-women.

Goetz's book is an important work as it fills a significant gap in the literature on development intervention – the role of women field staff in implementing programmes for all women clients – because 'it is at the field level where resistance, miscomprehension or lack of commitment are most played out' (p.31). Despite the importance of the topic I have to concede I found it hard reading, as the chapters are too long and unnecessarily repetitive. The layout of the chapters made it very difficult to identify the author's opinions. Even the concluding chapter was difficult to decipher and in some cases the conclusion of a chapter appeared not to relate to the material of that chapter.

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Development Policy in the Twenty-First Century: Beyond the Post-Washington Consensus. Edited by Ben Fine, Costas Lapavistas and Jonathan Pincus. *London and New York: Routledge*, 2001. Pp.xvi + 224. £55. ISBN 0 415 22822 0

The focus of this edited collection is the investigation and evaluation of the World Bank's new and revised neoliberal agenda for the Third World. In order to place the Bank's 'post-Washington consensus' in context; contrast the areal extent of the entire Third World with that of the Caribbean basin. The dimensions may not be exact; however, this provides an indication of the difference in size/power/publicity in which to view this insightful collection. The World Bank's voice is very loud and is exemplified by its annual World Development Reports (WDRs); it is represented by the former, while the voices of its critics from the left, centre and right are together depicted by the size of the latter. The devastating effects of the World Bank-IMF structural adjustment programmes and their conditionalities, known as the 'Washington Consensus', have been heavily criticised. In response, the World Bank has revised their approach to Third World development and poverty in the 'post-Washington consensus'. The Bank has heavily publicised this more human face, and this collection of essays represents an academic response.

The topics implicitly addressed by the collection are 'why does the Third World persist', 'how is poverty to be overcome', and 'how do countries develop'. The World Bank has struggled with these issues for almost 60 years; within its constant neoliberal framework are seemingly novel themes *du jour* reflected in the ever-changing foci of its annual WDRs – the post-Washington consensus is a *du mois* focus in contrast.

The nucleus is especially vital in that the World Bank presents an enigma to most students of development. Contrast the World Bank's huge current investments and their concern with Third World development against the devastation caused by their programmes in poor countries. As well, the Bank and IMF have recently embarked on a massive and highly publicised programme partially to relieve the world's poorest nations of their massive debt burdens and foster development with the released funds in their Highly Indebted Poor Country (HIPC) Initiative.

Third World countries have no alternative to what the World Bank indicates. They can only complain and suffer. The Bank is impervious to criticisms from them and to evaluations from most academic critics (most economists are not critical because they have a similar neoliberal mindset; however, there are notable exceptions to such a generalisation – this book is an example). When the Bank says privatise – the Third World has no option other than to get on with it. When debt must be serviced, health and education suffer. When the Bank indicates that the market mechanism (and nothing else) should determine the workings of the Third World economy, when most such markets are embedded in culture, time and politics and were led by a state, the outcome is chaos.

The authors of this collection's chapters reflect critically upon the Bank's role in development, with separate chapters devoted to privatisation, the design of financial systems, agricultural lending, industrialisation, corruption, education, social capital, and the East Asian experience. In these chapters, the workings of the World Bank's new programme are reflected upon. We learn of the crisis in the Third World, why development is blocked, market failure, the rise and fall of the Asian 'miracles', the failures of the old Washington consensus, the state-market controversy, the privatisation of services and enterprise, rent-seeking, liberalisation, trade policy, intervention, the International Monetary Fund, and human capital. Essentially, however, the lesson provided by the collection is that the new is really the old in fancy dress – the post-Washington consensus may sound like a radical departure, but at heart, it is more of the same, but now dressed in a soothing vocabulary. The message is that the neoliberal agenda continues, but now with a more human face.

The book provides a stimulating and thoughtful journey through the ideas and writings on Third World development; the collection contributes a critical review of the Bank's recent past and it investigates the contemporary position of the world's premier development agency. The edited collection focuses on part of the Bank's revised agenda as it enters the new century. Certain readers would point to the lack of a dedicated chapter on 'the role of the state', but this material is melded into the text. However, part of the revised World Bank agenda in its Comprehensive Development Framework (CDF) and the HIPC initiative, are absent. Further, international finance is at 'the heart of the matter' of global development, but the reader will be disquieted, as the chapter on it was dense and impenetrable.

My 'bottom line' is that this is an engaging set of essays devoted to specific foci all centred upon the integrating theme of the post-Washington Consensus. The book is forever of interest as it addresses the clashes between Third World political economy and the World Bank-IMF's imposing neoliberal model; between empirical reality and conceptual model; between the individual and the global; and between critiques from several perspectives and the World Bank's global neoliberal model.

However, it's unfortunate that there is a 'clash' between the World Bank and its critics. It is worsened in that the opposing sides seem to be deaf to the other – it is almost as if they're racking up points, and this conflict has been going on for almost 60 years. Third World countries would benefit from a dialogue/compromise which leads away from this endless debate toward meaningful betterment – but then what would happen to the 'development business' if there were meaningful Third World development?

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Beyond the Asian Crisis: Pathways to Sustainable Growth. Edited by Anis Chowdhury and Iyanatul Islam. *Cheltenham: Edward Elgar*, 2001. Pp.392. £75. ISBN 1 84064 273 4

Korea's Economic Prospects: From Financial Crisis to Prosperity. Edited by O. Yul Kwon and William Shepherd. *Cheltenham: Edward Elgar*, 2001. Pp.336. £65. ISBN 1 84064 266 1

The two books reviewed here provide a point of departure for examining the outcomes and road to recovery taken by Asian countries affected by the economic crisis that hit the region from July 1997 onwards. They approach this topic in quite distinct but complementary ways, with Anis Chowdhury and Iyanatul Islam offering a collection of issues-oriented country studies, while Yul Kwon and William Shepherd present edited papers on the case of one particular country, namely Korea.

Beyond the Asian Crisis consists of an introduction, written by the editors, and 12 papers. The first individual paper is by Amartya Sen, the book's most influential author and a 1998 Nobel Prize winner. This chapter is based on an earlier paper and develops the argument that, while the crisis has exposed some of the weaknesses of past policies, the strengths of the past must be combined with the vision for the future. The hallmark of the Asian development model was the effective use of complementary institutions, especially the state and the market. The crisis has made it clear that the institutions and policy for growth required for the post-crisis era may be different.

Sen's review of the key challenges currently facing Asia sets the stage for the country-case studies on Japan, South Korea, Thailand, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and China. They are eloquently summarised in the editors' introduction, itself a 30-page paper, which touches upon the key aspects of the Asian crisis. The challenges looming ahead for Asia are explained in the light of two schools of thought: the statist school for those who believe that a 'strong state' is essential, and the Washington consensus (US Treasury, IMF and World Bank) with its neoclassical orthodoxy. Other issues raised include investment, labour relations, demography, resurgence in inequality, governance and democracy.

After a generation of books dealing with the 'Asian miracle' or the 'Tigers', and a second generation that focused on the crisis itself, the third generation, which is now emerging, tackles the Asian recovery road. *Beyond the Asian Crisis* is a typical example of this later generation. From the title, the reader might expect to find a book which starts from the end of the crisis (that is, 1999 for most of the countries) or at least from the mid-crisis period. But at this stage one would be disappointed. Although the book promises to explore the *Pathways to Sustainable Development*, most of the contributions are simply essays on the crisis-hit Asian countries, containing basic, common and now familiar presentations of the pre-crisis state of each economy (structure, weaknesses) and the explanations for its fall. How each country has managed its recovery is explored but seldom as the main focus of the chapter. While we might expect the debate to start from 1999, few authors move beyond this date, and if they do, the post-1999 period is scarcely covered (the chapter on the Philippines was written in April 2000). While the reader may be thankful to Dhanani and Hasnain and to Yue, who go further in their post-1999 coverage of Indonesia and Singapore, respectively, they do not provide a critical or analytical perspective. The authors cover the issue only by referring to and describing official policy reports: UNIDO/UNDP *Policy Support for Industrial Recovery, 1999* in the case of Indonesia, and *Report of the Committee on Singapore's Competitiveness*, November 1998. Thus, although the

book fails to deliver on the editors' promise, and therefore adds up to little more than the sum of its parts, the parts are themselves valuable if one has not yet read anything on the Asian crisis.

The last chapter, 'IMF and the New International Financial Architecture' by Hutson and Kearney, particularly caught my attention. Although the IMF's setbacks in Asia during the crisis have been now extensively covered, the authors provide a good summary of the overall debate coupled with relevant, insightful arguments and quotations related to the increasing politicisation of the IMF. The book would have benefited from having this chapter earlier. A list of the acronyms used would have been also of great help at the beginning of the book.

In thinking about whether to recommend the volume, one is confronted by the fact that a number of the contributions have been published elsewhere in one form or another. Therefore there is not much in the book that is new, or not already available. One example is the contribution by Kwon on South Korea, where almost the same paper can be found in the second book reviewed here – *Korea's Economic Prospects: From Financial Crisis to Prosperity*.

Moving on to *Korea's Economic Prospects*, this volume gathers a rather extensive list of 21 academic writers, of whom 16 are Koreans. Chapters are ordered under six themes associated with the 1997 Korean financial crisis: Korea's new role in the regional and global economy; macroeconomic policy and prospects; financial crisis and structural reforms; industrial policy and productivity; labour market and labour relations; and changes in the international business environment. Papers were discussed during a two-day conference entitled 'Australia and Korea into the New Millennium: Political, Economic and Business Relations', held in Brisbane, Australia in August 1999.

This book is similar to other compilations of conference papers in that the reader will come across a number of overlapping issues among the chapters. The problems of the *chaebols*, corporate governance, inefficiency of the banking sector, lack of transparency, inflexible labour markets as well as the fundamental economic structure prior to the crisis are covered several times. Overall the contributors agree with the thrust of the current policy shift away from extensive government intervention to a market-oriented policy paradigm which seeks to liberalise Korea's domestic and international business environment.

Economists interested in the manufacturing sector may be interested in the chapter on 'Manufacturing Sector Output and Productivity in Korea' by Shepherd, Lee and Rao. The authors use the industry-of-origin ICOP/COPPAA methodology to assess real output and productivity levels from 1975 to 1997. A number of other papers provide interesting and insightful explanations of how Korea moved from a backward, under-developed economy in the 1950s to an economic powerhouse in the mid-1990s, only to fall as the third crisis-hit country in the region and then recover. In addition, two other chapters are particularly worth mentioning: Kwon's paper on 'Korea's International Business Environment Before and After the Financial Crisis' and Lee's paper on 'E-commerce in Korea: A Supplementary Road to Economic Recovery'. Moving away from a traditional academic approach, these two chapters are based respectively on fieldwork and survey.

Starting from Korea's reputation of being one of the most difficult places for foreigners to do business, Kwon sought to address the question of whether the crisis has changed this reputation. A survey conducted in November–December 1997 helped the author to identify reasons for this reputation, which included extensive state intervention, the high protection afforded to domestic industry, the closed nature of the

society, and the Korean way of management of on-site operations. Kwon argues that all these reasons are closely related to the cause of the crisis. Consequently, the financial crisis has reshaped this background by forcing a shift in the paradigm of Korean economic policy from being government-led to a market economy: 'Korean companies and banks are no longer able to enjoy monopolistic operation within a shielded domestic market' (p.260).

Lee provides the reader with another interesting perspective of the Korean economy. Based on a two-round survey conducted in April–May 1998 and March–April 1999, Lee examines the profile of Korean internet users and their usage to project how e-commerce activities and opportunities can be developed. It appears that Korea offers massive potential for such commerce. The survey collects evidence on the users' occupation, education level, internet experience, place of internet use, services used by respondent, as well as identifying any aspect of users' dissatisfaction. The results concerning the value of internet shopping malls indicates that these sites have a bright future when they present high quality information that is relevant to consumers' needs and interests. Subsequently, in the Korean context, one conclusion is that 'to make shopping malls more appealing to users it is apparent that instead of offering them peripheral benefits such as presents, it is more effective to offer users what they seek most from the Net such as availability of a search engine, the latest news on new products, and quality customer service' (p.291). As for the products purchased through the internet, the survey shows that on-line financial stock trading is one market whose popularity grew dramatically (9 per cent to 21 per cent) between the two rounds of the survey, while books/magazines are the first-ranked item followed by plane/train tickets and cinema/theatre tickets.

One shortcoming in the book is the index, particularly the subject index. But this is a small deficiency in an otherwise very well presented academic book. Thus, to sum up one will find in *Korea's Economic Prospects* a valuable source of research material on the economy and its prospects. It will help one to understand the factors leading to the Korean recovery which has recently been recognised by the credit rating agency Moody's latest adjustment in Korea's sovereign credit rating. This has been upgraded by two notches to A3 from Baa2, effective from 28 March 2002.

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