CAPITALIST DEVELOPMENT AND ECONOMISM IN EAST ASIA: THE RISE OF HONG KONG, SINGAPORE, TAIWAN AND SOUTH KOREA

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"Where is the life we have lost in living?
Where is the wisdom we have lost in knowledge?
Where is the knowledge we have lost in information?"
T.S. Eliot, "***Choruses from the Rock***"

This is a major work of scholarship on the East Asian economic miracle; the 25 pages of bibliography are a clear testimony to that. It is also an ambitious piece of work in a really crowded and well-trodden field. The book covers an area in development literature which is dominated by some truly outstanding contributions to knowledge and is, too, scattered with several highly contentious, but nevertheless highly thought-provoking controversies. Regrettably more often than not, it is also an area which is scarred by countless mediocre elaborations, pretentious generalizations, disingenuous interpretations, dogmatic claims, indifferent reiterations, and half-baked postulates. Thus, in the author's perception, the existing literature fails to provide a "cohesive and comprehensive conceptual framework that examines the economic growth experience of these four economies in their entirety" (p. 1). As such, the book under review "offers a new dimension in development analysis, challenges the existing development literature, and proposes a new paradigm of economism that incorporates and reinterprets many of the post-war development issues" (p. xvii).

A. General remarks

This rather towering objective is noble but the author's expectation of "a new era of debate and discussion on the economism paradigm of development" is unlikely to be fulfilled by the contents of the book under review. In the natural order of things, the aim of this book entails such a tall order of excellence that can be attained only via a supreme effort of original "big-picture" development thinkers and experienced "hands-on" development practitioners, a combination of attributes quite contradictory in terms. The author himself admits that much, with the usual candour and disarming frankness. The new interpretations of the economism paradigm are largely intended to provide a starting point for "further investigation, discussion, debate and study" (p. xvii). Highly illuminating in this regard is the author's response to the criticism that the economism paradigm so proposed "is just a mixture of monograph, journalism, and political proclamation". This critical assessment is however refuted with the argument that the book under review "has employed a number of intellectual tools, and including references to the experience of the four East Asian economies is essential (*sic*)" (p. 266).

Now, what is the economism paradigm all about? There are five elements to it – namely the focus on poverty reduction (rather than on the pursuit of equality as such); the role of government as a provider of economic fertilizers; the emphasis on domestic strength with changes in comparative advantage; a pro-growth political regime; and the presence of a market economy (p. 2). These five paradigmic pillars of economism are the minimum necessary "floor conditions" which, by the way, do not impute in their purview the sustainability of development from an ecological perspective. As elaborated in the introductory first chapter, the presence of these five development fundamentals, and presumably their quality as well, explains the observed differences in the patterns and processes of growth, accumulation and diversification among developing economies, and not just those in East Asia alone (p. 261). The revealed patterns of development in the four East Asian dragon economies are then discussed in chapter 2 of the book while the remaining eight chapters are devoted to an examination of growth and poverty reduction, development-oriented governance, the external dimension of growth, economic accumulation and transformation, political and economic freedom, the Asian financial crisis, the reversion of sovereignty in the case of Hong Kong, China, and some concluding observations.

The readers are forewarned by the author himself that the arguments and analysis in the book are largely conceptual in nature and interpretation, with an underpinning philosophical approach (p. xvii). Fortunately, this proves to be an excessive precaution. For the most part, the book under review contains a comprehensive description of the development topology and its contours among the four tiger economies over the past four decades or so. As such, it is not overly "heavy going" to read through the chapters, or to wade through selected parts of the book as they may be of interest to the different categories of perusers. Indeed, in the process, the readers are likely to be rewarded by various explanations and explanatory notes, some more detailed and sure-footed than others, on several major events, issues and concepts – such as income inequality and its measurement (pp. 54-63); capital accumulation and total factor productivity (pp. 152-170); democracy, development and economic freedom (pp. 179-180 and 191-196); and the Asian financial crisis (pp. 201-215), etc. All these elaborations do add to the size of the book, however. Informative, too, are the concluding sections found in seven out of the ten chapters. Although the chapter on the Asian financial crisis does not have a conclusion, the final remarks entitled "The end of economism" (pp. 227-228) serve as a good substitute.

The various concluding observations in the book provide, by and large, a reasonably interpretive summing up of the main subject matter discussed in the preceding text.

All in all, the author is to be commended for providing a competent overview of the landscape of economic growth and structural transformation in the four economies over the several decades past. The main features of various policy thrusts and institutional adjustments are well surveyed, albeit in sweeps and brushes which are often too broad and unconnected, so is the author's portrait of the pattern and characteristics of secular change in production, savings and investment, and trade in those economies. However, the discussion is mostly compartmentalized country by country even though it could have been easily conducted in comparative terms – with the pairing of two city economies and two larger entities – so as to bring out interesting differences within as well as between these pairs; the two extremes being Hong Kong, China and the Republic of Korea. In addition, the book under review contains a more or less uncritical presentation of most "leading" facts and figures and, to a lesser extent, issues in development economics from an East Asian backdrop. It is thus definitely useful for the senior undergraduate students, with an interest in development economics, and for Masters degree students looking for suitable information on the tiger economies for further research in fulfilling their course work requirements in essay-type compositions. In this connection, a more detailed subject index would have facilitated greatly the search for materials examined in the book; the current index, of just over three pages in total, has a lot of omissions and it also does not refer to most of the numerous authors cited in the text.

Generally, one has to tread softly to minimize the incidence of "information overload" because most issues *de rigueur* can be found across the book under review. These include, to mention just a few, poverty alleviation, total factor productivity, endogenous growth theory, pro-poor and pro-growth allocation approaches, industrial policy of picking "winners", the flying geese model of development, and the Pacific century. However, even in the right context, their obligatory appearance does not guarantee a solid conceptualization and integrated analysis. This applies especially to the many cross-sectoral implications and interrelationships, most of which are presented largely in a descriptive manner and at the aggregate level; they are also not dissected or interlinked with others in the text. As is apparent from the above, comprehensiveness in coverage is achieved at the expense of in-depth analysis virtually across the board. Indeed, a focused treatment of specific issues is certainly possible even in an overview although the various opportunities for doing so in the text were apparently passed over by the author (more below).

That such a weakness is to be expected in a book of this nature does not make it any less palatable intellectually. This is the more so not only because of the large promise and great expectations emanating from the lofty aim set out to be achieved by the book itself. The various chapters do cover development topics and related policy issues which are weighty, complex, interdependent and nuanced. These subject matters are of great interest as well as of practical significance to the development economist – whether or not he or she is a theoretical thinker, a policy administrator, a management consultant, a trouble-shooting adviser, or a teaching academic. They pertain, for example, to the cost-effectiveness of evolving policy steerage and intervention in its multidimensional ripple effects among NIEs (except possibly in the case of Hong Kong, China); to the constant and often quantum changes – induced, charted and otherwise – in the pattern of comparative and competitive (or dynamic) advantage; and to human and social capital formation consonant with rapid structural transformation. To be fair to the author, it is virtually impossible to examine adequately, let alone in any enlightening manner, these intricate subjects among the four tiger economies over the past four decades within a few hundred pages. For to understand them well is to understand the essence and colours of development itself.

B. Value-free economism?

My main disappointments, however, are twofold. One, the data, information, policy issues and strands of arguments as enumerated in chapter 2 through chapter 8 provide interesting reading. But they are largely "compartmentalized" or free standing within the chapters concerned – instead of being weaved together into a coherent and seamless whole in the text or in the conclusion. Nor are these issues and arguments interlinked to the matters discussed in the other chapters. There is an attempt at conceptualization and consolidation in the last chapter but at less than eight pages in length, the effort reads both feeble and unconvincing. The symphony of economism, and its five paradigmic pillars, is thus unfinished. It is not that hindsight makes perfect science in all cases; without the necessary predictive and integrative powers, any postulates and interpretations necessarily remain at best half-proven and pseudo-scientific in nature. All in all, this reviewer has an uncertain and lingering feeling that the book incorporates rather generously teaching materials for the senior undergraduate students.

The second disappointment relates to cause and effect, and the implied trade-offs in between. Hindsight notwithstanding, this chicken-and-egg issue can still pose problems in ensuring clarity in analysis and consistency in expression in a subject as all-encompassing, as extensive time-wise, and as subtly contoured as that of tiger economies telescopically under consideration in the book. It was stated in a discussion on growth and inequality, for example, that "history has taught us that severe and drastic redistribution of income from the rich to the poor has often led to radical ideological revolutions, political changes, and replacements of government and regimes" (pp. 63-64). Assuming the poor being the large majority in normal circumstances, one would have thought that a durable redistribution in favour of the people so disconnected is assured only after, or in the wake of, political change. Furthermore, the author opines that "there may not be any *long term* (italics added) correlation between economic growth and increased inequality". But growth and distribution are not separate issues as is asserted in the book (p. 78). The land reform programmes in the Republic of Korea and Taiwan Province of China, which had laid the foundation for agricultural transformation and resource transfers for domestic industrialization in these two economies are not given due account in the book under review. Their scale has to be appreciated: by 1964, the extent of land ownership by Republic of Korea farm households had expanded to 72 per cent, compared to around 16 per cent in 1947 (involving thus over 610,000 hectares). The corresponding figures for Taiwan Province of China were 36 and 60 per cent between the years 1949 and 1957 (and some 334,000 hectares of arable land).

Market capitalism or market fundamentalism or, for that matter, the author's so-called economism, is not just an economic system, or a systemic interaction operating in a socio-cultural vacuum. Whether or not explicitly stated, it also embodies a set of cultural values which emphasize the virtue of competition, the legitimacy of profit, and the value of freedom – but not without constraints and limits. It is instructive, in this context, to note an enduring insight of Karl Polanyi's. Market capitalism itself is not value-free. Moral norms, socio-cultural ethos, historical legacy and inter-generation priorities provide the perspectives, criteria and justification for all economic, social and political institutions and policies that are set up and carried out. As such, shared values are indispensable not only in fostering dedicated participation and ensuring due accountability. They are also essential in the collective legitimization of all those painful trade-offs and transitional inequality at present as just, and hence tolerable, for the sake of future opportunities for all. Featuring prominently in such opportunities are four things: enlarged economic space, enhanced social mobility, improved political socialization and representation, and a more balanced inter-generational distribution.

Indeed, notwithstanding its single-minded forcefulness, the "big push" by the Republic of Korea into heavy (capital-, energy- and materials-intensive) industries was abruptly stopped in its track with the assassination in October 1979 of President Park Chung-Hee, who had taken over the government in May 1961. The concerted and extended push (started way back in around 1968) was accelerated strongly during 1977-1979 through the provision of tremendous official inducements. The favoured heavy industrial subsectors absorbed directly some 80 per cent (compared to less than one half previously) of gross domestic capital formation. Investment in light industries was short-changed, and this compounded further the chronic shortages of a wide range of consumer goods and services, and fuelled the associated price up-drifts (about 13 per cent a year during the 1970s, and much higher in the oil crisis years 1973/74 and 1979/80). The long pent-up economic, social and political tensions and discontents were inflated by the eroding competitiveness and comparatively poor economic performance in the late 1970s to reach breaking point in 1979. And with the change-over of government, the rate of investment was slowed down and more selective emphasis accorded to the development of knowledge- and skill-intensive industries. But the new strategic thrust was also pursued with evident vigour so that by 1985, the Republic of Korea had become the third largest producer of semiconductors (behind the United States and Japan) in the world.

C. Development-oriented governance

The above leads on to economic governance generally. It is summed up that "other than the provision of social capital and infrastructure, the governments of the four East Asian economies leave the activity of production largely in the hands of private economic agents. With few exceptions, governments do not own productive resources but they exercise various economic policies" (p. 110). This is an incongruous generalization even if the productive factors are narrowly defined (in the classical tradition) as consisting only of land, labour and capital. Except in the case of Hong Kong, China, it is difficult to reconcile the above assertion with some of the quality literature on development economics on the other three NIEs or on the second-tier NIEs, too. Granted that there is a distinction between ownership (even majority stake) and (market-guided) management, that explains to a considerable extent the excellent performance and competitiveness, by global standards, of Singapore Airlines and many other substantial corporations owned by and linked to government in this island republic.

Until well into the early 1990s, public-sector ownership of, and the overwhelming influence of government on, financial institutions was instrumental in steering and directing productive national (and not just domestic) resources as well as in "picking" and backstopping winners in both the Republic of Korea and Taiwan Province of China. But as also noted by the author in the context of public-sector's controlling influence on financial institutions, "government intervention and involvement in the financial markets restricts financial liberalization" in these two East Asian NIEs (p. 176). In the same vein, it was remarked that "both Hong Kong, China and Singapore are economically more free than Taiwan Province of China and the Republic of Korea" (p. 199). It is not necessary to postulate in this connection whether such financial liberalization is the cause or consequence of economic growth and (factor and product) market integration, a chaff and straw dichotomy in analytical clarity alluded to earlier on in this review. It would have been interesting, however, to map out how such intervention helped foster the virtuous "profits-investment nexus", the excessive debt gearing, and the divergent modes of industrial organization and different patterns of "core" competencies (however flexible) in export-oriented specialization among the East Asian NIEs. On the other hand, there were also the now famous incidence of rent-seeking cronyism and excessive speculation induced by easy money and even laxer virtues in various levels and layers of domestic governance (more later).

It was further pointed out that government intervention is a fact of economic life and “a judicious government is the ideal” (p. 111). This is another free-standing statement although the readers are not deprived of the benefit of an appreciation of some important and inherent characteristics of such governance. Concrete attributes of the varying and evolving roles of development-oriented governance among NIEs over the past four decades are not distilled and conceptually categorized (in accordance with the nature of intervention and steerage) into any paradigmic pillar in the text. It is undeniable that development-oriented governance, East Asian style, has provided a stable platform and conducive climate for the formulation of grand visions and long-term strategies. Imported resources and expertise are synergized with domestic endowments in a pragmatic, focused, forceful and, not infrequently, enlightened manner for engineered growth and transformation. This applies especially to the implementation of interventionist policies and targeted measures to build capacity and to modernize structures, to resolve or eliminate wide-ranging failures and fragmentation in local (factor and product) markets, as well as to promote and sustain competitive integration into the world economy itself.

Surely, however, the process involved is not free from enforced sacrifices, steered conformism and misdirected allocations of resources. But uniquely among virtually all other developing countries, it has worked well in East and South-East Asia so that decades of technological progress and social advancement were leap-frogged with high economic and social returns, severe environmental strains and stresses notwithstanding. In fact, a handful of these tiger economies have themselves become major players in the global economic scene after just two decades of dedicated transformation – a distinction shared by very few others in the developing world. Taiwan Province of China, for example, was the world’s third largest producer of information technology products in 1995. In the process, however, the original model or paradigm of East Asian development has exhibited considerable evolution in both form and substance. The volume, velocity and sophistication of economic and financial needs and transactions, for instance, have expanded rapidly – especially those forming part and parcel of complex networks of international production and financial intermediation, often on-line and in real time. These have added significantly to the (unsustainable) wear and tear on the domestic mechanisms and institutions for command and control, plus the comprehensiveness, timeliness and flexibility of their operations. Meanwhile, internal social mobility has sped up significantly along with the strengthening impulses (largely external in origin initially) for greater, multifaceted deregulation and liberalization involving the emergence of “leaner” and “meaner” but more tolerant government. Last, there are then the burgeoning domestic powers of an expanding and more vocal middle class. All these have served to loosen noticeably the formerly tight grip of government virtually across East and South-East Asia, with several corresponding and profound implications on the patterns of socio-economic and political advancement in future.

D. Leap-frogging competitiveness

Trade is another pillar of growth and transformation in NIEs and other East Asian economies. The conclusion is that "comparative advantage…..has a dynamic nature and changes over time as industries diversify and one export item overtakes another as a key earner of foreign currency. Exports continue to grow and expand as a result of the development of new products and new markets. The economy, therefore, becomes globalized, and floats with the trend of the international economic community" (p. 148). Domestic governance was a conducive factor; "output generation and growth was considered as the first priority in all economic activities". This is because an "expansion in real output is the primary cause of economic growth" (p. 175). It is interesting to note that Ricardian comparative advantage is the dominant, almost exclusive, term used in the book under review. But Porterian competitive advantage characterizes much of the emerging (dynamic), differentiated and niche-based competitiveness of NIEs – from audio-video electronics, chemicals and pharmaceuticals, precision instruments and equipment in information technology, to transport equipment plus its parts and components.

Indeed, as the author himself reiterates time and again, a rich base of physical resource endowments is sufficient neither to guarantee present competitiveness nor to sustain future competitiveness and vice versa, as is demonstrated miraculously by the generally resource-poor and population-dense NIEs. There are deeper factors and forces at work in transforming the endowed natural resources and human capabilities into comparative and competitive advantage. Thus, competitiveness is not a static concept, especially that of the Porterian variety. It is the result of a number of interacting and cumulatively self-reinforcing processes – such as learning, upgrading, differentiation, innovation and further knowledge generation for continuous productivity and quality enhancement as firms and industries adjust and adapt – individually or, increasingly, on a networked basis – to a milieu of constant change but still of ever-fierce competition and rivalries.

NIEs have so far managed to response with enviable success to the imperatives and impulses of (domestic and external) competition. Indeed, the Republic of Korea is the only developing country to have prodded and fostered with considerable success the development of a competitive, home-grown motor vehicle industry in global terms in the post-war years. Here, it is worth bearing in mind generally that the final markets for the NIEs' exports have been characterized by increasing fragmentation, greater sophistication and more exacting demands – resulting in shorter product cycles, smaller production runs, mass customization, and more frequent design changes. There are, too, larger considerations and concerns on the demand side relating to health and safety, social equity in production, and environmental compatibility of products and processes. But the durable success of NIEs in their export drives, expansion and diversification does not mean that the various transition stages so predicated are a "piece of cake" to accomplish; such an erroneous impression can arise from the bird's-eye-view topology of development and transformation depicted in a composite basis in the book under review.

Value creation, competitive advantage and, by extension, economic progress under market capitalism is typified by successive waves of Schumpeterian "creative destruction". The textual exposition, however, does not add to a better understanding of the approaches and modalities essential for the strategic reorientation of economic structures, for supportive policy accommodation, and for the building up of ancillary capabilities (human, institutional and technological). Three critical issues are at stake here. The process itself is interactively daunting and there is, first, the need to shed some workable light for the latecomers, based on the distilled experiences from the early industrializers, on the feasible ways and means to minimize the notorious transitional leads and lags. Second and much more complex is the management of policy change as well as of the structural evolution so promoted or induced at both the macro- and microeconomic levels. The former involves matters relating to the feasible scope, the appropriate pacing, the judicious sequencing, the timely introduction, and the effective implementation of policy adjustment and reform (including multidimensional liberalization, deregulation, privatization and equitization). The latter pertains to the consequent deepening, widening and diversification of the industrial base and hence of subsectoral interrelationships, including the accompanying and resulting alterations in their relative weights as well.

Third, competitiveness has a micro (firm- or industry-specific) foundation, whether or not it is measured and benchmarked at the sectoral or aggregate (export) basis, as is done in the book under review. The author shies away from a reexamination of the firm-specific characteristics of the targeted industrial policy and the crucial tenets of technology saga associated with it, especially in the Republic of Korea. Such an omission may have trivialized unjustifiably the dominant issue whereby export competitiveness (and hence performance) is *the* benchmark for judging, in a time bound way, the success or otherwise of the "picking winners" approach. More generally in the context of government intervention in the pattern of national resource allocation, the interested readers may benefit substantively and substantially more from a careful perusal of Amsden's classic work on the Republic of Korea, *Asia's Next Giant: South Korea and Late Industrialization* (New York, Oxford University Press, 1989), and of the highly illuminating book by K.T. Li and others, entitled *The Evolution of Policy behind Taiwan's Development Success* (New Haven, Yale University Press, 1988). It will also be both relevant and instructive to consult the impressive and pioneering collections put together by H. Patrick and H. Rosovsky, *Asia's New Giant – How the Japanese Economy Works?* (Washington, D.C., the Brookings Institution, 1976). Incidentally, the first two pieces of work are cited in the bibliography of the book under review, but not the third one.

E. You cannot have it both ways

The author's economism paradigm advocates "a free market and the 'invisible' hand, the dominance of the private sector, and a low level of government involvement in the economy" (p. 4 and 111). But it is also clear that the unfettered reliance on the invisible hand and animal spirits would have been counterproductive in at least five aspects, especially in the context prevailing among NIEs a few decades ago. First, it would impose unnecessarily heavier and often more inequitable adjustment costs at various stages of transition along the growth spectrum over time. Second, it would reduce investment in lumpy and long-gestation socio-economic infrastructure so as to lay the foundation for future growth and transformation through, among other channels, the timely and effective internalization of social gains as personal returns at the micro level. Third, it would fail to take adequate account of dynamic comparative and competitive advantage associated with activities and industries of significant, but prospective, economies of scale and scope. Fourth, it would not effectively prevent the abuse of dominant positions. Fifth, it would often lead to the externalization and socialization of private costs – including via an inadequate provision for the protection of public health and safety, and for the preservation of the domestic and external commons.

Misadjustments and missequencing can cause costly delays and inequitable disruptions and, at worse, they can wipe out large segments of productive capacity and conceivably derail the needed transitions altogether. An eloquent but unfortunate case in point is the Asian financial and economic crisis of 1997/98, and the unprecedented collateral damage it wrought indiscriminately on hard-earned economic progress, and on the social fabric and stability of the crisis-impacted or affected enterprises, (internal) regions and economies. Chapter 8 in the book is devoted to an examination of this crisis. As to be expected, the accepted remedies include a litany of standard prescriptions (pp. 226-227). On hindsight, it is clear that governments, businesses, and institutions (both internal and external) are not above involving themselves in frenzied speculation with success-fuelled but misplaced overconfidence. Nor are they above making costly mistakes; above failing to outguess markets and to accommodate paradigm shifts; and above peddling overkill prescriptions or professing overbearing conditionalities.

However, the prevalence of preventive rules and prudential regulations is not sufficient in itself to ensure and to raise the standards of public- or private-sector governance. This is clearly shown in the 1997/98 crisis in East and South-East Asia, as well as in several corporate disasters of recent or slightly less recent vintage elsewhere in the industrialized countries. Surely, there should be few excuses for the revealed excesses as well as blemishes in public and corporate governance. Nevertheless, there is also a justified, indeed critical, need to promote and reward adequately innovation and entrepreneurship. These are the main pillars of value creation and economic progress under market capitalism. A durable and judicious balance therefore has to be sustained between the imperative of ensuring a level playing field for all and the need to encourage and sustain risk-taking behaviours. In this connection, rent-seeking cronyism is not the same as trust-based, relational entrepreneurship to cut transaction costs, to maximize collective efficiency, to share risks, and to make a move into new markets and products. This cultural hallmark of efficiency-enhancing cronyism of East and South-East Asian "tiger capitalism" is known as "networking" in other terminologies.

In the above context, a workable blueprint of market-friendly policies and regulations has yet to emerge and take root – in particular, a configuration of measures which neither rewards prolonged inefficiency and uncompetitiveness, nor provides unending monopoly rents. Still as surely, we should not lose faith in, or become impatient with, laissez-faire and competition, all in combination with a little regulatory push and oversight from government. These market forces, if and when unleashed in synergy with competent public-sector regulations, eventually will triumph as a vigilant and unadulterated disciplinarian to rate, to punish, and to reign in unproductive corporate cronies and other hangers-on, and counter-productive inter-firm linkages. The whole issue is, therefore, far more complex than has been portrayed in many quarters, including in the pertinent sections of the book under review.

The author laments justly in the concluding chapter that success under economism is bound to lead to increased "money-mindedness, because everything is measured in wealth and money terms" (p. 265). But one cannot have it both ways. Surely, market capitalism and its incentive structures have proved their superior quality and great usefulness with the triumphant ending of the cold war in the wake of the widespread and speedy collapse of the economic and socio-political system of central planning and distribution. But the market system itself has had its own share of excesses which, justifiably or not, are being globalized cross-culturally. Some of such blemishes were noted earlier. Other major imperfections can be found in cut-throat competition, beggar-thy-neighbor orientation, self-serving protectionism, wealth accumulation for its own sake, unbridled commercialism, ostentatious consumerism, and rugged individualism.

Thus Spake Zarathrustra of the remaining sixty four dollar question: would it be feasible to aim at securing a compact, embodying fewer rough edges of untempered market capitalism, among interdependent global neighborhoods and interconnected knowledge societies? There is, indeed, much to be said for a system, style and shade of public- and private-sector governance whereby various actors and interest groups feel, in everything, duty-bound to do unto all others as they would have all others do unto themselves. Regrettably, however, such a welcome and needed vision in humane governance and a caring society at large is still wanting at the edge of the new millennium.

In conclusion, the author's intellectual courage is laudable. His evident diligence in encapsulating the vast amount of materials is commendable. Regrettably, however, the outcome falls far short of the lofty aim set forth for the book under review. But all is not lost. Students in development economics now have another possible textbook, or text for reference. And finally, this reviewer has another opportunity to continue to reflect on – to paraphrase verbatim the title of William Easterly's impressive new book – "*The Elusive Quest for Growth*" (Cambridge, Massachusetts, MIT Press, 2001, 400 pages). And for that privilege, he is thankful.

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* The views expressed in this review are those of the reviewer and do not necessarily reflect those of the United Nations.