



**Review of Banerjee, A. (ed.) 'Making aid work'**

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## Book Reviews

*Rescuing the World Bank*. Edited by Nancy Birdsall. Washington, DC: Center for Global Development, 2006. 201 pp. \$18.95 pb.

This is a highly topical book, made even more so with the departure of Paul Wolfowitz, the Bank's president, in highly dramatised circumstances. In her Preface, Nancy Birdsall, the founding president of the Center for Global Development (CGD), and a previous director of the Bank's Research Department, expresses the 'hope' that 'this book will contribute to the growing momentum for change at the World Bank' as '[o]nly by change to meet the demands of the 21st century can the World Bank live up to its potential to be a powerful, positive force for greater and more broadly shared prosperity'. The first part of the book contains a CGD working group report, entitled 'The Hardest Job in the World: Five Crucial Tasks for the New President of the World Bank', written specifically for Wolfowitz on his official entry to the Bank in June 2005. The second part is a collection of twelve 'selected essays' written by 'distinguished colleagues' 'to generate healthy discussion and debate and to explore their recommendations with a broader community' at the September 2005 annual meetings of the IMF and the Bank. A symposium was organised before the meetings, attended by Wolfowitz himself, who acknowledged that his job, if not 'the hardest' in the world, was certainly 'the best'.

The CGD working group focused not on internal management issues but on 'structural changes in its mandate, instruments, pricing and governance' that were considered to be 'critical to a revitalized Bank'. Five 'critical tasks' were identified for the president to tackle 'over the next five years': revitalising the Bank's role in China, India, and the middle-income countries; bringing new discipline and greater differentiation to low-income country operations; taking the lead in ensuring truly independent evaluation of the impact of Bank and other aid-supported programmes; obtaining an explicit mandate, an adequate grant instrument, and a special governance arrangement for the Bank's work on global public goods; and pushing the member governments to make the Bank's governance more legitimate.

In many ways, the selected essays amplify the views of the working group. Nancy Birdsall makes the case for transforming the Bank from a development agency – 'we have a multitude of those' – to what she calls a 'global credit club', where 'decisions are based on shared discourse, and implementation of decisions is effective because the process is viewed as legitimate in reconciling conflicting views'. Masood Ahmed, at the time of writing Director General at the UK Department for International Development, calls for the problems of 'votes and voices' to be addressed in reforming governance at the Bank, including the question of differentiating voices in the IDA and IBRD contexts, and the future of the non-resident Board. Ngaire Woods, director of the Global Economic Governance Programme at University College, Oxford, predicts that the Bank will be unable to avoid reform 'in the immediate period', the 'powerful questioning' of the IMF 'cannot help but spill over onto the Bank', but any governance reform of the Bank needs to have a clear sense of its purpose and role.

William Easterly, professor of economics at New York University, senior economist at the Bank for over 16 years, and author of *The White Man's Burden* (2006) which examines why 'the West's efforts to aid the rest have done so much ill and so little good', conveys what he calls 'a very simple message' about the Bank's assistance to low-income countries. To be effective, he recommends that the Bank should have in place a set of tasks, a mission, and an incentive system that will create accountability, implying that there will be some reward for getting results and some penalty for failures. Steven Radelet, CGD senior fellow and co-author of a textbook on the *Economics of Development*, criticises the Bank's role on the grounds that it is involved in too many activities in individual countries and lacks a clear focus, leading to the transfer to recipient-country governments of too many issues and activities, and less progress on a small number of really critical issues. He calls for either a third window, or a separate window within IDA, for grants only for countries with incomes below \$500 per capita. Adam Lerrick, professor of economics at Carnegie Mellon University, draws attention to the significant reduction of Bank lending to middle-income countries as they gain increasing access to private capital, and questions whether the Bank has 'lost control'. David de Ferranti, former regional vice president for Latin America and the Caribbean at the Bank, presents another view, suggesting that the Bank needs to 'modernize' both what it does and how it does it, to respond more effectively to the changed circumstances, needs, and preferences of middle-income countries.

Michael Kremer, professor of economics at Harvard University and senior fellow at the Brookings Institution, discusses the Bank's potential role in providing global public goods, i.e., those for which a large share of the benefit cannot be contained within a single country, as in the case of reduction in carbon emissions or eradication of major diseases. Devesh Kapur, one of the authors of the history of the Bank published in 1997, and now a professor at the University of Pennsylvania, draws attention to the Bank as a source of knowledge; he makes the point that ideas have always been a core trait of the Bank and that if it was simply a financial intermediary, it would need barely a tenth of its staff. Pierre Jacquet, executive director and chief economist at Agence Française de Développement, underlines the importance of evaluation for aid effectiveness. Ruth Levine, senior CGD fellow, and William Savedoff, senior partner at Social Insight, supporting Kapur's point, argue that the Bank's success depends on knowledge. Finally, Mark Stoleson, president of Sovereign Global Development, gives an investor's view of the Bank in whether to 'buy, sell or hold'.

This is a useful collection of views about reforming the Bank and defining its future roles. But it does not address all the questions that have resurfaced as a result of the Wolfowitz affair, including changing the way in which the president is appointed as well as increasing the voice of developing countries in decision-making within the Bank. The entire international economic architecture established after the Second World War is now buckling under the weight of globalisation, trade disputes, and the ambitions of rising economic powers in Asia and Latin America. Part of the problem is that discussion has been focused on the Bank rather than on how best to solve the world's problems by removing the institutional incoherence arising from a situation in which aid bodies work in isolation, even competition, when the solutions call for common and cohesive policies and programmes. The Bank's motto is 'Our dream is a world without poverty' yet, on its own calculations, the number of people in abject

poverty is just under one billion, with another 2.8 billion subsisting on \$2 a day. Bank statistics recognise that the overwhelming number of poor people depend on agriculture for their survival, yet its lending for agricultural development has declined to less than 8% of total Bank assistance, and its assistance to the poorest countries last year amounted to only about 7% of total aid as larger amounts are made available through the private sector. The Bank's cumulative lending to China is about \$40 billion for some 274 projects, while China has become an export superpower, sitting on reserves worth more than \$1 trillion, and has its own aid programme to African countries of \$210 billion.

Major reforms are necessary both within the Bank and in its relationship with other UN bodies and aid agencies. In 2000, the *Report of the International Financial Institutions Advisory Commission*, under the chairmanship of Allan Meltzer, called for the Bank to become a 'World Development Agency', to get out of lending, and move to grants and small technical-assistance programmes for the poorer countries. Will the appointment of a new president lead to the reforms that are long overdue, or will the Bank sink back into its old, outmoded, and, given the major changes that have taken place since its creation, now inappropriate ways?

D. J. Shaw

*Houston, TX, USA and London, UK*

*The Birth of Development: How the World Bank, Food and Agriculture Organisation, and World Health Organisation Changed the World, 1945-1965.* By Amy L. S. Staples. Kent, OH: Kent State University Press, 2006. 349 pp. \$55.00 hb.

This is the inaugural volume in New Studies in US Foreign Relations published by Kent State University Press. Written by an associate professor in the Women's Work Group of the History Department at Middle Tennessee State University while attending the graduate programme at Ohio State University, it focuses on the work of three of the UN specialised agencies in the two decades immediately after the Second World War. Its central thesis is that it illuminates a key moment in human history, what the author calls 'the birth of development', when 'discrete groups of people with international stature, expertise, money, power, influence, and the best of intentions, began working to better the lives of other human beings whom they had never met or known, for no reason other than the desire to improve the fate of the human race'.

Much of the book is based on primary material gleaned from the archives of the three organisations and repositories in six countries in a major research effort. Detailed accounts are given of the early pioneering work of these agencies to illustrate what is called a 'professional ideology' of international co-operation in the fields of economics, agriculture and medicine. Key parts of each agency's programmes are then analysed to show how their international agenda worked in practice. The author believes that her book has much to tell us about today's world. The debate about globalisation in all its aspects is, in her view, only just beginning. The book reminds us of some of the first crucial days when people began seriously to consider how they might best live together. While she found that those days were often characterised by failures caused by ignorance and inexperience, they also helped mark this as what has come to be called 'the greatest generation'. She notes that the language currently used and the ways in

which we think are deeply influenced by the thoughts and deeds of that first generation of international civil servants. By understanding these pioneers, she believes that we can better understand the world around us as it is, as well as how it might be.

Staples' conclusions are troubling, particularly for the UN agencies concerned. Her introduction stresses the hope and optimism that surrounded the 'birth of development'. At the end of her narrative, the reader might be left with a feeling of pessimism, summed up by her assessment that, at the turn of the millennium, the world seems to be posing the same questions as it did in 1945, but with seemingly less commitment to pursuing bold new strategies. Hampered by a variety of obstacles, the three agencies' successes have never seemed quite able to match the needs and expectations they helped to create. Instead, by the end of the century, a new model of development had emerged based on empowering the poor to act on their own decisions. Moving away from what she calls the primarily expert-driven, top-down development models of the UN agencies, grassroots organisations have pointed the way towards a new model worthy of the highest aspirations of those who created the UN specialised agencies. She gives two examples of this philosophy in action, the Deccan Development Society in India and the Grameen Bank in Bangladesh, to demonstrate both where they depart from the activities of the UN agencies and where they conform to the ideals that underlay post-war development. She expresses the hope that the UN agencies might be infused with these new ideas and thereby revitalise their missions.

This is an intriguing and controversial book that deserves to be read not only by the staff of the agencies concerned but by all those who aspire to strengthening the work of the UN system. It also raises a number of questions. Why, for example, were these three selected out of the many specialised agencies of the UN system? Why was no mention made of the UN itself and its Charter, which could better be described as providing the 'birth of development'? Why, too, was no reference made to the institutional incoherence of the UN system? And the ultimate question: can the UN system be reformed to respond to the criticisms raised in this book?

D. J. Shaw

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*Visions of Development: Faith-based Initiatives.* Edited by Wendy Tyndale. Aldershot: Ashgate Publishing, 2006. 210 pp. £45.00 hb.

In the middle of this book are two photographs – of a man proudly standing on a new footbridge, and a woman proudly picking her strawberries – you might see in any development magazine; worthy, small-scale efforts, you would think, and move on. How wrong you would be. Their goals and their methods offer a big challenge to development orthodoxy. The man is from a Muslim organisation in Cameroon that has built the footbridge as part of mediation between a Muslim and a Christian community; the woman is part of a Guatemalan group rooted in Mayan spirituality. They are not just interested in footbridges and strawberries.

This book is an anthology of 13 case studies of development initiatives taken by faith-based organisations. They include large movements in India, Sri Lanka and Indonesia – respectively Hindu, Buddhist and Muslim; a Baha'i training institute; an Afro-Brazilian 'Candomble' leader in the slums of a Brazilian city; and the Addis

Ababa Muslim Women's Council. The stories are linked together in a running commentary by Wendy Tyndale – very well placed as the co-ordinator of a dialogue between various world faiths and the World Bank.

The first unnerving thing about them to an economist is that they are driven by a wider range of incentives than normal. Truth and honesty generate trust. There is an emphasis on a spirit of service and sharing. So much we might be familiar with from, say, Richard Titmuss. But how about the comment: 'It is surprising the energy that is released when you stop being attached to the results of your action. You discover how much can be accomplished when nothing is expected in return'? These folk also expect to draw on divine resources; Catholics protesting in front of a police torture chamber trusted that God would give them courage.

The second challenge of this book is to the Millennium Development Goals. They matter, but values of generosity, kindness, justice, humility matter more. The Mayan group growing strawberries also has the goal of spiritual well-being. A Thai Buddhist group only promoted savings groups after community meditation on the dangers of consumerism, since craving is the root of all suffering. The Afro-Brazilian priestess is reinforcing not just the literacy of her community but their sense of self-worth.

So what? Well, partly these groups matter because they can be successful. One has 200,000 volunteers; another is active in 15,000 villages. The leader of a Hindu health programme with tribal people in Karnataka moved on to chair the State Task Force on Health. A Catholic initiative in a poor fishing village in Kerala has led to a World Forum of Fish Workers. More importantly, they matter because they may be right – on goals, on means, or on both. And if they are right, the orthodox direction of development would have to be changed, because we in the development profession are reinforcing an individualist and consumerist world that is deeply corrosive of their goals.

This book is not an argument. It is an anthology, inviting the reader to listen to what the different programmes have to say. Wendy Tyndale reflects on the material, but she could not construct a hypothesis and interrogate the institutions to obtain the evidence to test it. It is all the more difficult to draw global conclusions because these are different groups from different faiths in widely different contexts. But then perhaps there is no one route to development, appropriate everywhere.

They are certainly not representative of faith groups as a whole. These are deliberately chosen as initiatives that are not seeking to convert. There are more aggressive religious groups with different agendas, others which buttress the status quo, and yet others which are not interested in material development like footbridges or strawberries. Not surprisingly, the groups in the book have faced challenges from within their faith communities as well as from outside. Where there are visions, there are divisions too. Many of these groups have been seeking to change the understanding of faith, as well as of the world; the Addis Ababa Muslim women, for example, have been exploring and arguing for a reading of the Qur'an as supportive of women.

You will not get from this book a comprehensive analysis of the role of faiths in development. But it may shake your faith in what development should be.

Paul Spray

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*International Migration Outlook: Annual Report 2006 (SOPEMI)*. By the Organisation for Economic Co-operation and Development. Paris: OECD, 2006. 328 pp. £54.00 pb.

The OECD's annual report on migration is now well-established as possibly the most authoritative overview of migration in the OECD group. This volume covers recent trends (basically to 2004): managed migration (under the title, 'Are quotas and numerical limits the solution?'); a special feature on remittances and their role in development; followed by country reports for each of the OECD member states. This report makes new efforts to harmonise the data for a majority of the OECD group.

It notes that the group is currently in a phase of relatively rapid growth in legal economic migration, raising the issue high on the policy agenda of many governments, even though the bulk of immigration is still family reunification. The growth occurs despite the fact that in some of the more important OECD countries unemployment remains relatively high. The entry of foreign students continues to be of growing significance, even though the numbers of asylum seekers have fallen in most countries since the peak of 1992.

Economic migration is becoming increasingly important, as are temporary migration (seasonal, working holiday-makers, contract workers, etc.) and intra-company transfers. Migrant workers, like the economies they enter, are increasingly drawn into service occupations and self-employment. Irregular migration is a growing government preoccupation, reflected in the intensification of border controls, entry points, detention and expulsion. Source countries are increasingly diversified, and the UK is among the top ten source countries, showing that exchanges are not simply between developed and developing countries, but increasingly for highly skilled workers within the OECD group. The share of women in the flows – already 48.5% in Europe and 49.8% in North America in 1960 – is now 52.4% and 51.0% respectively. The special feature on remittances and development is admirably comprehensive, as one would expect, covering data, methods, trends, transfer mechanisms (and costs) and development impact.

This is an indispensable compendium of information on one aspect of the labour market in developed countries. The only regret is that it is disciplined against pursuing the argument into the labour market itself, to examine, for example, the considerable underutilisation of labour in some national economies as immigration continues high. Immigration is becoming a permanent feature of most developed countries and, sooner or later, will require institutions with the capacity for permanent recruitment and turnover. In the interim, the policy responses are piecemeal, often ineffective and frequently cruel, but such issues are outside the terms of reference of this Report.

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*How to Spend \$50 Billion to Make the World a Better Place*. Edited by Bjorn Lomborg. Cambridge: Cambridge University Press, 2006. 183 pp. £9.99 pb. £25.00 hb.

'If we had an extra \$50 billion to put to good use, which problems would we solve first?' This was the question put to participants at the Copenhagen Consensus, an international conference held in Copenhagen in May 2004 when 38 leading economists

engaged in a debate on how to solve the world's biggest problems: global warming; communicable diseases; civil wars; lack of education; poor governance and corruption; hunger and malnutrition; population and migration; water; and subsidies and trade barriers. The results are produced in this book edited by the director of the Copenhagen Consensus Centre at the Copenhagen Business School, the purpose of the Consensus being 'to build a bridge between the ivory tower of research and the general public'.

Why \$50 billion? Although not explained, this was the amount of increased annual official development assistance to be committed by 2010, according to the OECD Development Assistance Committee, following the Monterrey Consensus adopted at the Monterrey conference in March 2002. But how significant is this figure and what could it buy? It may be put in perspective by comparing it with global military expenditure, which is now over \$1 trillion annually and rising. According to the Iraq Study Group Report (2006), the US had spent about \$400 billion on the Iraq war by December 2006 and with costs running at about \$8 bn a month, the final cost could reach \$2 trillion. US military expenditure was 28% of the federal budget in 2006 compared with 19% on health research and services, 5% on social programmes, and 2% on science, energy and the environment.

A panel of eight leading economists, including four Nobel laureates, listened to all the arguments, assessed the areas of inquiry, and prioritised the solutions. It agreed that first and foremost was controlling HIV/AIDS (\$27 bn). Next came the elimination of malnutrition and hunger (\$12 bn). Trade liberalisation was third; with 'very modest' investments in reform, 'enormous' benefits would result of up to \$2,400 bn a year. Fourth was control and treatment of malaria (\$10 bn). Clean drinking water and better governance were also high on the panel's list. These recommendations may be compared with other proposals. George McGovern, in *The Third Freedom* (2001), made a proposal to halve the number of hungry people at a cost of \$5 billion a year for 15 years (to 2015) and for another 15 years (to 2030) for the remaining half. In *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (2005), the UN Millennium Project estimated the cost at \$121 bn by 2006, \$189 bn by 2015.

While an interesting exercise to focus attention on the world's key problems, the Copenhagen Consensus may be criticised on a number of points. First, the recommendations are made by a small number of selected economists. How different would they be if a wider number of participants were invited, with a larger number from developing countries? Second, as the editor recognises, the book focuses on separate, individual, issues when, in reality, they are mutually inclusive, with strong synergies among them. Finally, the decisions are made by economists alone when there are other powerful social and political considerations in play.

D. J. Shaw

*Houston, TX, USA and London, UK*

*Global Issues for Global Citizens: An Introduction to Key Development Challenges.*  
Edited by Vinay Bhargava. Washington, DC: World Bank, 2006. 482 pp. \$35.00 pb.

This is a revealing book in that it presents the views of 27 World Bank staff on what are described as 'the global issues that affect us all'. Inspiration for it grew out of the Global Issues Seminar Series that the Bank gave to university students from fourteen

developing and developed countries during 2005 and 2006. Seventeen 'key issues' are analysed in four thematic areas: the economy, human development, the environment and governance, many of them requiring international action.

In an introductory chapter, the editor, who is Director of Operations and International Affairs in the Bank's External Affairs Vice Presidency, notes that, more than at any time in history, the future of humanity is being shaped by issues that are beyond the ability of any one nation, however powerful, and he might have added, any one organisation, to solve. He finds that the issues selected for analysis have some common features. They affect a large number of people internationally, are of significant concern to most countries, and have implications that require a global regulatory approach. What is disturbing is that each issue is addressed from the partial perspective of World Bank staff and that the students have been offered a myopic view including only what the Bank wants them to know. Take, for example, the issue of food security. Little reference is made to the work of more than thirty UN organisations with an interest in nutrition and food security. A blatant omission is that, although reference is made to food aid and school feeding programmes, the work of the UN World Food Programme, the largest humanitarian agency, is not mentioned or included in the list of acronyms. The same criticism could be applied to the descriptions of many of the other issues analysed.

One of the first things to catch the eye on entering the Bank's main building in Washington, DC is its motto: 'Our dream is a world without poverty'. Yet, on its own admission, poverty remains deep and widespread. Rather than presenting a partial outward-looking view on global issues, it is time that the Bank undertook an inward-looking analysis of why it is failing to live up to its motto. One of the reasons is that, as this book points out, this is a global issue that requires co-ordinated and cohesive action in which the Bank would play an integrated, and not leadership, role. The outgoing UN Secretary-General did not complete reform of the UN system before he left office. The challenge is for his successor to finish the task by addressing the dysfunctional way in which the UN specialised agencies continue to operate, including especially the isolation of the World Bank from the rest of the UN system.

D. J. Shaw

*Houston, TX, USA and London, UK*

*Financial Dollarization: The Policy Agenda.* Edited by Adrian Armas, Alain Ize and Eduardo Levy Yeyati. New York: IMF and Palgrave Macmillan, 2006. 337 pp. £65.00.

This volume presents the proceedings of a high-level Latin American conference on the policy implications of *de facto* dollarisation co-sponsored by the Central Reserve Bank of Peru and the IMF and held in Lima in 2005. Its focus, reflected also in its participants, was on small and medium-sized Latin American countries where the issue of dollarisation was highly relevant in terms of experience and policy. There were no participants from Brazil, Mexico, Venezuela, Colombia, the Dominican Republic or, surprisingly, the Caricom countries, some of which, like the Bahamas, have considerable dollarisation experience. The contributions are generally of a high quality; the editors have done an excellent job, and the publication comes at an appropriate time. Financial dollarisation is failing to decline, especially in Latin America, despite

progress in reducing inflation and improving macroeconomic indicators, leading to a special interest in de-dollarisation in monetary reform policies.

A major theme of the conference was that bad policies led to dollarisation, which in turn led to bad policies. Thus, although the intended focus was on the phenomenon of dollarisation, a major concern was the need for direct and deliberate de-dollarisation policies, which had been pursued in some countries with positive results. There was hesitancy, though, about such aggressive action. The need is for credible macroeconomic policies, stretching beyond monetary policies to reducing fiscal deficits. However, the underlying importance of good fiscal policies received inadequate attention at the conference, a point forcefully made by Agustin Carstens, Deputy Managing Director of the IMF, in an excellent closing Roundtable on Policy Options and Strategies for Dollarised Economies. He pointed out that a credible fiscal policy for the medium term has not been developed in the region, with the sole exception of Chile, and went further to emphasise other underlying important issues of structural reform and international competitiveness.

The emphasis given to de-dollarisation did not preclude attention to the causes and risks of financial dollarisation and the special problems posed for monetary management and prudential policies in highly dollarised economies arising from enhanced fragilities and fear of floating, and the consequent special need for policies to improve resilience to destabilisation. Recognition was given to difficulties posed for fiscal policy, since dollarisation of the public debt complicates measurement of the fiscal stance and assessment of sustainability. Before progress was achieved in bringing inflation down to manageable levels and macro-policies became credible, inflation-linked lending and payments arrangements helped to control dollarisation and maintain progress in financial deepening. The experience of Chile and Israel with indexation was given to indicate its usefulness in times of high and variable inflation.

Inflation targeting (IT) as a major tool of monetary policy has had success in some countries and should not be eschewed even in countries where dollarisation is high, in spite of the constraints imposed on monetary management and regulatory supervision. Peru's experience in this connection was held up as a useful example. The conference was thus positive on the need for wider use of IT. It recognised that in some circumstances there would be a continuing need for intervention in foreign-exchange markets. Attention was also given to the need to move to more flexible exchange-rate policies and improved prudential arrangements, including taking into account dollar exposure to determine the reserve and liquidity requirements of financial institutions.

The undue emphasis given in the volume to de-dollarisation arose seemingly from an exaggerated view of the adverse effects dollarisation has had in exacerbating instability in recent times in a few countries. The question arises, would dollarisation and its persistence be such an issue if prudent fiscal and monetary policies had been secured in the longer term? Many highly dollarised countries have been building a track record in good macroeconomic and regulatory policies, thus helping to reduce susceptibility to crises even when externally generated. Is it not therefore excessive to continue to emphasise the importance of dedollarisation, as was generally the case at the conference? One would have liked to see a more balanced presentation, including more attention to the benefits of dollarisation and its perhaps inevitable adoption in small open economies such as the Bahamas, especially at this time when the international

regulatory arrangements for banks and other financial institutions are under such close scrutiny.

Bishnodat Persaud  
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*Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies.* By Tara Bedi, Aline Coudouel, Marcus Cox, Markus Goldstein and Nigel Thornton. Washington, DC: World Bank, 2006. 254 pp. \$30.00 pb.

One of the key components of a successful poverty reduction strategy (PRS) is a system for monitoring its implementation and tracking progress. This book attempts to provide lessons on the design and functioning of such monitoring systems based on the experience of twelve countries that have implemented PRSs: Albania, Bolivia, Guyana, Honduras, Kyrgyz Republic, Malawi, Mali, Mauritania, Nicaragua, Niger, Tanzania and Uganda. The focus is on the institutional arrangements, the rules and processes that bring the various actors and monitoring activities together in a coherent framework, rather than on any particular activity or actor. Practitioners are provided with lessons and guidance, diagnostic tools, and a summary of the progress made in the twelve countries. The book is written by members of the World Bank's Poverty Reduction Group, a consultant, and a director of Agulhas Applied Knowledge in the UK.

The authors argue that monitoring systems are central to the effective design and implementation of a PRS in that they support decision-making, foster accountability, and promote dialogue. However, the experience of countries implementing a PRS has shown that establishing a common monitoring system incorporating a range of institutional functions poses a number of practical problems. They point out that, while there is much literature on the technical side of PRS monitoring, less guidance is available on the institutional challenges. The twelve case studies suggest that the following are important in institutional design: strong political leadership, co-ordination of actors, links with line ministries, and involvement of national statistics agencies and local governments. They stress the following as important elements in encouraging the greater use of PRS monitoring information: analysis and evaluation, output and dissemination, and links with budget and planning, and with parliament. They also advocate the involvement of NGOs, private interdisciplinary research entities, universities, unions, lobby groups, and other members of civil society in PRS monitoring on both the supply and demand side. The level and type of civil society involvement in the case studies varied considerably. They conclude that, in elaborating and implementing a PRS monitoring system, existing elements should be built upon, recognising that change will be gradual. The aim should be to start a process of change rather than designing a 'perfect' system. The focus should be on building flexible arrangements that can be adapted to change. Relations, incentives and activities should be clearly defined. Entry points in decision-making processes, and particularly in the budget, should be identified. And the various outputs should be adapted to the intended users.

This publication is something of a textbook. However, it raises a number of questions. Critics will no doubt question whether it is putting the cart before the horse by discussing details of the monitoring of a PRS when more work needs to be done on

defining the PRS itself. They might also feel that implicitly the book recommends a common PRS and monitoring system, when they need to be tailored to each country, taking account of its political, social and cultural as well as economic circumstances. The involvement of the poor themselves in the systems will be essential. And, fundamentally, much will depend not only on how the data are generated but on how they are actually used by national governments and the donor community in achieving a reduction in poverty.

D. J. Shaw

*Houston, TX, USA and London, UK*

*Foreign Aid: Diplomacy, Development, Domestic Politics.* By Carol Lancaster. Chicago and London: University of Chicago Press, 2007. 284 pp. \$50.00 hb. \$20.00 pb.

This book addresses two key questions: what intentions do donors have when disbursing aid; and why do donors choose one set of purposes over another? In answering the first question, Lancaster opens with a history of aid-giving over the past sixty years, during which the intent ranged from advancing donor interests to focusing on recipient needs. The remainder of the book answers the second question: why have donors pursued their idiosyncratic set of purposes? Lancaster offers five case studies.

The first describes the dualism of diplomacy and development within the US, beginning with the Truman administration. Past American aid has served a number of purposes. To explain this Lancaster provides an analysis of the central ideas that have shaped aid-giving since the inception of the Republic, followed by an examination of the nature of US political institutions and how they affect aid as well as a description of the interests (both within and outside government) that have competed to influence the use and disbursement of aid. This chapter evidently draws on her experiences as a former deputy administrator of USAID and is highly detailed and extremely useful. It concludes with how US aid may be in a state of flux, not only with the elevated prominence of diplomatic purposes in aid giving, viz. the 'war on terror', but also with the additional emphasis based on development facilitated in part by the rise of evangelicalism on the Christian right and its growing influence in national politics and policy.

Japan's case study is one of the rise and decline of an aid superpower. Japan's past aid was driven almost entirely by commercial imperatives, in part due to the involvement of the business community and the closed-door decisions made by its bureaucrats. This situation changed somewhat in the 1970s due to pressures from allies (especially the US), prompting Japan to shift its priorities from commerce to diplomacy. Economic prosperity and a desire for international stature may explain why Japan became the largest donor during the next two decades. However, domestic economic crises and major scandals involving its aid led Japan to scale down its aid, focusing on funding infrastructure in selected regions.

France's case is straightforward. Its aid has been fundamentally motivated by diplomacy, with a significant part directed at its former territories, especially in sub-Saharan Africa, in order to maintain a sphere of influence. Disappointment with poor outcomes in that region, expressed by both the general public and a younger generation of French politicians, has recently led France to shift to a more development-oriented

programme, bringing it more in line with other major donors. By comparison, Germany is described as a 'Middle of the Roader', in that its aid reflects three purposes: development, diplomacy and commerce, with the first remaining a high priority over time, especially whenever budgetary pressures have eased.

Although Denmark is a small donor, for many years it presented an image of generosity, contributing the highest percentage of its gross national income among DAC countries. This is attributed to several factors, namely, the Danes' heightened sense of obligation to help the poor and the Social Democratic government's successful engagement of public opinion in favour of aid. The election of a Liberal-Conservative government in 2002 led to a reduction, as public opinion on aid wavered – in part facilitated by the government's budgetary woes and its portrayal of aid funding as competing with domestic expenditures. Although the purpose of Danish aid remains poverty reduction, it now incorporates concerns about national security, conflict and terrorism.

Lancaster concludes by drawing lessons about the future of foreign assistance. The discussion here is useful but is inadequately linked to trade and debt relief – and in particular to whether more liberal trade relations mean a preference for trade over aid. In this context, one might examine whether future aid could be reduced if development were to occur through the judicious expansion of trade with the Third World and the forgiving of unpayable debt.

On the whole, I have one minor and one major quibble with the book. The trivial one is that it deals with bilateral aid only. I wish it could also have dealt with the politics of aid-giving by the large international organisations, as well as with the multilateral aid practices of the donors on which it concentrates. My major criticism of the monograph is that it is embedded in the popular culture of aid, namely, that more assistance is better, and that the higher the development component the better the outcome. However, as William Easterly reminds us in *The White Man's Burden*, the case for higher (development) aid can only be supported if aid ultimately does some good. Hence, a key issue not sufficiently probed is whether the aid policies of the five donors have yielded desirable outcomes in the recipient countries over time. Nonetheless, this is a comprehensive assessment of why aid is given, rich in historical and institutional detail, and meticulous in its coverage of the economic and political factors which affect aid programmes.

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*Making Aid Work.* By A. V. Banerjee with A. H. Amsden; R. H. Bates; J. Bhagwati; A. Deaton and N. Stern. Cambridge, MA and London: MIT Press, 2007. 170 pp. £9.95 hb.

The recent scaling-up of aid flows and the harmonisation agenda have focused on increasing the effectiveness of the international aid system. For example, the Paris Declaration and associated targets have focused on public financial management and procurement systems, donor alignment with national priorities, and increased implementation and evaluation co-ordination between donors. In addition, increasing emphasis is being placed on institutional capacity to absorb increased flows, with a particular focus on politics and governance.

A different and potentially radical approach to enhancing effectiveness has been taken by Abhijit Banerjee and his colleagues at the Abdul Latif Jameel Poverty Lab at MIT. Aid thinking, Banerjee suggests, is lazy thinking: limited numbers of weak evaluations contribute to a lack of consensus around the simplest of questions – what works? Aid interventions, so the argument goes, are too diffuse to be effective, with anecdotal findings from poorly conducted evaluations often framed as social scientific fact. Such lazy thinking, and the costs imparted by using weak evaluative tools, inappropriate methods and inference, reinforce the arguments of aid pessimists. Banerjee and his colleagues, self-professed aid optimists who sit at MIT across from Massachusetts General Hospital, believe that they have an answer to developing a more robust evidence base for aid: to import the medical model of Randomised Control Trials (RCTs) into the aid business.

So, what does RCT stand for? In social science, a randomised control trial is an evaluation of a public policy intervention. Research is structured to answer a counterfactual question: how would participants' welfare have differed if the intervention had not taken place? This involves 'before and after' and 'with and without'. The former are not dissimilar to more conventional evaluation tools that use baseline data, and may suffer from comparable difficulties in isolating the effects of an intervention from wider societal changes. The latter create a robust comparison group who are not directly exposed to the intervention, and whose outcomes would have been similar to those of participants had the intervention not taken place. This comparison allows researchers to estimate the average effect of the intervention across the participant group. The main difficulty lies in minimising selection bias for the two groups – hence the importance of randomisation. There are certainly merits to this approach. Increasing the evidence base for pro-poor decision-making must be welcomed. For example, 'with or without' RCT comparisons that use a naturally occurring experimental design allow for a straightforward interpretation of project interventions. However, Banerjee and his colleagues go further than this: they imply that all aid disbursements should be based on RCT evidence.

Above and beyond questions around contextual specificity, the invited responses to the role of RCTs in *Making Aid Work* can be clustered under four headings: the scale and reach of evaluations; technical concerns; moral and ethical issues; and political dimensions, for both donors and governments.

*Scale and reach of evaluations:* Whilst RCTs appear ideally suited to small-scale projects, they are not suitable for evaluating broad policy changes: macroeconomic policies such as exchange-rate policy or trade regimes are not suitable for RCTs (Goldin et al.; Bhagwati). Neither are labour-market reforms or investments in infrastructure, such as the creation of a power plant or road construction, or the provision of basic services in health and education (White).

*Technical concerns:* Whilst RCTs may enhance efficiency in the allocation of aid flows – getting the most bang for your buck, if you like – 'before and after' RCTs require baseline data that may not be obtainable, and the time required to ensure that interventions are firmly embedded may conflict with the short time horizons of donors and governments (Goldin et al.).

*Moral and ethical issues:* The case for RCTs in the aid industry must confront similar moral concerns to those faced earlier in medicine: path dependence, institutional

histories, and an aversion to accepting that some interventions just do not work. However, the ethical case against using groups of the population as a control group may be strong: are we able to make a case for withholding an intervention from potential recipients as part of a trial when the intervention may save lives? (Goldin et al).

*Political dimensions:* The convincing case for RCTs on efficiency grounds may ignore some wider political factors contributing to aid flows: that donors have strategic interests, and that a country's status may be enhanced by giving aid (Moore). More importantly, aid flows now incur lower levels of project expenditure: direct budget support and a shift towards working on governance and institutional process severely limit the potential for RCT-style evaluations (Moore). A further political angle is highlighted by Bhagwati: RCT trials may increase aid effectiveness, but how does this intersect with country 'ownership'? If an intervention is adjudged to be highly cost-effective using RCT, but is rejected by government on political grounds, the effort spent on rigour and comparison may come to nothing. Such conundrums highlight how the challenge of aid is not just technocratic, but is a social and political endeavour: for example, how can RCTs contribute to efforts to enhance social inclusion and rights? Such questions open up potentially fruitful lines of enquiry: is it possible to combine RCTs with qualitative and participatory modes of research? If so, how? And on the basis of what philosophical standpoints?

The responses to Banerjee's pitch for RCTs are astute, but highly varied. It is clear that RCTs are not a panacea as Banerjee intimates, but they certainly offer a mode of increasing evidence-based decision-making for particular policies at particular times. Locating the spaces and places where RCTs are most suitable, and how they can be combined and iterated with wider evaluation tools, are key questions that development scholars and practitioners should address, not only to enhance the effectiveness of aid, but also to counter the arguments of aid pessimists.

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*Food is Different: Why We Must Get the WTO Out of Agriculture.* By Peter M. Rosset. London and New York: Zed Books, 2006. 202 pp. £9.99 pb.

With the breakdown of the Doha Round of WTO multilateral trade negotiations, primarily over the failure to reach agreement on agricultural trade, this is a timely reminder of the issues involved, especially from the point of view of the developing countries. The author is well qualified to make the case for treating agriculture as a special case. Described as a food rights activist, agro-ecologist and rural development specialist, he is a researcher at the Centre for Studies of Rural Change in Chiapas, Mexico, and co-ordinator of the Land Research Action Network ([www.landaction.org](http://www.landaction.org)), and also Global Alternatives Associate at the Centre for the Study of the Americas and Visiting Scholar in the Department of Environmental Science, Policy and Management at the University of California, Berkeley. He has written extensively on agricultural concerns in developing countries.

The reader is well prepared for what is to come by the Prologue by Kee Kyung Hae, the peasant farm leader from South Korea, to whom the book is dedicated, who gave his life in protest during the WTO meeting in Cancun, Mexico in September 2003.

There is also a Foreword by George Naylor, President of the National Family Farm Coalition in the US, who argues that farmers around the world 'lose out' under the WTO and that claiming that the WTO Doha Round is a 'development round' is a 'mockery'.

Basically, Rosset's case for getting the World Trade Organisation out of agriculture rests on what he considers to be control of the organisation by a small group of developed countries, principally the United States and the European Union, to advance their own interests. He therefore calls for an alternative arrangement with the following salient proposals: market access and protection for developing-country farmers, which would involve stopping the dumping practices of the developed countries and paying fair prices; supply management to regulate over-production; reducing the market concentration of agribusiness conglomerates and actively enforcing existing anti-trust and anti-monopoly legislation in the US, the EU and other developed countries; banning all direct and indirect subsidies on production and/or exports at the international level but permitting other, positive subsidies and public budgets at the national level; and controlling intellectual property rights that impinge on agriculture. Rosset, and others, have suggested that the WTO, which is not a UN body, is incapable of achieving these objectives, and that other bodies, like UNCTAD, ILO and FAO, should be given the task. He also argues that food is not a typical commodity because it affects so many people, and the environment, in such intimate ways. In his view, we can have a food system that gives everyone 'healthy, tasty, affordable and culturally appropriate food'; this would help people stay in rural areas and protect the environment and ecosystem.

In support of his case, Rosset includes a series of what are called 'special topics' as annexes to his book, including: how the WTO rules agriculture; government negotiating blocs; where European and American family farmers stand; where peasant and family farm organisations stand; food from family farm act – a proposal for the 2007 US Farm Bill; a statement by European farmers on a legitimate, sustainable and supportive EU Common Agricultural Policy; and a statement on people's food sovereignty.

Rosset's book adds to the growing chorus of disapproval at the way the WTO is conducting its business regarding the liberalisation of agricultural trade in an increasingly globalising economy. The extent to which he can help trigger major changes is difficult to judge, given the powerful vested interests involved. Much will depend on the attitude of major players, particularly the US and the EU, and increasingly China and India. Current prospects do not appear promising, as the major powers are turning to bilateral regional trade agreements in which their own interests are uppermost and secure.

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*Development Issues in Global Governance: Public-private Partnerships and Market Multilateralism.* By Benedicte Bull and Desmond McNeill. Abingdon: Routledge (Warwick Studies in Globalisation), 2007. 215 pp. £19.99 pb.

This is a discussion, with a set of four detailed case studies, of the growing scale of activities between the explicitly private and profit-motivated, and the official or public, in world development finance. In essence, the study examines this hybrid in order to assess how far official or public multilateral agencies are manipulated to private advantage (resulting in the possible erosion of their legitimacy or, at least, its substitution by an operationally effective vindication), or company private profit-making is being disciplined by the pursuit of non-profit motives.

Initially, the authors lay out the criteria and context of their work, the types of collaboration and the issues at stake in public-private partnerships. They discuss the changing position of multilateral agencies in the context of 'embedded liberalism' and the effects of globalisation. They then describe the radical changes in world development finance, the rise in private flows (loans, equity, private corporate, foundation and NGO philanthropy, worker remittances) and the relative decline in official multilateral aid. They then undertake studies of public-private partnerships in the context of four key issues of particular importance to the poor in developing countries: WHO and the provision of basic drugs; the ILO and the fight against child labour in the tobacco and cocoa industries; UNESCO and the campaign to raise computer literacy in developing countries; and the World Bank and the provision of safe drinking water to the poor in Latin America. The book is well-produced and referenced both from the scholarly literature and interviews with the participants. It is particularly timely, careful and thoughtful.

This is contemporary history and is well done, but inevitably there are problems in drawing up a final balance sheet of on-going processes, in separating the short- and long-term trends. As might be expected, the results are mixed, varying according to the issue selected, the sector (and special segment of the market), the agencies and companies concerned, and perhaps by the historical time period involved. Where the results are most clear-cut, on the authors' account, is in the case of safe drinking water. Here, the mixed motives of the World Bank – to reduce public expenditure deficits and meet the needs of the poor – seem regularly to have sacrificed the second to the first. In one sense this is as much a study of the Bank's attempt to reconcile the perhaps irreconcilable as it is of the role of public-private partnerships.

The other cases are less clear-cut. The conceptual distinction between profit-maximisation and altruism is blurred. As the authors note, the staff of multilateral agencies and of corporate social responsibility departments of large corporations are frequently the same sort of people and together inhabit this hybrid world without discomfort. The multilateral organisations increasingly operate on business principles, and the largest corporations present themselves as responsible quasi-official agencies, a tradition of presentation with a long history (at least from Burnham's *Managerial Revolution* to Crosland's *Future of Socialism*).

Bull and McNeill are necessarily modest in their claims – in health:

some norms of collaborative behaviour are emerging. This process involves a degree of convergence: the multilateral system (including public-private partnerships) is increasingly operating according to market-oriented principles, while in the pharmaceutical companies, there are instances of non-market principled behaviour (p.90).

Or again in their conclusions: 'public-private partnerships may thus be seen as one of a number of indices of the gradual transformation of multilateral organizations from being parts of a compromise of embedded liberalism towards being parts of a system of market multilateralism' (p.171). The detailed stories are chosen with care, and are absorbing and instructive, though one now needs a second volume on the reactions to this account by the agencies and companies concerned.

If there is a criticism of the book it is perhaps that on occasions the authors too easily seem to assume that the difference between profit-maximisation and altruism is self-evident. The introduction by corporations of 'enlightened self-interest' exposes some of the conceptual ambiguities of the simplest idea of profit-making, and the difficulty in giving an unequivocal answer to the question: have companies operated contrary to their interests? Equally, corporate behaviour may vary significantly during the business cycle, and during the political cycle (when the prospect of public honours may be in the air). However, this is an excellent discussion and set of case studies and spotlights trends which contradict many of our assumptions. They also demand the creation of conceptual tools to analyse these new hybrids.

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*Globalisation, Employment and Income Distribution in Developing Countries.* Edited by Eddy Lee and Marco Vivarelli. Basingstoke and New York: Palgrave Macmillan for the ILO, 2006. 254 pp. £65.00 hb.

This book is the outcome of a research project funded by the UK's Department for International Development and implemented by the UN International Labour Office. The editors are respectively ILO Economic Adviser and Professor of Economic Policy at the Catholic University of Piacenza.

The first phase of the project consisted of global reviews of the theoretical and empirical literature (*Understanding Globalisation, Employment and Poverty Reduction*, Palgrave Macmillan, 2004). It was realised at the outset that these should be complemented by detailed empirical studies of a diverse sample of developing countries in order to yield realistic policy lessons on how to maximise the benefits of globalisation in terms of employment generation and poverty reduction. Accordingly, case studies were undertaken in Morocco, Ghana, Vietnam, Kazakhstan and Nepal by development economists from these countries. The focus was on medium-sized countries with between 15 and 80 million people that had experienced a relatively rapid increase in trade and foreign direct investment (FDI) over the past 15 to 20 years, and hence a significant opening up of their economies.

Although the chosen countries had common characteristics, the five case studies showed that they experienced mixed outcomes in terms of economic growth,

employment, income distribution and poverty reduction. They did not 'conform neatly to any generalizations on the impact of globalization on growth and distribution in developing countries'. Employment performance 'broadly mirrored that of growth'. However, there was a common trend of rising income inequality in all five countries, but different outcomes with respect to poverty reduction. Concerning the impact of trade on employment, the most important common outcome seems to be the differentiated effects of export growth and increased import penetration. While in general terms trade liberalisation appears to be beneficial to domestic employment, export-led employment expansion is offset by job losses due to import penetration. The editors therefore conclude that, on the whole, 'a simplistic confidence in the positive employment consequences of trade liberalisation cannot be considered a wise policy attitude'.

The employment impact of FDI is seen as 'much less controversial'. In all five countries, it seems to be beneficial, and to be correlated with employment expansion at both the micro and macroeconomic levels, but this positive effect may be less in countries that are not connected with what is called the 'core' of the globalisation process. Concerning the impact of globalisation on domestic inequality and poverty alleviation, the case studies revealed that on average there was a certain degree of poverty alleviation but a tendency towards increased inequality. However, the channels through which these effects are determined may be specific to each country, and even the overall positive impact in terms of poverty reduction cannot be taken for granted.

The common policy stance among the five countries was the liberalisation of trade and the pursuit of FDI, but with some differences in the extent and nature of these policies. More generally, there were also significant differences in the characteristics of the economic growth they experienced. There were also important contrasts in their policies towards the agricultural sector. In none was there any conscious policy to deal with the impact of globalisation and there was no counterpart in terms of social policy in the policies aimed at the integration of their economies into the global economy. There seems to have been an implicit assumption that trade liberalisation and FDI would automatically increase employment and reduce inequality and poverty. But the editors point out there is nothing automatic about this process. They therefore argue that there is a strong case for adopting specific policies to deal with the social impact of globalisation as part of the overall policy framework for economic liberalisation. Policy-makers must be alert to the incipient sources of growing inequality detected in the countries included in the study. In addition, the availability of skilled labour and, more generally, of a labour force with a good basic education is an important factor influencing the choice of location by foreign investors. Similarly, a better-educated and more skilled labour force will also expand the investment options of local investors and enhance their capacity to become more competitive in the global economy.

The authors hope that this book, together with its earlier companion volume, will constitute a useful input to a challenging area of national and international policy, namely, ensuring that the economic and social benefits of globalisation are spread more widely and equitably both between and within countries. While the project has certainly raised some important questions, it is open to criticism on two significant counts. First, in its empirical form, it is limited to five countries. Inevitably, this raises the question of whether different outcomes would have been observed had a different set of case studies

been chosen, and the need to extend the enquiry to many more parts of the developing world. Secondly, it is explicitly stated that the approach adopted is strictly economic and yet it is well known that the effects of globalisation are also strongly influenced by social and political factors.

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*Africa and Development Challenges in the New Millennium: The NEPAD Debate.* Edited by J. O. Adesina, Yao Graham and A. Olukoshi. Dakar: CODESRIA; London: Zed Books; and Pretoria: UNISA Press, 2006. 288 pp. £65.00 hb. £19.99 pb.

This book in a new series was initiated by the Council for the Development of Social Science Research in Africa to 'encourage African scholarship relevant to the multiple intellectual, policy and practical problems and opportunities confronting the African continent in the 21st century'. Edited by the professor of sociology at Rhodes University and a member of CODESRIA's executive committee, the co-ordinator of Third World Network-Africa, and the executive secretary of CODESRIA, the book has eleven contributions by academics at African universities, originally presented at a 100-strong conference organised jointly by Third World Network-Africa and CODESRIA in Accra in April 2002.

As the editors explain, the contemporaneous launch of the New Partnership for Africa's Development (NEPAD) and the African Union (AU) in 2002 generated within Africa a level of interest and debate not experienced for many years about the role of pan-African institutions in responding to the challenges of development. In their view, what they describe as the stranglehold established by the Washington Consensus from the 1980s prevented a possible pan-African response to the African economic crisis. NEPAD and the AU represented a new beginning.

The book is organised in three parts. The first covers the debate on NEPAD and its critics; the second takes up sectoral challenges in the fields of agriculture, industrialisation, trade, information and communications technology, and education; the final part addresses the problems of financing Africa's development. The text of the conference declaration is annexed at the end. The editors point out that much of the book is concerned with what they call 'the broad contours of the development challenges facing Africa and contained in the NEPAD initiative'. They stress that concern must be focused on policy, not 'declaratory statements', and conclude that NEPAD's policy instruments fail to target most of what the contributors consider to be the fundamental development challenges facing Africa. They call for a 'fundamental reworking' of NEPAD, which they graphically describe as being 'trapped in a time warp – of South Africa before 2004 and the world before 9/11'. At the institutional level, they point out that CODESRIA has developed a number of initiatives designed to move the African social research community forward through a project entitled 'Rethinking Africa's Development'.

This is a refreshing book in that it has been planned, organised, and written by African scholars with a strong sense of commitment. They should be encouraged and supported in their endeavours. But they would do well to remember that Africa will need the help of the international community to overcome its special and acute

problems, and that global economic policies must change if Africa is not to be increasingly marginalised.

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*The Unsettled Land: State-making and the Politics of Land in Zimbabwe, 1893-2003.* By Jocelyn Alexander. Oxford: James Currey, 2006. 230 pp. £50.00 hb. £18.95 pb.

The smoke-filled room was always dark and often chilly. Firelight flickering in weary eyes singled out the several dozen people sitting on the brick floor and crates around the room. On one side were the women, most with babies on their laps. The men took up the larger space, and were for the most part silent. The commune leader would stand and lecture us in *chiShona*, periodically thrusting a fist into the air and shouting ‘*pamberi ne Zanu-PF*’ or ‘*pasi ne underdevelopment*’, the assembly echoing him, confirming our desire to move our Model-B Co-operative farm and Zimbabwe ‘forward’ under the tutelage of Comrade Mugabe and his party. The next day the co-operators would return to the communal fields, reluctantly put in a couple of hours work, and then skive off to their own *shambas* to hoe. When these ex-farm-labourers-turned-co-operators decided to pursue a course of action outside the government’s plan, the co-operative’s patron (a senior ZANU politician) would speed out from Harare in his Mercedes and threaten to kick them out of their huts and off the land. While Jocelyn Alexander does not take up the tale of the Model-B co-operatives, the theme she does explore – the efforts of the Zimbabwe (and before that, the Rhodesian) state to gain authority over the land – feels exactly right.

She traces a number of trends from the colonial era up to the period when President Mugabe ordered farms to be seized from whites and Zimbabwean settlers allowed to resettle them. She does this by focusing on two very different areas – Chimanimani in the east (an agricultural area loyal to ZANU) and Insiza in the centre-west (cattle-keeping ZAPU country). This is a story of development in that it sets out the contrasting expectations of generations of technicians and peasants regarding land use. But it is also a history of the state, and of the successive governments’ efforts to wrest enough control of land from traditional and other local authorities to enforce their centrally devised Plans. All of this is played out on the larger stage of international politics (the Lancaster House agreement and there being insufficient good land available for resettlement).

Alexander concentrates on the politics of land use. She explains how, in the 1980s, for instance, peasants with traditional claims expressed, through their customary leaders, their need for more land for planting and/or grazing. They also opposed (as they had historically) land-use planning that dispossessed them of specific lands, barred their access to other areas, instructed them where and how to live, set a limit on herd size, etc. – demands which often contradicted those of central planners and the party wanting to settle white farm lands with entrepreneurial rather than ‘unproductive’ farmers. Add to this mix ZANU vs ZAPU power struggles (and violent repression) in Mashonaland and state-building more generally, the people’s universal expectations that Mugabe would return the ‘lost lands’ as promised, the ability of well-connected Zimbabweans to bypass the rules and acquire good land illicitly, and the disorderly ‘infestation’ of

'squatters' wherever there was vacant land. Various institutions and individuals in them (chiefs, technocrats, councillors, party leaders, etc.) represented these (often conflicting) interests, and the outcome in any one area, and in the nation generally, depended on the power and capacity of each, but especially the state-cum-party, to achieve its goals.

Alexander's last chapter on 'the new politics of an unsettled land', which is informed by her thorough analysis of the previous century of land policy and practice, is perhaps the most interesting for those who follow Zimbabwe's current affairs. All of the characters are there – ZANU politicians, chiefs, donors, constitutional campaigners, trade unionists and the MDC, disgruntled urban professionals, and the war veterans. In 1997, when Mugabe 'embraced the veterans', he set the stage for 'a period of economic chaos and political realignment that heralded a new politics of land'. Why did he do it? Because 'land was one of the few goods that could still be used as a basis for political mobilisation: in the straitened circumstances of the late 1990s, delivering employment, education and health care was a distant dream of the now politically suspect bureaucratic state.'

Listing (and delisting) of farms and unauthorised farm 'invasions' 'dominated by people from communal areas, but also includ[ing] unemployed workers and war veterans' followed. So did the 2000 constitutional referendum, which Mugabe lost. The 'third Chimurenga' – with Zanu (PF) 'invok[ing] an epic lineage of wars against settler rule' – was declared, and the state's 'technocratic agenda' was submerged in the nationalist rhetoric centred on land. 'Squatting' on land was now more organised and politicised; for example, a vote against Mugabe's constitution was portrayed as 'blocking land redistribution' not about abuses of power by ZANU and the President. 'Enemies' – white farmers and their farm workers, MDC members and urban residents – were identified, victimised and 're-educated'. A partisan 'fast track' resettlement scheme was initiated and legislation passed to legalise occupations *post facto*. This set off 'a bewildering range of conflicts' among those claiming land. By 2003 some 200,000 farm labourers were left homeless, drifting and impoverished; half the population depended on food aid; new settlers found their tenure insecure, while in-fighting amongst the elite over 'prime land' became the norm. By then a new state 'logic' had been forged: 'its authority was to be grounded in political loyalty and patronage, not expert knowledge and bureaucracy', while 'technocrats were left to lament that their painstaking plans ... were "dead"'.

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*Confronting New Realities: Reflections on Tanzania's Radical Transformation.* By Juma V. Mwapachu. Dar-es Salaam: E & D Ltd, 2006. 612 pp. £39.95 pb.

For almost two decades, Tanzania has followed a process of fundamental transformation, with political, economic and social as well as cultural dimensions. In the decades after independence, already existing gaps between urban and rural areas, ethnically and socio-culturally, caused some degree of differentiation, but economic imbalances have increased in recent years and are still increasing. The participation of the Tanzanian people in the process is crucially uneven. For a significant proportion of

the population a sustainable improvement in living conditions still seems difficult to achieve, although macroeconomic indicators show considerable advances recently.

Mwapachu describes the background and recent changes in the transformation process in detail. His presentation is based on insights from his various posts in high-ranking institutions and participation in a number of key bodies over the last 25 years. His deep-rooted involvement in the political discussion at a high level is, of course, revealed in these 'reflections'. Anecdotes and personal experiences alternate with general presentations and international comparisons – a mixture of approaches which provides a comprehensive view of the existing structures and their respective backgrounds.

It is a merit of the book that it clearly identifies critical aspects of the present societal and economic situation. For example, Mwapachu points out that the political parties tend to concentrate more on lobbying and are more 'balkanised along special interest groups', rather than contributing to the establishment of a pluralistic political system and society. Another example is the lack of entrepreneurial culture, which constitutes a crucial impediment to successful widespread economic development. A weakness of the book, however, is the failure of the author to find the actual causes of these deficiencies. A critical view of the past could have been helpful without condemning the Nyerere era. Mwapachu's homage to Nyerere (in Part 1) reveals the unique, but difficult to handle, relations between the political approach in the first decades after independence and the present challenges of the transformation.

In his 'general conclusions', Mwapachu presents only superficial statements. But the elaboration of recommendations and concrete development options to overcome the deficiencies identified would be out of keeping with the character of this book. The book provides a valuable contribution to understanding Tanzania's social and economic situation at the beginning of the twenty-first century.

Stefan Draeger

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*Roadmap to an ASEAN Economic Community.* Edited by Dennis Hew. Singapore: ISEAS Publications, 2005. 327 pp. \$32.90 pb.

This book is a collection of 12 papers presented at the ASEAN Roundtable conference held in Singapore in August 2003, organised by the Institute of Strategic and International Studies. The contributors are a diverse group of academics, politicians and policy-makers, familiar with the complexities of ASEAN economic co-operation in a rapidly changing global environment. One of their aims is to highlight the challenges facing ASEAN, given the region's different levels of economic development, cultural diversity and differences in strategic outlooks and external affiliations.

Hadi Soesastro (Chapter 2) examines the growing trading intensity within ASEAN, stressing the appreciable increase in bilateral and intra-regional trade. In other words, if current trends gain increased momentum the eventual emergence of an ASEAN Economic Community (AEC) by 2020 is not an unrealistic expectation. Michael Plummer (Chapter 3) looks at the lessons European economic integration may hold for ASEAN. He contends that there must be both financial and monetary co-operation, but that the goal should also be the creation of a 'Customs Union plus', based

on open regionalism. He correctly cautions against the cumbersome bureaucracy that has emerged in the EU, a shortcoming that the AEC should seek to avoid.

Akrasane and Arunanondchai (Chapter 4) expand on essentially the same theme, pointing to the need for ASEAN to adopt a more centralised institutional structure – specifically, an ASEAN court to handle trade disputes and Secretariat to oversee regional economic integration. Chapter 5 (Mely Caballero-Anthony) discusses the now popular issue of maintaining a balance between economics and security, also providing a useful overview of the evolution of ASEAN co-operation in this particular area. Vo Tri Thanh (Chapter 6) considers the impact on the newer ASEAN members – Cambodia, Laos, Myanmar and Vietnam – which the author fears could be marginalised by the forces of regional economic integration. He would do well to examine the EU's experience with admitting European transitional economies in order to make credible predictions regarding the future of Asian transitional economies.

Chapters 7 to 9 (Tongzon, Siew-Yean and Findlay) examine three existing regional initiatives – the ASEAN Free Trade Area (AFTA), ASEAN Investment Area (AIA) and ASEAN Framework Agreement on Services (ASAF) – that could serve as potential building blocs for a future AEC. Chapters 10 and 11 (Carunia Mulya Firdausy and Asra, Estrada and Pernia) examine the AEC's impact on labour mobility, poverty and income inequality. Interestingly, the authors raise the same concerns as in the early years of the EU – i.e., the more developed members will prosper at the expense of the relatively less developed ones, but will be swamped by flows of migrant workers, especially those less skilled, etc. The EU experience suggests that many of these negative expectations failed to materialise and the authors would do well to take this into account. Finally, Ramkishan Rajan (Chapter 12) focuses on the financial aspects of regional economic integration, arguing correctly that attempts to develop a common currency for the region are too risky and premature.

This book has an ambitious agenda – mapping the priority sectors for a future AEC. The one key issue that it does not address is: does ASEAN have the political will to integrate? The Europeans were motivated by a strong political will and a common vision. It is difficult to see such a vision within ASEAN, whose members often get side-tracked into signing FTAs with non-ASEAN countries – China, India, Australia, etc. Integration to realise the AEC will not be easy. A final chapter, assessing this question, would have made a fitting conclusion to what is already a very interesting volume.

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*China's Limits to Growth: Greening State and Society.* Edited by Peter Ho and Eduard B. Vermeer. Malden, MA: Blackwell Publishing, 2006. 275 pp. \$35.95 pb.

Ever since the publication of the *Brundtland Report* in 1987, researchers, policy-makers and lay persons have pondered the many meanings of 'sustainable development'. They have also sought to determine the conditions under which economic growth is also sustainable. This book contributes to these twin lines of inquiry by asking whether the tremendous economic growth we are now witnessing in contemporary China is sustainable and, along the same lines, whether there are any environmental limits to this growth. Let us sample eclectically from its contents.

In his chapter on the environment and modernity in transitional China, Arthur Mol advances an ‘ecological modernization’ perspective. As he helpfully points out, ecological modernisation refers to ‘a restructuring of modern institutions to follow environmental interests, perspectives and rationalities’ (p. 27), the key being to study trends rather than focus on ‘a static state of the art’ (p. 37). We learn that, in the Chinese context, the four most salient trends concern political modernisation, economic actors and market dynamics, institutions in addition to the state and the market, and international integration. On the basis of his study of these trends, Mol concludes that economic institutions are required to play a certain desirable role. However, this will occur only if the pertinent economic institutions are pressured by the environmental state, by international institutions and, most importantly, by civil society.

In their splendid Chapter 4, Stephanie Ohshita and Leonard Ortolano consider ‘how the intertwined issues of environmental reform and economic reform have affected efforts to reduce coal-related air pollution in China’ (p. 73). According to them, the notion of ‘fragmented authoritarianism’ helps explain why, despite the best attempts of the government, the diffusion of cleaner coal technologies (CCTs) in China has been slow. Their analysis leads to three major conclusions. First, although there has been some ‘greening’ of the Chinese state, significant efforts are still needed ‘to reconcile environmental protection with economic development’ (p. 92). Second, enforcement of environmental policies by local governments has often been lax. Finally, central government intervention will continue to be required ‘to counter market signals that lead to actions with negative environmental impacts’ (p. 92).

The trinity of environmental reform, technology policy, and transboundary pollution in Hong Kong is competently discussed by Richard Welford, Peter Hills, and Jacqueline Lam in Chapter 7. We are told that, although this was not always the case, the ‘seriousness of Hong Kong’s environmental problems and their negative implications for the [special administrative region’s] future economic prospects now appear to be accepted within parts of the government and among influential sections of the international business community’ (p. 152). Even so, they rightly point out that the only way to ameliorate the serious problem of transboundary pollution between Guangdong province and Hong Kong is by increasing ‘effective communication and cooperation between the two sides’ (p. 156).

The concluding chapter by the editors takes intelligent stock of the current situation and suggests meaningful future initiatives. In particular, we learn that, although some ‘greening’ of both the state and society has taken place, there are significant differences between the recent experiences of China and Western industrialised nations as far as environmental management is concerned. More importantly, the editors remind us that ‘the greening of state and society are insufficient to guarantee sustainability’ (p. 251). The government therefore has an important role to play to ensure that its citizens do not remain indifferent to the condition of the environment but demonstrate ‘a greater sense of alarm’ (p. 265).

Let me conclude this review with the following five observations. First, there are a few questionable claims in some of the individual chapters. Second, some of them – such as Chapter 10 – would have profited from a more detailed econometric analysis of the data obtained. Third, and inexplicably, little attention is paid to the substantial literature on sustainable development. Fourth, there is insufficient attention to the non-

trivial problem of optimally sequencing economic and environmental reforms. Finally, the above observations notwithstanding, this is, in general, a fine book. I therefore recommend it to readers wishing to learn more about contemporary Chinese experience in dealing with issues at the interface of the environment and economic growth and what it means for the notion of sustainability in China and in other parts of the world.

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*The Political Economy of Asian Transition from Communism.* By Sujian Guo. Aldershot: Ashgate Publishing, 2006. 222 pp. £50.00 hb.

Over the last couple of decades, there have been significant changes in the political, economic and developmental strategies of Asian countries to ensure a decent standard of living for their citizens. The publication of this book is thus timely. It provides a lucid account of the transition from state socialism in five communist countries (China, North Korea, Laos, Vietnam and Cambodia). Moreover, it compares their experience with that of Russia and Eastern Europe.

There are two schools of thought pertaining to the nature of transition. The shock therapist favours the simultaneous introduction of reforms in all sectors, as seen in the big-bang approach to transition in Eastern Europe in the early 1990s which led to an unexpectedly large and persistent reduction in output growth. In contrast, the gradualist approach introduced in the five Asian countries resulted in a significant rise in economic growth, except in North Korea. Indeed, China is often cited as the leading example of the successful gradualist approach. The choice of reform policy in the Asian countries has been constrained by the leadership's perception of the need for higher economic growth and for maintenance of the power of the communist party, and is based on the interplay of politics and economics.

Following the historical background to transition in Chapter 2, Chapter 3 identifies the major factors contributing to the transition across these Asian countries and the reasons for the reforms. All five countries had close ties with the Soviet Union in the early stages of their communist development and followed the Soviet model of agricultural collectivisation, prioritisation of heavy industry, state ownership, central planning and state monopoly of foreign trade. They therefore faced similar structural problems and economic difficulties, largely contributing to the reforms of the early 1980s. Chapter 4 sheds light on the strategic choice resulting from the interplay between state and market, and explores the interaction of politics and economics in determining the variations in outcome. The pace and direction of reform in all five countries have clearly been shaped by a decade of discontent, disagreement, debate and balance between reformers and conservatives along the three main dimensions, which has resulted in a phased, experimental and dual-track pattern of transition. One thing to be learned from the Asian transition is that support for reform can be obtained by introducing step-by-step reforms if the reformers are in a relatively weak political position, whereas a strong pro-reform government can succeed with a big-bang reform strategy.

In Chapter 5, Guo makes a real attempt to assess the impact of transition by considering some key indicators of market socialism. He argues that Cambodia has

made the most significant progress towards a market economy and North Korea the least. However, he rightly points out that few of the economies can be characterised as free-market economies because of the dominance of public ownership overall. Apart from Cambodia, a hybrid or mixed economy has emerged during the transition phase in which the socialist public sector co-exists and competes with a rising private sector in a political, economic and cultural context defined and controlled by the communist government. Problems in market reform and finding viable solutions to them are examined in Chapter 6. In the transition from state-based to market-based socialism, the restructuring of property rights has become the main task in Asian communist countries. In contrast, the transition economies of Eastern Europe and Russia have shown that fully fledged privatisation does not guarantee the efficient use and allocation of resources and fails to achieve economic efficiency and productivity as expected by neoclassical economists. Guo himself suggests a new model, a trustee of state property (TSP) regime, for achieving both higher economic growth and efficiency.

This book is well organised and is essential reading for those engaged in devising new policy frameworks for the transitional economies of the world. The author has made a tremendous attempt to present the whole story of transition in a lucid manner and deserves much credit.

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*China and India: Learning From Each Other – Reforms and Policies for Sustained Growth.* Edited by Jahangir Aziz, Steven Dunaway and Eswar Prasad. Washington, DC: International Monetary Fund, 2006. 281 pp. \$35.00 pb.

In this era of globalisation, the economic performance of Asian nations in general has attracted a considerable amount of attention. The two countries that have now become the cynosure of observers are China and India. When one ponders the future prospects of these two populous nations, a number of questions spring to mind. For how long will they continue to grow at the current rates? What can they learn from each other? Can one design policies to ensure sustained growth in both? Is it reasonable to suppose that economic co-operation between them will increase in the future? This book contains some of the papers presented at an international seminar held in Beijing in October 2005, its purpose being to shed light on these and other related questions. Specifically, the thirteen chapters are arranged in five parts, covering banking, securities markets, financial integration, other policies for sustaining growth, and economic co-operation.

Chapter 1 addresses the salient question of the role banks played in promoting economic growth in India and the impact the 1991 reforms had on the banking sector. It claims that the reforms removed some of the key protective measures ‘that kept the [banking] structure broadly intact, and that it is fortuitous that we are not in a major banking crisis today’ (p. 6). It notes that the removal of two of these measures – industrial licensing and full control of interest rates – combined with inadequate regulation of risk management, government ownership, and the occasional fresh insertion of capital, ‘produced effects that served to cancel each other out as interest rates declined rapidly’ (p. 17).

The problems faced by the Chinese securities industry are tackled in Chapter 6, which correctly points out that opening up this industry has been a painfully slow process. As a result, foreign investment is very limited, the foreign firms that have been attracted to China are not the most competitive, and the 'performance of the few joint ventures that have formed is unsatisfactory' (p. 136). The chapter goes on to note that the securities industry in China has much to learn from the same industry in India, because the Indian securities market not only opened up much sooner (in 1992) but there are also 'no restrictions on foreign shareholding or scope of business' (p. 138).

Domestic financial liberalisation in India and international financial integration are the subjects of the lucid Chapter 7, which notes that the reform of the financial sector has been quite successful. Significant 'liberalization and ... significant international financial integration have occurred without, so far, a major financial crash' (p. 161). The chapter then proceeds to provide an intelligent discussion of the pros and cons of capital account convertibility, finally disagreeing with the view of those who believe that 'premature liberalization of the capital account could be so damaging as to jeopardize the whole reform effort' (p. 173).

Labour mobility is discussed in Chapter 11, a basic claim being that labour markets are best understood 'in the context of the wider social structure and institutions in which the developing economy is embedded' (p. 243). We are then told that just because there is no *Hokou* or household registration system in India does not mean that labour in India is free to move in an unfettered manner. Finally, it is noted that China has been successful in mobilising labour easily and inexpensively. In contrast, in 'India, industrial labor is comparatively expensive, highly unionized and politically affiliated, and widely seen as an active enemy of reforms' (p. 252).

I conclude this review with the following four observations. First, like many edited volumes, the quality is somewhat uneven. Many chapters are perceptive and provide the reader with useful food for thought; others, unfortunately, are little more than personal reflections with minimal analysis. Second, although many of the individual chapters comment usefully on specific aspects of the Chinese or Indian economies, the book would have profited from a more explicitly *comparative* perspective. Third, insufficient attention is paid to the non-trivial problem of optimally *sequencing* economic reform. Finally, because of these points, I cannot recommend this book unreservedly. Even so, an eclectic reading of the chapters I have commented on will provide readers with engrossing accounts of specific aspects of the economic structures in place in contemporary China and India.

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