

strengthening of the trade policy review mechanism and other institutional elements of the GATT, the long years invested in the negotiations will continue to sustain the global trading system and ensure the availability of undiminished, if not greater, gains from trade well into the next century.

Inspection of the IIE standards for evaluating the Uruguay Round, however, raises some concerns for "grade inflation". Advanced in 1990, the IIE standards were highly pragmatic and recommended that, especially for the difficult negotiations on agriculture, half-a-loaf was better than none. What emerged in December 1993 as the final outcome of the multilateral trade negotiations amounts to substantially less than half-a-loaf of trade liberalization and other reforms. For instance, the weak terms of the agreement on agriculture and especially the binding of extremely high tariff rates under the requirements for tariffication of non-tariff barriers (NTBs) suggest that no more than a few thin slices were cut from the full loaf of possible reforms to world trade in agriculture.

That the establishment of the World Trade Organization and the other institutional reforms to the GATT will restore confidence in multilateralism and the GATT trading system is also problematical. From a somewhat jaundiced perspective, the creation of a new international organization at a time when the relevance and efficacy of the two Bretton Woods institutions, the International Monetary Fund and World Bank, are increasingly being questioned seems archaic and even counterproductive to the extent the new organization holds about equal potential for advancing greater administered trade as free trade under what has proven to be a politically-malleable General Agreement on Tariffs and Trade, which provides for liberal economic principles (Articles I-III) but also a long list of exceptions (Articles IV-XXXVIII).

An important manifestation of the problems facing the GATT system is the increasing competition in pursuing effective trade liberalization from regional trading arrangements, in Asia as well as Europe and the Western Hemisphere. For

example, the intention of the Asia-Pacific Economic Cooperation (APEC) forum to establish a free trading area in the Pacific Rim seems undiminished in the wake of the conclusion of the Uruguay Round. Moreover, given APEC's importance to world trade and its all but formal commitment to "open regionalism", the prospect of an APEC free trading area is viewed in some quarters as a potentially more dynamic and effective instrument than GATT for promoting the next major expansion of MFN-based trade in the world economy.

While the last comments are at some odds with the IIE assessment of the Uruguay Round, they do not detract from the fundamental contribution of the Institute's latest volume to promoting greater understanding of the new GATT agreement, its implications for trade and economic welfare in the world economy, and the still appreciable agenda of further reforms to the international trading environment that might be pursued in future rounds of multilateral (or regional) trade negotiations.

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***50 Years of Development Studies.* By H.W. Arndt.** Canberra: National Centre For Development Studies, Research School of Pacific Studies, The Australian National University, 1993. Pp. xxi and 263.

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Ross Garnaut's expression of appreciation to Dr Arndt for his five decades of contributions to the study of economic development begins the volume by observing that, "Heinz Arndt's long and continuing career as a professional economist in Australia has probably been the most influential of his era." (p. v) In response to this point, Dr Arndt begins the preface to the book by reflecting back over his career in development economics. In doing so, he points that he

... was fortunate in being in at the start when Rosentstein-Rodan and others began to think about

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economic development in the context of plans for the post world war ... [and] had the benefit of spending most of [his] professional life in a relatively young country still wrestling with problems of development. (p. xii)

In terms of his career, Dr Arndt's interest gradually broadened in scope from theoretical to development policy foci, and he eventually came to take an interest in the problem of the developing countries in Southeast Asia. His *50 Years of Development Studies* contains within its covers the rich and valuable contributions of one who, according to Garnaut, "... has led the Australian economics profession as correspondent, commentator, supervisor and editor and is close to its most prolific author." (p. v.)

The volume is organized into three sections, each of which contains eight of Arndt's original papers and a brief introduction to each written by him. Together the twenty-four contributions cover the period 1942 to 1993. The numerous topics addressed by him defy a review that deals with each of them. In fact, choosing a representative sample of them also defies rational selection. Therefore, only suggestive general points will be made so that the reader can get a sense of the book's contents.

Part I, titled Beginnings, starts with a discussion of agricultural surplus population which, in 1942, concluded that production processes in post-war Australia,

... must tend towards more labour-intensive methods and types of agricultural production; labour saving improvements, such as mechanization will, generally speaking, be undesirable in a later phase, when further progress of standards of living by industrialization may require the release of (hitherto occupied) labour from agriculture. (p. 11)

As Dr Arndt's writings continued to take shape, they had a strong theoretic-empirical bent but they were always designed to be bases for policy discussions. His earlier works, continued in Part I, focused largely, though not exclusively on Australia, and ranged over topics including economic development, trade needs of developing countries, and the importance of technology transfers.

Part II contains eight papers on specific policy issues beginning with one on official development assistance (ODA). This section has a central focus on ODA and other forms of financial transfer and institutional developments in recipient countries. Dr Arndt makes good sense throughout this entire part of his book and, about aid, he makes this intrinsically valuable point,

[An] idealistic insistence in donor countries on the humanitarian motive for aid, however noble and perhaps helpful in coaxing dollars for aid out of taxpayers' pockets, can only do harm. From the point of view of morale and self-respect of the recipient countries, the less rhetoric about humanitarian motives and the more cool presentation of aid as being in the donor countries enlightened self-interest the better. If we all came to see aid frankly, like trade, a two-sided business relationship in which the donor and recipient both pursue their respective national interests as they see them, the moral argument for self reliance as a matter of dignity and national pride would largely disappear. (p. 100)

The author goes on to discuss points related to the concept of the New International Economic Order to the role of political leadership in economic development. All of this leads to the final and perhaps the most interesting of the book's three parts — discussions of "doctrine". More specifically, Arndt deals with matters such as external economies in economic growth, the "trickle-down" myth, the origins of structuralism, "market failure" and underdevelopment, the origins of economic structuralism, the relationships between saving, investment and growth, and sustainable development. Indeed, sustaining growth and development is the section's integrating theme, one Dr Arndt confronts via a heterodoxy that integrates a range of doctrinal approaches. The breadth of his intellectual grasp, it seems to this reviewer, will particularly interest institutionalist (or evolutionary) economists who devote themselves to a broad and integrated approach to the study of economics as reflected in publications such as the *Journal of Economic Issues*. But beyond this cadre of potential readers, the volume really is directed to a wide audience.

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The volume's obvious appeal will be to those directly acquainted with Dr Arndt and/or his works, and to others for whom his contributions to the discipline are an important part of their professional "tool-kit". It will also interest those in the profession who are less directly acquainted with his writing but who, like him, have an interest in, and a concern for, economic growth and development in Southeast Asia and elsewhere. The book is obviously worth reading, either in its entirety or in part. The reader, however, must keep this point in mind: each contribution in the volume must be evaluated and appreciated within the context of the state of the discipline that existed at the time of its original publication.

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***Business and Government in Industrializing Asia.***  
Edited by Andrew MacIntyre. Sydney: Allen and Unwin, 1994. Pp. 312.

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As editor, Professor MacIntyre contributes two chapters, and puts together a diverse team of knowledgeable and independent-minded scholars to develop a lucid and cogent appraisal of the similarities and contrasts in the roles and relationships of business and governments in the economic development of six countries.

The six countries are in two regions — Northeast Asia, defined to include only Taiwan and South Korea, and Southeast Asia, defined as Malaysia, Indonesia, Thailand and the Philippines. The chapters therefore provide lessons on the development experience between two of the successful Asian dragons (of Northeast Asia) and four of the aspiring dragons (in Southeast Asia).

The book builds on the rapidly growing body of literature that focuses on the significance of structural or institutional relationships in economic development. The coverage of the

theoretical and empirical evidence on business and government in development is timely, since it follows other publications that contrast, on the one hand, the success of the "Asian economic miracle", with doubts about the future sustainability of growth by current dragons, and the applicability of their success to future dragons, on the other hand. The book is particularly relevant in the context of a more open and a more interdependent world economy, where knowledge flows as freely as goods.

As the editor points out, the authors do not gloss over the contrasts among these six countries; nor do they attempt to provide a definitive model for business-government roles and relations. Indeed, for the thoughtful reader, the book will probably raise more questions than answers, because it describes a rich and complex economic tapestry, even for a "limited" study of six countries.

The authors address the issue of business and government roles and relationships in four ways:

1. The authors reinterpret the critical factors in the relationships between business and government, for example, in assessing the qualities of the "strong state" in its presence (in South Korea) and by its absence (in the Philippines).
2. The chapters combine theoretical and empirical approaches in studying the six countries. The different authors first review the literature and then take positions. For instance, the chapter on Strategic Trade Policy builds on theories of imperfect competition, and offers a somewhat more constructive view of the much maligned notion of "protection".
3. The issue of business and government relations is presented in a dynamic, evolving context, rather than as a static, timeless phenomenon. The chapter on Booty Capitalism in the Philippines is valuable by itself for its insight on the constraints to progress in the Philippines. It also offers a matrix on the "Heuristic Typology of Capitalist Systems", which implies a process of transition from a "patrimonial" to a "rational-legal" state.
4. The book avoids simple dichotomies of state intervention as active or passive, or as free market