

studies has contributed considerably to distorted perceptions of other economic issues (for example the supposed closeness of the Japanese market).

One of the reasons the more comprehensive studies may understate the importance of internationalization in this context is the lack of data that measure what is really the subject of study here. In particular, it is bothersome that the patent data used in Chapters 3–4 are measured only by number and that no attempt has been made to distinguish between the economic value of different patents. If such measures, even rather bad proxies, could be constructed, they might reveal patterns which are significantly different from those suggested by the number of patents alone. However, the development of such measures would clearly be a monumental task, if it is possible at all. Moreover, since the empirical work in this area is lacking as noted above, the authors of the more comprehensive studies in particular deserve praise for making important contributions by presenting important new empirical evidence, despite whatever weaknesses the databases may have.

As the above comments indicate, the state of knowledge on the internationalization of R&D and technology in multinationals is far from ideal. Although a reasonable conceptual framework for analysing the issues has evolved within the context to the theory of the multinational firm, measurement problems and the lack of empirical evidence still represent significant constraints on researchers. In the words of the editors (p. 223),

It is yet premature to make a coherent synthesis and to offer conclusions ... This is a reflection of the current state of knowledge in which we know a great deal of the phenomenon itself and some of its determinants but little in the form of systematic, quantitative evidence of its effect.

In view of this point, I would like to appeal to researchers working in this field to continue their efforts to expand and improve the empirical research on this important topic.

ERIC RAMSTETTER
Kansai University

***The Control and Management of Government Expenditure: Issues and Experience in Asian Countries.* By United Nations Development Programme and Economic and Social Commission for Asia and the Pacific. New York: United Nations, 1993. Pp. 496.**

This volume presents information on time trends of, and procedures for, government budgeting in nine selected Asian countries. It contains data on the magnitude of total government expenditure (TGE), the ratio of TGE to gross domestic product (GDP), the composition of TGE, and the growth of each over time. It discusses the different budgetary procedures that take place in each of the countries — budget preparation, approval procedures, control of expenditure, *ex post* evaluation. It also discusses various measures of budgetary discipline (or lack thereof).

What appears to be the underlying motivation of the manuscript is an attempt to come to grips with the role of the state in economic development. A measure or index of this role, it is argued, is the ratio of TGE to GDP. But as the manuscript correctly points out, it is difficult to establish a causal link between this ratio and economic development. Governments are subject to different demands from their constituencies that will have an effect on the structure or composition of TGE. The resulting composition could very well reflect on the one hand forces that promote development and on the other forces that pull in the opposite direction. An example of the latter might be subsidies designed to pacify politically powerful agents.

The strength of the manuscript lies in the detailed description of the budgetary process in each of the nine countries. The country studies provide a rich base of information on the actual process, from preparation to *ex post* evaluation. Particularly interesting is the way governments partition their expenditure between those that are meant to promote development and those that are meant to maintain current operations. In some the partition is done in terms of current versus capital expenditure, and in others in terms of recurring versus

development expenditure. The partition appears to be determined by external considerations. For example, in Bangladesh, some expenditure that normally should be classified under recurring expenditures, such as salaries of staff on a particular project, are diverted to development expenditure in order to gain access to donor funds (which the country has become heavily dependent on for its development budget).

I found Chapter 5, which is on the effectiveness of government social programmes, the clearest methodologically. The approach used by the author is simple but clever. In order to obtain a measure of the effectiveness of a government's social programmes, he compares the composition of government expenditure, breaking them down into various social categories (whenever possible), with the announced goals of the government. Discrepancies, of which there were many, suggest failure to meet objectives. Of course, there may be many other reasons why the actual allocation of expenditure did not match the rhetoric. Nevertheless the analysis gives a good first approximation of failure or success,

What I found wanting in the manuscript was an analysis of why the budgetary process is what it is. The book would have been much more interesting if the first chapter, which compares all nine countries, attempted to link political systems (and there are nine different types) with budgetary processes, that is do a positive analysis of the political economy of budgeting. This would have given policy-makers an idea of the structural or institutional bases of budgeting. In fact, in some of the countries studied there were drastic changes in political regimes and/or systems which would have lent themselves readily to this type of analysis.

Some of the country authors do discuss political economy factors. For example, in his paper on the Philippines, W.G. Nuqui discusses the significant changes in the budgetary process brought about by the ouster of Ferdinand Marcos and the establishment of a democratic regime. Similarly, Young-Dae Yoon discusses very briefly the political factors underlying the change in the budgetary process in Korea when Park Chung Hee

and the military took over the government. I would have liked to see both press further on the issues they raised.

While the manuscript did not quite go as far as I would have liked, it does provide much of the groundwork needed to undertake an in-depth study of the political economy of budgeting. I think such a study would be immensely useful to policy-makers because it would reveal the kinds of constraints one might face in implementing planned economic programmes and the kinds of strategies that one might devise to overcome them (assuming of course the study is done correctly). Information on this is sadly lacking. There are mounds of studies of the sort that says X is the best practice of policy Y. But there is very little that provides guidance on how to implement X.

JOSE EDGARDO CAMPOS

The World Bank

Indonesian Assessment 1993—Labour: Sharing in the Benefits of Growth. Edited by Chris Manning and Joan Hardjono. Canberra: The Australian National University, 1993. Pp. 326.

This book is a follow up of the tenth anniversary of the Indonesia Update Conference held in August 1993 at Australian National University in Canberra. The rationale is concisely presented, as in the following quote from the Introduction,

Labour was chosen as the special theme for the conference mainly because of the growing national and international focus on labour issues in Indonesia in recent years. While the country has made important steps forward on a number of fronts — in general economic conditions, education, health and poverty decline — there has been growing feeling that labour has been left behind in the development process.

Although this volume was published in 1993, it seems timely to review it in light of the labour strikes in Medan on 14 April 1994, and their reverberating impact. The impact is felt not only