

Soesastro sees the PECC's intellectual contribution to APEC in case studies, setting out APEC's non-binding investment principles, APEC concerted unilateral trade liberalization modality, competition policy principles and open regionalism. But as PECC became APEC's research intellectual think-tank, if one goes, both go.

Kihwan Kim on the Asian financial crisis as turning point fits the anniversary scorecard. Both PECC and APEC are amiss in any financial forum, more on investment, trade, human resources development, and the environment. In the hype of the 1970s, Asia seems in no need of financial sense, no prescience, premonition before 1997, but a whole industry grew to ad nauseam, afterward.

Jusuf Wanandi looks forward, taking a political lens to view emerging challenges. He could not have missed China, but anyone can see that China is not Japan. Whereas Japan was a benevolent midwife to the PECC, China is the baby birthed, its entry as big as it resonates.

Hugh Patrick takes the PECC, APEC, and the East Asian Economic Cooperation with Ohira's legacy as a reference backdrop to see twenty-first century issues. By birth, contribution and the Canberra road since 1980 for PECC and 1989 for APEC, the Asia-Pacific is an Australian coinage in more ways than one. Australia needs an uplift into Asia. Australia is an acceptable buffer for the United States and Japan. It gave a leg-up to Pacific Latin America.

The annexes record geography, names and anniversary paraphernalia. The book seems like a talk of PECC folks, back and forth, which could be assigned or edited neatly. Otherwise, the nuances are of interest only to the pioneers. What other purpose is served, may be off-putting to bore an outsider, trivialized by PECC veterans or the uninitiated young who wants to start from ground up with no historical baggage. The photos in the middle may serve the purpose, just to go down memory lane.

The next anniversary project has plenty to do. It could answer one simple question: would it have mattered if there were no PECC? If accomplishments are by way of history and reminiscences of various conferences, the

twenty-fifth project has fulfilled its purpose. But has PECC fulfilled its purpose? It is hard to judge oneself, with meagre resources, notwithstanding distinguished academic volunteers. If they did nothing by way of PECC's existence, they would be equally faulted. Reality check is the satisfaction of the intellectual elite, policy-makers and by a longer stretch, business community, not mere chat rooms.

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***The Pioneers of Development Economics: Great Economists on Development.* Edited by Jomo K.S.** New Delhi: Tulika Books; London and New York: Zed Books, 2005. Pp. 234.

The central preoccupation of modern economic thinking over the past two centuries has been the question of how best to foster national economic development. Emerging in conjunction with industrial capitalism, economic thinking has given rise — after many permutations — to a dominant orthodoxy popularly known as the “Washington Consensus”, which promotes a Neoliberal economic order based on the profit motive, markets, and free trade.

The current book is part of a trilogy that aims to trace and reassess the development of economic ideas, presenting both a critique and an alternative discourse to the dominant Neoliberal paradigm. In a crucial contribution to the history of economic thought, the contributors to this book revisit and reassess important contributions to the debates surrounding economic development through analysing the work of many economists that are not normally considered pioneers of development economics.

The authors of the volume suggest that the way forward for development economics is to reject

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the imperialist and nineteenth century English liberal economic orthodoxy and instead build on the heterodox economic legacies of various development economists examined in the book. Indeed, this book (and the two others in the trilogy) is part of the ongoing reassessment of economics as a discipline to make it less “autistic” and respond more effectively to the needs of the developing world.

In doing so, the essays in this collection provide a “critical response to formalistic reductionism in development economics” as well as a wealth of alternative views on economic ideas from “the pioneering generation of the post-war decades, reflecting the diversity that still characterised economic thought at that time, before the orthodoxy of today was established” (pp. vii–viii).

This current volume is comprised of sixteen chapters, and in its introduction, Jomo K.S., currently Assistant Secretary General for Economic Development in the United Nation’s Department of Economic and Social Affairs (DESA), contends that a re-evaluation of the history of development economics provides an “opportunity to challenge the current ‘limited and limiting’ Neoliberal perspective, whose fundamental categories of analysis are necessarily linked to particular historical circumstances” (p. viii).

Prabhat Patnaik, in the first chapter of the book, argues that the division between “economics” and “development economics” as disciplines should be rejected, as underdeveloped economies are not merely laggards struggling to catch up with developed economies. Rather, their state is a result of their interaction with metropolitan capitalism, and not due to their “pristine pre-capitalist condition”. Prabhat Patnaik argues that “developed and underdeveloped countries together constitute the totality of capitalism” (p. 6) and this totality must be the domain of analysis of economic theory, to be treated as a whole.

The following chapters reassess the contributions of many different economists in their richness and variety to ideas on economic development. While Karl Marx, Vladimir Ilyich

Lenin, Alexander Gerschenkron, Raul Prebisch, Arthur Lewis, and Hans Singer are normally seen as key — albeit heterodox — thinkers in the development of ideas in development economics, other contributors in the book also assess the works and ideas of economists such as William Petty, Friedrich List, Alexander Hamilton, Alfred Marshall, Michael Kalecki, Nicholas Kandor, and John Maynard Keynes.

Given the richness of the debates that the chapters in the volume discuss, this review focuses on two chapters as examples: Utsa Patnaik’s chapter on David Ricardo and Kari Polanyi Levitt’s on his father, Karl Polanyi.

Utsa Patnaik, in his contribution to the volume, takes David Ricardo to task and argues that his theory of comparative advantage rests on an erroneous assumption. Patnaik exposes the historical context of Ricardo’s theory, the world of colonial trade, which has served the colonial masters well — to the detriment of the colonies.

Ricardo’s well-known theory is based on a two-country, two-commodity model, and assumes that both goods can be produced in both countries. Ricardo contends that if the unit production cost is lower in one country for both goods compared to the other, then their relative cost of production differs. In this situation, Ricardo argues that there is basis for mutually beneficial trade through specialization in the good, which the first country has lower relative cost and just exchange with each other.

Patnaik points out that the assumed benefits arise from an actual physical increase in total output owing to specialization. Ricardo’s theory is then put forward as a general argument for explaining all trade. However, Patnaik points out that the assumption that both goods are producible in both countries, and thus the shifting of resources used in producing one good to another is only applicable when both countries have a similar production structure and can thus produce both goods. However the model becomes inapplicable when considering trade between temperate advanced countries and tropical developing countries because such trade involves goods which

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cannot be produced at all in temperate regions, and for which cost of production and transformation frontiers cannot be defined.

Indeed, even the example that Ricardo cited to support his case, Portugal and England producing wine and cloth, is itself problematic because while the warm temperature of Portugal can produce both wool and grapes to make cloth and wine, the cold temperature of England can produce wool for cloth but not grapes for wine! In the same way, the countless primary goods traded from temperate developing countries such as cane sugar, coffee, tea, cocoa, jute, rice, rubber, palm oil, and many more could never be produced in the cold climates of Europe or North America.

Yet, as Patnaik argues, the Ricardian theory of comparative advantage is the basis of the free trade paradigm and provides the most convenient support for mutually beneficial trade. In reality, trade today is lopsided and serves the interest of metropolitan countries as during the time of Ricardo. Ricardo's theory thus continues to serve its apologetic function, intellectually rationalizing existing trade patterns, which results in the asymmetric exercise of economic and political power that characterizes our world today.

Another interesting chapter in the collection is Kari Polanyi Levitt's essay on Karl Polanyi. Levitt points out how, just a couple of decades ago, counting Karl Polanyi as a pioneer of development economics was unthinkable. Yet, after the 1997 financial crisis and the disastrous outcomes of the uncritical introduction of market capitalism in Russia, many people have rediscovered his magnum opus, *The Great Transformation*.

One of the first to quote Polanyi and correctly recognize his contribution to development economics is Dani Rodrik, who contended that that Polanyi's central argument in *The Great Transformation* was that "markets could not exist outside the web of social relations for long without tragic consequences". Polanyi argued that markets are sustainable only insofar as they are embedded in social and political institutions. These institutions serve three functions without which markets cannot survive: they regulate, stabilize,

and legitimate market outcomes" (pp. 173–74, current volume). In effect, in his work, Polanyi anticipated the disastrous effects of contemporary market fundamentalism and globalization.

After publishing *The Great Transformation*, Polanyi shifted his attention to studying the economic lives of "primitive" and "archaic" societies to prove that profit and markets have not always been the central organizing principle of humanity's economic life. His findings challenged the claims of mainstream economics that scarcity and price-taking markets are universally valid. In their place, Polanyi argued that reciprocity, redistribution and exchange are alternative concepts that can be found in all economic systems including the contemporary market economy.

Levitt concludes that Polanyi's enduring legacy is thus to make students and policy-makers realize "the importance of non-market economic relations in the organisation of economic life ... Polanyi's rejection of economic motives of individual gain as fundamental to human nature and his research into a diversity of patterns of economic organisations suggests that economic livelihoods can be organised in a great variety of ways" (p. 179).

These two chapters discussed are but samples of the rich and textured analysis that this book contains. Indeed, this book is a much welcome contribution to the reassessment of economic thought, challenging mainstream neoliberal thinking, with its dangerous tendency of analysing issues from a theoretical framework and assumptions that do not always apply to reality. The book successfully captures the plurality of thinking, voices and debates in the history of ideas on development, which have unfortunately been sidelined or ignored.

By the nature of the topics it discusses, some articles in the book could prove to be difficult reading because of their theoretical and historical nature. Nevertheless, reading them will prove to be rewarding and relevant, and this volume, as well as the others in the series, provides a comprehensive exposition of the work of a wide

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range of authors. Indeed, whether one is an undergraduate or a post-graduate, a social scientist, journalist or a policy-maker, one would definitely be enriched by the alternative insights that this book provides.

#### REFERENCES

Polanyi, Karl. *The Great Transformation: The Political and Economic Origins of Our Time*. Boston: Beacon Press, 1957.

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