alone, is worth the price the publishers are asking.

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100  Economic Growth; Development; Planning; Fluctuations

110  Economic Growth; Development; and Planning Theory and Policy


This festschrift, featuring 26 papers by 36 authors, is a fitting tribute to Hollis Chenery who, for over three decades, has been one of the luminaries of development economics. Most of the issues he brought into focus, the methodologies he helped develop, and the stylized facts he hammered into the consciousness of the profession receive detailed attention. The contributors include numerous influential scholars, many of whom are his distinguished students and colleagues from Harvard, Stanford, and the World Bank. Although a few of the papers lack originality, sophistication, or polish, the overall quality of the volume is high.

Several of the most interesting papers evaluate and extend Chenery's painstaking work with Moshe Syrquin on the patterns of economic growth. Gustav Ranis discusses the limitations of the typologies generated by this work, and Edward Mason argues that factors it neglects lie behind the discrepant growth patterns of Egypt and Korea. Applying the Chenery-Syrquin approach to the nineteenth century, Irma Adelman and Cynthia Taft Morris find that the early industrializers grew slowly by the standards of today's developing countries. Syrquin applies to twentieth-century data a methodology for measuring growth induced by the reallocation of labor from low-to high-productivity sectors.

A common thread in these contributions is the recognition that the Chenery-Syrquin studies need to be supplemented by a systematic analysis of the institutional underpinnings of the historical patterns. Syrquin himself notes that the intersectoral productivity differences that form the subject of his essay owe their persistence (or the slowness of their erosion) to poorly understood institutional factors. In the same vein, Adelman and Morris suggest that a variety of inadequately studied institutions—political, legal, social, cultural, and ideological, as well as economic—affected each nation's receptivity in the nineteenth century to technological and other developments in Britain. And Ranis stresses that the Chenery-Syrquin regressions do not offer behavioral insight as to why some governments have pursued policies blatantly inimical to growth and why traditional interest groups have been able to block economic modernization in some countries but not in others.

The point of all these comments is not to suggest that the Chenery-Syrquin regressions are useless. On the contrary, the contributors are justifiably in agreement that the regressions are helpful in diagnosing the structural problems of individual countries. What the criticisms indicate is that a healthy consensus is beginning to form in favor of broadening the scope of development economics to include serious theoretical and empirical research on the functions and evolution of growth-related institutions.

Our ignorance about institutions also surfaces in papers concerned with development strategies. A number of these deal with Chenery's two-gap hypothesis, which ascribes to foreign exchange a role in economic development commensurate with that of domestic savings. Albert Fishlow argues that although the foreign exchange bottleneck strengthens the case for the economic integration of Latin America, the patterns of demand and production are such that the gains from immediate integration are likely to be marginal. In another interesting contribution, Stephen Lewis, Jr., studies the problems of mineral-rich developing countries for which foreign exchange has ceased to constitute a bottleneck. Finding that these countries have spent their foreign exchange unwisely, he offers a series of institutional reasons as to why this has been so. Sensible as they seem, his explanations underscore the
need for a rigorous framework suitable to the 
analysis of the institutional barriers to effi-
ciency.

Comparative advantage, another issue to 
which Chenery made seminal contributions, 
is the subject of a valuable essay by Anne 
Krueger. Turning the perennial infant-indus-
try argument on its head, she suggests that dy-
namic considerations enhance—rather than 
mitigate, as many have maintained—the at-
tractive nature of export-oriented development 
regimes. Significantly, she argues that the 
consequences of a given set of trade incentives 
will depend largely on political and cultural 
variables.

Yet another group of papers deals with vari-
ous types of multisector models, each of which 
bears Chenery's influence. Victor Ginsburgh 
and Sherman Robinson explore the relation-
ship between programming models, which en-
tail systemwide optimization, and computable 
general equilibrium models, which involve 
simulating systems of interdependent markets. 
They then outline the case for using general 
equilibrium models to quantify the effects of 
the institutional and behavioral rigidities that 
characterize underdevelopment. Interest-
ingly, their argument is challenged by Clive 
Bell and T. N. Srinivasan in a contribution en-
titled "On the Uses and Abuses of Economywide 
Models in Development Policy Analysis." Bell 
and Srinivasan caution the profession against 
confusing the sort of exercise championed by 
Ginsburgh and Robinson with the task of un-
derstanding the process of development. This 
task cannot be achieved, they say, simply by 
studying the allocative and distributional 
consequences of given sets of rigidities. Rather, 
one must engage in judicious theorizing on the 
evolution of rigidities.

Bell and Srinivasan are justifiably critical of 
the fact that theorizing on rigidities is a ne-
eglected pursuit. I find hard to accept, however, 
their veiled suggestion that we have a choice 
to make between multisector modeling and 
sound theorizing. The need for innovative 
thinking on the essence of development ought 
not deter us from engaging in short-term pol-
icy analysis with the best empirical and computa-
tional techniques at hand.

The volume also contains a number of pre-
scriptive papers. Two of these put forth contradic-
tory objectives. John Gurley counsels poor 
countries on how to establish a socialist order, 
while Paul Clark, on the basis of Egypt's experi-
ce in the 1970s, offers advice on how to liber-
alyze an extensively regulated economy. For 
different reasons, the two authors agree that 
it may be preferable to proceed with structural 
change slowly. Gurley's concern is that "great 
leaps" entail possibly intolerable short-run eco-
nomic costs. For Clark, the issue is that in a 
controlled economy it is difficult to determine 
the optimal allocation of resources. The neces-
sary information emerges naturally, he says, 
if a step-by-step strategy is pursued.

By no means do the above-discussed papers 
exhaust the list of illuminating and intriguing 
contributions. There are simulation studies on 
North-South trade and capital flows (Alan 
Manne and Paul Preckel); Egyptian subsidy ad-
justments (Richard Eckaus and Amr Mohie-El-
din); and macroeconomic adjustments in India 
(Lance Taylor, Hiren Sarkar, and Jørn Rattso).

On the historical and empirical side, there are 
papers on Latin American industrialization in 
the 1940s (the late Carlos Diaz-Alejandro); the 
effects on industrial and middle-income coun-
tries of the global shocks of the 1970s (Michael 
Bruno); the performance differences between 
inward- and outward-oriented Sub-Saharan 
countries (Bela Balassa); the role of equity in 
the international distribution of aid (Jere 
Behrman and Raaj Kumar Sah); and finally, ur-
banization and income distribution in Taiwan 
(Shirley Kuo). Other interesting contributions 
include a theoretical study on the interdepen-
dence of investment decisions (Larry Westphal 
and Jacques Crémer) and an accounting frame-
work for analyzing class alliances (Samuel 
Bowles).

Given this variety, it is understandable that 
the editors make little attempt in their preface 
to synthesize the ideas in the volume. They 
provide a disappointingly brief account of 
Chenery's contributions, and then simply give 
one- to three-sentence summaries of each pa-
er.

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