alone, is worth the price the publishers are asking.

LANCE DAVIS
California Institute of Technology

100 Economic Growth; Development; Planning; Fluctuations

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[CHENERY, HOLLIS B.] *Economic structure and performance: Essays in honor of Hollis B. Chenery.* Edited by MOSHE SYRQUIN, LANCE TAYLOR AND LARRY E. WESTPHAL. Orlando, London, Toronto and Sydney: Harcourt Brace Jovanovich, Academic Press, 1984. Pp. xxvi, 584. $79.50. ISBN 0-12-680060-X. *JEL 85-0971*

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 efficiency.

Comparative advantage, another issue to which Chenery made seminal contributions, is the subject of a valuable essay by Anne Krueger. Turning the perennial infant-industry argument on its head, she suggests that dynamic considerations enhance—rather than mitigate, as many have maintained—the attractiveness 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 various types of multisector models, each of which bears Chenery's influence. Victor Ginsburgh and Sherman Robinson explore the relationship between programming models, which entail 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. Interestingly, their argument is challenged by Clive Bell and T. N. Srinivasan in a contribution entitled "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 understanding 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 neglected 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 policy analysis with the best empirical and computational techniques at hand.

The volume also contains a number of prescriptive papers. Two of these put forth contradictory objectives. John Gurley counsels poor countries on how to establish a socialist order, while Paul Clark, on the basis of Egypt's experience in the 1970s, offers advice on how to liberalize 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 economic costs. For Clark, the issue is that in a controlled economy it is difficult to determine the optimal allocation of resources. The necessary 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 adjustments (Richard Eckaus and Amr Mohie-El-din); and macroeconomic adjustments in India (Lance Taylor, Hiren Sarkar, and Jørn Rattsø). On the historical and empirical side, there are papers on Latin American industrialization in the 1940s (the late Carlos Dìaz-Alejandro); the effects on industrial and middle-income countries 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, urbanization and income distribution in Taiwan (Shirley Kuo). Other interesting contributions include a theoretical study on the interdependence of investment decisions (Larry Westphal and Jacques Crémer) and an accounting framework 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 paper.

TIMUR KURAN
University of Southern California