

Book Review

Edited by Shahrukh Rafi Khan and Jens Christiansen, *Towards New Developmentalism, Market as Means Rather than Master*, Routledge, Taylor and Francis Group, London and New York, 2011, ISBN13: 978-0-415-77984-5, pp 286.

Neo-liberalism has virtually seen its day and over the last three decades a significant amount of scholarship has evolved that provides a viable alternative to this paradigm. Further, the global financial and economic crisis plaguing countries the world over from 2007-2009 has led to the exploration of alternatives that are presented in this book by scholars.

The focus of this volume which came from a conference at Mount Holyoke College in 2008, is on an economic development strategy that improves on neo-liberalism, terming it 'new developmentalism'.

Hence not only is it simply a critique of the neo-liberal strategy, but provides an alternative that is spelt out. In a nutshell, it is a form of as Khan states 'developmental pragmatism', policy-oriented, institutional development and involvement with economic globalization; and equally importantly, the market is viewed as a means to be curbed for this alternative strategy rather than master whose commands are to be succumbed to.

Wade in his piece states that there is ample evidence questioning the argument that market liberalization should be the core of development strategy. He says that the global crisis is a wake-up call, and the experience calls for rethinking the proper role of states and markets in developing as well as developed countries. He elucidates that there is a consensus view that it was not enough to move towards free markets because the institutions necessary for free markets to operate well are invariably weak in developing countries.

Part II of the book dwells on the overall theme of new developmentalism, while Part III offers a criticism as well as prescriptions. Developmentalism involves an activist state with selective industrial policy. Industrial policy, as Khan explains, is defined as 'Strategically creating comparative advantage in industries that embody dynamic efficiencies in low- and middle-income countries' (p4). New

developmentalism points out that export promotion and import substitution industrialization are complementary rather than mutually exclusive. Yet another difference in new developmentalist thought is the emphasis on governance capacities to render the state effective.

Chang in the next chapter highlights the fact that development has now come to imply something quite different from what it originally meant. Development has come to mean poverty reduction, the provision of basic needs, betterment of individuals and the like; that is anything but what the author envisages as development. As he puts it, Hamlet without the Prince of Denmark! This point of view is not in synchrony with the reality of development. In fact, says Chang, development requires 'systematic efforts to acquire and accumulate better productive knowledge through the construction of better organizations, the cross-fertilization of ideas within it, and the channeling of individual entrepreneurial energy into collective entrepreneurship' (p 55).

The crux of the argument of Reinert et al is that any policy aimed at salvaging nation-states from failing, should not just treat the symptoms and instead the causes, and analyze how to make the productive structure of failing states adopt the structure of developed ones. They categorically further state that the policies of the Washington Consensus resulted in the deindustrialization of many poor countries, ranging from Mongolia to Africa to Latin America. At the centre of fragile, failing and failed states is a productive system where that which makes for national unity is missing.

Grabel in her essay talks about how there exists an intellectual climate wherein, against the lessons of history, the state is considered to be the main hindrance to development and neo-liberal reforms are thought of as being the sole means in achieving goals of development. She argues for the concept of policy coherence whereby any single economic policy such as free trade, will only be beneficial in terms of outcomes if it is ensconced in a wider policy environment that is conducive and supportive. She further predicts that perhaps the recent global financial crisis and the considerable shifts in national power that will in all likelihood result, will create space for policy diversity and policy experimentation that opponents of neo-liberal policy conformance have been going on for quite a while now.

Abugattas and Paus present an essay on mobilizing public resources for a new development strategy in the age of globalization and

the fiscal space dilemma in Latin America. Harten presents a technical article on investment treaties as a constraining framework while Gallagher and Shafaeddin discuss government reform and industrial development in China and Mexico. Ndikumana presents an interesting piece on growth and development in Africa, challenges and opportunities.

The concluding part, Part V of the volume, includes an enlightening article by Zarsky on climate-resilient development paths. As he states, climate change has paradigm-shifting implications for development theory and policy. In defining climate resilient paths of industrial development he explains calls for a redefinition of development itself. Instead of growth or poverty alleviation, he defines development to be 'the building of local capacities for economic production and innovation' (p 232). Then climate resilient development is a socio-economic trajectory that sustains livelihoods that both ameliorate and adapt to global climate change.

In the concluding chapter, Khan presents a succinct historical overview of the development economics debate. He sums up that new developmentalism sees poverty as a symptom and the crux of the matter is the ability to generate sustainable productive employment in increasing returns spheres. Albeit in essence a trickle down approach, there is a conscious effort to distance itself from the compartmentalization of neo-liberalism, whereby structural adjustment is considered to be the root cause of poverty, and poverty alleviation programs the outcome.

The chapters in the book come across as being both refreshing, innovate and exciting and as well as a few making for arid reading. If only policymakers and academics would pay heed.

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