Replete with detailed case material, the author's knowledge of and obvious regard for the communities whose lives she has shared sometimes get in the way of her discussion of the more general theoretical issues with which she is concerned. However, the detail is always relevant, always illustrative of the substantial theoretical points she is making. The issues to which she gives most attention are those of transaction costs, contractual choices, property rights and collective action, and changes in each of these fields are traced with care.

Throughout, there is a counterpoint between the theoretical discussion and the empirical description. The author takes care to explain the position of NIE and how analysis of her material through this lens differs from more conventional analysis carried out within the frameworks of either neo-classicism or neo-marxism.

Particular strengths of this book are chapter 3 on the role of the state and its effects on economic opportunity at the local level. There are some indications that structural adjustment policies may not have been disastrous for all, and in particular that for middle and poor households these policies seem to have created opportunities. Another strength is the discussion of the role of ideology and belief in retarding or facilitating economic and social change.

Overall, this book provides a comprehensive account and application of the theory of NIE through a detailed case study which suggests that it cannot be dismissed as 'mere eclecticism'.

In her final paragraph, Ensminger says: 'Economists have powerful theories about the relationships among technology, relative prices, and economic performance. As anthropologists know well, in the real world economists' predictions falter because of the unanticipated consequences of institutional, organisational, and ideological constraints, as well as the preexisting distribution of power. Because these issues are rarely considered together, we understand far less than we could about the actual processes of development. The new institutional economics offers great promise here' (page 181). Her account of change among the Orma is certainly rounded, rich and coherent and suggests that her approach is useful for understanding. What is not clear (and was not a question she set out to answer) is how this approach is of use to the development practitioner.

TONY BARNETT
University of East Anglia AND YUKA KODAMA

Economic Growth and the Balance-of-Payments Constraint. By McCOMBIE (J. S. L) and THIRLWALL (A. P). (London and Basingstoke: Macmillan, 1993. Pp. xxx+616. £50.00 hardback, £19.50 paperback. ISBN 0 333 48424 X, 0 333 60112 2.)

The subject of economic growth has been in relative decline as a research topic for a number of years. Recently, however, one can discern signs of its revival. One example of this tendency is the increasing number of papers on endogenous economic growth. This book reinforces this tendency though it is more on the lines of the traditional theory of economic growth. More specifically, the central argument of the book is based on the idea of demand driven economic growth along Kaldorian lines.

The first, and the longest, chapter of the book opens with a discussion of the economic performance of major OECD countries over the last fifty years. Given this, the authors are critical of the supply-oriented approach which constitutes the cornerstone of the neoclassial theory of economic growth. The main thrust of their criticism is the neoclassical neglect of the demand side and of the role of the balance of payments. According to the authors, balance of payments disequilibrium is a major explanatory factor for growth rate differences among countries. The second chapter develops the basic framework of the demand driven theories of economic growth. In particular, the book presents the Kaldorian growth model (in which manufacturing plays a key role) and its relation to the Verdoorn law (a faster growth of output causes a faster growth of productivity). The idea that the manufacturing sector exhibits increasing returns to scale is essential to this framework. Chapter 3 builds on the ideas established in the previous chapter by bringing in the balance of payments aspect. The growth experience of many countries is examined in support of the idea that long-run economic growth is equal to the ratio of the growth of export volume and the income elasticity of demand for imports. In chapter 4, there is further criticism of the neoclassical approach and especially of the excessive emphasis on the role of the law of one price in international trade. Instead, the authors emphasise non-price factors in trade. The following chapter (5) reproduces criticisms (mainly the McGregor–Swales critique) of the suggested growth model and the authors' response. Chapter 6 develops the main theme further by using the Harrod and Hicks trade multipliers. The argument here is that export growth will provide the foreign exchange needed to pay for the import requirements associated with output growth. In the following chapter the traditional export-led growth models are surveyed. The authors claim that these models do not pay enough attention to import behaviour. The last three chapters deal with applications of the suggested model (regional applications, applications in a customs union framework, and case studies of the United Kingdom and Australia).

Thus the main thrust of this book derives from an open economy growth model developed on the lines of a Kaldorian export-led growth model. The main points of the model are the following: the growth of manufacturing output implies overall productivity growth which in turn will raise the GDP. The idea is that the increasing returns of the manufacturing sector will eventually drive the other sectors. The growth of manufacturing output is mainly due to export growth (especially for developed countries). Thus, export growth is linked to GDP growth through a virtuous circle. However, the growth of imports associated with rising GDP may constrain, via the balance of payments, the process of economic growth. In order to maintain export-led growth with balance-of-payments equilibrium, the GDP growth must be determined by the ratio of the rate of growth of exports to the income elasticity of imports.

The book uses a large number of statistical tables, comparisons among countries and also numerous regression results. However, I think that the argument could be more clearly presented if the sequence of the chapters was different. In particular, chapters 1 and 4 should be read together since they are both dealing with criticisms of the neoclassical model. Furthermore, chapters 2, 3, 6, 7, and 5 should be read in this sequence since they develop the model and also discuss other surveys and criticisms. Furthermore, I think the discussion on increasing returns in manufacturing should be much more extensive given its crucial significance for the model developed here. Although the book touches on the issue, it would be useful if there was a separate chapter on de-industrialisation supplemented with more extensive empirical material. This should be combined with an analysis and assessment of the theories which support service sector based economic growth and therefore are opposite to the view suggested here. In general though, I think that the book makes a convincing case for more attention being focused on demand based growth on which it provides an excellent survey. In general I consider the book to be of great value not only to students but also to those economists who feel that more attention should be paid to this relatively neglected research topic.

S. A. DRAKOPOULOS

University of Aberdeen

Competitiveness, Convergence and International Specialization. By DOLLAR (DAVID) and WOLFF (EDWARD N.). (Cambridge, Mass. and London: MIT Press, 1993. Pp. ix+228. £31.50 hardback. ISBN 0 262 04135 9.)

'Competitiveness' is one of those topics which has been addressed in many different contexts, but often without much attempt on the user's side to be exact about its meaning. This is particularly so when speaking of a nation's competitive position. I therefore welcome this book by David Dollar, senior economist at the World Bank, and Edward N. Wolff, professor of economics at the University of New York, which uses a clearcut, straightforward, and transparent analytical framework, namely the catch-up and convergence model. The study follows in the tradition of an earlier book on the growth performance of the American economy *Productivity and American Leadership* (W. J. Baumol, S. A. B. Blackman, and E. N. Wolff, MIT, 1989). The book under review is written in the same emphatic style as the latter, which makes it accessible to a wide audience of economists, business leaders, and policy makers. According to the authors the competitive position of countries is nowadays determined primarily by their productivity performance: 'A competitive nation is one that can succeed in international trade via high technology and productivity, with accompanying high income and wages' (page 3). Thus right from the start of the book they dismiss strategies which focus exclusively on lowering costs or currency devaluations. Following two introductory chapters on general trends in output, employment, and export composition, chapters 3 and 4 present the main facts on labour productivity,