

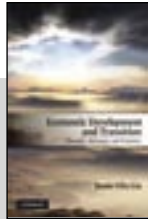
Economic development and transition

Thought, strategy and viability

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Justin Yifu Lin
Cambridge University Press:
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2009. 170pp



This book consists of the 2007 Marshall Lectures presented at Cambridge University by Justin Yifu Lin, senior vice-president and chief economist of the World Bank. It is heavily influenced by recent dramatic successes of economic reconstruction, in China particularly and to a lesser extent in Vietnam. Its dominant theme is the shift in the Bank's approach to viable development strategies for governments from the more simplistic Washington Consensus of the 1990s.

Lin's major argument still follows a faithful adherence to orthodox policies which are "comparative advantage following" as opposed to "comparative advantage defying". His central message, however, is that governments have to play a crucial facilitating role in this process, unravelling the distortions of previous non-viable industrialisation strategies and encouraging firms to enter sectors that were suppressed by such failed strategies.

This thinking stands in stark contrast to the "shock therapy" remedies the Bank insisted upon during the last two decades of the 20th century. China and Vietnam (and much of Southeast Asia, for that matter) did not follow these adjustment policies and achieved substantially higher rates of growth than those countries which did.

Lin appeals for states to take a more pragmatic dual approach to exploiting comparative advantage, rather than the dogmatism exemplified by more simplistic "free market" philosophies. The argument is backed up by an extensive bibliography that reflects the new thinking, and detailed statistical data on a variety of countries. An elegant mathematical "dual economy" growth model serves to formalise Lin's persuasive argument regarding the key ingredients for redefining a role for the state in its pursuit of successful development and industrialisation strategies.



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