THE NEW DEVELOPMENT ECONOMICS: AFTER THE WASHINGTON CONSENSUS, Edited by Jomo K.S. and Ben Fine, Zed Books. 2006. ISBN 978-1-84277-643-8; 304 pages.

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The New Development Economics: After the Washington Consensus is a collection of essays by heterodox economists and development studies scholars, which provides the reader with a critical outlook on the neoliberal ideology supporting the policy prescriptions of the post-Washington consensus. The book is organized around 14 chapters and an introduction. Each chapter is aimed at deconstructing the theoretical argument of a specific aspect of the policy and analytical apparatus of the "new and newer development economics" (Ben Fine uses the terminology "new and newer development economics" to refer to the Washington and post-Washington consensus respectively; those are also referred to as neoclassical/mainstream development economics throughout the book).

Fine prefaces the book by stating that fitting a full assessment of neoclassical development economics in a single volume would be a difficult task. Therefore, topics such as gender, civil society, environment, etc., are not tackled in the book. Nevertheless each essay is carefully crafted and well-researched and provides "a selective engagement across the battleground of development economics" (p. xxi). Overall the book offers a much needed theoretical critique of mainstream development economics.

Given the nature of the book as a collection of essays, many of the topics discussed overlap with each other. Organizing the various chapters according to broad themes would have helped clarify the content and would have somewhat improved the cohesion of the book and its arguments. In what follows I have arranged the review of the 14 essays in four broad themes that I perceive to be central to the book: (1) post-Washington consensus and neoclassical theory: "old wine in new bottles," (2) the role of the developmental state, (3) social and human capital and development, and (4) interdisciplinary analysis and economic power. As a consequence my discussion of the various chapters does not necessarily follow the order in which the chapters are presented in the book.

In the first broad theme, post-Washington consensus and neoclassical theory: "old wine in new bottles," I review three of Ben Fine's essays: *The New Development Economics, New Growth Theory: More Problems than Solution,* and *Financial Programming and the IMF,* as well as Elisa Van Waeyenberge's *From Washington to Post-Washington Consensus: Illusions of Development*. These four essays are organized around the theoretical claim that the post-Washington consensus (PWC thereafter) does not strongly depart from the Washington consensus (WC thereafter) in terms of either its neoliberal ideology or its neoclassical theoretical underpinnings. In *The New Development Economics,* Fine emphasizes that WC and PWC entirely abandoned the political economy and developmental state focus of the old development economics of the McNamara era of the World Bank. In his essay, Fine further provides a Khunian analysis of the paradigmatic shift that has taken place in neoclassical development economics. Under Stiglitz's guidance, he argues, mainstream development economics has shifted its attention from a perfectly competitive and free-market perspective to an information-theoretic approach that emphasizes imperfect competition. However, Fine argues, the new information-theoretic approach is based on neoclassical theory, and as such, like WC, focuses on means (such as correcting market imperfections) rather than the processes and outcomes of development.

Van Waeyenberge further contends, in her essay, that PWC is a restatement of the methodological individualistic approach of neoclassical theory, which simply allows mainstream economics to extend the analysis to non-traditional economic fields. This is confirmed in Fine's *New Growth Theory: More Problems than Solution*, in which he argues that the Barro-type regressions ("one regression fits all") of new growth theory incorporate traditional neoclassical variables (GDP, capital formation, etc) as well as less traditional variables (such as human capital, social capital, etc.). This approach, according to Fine, illustrates a very limited understanding of the complexity of the development process and evokes a neoclassical belief of perfect economic and social engineering.

While the World Bank faced criticism on a theoretical front as development economics sought to embrace a (not so) new approach, its sister institution, the IMF was largely unconcerned by those developments. Indeed, Fine argues, in *Financial Programming and the IMF*, that analysis and policy-making at the IMF are based on outdated macroeconomic models (based among others on old growth theory) that treat all countries in the models as if they were "developed." Thus while the World Bank has been seeking to enlarge its theoretical outlook with the rise of PWC, the IMF, according to Fine, has refused to pursue any similar endeavor in the past 50 years.

Throughout the book, the authors argue that the World Bank and the IMF have systematically downplayed the role of the state in development. The discussion of the role of the developmental state is central to the book and thus constitutes the second broad theme I wish to discuss, based on five of the chapters included in the book. In *Kicking-Away the Logic: Free Trade is Neither the Question Nor the Answer for Development*, Sonali Deraniyagala and Ben Fine demonstrate that the free trade argument embraced by WC and PWC is based on a virtual model that has no grounding in reality and for which very little empirical support exists. They conclude their piece by stating that any country that has gone through successful industrialization has depended upon a government actively enforcing some level of trade protection. This sentiment is echoed in *Analysis of Technology and Development: A Critical Review*, in which Sonali Deraniyagala posits that selective protection and technology policy can promote technology development in developing nations.

Fine further argues in *The Developmental State and the Political Economy of Development* that a careful and systematic analysis framed in the context of race, class and gender (an approach that neither WC nor PWC has embraced) is essential in order to understand the role of the state in development. This point is further illustrated in Mushtaq Husain Khan's piece on *Corruption and Governance*. Khan contends that the neoliberal focus on good governance and liberalization to fight corruption is a blanket solution that ignores the complexity of corruption and of its origins. While Khan does not deny the need to reduce corruption, he argues that some types of corruption, such as predatory extortions (by warlords, the mafia, etc.) often necessitate the strengthening of the centralized coercive power of the state to modify the distribution of economic power in society (a solution which goes against neoliberal prescriptions).

Finally in *Privatization: Theory and Practice,* Kate Bayliss calls for a careful look at the issue of privatization and warns that the universal recourse to privatization under the guise of WC and PWC has often led to disappointing results. She posits that there has been weak empirical support in favor of successful blanket privatization. She argues that privatization is an important reform option, but that it needs to be selectively used by policy-makers on a case-by-case basis.

The third development theme in my discussion focuses on the traditional economic issue of capital. Pauline Rose's *From Washington to Post-Washington Consensus: the Triumph of Human Capital* provides a very insightful critical perspective on the use of human capital in WC and PWC. She argues that the treatment of education as a stream of costs and benefits does little to explain the nature of the educational process. As discussed above, human capital is entered in regressions as any other factor expected to have an economic effect. Rose contends that the approach fails even more dramatically in its approach to gender by fully ignoring the socio-cultural context of gender relations in the country under analysis. She argues, in particular, that neoclassical analyses of human capital do not distinguish between the quality of schooling received by girls compared to that received by boys. In many cases, she continues, the educational system perpetuates the subordinate position of women in society. Thus, according to Rose, an appropriate analysis of the role of education in development needs to recognize that any education system is historically and socio-culturally specific to a country. In a similar vein, John Harriss tackles the concept of *Social Capital* as incorporated in PWC. He argues that the definition of social capital as social networks creating a sense of belonging and mutual obligations among members of a group has been embraced by PWC and the World Bank because "it fits so well with the neoliberal agenda of sidelining the role of the state" (p. 189). Harriss advances that any discussion of social capital needs to be framed in an analysis of politics and power in order to properly address the concepts of connections, exclusion and inclusion. Until power figures prominently in social capital analyses, Harriss remains skeptical about the analytical value of the concept of social capital.

Finally the last three chapters of the book are discussed below under the broad thematic category: interdisciplinary analysis and economic power. Terence Byres's *Agriculture and Development* reviews the "new neoclassical development economics'" approach to agriculture as embedded in Stiglitz's work and the "neoclassical neopopulist" approach to land reform. While Stiglitz's approach—based on asymmetry of information, the causes of backwardness and the role of the state—enlarges the neoclassical development economics perspective on agriculture, Byres argues that it is fatally flawed because of its total ignorance of the asymmetry of economic power that characterizes the relationships between the different classes of agents involved in the agricultural sector (landowners, sharecroppers, landless laborers, moneylenders, etc.). Byres acknowledges the existence of a neopopulist strand of neoclassical analysis that advocates for land reform based on both equality and efficiency principles. However, Byres demonstrates that in the neopopulist analysis the peasantry is dealt with as a homogenous group which ignores the relationship of power aforementioned.

Hugh Goodacre's *Development and Geography* reviews the work of Paul Krugman and Jeffrey Sachs on geography and development economics. Goodacre argues that Krugman adopts an economic imperialistic approach in his new economic geography that ignores the entire body of work of economic geographers. While economic geographers are guilty of downplaying the role of the state, they acknowledge, according to Goodacre, that the process of globalization results in "landscapes of socio-economic power;" (254) a concept that Krugman's analysis, because it is based on the positivistic principles of neoclassical economics, completely discounts. In contrast, Byres argues that Sachs's foray into geography is based on a multidisciplinary approach, inspired particularly by the work of Jared Diamond. However, Byres continues, Sachs turns away from social theory in his approach. Thus his analysis suffers from a lack of theoretical depth and is based implicitly on a market-oriented policy framework that squarely fits within PWC.

Finally in the book's concluding chapter, *Pioneers of Economic History*, Dimitri Milonakis reviews the development of the subfield of economic history. He argues that the historical perspective in economics has always been focused on understanding the process of economic development. Milonakis narrates the failed attempt of neoclassical economics to co-opt the economic historical perspective in the cliometrics movement of the 1970s and 1980s. The author argues that the original political economic approach to history has survived as a subfield in the History discipline. Milonakis encourages heterodox economists to develop a dynamic economic and social theory that focuses on the process of change that accompanies economic development.

Overall, the book presents a well-articulated and unified heterodox critique of WC and PWC. Each chapter reinforces that PWC is based on neoclassical theory and thus lacks any race, class and gender analysis; lacks a focus on the asymmetric distribution of economic power, lacks historical depth, lacks socio-cultural context, and lacks realism. Because of the nature of the book as a collection of essays, a certain amount of repetition occurs between chapters which can, at times, be frustrating for the reader. In addition, the lack of thematic organization hinders somewhat the cohesion of the book. Nevertheless, the book remains an excellent read for a heterodox audience interested in development issues. One can only wish for this book to become a required text for students in mainstream development economics graduate programs in America. Only then might Fine's lament that "by comparison with other subjects, [economics'] record of achievement is underwhelming" (p. xv) become a concern for the discipline.