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The Rebel Within: Joseph Stiglitz and the World Bank by HA-JOON CHANG. (London: Anthem Press, 2001, pp. 320, £39.95 h/bk, £18.95 p/bk).

This collection of lectures and conference papers by Joseph Stiglitz during his tenure as Chief Economist at the World Bank (1997–2000) is both an informative and entertaining read. All of the essays are written in a non-technical style, accessible to economists and non-economists alike. While the subject matter is wide-ranging, the dominant underlying theme is deriving lessons for development policy from the experiences of transition economies (including China) in the 1990s and of East Asian economies during the 1997 financial crisis. Stiglitz is not a radical economist; at the root of his criticisms of the conventional policies commonly labeled the 'Washington Consensus' (advocated in particular by the IMF) is mainstream rigorous economic analysis (especially insights from asymmetric information theory for which he shared the Nobel prize in economics). Stiglitz recognizes that markets are imperfect and do not necessarily work efficiently; the issue for development policy is determining when and how governments should intervene, and when they should not and allow the market to function with the right incentives.

The volume comprises nine chapters (essays by Stiglitz) and an introduction by the editor. The introduction, and the first three chapters, cover and link a range of issues, the most important of which are addressed in greater detail in subsequent chapters. The remaining six chapters address lessons from transition (especially China and Russia), international financial institutions, the role of knowledge as a (global) public good, participation, democracy and transparency in public life. In this review only some of the major themes and arguments are highlighted.

Chapter 3, on 'Redefining the Role of the State', is ultimately concerned with the role of government. Stiglitz argues concisely how welfare economics identifies a clear need for government intervention. Especially when one allows for information imperfections, markets may not yield either efficient or equitable outcomes. Stiglitz acknowledges that governments are imperfect, and is especially concerned with the influence of lobbies, but argues persuasively that there is an important role for government in supporting and directing development. Rather than the East Asian crisis being evidence of the failure of the 'State-led development' model, it can be seen as a blip that highlighted problems associated with global capital flows (a theme returned to in Chapter 5).

Chapter 4, 'Whither Reform? Ten Years of the Transition', is concerned with why transition in Russia seems to have failed whilst in China it seems to have worked. To Stiglitz, the key to explaining this is that China 'created its own path of transition rather than just using a blueprint or recipe from western advisors' (p. 128) and provided appropriate incentives to private entrepreneurs. He is scathing of the role of advisors in Russia (echoing a theme of attacking the IMF that is a thread through many of the chapters), especially because in promoting privatization they failed to give due 'attention to the separation of ownership and control' (p. 138). Rather than providing managers with incentive contracts, they advocated privatization assuming that private property rights would ensure adequate incentives. The result was that owners (shareholders) rarely controlled the firms; managers had an incentive to extract rents rather than ensure profitable restructuring. The failures of corporate governance discussed in this chapter are relevant to the current crisis of confidence in American corporations. Another theme elaborated in this chapter is that the incremental policy reform pursued by China offers a better blueprint for transition that the shock therapy experiment in Russia.

Chapter 5, 'The Role of International Financial Institutions in the Current Global Economy', is a clear exposition of Stiglitz's views of the East Asian crisis and the errors of the standard IMF response. The core argument is that the models developed out of the Latin American debt crises of the 1980s, which guide the IMF response, are inappropriate to East Asia. 'The problems in East Asia revolve around private debt, not public debt' (p. 174). The corporate governance problem discussed in Chapter 4 emerges here as an absence of corporate and financial sector transparency. Many factors combined to cause the crisis—pegged exchange rates, liberalization of capital markets and inadequate financial regulation being the most important. In identifying appropriate responses Stiglitz returns to two earlier themes—corporate governance and government intervention (regulation and control). His conclusion is instructive: 'in approaching the challenges of globalization, we must eschew ideology and over-simplified models. We must not let the perfect be the enemy of the good' (p. 193). This view may well highlight what is at the root of his disagreement with the IMF, whose stabilization policies are based on over-simplified ideological models. If Stiglitz has left a legacy at the Bank of giving more voice to the pragmatists he may not, after all, have been a rebel within.

Overall, this book is highly recommended: the essays are very well-written and argued with clarity, imbued with insights and often iconoclastic. Collectively, it amounts to a persuasive treatise on development policy. One can always find specific points, arguments or interpretations to disagree with, but few would disagree with the sentiment (except perhaps free market economists of the Chicago School variety). It is an excellent book on development economics for students of development, economists and non-economists alike.

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IMF and World Bank Sponsored Structural Adjustment Programs in Africa: Ghana's Experience, 1983–1999 by KWADWO KONADU-AGYEMANG. (Aldershot: Ashgate, 2001, pp. 456, £49.95 h/bk).

This book brings together a collection of 20 papers aimed at providing a multi-disciplinary evaluation of the Structural Adjustment Program (SAP) in Ghana against the primary objective of reducing poverty and inequality. The introductory chapter provides a general overview of SAPs, arguing that the design of SAPs is premised on the assumption that the inability of countries (and in particular those in Africa) to develop is due primarily to internal factors. This sets the flavour of the following chapters, which are organized in a rather *ad hoc* manner. As the sections in the volume are by no means clear, the chapter groupings in this review are arbitrary.

In Chapters 2 and 11 the SAP is evaluated against what constitute development goals in the political economy literature. Both argue that if one adopts a multi-dimensional definition of development then the SAP has had little impact on welfare in Ghana. Contrary to theory, Ghana has been able to pursue democracy and structural adjustment simultaneously and the sustainability of democracy will depend on the long-term impact of SAP. Chapters 5 and 17 look at the changing role of institutions as well as institutional ownership issues. The SAP, it is argued, has changed the role of public administration and given it a market perspective with the consequence that both regional and household inequality have worsened in Ghana. The persistence of institutional bottlenecks has been a major hindrance to increasing private sector participation. This is mainly a result of the fact that the state elite and private entrepreneurs have different views regarding what constitutes the major bottlenecks of investment in Ghana.

The micro-, macro- and socio-economic impacts of the SAP in Ghana are discussed in Chapters 3, 4, 6, 7, 10, 13 and 16. The main arguments these chapters make is that in spite of the gains at the macro level, the country is still suffering from the crippling effects of market driven policies in the form of high unemployment, high poverty levels, and deteriorating health and education. Any gains from adjustment at the macro level do not appear to have improved the welfare of households. However, the authors tend to attribute adverse outcomes (such as declining spending on health and education or the failure to significantly reduce poverty) to effects of the SAP without attempting to control for other non-SAP factors. Consequently, many of the conclusions drawn are based on weak evidence and open to other interpretations.

Chapters 8 and 9 look at how the SAP has impacted on the environment, arguing that environmental degradation is likely to have increased. Consequently, there is a need to internalize

