

## Governing for Prosperity

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between public officials and government ministers, as well as other actors, and the types of new issues that officials face in the international environment. Chapter 6 lies at the heart of the study as it looks at the problems that face the foreign policy-making process, as well as some of the possible solutions. The penultimate chapter provides some interesting comparison with Australia, drawing on Coles' experience as High Commissioner, but seems somewhat out of place. In the final chapter Coles reflects on Britain's role in foreign affairs, suggesting that there is a need for vision, or as the chapter title suggests, "A Certain Idea of Britain" in the world.

This is an interesting and thought-provoking book because it raises questions about the capacity of the foreign policy-making establishment to develop good policy. The book focuses on Britain's role in the world, and questions what should be the relationship between overseas interests, its assets, and a vision of what its role should be. Coles sees much foreign policy as a reaction to events, but he is also concerned about the ability of officials to rise above daily events and reflect on what policy might be. This study goes beyond describing the process and identifies some of its weaknesses, including the problems of time, resources, workload, governmental machinery, and culture. Coles is critical of what he sees as the undue emphasis in the contemporary period on public management and presentation, at the expense of policy. He also suggests that the relationship between ministers and officials needs to be reevaluated and officials need to reassert their role in the making of policy rather than in the management of a process. The importance of developing policy, of planning and considering alternative scenarios, the need for an annual White Paper on foreign policy and parliamentary debate, and the need for greater dialogue with nongovernmental actors, are but some of the more important suggestions that Coles considers would enhance the making of policy.

As a study of foreign policy making in Britain, it is far from systematic in the way in which the subject matter is approached, and it lacks the methodological rigor that public policy analysts would expect, but then this is an account from an insider's point of view. It does raise significant questions about the capacity of the system to cope with the daily demands made on it and of the making of good policy. As a study it will be of interest to students in undergraduate and graduate courses concerned with public policy, foreign policy, and international affairs, as well as to those undertaking research in this area.

Nicholas Rees, *University of Limerick*

*Governing for Prosperity*. Edited by Bruce Bueno de Mesquita and Hilton Root. (Yale University Press, 2000. Pp. 266. \$35.00.)

This interesting and sophisticated political economy volume evaluates the connection between income distributions, economic coordination, crisis, and economic development. The authors argue convincingly that the "invisible hand"

is insufficient to assure prosperity. Rather, to assure prosperity, the “visible hand” of motivated governments is required to institutionalize the political rules that govern economic transactions.

This is a policy book based on substantive academic research. Complex arguments backed by years of research are presented in a format accessible to students and general practitioners. The authors made a serious effort to link their theories to policy action, and each attacks alternative aspects of the general connection between political institutionalization and prosperity. Bueno de Mesquita, Morrow, Siverson, and Smith reason that political authorities want to generate growth largely to sustain a stable government. They acknowledge that ineffective regimes like those of Mexico or India may persist for long periods of time and may even prosper with high levels of disorder. Despite such anomalies, in the long run only institutional development that maintains a stable environment ensures growth and prosperity. For this reason, effective democracies supplant the less effective monarchal or authoritarian regimes of the past.

The contribution by North, Summerhill, and Weingast explores institutions that emerge after successful and unsuccessful economic crisis. They establish a strong nexus between effective political institutions and economic performance, concluding that governments must first ensure order and guarantee stability to attain sustained growth.

Root and Nellis explore how corruption shapes corporate structures. They focus on the interaction between the political allocation of posts and the bureaucrat’s valuation of patronage from such offices. The structure of this patronage system in turn creates perverse incentives that inhibit competitive allocations prompting firms to use bribes to advance their interests.

Haber and Razo argue that when governments focus on redistributing societal shares alone, they still fail to resolve distributional disparities and, more important, alter the path to economic reform. To advance economic growth, proactive governments need to focus beyond redistribution and create institutional structures capable of resolving the fundamental problems of economic growth.

Zak’s analysis of sociopolitical instability and economic exchanges demonstrates that disorder reduces investment, lowers growth, and may induce a poverty trap. Government’s task is to minimize dissent to maximize investment and eventually growth.

Barro shows that institutional arrangements that generate democratic transitions by revolutionary or incremental processes sometimes advance and sometimes retard the possibilities of growth. Democracy often leads governments to accept redistributed policies that are attractive to the majority. The link between democracy and growth is thus confounded because relatively strong democratic governments can satisfy many without providing massive economic transfers, but weak ones seek political support by premature redistribution.

Feng’s work integrates many previous arguments by showing that the connection between the evolution of democracy and the achievement of economic

success is complex and indirect. Democratic freedom leads to stability, and institutional stability in turn sets the preconditions for economic growth.

The authors of *Governing for Prosperity* lay out a careful structure of relations to show that the formal and empirical interaction between democracy and economic growth is complex. While democracy does not assure growth when governments find it difficult to structure economic institutions and maintain political stability, in the long run democracy is most likely to provide effective institutions that set the conditions for achieving prosperity. A great virtue of this book is its accessibility. The general readers are exposed to a simple presentation of arcane arguments inaccessible because of the complexity of supporting deductions and empirical tests. Bueno de Mesquita and Root have succeeded in persuading the most distinguished political economy scholars to answer the timely question of how prosperity is achieved. The book does not provide simplistic answers for this complex question; rather, in simple terms, it provides a complex and sophisticated assessment of existing knowledge allowing readers to explore the very fundamental implications of how growth occurs and how prosperity is maintained.

The strength of the book is also its weakness. To make the arguments accessible, many of the subtler formal deductions and rather tenuous results from complex empirical tests are oversimplified. Also, little attention is paid to well-established economic factors of growth whose understanding is a prerequisite for political interventions. Yet, these are small limitations. The very approachable work on growth by Jones (1998) or the more sophisticated Barro and Sala-I-Martin (1995) would easily fill any gaps. In sum, this is a must keep book. It is a major contribution to political economy, useful in undergraduate classes and effective in graduate seminars. Growth and prosperity are the key issues that determine dynamic changes and the pecking order in world politics. Thus, this book is a must read for political economy students seeking to find alternative venues for research and explanation of growth and eventual prosperity.

Jacek Kugler, *Claremont Graduate University*

*Handbook of War Studies II*. Edited by Manus I. Midlarsky. (Ann Arbor: University of Michigan Press, 2000. Pp. 564. \$69.50 cloth, \$29.95 paper.)

The *Handbook of War Studies II* is a follow-up volume to the *Handbook of War Studies*, published in 1989. The book is made up of 13 chapters containing summaries and discussions of a variety of important theories of and approaches to international conflict. The book is divided into four sections. In the first, "Topical Approaches to the Study of War," there are chapters on terrorism (by Martha Crenshaw), identity conflict (Manus Midlarsky), and ancient warfare (Claudio Cioffi-Revilla). Section 2, "Minimally Dyadic Theories of War," discusses the democratic/Kantian peace (Bruce Russett and Harvey Starr), power transition theory (Jacek Kugler and Douglas Lemke), game theory (James Mor-