

## **Book Review**

John Adams and Sabiha Iqbal. *Exports, Politics and Economic Development*. Boulder, Colorado: Westview Press, 1983.

Political economy is the systematic study of the interaction between the political and the economic. As such, political economy imposes a heavy burden on its practitioners: conscious attention to the very real advances of political science and economics. Political economy should not be treated as an open invitation to bad analysis in the name of cross-disciplinary effort. Sadly, it is often taken for just such an invitation and the book under review here is a good example. Adams and Iqbal propose to present a political-economic analysis of Pakistan's economic development with particular emphasis on export policy. Such a study may have two rather different constituencies: country specialists and/or development and political economy generalists. The former is clearly not the case. The political analysis derives almost entirely from existing secondary sources and the economic discussion is atheoretical, *ad hoc* and based on readily available data. Thus we may presume that the contribution is to be found in the particular theoretical or methodological approach and, therefore, of interest to generalists as well as specialists.

The authors' analytical framework is severely underdeveloped. It rests on what the authors call a "dynamic pattern of circular causation" between interest groups, government policy and economic performance as illustrated in their opening diagram. Now the recognition of interdependence among variables is useful if it leads to a specification of the model which permits the explicit analysis of that interdependence. If, as in this case, no such attempt is made, the "model" simply becomes an excuse for *ad hoc* analysis. Thus each chapter is a string of discussions of one variable after another, each in solitary partial equilibrium with no attempt to weigh the relative importance nor, more significantly, any attempt to systematically discuss interaction. Although this is likely to render the book uninteresting from a methodological point of view, some interest might be retained if the general approach generated some new insights into economic development. Here again the lack of explicit theoretical discussion by the authors is a major drawback.

It is relatively easy to demonstrate that acts of policy have distributional effects. Such demonstrations have been the stock-in-trade of trade theorists for half

a century now (i.e. the Stolper-Samuelson and Rybczynski theorems). It is rather another thing to demonstrate that those effects were elicited by the self-conscious behaviour of groups. Such a demonstration requires systematic attention to the formation and reproduction of groups and to the mechanisms through which groups influence policy. We will leave the issue of group formation and reproduction because a discussion of public choice and organization theories would carry us too far afield.

Trade policy has been a major field of interest for group theorists and provides us with a variety of options with regard to modes of influence. The most common model is of an electoral/legislative type where group influence flows from capacity to affect electoral outcomes. This is the model which underlies most of the rent-seeking/DUP models which have become popular in trade theory [3; 5] as well as stimulating the classic studies of tariff-making by Schattschneider [7] and Bauer, Pool and Dexter [1]. In the Pakistani context, where elections are rare and the legislature (when it exists) is weak, there is *prima facie* justification for rejecting this model.

A more likely candidate is some form of bureaucratic politics model. The authors, reasonably enough, reject a rational actor/autonomous bureaucracy model of the type that might have appealed to Hegel or Weber which leaves some form of "capture theory" where the State is seen as either colonized by various interest groups (conservative variant) or as the "Executive Committee of the ruling class" (radical variety). In either case, if one is attempting to explain changes in policy, one must at least isolate (if not explain) changes in group power independent of changes in policy. Backward induction from the explanandum to the explanans, the preferred method of Adams and Iqbal, does not constitute proof of the explanandum.

This is not a problem unique to Adams and Iqbal; it is endemic to group theory attempts to explain policy change, which is why both liberal and radical political scientists have increasingly shifted to models which recognize the State as a relatively autonomous actor. That is, the State is assumed to initiate policy actions for reasons of its own (i.e. reversing the authors' model, the State is assumed to respond rationally, from the point of view of "national interest", to exogenous shocks) and then respond to the group conflicts elicited by its action. Such a model seems a better fit to the Pakistani data than a model in which interest groups provide the dynamic. To take one simple example, Adams and Iqbal seem to argue that the transition from Ayub to Bhutto is explained, at least in part, by a waning of the power of business as a group. Kochanek's excellent study of business interest groups [4] argues that until Bhutto there was virtually no solidarity among the major elements of business. Thus, the interests of business were most clearly being represented by the State when business was least capable of projecting its interests.

In response to the Bhutto economic policies, business did begin to act in a concerted fashion and was able to at least moderate some of the initial excesses of policy.

More generally, interest groups in Pakistan, as in most non-NIC developing countries, are of a traditional sort. Primary loyalties are regional, familial and semi-feudal. The capitalist organization of the economy is incomplete and, as a result, economically based interest groups are not well organized. Thus the characteristic mode of opposition is not precise, interest-based lobbying but, rather, individual withdrawal or populist insurrection into which the State can read a wide variety of intentions. The dynamics of this type of politics, and its relationship to the development process, have been studied in some detail — especially in Latin America [2; 6]. There are obviously many differences between South Asia and Latin America, but the Latin American attempts to construct a theoretically coherent and empirically meaningful political economy of development deserve attention, if only for inspiration.

Books and dissertations should be evaluated in terms of very different criteria. A dissertation is intended to be the first major independent step towards professional research, and we expect the author to be its major beneficiary. A book, on the other hand, should be a mature piece of research, from which a wide community of interested scholars may benefit. The book under review reflects the attempt to accumulate a sizable body of indicative data in a single place — an important step in any research project. Unfortunately, this review has suggested, this book fails to provide a clear framework within which that information is integrated and then applied. No hypotheses are tested and there is no systematic attempt to explain the patterns in the data. Adams and Iqbal have not faced the heavy burdens of political economy; unfortunately, the *ad hoc* presentation of their research also fails to meet the standards of good economics or political science. This was probably a good dissertation; it is not a good book.

International Management Studies,  
University of Texas — Dallas.

Douglas Nelson

## REFERENCES

1. Bauer, Raymond, Ithiel de Sola Pool and Anthony Dexter. *American Business and Public Policy*. Chicago: Aldine. 1972.
2. Collier, David (ed.) *The New Authoritarianism in Latin America*. Princeton: Princeton University Press. 1977.
3. Findlay, Ronald, and Stanislaw Wellisz. "Rent-Seeking and Welfare: The Political Economy of Trade Restrictions". In Jagdish Bhagwati (ed.), *Import Competition and Response*. Chicago: University of Chicago Press/NBER. 1982.
4. Kochanek, Stanley. *Interest Groups and Development*. London: Oxford University Press. 1983.

5. Magee, Stephen, William Brock and Leslie Young. "A theory of Black Hole Economics and the Political Economy of Tariffs". Austin: University of Texas, Department of Finance. 1984. (Ms)
6. O'Donnell, Guillermo. *Modernization and Bureaucratic Authoritarianism*. Berkeley: University of California. 1977.
7. Schattschneider, E. E. *Politics, Pressure and the Tariff*. Englewood Cliffs, N.J.: Prentice-Hall. 1935.