

## BOOK REVIEWS

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### *Foreign Direct Investment and Multinational Enterprises*

Peter J. Buckley

(Basingstoke, Hampshire, United Kingdom, Macmillan Press Ltd., 1995),  
250 pages

Edited books and books of readings (of which this is one) fall into four main categories:

- volumes containing a range of perspectives on one or a few themes by various authors (for example, Islam and Shepherd, 1997);
- thematic books incorporating the results of new research by a number of authors (such as Burton, Yamin and Young, 1996);
- publication of older and recent influential articles on a particular subject area in a single volume (such as Buckley and Ghauri, 1993; Ghauri and Prasad, 1995); and
- collections of writings by a single influential author clustered under one or several themes.

In recent years, the number of such books has grown substantially, a reflection no doubt of the marketability of volumes in the international business subject area as a whole. Their increased number, however, does not necessarily mean increased usefulness. This is especially the case where little attempt is made to summarize or synthesize the contributions in a particular volume, to group contributions coherently or even to include the appropriate articles. Edited books of readings that are clearly focused may, on the other hand, be very valuable and a ready source of reference for students and researchers wishing to review a subject area or commence a literature survey.

This volume falls into the latter category. It presents a selection of the articles that Peter J. Buckley alone, or in conjunction with former colleagues at the University of Bradford, published between 1989 and 1994. It contains eleven articles/chapters, covering three themes, namely, the development of transnational corporation (TNC) theory, the foreign market-servicing strat-

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egies of United Kingdom firms, and Asia-Pacific issues. The book includes a foreword by Edith Penrose, and a useful, albeit brief, overview by Buckley commenting on the papers. He is a prolific and stimulating author, and the articles contained in the volume have been quite carefully selected and are presented in a logical sequence.

As expected, the five chapters in Part I of the volume on "Theory" are especially valuable. While there are no particularly new theoretical insights, Buckley lays out the formidable set of challenges for a theory of the TNC (chap. 1); presents "a critical view of criticisms of the internalization theory of the multinational enterprise" (chap. 4); recognizes that theory at present represents mainly a framework for problem-solving; and argues that "considerable effort has to be made to go back to basics and build anew" (p. xix), a sentiment shared by an increasing number of international business scholars.

There must be questions about whether too much is being sought from international business theory. But perhaps the most important issue at present concerns the behaviour of TNCs as international oligopolists (the starting-point, indeed, of the interest of some of the original theorists). Certainly this will rank high in the international policy agenda in the years to come, as efforts to define and agree upon a workable international competition policy take shape.

"Barriers to internationalization" (chap. 2) provides an excellent review of models and frameworks of internationalization and should be high on the reading list for researchers in the field of export and international business development. And chapter 4, which compares and contrasts international business (internalization) theory with international strategic management, sits comfortably alongside the preceding chapter entitled "The role of management in internalization theory".

The three empirical chapters in Part II under the heading "The foreign market servicing strategies of multinational enterprises" are especially welcome because they focus on the international business activities of United Kingdom enterprises, a topic which is not well researched despite the significance of these enterprises' operations abroad. What emerges from the chapters is a picture of great diversity. This is partly because the research reported in these chapters concerns alternative market-servicing strategies or joint ventures. It is also a reflection of the lesser emphasis placed on high-technology investments by United Kingdom TNCs, compared with United

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States or Japanese outward foreign direct investment (FDI). The importance of joint ventures with Western European and United States partners is also worth noting (chap. 8), confirming the changing characteristics of these ventures compared with those of the 1960s and 1970s, and the switch away from developing countries.

Chapter 6 presents estimates of the levels of exports, licensed sales and sales arising from FDI for the United Kingdom from the mid-1970s until the early 1980s. Considerable differences in shares are evident for these three market-servicing modalities by country and by sector. High degrees of complementarity between different forms of servicing markets are indicated by the aggregate data. And the company cases in chapter 7 confirm that the choice of foreign market-servicing modes is "often limited due to constraints imposed on firms by their products, host market conditions, or their own financial and managerial constraints" (p. 135) and, it might be added, by industry norms. In theoretical and empirical investigations, more attention needs to be paid to the restricted number of options that are available or feasible for many internationalizing firms.

In Part II of the volume, the only disappointment is chapter 3, entitled "Kojima's theory of Japanese foreign direct investment re-visited": colleagues will need to have read and understood Kojima's work to find this chapter useful.

Part III of the volume on Asia-Pacific issues is less stimulating. Chapter 9 (entitled "Europe 1992 and its impact on Pacific futures") was written originally for a general business audience. The Single Market Programme will continue to exert an enormous influence on business to be sure, but what are required now are detailed studies on corporate responsiveness. Broad overviews of the impact of the Single Market Programme have been presented many times in the past. Chapter 11, entitled "Government-industry relations: Japan versus United Kingdom", contains some fascinating insights, although the concluding remarks would have been more helpful if lessons had been drawn for the United Kingdom or, indeed, for Japan in its present era of consolidation. This article, originally published in the journal *International Business Review* as recently as 1993, shows how quickly the international business world is changing. The other chapter in Part III, on the taxation implications of forms of cooperation between Chinese and foreign enterprises, is detailed and important. It draws attention to "the bewildering variety of different pieces of legislation by provincial/local authorities which causes uncertainty among foreign investors, and extra

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costs” (p. 203). This legislative overload, together with the tendency for China to change abruptly the “rules of the game”, excessive bureaucracy and a continuing culture of suspicion towards FDI, will deter many investors and certainly change the nature of their Chinese operations.

Although I came to this collection as something of a sceptic of edited books and books of readings in general, I found much of interest and value. I have no doubt that its many other readers will reach the same conclusion. Readers of this journal may be disappointed to find little dealing directly with issues of public policy, but that was not the objective of the volume. ■

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***Foreign Direct Investment in Developing Countries:  
The Case of Latin America***

Institute for European-Latin American Relations (ed.)

(Madrid: Institute for European-Latin American Relations, 1994),  
280 pages

This book, a compilation of papers from a conference sponsored by the Institute for European-Latin American Relations (IRELA) and held in Segovia, Spain, in June 1993, is a useful addition to the growing literature on foreign direct investment (FDI) in developing countries. In recent years, FDI inflows to developing countries have been growing faster than those to the developed world. Latin America has been a prime destination for FDI, garnering about 40 per cent of inflows to developing countries in the early 1990s. The papers included in this volume address several issues familiar to students of FDI and policy practitioners. They contain some innovative explorations of the macroeconomic and microeconomic determinants of FDI, a series of rich country case-studies and an assessment of European Union cooperation strategies to foster FDI in Latin America.

Although the title of this book suggests an exclusively Latin American focus, its contents are actually more far-reaching. It contains some useful analytical comparisons of the determinants and consequences of FDI between Latin America and Asia, the latter being the region that has recently emerged as the fastest growing recipient of FDI and is also a growing source of FDI. The hallmark of any distinguished collection of papers is that the sum is greater than its parts, and this volume meets that test. In particular, important conclusions emerge from weaving together the macro and micro aspects and the case-studies.

Although Latin America is today part of the global market-place for investment by transnational corporations (TNCs), it did rather poorly in the 1980s as compared with East Asian countries. This performance is partly explained in Willy van Rykeghem's paper: FDI is attracted to large, fast-growing markets. Another explanation is suggested in Terutomo Ozawa's contribution: political stability is important. Yet another reason is found in papers by Alessandro Pio and Alvaro Calderon: hospitable domestic policies

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that allow foreign investment latitude to integrate into the domestic economy with minimum distortion.

Changing policies in Latin America, following the global trends (see below), have changed the character of FDI inflow to the region. Governments have made their macroeconomic and trade policies more neutral, so that the incentives for enterprises—foreign and domestic alike—to invest are greater than before. Governments have also removed restrictions on FDI in some service industries previously reserved to the State. These policies have led to a diversification of investment in services, greater intra-firm and intra-industry trade, and financial integration.

Competition among TNCs and sharp differences in labour productivity among countries have led TNCs to search for safe, low-cost locations for production, rather than to seek access to close markets by jumping tariffs to substitute for imports, or access to raw materials. This becomes very clear in the illuminating case-studies of Argentina, Brazil and Mexico. The notion that TNCs would scan the globe for the most efficient production sites based upon global comparative advantage seems to describe reality better today than when Raymond Vernon first suggested this hypothesis in 1979 (Vernon, 1979) and rejected it because of policy distortions and strategies of TNCs. Sharp increases in competition, especially among differentiated oligopolies, decreases in transportation costs, improved communication, financial integration, and more supportive policies now drive TNCs to search for production locations with a view to specialization in a manner that would have been unthinkable 20 years ago.

The volume opens with an outstanding paper by John Cantwell on methodological and data issues. Although most analyses of such topics are usually placed at the end, the editors had the foresight to place this novel assessment at the beginning. Cantwell's essay reminds us all of the pitfalls in the data and the lack of consistency in reporting regimes worldwide, and contains important policy recommendations. This is a clear, concise and pragmatic paper which usefully sets the stage for the entire volume. Together with the paper by Georg Saul and Ziga Vodusek, the volume has made a notable contribution to helping researchers navigate treacherous data waters.

Comparing Latin America with South-East Asia is one of the illuminating features of this collection. Ozawa highlights the fact that while FDI in Latin America historically has taken the form of the acquisition of incumbent enterprise, in Asia, which he terms "a growth neighborhood" (p. 63)—

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FDI entry is usually *de novo*. This difference helps to explain why, despite the fact that both regions have liberalized their FDI policy regimes, FDI inflows in Asian countries have accelerated relative to their Latin American counterparts. But this is surely only part of the story.

Papers by van Rykeghem and Pio reconsider the determinants of FDI in Latin America, an issue much studied a decade ago. Pio's paper provides a comprehensive review of policies and circumstances attracting FDI, comparing FDI in Latin America with FDI in other regions. The van Rykeghem paper tests the interesting hypothesis that FDI in Latin America during 1970-1992 accelerated growth, i.e. growth in the previous year tended to attract FDI. Van Rykeghem also tests other variables discussed at length in the literature, such as size of market and the substitution effects with national investments. Size of market (represented by the level of constant dollar GDP) is of greater importance. Domestic investment has a small negative coefficient, which van Rykeghem interprets as indicating that FDI to some degree replaces domestic investment.

Macroeconomic policy changes, like real exchange-rate depreciations, low budget deficits, import levels and privatizations in previous periods, were all shown to have subsequent positive effects on FDI. These findings are consistent with the literature. The problem with these findings, which is shared with other literature on the topic, is to find adequate proxies for sound or improving macroeconomic policies. Are there more convincing measures of macroeconomic soundness (such as inflation and its direction of change)? Moreover, does a real exchange-rate depreciation create a more hospitable environment for FDI, or are there other macroeconomic policies at work? These questions await further research.

Calderon presents a lucid paper on FDI in the Caribbean. He analyses a useful compendium of global statistics and trends to find that Latin America has done rather poorly in attracting FDI compared with East Asia. He concludes that "The Asian countries implemented policies to maximize the effects of TNCs' presence . . ." (p. 103). Undoubtedly, fast growth, liberal policies and, as Ozawa shows, ethnic ties to the global market-place are no less important.

The country case studies of Argentina (by Bernardo Kosacoff and Gabriel Bezchinsky), Brazil (by Octavo de Barros), and Mexico (by Calderon, Michael Mortimore and Wilson Peres) provide some of the volume's most fascinating reading. They all highlight the role of increased

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integration and openness in changing the structure of FDI. Several trends become evident. First, intra-industry trade and intra-firm trade are increasing as part of the same process (evident in the Argentina paper). Second, since governments have opened up industries formerly closed to FDI, TNCs are becoming more involved in high value-added service sectors. Third, subsidiaries are becoming part of global integrated production, rather than simply serving local markets.

It is always tempting to point to issues which a volume such as this one has not addressed. Several papers note the significant rise of private foreign capital flows *vis-à-vis* official aid flows. Yet, the policy implications for the future of development assistance to developing countries—bilaterally or multilaterally (e.g. through institutions such as the World Bank or the Inter-American Development Bank)—in the light of this transformation are not treated systematically (although they figure to some extent in the discussion of European Union-Latin America cooperation). More critical, the volume pays insufficient attention to the fact that the market for FDI has become a truly global one, with host countries competing with one another in offering potential investors varying incentives, such as tax concessions, reduced or eliminated trade-related investment measures, and so on. The policy implications of these tools are significant, not only as regards how they affect the spatial and sectoral distribution of FDI, but also because they are important topics taken up in bilateral investment treaties or in multilateral investment codes or agreements, such as the new investment provisions in WTO. Finally, the literature on industrial organization, as a determinant of both FDI (e.g. Knickerbocker's "oligopolistic reaction" (Knickerbocker, 1973) and firm performance in local markets (e.g. Caves *et al.*, 1980), has been largely ignored. This is a shame because this literature offers a rich trove of inquiry, and it would have been interesting to read about these scholars' analysis regarding whether changes in the policy regimes in recent years have made the structure of domestic industry more competitive. These cavils aside, the book is well worth reading. ■

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***The Theory of Multinational Enterprises:***

The Selected Scientific Papers of Alan M. Rugman

Volume One: *The Theory of Multinational Enterprise*

Volume Two: *Multinational Enterprises and Trade Policy*

(Cheltenham: Edward Elgar, 1996), xvii + 291; xxii + 406 pages

Alan Rugman is one of the “stars” of the international business research community. A recent survey of citations in the *Journal of International Business Studies* placed him at number five, behind such eminences as John Dunning, Raymond Vernon and Michael Porter. If quantity of output, rather than citation, were the criteria, Alan Rugman would come top by a wide margin: no writer was more prolific during the 1980s. Fortunately for the reader, however, these volumes represent Rugman’s *selected* rather than *collected* works. They are the cream of his writings, carefully chosen to illustrate the main themes of his work.

Many readers may already be familiar with Rugman’s key papers, and may be wondering whether (as suggested in the preface) this collection is just a present that he decided to give himself (by courtesy of the publisher) on his fiftieth birthday. But the collection is extremely interesting for several reasons.

First, the introduction is a fascinating piece of autobiographical reflection, written in the clear, direct, straightforward and incisive style that is characteristic of Rugman’s best work. It tells of the different approaches that he has used to tackle the various issues that emerge in the study of transnational corporations (TNCs) and trade and investment policy. Although he has a (partly deserved) reputation as a relentless exponent of internalization theory, who will not rest until the very last person in the profession admits that internalization theory is true, Rugman also draws upon portfolio theory, neoclassical theory, strategic theory and strategic management concepts. He recognizes that different issues require different sets of concepts to resolve them. His approach to international business is thus far more eclectic than that of John Dunning, for example, because he

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admits to using different strands of theory, and does not force them into one single all-purpose package instead.

Secondly, the republished material is well organized into nine sections, in each of which the author has a distinctive point to make. Although there is, unavoidably, a certain amount of repetition, limited repetition has a useful role to play in adding emphasis to the key conceptual points. It is clear that Rugman is a passionate believer in the points that he wishes to get across—the errors of protectionism and the limitations of Porter's single-diamond framework being two notable examples. His role as a passionate advocate of particular points of view has served an important purpose in maintaining intellectual honesty within the international business profession. It has certainly contributed to the growing reputation that international business research enjoys amongst scholars—a point to which the author alludes in his introduction.

Thirdly, the collection is interesting for a wide range of empirical applications. Although there is a distinct Canadian emphasis to the applications, this adds to, rather than detracts from, their interest. Canada, like Sweden, is a small open economy, which is well endowed with natural resources and has a strong foundation of technological research. Like Sweden, it has successful electrical engineering and telecommunications firms, and strong banking and insurance industries, and has recently entered into closer economic ties with larger neighbours. Both economies first acquired much of their current dynamism from the Protestant work ethic about a century ago. As a British emigrant, Rugman personifies the kind of immigrant skills that have enriched Canada in the past. His affinity with the Canadian entrepreneur comes through very clearly in his case studies. Although he is not specifically concerned with Canadian economic history, his case-studies of Canadian TNCs illustrate nicely the historical development of the competitive advantage that these firms exploit today.

Finally, Rugman has collaborated widely with younger scholars. The jointly authored papers—particularly in the second volume—illustrate how others have benefited from involvement in his research programme.

Over the years, Canada has produced a remarkable number of distinguished academics in international economics and international business. These two handsome large-format volumes are a fitting tribute to the work of one of the most productive scholars within this tradition. Rugman offers

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us 50 papers for each of his 50 years—25 papers in each volume. We can therefore look forward with confidence to the year 2020, when, if all goes well, the third volume in this distinguished set will duly appear. ■

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***Transnational Corporations and Backward Linkages  
in Asian Electronics Industries***

Atipol Bhanick Supapol (ed.)

(New York, United Nations, 1995), 287 pages

This monograph presents country studies of the electronics industry in six countries in the Asian-Pacific region. Electronics represents the largest and most rapidly growing industry in the region. This growth has been largely driven by foreign direct investment (FDI) from key source countries whose corporations are competing for market share in this dynamic bloc of the Triad, as well as globally. Since FDI is a major source of capital, technology and market networks, country studies can provide valuable insight into both corporate strategies and host country development strategies.

The countries covered are China, India, Indonesia, Malaysia, the Republic of Korea and Thailand. The focus of the study is on technology spillovers through backward linkages in the form of subcontracting arrangements with small and medium-sized local suppliers for electronics parts and components. Two types of externalities are included in this concept of spillovers: intra-industry diffusion of both coded and tacit knowledge (e.g. management practices), and agglomeration externalities derived from an up-graded technological and human capital infrastructure.

The methodology of the country studies included use of a common set of questions for a sample of TNCs and local suppliers, as well as direct interviews with senior managers. As the authors note, because it is impossible to draw general conclusions from case studies in the absence of a consistent analytical approach to the key issues under examination, the use of the common questionnaire and direct interviews was essential. In this regard, the monograph represents a long overdue breakthrough, since analysis of FDI and technology transfer—arguably the most important factors relating to the future path of development of the Asian countries—has so far been based on grossly inadequate aggregate data derived from published statistics of varying quality and consistency. Thus, one can readily agree with the statement in the introductory chapter that “the information collected by these authors represents a unique and most up-to-date information on the procurement activities of TNCs in the selected Asia-Pacific countries and the effects of TNC operations on host-country suppliers”

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(p. 6). However, although the micro data derived from a uniform analytical template are necessary for avoiding the pitfall of “narrative noise” inherent in the case study approach, they are not sufficient to provide an overall picture of TNCs’ activity in the region. Consequently, the results of this undoubtedly worthy project are in a number of respects rather disappointing. While this may in part derive from the inherent difficulties of the case-study methodology—which is impossible to judge because the questionnaire, definitions, sample design, etc., are not presented and not adequately discussed in the monograph—it also stems from the overall analytical approach.

The overall objective of the research is to provide policy guidance for host country governments to facilitate backward linkages in the electronics industries and hence capture externalities of the two types noted above. Since these industries are deemed “strategic” (a term not defined by the authors) in each of the six countries, it would have been useful to place this policy objective in a broader context. What are the implications of an industrial policy focus on electronics in all these (and other) Asian-Pacific countries? Are electronics the contemporary equivalent of steel or automobiles, and does the experience of the OECD countries with strategic industry policies provide pertinent lessons about the costs and benefits of this overall approach? Before backward linkages are tackled, should the possibilities of negative spillovers which may result from certain strategic policies, e.g. in the form of locational competition for investment, be taken into consideration in an overall policy approach? Finally, the policy proposals for enhancing technology transfer to small and medium-sized enterprises via backward linkages must take into account the implications of new global negotiations on investment, which, judging from the recently launched OECD negotiations on a multilateral investment agreement, will seek to restrict performance requirements well beyond the minimal restrictions contained in the WTO’s Trade Related Investment Measures Agreements.

At the more micro level of technology diffusion, which is the focus of the study, other questions arise. For example, since TNCs from different countries may have different corporate strategies with respect to overall technology transfer, including backward linkages, it is surprising that the study did not include TNC home country identity as a key independent variable explaining the extent of technology transfer. There has been, in recent years, considerable controversy about the behaviour of Japanese TNCs with respect to technology transfer and the alleged impact of

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“closed” intra-firm networks in the electronics sector. United States TNC networks—according to a number of United States analysts and officials—are more open and hence more likely to enhance technology diffusion. Are these differences significant? What is the corporate strategy of the regional TNCs in this respect, including the burgeoning overseas Chinese corporations? This study could have provided extremely valuable information on this important subject of the extent and nature of differences in corporate behaviour. Furthermore, while the findings repeatedly contrast “direct” and “indirect” effects of TNC technology-transfer policies, no precise definitions of these terms are provided. Nor is there any analysis of the extent and nature of agglomeration externalities as distinct from technology diffusion spillover. Are these included in the concept of “indirect” transfers? The research findings suggest that “indirect” transfers are more significant than direct transfers, but it is difficult to evaluate the implications of these differences in the absence of more detailed information.

All this having been said, it must be emphasized that this research represents an important breakthrough in tackling an extremely significant issue. Each of the country studies provides new material on current policies with respect to this key industry, as well as insightful information on TNC strategies. One hopes that this initiative will facilitate further research based on the case-study-micro data approach. ■

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## *The Logic of International Restructuring*

Winfred Ruigrok and Rob Van Tulder

(London and New York, Routledge, 1995), 344 pages

This study is an attempt to understand the institutional settings that affect the ways in which large firms restructure, that is “changes in the way goods and services are being developed, designed, produced, and distributed, i.e. changes in the companies’ organization structures and the technologies they use” (p. 2). The conceptual core of the study (chaps. 2-5) defines the mode of production in terms of Fordism or post-Fordism, and then describes in detail the implications of the mode of production for the relationships among the six actors involved in restructuring: the core firm, supplying firms, dealers and distributors, employees, financiers and the governments. The description of these relationships is a major strength of the study. Similar to the work of scholars such as Masahiko Aoki and Oliver Williamson, this book tries to identify the conditions under which certain types of institutional arrangements prevail and the consequences of those arrangements for the restructuring of firms.

However, this multidisciplinary approach often seems unwieldy because of the lack of a clear formulation of the objective functions of the actors and a tendency to make assumptions that are not self-evident, or are not based on clear empirical evidence. For example, in chapters 4 and 5, the authors make extensive use of diagrams of “indicators of relations” between core firms and the other actors involved in restructuring, which often appear unnecessarily complex and counter-intuitive. It seems that a mathematical presentation of these relationships, or at least of parts of them, would have made it easier to understand the assumptions and to test the consistency of the assertions made.

The rest of the book adopts a more empirical approach to three major debates about the nature of international restructuring (chaps. 2, 8, and 10); the globalization of technology, competition and finances (chaps. 6 and 7); and the optimal mix of international trade and industrial policies (chap. 9).

The first topic is most directly related to the theoretical analyses discussed above. The authors juxtapose at length the concepts of “globalization” and “glocalization”, the former standing for “worldwide intra-firm



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division of labour” and the latter seeking to “establish a centralized inter-firm division of labour in the three major trading blocks” (p. 178). Significantly, the authors assert that “globalization is first of all a political and only in the second place a business location strategy” (p. 179). I find this juxtaposition of political and business strategies (related to location or other matters) of little use in analysing a firm’s behaviour. Instead of analysing whether a given type of arrangement is chosen for political or business reasons, I would be far more comfortable with a focus on the implications of different institutional arrangements for a firm’s costs (including political risk as a cost) and revenues.

The authors further stress the influence of nationality, or more specifically of industrial complexes (industrial systems), on a firm’s behaviour (p. 179). However, the more rigorous statistical studies written on TNCs in Asian host economies that I am familiar with found that differences in firm performance (such as factor productivity, factor intensity and trade propensities) among TNCs originating in various countries are often statistically insignificant. Hence, I tend to view the institutional differences referred to in the book as differences in style that have little correlation with a firm’s economic performance. However, it is also true that rigorous statistical tests of such assertions are few and that case-study-based analyses, such as those undertaken in this and many other studies, typically lead to the conclusion that institutional differences are important. In this respect, the authors could have made a very important contribution if they had conducted rigorous statistical tests; indeed, the single most important shortcoming of the study is the lack of rigorous statistical analysis.

In the discussions on trade and industrial policies (chap. 9) there are also a few bothersome points. First, the statement “free trade theory’s welfare argument . . . attributes a rationality to governments that is not realistic” (p. 237) is a perfect example of constructing a straw only to be knocked down by it. The theory of international trade is not a theory of government behaviour and says nothing about the rationality of governments. Rather, it implies that if governments pursue free trade policies, there are usually substantial benefits to their countries as well as to their trading partners.

Second, the authors define “free trade theory” in a very restrictive way (e.g., assumptions of identical production functions across all countries and perfect competition in all markets). This definition is indeed so restrictive that an international economist with any common sense whatsoever

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would find it unacceptable as a policy-analysis tool in many cases. However, the authors point out that recent developments in trade theory, especially those highlighting the role of imperfect competition and the corresponding potential for pursuing welfare-increasing trade policies, have helped to make policy discussions more realistic than before.

Despite these shortcomings, however, the study is quite interesting and deepens our insights into the political economy of restructuring. Although I believe that the authors tend to overuse case-studies instead of using a more formal statistical analysis, the case-study information presented is very informative and in many cases clarifies the authors' analytical approach. Thus, I will be among those waiting eagerly for the authors to do a follow-up study that defines and tests the hypotheses emerging from this analytical approach with more quantitative precision. ■

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