

nations noted for a long-standing political commitment to health rights. The survey yields fascinating information on the ambivalent positions of generics producers. For example a Salvadorian generics producer and continental generics industry leader, student of anti-IP academic Carlos Correa, privately accepts CAFTA. Indeed, several industry leaders were right-wing ex-presidents during the civil war; distrust of or animosity to leftist health rights advocates appears to trump immediate commercial interests. A more general key issue is lack of trust in public regulation of the purity and safety of drugs. This makes branding perhaps more important than IP. "Generics" are generally branded in Central America. In El Salvador, generic drugs were reportedly priced on average at thirty times their international reference prices. No wonder that there were no stable and effective coalitions between health advocates and generic producers during negotiations of CAFTA.

Godoy moves in chapter 5 to a very distinct issue, patients' rights litigation, focusing on in-depth discussion of Guatemala based on her compilation of decisions on 271 cases. Guatemala has constitutional guarantees of health rights, and the human rights ombudsman's office litigates patients' rights cases. The vast majority of ninety-two cases on access to medicine were resolved in favor of the plaintiff. However, many cases granted the patient the right to use or keep using a branded version of a drug when a generic was available. Not surprisingly, pharmaceutical companies facilitated appeals of this kind. Apparently the presence of the individual plaintiff (often middle class) was more persuasive to the judiciary than the abstract interest of the nation in low cost health for all.

Indeed, the book is strikingly effective in reframing well-worn policy controversies: "[F]ar from focusing excessively on state accountability, the global access movement targets major drug companies and the Northern Hemisphere governments who do their bidding, while granting the states of Central America a free pass" (Godoy 2013 p. 16.). And what is needed of the states in question? "Particularly as regards social and economic rights, sometimes the challenge requires empowering a reticent state rather than retraining a repressive one" (Godoy 2013 p. 5).

Godoy turns in chapter 6 to a discussion of the evolution of global rights, including rights to health. The result is less satisfying. She offers an amalgam of informed empirical observations and what, to me, are unhelpful and unconvincing associations with political theorists of the left. When she locates the source of modern human rights organizations in the struggles with Latin American dictatorships, she misses the crucial role of European reactions to the trampling of rights in the Soviet Union.

This highly informative book is pessimistic regarding the prospects for distributing the benefits of modern pharmaceuticals to needy populations in Central America. It is therefore a shock to find a table showing that nations in the region have all experienced remarkable gains in life expectancy and drops in child mortality between 1990 and 2006. Is full access to modern drugs really so important to the continuation of the remarkable progress achieved in recent decades?

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## P Economic Systems

*Mixed Fortunes: An Economic History of China, Russia, and the West.* By Vladimir Popov. Oxford and New York: Oxford University Press, 2014. Pp. ix, 191. \$40.00. ISBN 978-0-19-870363-1. *JEL* 2014-1434

In development economics, there are no three more important questions than (1) Why did the West get ahead of everybody else? (2) Why did Russia fail to catch up? and (3) Why is China succeeding now? Vladimir Popov endeavors, in his slender volume of fewer than 200 pages, to answer all three. There are very few economists as well placed to do so as Popov, currently at the United Nations, and previously a professor at the New School of Economics in Moscow and Carleton University, Ottawa, and lifelong student of China. Let me first give Popov's answers to the three questions before I discuss them.

For Popov, development is escape from the Malthusian trap: higher overall income is not "dissipated" into population growth without increasing mean per capita income over the long

term. He dismisses popular explanations that see the forces behind the West's breaking of the Malthusian trap in institutional change (Landes 1998, Mokyr 2002) or "serendipity" of geographical and climatological accidents (Diamond 1997, Pomeranz 2000). He prefers an older explanation, going back to Karl Marx and Karl Polanyi. In Popov's view, the Malthusian trap is broken through "elimination of collectivist institutions [which gives] rise to increased inequality which in turn boost[s] savings and investments and the capital/labor ratio" (p. 20). The Western "big push" thus destroyed the "collectivist" institutions and replaced them with individualistic profit-maximizing agents (English enclosures come to mind). It was a costly approach because it increased poverty and mortality, but it eventually worked.

But why could not the same scenario be applied to the rest of the world? According to Popov, attempts at modernization, which were often done through colonization, failed because they broke indigenous institutions. This just increased poverty and inequality, but rather than leading to development, degenerated into a comprador capitalism (p. 52). In terms of prescriptions for long-term development, Popov, somewhat fatalistically, argues that "the Rest" should keep (or should have kept) its own "collectivistic" institutions and waited until global (meaning Western) technological progress has advanced sufficiently so that it can break through the Malthusian trap by increasing productivity while avoiding greater inequality and poverty.

On the second big topic (why did Russia fail?), Popov essentially repeats the argument that premature Westernization failed in Russia as it did elsewhere, because it destroyed autochthonous institutions (we are talking here of the Russia between Peter the Great and Pyotr Stolypin's early twentieth century reforms) while the return to collectivist institutions under socialism failed because central planning could be successful only during the first investment "generation." Afterwards, political incentives were such that planners preferred to invest in new plants rather than retool the old ones: that led to an excess of capital per worker, artificial shortages of labor, and low elasticity of substitution between capital and labor, resulting in low growth.

And why did China succeed? Again, this follows directly from the answers to the first and second questions: Because it waited (obviously not consciously) to start modernization until the early twentieth century, and because it kept planning for thirty years only. Thus, China, largely accidentally, on both counts did exactly what was best: it did not start modernization too early and it jettisoned central planning just as it was becoming inefficient.

Let me now review these main conclusions, which are here, of course, presented in their barebones form. There is a lot of empirical evidence, discussion of the actual modernization episodes, and general nuance that cannot be covered in a short review. What I called a "fatalistic" approach to development, where a developing country instead of trying to catch up with the West would sit and wait until conditions became better is, in my opinion, neither feasible nor useful for policymakers. When Egypt began its modernization drive under Mohammed Ali or Madagascar under Radama I (both in the early nineteenth century), it could not have known what Popov today argues to be true.

But perhaps the best rebuttal of the "do nothing until the time is right" hypothesis comes from the success of Japan; not the one after World War II, which Popov acknowledges, but the one between 1850 and 1940. Japan modernized well, preserved most of its own institutions, generated investible surpluses, and basically played according to the Western textbook (as Morishima (1984) nicely documented in an old, but still relevant, book). I also believe that the same argument could be made for Russia: had it avoided the war and the Bolshevik Revolution, it is likely that its high rate of growth could have been maintained and country fully modernized. So, early modernization *à la Occidentale* was not necessarily doomed.

It is, however, also true that Russia, under collectivistic socialism, experienced high growth and industrialization (which, as Popov writes, made it possible for the USSR to resist and ultimately defeat the second strongest industrial power at the time, Germany), but that effort eventually petered out. Popov's rather technical explanation for the Soviet slowdown is not on the same level of abstraction as the rest of his thesis. I do not find it particularly convincing either. There is no rule,

I think, that would make planning efficient for thirty years only and never again. Rather I think that planning failed, not because of its intrinsically different efficiency in the 1930 versus the 1970s, but because the nature of technological progress changed. To be ahead of the curve in the 1930s, you had to build dams, which central planning did pretty well; to be ahead of the curve in the 1970s, you had to build cars to please consumers, which planning could not do.

This brings us to China, which Popov has extensively studied, and with which he is as acquainted as with the Soviet Union/Russia where he lived and worked. I find compelling Popov's argument that Mao's policies set the necessary basis for China's success: political independence from the West, higher education level (and not based on sterile rote Confucianism, but on more applied sciences), and longer life span of the population were all elements without which Deng's reforms would not have succeeded. Deng simply built upon the (checked) legacy left by his predecessor. Many people are prone to forget the success of China, as compared to India for example, even during the Maoist period—that is, success, despite the misnamed “Great Leap Forward” and Cultural Revolution. By 1976, Popov reminds us (p. 63), Chinese life expectancy was sixty-five years, thirteen years more than in India.

I would be remiss if I were not to mention an important and interesting innovation that Popov brings to the study of institutions. Instead of relying on subjective assessments of institutional strength (perception of corruption, rule of law), Popov proposes that we should look at two simple indicators: the murder rate and the size of the shadow economy. In well-ordered countries both are low; in weak institutional settings both are high. Their use makes sense too: high murder rate directly challenges government monopoly on violence, high share of informal economy likewise challenges government monopoly on taxes. Both, therefore, show that institutions and enforcement are weak. Popov's analysis is particularly convincing when he uses these two indicators to illustrate the dramatic institutional collapse that happened with the transition in Russia (an already high murder rate tripled), as well in England during the Industrial Revolution (the murder rate increased and life expectancy

went down by five years over a century). China, on the other hand, scores much better on both, on par with the rich world, and on the murder rate better than the United States. As Popov mentions, in many respects China displays the features of a developed country, despite the fact that its income level is around one-third that of the developed West.

Popov's book is short, but I think that it will have, per page, strong influence on how we look at economic development over the long term. Those who are interested in broadening their perspective and possibly challenging some of today's tropes, especially regarding the importance of property rights and the role of Mao in China's emergence, will find Popov's book useful both in what they shall learn from it and even more in extending further some of the arguments, only sketched but not fully explored, by the author.

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#### Q Agricultural and Natural Resource Economics • Environmental and Ecological Economics

- U.S. Energy Policy and the Pursuit of Failure*. By Peter Z. Grossman. Cambridge and New York: Cambridge University Press, 2013. Pp. xvii, 397. \$36.99, paper. ISBN 978-1-107-00517-4, cloth; 978-0-521-18218-8, pbk.

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