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Unequal Alliance, 1979-1986, by Board

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Book Reviews

UNEQUAL ALLIANCE, 1979-1986: THE WORLD BANK, THE INTERNATIONAL MONETARY FUND, AND THE PHILIPPINES. By Robin Broad. Quezon City: Ateneo de Manila University Press, and Berkeley: University of California Press, 1988. 352 pages.

A more accurate description of the contents of this study is given by its original title as a dissertation for a Ph.D. in public and international affairs, from which this book evolved, namely, "Behind Philippine Policy Making: The Role of the WB and the IMF" (1983). The author takes a look behind the scenes, as it were, at the largely confidential interaction among WB, IMF and state officials during 1979-82.

In particular, the core chapters of the study focus on two WB loans: a \$200 million "structural adjustment loan" for the industrial sector in 1980-81, and a \$150 million loan for the financial sector in 1981. The author details the events surrounding the groundwork and negotiation for these loans, piecing together information drawn from two sources. One, a series of high-level leaks of WB and IMF documents during the late 1970s and early 1980s provided access to documents intended for insiders' eyes only. And, two, the author interviewed over a hundred persons in Manila (including many government officials and some WB and IMF officials) during 1980-81 and part of 1982. With the use of a framework which distinguishes between "nationalist" and "transnationalist" factions in the public and private sectors, the author finds that the WB and IMF catalyzed the latter group into a dominant position in both sectors by means of three mechanisms of policy influence: 1) elevating and strengthening technocrats; 2) building new institutions; and 3) reshaping the role of existing institutions.

Around the core chapters, the author also devotes some attention to a study of the WB and IMF, individually and collectively; the newly industrialized countries and their emulators; as well as an assessment of export-oriented industrialization, which is the intended end-result of the two loans mentioned above for restructuring the industrial and financial sectors.

Looking at the study overall, it is not difficult to make a case for the view that the author could have usefully traded off some breadth for depth. The

issues addressed could conceivably provide the topics for more than a single book (perhaps, even one each on the WB, IMF, and the Philippines). The symptom of having too many materials to fit into one study manifests itself in a number of paragraphs where practically every sentence gives a footnote to a reference (e.g., pp. 95, 97), making the book rather tedious for the interested reader (the notes after the main text take up almost a hundred pages).

To give a specific example of the comment regarding depth, the author could have looked in some detail at the rest of the WB and IMF loans to the Philippines, instead of only two loans in the 1979-81 period. And the study could have been of more use for other researchers if the relevant WB and IMF leaked documents had been appended, since six years or so have already transpired since the reference date.

Another problem area is the framework used by the author which underpins the study and divides the world into "nationalist" and "transnationalist." According to Broad, nationalists are those who "favor economic policies that protect themselves and their country's resources from the whims of the world market," while transnationalists are those for "policies furthering free international flows of goods and capital" (p. 7). Maybe so, but in the literature of economics, these two categories correspond to the "protectionist" (nationalist) vs. "economic liberal" (transnationalist) debate. This is not the place to review the arguments of that longstanding debate; the point simply is whether the nationalist/transnationalist dichotomy enlightens or obscures the analytical discussion (to illustrate, consider if its synonym had been used instead, i.e., patriot/transpatriot).

It is clear that a central concern of the study is the interaction between the domestic economy and the world economy. No doubt this is an important issue for developing countries, and one wishes that James Riedel's response to Arthur Lewis (who is quoted by the author) on the issue of whether trade is the engine or handmaiden of growth had seen print earlier to be of benefit to this study (cf. *Economic Journal*, 1984). In a related manner, it will be noted that the author concludes the book with a list of six leads for fresh perspectives on the questions of linkages with the world economy and an alternative development paradigm. There is one particular item which, to this reader at least, seems worthwhile following up, namely, the views on the linkages issue of Carlos Diaz-Alejandro, the Cuban-born economist who was teaching at Columbia University until his untimely death in 1985. It is fortunate that his major papers have been collected together into a volume published last year (edited by Andres Velasco).

To sum up, while keeping in mind the weaknesses in the book as noted, students of Philippine economic history of the 1979-81 period would want to refer to this study for its detailed chronicle of events surrounding the two WB loans.

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