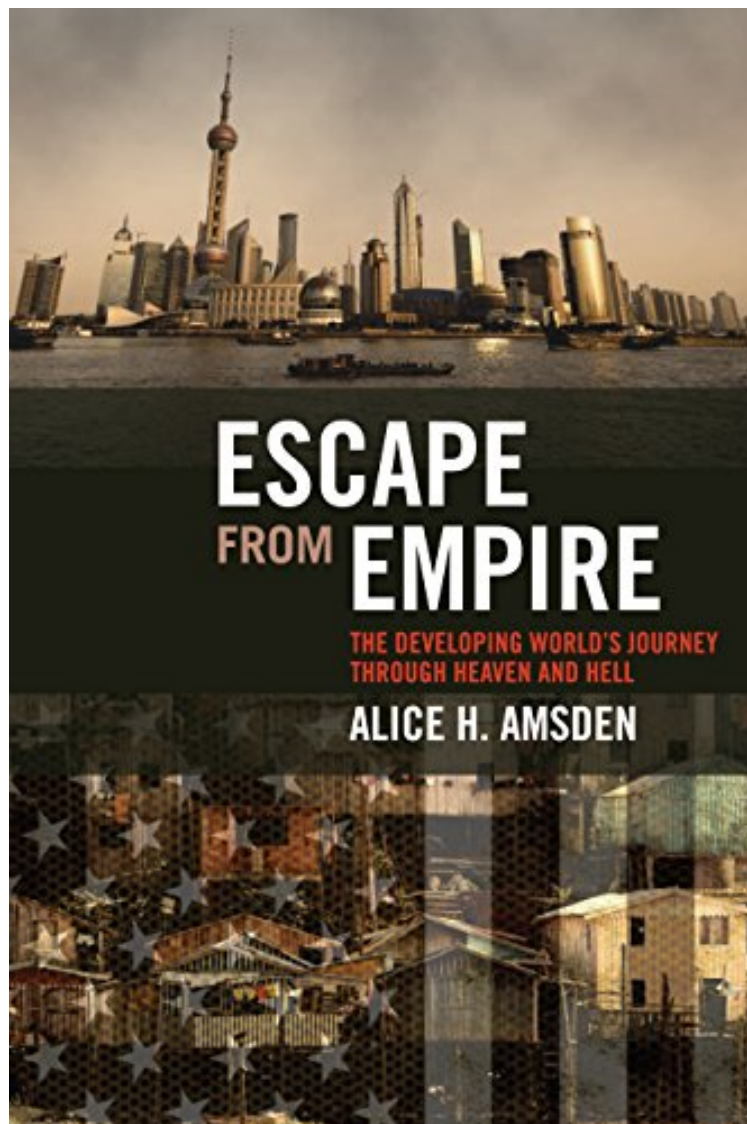


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## Escape from Empire: The Developing World's Journey through Heaven and Hell (MIT Press)

*Alice H. Amsden*

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**Alice H. Amsden** : **Escape from Empire: The Developing World's Journey through Heaven and Hell (MIT Press)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised **Escape from Empire: The Developing World's Journey through Heaven and Hell (MIT Press)**:

1 of 1 people found the following review helpful. Amsden Gets Globalization Wrong By Etienne RPAlice Amsden wrote a classic on the development model of South Korea--Asia's Next Giant. Her book was filled with detailed

descriptions and case studies, and it offered practical lessons for business executives and policy makers alike. By contrast, *Escape From Empire* is filled with sweeping statements and generalizations, and it offers very little in terms of practical recommendations. In my opinion, Amsden got Korea right because she concentrated on business strategy and mostly left her politics at the door. She gets globalization wrong because she lets ideology drive her research agenda, losing her practical relevance along the way. *Escape From Empire* does raise important questions. Why is it that economic take-off and industrialization only took place in a limited number of countries, which all had manufacturing experience before World War II? Why are Asian countries, and especially Japan's former colonies, so well represented in this group? Why is it that the US couldn't ignite growth in its own Latin American backyard, while the Chinese economy benefits from being in the middle of a fast-growing Asian region? How to account for the rapid development of countries like China or Vietnam whose authorities do not follow the Washington Consensus script? How can government efficiently manage the economy without falling prey to nepotism and rent-seeking behavior? Do development theories vary with academic fashion, or are there important ideas that policymakers need to apply consistently? The problem is that instead of providing new answers to these questions, Amsden offers old wine in new bottles, and spices her recipe with a heavy dose of political correctness. For her, the 1960s and 1970s were a golden age of economic experimentation and high growth, followed by a dark age of ideological tightening and sluggish performance. America was the benevolent hegemon that allowed countries to experiment with their own solutions, in a kind of *laissez-faire* that applied to government policies as opposed to market solutions. It then turned into a stern school-teacher that imposed market fundamentalism and discredited all attempts at state-led development. Only since the turnoff the twenty-first century did emerging economies retrieve the room of maneuver that allowed them to challenge the Washington-led orthodoxy. It is to this journey through heaven and hell that Alice Amsden conveys her readers, making it clear that, fort her, the developmental state comes from heaven, and the United States comes from hell. The era of experimentation Amsden refers to as the hallmark of the 1960s and 19870s does not designate hippy counterculture--although she alludes to alternative lifestyles and drug use, which she compares to receiving foreign aid: "it felt good, but it had a lot of bad side effects." Nor does it refer to experimenting with democracy and opening up political space: like in her book on South Korea, Amsden has few words in favor of democracy or free elections, and she thinks democratization comes as a consequence of economic development rather than as condition. She likes her state strong and authoritarian, and her civil society subdued and obedient. What she means by experimentation is that, following World War II and until the neoliberal 1980s, developing countries were allowed to follow their own development paths, as long as they stayed clear of communism. In particular, they were free to tinker with various forms of state intervention and industrial policies. Some countries stroke a winning formula: performance-based subsidies, which was first experimented in South Korea and Taiwan, and which allowed them to grow at a fantastic rate. The idea is straightforward: nothing comes for free. In order to get government subsidies, including cheap credit, tariff protection, and entry restrictions, business groups had to reach a certain export target, output level, investment rate, or management practice. This hands-on approach to policy management violated every tenets of the free market mantra. Governments got relative prices wrong, they picked winners, they invested to overcapacity, they managed trade, and they went against the law of comparative advantage. And the surprising thing is that they got away with it beautifully. Does this provide a policy for would-be globalizers? The world today is a thoroughly different place than what it was a generation ago. Recipes that worked in the past may no longer apply. Indeed, there is a strong case to be made that South Korea and other Asian developmental states depended more on free market and entrepreneurial initiative than earlier accounts of their successes have led us to believe. The principal challenge of emerging countries, the so-called "middle-income trap", doesn't come from US hegemony or the Washington consensus. These economies find themselves between a rock and a hard place. On one hand they are no longer able to compete with the cheap inputs of lower-level exporters, but on the other hand they lack capacity to compete with the high-technology production of higher income countries. Middle-income countries also confront other challenges: they face increased inequality, they are exposed to the risk of financial crisis, and their political system often oscillates between populism and authoritarianism. I was very disappointed by this book. Amsden doesn't really engage neoclassical economics on its own turf. There is no discussion on the law of comparative advantage, on the benefits of free trade and competition, or on increasing return to scale and monopolistic competition for that matter. She engages on a smear campaign against Anne O. Krueger and the World Bank. On the other hand, she lionizes economists like Raul Prebisch, whose theories of center/periphery and import substitution have led to a dead-end. The book is short on theory and concepts. Amsden's attack on free market theory is not well argumentated and often falls into caricature. She insists on the need to experiment, but she doesn't talk about the experiences that failed, with catastrophic consequences for the population. Her dismissal of US foreign influence borders on paranoia. In addition, Amsden has a very peculiar approach to academic writing. She thinks catchwords, quips and funny phrases can substitute for academic rigor and sound reasoning. She has some bon mots for sure, like when she states that the British empire is best remembered as "a place where the sun never sets and wages never rise", or when she highlights the difference between the two periods of American hegemony by writing that "the first lifted all boats, while the second lifted all yachts". This will amuse at first, then bother and irritate. Is it really up to an academic writer to mimic journalists and magazine editors, often with

less talent? As a conclusion, you can easily escape from *Escape from Empire*: it is a dispensable book that fails to convince. 1 of 2 people found the following review helpful. Interesting but One-Sided  
By Doromber  
The basic idea of the book is the difference between two models of American Empire - one that was in 1950 - 1980 and the other from 1980 until present. Amsden writes that the first empire gave countries of the Third World a possibility to choose its own way of economic development if they still would have been capitalist while the second empire made them adopt neoliberal policy. While there's something correct about this idea it shares all difficulties of Keynesian critique of neoliberal capitalism because it was the exhaustion of Keynesian and developmental model that gave a rise to neoliberalism. The real problem is that capitalism turned barbarian not because of some ideologies but because of inherent structural tendencies. So this book is very good as description of the rise and fall of Third World developmentalism but not as an explanation. I'd like to give 3.5 stars.  
15 of 17 people found the following review helpful. A little too concise  
By S. Sherman  
The pedigrees of the blurbers of this book give some sense of its mission--economists with impressive positions for the most part in the 'BRIC' (Brazil, Russia, India, China) countries. The book is basically an argument for a renewal of Keynesian developmentalism, which to some degree these countries are returning to. Amsden offers a history in three parts. First there was European colonization, which opposed any industrial growth in its realms. Then there was the post-World War II American Empire, which allowed countries to find their own path of growth. Then this system went into crisis and was replaced by the straitjacket of neoliberalism, which stifled growth. This isn't bad as far as it goes, although Amsden tends to gloss over some of the weaknesses of the developmental period. She goes on about the virtues of import substitution without really examining some of its limits, and why it turned into such a dead end in Latin America compared to South Korea. I particularly liked her description of the economics of colonialism. There is still considerable confusion and sentimentality about this period in the West. Her description of the way experience with industrialization provides cumulative knowledge is also valuable. But her perspective is too top down for my taste, a perspective where all that matters are some decisions made by government bureaucrats and economists. And her insights into the developmental process are so concise as to be practically aphoristic--the book could have been usefully expanded by a hundred pages so that she could clarify with more specific examples how these processes work.

The American government has been both miracle worker and villain in the developing world. From the end of World War II until the 1980s poor countries, including many in Africa and the Middle East, enjoyed a modicum of economic growth. New industries mushroomed and skilled jobs multiplied, thanks in part to flexible American policies that showed an awareness of the diversity of Third World countries and an appreciation for their long-standing knowledge about how their own economies worked. Then during the Reagan era, American policy changed. The definition of laissez-faire shifted from "Do it your way," to an imperial "Do it our way." Growth in the developing world slowed, income inequalities skyrocketed, and financial crises raged. Only East Asian economies resisted the strict prescriptions of Washington and continued to boom. Why? In *Escape from Empire*, Alice Amsden argues provocatively that the more freedom a developing country has to determine its own policies, the faster its economy will grow. America's recent inflexibility -- as it has single-mindedly imposed the same rules, laws, and institutions on all developing economies under its influence -- has been the backdrop to the rise of two new giants, China and India, who have built economic power in their own way. Amsden describes the two eras in America's relationship with the developing world as "Heaven" and "Hell" -- a beneficent and politically savvy empire followed by a dictatorial, ideology-driven one. What will the next American empire learn from the failure of the last? Amsden argues convincingly that the world -- and the United States -- will be infinitely better off if new centers of power are met with sensible policies rather than hard-knuckled ideologies. But, she asks, can it be done?