widespread changes advocated by the authors, will prevent Europe’s relative decline. This is inevitable not because Europe is over-regulated, but because of the presence of two longer-run, and largely exogenous, trends: shrinking and ageing populations at home and economic catch-up abroad. And both these trends are welfare enhancing: the former reflects longer life expectancy and increased female choice in Europe, the latter rising productivity and living standards in the developing world. Slowing relative decline via faster growth fostered by greater efficiency is, no doubt, desirable, but in no way will such greater efficiency stop these longer-run forces.

References

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The collected volume edited by Balcerowicz and Fischer makes a significant contribution to an important and rapidly developing research field. The debate on convergence has a long history, reaching back to the seminal paper of Robert Solow (1956). Although Solow’s model was never meant for the comparison of countries, other scholars used it to derive the convergence hypothesis, which states that poorer countries tend to grow faster than richer countries on their way toward the same long-run equilibrium, thereby enabling the former to progressively catch up with the latter. The pioneering work of Barro (1991) triggered a wave of empirical research on convergence. Furthermore, recent world events such as the breakup of the East Bloc, European integration, and East Asia’s emergence as an economic superpower offer natural conditions under which to study convergence.
Balcerowicz and Fischer’s collection of essays contributes to this body of research by providing case-study-based analyses of the convergence processes of different countries in Europe, Central and Eastern Europe (CEE), the Commonwealth of Independent States (CIS), East Asia, and South America. Part I starts with a chapter by Stephen L. Parente and Edward C. Prescott introducing a theoretical model of technology implementation, which they use to demonstrate that countries only succeed in catching up if they are able to rid themselves of constraints on technology implementation. In the second chapter of Part I, Philip Keefer investigates the question of whether democracy is an important prerequisite for growth. While he concludes that democracy has a positive impact on growth, he finds that it is not democratic elections themselves but rather the system of political checks and balances that plays the crucial role.

Part II presents case studies on individual countries and entire regions. Olle Krantz analyses the convergence tendencies of the Nordic countries Finland, Sweden, Denmark, Norway, and Iceland towards the US, and Anders Åslund compares the convergence processes of CEE and CIS countries. These chapters are accompanied by two more in which Vittorio Corbo L. and Leonardo Hernández T. analyse the case of Chile, and Wing Thye Woo studies that of China.

Part III reviews the convergence experiences of several countries resulting from their accession to the European Union. In a series of individual chapters, detailed analyses are carried out for Greece (one by Isaac D. Sabethai and another by Athanasios Vamvakidis), Ireland (one by Thomas O’Connell and Diarmaid Smyth and a second by John Bradley), Portugal (by Abel Moreira Mateus), and Spain (one by Manuel Balmaseda and Miguel Sebastián and another by José Maria Viñals).

Part IV comprises different approaches to analyze the impact of joining the European Monetary Union (EMU). Whereas Jacek Rostowski and Nikolai Zoubanov discuss the question of whether the CEE countries should be required to achieve real convergence before being allowed to join the EMU, Iain Begg examines whether joining the EMU might accelerate or hinder a country’s real convergence.

Given the diverse countries addressed in the book and the various experiences described, the editors arrive at an astonishingly simple conclusion: all that is required for growth and convergence is “reliance on market forces within an open economy in a stable macroeconomic environment with assured property rights” (p. 15). The diverse situations described in the different chapters, however, tend to support a different conclusion: that this simple formula is not sufficient to ensure growth and convergence. In fact,