

an example, the U.S. policy toward China has evolved from engagement to competition, even confrontation. It would have been useful to have a discussion in Chapter 2, showing how these policy changes reflect a change in U.S. strategy toward China. We need of course to stipulate this dependent variable (strategy) before we can try to explain it.

Naturally, it is also necessary to stipulate the independent variable(s). The reader often encounters seeming inconsistencies, even contradictions, on this score. For example, Zhao simultaneously states that “in the foreseeable future, no matter whether the US economy continues to deteriorate or recover, it is certain that China’s voice in international economic affairs will continue to increase” (p. 65); “In the economic field, China’s developmental momentum is strong and it holds the upper hand [vis-à-vis the U.S.]” (p. 72); and “China’s rapid economic growth, which has been the impetus for regional power shift, is still uncertain” (p. 75). How should the reader reconcile these statements, and how are China’s economic growth and its economic challenges supposed to affect its foreign strategy? When China had a weak economy during the Maoist years, its foreign policy was allegedly bellicose. But now after its economy has grown enormously, Washington claims that its policy has again become bellicose. How can both a weak and strong economy produce the same policy?

Of course, the policies pursued by a country are not the same as its strategy but are rather a reflection of this strategy intended to implement it. Thus, the United States may be said to have a strategy of preventing another country from becoming a regional hegemon after it has itself attained this status in the Western Hemisphere, inclining it to shift its support from Japan to China, and vice versa, to prevent the stronger one of them from claiming regional hegemony in East Asia. Alternatively, Washington’s policy of engaging China can be said to reflect a strategy seeking to change the character of China’s government and the values of its people. Other examples may be Deng’s injunction to his countrymen that China should bide its time and hide its brilliance, and Yoshida’s doctrine exchanging Japan’s political and military subordination to the United States for Washington’s support assisting Japan’s economic recovery and growth. As these illustrations imply, policies are supposed to be motivated and guided by a more basic calculation and conception, a country’s grand strategy.

In conclusion, this book has a laudable goal to compare the foreign strategies of different countries. It would be a stronger contribution if it could be clearer in specifying its dependent and independent variables, demonstrating the relative impact of various independent variables, and showing the similarities and dissimilarities in the policy processes producing United States, Chinese, and Japanese strategies by applying the same concepts and analysis to them.

### The Institutional Foundation of Economic

**Development.** By Shiping Tang. Princeton, NJ: Princeton University Press, 2022. 328p. \$120.00 cloth, \$35.00 paper.

doi:10.1017/S1537592723000919

— Matt Andrews , Harvard Kennedy School  
Matt\_andrews@hks.harvard.edu

Institutions matter to international development. We know that. What we struggle with knowing is how they matter and what we should do in places where they matter in a negative way, constraining a nation’s social or economic potential. Shiping Tang’s new book helps make sense of many questions we might have in this regard. It makes a straightforward argument about the conditions needed for effective development—where countries collect the many \$100 notes lying around (per a metaphor of Tang’s)—and offers a view of the underlying foundational elements required to facilitate these conditions and of how these elements fit into a broader set of governing considerations.

In the first instance, Tang suggests that four “big things” must be in place for countries to take advantage of their existing development potential: possibility, incentive, capability, and opportunity. He then claims that these things are made possible by six institutional foundations: political hierarchy, property rights, social mobility, redistribution, innovation, protection, and equal opportunity. Finally, he notes that these institutional foundations are only one pillar in a “new development triangle” of characteristics required by development states—with the other two being strong state capacity and sound socioeconomic policies.

These three fundamental ideas are important and useful for both academics and practitioners who have settled on the idea that institutions matter but are still trying to work out how. Taken together, they offer a useful way of thinking about what kinds of behaviors one should try to influence to promote development, what kinds of institutions influence these behaviors, and how the institutions fit into a broader perspective on governing. These are important and practical contributions that make this book an ideal companion to other staples, like works by Bates, North, Ostrom, and Rodrik.

Beyond the value of these big ideas, I found Tang’s work an easy-to-read yet rigorously researched discussion that draws on real-world examples from many settings. He also goes beyond many of the other prominent new institutional economics texts by offering a more interdisciplinary reflection on both the challenges of international development and the state of new institutional theory (in economics and other disciplines). He gives a useful synthesis of past work across disciplines, landing on an insightful set of new, adapted, or intellectually fused ideas for his readers to chew on—often by connecting dots that already exist in the new institutional literature, albeit in

different disciplinary flavors. His chapter on redistribution, for instance, covers various perspectives from new institutional economics and draws on thinking from political, sociological, or organizational versions of the approach. The result is a thoughtful perspective that links ideas about the importance of redistribution to those on social empowerment and capability. I was particularly drawn to this treatment given the important role that capability plays in development and how redistributive policies can empower improvements in such—but often do the opposite. For instance, evidence is mixed at best about whether South Africa's black economic empowerment policies have truly empowered important parts of the populace or expanded the nation's development capabilities (see my book, *Will Black Economic Empowerment Catalyse South African Growth?* 2012).

Given Tang's efforts to draw other disciplinary perspectives into the discussion, I found the limited discussion on cultural aspects of institutions a little disappointing. Much work has been done on this topic in the sociological version of new institutionalism, which Tang cites less often than studies written from an economic and political science perspective. His thinking is thus open to a common criticism of new institutional theory—that it emphasizes the rational choices of individuals when explaining behavior over more societal-level factors (e.g., see John L. Campbell, *Institutional Change and Globalization* [2021] and Gunnar Grendstad and Per Selle, *Cultural Theory and the New Institutionalism* [2016]). I think Tang tries to be more balanced in this light than other new institutional economics texts, but there is a place for including or expanding alternative views on the kinds of institutions that affect development, such as ideas, socially constructed cognitive scripts, or even norms.

Tang's treatment of development as a social evolutionary process moves in this direction, acknowledging, for instance, the endogenous nature of development (and institutions) and that the social evolutionary process

behind development differs across contexts (pp 162–79). In a seemingly contradictory line of thought, however, he appears to offer (in Table 7.1) quite specific ideas on the institutions needed at different stages of development, implying that development is generic and passes through the same stages in different places, albeit differently. He then describes a single view on how systems evolve—through a rational, strategic, social niche construction process. I liked the discussion (and enjoy applications of evolutionary biology in explaining development) but did wonder whether Tang's treatment missed perspectives on cultural construction and embeddedness and the importance of national belief systems and narratives that would have yielded a different view. I also wondered whether he seemingly departed from his earlier thoughts on development processes being different in different contexts or whether his message is that the evolutionary process goes through the same stages but in different ways, implying a lower level of variation in the development narrative. Regardless, I thought this discussion needed more evidence—even from cases he draws on in other chapters—to treat the question more seriously of how institutions and development occur. His chapter on the new development triangle notes how hard this kind of change is and that institutions are only a part of the challenge. Yet, I was still left wondering how countries break out of or build on sticky contextual, cultural, historical, and other factors in their efforts to pursue development (and how governments really help in this process).

Beyond these observations, I found that Tang offers a broader, more balanced, and reflective analysis of institutions—and the way institutions affect development—than one usually finds in the new institutional economics. This is thus an important and thought-provoking book that I thoroughly recommend to scholars and practitioners interested in economic development, especially those in the fields of political science, economics, sociology, and organizations.