

**Bourguignon, Francois, Yehuda Elkana and Boris Pleskovic eds. (2007):**

***Capacity Building in Economics Education and Research.***

**Washington DC: World Bank**

Transplanting modern economics education and research into developing regions has been an important endeavor of the World Bank and its partner foundations over the past 20 years. The present volume is the outcome of an international conference in 2005 at Central European University where participants aimed to assess experiences and future challenges of capacity building. The 22 chapters of the book present a wide range of perspectives from all around the developing world bringing together the views of international financial institutions, academics and donor foundations.

In the opening chapters contributors stress the importance of economics in fostering development. Yehuda Elkana sees poverty reduction around the world as the most important objective, which however cannot be seen as a solely economic question and thus requires the cooperation with other social science disciplines. The importance of interdisciplinary research is also emphasized in the keynote address by János Kornai. He suggests that the theory of rational choice, game theory, multivariate analysis of long time series statistics, use of soft data and the system approach advocated in his own works are widespread in the different social science disciplines and thus can serve as the basis for cooperation.

The second part of the book discusses experiences with centers of excellence and research networks as well as identifies current challenges for economics education. Reflecting on the experiences of Open Society Institute William Newton-Smith highlights the importance of sustainability for capacity-building efforts. He suggests that any such effort should be suited to local circumstances, involve local financing besides external donors as well as cooperate with local institutions instead of establishing new ones. These considerations are echoed in the next chapter by Gur Ofer, who presents the cases of the New Economic School (NES) and the Center for Economic and Financial Research (CEFIR) in Moscow. While these institutes have been very successful in publishing high quality research in leading journals, their local influence have remained moderate: close to half of their students go working or studying abroad while their financing is still dependent on Western sources. The difficulty of indigenizing capacity-building efforts is also emphasized by Robert Campbell, whose chapter provides a comprehensive overview of the experiences of the Economics Education and Research Consortium (EERC) in Ukraine. The China Center for

Economic Research (CCER) discussed by Justin Yifu Lin has successfully overcome some of the tradeoffs that are inherent in capacity-building efforts: there is a healthy mix between theoretical and domestic issues, the government regularly asks their advice on policy issues, they have close links to domestic institutions, while they publish in leading academic journals.

The chapter by László Csaba underscores the continuing need for centers of excellence through considering the present problems of Hungarian economics education. While the standards of Western European economics have been established, mass education, which is reinforced by the Bologna process, augments the tradeoff between teaching and research as well as leads to a disconnect between the demands of the labor market and the skills provided by the present system.

Besides centers of excellence research networks have also been able to contribute to capacity-building in relatively cost-effective manner through mentoring, training, providing funding and resources for research. The Global Development Network (GDN) analyzed by Ramona Angelescu and Lyn Squire, as well as the African Research Consortium (AERC) discussed by William Lyakurwa have been successful in enhancing regional cooperation for education and supporting policy-relevant research. In the latter case members of the network are increasingly present in the economic management of the continent thus there is also some evidence about the policy impact of these efforts.

The third part of the book provides regional perspectives on capacity-building. Shantayanan Devarajan et al consider South Asia, where second-generation institutional reforms, which require firm domestic ownership and deep local knowledge, highlight the need for evidence-based research that can counterbalance the lobbies of different interest groups.

Among the regions discussed in the book, Latin-America appears to be in the most enviable position, where quality MA programs have allowed students to enter the best American universities to obtain a PhD. According to Mauricio Cardenas and Guillermo Perry those economists who return are able to solve complex analytical problems thus future capacity-building efforts should focus on improving peer-review in local journals as well as fund more theoretical research.

In Africa the demand for high-quality research greatly exceed its supply especially since the democratization of the region. Here policy-relevant research and education receives top priority. Benno Ndulu et al discuss the successful initiative of the MA program in Makerere University where the training of civil servants in top policy areas led to a change of perception about the value of higher education: instead of seeing universities as a drain on

public resources, now policy-makers consider them as partners in resolving the problems of the economy.

In East Asia since the financial crisis of 1997-1998 there is a growing interest in research results especially for developing alternative points of view about economic policy. According to Homi Kharas the different viewpoints can serve as the basis for an informed public debate and thus contribute to the establishment of social consensus. However in order to conduct such debates it is important to bridge the gap between theoretical and empirical research as well as on follow up on the results of policy.

Finally Ulrich Hoyer describes the difficult state of economics in the Caucasus and Central Asia where modern economics is not available and there is a great resistance to such initiatives both from the governments as well as the old university professors.

The fourth part of the book considers the difficulties of developing PhD programs in transition countries. Drawing on his experiences with the economics PhD program at Central European University John Earle describes the difficulty of attracting quality students and professors to an untested program. While the first problem is due to the low-quality economics education at the BA level, the latter issue is a reflection of the insecurity associated with a new institution. To address these difficulties Earle proposes the development of a narrow research focus particular to the region, which can be attractive to both students and established scholars – such as development economics or institutional economics. A more optimistic view is presented by Jan Svejnar on the Center for Economic Research and Graduate Education (CERGE) in Prague. CERGE has been very successful with its American-style PhD program both in the placement of its students as well as in providing advice to the government on economic policy. The greatest challenge currently is the building of an endowment to guarantee sustainability.

The final part of the book considers the perspective of donors who acknowledge the complexities of capacity-building and stress the need for long-term commitment in these efforts.

The diverse perspectives and experiences presented in the book provides the reader with an appreciation for the difficulties involved in establishing quality programs in regions suffering from scarcity of funds as well as political uncertainties. While the problems presented by the different authors are far from being identical, one common theme that emerges from the contributions is the unavoidability of tradeoffs in capacity-building efforts. A choice has to be made between theoretical and policy-relevant research, between academic

and professional training, as well as between the establishment of a new institution and the cooperation with existing institutions. Since the ultimate objective of such efforts, the contribution to the development of the local economy, cannot be directly measured, choices are generally driven by various success indicators, where tradeoffs are also rampant. Publishing in top journals might imply the neglect for the problems faced by the local economy, while sending students to top American PhD programs carries the risk of accentuating brain drain. These tradeoffs can be overcome only in a highly favorable context such as in China, where the worldwide interest towards the country mitigates the dilemma between general and particular research, and the supportive stance of the government ensures both the funding of the programs as well as the direct utilization of research findings.

A paradoxical feature of the book is that in spite of the truly multilayered views, the complexity of development and the need for a multidisciplinary perspective is recognized only in the opening chapters, while the reader gets the impression that method dominates context in the subsequent contributions. To the reviewer it appears that the everyday difficulties involved in capacity-building efforts obscure the deeper question of whether the transfer of neoclassical mainstream economics, which is the objective in the majority of the cases, is the most appropriate framework for the long-term development of these economies. The debate over whether these regions should develop their own PhD programs or send the brightest students to Western universities is characteristic in this aspect.

The above considerations however only serve to underline that the book is an extremely interesting reading for economists and non-economists alike. For economists working in developing and transition countries it provides some useful ideas about how to improve the state of the discipline in their region. For non-economists it can be seen as a primary source on the methods of an epistemic community in establishing hegemony in hitherto unconquered territories.

*Dóra Györffy<sup>1</sup>*

---

<sup>1</sup> Dóra Györffy, assistant professor, University of Debrecen. E-mail: dora.gyorffy@econ.unideb.hu.

