The final 117 pages deal with *The Post-Soviet Economic Transition* and discuss the events in the years after 1992. It is a period of major changes and many disappointments. Spulber quotes Gaidar as having said that the capitalism that emerged in this period was 'repulsive, ghastly, thievish and socially unjust.' (p. 314). Almost all indicators of economic life showed a deterioration of circumstances, and many policies, for instance the privatisation of state enterprises and the reform of the banking system, did not turn out as well as was hoped for. According to the author, 'the calamitous economic legacies left by the Soviet system's methods of running the economy and society, along with the system's failure to 'catch up' with advanced Western capitalism, have left all kinds of obstacles to a rapid, coherent, easy passage to a fully market-directed economy.' (p. 401)

That, of course, is a sad conclusion to draw. But it also is a disappointing conclusion. First, because it leaves policy makers in Russia with all kind of excuses of why they failed to reform the economy, without questioning their intentions. And second, it does not do justice to the economic growth that the Soviet Union has achieved during its existence. Setting aside discussions on its origins for the moment, Soviet growth was around 5 % annually between 1928 and 1960 and gradually fell to 2 % in 1980-1985, as is indicated in table 18-1 (CIA estimates). This is no small achievement and for a time the Soviet Union was catching up. Spulber, however, stresses the Soviet inability to incorporate technological progress into industrial processes.

There is more in the second and third part to be desired. There are inaccuracies that individually are not the gravest of errors. The United States is claimed to be the major Russian trading partner, both in import and export on p. 324, where that is Germany on both accounts, by far; and 27,000 large scale farms dispose of 50 % of agricultural land (149.2 million hectares) on p. 294, whereas total agricultural land in Russia is a steady 200 million hectares since 1970 and large scale farms cultivate roughly 80% of that (See also table 22-1); the introduction of new rubles where one ruble equals 1,000 old rubles is dated in August 1998 (p. 363), when it actually was in January of that year, to name only three. But taken together these errors leave an impression of casual treatment of very important and fundamental processes. An impression that is reinforced by the referencing, or lack thereof in the final parts of the book. Whereas the first part of the book averages 1.4 footnotes per page, part 2 has to do with 0.73 footnotes on average and part 3 only collects 0.68 footnotes per page. (The publisher can be blamed for leaving out a bibliography.)

This is a pity in a book that is otherwise rich in information and challenging in some of its observations.

Joop de Kort

Jan B. Kuné, *On Global Aging. Old-Age Income Systems in the EU and other Major Parts of the World*, Physica-Verlag, Den Haag, 2003. 156 p. EUR 37.95 (ISBN 0 52178 250 3 HB)

Kuné analyzes the impact of population aging on pension- and health care expenditure and public finance, labor and financial markets, productivity, and the welfare of people. The book consists of 156 pages and contains seven chapters with titles as 'The impact of an aging population on the economy' (Chapter 3), 'Can the world grow older comfortably' (Chapter 4), and 'Policies in the face of aging' (Chapter 6). Part of the analysis is descriptive and partly based on existing literature, another part of the book is based on simulated demographic scenarios. Apart from the mere analysis of the aging problem, the book also contains policy recommendations. The book is well readable, although an index is severely missing.

Given the current discussion on the future of our pension system, the book discusses some very relevant topics. For example, Kuné discusses the relative merits of the pay-as-you-go system and the funding system. He points out that, from a security point of view, pensioners might prefer to possess a production factor of their own (i.e. part of the capital stock) instead of being dependent upon the working population who pays the contributions to finance old-age pensions. Moreover, the author summarizes the current problems of countries like France, Germany, and Italy by observing that *'allegedly paying taxes and pension contributions out of workers' income on behalf of the elderly under a pay-as-you-go system is up to a certain point felt to be no longer or less sustainable, in the sense that it will give rise to an unacceptably high and unbearable premium level for the group of contribution payers'*. However, Kuné emphasizes that the way of pension financing does not change the mechanism redistributing production among the retired and the non-retired. He points out that the funding system does not yield a *'bigger pie available out of which larger slices can be given'*. And the author continues: *'Guarantees are in some way or other always virtual. In a pay-as-you-go scheme they are based on the strength of the implicit social contract between generations, under funding they are based on the ability of the economy always to yield an adequate return on financial assets'*. It is a bitter pill that the recent stock market crash has truly shown this to us.

Another discussion in the book is about the impact of population aging on the balance between capital and labor in developed countries. Kuné explains that, due to population aging, labor supply becomes scarce and capital will be relatively abundant, resulting in higher wages relative to the rate of return to capital. In developing countries, however, labor is abundant whereas capital is scarce. Therefore, *'capital exports to (well selected) developing economies can be helpful to resolve the aging problem in developed countries by shifting production of (consumer) goods to those emerging economies'*. When reading this, one immediately starts thinking about the importance of the slogan 'Nederland Kennisland'.

A different topic addressed by Kuné is a paradox, namely that *'on a macro-level the affluent society can afford to grow older comfortably and that on a meso- and micro-level serious and prolonged budgetary and fiscal problems arise, that allegedly will impede economic development and are detrimental to the welfare of citizens'*. Kuné emphasizes that the problems are not caused by a lack of resources. Instead, they result from the inadequacy of the systems for financing public expenditure, since the welfare state as whole is basically financed as a pay-as-you-go system.

Kuné also addresses the impact of aging on health care expenditures, which is highly relevant given the changes that are about to take place in the Dutch health care system. Although politicians often express their worries on the impact of aging on the (already increasing) costs of health care, Kuné writes: *'It has been pointed out (…) that the trend that health care systems will claim an ever-increasing share of resources is mainly caused by technical progress in clinic care, which affects the health care spending for all age-*

gender groups. On the demand site it is important to note that the income elasticity of the demand for health care in Western countries is far above 1. A higher demand for health care, thus, is a reflection of preferences of people and societies becoming more prosperous. A further cost driver on the demand side is the lack of any costs-benefit calculus and consciousness. Concluding, not aging but other factors on both the supply side and the demand side make modern health care expensive in general'. This is one of the many points at which the book of Kuné proves it usefulness for the public debate.

There is one thing I miss in the book of Kuné. The severe demographic consequences of the HIV/AIDS-epidemic in large countries like China and Russia − started recently and spreading very rapidly − are completely ignored. The impact of HIV/AIDS is only briefly mentioned in the context of Sub-Saharan Africa, which is disappointing.

In the light of the current discussion on the future of our pensions, the book of Jan Kuné contains highly relevant material, addressing a number of interesting issues. One of the additional merits of the author is that he puts forward some refreshing insights. Apart from the previously discussed issues, I would like to mention subjects as 'Aging, a feminist issue' (about the consequences of female advantage in life expectancy) and 'Towards active aging' (about the required changes in employer and employee attitudes to realize higher work participation).

I consider the book worth reading for everybody in the field. I even think that the book is recommendable for policy makers and politicians, since it could help them to decide which policy measures they should take.

Laura Spierdijk

Jan Joost Teunissen and Age Akkerman (eds.), *The Crisis That Was Not Prevented: Lessons for Argentina, the IMF and Globalisation*, FONDAD, The Hague, 2003. 160 p. EUR 15.00 (ISBN 9 07420 820 7)

Emerging markets have faced numerous financial crises in the last two decades. The financial crisis that eventually erupted in Argentina in 2001 is one of the severest, causing the biggest sovereign external debt default in history. As with other crises, this one has raised many questions as to what went wrong, and which lessons can be learned. By presenting seven studies about the Argentine crisis, this book adds to the ongoing discussion about crises prevention and crises resolution in emerging markets. The book is the result of an international research project from the Global Financial Governance Initiative, which brings together Northern and Southern perspectives on key international financial issues.

In the introductory chapter, the editors Akkerman and Teunissen present a few economic analyses that had already been published before this book came out. One of the best known is an article by Stigliz, in which he sharply criticises the IMF for supporting an unsustainable currency peg and for encouraging the authorities to pursue fiscal austerity. He disapproves of the recommended fiscal tightening, arguing that budgetary deficits of below 3% gdp were far from troubling. However, little attention is paid to the fact that these deficits persisted, even during cyclical upswings, underscoring the difficulty of containing spending and raising revenues, especially at the sub-national level. Under the currency board these deficits had to be financed through increasingly expensive foreign cur-