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on the previously unknown mechanisms that contributed to the rise of German empire at the heart of Europe, a process which eventually led to the Second World War. In this regard, it is likely to remain a key reference work for years to come on German imperial and economic history.

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A. COŞKUN TUNÇER

Andre Schlueter, *Institutions and small settler economies: a comparative study of New Zealand and Uruguay, 1870–2008* (New York: Palgrave Macmillan, 2014. Pp. xvi + 290. ISBN 9781137448286 Hbk. \$89)

Uruguay and New Zealand began as settler societies in the second quarter of the nineteenth century with much in common. They were small, naturally well-endowed pastoral manifestations of the expansion of Europe. Over the next century or so, tethered by rail and steamship to the great metropolises, they supplied meat and wool to hungry markets, becoming prosperous exemplars and earning themselves the appealing but loose sobriquets of ‘Switzerland’ (Uruguay), and ‘Britain’ (New Zealand), each ‘of the South’. Yet Uruguay’s economic and political trajectory was much more troubled than New Zealand’s, and even New Zealand fooled the forecasters by entering a prolonged period of economic stagnation at the end of the twentieth century. Setting these two case-study countries against the New Institutional Economics criteria for economic take-off posited by North, Wallis, and Weingast (NWW), Andre Schlueter’s book asks why this was so.

New Zealand got more things right. Its early democracy (arguably it was the first country to give women the vote), generous welfare and education systems, rock-solid law courts, apolitical armed forces, and sheer economic efficiency, produced for its people perhaps the world’s highest material living standard by 1900. Even when the trading world became a tougher place as the twentieth century progressed and New Zealand’s ranking slipped, its responsive government and advanced taxation practices enabled it to weather the storms. Yet, despite having in NWW terms an almost ideal ‘open access order’ political economy, New Zealand’s indifferent performance since the 1960s has brought it within danger of falling out of the OECD club.

Schlueter’s broad answer is that New Zealand, despite its technological virtuosity, had sclerotic tendencies (to use Mancur Olson’s phrase) in key political institutions: politics were less open than they seemed, with first a farmers’ oligarchy, then a tightly knit group of trade union bosses, in control, leading to the benign dictatorship of a succession of prime ministers, who were only mildly checked by the electorate and did not need to contend with an upper house once it had been abolished. This sclerotic period peaked in 1982 with the financially illiterate ‘Piggy’ Muldoon’s criminally irresponsible toying with the exchange rate, when he was simultaneously prime minister, finance minister, and chairman of the Reserve Bank of New Zealand! One way or another New Zealand’s competitiveness had ossified by then and the much-vaunted neo-liberal reforms of ‘Rogernomics’ and ‘Ruthenasia’ which followed in the succeeding decades arrested but did not reverse New Zealand’s tumble down the OECD tables.

Uruguay’s rollercoaster experience contrasts starkly with New Zealand’s relative stability. There a succession of booms and busts in the economy, accompanied by military coups and endemic and massive industrial unrest, conspired to blunt the country’s natural advantages. Dependence on overseas investment distorted railway development; a bloated bureaucracy and over-sized and political army milked public resources; and contracts were often subject to political and crony capitalist interference. Schlueter’s judiciously compiled graphs and tables are revealing. New Zealand’s per capita GDP is consistently twice that of Uruguay.

New Zealand voter turnout (where applicable) is nearly three times that of Uruguay. The size, frequency, and duration of Uruguay's industrial strikes consistently dwarf those of New Zealand. In 2008 institutional indices put New Zealand at 98 and Uruguay at 57 for regulatory quality and for rule of law at 98 and 67 respectively. Uruguayan politics exhibited a perennial tussle between urban elites and major rural landowners, punctuated by military interventions. As Jorge Batlle Ibanez, an establishment man who was to become president, explained it in 1989, 'Uruguay is the most difficult country in Latin America to change because . . . it lacks masses that could switch rapidly or violently from one side to the another, and it has a relatively prosperous middle class that feels there are few other opportunities for finding another destiny without losing what they already have' (p. 185). Well, that is one way of putting it. Another, in NWW terms, is that Uruguay has failed to make the transition made by advanced states from a 'limited access order' to an 'open access order'.

Schlueter offers some useful theoretical observations on the NWW paradigm. Institutions should not only be classified on the basis of their formal characteristics, but by analysing their actual working practices; hence New Zealand's democracy has often effectively been a closed-shop oligarchy. Exogenous factors, missing from NWW, need to be factored in: for example, New Zealand benefited from its membership of the British imperial trade and security networks, and Uruguay's outwardly desirable Mercosur open borders with Argentina and Brazil proved disastrous when its two big neighbours' economies caught bad colds. He calls for more attention to cultural factors in explaining economic success. Putting its Procrustean Northian prescriptions to one side, this book is rich in empirical findings and stimulating insights, and well worth reading for those alone.

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Geoffrey Jones and Andrea Lluch, eds., *The impact of globalization on Argentina and Chile: business enterprises and entrepreneurship* (Cheltenham: Edward Elgar, 2015. Pp. x + 290. 3 figs. 19 tabs. ISBN 9781783473632 Hbk. £80)

Globalization in the late nineteenth and late twentieth centuries involved and transformed business organizations: there were growth opportunities and challenges. These included friction generated by the distribution of the gains from growth among regions, sectors, and classes, with wealth and income inequalities manifest most prominently during the current phase of globalization. There was, and remains, vulnerability and volatility: as the editors of this volume observe, 'small, peripheral economies were vulnerable to shocks and economic shifts far from their border and out of their control' (p. 266).

From the 1850s until the 1920s, elites in both countries embraced globalization. Commodity-led export growth fuelled economic and social modernization. Around the 1940s, the developmentalist solutions to contemporary structural economic problems, along with nationalism and profound political upheaval, underpinned a substantial increase in the role of the state, yielding a less favourable environment for business. The last quarter of the twentieth century saw the governing classes in Chile subscribe to the Washington Consensus and international economic reinsertion, most notoriously during the Pinochet dictatorship, yet also with the return of democracy. There was considerably greater equivocation in the Argentine. The bloody military regime of the so-called *proceso* period (1976–83) applied a variant of the Pinochet model; the Alfonsín democratic government sought sustainable capitalist growth, involving a cautious rolling back of the economic role of the state, paradoxically expanded under the military; the Peronist *menemato* (1989–99) promised 'raw' capitalism; political and economic implosion saw the return of statism