

enemy has become 'near'. The older debates do not seem relevant to the discussion of the emergence of Abu Musab al-Zarqawi and his terrorist organization in Iraq (ch. 6). Al-Zarqawi was, after all, fighting the United States as a 'near enemy'. Perhaps the global and local jihads are now becoming more of a militant synthesis than a polarity.

The book is a clearly written presentation that will inform the non-specialist as well as being an important resource for the specialist.

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PETER ALEXIS GOUREVITCH and JAMES J. SHINN. *Political Power and Corporate Control: The New Global Politics of Corporate Governance*. Princeton, NJ and Oxford: Princeton University Press, 2005. Pp. xvii, 344. \$35.00 (us).

CORPORATE GOVERNANCE SOUNDS narrow and technical. But it actually arches majestically across all of economics and then sweeps across political science, history, and sociology. Who runs a country's great corporations, how they got there, and what they are up to matters – profoundly.

Economics, at its best, ponders such issues. Karl Marx, Thorstein Veblen, Joseph Schumpeter, the Franklin D. Roosevelt New Dealers, the Virginia Public Choice economists, and great economic historians such as David S. Landes all climb this face of economics because it offers such spectacular views. Peter Alexis Gourevitch and James J. Shinn lead us to a panoramic cross-country view of corporate governance that even exposes some key historical antecedents. The view is worth the climb and the book is worth the money.

Its thesis is that proportional representation discourages shareholdings by widows and orphans (finance jargon for middle-class shareholders) and entrusts corporate governance to large blockholders – wealthy families like Sweden's Wallenbergs. The key evidence is scatter plots (a dot for each country) of political variables against large shareholder ownership. Overall, the story is convincing: proportional representation allies employed workers with blockholders, for both like the status quo. People on the margins – unemployed workers and under-capitalized entrepreneurs – are shut out.

A few bugs mar the hike. The German *aufsichtsrat* (lit. oversight board) is misspelled throughout. The econometrics will frighten the innumerate without satisfying the economist. The tables are relegated to an appendix but as a seeming afterthought, for the text beclouds itself by discussing them anyway.

Scatter plots throughout tell the story better, though imperfectly. For example, the charts show the largest blockholder in an average Chinese firm holds a 5 per cent stake. Since state organs usually hold 60 per cent or more, I was distressed to find this referenced a chapter by Cyril Lin in *A History of Corporate Governance*

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*around the World: Family Business Groups to Professional Managers*, ed. R. Morck (Chicago, 2005). Dreading Alzheimer's, or even Mad Cow, I was relieved upon confirming that no such person contributed a chapter. Finding Lin on the web and checking with Gourevitch and Shinn clarified that 5 per cent refers to the largest *private* blockholder. Since much of the book stresses the willingness of widows and orphans to buy stock under different institutional regimes, political variables might more usefully be plotted against the public float – widows' and orphans' shareholdings – probably 35 per cent or less for China. This would fix another anomaly, the apparent absence of large blockholders in Japan. As clusters of large Japanese firms, *keiretsu*, hold small stakes in each other that aggregate to majority blocks, their public floats are thus small, despite few large blockholders.

More important, dominant shareholders in many countries use super-voting shares or pyramiding to wield votes vastly disproportionate to their actual ownership. This critically undermines a key alleged virtue of blockholders: that their wealth depends upon the quality of governance they provide. Yet ownership and control are seldom distinguished.

Such problems are common in meta-analysis, which combines data from many narrower studies into one broader study. Here, blockholder stakes are averages for only the largest few firms in some countries but not in others, and measure control in some studies but ownership in others, depending on the primary studies' goals. Meta-analysis always risks combining nuts with berries; and what criteria guide the mixing of discordant data are never explained. Trail-mix works here, but subsequent researchers should probably keep to directly comparable figures.

Still, these are the bites of gnats. By the final chapter, the reader is convinced that a country's democracy flavours its capitalism. And capitalism in different countries tastes very different. To many Americans, it evokes competing firms offering ever better products at ever lower prices. Elsewhere, capitalism often smells of entrusting the economy to oligarchic families. Neoclassical economists ignore this at their peril.

Doctoral students should find signs throughout of unexplored territory. Gourevitch and Shinn rightly stress how pension funds indirectly create middle-class stockholders. But we still know little about how they use their power as shareholders, constrain internal governance problems, or ultimately reshape political systems and other institutions. More generally, the book calls for exploring how political systems take shape, change, and bend to political rent-seeking.<sup>1</sup> Also, crises often remake institutions,<sup>2</sup> yet the theory here seems mostly of steady state coalitions.

This is not the first work in this area. But its perspective on political systems is

<sup>1</sup> A. Krueger, 'The Political Economy of the Rent Seeking Society', *American Economic Review*, lxiv, 3 (1974), 291-303.

<sup>2</sup> H. James, *The End of Globalization: Lessons from the Great Depression* (Cambridge, MA, 2002).

fresh, and nicely complements studies by Mancur Olson; Hernando DeSoto; Raghuram Rajan and Luigi Zingales; Mark Roe; Stephen Haber et al.; Randall Morck, David Stangeland, and Bernard Yeung; Enrico Perotti and Ernst-Ludwig von Thadden; and numerous articles surveyed by Morck, Daniel Wolfenzon, and Yeung.<sup>1</sup> Gourevitch and Shinn merit space on the bookshelves of all serious students of political or economic history.

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PHILIP D. CURTIN. *On the Fringes of History: A Memoir*. Athens, OH: Ohio University Press, 2005. Pp. xi, 193. \$24.95 (US).

THE PERSONAL MEMOIRS of historians are now a well-established genre from which one can expect accounts of the development and context of the author's scholarship, 'war stories' of field research as well as academic politics; and some details of private life. Philip D. Curtin covers all these bases, although, in only 191 pages (over twenty devoted to photos) he does so with considerable restraint.

Curtin is a major figure in the economic, social, and intellectual historiography of Africa, the Atlantic, and the world. In the course of the memoir, he does mention all his works and the many honours he has received, but there is no sense of boasting. As his title suggests, he spends more energy upon explaining how he moved into and nurtured (he makes no claim to have originated) an approach to international history which privileged 'the rest' rather than 'the West' and particularly focused upon the virtually untouched continent of Africa. Although he retired in 1998 from Johns Hopkins University, Curtin rightly stresses his years at the University of Wisconsin at Madison (1956-75) as the period when he (along with Jan Vansina) brought critical new energy to African and comparative world history. The strongest evidence of Wisconsin's claim to the premier US position in these areas are the students it produced, although Curtin (who gives great attention to teaching methods) has little to say about any of them individually.

The cover photo of Curtin standing behind a Land Rover tilted into a Liberian ditch suggests a strong emphasis on war stories, and Curtin does give extensive

<sup>1</sup> M. Olson, Jr., *The Rise and Decline of Nations* (New Haven, 1982); H. DeSoto, *The Other Path: The Invisible Revolution in the Third World* (New York, 1989); R. Rajan and L. Zingales, *Saving Capitalism from the Capitalists: Unleashing the Power of Financial Markets to Create Wealth and Spread Opportunity* (New York, 2002); M. Roe, *Political Determinants of Corporate Governance* (Oxford, 2002); S. Haber, A. Razo, and N. Maurer, *The Politics of Property Rights: Political Instability, Credible Commitments, and Economic Growth in Mexico, 1876-1929* (Cambridge, 2003); R. Morck, D. Wolfenzon, and B. Yeung, 'Corporate Governance, Economic Entrenchment, and Growth', *Journal of Economic Literature*, xliii (2005), 657-722; R. Morck, D. Stangeland, and B. Yeung, 'Inherited Wealth, Corporate Control, and Economic Growth: The Canadian Disease?', in *Concentrated Corporate Ownership*, ed. R. Morck (Chicago, 2000), pp. 319-69; E. Perotti and E. von Thadden, 'The Political Economy of Corporate Control and Labor Rents', *Journal of Political Economy*, cxiv (2006), 145-75.