CBB Book Review No. BR/26/01

A Modern Guide to Uneven Economic Development

Edited by Erik S. Reinert & Ingrid H. Kvangraven

Book Review contributed by Shernice Evelyn

May 27, 2026

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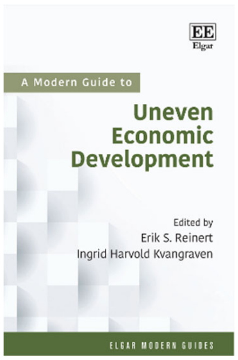

Publisher: Edward Elgar Publishing (2023)
ISBN Cased: 978 1 78897 653 4
ISBN eBook: 978 1 78897 654 1

Book Reviewed by Shernice Evelyn[1]

[1]Shernice Evelyn, Research Officer, Central Bank of Barbados, Tom Adams Financial Centre, Spry Street, Bridgetown, Email: shernice.evelyn@centralbank.org.bb

A Book Review of "A Modern Guide to Uneven Economic Development"

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Uneven economic development is a persistent problem that economists continue to grapple with. The current worsening of domestic and global inequalities is worsened by increased economic growth which does not appear to be distributed proportionately among regions, sectors or social groups. The United Nations 2025 World Social Report highlights shocking levels of inequality that threaten social cohesion, signalling the need for equity and solidarity to support sustainable development (United Nations University, 2025). Uneven economic development remains one of the significant challenges of our time. Increasing inequality, debt crisis, climate vulnerability and geopolitical shifts all underscore the necessity of rethinking conventional economic theories.

From colonial commerce structures to modern financial globalisation, uneven development has been a tenacious characteristic of the global economy. The book "A Modern Guide to Uneven Economic Development" edited by Erik S. Reinert and Ingrid H. Kvangraven, discusses the convoluted reality of economic development as a fundamentally uneven process and examines methods for theorising and empirically investigating the mechanisms through which this unevenness becomes evident. This book presents itself as relevant because it adds sound perspectives to the discourse on economic development by drawing on experience-based theories and offering a rounded, qualitative and nuanced understanding of economic inequality through the unique integration of explanations from multiple disciplines. It involves how various elements interact and affect a broad range of topics including wealth and poverty, technological advancement, ecology and sustainability, population, gender dynamics, geography and financialisation. The book also analyses the dynamics of cumulative causations arising from the interactions among these elements.

The book is divided into six parts with seventeen chapters that examine the causes, outcomes and solutions to unequal development. In part one, it reflects on the limitations of mainstream (neoclassical) economics and the need for more historically and contextually grounded approach to understanding economic development and inequality. It also contrasts natural elements such as geography and resources with human-made policies as drivers of inequality, setting the stage for the idea that policies primarily shape development outcomes. This position coincides with those of Acemoglu et al. (2001), who claim that institutions rather than geography account for long-term variations in prosperity. While this perspective is compelling, it is risky to fully neglect the independent role of geography, as Ham et al. (2024) demonstrate that unequal resource endowments in cities influence health, education and income, indicating that geography has distinct impacts beyond institutions. Nonetheless, the book highlights the importance of policy-centred analysis of inequality. It provides a solid basis for wider examination of how institutional design can reduce inequality and promote development. It further encourages an alternative tradition known as "The Other Canon" which stresses the importance of dynamic ranking of economic activities based on their growth potential and historical context. This perspective is particularly relevant to debate over how developing countries can design reforms to overcome structural disadvantages despite natural challenges.

Furthermore, the book argues that one-size-fits-all liberalisation policies are disadvantageous to poorer countries. It endorses innovation-led growth, which requires active government intervention, particularly in the context of green and digital transitions. Barbados provides a compelling contemporary example through initiatives such as the National Information and Communication Technologies Strategic Plan of Barbados (Ministry of Economic Affairs, 2010) and the Barbados National Energy Policy 2019-2030 (Ministry of Energy & Water Resources, 2019), which Barbados has integrated into its national strategy. Complementing these initiatives are a range of fiscal incentives, including tax credits for innovation and digital transformation, as well as the Patent Box regime (PwC, 2025), which encourage investment in IP-driven industries. Together, these measures demonstrate how small states can maintain governmental capabilities while positioning themselves as hubs for cleantech[2] and fintech[3]. Highlighting Barbados shows a real-world example of innovation-led growth with active state-led invention.

The influences of mainstream economics and its oversimplifications of models and false assumptions used in theories were critiqued in part two of the book. Part two, which groups chapters four to eight, emphasises how theories utilised in mainstream economics fail to capture the real, structural, historical and social realities that shape global inequality. Sirohi (2017) highlights how imperialism remains a critical lens for understanding global inequality and uneven development today, even though its forms have evolved.

Chapters nine and ten, which fall under part three of the book, move from theory to mechanisms such as imperialism, neoliberal reform and technological retrogression that create inequality, while innovation-led policies and strong institutions prevent it. This argument aligns with Rutar (2023), who argues that neoliberal reforms since the 1980s have significantly exacerbated inequality. Lee and Lee (2025) also support the book's perspective by arguing that technological shocks may heighten disparities depending on the context. The book emphasises that Schumpeterian models posit that technological change invariably results in progress instead of traps. Significantly, the book argues that ongoing dependence on diminishing-return sectors hinders progress. Countries such as South Korea and Taiwan evaded technological traps by initially utilising their comparative advantage in low-productivity sectors such as labour-intensive manufacturing and standardised electronics assembly, before moving to high-tech industries (Mody, 1990). It advises that developing countries should invest in sectors that generate increasing returns to support technological adoption and innovation.

Part four explores historical and contemporary failures through examples of migration spirals and the loss of state capacity. The emphasis was placed on the collapse of policy misalignment and institutional erosion, echoing the IMF working paper by Imam and Jalles (2025) which argues that strong institutions are central to sustainable growth. The book uses Uzbekistan as an example of a post-communist country that was able to build fruitful economic policies by preserving state capacity and adopting gradual context-sensitive reforms that avoid one-size fits all liberalisation. Overall, part four contributes a nuanced perspective on how governance breakdowns translate into economic vulnerability, offering insights that are particularly pertinent to current issues like financial uncertainty and climate-driven migration.

In emerging and Eastern European economies uneven development is not a local phenomenon but part of global systems that lock these countries into subordinate roles, limiting autonomous growth. Large companies from advanced economies seek cheap labour often in developing economies, and the

[2] Cleantech refers to business models that support environmental sustainability such as renewable energy and low-carbon innovation.

[3] Fintech refers to technologies that enhance financial access, efficiency and innovation.

profits generated in these developing economies are usually repatriated to their home countries instead of staying in the local economy. This increases structural dependency and leads to uneven development. This dynamic is reinforced by financialisation, which the book identifies as a key mechanism through which global inequalities are reproduced. Financial issues dominate real production, creating imbalances and debt traps, with the eurozone serving as a central case study. Part Five of the book focuses heavily on this issue, arguing that financial stability often takes precedence over productive investment, thereby forcing economies into austerity and debt servicing rather than industrial development. Additionally, examining Germany's wage modernisation and eurozone debt dynamics, effectively demonstrates that monetary movements influence tangible economic outcomes. This reflects Höpner et al.'s (2024) argument that financial and monetary dynamics directly influence production and employment outcomes. Nevertheless, while this section displays a powerful critique, it oversimplifies. Foglia et al. (2018) notes that mechanical differences in credit channels mean that financial imperatives[4] do not exert homogeneous control over production across the eurozone. Also, Gereffi (2018) highlights that integration into global production networks can sometimes enable advancements.

The final chapter, part six, connects climate change to global inequality and financialised capitalism. It shows how ecological challenges intersect with economic structures embedded in the same international system that drives uneven development. The book critiques the framing of climate responses within more advanced financial systems rather than within ecological justice framework. This is evident in Green and Kenney-Lazar (2025), who promote the rise of private finance for climate transitions. This functions as a socioecological fix to stabilise capital accumulation. This means environmental policy is shaped by financial logic rather than by sustainability or equity. However, market-based mechanisms, though flawed, can contribute to climate justice if designed with equity safeguards. The book proposed introducing a special-purpose local currency for goods and services produced within a certain proximity to limit globalisation, reduce incentives for long-distance trade, and curb resource exploitation. They insist that without systemic change in both finance and production, climate policies will prolong subordination and fail to deliver true sustainability. This chapter raises vital questions about whether current strategies can achieve sustainability or whether a more profound structural transformation is required.

In summary, "A Modern Guide to Uneven Economic Development" is a comprehensive and thoughtfully crafted addition to the field of economic development, offering readers a worthwhile perspective. It acts as a basis for re-evaluating established economic theories and practices, encouraging contemplation on whether conventional methods have ignored historical consequences or steered us astray. By questioning traditionally accepted theories and highlighting historical events that have led to uneven development, the book makes its main points: disparity is not natural but is created and sustained by systemic structures, flawed economic assumptions and established global power dynamics. However, the book could have been enhanced by including examples from small island developing states to solidify its arguments and allow for further generalisation. Nevertheless, it still offers insightful perspectives. The book provides insights to policymakers, specifically, it motivates small island developing nations to adopt context-sensitive and innovation-led policies, strengthen state

[4] Foglia et al., (2018) describes financial imperatives as the necessary demands that financial actors must prioritize to remain financially sustainable.

capacity, and promote global structural reforms that prioritise the real economy and ecological sustainability over financial dominance to achieve real progress.

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