Review of *Russia and the World Trade Organization,* by Peter Naray. New York: Palgrave, 2001. xiv+191 pp. $65.00. ISBN 0-333-68218-1.

Peter Naray is a Hungarian official with unusual access to information about Russia's negotiations for accession to the WTO, and he offers a great deal of detail about this process that was not part of the public record. In addition, he displays an impressive command of the details of WTO relations with its anomalous Communist members during the Cold War: Czechoslovakia, Poland, Romania, Hungary and Yugoslavia. He convincingly describes the obstacles facing the integration of market and non-market economies and the politics that led to a form of cooperation that was more symbolic than substantive. Turning to the present, Naray argues that in spite of its liberal trade legislation, Russia's economic reforms are not sufficiently advanced to allow it to make credible commitments regarding market access. In the absence of state capacity to enforce liberal rules, Russia's trade partners are unwilling to conclude the WTO accession negotiations without significant progress on a variety of fronts. Naray urges that WTO members lower their expectations, but not their demands: they should pursue a policy of pragmatic and patient engagement with Russia, but not expect rapid progress.

The weakness of this book is its middle section, which seeks to explain the shortcomings of Russia's economic reforms.

The author criticizes "neoliberals" for urging Russia to carry out rapid reforms for which it lacked the institutional and cultural prerequisites, arguing that a more gradual transition would have been preferable. However, he fails to address the (perhaps unanswerable) objection to this line of argument: what else was Russia supposed to do in 1992? It was already far too late for gradual reform; as he points out, the Russian economy was collapsing and central planning was no longer feasible. Any reform program introduced under such circumstances had to be radical.

The author catalogues the symptoms of Russian economic mismanagement: high inflation in the first three years, an overvalued exchange rate for the next four, the crash in 1998, the spread of barter, and the accumulation of arrears of all kinds. However, he never convincingly connects the symptoms with their causes. In the end, he seems to think that liberal policies invariably become distorted and counterproductive in Russia's cultural and institutional matrix; he does not seem to consider the possibility that Russian politics actually prevented any consistent application of such policies.

There is some internal tension—one might even say irony—in the fact that the author criticizes Russian reforms as overly ambitious, but then insists that the WTO is quite correct to continue to exclude Russia from membership because it has not yet completed the transition to a market economy. Is it not because Russia failed to carry out rapid economic reform during the 1990s that it represents an unreliable trade partner? Indeed, is not the WTO's version of conditionality simply an extension of the policy reforms championed throughout the last decade by the IMF and the World Bank?

Naray is pessimistic about the prospects for rapid economic progress in Russia. However, his work provides some grounds for hope that the WTO may succeed where other multilateral organizations have failed in promoting reform. As I have argued elsewhere, the IMF's strategies lacked credibility in Russia because Russia was influential in the international arena, and the IMF's principal donors were willing to exchange leniency on economic reform for Russian concessions in other areas. However, the economic self-interest of the leading states is more directly engaged in the trade issue area. In return for allowing Russia to enter the WTO, they can be expected to demand concessions that significantly improve the penetrability of the Russian market. As Naray argues, this will require far-reaching reforms because the pervasive use of barter, cross-subsidization and hidden credit in the Russian economy represents an impressive set of non-tariff barriers to trade.