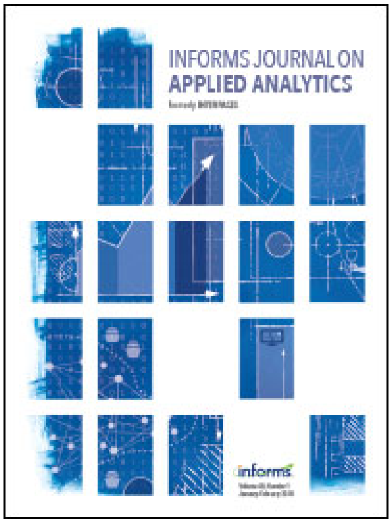

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Book Reviews

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In *Book Reviews*, we review an extensive and diverse range of books. They cover theory and applications in operations research, statistics, management science, econometrics, mathematics, computers, and information systems. In addition, we include books in other fields that emphasize technical applications. The editor will be pleased to receive an email from those willing to review a book, with an indication of specific areas of interest. If you are aware of a specific book that you would like to review, or that you think should be reviewed, please contact the editor. The following books are reviewed in this issue of *Interfaces*, 46(5), September–October 2016: *An Economist in the Real World: The Art of Policymaking in India*, Kaushik Basu; and *Supply Chain Configuration: Concepts, Solutions, and Applications*, Charu Chandra and Janis Grabis.

Basu, Kaushik. 2015. *An Economist in the Real World: The Art of Policymaking in India*. MIT Press. 240 pp. $32.00.

Kaushik Basu is one of the world's most eminent development economists. In December 2009, he left the seemingly abstruse world of research and teaching at Cornell University in Ithaca, New York, and became the chief economic adviser (CEA) to the Government of India. He held this post for the next two and a half years, and the book under review contains a relatively brief chronicling of his many experiences as the CEA. Rather than provide a tedious chapter-by-chapter review of the book, I shall sample selectively from its contents. This should give the reader an adequate flavor for its intellectual contributions.

The proceedings begin in earnest with the author helpfully explaining that in the dynamic, but occasionally chaotic, democracy that is India, everyone has a view about the conduct of economic policy. Therefore, the role of the CEA is complex. This individual "has to navigate through a thicket of popular opinions, be they right or wrong, to bring a policy to fruition" (p. 6). In addition, because the energetic media is likely to report—and sometimes misreport—almost every word that the CEA publicly utters, this person needs to think and speak clearly. A key point emanating from this discussion is that if ordinary citizens are to meaningfully participate in discussions about the conduct and implementation of economic policy, then it is essential that they "understand the basics of economics" (p. 6).

As a prelude to comprehending the salient debates that are taking place in contemporary India, Basu provides a brief and coherent history of economic policy making in the country since the time of its independence in 1947. With regard to the balance of payments crisis that the country faced in 1991 and the nation's widely maligned bureaucracy, Basu makes an important point. He notes that because people sometimes cannot agree on what constitutes the *best* course of action in a given circumstance, *better* policies are not implemented; therefore, people "learn to live with what [they] have and even justify it" (p. 27). What about governance in general? This reviewer believes that the systematically poor governance that one observes at various levels in India is a serious impediment to the efficiency with which administrative functions are performed and the nation's growth prospects more generally. The author appears to agree with this sentiment, because he clearly says that governance "remains sluggish and unremarkable…" (p. 43). Even so, somewhat surprisingly, he does not appear to think that this is a serious problem, because he goes on to contend that "the system has learned to work around that to some extent" (p. 43).

Why is inflation the emperor of economic maladies? The author answers this question by explaining that unlike an issue such as the fiscal deficit, which may be very important, inflation adversely affects *all* voters in their quotidian lives. Therefore, the electorate's view of the government presently in power critically depends on the level of inflation. This is why inflation is "an important topic for all democratic developing nations" (p. 46). Because India is still a poor country, when designing policy to fight inflation, notes Basu, it is helpful to distinguish between food and overall inflation. In addition, when attempting to control overall inflation, one needs to focus more on what the author calls "macro-demand management" (p. 53).

Given that India is a poor country, a significant number of steps have been taken and continue to be taken to design and implement antipoverty programs. The author examines the efficacy of these programs by studying them from the standpoint of the food sector. He argues that the mechanism that is used to release food to the public needs to be carefully designed; in addition, we need to understand that the quantities that have typically been released have been inadequate. Basu makes two additional points that deserve mention. First, he points out that being "a net buyer of food under all circumstances…is the wrong strategy" (p. 111). Second, he tells us that the food-procurement mechanism needs to be altered so less food and possibly even no food is procured when the weather is bad and prices are high.

The success of economic policy making fundamentally depends on what the author calls the "plumbing" in an economy and on the nuts and bolts that hold everything together. Therefore, we should not be surprised that this book contains a fine discussion of the salience of contracts in a market economy. Basu correctly points out that even though India has an independent justice system, it has a definite need to *improve* both the efficiency and speed with which it conducts bureaucratic transactions and enforces contracts. He then proceeds to discuss finance and development in the globalized world in which we live. He points to the deleterious effects of financial Ponzi schemes and, echoing a point that has previously been made by Joseph Stiglitz and others in the context of the United States, he points to the ill effects stemming from the privatized profits and socialized losses that result from policies that protect companies deemed to be "too big to fail."

The author perspicaciously points out that even though economic policy making is important, there is a lot more to development than economic policies alone. Economic development, he tells us, "depends critically on the presence of appropriate social norms, mindsets, and institutions" (p. 157). Basu makes a convincing case that what we need to learn from recent advances in behavioral economics is not that humans can be irrational; instead, we must learn "the implications of systematic human irrationalities for the functioning of economies and the construction of better policies" (p. 158). He follows this cogent point with an informative discussion of the ways in which corruption might be controlled in a developing nation, such as India. The central message here is that we should not leave the task of corruption control solely to the government. Instead, we ought to recognize that "it is possible for business leaders and chambers of commerce to take some of the initiative upon themselves" (p. 166).

Let me conclude this review with the following three points. First, the book contains a few minor irritants. Here are three examples. Page 4 has a reference to endnote 2; however, the "Notes" section does not include such an endnote; on page 31, the discussion of economic growth identifies the wrong author—John Roemer instead of Paul Romer; and on page 160, at least one word is missing in the first sentence of the penultimate paragraph.

Second, on several occasions, the author touts both the high growth prospects that await India and the desirability of putting in place policies that will ensure that this kind of high growth actually materializes. For example, he says that India is now "in the absolute frontline among the world's league of nations in terms of growth prospects. It is important for the nation to try to seize the moment" (p. 43). This reviewer has doubts about whether India can sustainably grow at a rate of about eight percent or higher. However, even if we set aside this possibility, one can certainly ask whether the country should grow at or exceed a growth rate of eight percent. After all, high growth rates and significant despoilment of the nation's environmental resource base are likely to go together—we already see some evidence of this in China. Returning to India, the capital city of New Delhi—where Basu worked during his stint as the CEA—is, arguably, the most polluted city in the world, with its appallingly high levels of particulate matter in the atmosphere. This lamentable state of affairs poses great health hazards for New Delhi residents and ultimately will impose great costs on Indian society. This notwithstanding, Basu says nothing about the adverse environmental effects of untrammeled economic growth. In addition, he says nothing about the conduct of economic policies when such (growth-enhancing) policies lead to nontrivial environmental externalities.

Finally, and subject to this caveat, *An Economist in the Real World: The Art of Policymaking in India* is a lucid book; hence, it should be of interest to readers who wish to learn more about actual policy making in a country that was once referred to as a functioning anarchy by the noteworthy economist and diplomat John Kenneth Galbraith.

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Chandra, Charu, Janis Grabis. 2016. *Supply Chain Configuration: Concepts, Solutions, and Applications*. Springer. 297 pp. $119.00.

This book provides comprehensive coverage of the supply chain configuration problem. The supply chain configuration, perceived as a problem of finding and linking together a correct set of supply chain units, lies at the foundation of supply chain management. In recent years, it has attracted increasing attention in the literature, and the second edition of *Supply Chain Configuration: Concepts, Solutions, and Applications* is a timely addition to the set.

This book explores supply chain configuration from the perspective of systems engineering, and combines methods and tools from a variety of disciplines, including industrial engineering, operations management, and information technology. In this way, it captures the interdisciplinary nature of supply chain management. It explicitly focuses on supply chain configuration as an area of supply chain management; hence, it is suitable for an in-depth investigation of this particular area, although some of the ideas expressed can be applied to the management of networked organizations in general and to other areas of supply chain management.

The narrative of the book is guided by the supply chain configuration framework and methodology, which the authors introduce in Part I and gradually elaborate in subsequent chapters. The framework is built on the concept of combining various conceptual and quantitative modeling techniques to established supply chain configuration, as a basis for the implementation, execution, and monitoring of management decisions. Thus, the discussion of various quantitative supply chain configuration models is the crux of the book. The presentation is supplemented by a running example of supply chain configuration.

The book has four parts: Part I, *Supply Chain Configuration Problem and Issues*, covers conceptual issues of supply chain configuration; Part II, *Solutions*, discusses supply chain configuration methods; Part III, *Technologies*, presents a technological perspective of supply chain configuration; and Part IV, *Applications*, reports applications of supply chain configuration.

Part I of the book defines the supply chain configuration problem and discusses concepts pertinent to this problem. Supply chain configuration is subject to continuous change, and the authors identify typical change patterns. The section includes a detailed literature review and introduces a methodology for supply chain configuration. The literature review results are used to identify focal areas of supply chain configuration from the perspectives of both theory and practice. The methodology defines various methods used in supply chain configuration, and it serves as the starting point for the exploration of these methods in Part II.

Part II discusses mathematical programming and simulation as key quantitative techniques supporting supply chain configuration decision making. These methods are presented as part of the overall decision-making framework, based on information and knowledge models, which are presented in the chapters on knowledge management and conceptual modeling. This allows for integrated modeling and comprehensive exploration of the configuration problem from various perspectives. Knowledge management is presented as a crosscutting approach; at the same time, it is relatively decoupled from the overall decision-making process.

Part III, which is an addition to the revised edition of the book, emphasizes the pervasive role of technologies in modern supply chains. It addresses the increasing role of data analytics and cloud computing. The authors propose a cloud-chain concept as a mechanism to describe the fusion of physical and virtual aspects of supply chain configuration. They discuss some aspects of these concepts and attribute their further elaboration as an important part of further research.

Part IV is devoted to real-life supply chain configuration studies. Supply chains in the high-technology electronics, information and communication technology distribution, and healthcare industries are analyzed following the methodology proposed in Part II. The examples emphasize that despite relying on the framework, specific quantitative models are used, depending on the purpose of the study. The applications are restricted to supply chains run by medium-sized enterprises.

The book serves as material for academics and practitioners working in the area of supply chain configuration, and for graduate students in management science and industrial engineering who seek to enhance their knowledge of specific supply chain management issues.

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