lated the date of the "end time." There is nothing they would love more than for the Jews to raze the Temple Mount mosques and begin work on the temple. Gorenberg suggests that the unfulfilled expectations aroused by the millennial year 2000 have only heightened their conviction that the end of days is near.

What, indeed, has prevented Orthodox Jewish fundamentalists from erecting a Third Temple? The answer, strange as it may seem, has to do with the production of a red cow, a matter Gorenberg pursues in considerable detail. For the Third Temple will require priests (in Hebrew, cohanim) to perform the sacrifices. There are today families of priestly descent, but Jewish law dictates that they can only attain the state of ritual purity required to do the service—or even to enter the holy precincts—after being sprinkled with the ashes of a red cow that has been burned according to the ritual described in chapter 19 of the Book of Numbers.

That is why the Chief Rabbinate of Israel forbids Jews from even treading on the sacred precincts, let alone initiating building projects there, and that is what prevented Israel from simply taking control of the Temple Mount from the Muslim authorities in 1967. It is also why Jews who seek the restoration of the temple for the fulfillment of Jewish messianic aspirations, and Christians who seek it to hasten the second coming, find common ground in the search, so far fruitless, for a completely red cow.

Gorenberg demonstrates, however, that some Christian fundamentalists and Jewish messianists are willing to act in the absence of such a cow. Funds from American Christians have gone to Jewish extremist cells that have plotted, to date unsuccessfully, to blow up the mosques. The extremists also enthusiastically back Right-wing Israeli politicians who, far from pious themselves, play up to them to win votes. And these politicians have no qualms either about accepting the support of Christians praying for the conversion of the Jews. When Benjamin Netanyahu was Prime Minister, he made it a point, on visiting the U.S., to meet with Christian fundamentalist groups (to thunderous applause) before visiting President Bill Clinton.

Gorenberg's depiction of a wide assortment of religious fundamentalists, based on interviews with them as well as an examination of their writings, is engaging and alarming. But his thesis that messianic madness is the most likely trigger for war in the Middle East has been superseded, if not disproved, by events. It is now abundantly apparent that Sharon's visit to the Temple Mount was merely a convenient pretext for the latest Arab uprising. Muslim hostility to the Jewish state goes far beyond any perceived threat to the Al Aqsa and Dome of the Rock mosques.

Gorenberg accurately shows how fundamentalist religious trends in Judaism and Christianity can work at dangerous cross-purposes with rational political aims. But in Islamics politics and religion are still one; it never really went through the modernization process thatreshaped European attitudes over the last 500 years. Despite the hopes and expectations of liberal Israelis, the Islamic political theology that refused to accept the legitimacy of a sovereign Jewish state in the Middle East before 1967, when Jews had no access to the Temple Mount or any other Jewish holy place in Muslim-controlled territory, still rejects Jewish sovereignty today.

Stories about red cows and Christian calculations of the millennium make both picturesque and scary reading. Gorenberg tells them well. But the events of recent months have illustrated exactly how tangential they are to the fate of Israelis and Palestinians. Whether the religious extremists prosper or disappear, peace will only come when the Muslim world faces up to the permanence of the State of Israel.

No Magic Bullet

The Mystery of Capital: Why Capitalism Succeeds in the West and Fails Everywhere Else
By Hernando de Soto
Basic.
320 pp. $27.50.

Reviewed by Jagdish Bhagwati
De Soto reminded me immediately of Salvador Allende, whom I had met at Palacio de la Moneda just a few months before he was assassinated in the CIA-assisted 1973 coup by General Augusto Pinochet. (A full accounting may soon be made now that the CIA has finally agreed to release its documents on the episode.) Allende had a barrel chest and a confident air that exuded charisma. When he was told the streets were filling with demonstrators opposed to his education reforms, he strode out with his Education Minister and fearlessly confronted them.

De Soto has the same charisma in person, and so does his book. Is his confidence as misplaced as Allende’s was? I would say, yes and no. In beautiful prose, he seeks to present us with the alchemy of capitalist success, putting all his eggs into one basket of explanation and prescription. No single explanation, though, can give you a handle on a process as complex as economic development. The most one might hope to do is provide a necessary condition for development; enumerating all those that would assure it is beyond our grasp.

If one takes away de Soto’s hubris and views his analysis simply as focusing on a most interesting and neglected aspect of the transition of economies from rags to riches, his book becomes far more credible. True, the way to sell books is to make tall claims, yet that strategy, while good for one’s public reputation, is bad for one’s scholarly reputation. De Soto is a public intellectual, however, so his approach is consistent with his personality and also serves to further the role he has chosen to play.

His message is that although capitalism has delivered growth and prosperity in the rich countries (as asserted in a vain-glory but erroneously triumphalist fashion by Francis Fukuyama), it has not succeeded in the poor and former Communist countries because those economies have lacked its central tool. And that tool, in essence, is the ability to convert vast amounts of property held by countless numbers of the poor and not-so-poor into effective tradable assets through the creation of unified markets for legal titles. This would enable the multitudes to raise money that they could put to productive use in capitalist activity.

De Soto edifyingly reviews the evolution of such a market in the United States, and of the rule of law that came to delineate and guide it. He goes back to a history he rightly claims we have either failed to read or have forgotten. It is all done brilliantly enough to give a rival author writer’s block.

But there remains the hard question de Soto does not really address. Suppose an orderly market for titles was established in, say, Haiti or Zaire. Would that automatically lead to an outbreak of capitalist activity, or would it merely facilitate the activity if it were already planned? Unless I am badly mistaken, de Soto produces no evidence that the growth of a successful titles market has led anywhere at all to capitalist activity not induced by other causes.

Still, there is another strand in de Soto’s analysis, somewhat mixed up with his central theme, that is worth noting. His team has documented at length, what many economists have long discussed (including Padma Desai and me in India: Planning for Industrialization [1970]). That is, in lands of Kafkaesque controls and knee-jerk interventionism—with their concomitant low growth rates and abysmal impact on profound poverty—it takes months, even years, to get past all the controls and start a business.

Such countries stifle nascent capitalist activity by imposing a slew of what economists call “transaction costs” on new enterprises. Moreover, as we all now know, the inhibiting devices are often a rich man’s best friend: The rich get around them, the masses de Soto is talking about cannot.

De Soto is on the right track. But we need to ignore the hyperbole about his having found the magic bullet that would slay backwardness and extend the benefits of capitalism worldwide. Instead, we must read him for his acute insights and for the great eloquence with which he tells us a few important home truths that we ignore at our peril. Once this book has gotten onto the bestseller lists, as it well deserves to, perhaps de Soto could issue a revised edition that tempers its exaggerated claims. The corrective would hardly diminish his celebrity.