

## BOOK REVIEWS

*Strategic Processes in Monsoon Asia's Economic Development* by Harry T. Oshima, Baltimore, Johns Hopkins University Press, 1993, xii+285 pp.

The present book has been written as a sequel to the author's *Economic Growth in Monsoon Asia: A Comparative Survey* (Tokyo: University of Tokyo Press, 1987) and focuses most of its attention "to the way East Asia—Japan, South Korea, Hong Kong, and Singapore—grew more rapidly than other countries of monsoon Asia" (p. 1).

According to the author, the first book was an attempt to cover the historical background of post-World War II economic growth in the countries of Asia, while the present volume tries to clarify the "process" and "mechanism" of growth in these same countries, in order to discover differences in their patterns of growth. Despite such a statement of purpose, the author deplores the difficulty in presenting a comprehensive analysis of the problem, due to the fact that long-term economic growth involves disequilibria and complex phenomena, in which causes become effects that in turn become causes of another phase. For this reason he is forced to limit the object of analysis to the growth process (which he terms "the strategic process"), in which the main factors supporting economic growth—capital, technology, institutions, and human resources—display striking analytical effects.

The book is divided into a preface, introduction, and a three-part main body, which is further divided into nine chapters: Part I is entitled "Productivity and Proximate Processes," Part II "Distal Processes," and Part III "Ultimate Processes." In this configuration, we observe the author's categorization of the factors supporting growth into (1) the most direct kind, (2) the fairly indirect, secondary variety, and (3) the most fundamental kind.

Part I is divided up into three chapters covering differential productivity trends, capital formation and technological change, and personal savings and consumption, in that order. Part II's three chapters discuss respectively the factors of under- and unemployment, agricultural diversification and structural change, and off-farm employment and macro-productivity, while the final three chapters, making up Part III, go into human resource development, family income distribution and the alleviation of poverty, and prospects for the "Pacific century" in relation to the role of government.

In his preface the author tells us that all of the material contained in the book, with the exception of the last half of Chapter 10, has already been either published or presented orally elsewhere. We do not know, however, which research has been inserted in its original form; therefore, we can only say for certain that the three parts forming the main body of the book do not contain very much freshly written material. In the convenient section entitled "Preview of Chapters" added to the Introduction, the author sums up for us what he understands as the factors determining economic growth and development in the countries of Asia's monsoon region. This is an important overview for following the arguments presented in the main body of the book.

Harry Oshima is a well-known agricultural economist with an excellent grasp of his speciality in relation to monsoon Asia. Through his field surveys on the subject,

the body of research he has created, and also his university lectures over the years, he has indeed become a richly experienced and knowledgeable scholar in the field. His attempts to trace the path of economic growth from the viewpoint of strategy analysis has included a purview that stretches beyond the subject of the present book into regions of continental Asia not very strongly influenced by monsoon weather fronts.

As a result of such studies, the author has categorized Asia according to the criteria of the level and developmental stage of economic growth into East Asia (Japan and the four NIEs, Taiwan, the Republic of Korea, Hong Kong, and Singapore), the ASEAN Four (Thailand, Malaysia, Indonesia, and the Philippines), South Asia (India, Bangladesh, Sri Lanka, and Nepal), and the "others" (China, the mountain kingdoms of the Himalayas, etc.). Based on this typology he has set out to uncover the characteristic features in tracing economic growth within each group.

Summing up the main current in the growth process, first there is the problem of overcoming unemployment during the dry season in monsoon Asia. Through irrigation and infrastructural projects and concomitant rises in agricultural productivity, increases in both employment and personal income can be realized. Increasing income levels lead to increased savings, which provides more funds for investment purposes. This is an important precondition for industrialization. Moreover, increases in agricultural income pave the way for internal markets so important to industrialization. This is the process by which agricultural diversification can be developed. The first monsoon Asian country to experience this growth process was Japan. Through a process of high-level industrial development, the service sector came to occupy a dominant position in the Japanese economy reaching the "technological frontier" stage, in which higher levels of technological innovation can only be promoted by internal efforts. Following Japan have been the NIEs and other countries of ASEAN; and now the countries of South Asia are beginning to display similar patterns. This is why, according to Oshima, the twenty-first century will be an Asian era, in which the monsoon countries headed by Japan will take the lead in world economic development.

While the above process signifies the main drift in the growth process, it does not necessarily follow that all the countries in the region have followed one, simple, uniform path in their development. To the contrary, one finds important differences in social consciousness (including religious ideas), national education levels, demographic patterns, and even choices concerning the technology with which to industrialize. The author cites the example of how such countries as India, Indonesia, and the Philippines chose for various reasons industrialization characterized by over-concentrations of capital, which actually tended to hold down their rates of growth. Oshima then goes on to describe in concrete terms the growth processes of each country in the region, a discussion that cannot be covered here in a review of such limited space.

Turning to the various quantitative indicators for identifying growth processes, Oshima cites capital formation, consumption in gross national product, unemployment, underemployment, the Gini coefficient in income distribution, and financial expenditure as data which can be used in comparing East Asia and the ASEAN Four, for example, with a large sample of countries throughout the world. However, in the opinion of this reviewer, the way in which such a suggestion has been made cannot but weaken the image that the author is attempting to create of a sequentially related pattern of growth in the region as exemplified in the scheme, first East Asia, then the ASEAN Four. This question of approach is, of course, incidental to the book's main argument, which very convincingly shows how monsoon Asia realized economic growth much

higher than any other region of the world in the postwar era.

There are two points, however, that deserve comment. The first concerns the author's emphasis on human resource development as an important factor in the promotion of economic growth. Here Oshima focuses on rates of population increase and educational opportunities. He states that while high rates of population growth continue to put an excess burden on economic growth in South Asia, countries with high rates of economic growth, like Japan and Singapore, experienced low population increases due to the spread of family planning ideas. With respect to education, Oshima stresses not only educational levels, but also deems changes in individual attitudes towards various social values brought about by education as extremely important. He states, "The productivity of human resources is due not only to education. . . and health but to other dimensions—attitudes toward such social values as work, saving, learning, and cooperation" (p. 177). Then he discusses the character of the various religious beliefs in the region from the viewpoint of their determination of social values. Islam, for example, serves a very important function in determining and restricting social development, in that "since wealth cannot be taken into the Islamic heaven, the desire to accumulate is blunted, and the desire to work and save is weakened" (p. 181).

Concerning Hinduism, "The belief that one's present status is the result of what one did in the previous life makes for fatalism and passivism" (p. 183).

On the other hand, with respect to Confucianism, Oshima argues, "Confucianism was most conducive to the development of capitalism. . . Confucianism teaches that people should work to please their ancestors by contributing to the well-being of their families and, through them, to the state. To do this, family members must work hard, be thrifty, enlarge their knowledge, improve their skills, and educate their children" (p. 181). Confucianism, according to Oshima, was the ideological form that education adopted during Japan's Tokugawa period.

However, it is the hope of this reviewer that by such a statement Oshima is not intending to attribute or directly link economic growth throughout Asia in its entirety to the type of mentality fostered by Confucian ideas, for he does mention later on in his discussion, "But with the passage of time and the introduction of modern modes of production and livelihood, the influence of religious teachings tends to erode. This may be seen in South Korea" (p. 183). And also, "Buddhist Thailand and predominantly Muslim Indonesia and Malaysia have made steady postwar progress in modernization and have begun to display the hustle and bustle seen in East Asia" (p. 183). Finally, in a qualification of his thoughts on Hindu India he states, "In brief, traditional religions need not constitute a barrier to economic progress, particularly because social values can be modified by institutions other than religion" (p. 183).

We would also like to point out here on a more basic level that among the countries of the region that have been definitely influenced by Confucianism in their social values, none indicate any particularly outstanding economic spurts in their prewar histories. The question of "why high growth only in the postwar period" seems to require a search for human-resource-development-related reasons and factors other than religion.

The second point to be made here is the author's rather conservative attitude towards the importance of social reform in both realizing and maintaining the clearly epoch-making economic development and growth in the region since the end of the war. It goes without saying that most of the social reforms in Asia were made possible by the political independence gained in postwar period. Moreover, the manner in which, as well as the extent to which, independence was achieved in each country is, in the mind of this reviewer at least, deeply related to the level of its postwar economic

performance. We have seen how the achievements made by social reformers in the NIEs have played a leading role in their economic success. The other ASEAN countries, as well, have been implementing their own social reform policies in recent decades; and while the extent of these moves has differed from country to country, we have observed not a few cases of such reform being reflected in economic growth rates. The low growth rates being achieved in South Asia, for example, may be regarded as a reflection of the low levels of social reform realized there. In Sri Lanka and the Philippines, which boast relatively high educational standards, low economic growth rates continue, suggesting the existence of the harsh realities stemming from the direct relationship between reform and the economy at the foundations of these societies. Here and there Oshima does touch on social reforms, like land reform, but this reviewer would have liked him to incorporate into his argument in a little more rigorous fashion the processes by which social reform throughout the monsoon region has not only transformed institutions and the attitudes of the people towards social values, but has also ultimately changed social values themselves.

Despite such questions concerning the factors of ideology and social reform, the reader will find a valuable piece of research here on postwar economic development in Asia, filled with excellent resource materials and plenty of data gathered over a long period of time by a veteran in the field. (Shigetō Kawano)

*The East Asian Miracle: Economic Growth and Public Policy* by the World Bank, New York, Oxford University Press, 1993, xvii+389 pp.

## I

Until the end of the 1980s, the World Bank's approach to development policy followed that of the neoclassical school with its basis in economic liberalization, privatization, and deregulations. In this new book, however, the Bank openly advocates the acceptance of government intervention relative to a country's phase of economic development, a stance which continues the "market-friendly approach" set forth in the Bank's *World Development Report 1991*. This new receptiveness to government involvement in economic development could indicate that a major reversal is taking place in the World Bank's long-standing neoclassical way of thinking.

Behind this change of attitude was the behavior of the United States during the 1980s as it grappled with serious economic stagnation. The new Clinton administration, which brought the Democratic Party back to power in 1993, has set its sights on reviving the country's export competitiveness, and favors the adoption of an industrial policy that will coordinate the government and the private sector. Such an approach is tied in with the emergence of what is being called the "new Keynesian" influence within economics, and these new views coming about in the United States have definitely influenced the World Bank's thinking on development policy. These are epoch-making changes which were totally unseen in the 1980s.

It is quite unlikely that a simple perusal of the contents of this book would alert a reader to the changes that are taking place in the World Bank's thinking. A consider-