

Book Reviews

ASIA GENERAL

The Economics of Cooperation: East Asian Development and the Case for Pro-Market Intervention. Edited by SUSAN BARR and JAMES ROUMASSET. Boulder, Colo.: Westview Press, 1992. 207 pp. \$31.95.

The success story of East Asian development is well known and it has produced a large volume of work explaining the reasons for that success. The present work attempts to show that state intervention is the key or, as the authors put it, the government can and should play a positive role in planning and executing a successful industrialization based on free market economy. The authors place the issue in the context of economic history, emphasizing the evolution of state intervention in the market.

The contributions are grouped in two parts. The first concentrates on various elements that have played a significant role in pro-market economic growth with special attention to banking, intellectual property, and industrial restructuring policies. The second deals with the pro-market state in action, especially in Japan and South Korea.

Part one, titled "Institutional Aspects of Market Development," consists of six articles. Three of these deal with how the building of financial institutions plays an important role in the development of a free market economy. Joseph E. Stiglitz's article explains that through careful choice of investment projects and monitoring how credit is used, banks perform a critical role in allocating capital for industrial growth. Ira Lieberman's article deals with the effects of financial restructuring and investment coordination. He provides an impressive history of the concept of industrial restructuring, which he defines in terms of "actions by enterprises to bridge the gaps between their current performance and what is required to become or remain internationally competitive" (p. 102), and goes on to argue that nascent gaps as a result of new technology, organization, marketing, factor prices, and competition can be minimized by industrial restructuring accomplished through state intervention. Lieberman divides Asian states into two groups—the NICs and next-in-line NICs (Thailand, Malaysia, Indonesia, and the Philippines)—and argues that the next-in-line countries hold a potential for comparative advantage if they follow a strategy of intermediate intervention (five to eight years) by the state in industrial and financial planning.

Robert E. Evenson's contribution postulates that a proper state-sponsored system of securing private rights for new inventions could play a beneficial role in free-market enterprise development. Sumner J. La Croix's article, on the other hand, shifts the locus of control for intellectual property rights in the developing countries. He argues for an international approach to establish uniform intellectual property rights by stating that long-term economic growth could be best achieved if similar rights are adopted by all industrializing countries.

Part two consists of four articles, one each on China, Japan, and South Korea, and a fourth article that deals jointly with Japan and South Korea. All use case study materials to make two points: the government has always played a role in developing private enterprise, and that this role should not be used to restrict the growth of capitalist industrialization. In China, as Louis Putterman's paper argues, the Soviet type of "draft industrialization" proved inadequate for the Chinese task of industrial development from a limited resource base. He contrasts the Chinese experience with other East Asian industrialized countries. In those other cases, state intervention was used to coordinate industrialization growth process, whereas in China until 1978, the state tried to become a substitute for the market. Chung H. Lee's article extends this theme of state intervention to South Korea by showing the inadequacy of the neoclassical explanation for state intervention in the economy. The government, according to Lee, can play a beneficial role if it concentrates only on those cases of resource allocation in which the government and the large private enterprise form what Lee calls "a quasi-internal organization with the efficiency attributable to internal organization" (p. 170).

All the authors in this volume are economists by training and by profession. Some of them have worked and are still working for various international credit organizations such as the World Bank and the International Monetary Fund. The contributions show a bias toward arguing that the successes of East Asian industrialization rest solely on "economic variables." The persistent use of the term "government" rather than "state" deflects attention from the role that particular classes or social groups play in the development process. Indeed, all the papers used the generic term "the role of the government" but no attempt was made to identify the class or classes that provide the particular character of the government itself. This view of the government accepts the modernization school's conception of the "government" as a uniform entity and fails to see different historical trajectories of the state-formation process in various states in East Asia. Consequently, the book does not allow us to explain the instances where the government failed to play a positive role in economic growth.

Despite its weaknesses, the book makes a good case for the pro-market state intervention model of East Asian industrialization. It deserves to be read by professionals, students, and scholars concerned with the challenge of economic growth.

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Littératures d'Extrême-Orient au XXe siècle: Essais. Edited by CHANTAL CHEN-ANDRO, ANNIE CURIEN, and CÉCILE SAKAI. Paris: Editions Philippe Picquier, 1993. 237 pp. 125 F.

This anthology presents the fruits of a 1991 conference on modern literature in *l'Extrême-Orient*, defined here as China, Japan, Korea, and Vietnam. Seventeen essays first examine relevant historical background (pp. 21–70), then, in sections on *la prose romanesque* (pp. 73–201) and theater (pp. 205–29), trace the evolution of a host of new literary genres. The goal is not to offer a comprehensive view of modern East Asian literature but to open it up in a new way as a topic for theoretical consideration. The editors ask the reader to join in the search for supranational cultural contrasts (and, more controversially, supranational cultural correspondences) between, for example, modern Japanese poetry and modern Chinese poetry. Some