

SIMON KOPPERS, SUSANNE DINGENS, ALBERTO KLAAS, HANS-ERICH WERMUTH (eds.), *Growth Determinants in East and Southeast Asian Economies*. (Schriften zu internationalen Wirtschaftsfragen, 12). Berlin: Duncker & Humblot 1991. 279 pages, DM 98.- (ISBN 3-428-07265-0)

The economies of most of the Asian countries, in particular of the so-called four little dragons Hongkong, Singapore, South Korea and Taiwan, advanced very rapidly during the past two decades by following an export-led industrialization strategy. Most of these countries being on the threshold to becoming industrialized economies, they now rank among the major suppliers of manufactured goods on the highly competitive international markets. The Asia-Pacific Region is still a dynamic area with considerable growth potential in the regional and international context.

At the same time, other countries in Africa and South America experienced severe setbacks in their economic development, with decreasing growth rates and lower industrial output. In view of the recently revived discussion on success and failure of development and growth strategies for Third World countries, it is therefore of great interest to examine more closely the determinants of growth and economic progress. The identification of generally important growth factors can possibly be helpful in the formulation of country-related development strategies. Thus, this book on growth determinants in East and Southeast Asian economies may be considered a fruitful contribution to the ongoing discussion on the formulation of appropriate development strategies for Third World countries.

This book dedicate to Prof. Dr. Klaus E. Rohde, Head of the Training and Documentation Centre for Development Policy, Department of Economics, University of Bonn, contains fifteen contributions by different authors. Factors relevant to the development process of a country, such as development planning, foreign investment, deregulation, government intervention, human capital, finance and banking, agriculture and regional cooperation, are concisely analyzed on regional or national level, sometimes underpinned by specific case studies.

In the first contribution, Dean Spinanger, examines the economic history of East Asian countries and explains why they have progressed economically although Myrdal, in his well-known book "Asian Drama", had prophesied a dismal future for them. Spinanger stresses that the economic success was not only a matter of getting the prices right, but

also of ensuring efficient access to and from a country and of the ability to react flexibly to trade restrictions.

The second contribution by F. Stefan Winter and Sigrid Zirbel deals with Asia's future development potential within a changing international environment and outlines very clearly the growing role of Asia, especially of Japan, in a more global world economy. The next contributions concentrate more on single growth factors and the special dimension of the Asian success stories. Simon Koppers e.g. emphasizes the important role of active development planners within a country's economic development process by illustrating necessary planning steps and by identifying successful planning methods. He argues that the setting and streamlining of economic incentives for the private sector and the provision of a macro-economic frame for public programmes by development planners seems to be the most promising way for the planning of economic progress. He also points out that, not only in order to foster economic growth, but also because the global eco-system is fundamentally changing, the economies need to be better planned, taking environmental considerations increasingly into account.

The contributions by Rolf J. Langhammer, Alberto Klaas/Sophia Twarog and Alexander Baum focus on the financial dimension of successful economic growth. While Rolf J. Langhammer examines the role of and competition for foreign direct investments in the Asian context, Alberto Klaas/Sophia Twarog discuss in a case study the impact of the deregulation of the Indonesian financial sector on economic growth, identifying a deregulated financial sector as one possible growth determinant. Alexander Baum analyzes the capital market development in Southeast Asia and shows that the Southeast Asian countries benefitted and still benefit from an increasing flow of equity investments as a significant source of industrial financing. As other major elements of industrial promotion and economic development, industrial estates and improved access to technology are described by Arnim Kraemer and Susanne Dingsen in case studies for Malaysia and Hongkong. Bettina Muscheidt highlights in her article the role of the agricultural sector and its contribution to economic growth. She questions the pattern of growth and stresses the point that economic growth in the ASEAN countries was in most cases linked with income disparities between the rural and urban population and that growth has not taken place in all sectors equally, but primarily in the industrial, export-oriented sector.

The next contributions deal with the foreign trade relations of different Asian countries and their impact upon economic growth. Manfred

Pohl examines the economic problems North Korea experienced in the past and explains the new strategies the North Korean government has adopted in order to overcome growing isolation and to tackle the problems caused by a rapidly changing international environment. Foreign trade and the role of a consistent foreign trade policy is analyzed for the case of Taiwan. Walter Schug comprehensively describes the economic development of this country and its strategy which proved to be very successful in terms of economic growth and increases in exports, before identifying potential risks and limits to economic growth in the future. In his contribution Erhard Louven emphasizes China's policy of opening up to international economies. The author clearly points out China's internal problems which are related to the increasing integration of her economy into the world market.

The issue of changing international trade relations is taken up in the contributions of Hans Christoph Rieger, Sigrun Caspary and Henning von Boehmer/Rainer Emschermann. The first mentioned highlight conditions and perspectives for improved regional cooperation between the ASEAN countries or within the Sea of Japan Region (west coast of Japan, the Sankhalin Island, South and North Korea, the northeast region of the USSR and three Chinese Far East Provinces), whereas the authors Henning von Boehmer and Rainer Emschermann provide an overall perspective of the economic implications of the 1992 European Internal Market for Asian economies.

This book gives a clear idea of the general factors determining the growth and economic success of East and Southeast Asian countries. It also gives an idea of the development potential and economic challenges this region will have to face in the future, especially in view of the growing competition from the Internal European Market. This book can thus be recommended to all readers interested in the overall economic development of East and Southeast Asian countries. Nevertheless, one deficiency might be that no contribution deals with the distribution of economic gains or the specific conditions under which these gains were achieved. The success story of Asian countries could be seen in a different light by taking into consideration important, also growth-determining, socio-economic factors. These factors can be crucial when formulating country-related development strategies.

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