

omy, and Hong Kong, one of the "freest" market economies in the world, between 1949 and 1977. He argues that the institutional deficit led to an under-representation of Hong Kong's interests and thus hampered co-operation.

In a first step, the author tries to explain the marginal progress in cross-border activities during the first 28 years with institutional deficits. He then turns to theory again, creating a – fictional – developmental strategy for transforming Guangdong's economy in order to match the requirements of the international division of labour. Comparing his model with actual developments, he then shows that the increase in trade between Hong Kong and Guangdong relies heavily on the reform of the price system in China's southern province. When prices were at least partly freed from administrative interventions, they could communicate the relevant information, thus enabling enterprises on both sides of the border to act more rationally and efficiently.

Consequently, the prospects for trade in goods boomed. In spite of a certain progress in financial reforms such as the liberalization of exchange rates, those steps were undertaken half-heartedly and, in the end, remained incomplete. Thus, monetary services did not develop the way they could have. Especially in the wake of the so-called Asian crisis a detailed description of the partial liberalization of Guangdong's financial sector provides much insight into the problems and challenges of China's modernization.

After his analysis of trade flows of goods, credits and investments, Markus Taube shows that the increase in economic exchange between Hong Kong and Guangdong can be explained by the re-arrangement of southern China's institutional framework. Pointing out other fields in which reform is still outstanding, he seems to foresee major shortcomings of China's financial institutions that became so apparent after the breakdown of institutions such as GITIC and the Hainan Investment Bank. As long as China refuses to treat national and foreign enterprises equally and to adopt international standards she will find it hard, if not impossible, to optimize her profits from the international division of labour. Further integration between Hong Kong and Guangdong, obviously already underway, might help to accomplish this task, which is both politically difficult and socially painful.

In addition to a stringent theoretical basis Markus Taube provides detailed information on a crucial problem of China's economic reforms. He manages to meet high theoretical standards while writing in a clear and straightforward style. The book certainly sets new standards in applying economic theories to problems of China's modernization.

Jörn-Carsten Gottwald

DANIEL DIRKS, JEAN FRANÇOIS HUCHET, THIERRY RIBAUT (eds.), *Japanese Management in the Low Growth Era. Between External Shocks and Internal Evolution*. Berlin et al.: Springer Verlag, 1999. IX, 438 pages, DM 129,- / US \$ 89.00. ISBN 3-540-64035-5 (Hb.)

After the bursting of the economic bubble at the beginning of the nineties, the Japanese economy entered a phase of continuous stagnation. Japan is undergoing its deepest and longest post-war economic recession. This crisis has had major effects

on the Japanese management system. In light of the stagnating and even declining domestic demand, the high and often too high operating costs in Japan, and the disappearance of Japan's earlier financial advantages, Japanese management has been forced to reduce capacities, restructure, and make major strategy changes. During this process, the self-assessment and external appraisal of the Japanese management system has changed dramatically. Up to the mid-nineties Japanese management methods such as Kaizen, quality control circles, just-in-time production, and lean management were accepted standards of managerial quality, but now Japanese management methods are often seen as outdated, cost-intensive and innovation-resistant.

The management adjustment process that has taken place in Japan in the nineties is the subject of this volume of essays edited by Daniel Dirks, Jean-François Huchet and Thierry Ribault with contributions by more than thirty authors, primarily from Japan and Europe. The studies seek to answer the difficult question of possible success elements in the current restructuring and reorientation process. Accordingly, most contributions have a primarily empirical approach.

The volume is based on an international conference organized by three Japan-based European research institutes, the German Institute for Japan Studies, the Maison Franco-Japonaise and the Instituto Italiano di Kyoto. The essays are grouped into six topical sections with commentaries by mostly European specialists, who provide an external perspective on the restructuring processes in Japan. The particular value of these studies is that they give an assessment of the Japanese management system from a continental European instead of the typical Anglo-Saxon point of view.

The volume is structured, as was the conference, as follows. After two introductory chapters that sketch out the problem and the historical background, there are six main sections: (1) Structure, Strategy and Internationalization, (2) Corporate Governance and Control, (3) Industrial Organization, (4) Human Resource Management, (5) Innovation and Technology Management, (6) Change and Continuity: On the Transformation of the Japanese Management System.

In light of the variety and diversity of the studies, it is impossible to comment on each of them individually. It is more appropriate to group the numerous results into three general conclusions:

- (1) The individual studies clearly indicate that a corporate restructuring process is indeed taking place in Japanese companies. Under the dual adjustment pressure of the on-going economic stagnation in Japan and the dynamic process of globalization, organizational adjustment measures are being implemented in such diverse areas as financing (increasingly via capital markets), corporate control (strengthening the role of stockholders and at the expense of the banks), human resource management (utilizing scope for flexible employment via worker transfers), innovation management (leaner, more focused and more international), and industrial supplier relationship (increasing supplier autonomy, internationalization of networks). These crisis-management measures may certainly be interpreted as corporate success factors.

- (2) The empirical studies also show that the extent and speed of change differs considerably between and within industries, also between companies. Evidently, Japanese firms adjusting to a changing environment are more diverse and heterogeneous than the conventional, but certainly always inaccurate, image of a homogeneous Japanese corporate sector would suggest.
- (3) From the empirical observation that Japanese companies are adjusting proactively to a changing environment and are consciously orienting themselves on Anglo-Saxon models it would still be false to argue that a convergence process is taking place. On the contrary, analyses in the areas of corporate governance, internationalization, industrial organization, human resources, and innovation management demonstrate the continuity of differences between Western and Japanese management.

This volume provides a good and differentiated overview of recent developments in Japanese management in light of the numerous domestic and global economic challenges, and it provides interesting conclusions. At the same time, numerous overarching questions in the current Japanese situation remain unanswered:

- Are the adjustment measures that have been identified in the individual studies all of equal value or – which is more likely – are there certain critical factors that are decisive for success? And if so, what are they?
- Is the change that is taking place in Japanese companies fast and comprehensive enough for Japan to hold its own in the international markets of a newly globalizing world?

Admittedly, these are far-reaching questions. They are not intended as criticism but as suggestions for a future research program.

*Hanns Günther Hilpert*

ANDREW GORDON, *The Wages of Affluence. Labour and Management in Postwar Japan*. London/Cambridge, Mass.: Harvard University Press, 1999. 288 pages, £ 21.95. ISBN 0-674-80577-1

Medium-sized libraries have already been written about labour relations in Japan, representing all shades of opinion ranging from hypercritical to brainlessly apologetic. Andrew Gordon, a Harvard professor of Japanese history, attempts to give a more balanced assessment. He also tries to shed new light on the origins of that fairly familiar transformation of widespread labour union militancy in Japan in the late 40s and 50s towards ultra-conformist and co-operative ways since the 1960s and subsequent societal and political marginalisation.

Gordon adopts four levels in his narrative: He covers Japan's post-war economic history, the story of Japanese unionism, for which he takes the development of the company union of the steel giant Nippon Kokan (NKK) as a paradigm. He also blends in short biographic sketches of key union activists which gives his story a personalising journalistic touch. The economic and technological evolution of Japan's steel industry in general and the fortunes of NKK in particular are also