

BOOK REVIEWS

DOI: 10.1355/ae38-1g

Asia's Journey to Prosperity: Policy, Market and Technology over 50 Years. Manila: Asian Development Bank, 2020. Pp. 555.

Fifty years ago, at the end of the 1960s, most of Asia was still very poor. At the time, feeding a large and growing population and promoting agriculture were key challenges for the region. Half a century later, Asia has emerged as a centre of global dynamism. This important book, produced by the Asian Development Bank (ADB), surveys the reasons for the region's success.

The study was written with the strong support of the president of the ADB, Takehiko Nakao, who finished his seven years leading the bank in early 2020. In his Foreword, Nakao explains why he thought of taking up the subject: "I have long felt that discussions about Asian economic success were often too simplistic. Many scholars, especially from outside Asia, tend to overemphasize the role of strong state intervention and guidance. But Asia's success essentially relied on markets and the private sector as engines of growth. Economies started to grow faster when policies shifted from state intervention to market orientation, while governments continued to play some proactive roles".

The book provides a concise historical overview of the overlapping processes of development in Asia in the past half-century. It highlights the region's transformation and surveys the key factors contributing to the changes while, at the same time, highlighting large variations across countries and over time.

The presentation is easy to read and contains numerous valuable diagrams and tables. The first chapter, which serves as an executive summary, provides a very useful overview. The other fourteen chapters focus on selected topics—agriculture and rural development, technical progress, infrastructure development, trade and investment, macroeconomic stability, *inter alia*. Each chapter outlines the main issues and looks ahead to provide suggestions for further reform.

Starting from the observation that across most of the region there has been strong growth over the past fifty years, the two central questions addressed are: What caused the change of Asia's fortunes? And how does one explain the region's post-war economic success? These are key issues which are surely of interest to all scholars of development across the world.

The essential answers suggested by the study are that, first, the underlying conditions for growth became increasingly favourable in the post-war period, and second, across most of the region, leaders willingly adopted pro-growth policies. A long era of peace and stability in many countries was certainly one of the most important conditions supporting progress. And steady improvements in policies and institutions introduced by leaders led to rising levels of investment and increasing reliance on pro-market economic programmes.

Several features of the broad approach which policymakers pursued strengthened the processes of reform. Many leaders were quite pragmatic in making policy choices and often pilot-tested proposed programmes to see how they worked before implementing them on a wider scale. Second, policymakers were flexible and willing to learn lessons from their own experiences and from new schemes being tried in

neighbouring countries. Third, leaders across Asia were often quite decisive, introducing large (sometimes drastic) reforms when needed.

Supporting all of this, in many countries, governments set out a shared vision of development for the future. These visions, many of which were labelled “plans”, were really broad outlines of the development strategy to be followed rather than serious attempts at formal economic planning. Nevertheless, the broad national visions helped underpin growth, especially when backed by a competent bureaucracy and other strong institutions.

Another overarching theme which runs through the study is that the idea that there has been any “Asian consensus” about development policies which is different from the so-called “Washington consensus” is wrong. Rather, it was the pragmatic approach to policy—reinforced by pro-market programmes, state support and workable institutions—that contributed to success in Asia. The summary in Chapter 1 explains how these processes reinforced each other: “Markets, prices and competition are critical for the efficient allocation of resources and the creation of entrepreneurial incentives. The state is needed to establish strong institutions, intervene where markets fail to work efficiently and promote social equity. Strong institutions ensure orderly functioning of markets and accountability of the state”.

It is true, as Western academic and media critics of Asian governments frequently point out, that these policies have often been adopted in a patchy way. There are still significant distortions in pricing and competition policies in many developing countries in Asia. Implementation of policies is often weak because of state failure. And greater attention to social equity is needed in many countries. Yet, overall, the improvements in these areas across developing Asia in the last fifty years has been remarkable.

There is a long way to go. Developing Asia has made a good start. Hopefully, there will be many more improvements in the five decades to come. In the meantime, this book is the best and most up to day survey of the factors underpinning the success of development in Asia in the last half-century.

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DOI: 10.1355/ae38-1h

***Automotive Industrialisation: Industrial Policy and Development in Southeast Asia*, by Kaoru Natsuda and John Thoburn.** Abingdon: Routledge-GRIPS Development Forum Series, 2021. Pp. 290.

The rapid transformation of Southeast Asia from being a producer and exporter of primary products to becoming a major manufacturing base is frequently used to showcase the role of industrial policies in manufacturing development and structural transformation. The transition from labour-intensive to skill- and technology-intensive manufacturing, which has been crucial for countries in the region aspiring to elevate their positions in global value chains (GVCs), has attracted considerable attention from academics and policymakers. This book by Kaoru Natsuda and John Thoburn is a timely addition to the discourse as it explores the role of industrial policies in the development of the automotive sector. Natsuda, a Professor at Japan’s Ritsumeikan Asia Pacific University, and Thoburn, Emeritus Reader and Senior Fellow at the University of East Anglia, are research partners who have consolidated their numerous years of collaborative research on automotive development in Southeast Asia to write this book.

The book is made up of ten chapters, with the initial chapters setting the backdrop for five in-depth country case studies—Thailand, Indonesia, Malaysia, the Philippines and Vietnam. The first four chapters focus on global trends, industrial policies and their role in GVCs, the state of automotive development
