BOOK REVIEWS


After his recent victory in the first free all-German elections for almost sixty years, Chancellor Kohl is reported to have said that, while the period of transition following the reunification of Germany in 1990 was inevitably going to be difficult, he was confident that “in three to four years, the strengths of the social market economy, reasonably applied, will create a huge, united, flourishing landscape” (Straits Times, 4 December 1990). Such confidence is unlikely to be seriously questioned, given the phenomenal economic growth experienced by West Germany since the introduction of a social market economy in the late 1940s. Indeed, it could well be that three to four years is a little too conservative, and that the predicted landscape will be a reality even before the end of 1992 and the coming into effect of the internal market in the European Community.

The principles and practices of the social market economy, as developed in West Germany, have long been the subject of discussion and debate. In the present book, both the concept and some of the significant elements of the West German economy are addressed in a set of papers which were originally lectures sponsored by the Konrad Adenauer Foundation and delivered during dialogue sessions with experts in the fields of economics, politics and the humanities in developing countries in Latin America, Africa, and Asia. Hence, the subtitle “An Economic System for Developing Countries”. But as the editor stresses in the Preface, “at no time was it a matter of simply transferring this concept. It was rather intended to elaborate and deepen important basic principles with a view of reviewing their respective applicability in certain third world countries”.

The social market economy is seen as constituting a “third path” lying between the so-called free market economy, on the one hand, and the centrally planned economy, on the other, but having much more in common with the former than the latter. As such, it has several features of the mixed economy, but with state intervention in the economy being mainly by way of regulation rather than regulation coupled with direct and active participation in various processes of production. Its central concern is to ensure that the benefits of individual initiative and competition are reaped while, at the same time, both a workable market is maintained and social equity and justice are promoted. Thus, the state has a definite responsibility not just to provide the basic infrastructure for economic development, but also to establish and keep in place the necessary legal arrangements, along with associated controls and services, to protect the public interest and to guarantee the continued existence of a stable economic environment.

The various components of Germany’s social market experience are examined in this book in a clear and readable manner, and with an effective integration of theory and practice. The intellectual basis and history are set out in
Chapter 1, followed by three chapters dealing, respectively, with the role of government, the functions of competition and its protection, and the social elements of the economy. The discussion is then broadened: first, with the inclusion of a chapter setting the economy in its regional and wider international environment; and, second, in line with the subtitle, with a concluding chapter which considers the problems of applicability to developing countries, taking account, among other things, of the planning and decision-making competence of private enterprises in such countries, and of the extent to which the institutional framework to support and contain a social market economy is able to be developed and protected.

There is much in this book that is bound to be of considerable interest especially to those who are involved in the task of transforming the economic systems of developing nations. This is all the more likely given the present apparent appeal of market-oriented strategies involving forms of privatization and selective deregulation. As the editor rightly argues, however:

Every developing country should continue striving to find out for itself the appropriate relations between private and governmental initiative that will suit the intellectual and cultural traditions as well as the economic realities best.

This kind of argument is frequently advanced, but is much less frequently comprehended and heeded to the extent that it usually should be.

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In recent years Thailand has emerged as one of the world's fastest growing economies, giving rise to speculation that the country will join the ranks of the Newly-Industrialized Economies (NIEs) before the end of this century. Not surprisingly, a question which frequently arises in academic circles is the extent to which development planning has helped to accelerate Thailand's economic growth rate. Thus the publication of _Thailand: Development Planning in Turbulent Times_ by Professor George Abonyi and Dr Bunyaraks Ninsananda comes at an opportune moment and provides useful clues to the nature and role of development planning in Thailand.*

The book begins with some background concepts to assist the reader in interpreting the Thai development experience. It then traces and evaluates Thailand's development planning experience, beginning with the First National Economic Development Plan launched in 1961 and ending with the Sixth Plan which will be completed in 1991. This is followed by a summary of the evaluation of development planning in Thailand: its changing focus and the process of planning. Subsequently, the authors identify what they see as the key characteristics of a planning system which is more likely to be responsive to an increasingly turbulent global economic development. The final section presents some interesting conclusions on Thailand's overall development planning experience.

Given the authors' impressive academic background and extensive "hands-on" experience with the process and mechanism of development planning in Thailand, the book, as expected, provides useful and interesting insights into the nature and role of development planning in a developing economy. The authors rightly credit the various plans for laying the foundations for economic growth in the country and also for laying out the framework for the diversification and structural changes in the economy. In the latter respect, the Thai economy is much better diversified and better poised to meet the challenges of a rapidly changing global economic environment than many other developing countries in Southeast Asia.

At the same time, the authors also noted the