
policy recommendations at the end of the book, which offer policy-makers practical and politically feasible ideas to improve their countries' trade policies, as well as strengthen their position on FTA negotiations.

In short, *Mad About Trade* is a lively read packed full of easily-relatable arguments in favour of free trade and globalization, and bears valuable lessons for policy-makers and trade negotiators in any country committed to a multilateral system of free trade.

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Manufacturing Competitiveness in Asia: How Internationally Competitive National Firms and Industries Developed in East Asia. Edited by **Jomo K.S.** London and New York: Routledge, 2003, 2006. Pp. xviii, 217.

Reviewing a six-chapter volume reprinted in 2006 is rationalized as it is still relevant and useful. The 2003 publication was from a research project of the Foundation for Advanced Studies in International Development, 1996–98 with the 1997–98 Asian crisis in-between. The editor is well placed in expertise and experience to masterfully do Chapter 1's comparative analysis of the World Bank's 1993 East Asian Miracle (EAM) and the Asian Development Bank's 1997 Emerging Asia (EA) to explain seemingly inexplicable Asia. Chang Ha-Joon's Chapter 2 originated from another project, heavily edited for another World Bank 2001 volume on Rethinking the EAM edited by Joseph Stiglitz and Shahid Yusuf. Given such progeny, reviewing this volume in the aftermath of the 2007 U.S. subprime mortgage which triggered a global recession, the likes of the Great Depression has one-everlasting, one-word lesson in crises: greed.

The literature survey (Chapter 1) of competing explanations of the EAM, from culture to

conjuncture remains as controversial and unanimous then as now. Japan has lost more than a decade and even Western capitalism has fallen prey to some version of a developmental state with government bailouts from banks to automobiles on both sides of the Atlantic. While politically avoiding nationalization per se, the U.S. may now appreciate if not totally understand the East Asian economic model (particularly, Singapore's government-made industrial policy sanctioned by multinational corporations (MNCs)). Chapter 1 compares various tiers of highly-performing East Asia (HPEA) in the EAM model with a more regionally composed EA. Neither differentiates the East Asian economies by policy differences as late industrializers though industrial policy in Japan, South Korea and Taiwan display greater industrial and technological capabilities than others. The trio had selective foreign direct investment (FDI) versus FDI as more crucial in Singapore and Malaysia.

Both EAM and EA studies repeat neoliberalist trade, liberalization and economic openness as simulated free trade and industrial policy with subsidy (p. 4), not free trade per se with less constraints via the World Trade Organisation (WTO). East Asia is no conclusive proof of industrial policy failure in principle (p. 6). It faces new constraint to articulate, elaborate and implement it well (p. 7). Global competition heightens with China and India added to the manufacturing supply equation. Neither EAM nor EA explains why government intervention on balance accelerated structural transformation to develop industries and technological capabilities. This volume suggests an alternative institutional basis to understand the consequences of government intervention by highlighting micro-economic determinants of economic performance and institutional features of industry and firms. Industrial policy and selective proactive government as collective action has industry and firm shape, in turn shaped by environmental factors, harnessing macroeconomics and meso-economics for international competitiveness.

Chapter 2 reviews industrial policy as selective government support for sectoral growth with

more theoretical justifications than acknowledged by the EAM volume. True industrial policy is poorly understood because of methodological inadequacies. It is hard to emulate without the necessary capabilities. Yet, it does not take exceptionally competent bureaucracies which can be developed through deliberate efforts and experience. Market-oriented systems require only highly institutionalized capabilities. Unsurprisingly, well-equipped institutions and procedures are needed to deal with WTO today as a new constraint compared to when Japan conducted its industrial policy without formidable intellectual property rights as faced by China now. Staying the course in industrial policy is harder with crises and volatility, plus economic maturity, democratization and empowered private sector with more political bargaining options.

Chapter 3 on Pohang Iron and Steel Company Ltd (POSCO) and Chapter 4 on Taiwan's information technology industry (IT) are contrasted with diversified conglomerates in Malaysia (Chapter 5) and Thailand (Chapter 6). The Southeast Asia export-oriented duo is more owned and controlled by MNCs. Regional plants play regulatory arbitrage for cost-effectiveness. There is less focus on nationally-owned or domestically controlled industry or firm, more how they are internationally competitive given the nature and role of government and quality of intervention (p. 8) vis-à-vis the technologically sophisticated Northeast trio. There is no explicit Singapore chapter, its state intervention with rent-seeking by the government itself with some corporate social responsibility do plough rents back into infrastructure. That seems more tolerable than various types of less successful commercial rent-seeking elsewhere (p. 8).

POSCO (Chapter 3) from miracle to crisis and future has the government and state-owned enterprise defy the law of economics and competition as an integrated iron and steel mill in the 1960s as an industrialization precondition. The government intervened unabashedly, but allowed management autonomy, rapid learning and technological

innovation. POSCO was successful within the social system at large to make scarce factors more mobile and productive. It shows the division of feasible industrial policy intervention and political instruments in line with known state and socio-economic capabilities and a more realistic view of technological innovation.

Taiwanese IT (Chapter 4) was led by Industrial Technology Research Institute (ITRI) since 1973, with Taiwanese engineers lured back from the U.S. to start the Hsin-chu Science-based Industrial Park. The duo spun off high-technology ventures as IT's centre of gravity, and the rest is history. Selective intervention for different IT segments at different points in time is what makes industrial policy successful and international competitiveness sustainable. Instead of just being a late industrializer, Taiwan's IT industry proved itself to be a fast follower (p. 103).

The editor led Chapter 5's array of case-studies in electronics, telecommunication, national car industry and palm oil. Electronic small and medium-sized enterprises (SMEs) involving ethnicity and trust operational in old or new industries (p. 121). The profitable telecommunication industry emphasized inter-ethnic economic redistribution, but compromised efficacy of industrial policy. Proton was the previous prime minister's pet project; a political story in and of itself. The palm oil industry was a more successful proof of bucking traditional industrial policy based on static comparative advantage. The government went against economic tenets to impose export duties on crude palm oil, less on processed palm oil products to make Malaysia the world-largest palm oil exporter today.

Small producers in the Thai Gems and Jewellery Traders Association supplying wares to the royal family knew how to influence the government's industrial policy to invest in infrastructure (Chapter 6). Similarly, profitable Siam Cement Group sought protection, extended to its non-cement entities as backward and forward linkages in integrated industrial diversification. Thai industrial policy is

augmented by leadership and decision-making with corporate culture, connectivity and human resources development as a long-term strategy. As a lone non-colonized Southeast Asian economy, Thailand is unique in flexible relationships, including business-to-government even if both case studies are not world-class international exporters by any measure (p. 201). The epilogue since the Asian financial crisis (pp. 202–205) seems prescient given the current global crisis.

All the case studies covered fall into three groups without any generic lessons for relevant emulation. One has close government ties as proactive industrial policy, sustained efficiency and enhanced government intervention. The other two show the importance of linkages of indigenous firms with the government's role as facilitator to catalyse technology transfer and private institutions as catalyst for the government to address collective action problems. Unlike export-orientation which is easier to mimic, East Asian industries and firms are not easily explained by indigenous organization and structure, management style, firm size, initial conditions and socio-cultural networks as single or combined factors.

Selective industrial policy worked more than functional intervention which needs supportive conditions (culture, linguistic affinities, law and order) and policies (tax incentives, subsidies, education and training, investment and export promotion). Finally, the case studies showed many varieties of proactive industrial policy for international competitiveness. The different tiers are also due to dynamics in time and environment.

Universal market imperfection makes it socially desirable for the government to target industries for effective protection, conditional on infant industries to exit from import-substitution to export-orientation. It is another story why infant industry never grows up as politics enters the fray.

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***The Politics of Food Supply: U.S. Agricultural Policy in the World Economy.* By Bill Winders.**

USA: Yale University Press. Pp. 304.

Since the time of the New Deal, the agricultural sector in the United States has been one of the most glaring exceptions to the official American preference for free markets. A complex regime of regulatory controls governed the production of leading crops for the better part of the past eight decades. Bill Winders in *The Politics of Food Supply: U.S. Agricultural Policy in the World Economy* provides an engaging and incisive account of the history and political economy of farm policy in the United States. Using a balanced mix of economic and sociological analysis, Winders shows that American agricultural policies, in spite of being a well-intentioned response to a protracted agricultural crisis, have imposed substantial economic and human costs on the world and proven remarkably resistant to wholesale reform. The U.S. government's farm sector interventions have transferred billions of dollars from American consumers to producers and devastated agriculture in many developing countries. Winders provides a high-level survey of the global implications. A detailed case study on the effects on farmers and consumers in a particular country or region would have made the book more complete. This omission is understandable though given the already broad scope of the work. Notwithstanding its quick review of world effects, the book provides Southeast Asian policy-makers with valuable insights on how to address poverty. Specifically, the history of U.S. farm policy demonstrates the inferiority of ad hoc, market-specific interventions versus broad-based relief efforts.

While U.S. agricultural policy deserves to be criticized on economic and equity grounds, it was originally a well-meaning response to the prolonged farm slump in the years following World War I. The revival of European agriculture after the war led to a glut in the supply of grains,