

since the beginning of the reforms. Moreover, this collection of provincial-level analyses reveals much of interest in a comparative context about the interrelationships between socio-economic and political change throughout China. As such, this book provides a welcome first step towards an alternative methodological and analytical framework for exploring and explaining the true character of contemporary change in China. China specialists, and others interested in deepening their insights and understanding of rapid transformation in the PRC, should look forward to the publication of subsequent volumes in this series.

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Dynamics in Pacific Asia: Conflict, Competition and Cooperation. Edited by Kurt W. Radtke, et al. London and New York: Kegan Paul International in association with the International Institute for Asian Studies, 1998. 287 pp.

Written before the onset of the Asian economic crisis in July 1997, this edited volume seeks to examine the extent to which developments in the Asia-Pacific region would affect Europe's global position. It also postulates how these changes should be conceptualized to assist in policy formulation to deal with the new international environment. Chapters 1 to 7 examine political and strategic issues while chapters 8 to 12 consider issues of economic interdependency. The introduction provides an insightful and succinct overview of the book's ambitious agenda.

The opening two chapters examine Asia-Pacific regional security. Arguing for enhancing co-operation in international institutions, Hanns W. Maull opines that the future of Asia-Pacific security need not be pessimistic and should not be based on a realist balance of power approach. Using European experiences in a comparative perspective, he argues that successful international governance would depend on close interaction between state and society, within and between, countries. Regional co-operation is a key building block if regions can "keep their own house in order" and "keep channels open to cooperation with other

regions". Although there are differences in East Asia's and Europe's capacity for mutual collective action, Maull is confident that effective collective action could be engendered. Taking the position that "the future cannot yet be managed with certainty", Kurt W. Radtke discusses the historical overview of the "dynamic stability" sought by four key regional actors, the United States, China, Japan and Russia, which could evolve into a "directorship" of informal co-operation for the maintenance of regional stability.

Although Maull and Radtke are hopeful that regional co-operation would be the *modus vivendi*, issues of regional security are so fluid that regional co-operation in a fault-ridden Asia-Pacific remains a vision to be realized. Yet, multilateral co-operation offers the best chance for sustained peace and stability — crucial preconditions for economic development. Given the security flashpoints and the rapid increase in energy requirements in the region, Boris Timmer places hope on the development of multilateral security frameworks by which China is meaningfully integrated. However, how the "directorship" and security framework — forms of which are already in existence — could engender greater confidence-building was in my view not adequately discussed. In fairness, the dynamics of regional security issues are constantly in flux such that putting a pulse on bilateral security considerations is challenging enough.

China, Russia, and Korea loom large in any discussion on Asian security flashpoints. Klaus Fritsche explores Russia's search for East Asian allies as a counterbalance to Western hegemony in the post-Cold War era. In particular, the "strategic partnership" with China is studied closely. A mutuality of interests from the management of potentially secessionist minorities to a rejection of Western interference and aspirations to hegemony has made this path of Russian *Ostpolitik* viable. However, one wonders whether such a tenuous partnership can be sustained if Russia's military strength declines further while China's economy improves. Manfred Pohl distills the German unification experience to emphasize the need for a gradual process of Korean unification. To reduce the negative impact of reunification on both sides of the demilitarized zone, Pohl advocates a period of peaceful co-existence and the creation of a commonwealth between the two Koreas. Pohl's suggestion that nationalism, bolstered by anti-Japanese feelings and xenophobia, would help the two Koreas become closer is controversial. It is precisely this sort of ultra-nationalism that would be the Achilles heel of Northeast Asian security, and global security for that matter, should leaders manipulate such sentiments.

That Asian powers and the United States need to remain engaged with each other, and the need to engage China in any security dialogue

is argued convincingly by Leo van der Mey. He also contrasts the failed Nehru's Peace Zone idea and expresses confidence in the "ASEAN way", and proposes the "ASEANization of regional security" through the ASEAN Regional Forum (ARF). Although the ARF is an "extremely fragile consultative structure" in a region where multilateralism is not yet a norm, van der Mey appears persuaded by its potential. This might have to be reviewed in the light of ASEAN's apparent ineffectiveness and disunity in the light of the political and economic troubles that have recently afflicted much of Southeast Asia. Indeed, one could question whether the nebulous notions of consensus and pragmatism are adequate frameworks for security management in the new millennium.

The section of the book with an economic focus opens with two chapters on Japanese technology. John Groenewegen analyses the evolution of technology policies in Japan in the light of an interventionist government in the economic arena and under-investment in research and development (R&D). Research associations that facilitate joint R&D on cutting-edge technology are vital for the Japanese economy. However, Groenewegen perceptively notes that for these research associations to have a positive impact, they need to involve business groups and networks while decreasing the government's role. In reviewing the level of technology transfer from Japanese firms in Asia to their local partners, Joop Stam highlights that technology transfer within the Japanese electronic industry in Pacific Asia is limited at both the enterprise and individual levels. This can be attributed to corporate attitudes, market conditions, and competition.

The chapters on attracting greater foreign direct investment to ASEAN and the newly emerging Asian securities markets are more historical and policy-oriented. Hafiz Marza, Kee Hwee Wee, and Frank Bartels surveyed transnational corporations on their motivations, obstacles, and policies in investing in the ASEAN states. Complemented by tables and figures, the authors argue that the ASEAN states' best strategy to attract non-ASEAN foreign direct investment (FDI) is to facilitate intra-ASEAN FDI. However, it is unlikely that there would be much intra-ASEAN FDI in the foreseeable future. Indeed, Singapore Prime Minister Goh Chok Tong has suggested that ASEAN organize joint investment roadshows to the United States, Europe, and Japan to sell the region.

ASEAN has lost much stature as a result of the regional economic crisis and has failed to convince the outside world that it is tackling the crisis with determination and decisiveness. Takuo Akiyama's chapter looks at pre-crisis trends in the various Asian securities markets. While supporting the deregulation of the securities markets, Akiyama is mindful of family-based and politically connected businesses, which

would dampen potential investors' enthusiasm. However, the policy recommendations in these two chapters may have to be reconsidered in the light of the economic crisis. As the crisis has painfully demonstrated, greater circumspection and governance are patently needed in an age of speculative and mobile capital.

In a similar vein, Roger van Hoesel, in studying Korean manufacturing investments in Europe, makes the prescient observation that the *chaebols'* investments "seem rather heroic" as much of the funds needed were financed by debt rather than equity. Again, the lack of proper controls and governance can be discerned, especially with the rapid liberalization of the Korean economy as it has keenly sought out OECD (Organization for Economic Co-operation and Development) membership. That there should be a conscious attempt to capitalize on synergy that could be derived from Asian and European corporations co-operating with each other is recommended by van Hoesel and Helmut Schutte. Schutte's piece on the strategy and organization of multinational corporations (MNCs) in Asia underlines the strategic economic importance of Asia. The thrust of his argument is that European firms, hoping to improve their position in the new Asian markets, need to have an Asian regional strategy in addition to a global strategy. A key component of this strategy is to have a regional headquarters to integrate and co-ordinate activities of multinational corporations in that region.

The book concludes with a review of the position of the United States in Europe and the Pacific Rim. Gioia Marini and Jan Rood consider whether the United States is moving from being a "European" power to a "Pacific" power in the light of then Secretary of State Warren Christopher's remark that "[n]o area of the world will be more important for American interests than the Asia-Pacific region". They argue that the United States, as a global power, has to act on a global scale and remain engaged in Asia. This precludes it from eschewing responsibilities in one region in preference to another. The proper perspective to be taken in discussing the American position towards Asia and Europe is America's ability to develop a policy of alliances with scarce resources.

Although the reviewer found parts of the book heavy going, and regional events have overtaken some of the assessments, it does provide a good introduction of the European perspective on various politico-economic issues confronting Asia and Europe and how they affect both regions. The book's inter-disciplinary approach, with a policy bent, helps to highlight the increasing need for a paradigm shift in rethinking existing relationships, and the balance of power in an globalized world. In particular, the context of understanding global parameters from which European policies towards Asia should be formulated is underscored.

At the Asia-Europe Meeting (ASEM) in Berlin in March 1999, ASEM foreign ministers affirmed the need to keep the Asia–Europe link valid. Started as a Singapore initiative to strengthen links between the two continents at a time when Asia was booming and Europe was courting Asia, ASEM is touted as the answer to the weak link in the Asia–United States–Europe triangle. ASEM’s commitment to the long-term process of Asia–Europe ties comes at an opportune time, especially when both regions are mired in internal affairs. Another book evaluating Asia–Europe ties in the aftermath of the crises in both regions would be equally fruitful.

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