

# BOOK REVIEWS

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***East Asian Development: Foundations and Strategies.* By Dwight H. Perkins.** Cambridge, MA: Harvard University Press, 2013. Pp. 213.

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The question of why and how the economies of East Asian nations have grown so quickly and consistently is one of the central puzzles facing the economics profession. Drawing on his more than fifty years as an academic and policy advisor, this book by Dwight Perkins, Emeritus Professor of Political Economy at Harvard University, attempts to answer this question.

Drawn together from a series of six lectures, this book is a wide-ranging account of East Asia's economic development, comparing and contrasting similarities and differences within and between Northeast Asia, Southeast Asia, and the former centrally planned economies of China and Vietnam.

The first chapter provides a historic overview of the region, seeking to identify some of the initial structural characteristics that can explain the differing rates of growth between the various countries in the region. Important variables include: self-government versus colonization; differing agricultural systems; distinct traditions of inheritance; and lower initial rates of income inequality. Perkins argues that "modern leadership" came to power at different points in time in the various countries' histories, but that many shared a certain degree of authoritarianism during the initial period of economic growth. Beyond that, the various countries have different educational traditions, and distinct cultural legacies. The interplay of these various factors affects growth prospects.

The second chapter reviews available quantitative research as to the underlying reasons behind East Asia's extraordinary growth and, within this, Northeast Asia's higher rate of growth. His review begins with the convergence hypothesis, namely that lower income countries can be expected to have higher rates of growth than higher income countries. However, he contends that this is dependent on the lower income countries themselves having certain parameters already in place, such as a minimal level of education and health. With regard to East Asia, Perkins argues that efforts to boost total factor productivity (TFP) are vital and these almost always occurred in the wake of structural reforms, such as those in Indonesia and Singapore in 1965, and China in 1978. However, contrary to conventional wisdom, Perkins argues that the importance of education for productivity and growth is often over-estimated, particularly for countries with a low educational base.

The next three chapters each focus on the respective sub-groups of Northeast Asia, Southeast Asia, and China and Vietnam. In each case, readers are treated to an in-depth discussion of key actors, policies, and approaches in the various countries. Thus, the institutional similarities and transfer of ideas between Japan, Korea, and Taiwan is brought out. The greater differences between Malaysia, Thailand, Indonesia and, to a lesser extent, the Philippines are also highlighted. The transition from a centrally planned economy and the deep reforms that this has entailed in China and Vietnam are analysed.

The sixth and final chapter looks at growth slow-down, seeking to understand when and why countries transition from high to moderate rates of growth. A significant part of the chapter relates this

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debate to China, trying to establish whether and when this country's economy will begin to slow as it exhausts the easiest sources of TFP growth.

Perkins argues that there is not one method or model that accounts for the region's extraordinary success. He argues that there is little point in trying to identify one successful model when the various countries themselves tried different models at different points in time. Indeed, the richness of this book lies in highlighting the complexity of each country's experience, seeking to understand how policy-makers understood the challenges as they saw them at that point in time.

As it stands, this book is a very good overview of East Asia's economic development. It breaks down the region into manageable sub-groups, enabling each to be understood before the differences between the various members are studied. In addition, the writing is very accessible, and the reader is introduced to the principal personalities involved as well as some of the main organizations at work in each country. The book's readability is enhanced by many personal anecdotes gleaned from work with the governments of China, Korea, and Malaysia, among others.

However, *East Asian Development* does raise some questions.

The historical section is rather wide-ranging, coming to some questionable assertions at times. For example, it states that the Philippines did not have to fight for independence. While this may have been true with the United States, it overlooks the country's bloody but ultimately unsuccessful war for independence from the Spanish. Similarly, Perkins asserts that with regard to Southeast Asia, "large majorities of the population in each country shared a common cultural heritage". This cannot really be said to apply to Indonesia or Malaysia.

Interestingly enough for a political economist, in this book he seems to make the conscious choice to not explore the political conditions that lend themselves to the sustained pursuit of economic growth. Indeed, cases such as Myanmar or North Korea are not seen as worthy of analysis due to their other non-economic priorities. However, one cannot always assume that it is rational for political

elites to pursue economic growth as a first order priority. Indeed, it can also be rational for leaders to prioritize military build-up to counter perceived aggressors (North Korea) or avoid secession (Myanmar).

I also feel that external conditions get a rather short shrift. The various countries are analysed as discrete units, each negotiating their way through the challenges associated with achieving economic growth. The various discussions of the countries would have been strengthened by a systematic comparison to key events in the region's economic history, such as the Korean and Vietnam Wars, the oil crisis, and the Asian Financial Crisis.

Turning inwards, the issues of agriculture, urbanization, and technology policy are not really drawn out. This is a product of the process tracing that Perkins does, which follows the central actors and the decisions that they seem to have made regarding macroeconomic, trade, and education policy. Thus, the discussion focusses more on industrialization, but does not really analyse developments in other sectors and how they could have indirectly set the stage for take-off. A case in point is Malaysia's very successful rural development drive in the 1950s and 1960s, which reduced poverty and improved living standards very significantly. This, in turn, set the stage for the country's industrialization, which began in the 1970s.

Also, while important, the last chapter does not succeed in drawing together the various questions and themes brought out in the book. As it stands, the last chapter focusses overmuch on China, which while important does not help address the challenges facing the other countries.

Notwithstanding this, this book is an excellent and thought-provoking overview of the topic of East Asia's economic development. Perhaps because of the issues highlighted above, the book is more effective at helping the reader understand the differences in growth between East Asian countries, rather than the reasons behind East Asia's growth *per se*.

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