

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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***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

in Southeast Asia, and the rise of Japanese automotive multinationals in the region, providing the much-needed context for understanding the country case studies. It is important to note that policymaking does not take place in vacuum; it is affected by multiple factors at the global, national and local levels. For example, the removal of local content requirements under the Trade-Related Investment Measures (TRIMs) agreement, launched under the auspices of the World Trade Organization (WTO), led to the use of alternative policies to support the development of local content in the automotive sector. Citing this and many other developments, the authors provide an excellent background in these four chapters.

The country studies, on the other hand, explain the different industrial policies employed in each country and the impact on the respective country's automotive development. Specifically, the book argues that, while restrictions on industrial policy implemented under WTO rules in the 2000s have constrained the "policy space" in which developing countries can promote industrialization, Thailand and Indonesia have continued to support automotive development through fiscal support for the promotion of product champion vehicles, irrespective of whether they are manufactured by local or by multinational companies. Likewise, in Malaysia, the reduction in excise duties—imposed in lieu of the (now withdrawn) import duties, be it under the WTO or under the ASEAN Free Trade Agreement (AFTA)—is based on the extent of local content. Thailand stands out in the use of complementary policies (or "soft policies" to use the authors' words) to facilitate and promote technology transfer as well as human resource development. This also helps explain part of the country's success in establishing itself as the "Detroit of Asia". This is an important lesson for countries aspiring to use industrial policies for overall industrial development, since the role of complementary, sector-focused policies is rarely discussed in academia.

The concluding chapter points to the future, highlighting the emergence of new technologies that will inevitably change the face of the automotive sector all over the world. The authors posit that these technological advancements will not only create new opportunities but also pose considerable challenges. This is illustrated in the discussion on the race to produce electric vehicles (EVs) that are currently being promoted in the five case study countries, albeit with varying degrees of urgency. All countries face the same challenges in driving EV production and consumption forward, including: range anxiety; higher prices; and limited supporting infrastructure, especially in terms of electric charging points. How each country responds to these challenges will determine the future of EVs in the region.

How fast each country responds to the challenges will also determine the location of the next "Detroit of Asia". One should note that it is not necessarily an advantage to have an existing automotive supply chain because these production networks have to be reconfigured to accommodate EV production—with increased greater focus on electrification rather than production of mechanical parts. Hyundai's recent decision to start EV production in Singapore, which lacks a domestic car manufacturing sector, clearly illustrates this. Reportedly, Singapore plans to phase out combustion engines by 2040—a key factor explaining Hyundai's choice of Singapore over other countries in the region. The country also has in place a "Green Plan 2030", a "whole of nation movement" to meet the city-state's agenda on sustainable development. This again illustrates the importance of complementary policies, whereby a country's energy policy can be harnessed to support electric mobility. In fact, renewable energy has to be the main source of energy for a country to optimize its environmental gains from EVs. Singapore's other key advantage over its neighbouring countries is the availability of skill sets, both local and foreign.

Although the book primarily examines the role of Japanese MNCs in the development of Southeast Asia's auto sector, it also notes the arrival of Chinese automotive players in Malaysia. Interestingly, Chinese companies have also entered the Indonesian car market and the EV battery production segment (Dharma and Hidayat forthcoming). President Joko Widodo is banking on the country's rich nickel reserves to attract foreign direct investments into the sector in his bid to position the country strategically in the emerging EV value chain in the region. In fact, Hyundai has already moved into car production in Indonesia in view of the large domestic market and a growing middle class. Similarly, South Korean car

makers seem to be focusing on Vietnam (Schröder 2021). Do these changes signal the end of the long domination of Japanese MNCs in automotive production in the region? And will these developments lead to the emergence of a new “Detroit in Asia”? Perhaps the authors can be persuaded to write a second volume in view of these questions and other emerging trends in the Southeast Asia.

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***The ASEAN Way: Sustaining Growth and Stability*, edited by Ana Corbacho and Shanaka J. Peiris.**
Washington, DC: International Monetary Fund, 2018. Pp. 308.

The Asian Financial Crisis (AFC) had a deep and long-lasting impact on Southeast Asian economies. The crisis had adverse economic effects and brought about significant policy reforms in its aftermath. The overall goal of this book is to provide empirical evidence on how policies (monetary, exchange rate and macroprudential) and institutions related to the financial sector have evolved since the AFC. The volume focuses on the five original member states of the Association of Southeast Asia Nations (ASEAN-5), namely Indonesia, Malaysia, Singapore, Thailand and the Philippines. In general, the period covered straddles from the pre-AFC phase (early 1990s) to around 2017. This coverage enables an in-depth comparison between the two major economic crises that have hit the region—the AFC (1997/98) and the Global Financial Crisis (GFC, 2008/09)—and the intervening periods.

The nine chapters that make up the core of this book are organized into three parts. Part 1, which comprises two chapters (Chapters 2 and 3), provides a broad assessment of the monetary policy and financial stability in the region. Specifically, Chapter 2 examines how ASEAN-5’s monetary policy frameworks have evolved over time. The chapter provides useful descriptions of the governance structure of the five central banks, their monetary policy frameworks (for example, inflation-targeting) and the supporting role played by exchange rate flexibility. The overall performance of the policy frameworks in the post-AFC period, evaluated in terms of inflation and growth, is positive. Chapter 3 then provides a useful overview of the differences and similarities in the structure of financial systems across the ASEAN-5 countries. Important similarities include the extensive presence of financial conglomerates and government ownership in the financial sector. In terms of financial stability, several measures indicate that the financial systems in ASEAN-5 economies have become more resilient in the post-GFC era (up to 2017).

Part 2, which is composed of three chapters (Chapters 4, 5 and 6), is devoted to the assessment of policy responses to global cycles and spillovers. Chapter 4 provides evidence on the impact of global financial shocks on domestic financial conditions. This is done through two transmission channels: first,
