going to be conscious of China. The Centre worked towards the 1990 restoration of relations after a twenty-three-year hiatus. Its leaders argued that the need was to engage the People's Republic rather than contain its role, while at the same time regional arrangements in Southeast Asia needed to be strengthened as a hedging mechanism against China's dominance.

In macroeconomics, the CSIS played second-fiddle to the Berkeley Mafia led by Indonesia's senior economic minister Widjojo. It staked out its own area of expertise in regional trade, with its relevance illustrated when Mari Pangestu, former executive director of CSIS, was appointed Minister of Trade in 2004.

On domestic political issues, the integration of Papua following the 1969 "act of free choice" began a long-term involvement in the intractable problems of Papua, followed by an active interest in the vexed issues of Timor and Aceh. Needless to say, the CSIS was active in the "reformation" era after 1999, including the challenge of decentralization.

Think-tanks such as the Lowy Institute often describe themselves as "non-partisan", but in the febrile environment of post-Sukarno Indonesia, such a commitment would have constrained a think-tank to policy irrelevance. The CSIS was often on one side of contentious issues. Clearly, its members were supporters of Suharto, especially before the split with the palace in 1988. Sometimes they were defined by what they opposed. Pluralism was vital to their vision of Indonesia, so they were at loggerheads with those Muslim groups wishing to establish an Islamic state—a vexed issue since Independence.

This book is a commissioned institutional history which provides a sympathetic narrative. The focus is on recording the events rather than making judgments, with a final assessment chapter written by a former CSIS executive director. That said, few would deny the CSIS's beneficial influence in public policy debates, both within Indonesia and across Southeast Asia, over more than half a century.

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***The Political Economy of Automotive Industrialization in East Asia*, by Richard F. Doner, Gregory W. Noble and John Ravenhill.** New York: Oxford University Press, 2021. Pp. 405.

The idea that institutions are important to economic development can be traced back to Adam Smith's book titled *The Wealth of Nations*, which discusses in detail the importance of private property rights and the rule of law. The discourse on development continues to raise the importance of institutions time and again, be it at the theoretical or at the empirical level. For example, in the seminal work by Rodrik, Subramaniam, and Trebbi (2004), institutional factors are found to be far more important than geography and integration (trade) in determining the differences in income across countries—developed and developing alike. It should also be noted that the definition and concept of institutions can range from the formal rules of "playing of the game", as seen in the quality of a country's governance.

Empirical investigations that try to ascertain the impact of different proxies for institutions on economic performance continue to proliferate, at both the macro- and micro-level. However, these empirical verifications are not without criticisms, especially those related to the modelling and measurement of institutions, as succinctly summarised in the literature review by Lloyd and Lee (2018). Without robust empirical verification, Lloyd and Lee are led to conclude that the importance of institutions as a determinant of the long-run economic performance of nations relative to policy reforms and other factors remains an open question.

Doner, Noble and Ravenhill's book on the political economy of automotive industrialization employs a new take on institutions based on detailed country studies to investigate whether and how upgrading has occurred in the automobile industry in seven East Asian economies: China, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand. Totalling ten chapters, the book is the outcome of three decades of automotive research by the three notable authors, and its specific focus lies in examining the role of institutions in the automotive development in these seven countries. Most critically, the authors address a crucial research question: what are the key conditions that can motivate political leaders to expend their time and energy to build institutions that can support automotive development? Since automotive development plays an important role in the overall industrial development of a country, the book is an invaluable read for all development scholars.

The volume lays out an important distinction in the automotive development processes across the seven nations, which are divided into two groups (Table 2.6, p. 29). The first group makes use of "extensive development"—essentially a foreign direct investment (FDI) liberalization strategy. In these countries, multinationals are courted to develop the automotive sector with various incentives, as exemplified by Thailand, Indonesia and the Philippines. "Intensive development", on the other hand, uses localized protection to develop indigenous firms. Countries that have primarily adopted intensive strategies include Korea, China, Taiwan and Malaysia. It is important to note that China, however, did eventually open up to FDI in the automotive sector during the mid-eighties, although it also continued its intensive strategies.

The distinction between extensive and intensive development plays a crucial role in the subsequent analysis. Extensive development, especially passive FDI-learning strategies that do not support learning from technology spillovers, requires only foreign capital and, in some cases, even foreign labour to venture into automotive industrialization. Intensive development is a completely different ballgame, as it requires the establishment of institutions capable of coordinating multiple agents that possess the required resources, leading inevitably to considerable coordination challenges.

The authors then contend that different institutional capacities have emerged in different countries as institutional development is a function of "the interplay of external security threats, popular pressures for welfare improvement, and resource endowments" (p.78). Using these three variables, the authors then proceed to analyse the outcome in each of the seven country case studies (Chapters 4–9).

The ensuing analysis in the in-depth country studies proves the hypothesis raised, that is, political leaders will build appropriate institutions when they do not have the resources to counter domestic pressures and external threat. Doner, Noble and Ravenhill find that automotive industrialization in the four Southeast Asian countries did not achieve the same heights as that in the Northeast Asian economies because the former group of countries are not exposed to the same degree of existential external threats that persist in the latter. As a result, Southeast Asian countries are not hard-pressed to harness the levels of popular mobilization and resistance encountered in the automotive industrialization in their Northeast Asian counterparts. Besides, the presence of natural resources has allowed some of the countries to continue supporting their respective automotive sectors, even when domestic firms are inefficient. Malaysia's prolonged support of its national car, Proton, even after its sale to Geely is a classic example of using the country's resources to support an incompetent national champion. These resources could instead have been used to develop institutions that can enable the automotive sector to export and overcome the economies of scale challenges that plague small nations. Likewise, Indonesia utilized its petroleum resources to support its inefficient automotive sector before finally shifting away from extensive protection of locally owned assemblers and parts after the Asian Financial Crisis of 1997 towards an FDI-led strategy.

The conclusion of the book does not lend any comfort to resource-rich Southeast Asian economies that are struggling to upgrade their auto industry through an active FDI-learning strategy and/or intensive development. The resource curse implies that a severe and prolonged crisis is needed to shake political leaders to make the radical institutional changes that are needed to foster the shift seen in Northeast Asia's automotive landscape. The authors try to address this problem by suggesting a bottoms-up approach—through local initiatives and local ownership that can support the upgrading of domestic firms. But this is prefaced with an important caveat, that is, such efforts must be backed by supportive political coalitions. The question therefore remains as to *how* local leaders can create supportive and sustainable political alliances that can survive and thrive under regime changes to foster industrial upgrading in developing Southeast Asia. This remains an important policy concern as each country aspires to achieve an advanced industrial structure that can support a high-income economy.

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