

BOOK REVIEWS

***Pacific-Asian Economic Policies and Regional Interdependence.* Edited by Robert A. Scalapino, Seizaburo Sato, Jusuf Wanandi, and Sung-joo Han.** Berkeley: Institute of East Asian Studies, University of California, 1988. 352 pp.

A spectre stalks through the pages of this book, the spectre of a hegemon in decline. If, over the past several decades, the United States, uniquely qualified by political circumstance, preponderant economic strength and military might, established an interdependent economic regime in those parts of the world where its political writ held sway, then what is to happen to the resulting pattern of order when the hegemon seeks to walk away from the structure of rules it has so carefully constructed?

There can be no answer, of course, to such a spectral problem, and this book does not attempt to offer one. In looking at the international economic regime that was a consequence of American domination of the Asia-Pacific region, it can only conclude that while change is inevitable, no one can say in which direction that change will go or what will be the nature of its process. The collection of articles here ranges over well-worn ground, and in some cases has been overtaken by events subsequent to the book's publication. Yukio Noguchi's examination of the regional impact of Japan's economic policies, while sensitively balanced and percipient, concludes that a combination of internal social change and accommodation to external pressures must enlarge the focus of Japan's attentions; but it is unclear from where Japan will summon the political will to help it encompass the hegemon's burdens. Noguchi lays great store by the Maekawa Reports of 1986 and 1987, which argued that Japan's industrial

structure had to change from an orientation on exports to a reliance on domestic demand. That shift is already under way, yet relations with the United States have gone from bad to worse as other countries are seen to be the beneficiaries of the increasing Japanese import-demand, and the internationalist considerations of the Maekawa Commission have been replaced on both Japanese and American sides by a more narrow-minded confrontational revisionist attitude.

John Wong's chapter on the People's Republic of China has a dated air about it. Writing before the Tienanmen massacre and placing himself firmly in the "lamps for China" school, Wong draws an optimistic vision in which political difficulties will not be allowed to impinge on rapidly expanding international economic ties, as China maintains high growth rates and an open-door attitude; even the prospect for Hong Kong is fair and bright. Such a level of optimism appears a trifle misplaced today, as political change in Eastern Europe opens up alternative opportunities for international capital and hard-line orthodoxy regains lost ground within China itself. Of course, China is too large a player to be totally discounted; yet, as Gustav Papanek's piece on the South Asian countries makes clear, size on its own provides no safeguard against being marginalized in the global political economy. India has steadily lost ground in world trade, more outward-looking forces are opposed by entrenched protectionist interests, and changes in the international organization of manufacturing processes make export-oriented development increasingly difficult to initiate.

Possibly the most useful corrective to excessive optimism comes at the tail-end of this book, with two chapters on the institutional record of Asia-Pacific economic co-operation, by Hadi Soesastro and Miles Kahler respectively. Soesastro argues that as the international trading system declines, the Pacific region will degenerate into a complex network of bilateral managed trade agreements which will be difficult and costly to maintain. Kahler keeps a healthy scepticism in painting a picture in which politicians wax enthusiastic over the virtues of "consultation" to little noticeable effect, keenly abetted by academics (in particular, economists, as Kahler notes) whose fervour has been fanned by prevailing intellectual fashions. Mark Twain's famous complaint about the weather comes to mind, that everyone talked about it but no one did anything about it.

Indeed, the Pacific has always held its sway over those who have surveyed it since stout Cortez's eagle eyes, engendering (so it would seem) the same unrealizable and wild surmise. Between the vision and its realization lie too many imponderables. It may be commonplace to argue that the hegemon, staring decline in the face, needs to find another to help it

carry the burden, and the economic interests at stake in the region are too great to allow Japan to prevaricate. But is the hegemon indeed in decline? In what is perhaps the best piece in the book, Lawrence Krause reminds us that the economic strength and accomplishments of the United States should not be underestimated. In Krause's view, the Asia-Pacific region gained greatly from the policies of the Reagan Administration in the 1980s, and no country gained more than Japan. If decline is apparent today, it is not a decline in American capacity, but in American political will.

Krause's analysis encourages further speculation. If American power is undiminished, but the United States is no longer prepared to use its hegemony to support the existing system, then perhaps it is its misuse of hegemonic power to support narrowly-defined national purposes that is at the root of present-day problems. Furthermore, if both the United States and Japan (the obvious rising contender) lack the political resolve to undertake the sacrifices necessary to keep the system together, then a dangerous lacuna opens up which recalls the economic depression of the inter-war period, when the United States had the economic strength but not the political will to replace Great Britain in enforcing liberal free-market rules.

On the other hand, we may take a more optimistic view. Whether or not American power is in decline is immaterial, because stability need not necessarily depend on a hegemon being around. There is life after death, order is still possible, and the rules of a liberal economic regime will be maintained, so long as the member-states of that regime remain linked in patterns of complex interdependence and they see it as in their own self-interest to co-operate. Freed from the coercions of a hegemon, independent states (like independent individuals in a free market) will still behave rationally with regard to the existing regime in place. So perhaps a qualified and guarded optimism over future economic integration within the Asia-Pacific region may be allowed. Regardless of what the future holds, the states of the region will, at the least, muddle through, perhaps with some confrontation and discord, yet nevertheless each pulling its weight to keep the self-beneficial liberal regime going. This book may provide us with no answers, but at least it helps us survey the changes sweeping the region and, in some instances, promotes further interesting speculation on the future prospects for regional interdependence.

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