

## BOOK REVIEWS

---

***Growth Triangles in Asia: A New Approach to Regional Economic Cooperation.* Edited by Myo Thant, Min Tang and Hiroshi Kakazu.** Hong Kong: Oxford University Press for Asian Development Bank, 1994. Pp. 306.

---

The title aptly sketches the new phenomenon that has caught the attention of Asia, that of growth triangles in regional economic co-operation. The publication is a timely contribution to the growing literature on growth areas that has looked at both the economic and political implications. Myo Thant, Min Tang (of the Asian Development Bank) and Hiroshi Kakazu (of the International University of Japan) have assembled an array of regional scholars, mostly economists, to review the experiences of three growth triangles: the Southern China Growth Triangle, consisting of Hong Kong, Taiwan and the four special economic zones in South China; the Johor-Singapore-Riau (JSR) Growth Triangle, and the Tumen River Area Development Programme, covering the northern provinces of China, North Korea and Siberia in Russia. The book is the outcome of a workshop held in early 1993 at the Asian Development Bank, and thus the events and data refer up to 1992.

The fact that the Southern China Growth Triangle is the largest of the three examples selected perhaps accounts for the most number of articles on it: five out of the total of ten, with two each on the Johor-Singapore-Riau (JSR) triangle and the Tumen area. The conceptual paper by Min Tang and Myo Thant provides a very insightful lead-up to the other studies. The writers identify

the key factors in the success of growth triangles, basing their analysis on the Chinese and JSR experiences: economic complementarity, geographical proximity, political commitment, policy co-ordination, and infrastructure development. Too often, economic complementarity is taken to connote differences in factor endowments and not to the parties' different stages of economic development. The lament one frequently hears is, "... but we produce similar commodities". Complementarity will become a crucial factor in promoting subregional co-operation if various parties can benefit from the more established infrastructure, skilled manpower and technology that a developed region could offer to a less developed one, in return enjoying the special features of the latter, like cheaper labour or resources. Trade is often taken as an indicator of complementarity, and thus a positive factor in promoting growth areas. However, other factors are also crucial. For instance, even if economies appear competing, a closer study may in fact reveal areas for complementarity, for example, the linkages between the urban centre of one partner with the rural areas of the other partners like the role of Singapore, Hong Kong or Taipei in their respective regions. Another factor that the authors point out is that complementarity contributions need not come only from the parties in the triangle itself. In fact that may be a major feature of successful triangles as they are able to attract foreign inputs that supplement existing factors, be it capital, technology or human resource.

As it is impossible to treat each of the remaining articles separately in this review, taken collectively, they provide a detailed study of the

---

three regions, offering both the overview as well as detailed studies on specific issues. Articles on the southern China case provide interesting background on the role of the private sector as agents "seeking to exploit the existence of factor differentials" and the open door policy of the PRC in encouraging cross border co-operation. As Edward Chen and Anna Ho note, the growth triangle clearly portrays the division of labour among the parties: Hong Kong as the nucleus plays the role of a trading partner, a middleman, a facilitator, and a financier for the other two parties; the PRC is a hinterland rich in factor endowments except capital, while Taiwan has plenty of capital and technology but for political reasons could not establish direct links with the hinterland. As a market driven enterprise, the trade component is largely vertical, dealing in intra-industrial rather than in intraregional trade. Although co-operation there was not preceded by any official negotiations or formal agreements, the Triangle has provided net benefits to all participants, according to Pochih Chen; market mechanisms are so strong that they overcome any barriers. That optimism runs through most of the studies on the China experience and provides a source of inspiration to other potential growth triangles that should exploit mutual needs and private sector initiatives.

Operating under different political and economic frameworks is no obstacle as long as the will is shared. Of particular interest is the article on Chinese Public Policy by Chen Dezhaoh, concentrating on the special policies instituted after 1979 and the policy co-ordination between the central and local governments. Chen also provides a very useful comparison of the Open Economic Areas in South China, viz., Special Economic Zones, Coastal Port Cities, Economic and Technical Development Areas and Open Coastal Economic Areas. Experiences in these areas have convinced the PRC authorities to open up more cities for foreign participation.

While the Chinese example provides a large and somewhat diffused environment that seems to be expanding all the time, the case of JSR is relatively confined and thus presents a much more

compact picture. Nevertheless, it is not as plain a venture as the two writers reveal. Sree Kumar (Singapore) and G. Naidu (Malaysia) provide comprehensive assessments, emphasizing the comparative advantage amongst the various members as well as the problems encountered in realizing the complementarities. Malaysian and Indonesian critics have expressed scepticism that Singapore stands to benefit the most from the triangle. Perhaps a third study could have been included to provide an added dimension, without, however, repeating the issues already treated in the two contributions.

The Tumen River Area Development Programme is at an early stage of co-operative development and perhaps has yet to prove its viability as a potential growth area. Political differences and economic nationalism impede common goals of development. The two papers provide a clear assessment that not all geographically contiguous areas can embark on economic co-operation *a la* growth triangles. The Northeast Asia proposal includes parts of China, South Korea, North Korea, Mongolia, Far East Russia and Japanese prefectures on the west coast. The regional diversity perhaps explains the difficulties encountered. The *glasnost* and *perestroika* era of Gorbachev was responsible for bringing political thaw to northeast Asia in the late 1980s. But political turmoil within the Soviet Union and its eventual disintegration, plus a lack of commitment by the parties concerned, have left the projects unviable. While the other two cases indicate indigenous public and private sector interaction in promoting their growth concepts, the Tumen area appears to have extraregional involvement in the form of international meetings and UNDP proposals. Therein may lie a lesson for other areas contemplating co-operative ventures; high-level meetings and intergovernmental proposals may not spur subregional co-operation if cementing features, like economic and socio-cultural linkages, are not already present. Hiroshi

---

Kakazu and Hirokazu Shiode have contributed two very illuminating articles on that region that explain the very slow progress towards mutual development in the Tumen River area. The next few years may provide further details on the scheme.

*Growth Triangles in Asia* is a valuable addition to our understanding of regional economic dynamism. All the articles provide depth of analysis and information as well as useful references, all neatly packaged. The project leaders should be commended for assembling such a rich and diverse group of contributors focusing on a common theme while the technical editors ought to be complimented for presenting the volume in a clear manner.

PUSHPA THAMBIPILLAI  
*Department of Public Policy,  
Universiti Brunei Darussalam*

---

***Malaysian Development: A Retrospective.* By Martin Rudner. Ottawa: Carleton University Press, 1994. Pp. 406.**

---

This volume brings together 14 essays on Malaysian development, originally published by the author in scholarly journals and edited books between 1971 and 1987, surrounded by a short introduction and conclusion. The essays have been reproduced with few changes other than minor textual clarifications. The time coverage spans from the closing years of colonialism in the 1950s through to the late 1970s and the emphasis is by and large on the experience of Peninsular Malaysia.

The topics covered include economic policy making during the post-war reconstruction years (Chapter 1), rural development policy (Chapters 2–4), policy initiatives to modernize the rubber industry and to broaden its ownership structure through the promotion of peasant involvement (Chapters 5–7), the evolution and modalities of Malaysian development planning with emphasis

on agricultural policy (Chapters 8–10), education policy (chapters 11 and 12) and labour relations (chapters 13 and 14). All in all, the subject coverage of the book is much narrower than what is implied by the title. In particular, little attention has been paid to some key themes of the Malaysian policy debate such as trade policy, industrialization, and the role of foreign direct investment.

The author's approach is predominantly non-technical with focus on the political economy of policy making. The impact of politically driven paradigm shifts upon the national development policy is examined by combining macro-level policy analysis with policy details and related institutional aspects at the micro level. Among the noteworthy contributions in the volume, Chapter 1 provides an interesting account of changes in the role of the colonial government in economic affairs from that of guardian over law and order to a more positive involvement in economic development during the post-war reconstruction years.

Chapter 4 contains a comprehensive analysis of the rural development policy under the First and Second Five-Year Plans. The chapter brings into sharp focus the pivotal role played by the rural development policy in Malaysia's success in achieving growth with racial harmony. It is convincingly argued that the capacity of the government to deal with rural Malay poverty as the *quid pro quo* for Chinese political rights proved to be the ultimate test of inter-communal relationships in Malaysia. Chapters 5 and 6 taken together provide a comprehensive analysis of the role of government policy (centred around an aggressive replanting subsidy scheme) in placing the Malaysian rubber industry in a comparatively advantageous long-run competitive position in international rubber trade. The Malaysian rubber story as told in these two chapters serves to dispel convincingly the conventional export pessimist's view that growth of primary exports from developing countries depends predominantly, if not totally, on the world market factors over which they have no control. What the Malaysian experience in fact suggests is that,