together the strands of the argument in the summary at the end is no mean task, since national economic policies, stages of industrial development, the economic and commercial environment and so on, differ quite remarkably from one country to another. Of the various patterns of ancillary firm development, spontaneous growth from small beginnings, such as machine shops, appear to be the most frequent. In the study outline, the assumption was that the development of indigenous ancillary firms would be prompted by the primary firms, which are mostly either subsidiaries of or joint ventures with foreign assemblers. However, this pattern hardly ever seems to occur. All the studies with the exception of Japan and Korea indicate that, although there has been significant international transfer of technology to the primary firms, little domestic transfer of technology has taken place between the primary and ancillary firms. It was only in the late 1970s that some foreign-based primary firms showed active interest in supporting the development of technological and managerial capabilities of their key ancillary firms.

In some countries, particularly Indonesia and Thailand, the study indicates that dualism has developed between the suppliers of original equipment and those ancillary firms which cater only to the replacement market. While new types of relatively modern technology are introduced by the foreign-related ancillary firms which cater to the needs of the primary firms, the genuinely local ancillary firms remain largely part of the so-called informal sector, supplying products only to the spare-parts market. In general, indigenous ancillary firms have found it extremely difficult to enter the market for original equipment, the successful cases being limited mostly to a few items such as tyres, batteries, paint, seats, and so on. The majority of the small-scale ancillary firms is usually engaged in the repair or production of simple, small metal or rubber products such as nuts and bolts, handles, fan-belts, and so on, with the use of relatively low-level, highly labour-intensive technology. It is interesting to note the conclusion of the study that, from the policy point of view, it is highly likely that various protective measures extended by governments to foreign related firms have created factor price distortions and thus widened the already existing gaps between the foreign-related and indigenous firms. In other words, the more powerful may have strengthened their position while the less advantaged relatively weakened further.

All in all, the findings of the study indicate that, with the exception of Japan, the relationship between the primary and ancillary firms is characterized by a trading rather than by a sub-contracting relationship. Interaction between the primary and ancillary firms is limited to the purchases and sales of components by the two parties. Generally, the primary firms provide neither capital nor personnel nor assist the ancillary firms in finance, technical advice, or training. In short, there is no close relationship between primary and ancillary firms.

The study is useful not only for the insights its conclusions provide for the process of industrial development in Southeast Asia and in ASEAN countries in particular, but also for the many tables of hitherto unpublished data regarding the automotive industry in the countries concerned. This is a valuable addition to any library specializing in the economic development of Southeast Asia.

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Economic Relations Between Western Europe and Developing Asia. Asian Development Bank, Economic Office, April 1984. Pp. 37.

Immediately preceding the 17th Annual Meeting of the Board of Governors of the Asian Development Bank in Amsterdam, Netherlands, a symposium was held on the topic "European Enterprise and the Asian Challenge". The present work is a paper prepared for this symposium by the staff of the Economic Office of the Asian Development Bank.

The paper is in five parts. Part I examines the basic differences of the economies of Western Europe and developing Asia that motivate trade and investments within regions. The next two parts examine the recent trend of trade and resource flows within the regions. Part IV considers the role of various existing economic co-operation agreements between the governments of European and Asian countries, and the final section summarizes the main findings and conclusions. Throughout the study, "Europe" comprises the European OECD countries, while "developing Asia" comprises the developing member countries of the Asian Development Bank (ADB), i.e., including the "dominated" economies of Indochina and Afghanistan, and the "Asian NICs" (Hong Kong, South Korea, Singapore, and Taiwan), but excluding the People's Republic of China.

While it is understandable that an official organization such as the ADB must not be seen to exclude any of its member countries in an exercise of this kind, the wide coverage, particularly on the Asian side, does rather detract from the value of any generalizations made. While ostensibly speaking for all, the study frequently has to delimit the applicability of its findings to such sub-regions as "the newly industrializing countries of East Asia", etc. The reader frequently gains the impression that the authors would have been happier to restrict their analysis to a rather more homogeneous set of countries.

The analysis of the basic economic indicators of European and Asian countries clearly shows the main differences in resource endowment and consequently in the basic patterns of comparative advantage of the two areas. The analysis of trade confirms the picture that emerges, but also shows the shift occurring away from primary commodity exports from Asian countries to Europe to a greater exchange of manufactured products. Industrial development in some Asian countries is gradually imposing a new pattern of trade on that dictated by resource endowment alone. The study points out that, by turning to increasingly market-oriented outward-looking policies and adopting generally prudent monetary and fiscal policies, a growing number of Asian developing countries are succeeding in establishing a solid and broad-based foundation for economic growth. Europe's participation could be greater in this development process, given the significant opportunities to apply European technology to produce resource-based and labour-intensive manufactures. The industrialization of Asia is also providing expanding markets for Europe's exports of technologically advanced manufactures and for engineering, management and financial services.

The views expressed in the paper are not new. They rather summarize the current thinking of economists throughout Asia and Europe, and beyond. While it is understandable that the Asian Development Bank, in its preface, stresses that the views expressed in the paper are those of the authors and not necessarily those of the Asian Development Bank, it would surely have been appropriate for those authors to be named in the work. As it is, the paper remains an anonymous piece.

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Korea's Competitive Edge: Managing the Entry into World Markets. **By Yung Whee Rhee, Bruce Ross-Larson, Garry Pursell.** A World Bank Research Publication. Baltimore and London: Johns Hopkins University Press, 1984. Pp. 165.

This book is based on a survey conducted in 1976 of 113 Korean exporting firms. The research is part of a larger project examining export incentive policies in the developing countries, a project under the general direction of Bela Balassa. The firms interviewed were much larger than the average Korean firms.