
BOOK REVIEWS

Transnational Trading Corporations in Selected Asian and Pacific Countries. ESCAP/UNCTC Publication Series B, No. 6. United Nations, ST/ESCAP/327 1985. Pp. xvii, 399.

Cost and Conditions of Technology Transfers Through Transnational Corporations. ESCAP/UNCTC Publication Series B, No. 3. United Nations, ST/ESCAP/283 1984. Pp. vii, 233.

The United Nations Economic and Social Council for Asia and the Pacific (ESCAP) and the United Nations Centre on Transnational Corporations (UNCTC) have joined forces in creating a joint unit in Bangkok to study issues of transnational corporations (TNCs). In spite of its unwieldy name (in full: "Economic and Social Commission for Asia and the Pacific/United Nations Centre on Transnational Corporations Joint Unit on Transnational Corporations"), the unit has for several years now been undertaking useful work and disseminating results in its publication series. Several well-known academics in the region have participated either as consultants or as staff members of ESCAP in these endeavours. Given its position as a multilateral organization, the unit has been able to obtain the collaboration of member govern-

ments and has, through them, been successful in enlisting the support of transnational corporations in its work. In this way, much of the survey material collected by the unit in the course of its work is valuable for researchers in the region, precisely because it could not have been collected by academic researchers in their own right.

The advantages in the realm of data procurement are outweighed to some extent, however, by the need of the multilateral U.N. organization to adhere to strict neutrality in the presentation of its results, not only with regard to international relations, but also in its recommendations for economic policy. This is evident in the two publications under review, both of which are strong on empirical research data but weak if not non-committal with regard to policy recommendations. For example, in the case study of technology transfer in Thailand, the recommendations are reduced to two policy options. First, a market approach can be adopted; the second option is to set up a national registry to regulate the flows of desired technologies, screen and approve technology contracts, and adopt measures to increase the bargaining position of domestic firms. Recommending either of these two options apparently goes beyond the brief of a multilateral organization. Consequently, some of the central issues of how to deal with transnational corporations cannot be addressed. Furthermore, because ESCAP apparently has a

policy of keeping its own academic staff anonymous and naming academics commissioned from outside only in footnotes, it discourages the academic debate of the issues involved. Such a debate, however, appears to be essential in order to further progress in the difficult fields of research which the unit on transnational corporations is addressing.

The international competitiveness of exports from a particular country depends not only upon its advantage in production, but also in the availability and choice of appropriate trading channels. Economists have become accustomed to concentrating on the former issue while neglecting the study of institutional mechanisms through which trade is carried out. The chain between producer and final user of an exported article constitutes the marketing or trading channel. International trading channels vary in terms of the number of channel members involved (trading channel length), the significance of each member, dependence relationships between the members (channel control), and several other characteristics, such as coverage or efficiency.

In the first book under review, transnational trading corporations, that is, transnational corporations engaged primarily in trade, are seen as important elements in many existing trading channels. Other types of traders, which together account for the bulk of foreign trading, are transnational corporations involved mainly in production activities, state trading corporations, state enterprises involved mainly in production, private local trading companies, and private local companies engaged primarily in production. The book is an important contribution to the study of transnational trading corporations in Asia and the Pacific. The countries from which data were collected are Sri Lanka, Republic of Korea, Malaysia, and Thailand. The volume not only contains a wealth of data and other materials on transnational trading corporations in various countries, but also provides a clear analysis of the role of transnational trading corporations in the world economy and presents a number of questions of policies, such as to what

extent the relations between transnational trading corporations and local trading companies are of a competitive or a complementary nature. For developing countries this question is crucial for striking the right balance between promoting local trading companies, on the one hand, and relying, on the other, on transnational trading corporations for those functions which cannot be performed adequately by local trading companies.

Significantly, there are several indications that the share of transnational trading corporations in the region's foreign trade is declining and is likely to decline further. This has been due partly to an increase in direct trade by producers leading to a general reduction in the relative importance of trading companies. The study shows, for instance, that involvement of transnational trading corporations in trade with the Asian and Pacific region is limited. In some cases host countries restrict the participation of transnational trading companies in certain kinds of trading activities. All this does not imply, however, that the activities of transnational trading corporations are insignificant. They will continue to remain important in the future. The study weighs the economic benefits and costs to the developing country of the operation of transnational trading companies and arrives at a number of policy conclusions. As pointed out earlier, these conclusions are necessarily rather vague because apparently it would not be in order for a multilateral agency to take a decisive stand.

All in all, the first volume under review is an extremely important contribution to our understanding of the role of transnational trading corporations in international trade and should supplement the more theoretical macro-economic analysis to which academic economists working in international trade issues devote most of their time.

The volume on *Costs and Conditions of Technology Transfer Through Transnational Corporations* is the outcome of a research project on negotiating issues with transnational corporations. The objective of this project was to exam-

ine and assess the explicit and implicit costs of technology transferred by transnational corporations to countries in the Asia-Pacific region under existing legal and administrative arrangements, to make recommendations for establishing or upgrading the legal or administrative framework within which technology is transferred from transnational corporations, and to strengthen the monitoring and negotiating capacities of Asia-Pacific governments dealing with transnational corporations. The present volume contains the results of the research in six countries of the ESCAP region: the Republic of Korea, Malaysia, Pakistan, the Philippines, Sri Lanka, and Thailand. Part I contains an overview paper by the (anonymous) staff of the ESCAP/UNCTC Joint Unit on Transnational Corporations based on the case studies, four of which are presented in Part II of the volume.

A study on technology transfer through transnational corporations has to surmount the difficulty of defining a number of central concepts. "Technology" may seem the most difficult because of its abstract nature. However, the volume is clear on this point and defines technology as "knowledge used in the production, commercialisation and distribution of goods and services". It can be embodied in various forms such as machinery, human capital, and written documents. Technology transfer activities are divided into two broad categories: the transfer of commercial assets and of non-commercial assets, that is, those in the public domain. The difficulties in defining transnational corporations are well-known, and the most common convention is to consider all corporations that operate in more than one country as transnational corporations. This has the advantage of clarity, but the concept obviously includes quite small corporations as well as the large conglomerates that development oriented journalism has focused on in the past. Even the anonymous researchers of the ESCAP/UNCTC Joint Unit on Transnational Corporations fall into the trap of equating the transnational corporations as defined above with large size. The production of technology is costly, risky, and involves large-

scale operations. Thus, "only a few large companies can invest substantially in research and development, especially in relatively advanced and sophisticated technological fields. Transnational corporations derive their dominant position as major technological sources from their competitive edge in operating large-scale industrial complexes and their strength in global production and commercialisation." While it is true that very large corporations frequently do spend more money on research and development and are consequently at a comparative advantage in producing new technologies, it is also true to say that many transnational corporations are large because they developed or obtained a superior technology when they were still small. Also, much technical progress is made by many small companies, many of them operating across national frontiers and thus falling under the category of transnational corporations.

On the recipient side, the study concentrates on public policy in controlling the inflow of technology and in assisting local companies to negotiate with their foreign counterparts in order to get a better deal. Since technology in its "commercial form" is proprietary information and supplied by a single supplier, its transfer is based on a bargaining process, with a wide range of possible outcomes depending on the bargaining skill of both sides. Because of inexperience, local firms frequently pay too much and too long for the technology they import. What constitutes a "fair" price is, of course, difficult to determine, but the study assumes that in any case the price paid in developing countries is too high.

As noted earlier, the study fails to provide clear guidelines for the developing countries in the region with regard to policy measures to improve the situation. However, it does outline the options available and pin-points the policy issues involved: free-flow versus control of imported technologies; choosing the appropriate channels of technology transfer; and evaluating the adequacy of technology transfer for the fulfilment of national objectives. The study notes that the experiences of the countries in the region show that there can be no standard policy prescription

that will resolve all these issues. "A selective approach to technology transfer by a government authority responsible for technical development issues and backed up by appropriate financial and legal arrangements might be required. Subsequently, this must be given support by monitoring activities and evaluation of the performance of the public regulatory agency and the private sector." It is difficult to quarrel with this conclusion of the study, but one wonders which government in the region is likely to benefit from reading it.

Nevertheless, this volume, too, includes valuable information on the way in which transnational corporations transfer technology into the region and how the contracts differ from case to case and country to country. There is a wealth of information collected by the researchers attached to the UN ESCAP/UNCTC Joint Unit on Transnational Corporations provided in many illuminating tables that will be useful for other academics in the region interested in getting a better overview picture of what actually goes on beyond the sometimes confusing concepts we tend to use.

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A History of Economics Teaching and Graduates: Raffles College and the University of Malaya in Singapore 1934–1960. By Thomas Silcock. Singapore: Department of Economics and Statistics, National University of Singapore, 1985. Pp. viii, 320.

Thomas Silcock was the first Professor of Economics at Raffles College and later the University of Malaya in Singapore. At times he served as Dean and Acting Vice-Chancellor of these institutions. In this book he provides a systematic chronology of events which led to the establishment of these two direct academic precedents of the current National University of Singapore.

However, what gives the book a special flavour is the interwoven account of Silcock's personal involvement in the institutional developments. He was a thoughtful, concerned, and religious man, as one would have expected of the son of English missionaries. He also always seemed to be aware of the fact that he was only an expatriate who was expected to leave once local people could take over. He records both his successful and unsuccessful battles over the shape of the university and the Economic Department's teaching programme, including the events leading to his resignation as Professor in 1959.

The second main ingredient of the book is the historical record of its economics students in the early years. The data were obtained from a survey questionnaire, and show a close link to the history of Singapore and Malaysia. Prime Minister Lee Kuan Yew and his wife had both taken economics courses, though they later obtained law degrees in England. Dr Goh Keng Swee, who is said to have had a major influence on Singapore's economic policies since independence as a top civil servant, not only has an honours degree in economics from Raffles College, but had also been involved in teaching and other academic responsibilities at the institution.

There is an impressively long list of graduates who have made outstanding careers in government, academia, and the private sector in Singapore and Malaysia. For readers from the region the names of ministers and heads of government agencies will have special meaning. It is interesting to note, however, that graduates from the 1950s produced considerably fewer such leaders, even though their numbers were greater.

Silcock raised the obvious questions suggested by this trend. Were the early students an extraordinarily talented group, were they beneficiaries of superior instruction, or were they just starting their careers at an especially opportune time? However interesting it may be to speculate about this question, a definitive conclusion is unlikely to be reached, and Silcock prudently avoids a strong expression of opinion.

Another fundamental question tackled by