

establishment of the long-awaited Papua People's Assembly, a cultural body to express the aspirations and wishes of all Papuans.

While dividing the province into three has been controversial, it must also be admitted that it is a logistical nightmare to administer the far-flung territory. For administrative efficiency and representation, smaller units are definitely needed. The Dutch had seven and even the three proposed by the Indonesian government might need further modifications. As such, unlike East Timor, where Jakarta was in denial about the existence of a "problem", since the fall of Soeharto the political leadership in Indonesia has been trying to find ways and means to solve the Papuan problem. While various concessions, including the granting of wide-ranging special autonomy, have been acceded to, many issues remain unresolved. As long as Papuans are prepared to remain as part of Indonesia, it is likely that Jakarta would be prepared to accommodate, as far as possible, including the possibility of troop withdrawals and key political positions being given to locals.

However, any attempt at secession is likely to meet stiff resistance from Jakarta's political and military leadership. Here, King's diagnosis of the way forward is rather unrealistic as Papua is not East Timor, and as long as the political will exists in Jakarta to ensure there are "no more East Timors", Indonesia is unlikely to give up Papua without a fight regardless of pressure from outside.

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***China: Is Rapid Growth Sustainable?* Edited by Ross Garnaut and Ligang Song. Canberra: Asia Pacific Press, 2004. Softcover: 249pp.**

By 2004 China had become the sixth largest economy and the fourth largest trading nation in the world. Its trade volume is about to reach a trillion U.S. dollars. To achieve this status China has undergone concerted reform since the late 1970s. This has led to considerable interest among professionals and policy-makers across the globe. While some view China's rise and integration in the global economic system in terms of offering potential opportunities for trade, others view the phenomenon as a collapsing system that jeopardizes the security and stability of the region. The book under review broadly fits into the first category.

This excellent collection of papers, written by 19 scholars from Australia and China, examines in detail the complex economic dynamics at play in the recent period. While there is no introduction to this work, the chapters weave around the theme of whether the current economic growth is sustainable.

Most of the contributors to the volume suggest that China is poised to retain its economic development in future with a few caveats based on objective economic as well as subjective factors. They suggest that China, in order to sustain its economic growth rates, needs to further reform its market economy, overcome burgeoning income inequalities, eliminate or reduce urban poverty, accelerate financial reforms, ensure transparency and effective enforcement of the rule of law, and take steps for “public monitoring of government operations” (p. 134).

In the long term, economic growth in China may falter owing to factors beyond its control. The limits to sustainable growth may include a general ageing of the population, and loss of the relevance of the same “miraculous” factors such as inexpensive labour, raw materials, tax incentives, and assured energy supply to other “rising” economies such as India and the like. The rapid growth of the “new economy” — information technologies — in India, for instance, is one such recent development. Some of these were highlighted in the Goldman Sachs report of 2003 based on capital accumulation and productivity trends in Brazil, Russia, India, and China till 2050 and in the United States National Intelligence Council’s report on “Mapping the Global Future” released in 2004.

The volume is evenly and appropriately distributed, if repetitive, to reflect current concerns about the Chinese economy: nearly three chapters are devoted to growth related issues, three discuss privatization and markets. There are two chapters about trade prospects from membership of the World Trade Organization (WTO), and one each on industry, agriculture, currency reform, regional policy, and poverty.

Predominantly, these studies are based on the last two decades of reform efforts, reflecting the current Chinese leadership’s view that all positive developments in the economy should be traced to post-1978 reforms. Jane Golley’s chapter, in which a comparison of the internal development strategies from 1950s onwards is made, is an exception though Golley too subscribes to the overall thrust of the book that the pre-1978 economic policies have led to innumerable problems for China. Such economic discourse has been a dominant theme of the recent scholarship not only in China but also in other parts of the globe, reflecting the “free trade” lobby in academia and policy circles.

While most of the contributors to the volume concur on the beneficial effects of the ongoing reform process in China, two chapters

reflect on the negative side of the story. Cai Fang and Du Yang, for instance, raise, though do not address concretely, the issue of “economic and political costs and benefits” and unemployment (p. 152) generated by the reforms. Additionally, within the context of a general increase in incomes in urban areas, Xin Meng, Robert Gregory and Youjuan Wang ponder on the issue of reforms “dam[ming] the trickle down of income growth to low income groups” (p. 197).

Although the arguments of the contributors to this volume are familiar, they make substantial contributions to the methodological issues involved in the literature on China’s economic reforms with intensive study of available statistical data. The main arguments are as follows. Unlike the “shock therapy” experience of reforms in Russia and Eastern European countries, China’s reforms have been gradual and relatively effective, though as Yanrui Wu mentions, it had to go through “boom–bust” cycles in the 1980s (p. 182). The replacement of central planning, self-sufficiency, subsidies, state investments in public projects and the like with implementing contract law, breaking up the “iron rice bowl”, privatization, side-line production, township and village enterprises, incentives for foreign direct investments, financial reform and impetus to external trade — have all led to the current spectacular economic growth in China. Several contributors to this volume, however, alert us to China’s tendency to take recourse to non-economic and political measures “to use the bargaining weight offered by its size as a market to secure favourable bilateral arrangements, including on matters away from the centre of conventional trade policy” (Garnaut, p. 20).

Ross Garnaut has argued that the Chinese leadership did not have a “blueprint” of economic reforms in 1978 and that they “stumbled” upon policies in an incremental manner. However, Chinese economic works prior to 1978 and after reflect the internal debates within the Chinese Communist Party (CCP) on the “two lines” of struggle — one advocating a Maoist “self-sufficiency” model, and the other for giving full reign to economic reforms, albeit under overall CCP control. For instance, as Chinese leader Wan Li mentions in his *Selected Works*, China experimented with agricultural policies of remuneration linked to agricultural output in Anhui Province in the 1950s, though it had to be abandoned with the onset of the Peoples’ Communes. Liu Shaoqi, Deng Xiaoping and others wrote articles in economics journals in the pre-reform period, reflecting similar policies in industrial and trade sectors.

One is also not sure of the economic and social growth prospects if all “economic barriers to imports from other countries” (p. 11) are lifted. Interrelated to two other chapters on the WTO, these arguments

raise several concerns for less-developed economies. For instance, according to a report by the International Food Policy Research Institute in September 2004, farmers are losing billions of dollars every year due to trade-distorting subsidies, which enrich the United States and European Union farmers and traders. Such trade is termed discriminatory because the United States and EU spend nearly US\$300 billion subsidizing their farmers (whereas other less developed countries spend subsidies of less than US\$1 billion on farmers), while pressurizing the developing countries to cut down these meager subsidies and open up the agricultural sector for cheaper imports. Nevertheless, while both the United States and EU announced in August 2004 a series of corrective measures to cut these subsidies, they appear to be ineffective as no deadlines were set for their implementation.

While the volume is an invaluable source for a serious study of the current economic reforms in China, a more objective assessment is needed.

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Strategic Asia 2004–05: Confronting Terrorism in the Pursuit of Power. Edited by Ashley J. Tellis and Michael Wills. Washington, Seattle, USA: National Bureau of Asian Research, 2004. Softcover: 520pp.

This edited volume seeks to examine “how the war on terrorism has affected the strategic prospects of key powers and regions in Asia, and to assess how successfully the United States has managed to achieve its own particular strategic goals toward specific countries and sub-regions” (p. x). Two overriding U.S. strategic goals stand out in the volume: to win the war on terror and maintain, if not enhance, U.S. global dominance.

Besides the editors, thirteen top American specialists in Asian affairs and international relations have contributed chapters to this impressive book. Although all writers appear to embrace the necessity of waging a war on terror and accept that U.S. hegemony is desirable to American national interests, and the balance of power and stability in Asia, their analyses are generally very thoughtful and candid. Most chapters do not merely provide a year-in-review but also