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Book Review — Digitized Version

[Book Review of] Chowdhury, Anis ...: The newly industrialising economies of East Asia: London, Routledge, 1993

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REZENSIONEN – BOOK REVIEWS

Chowdhury, Anis, Iyanatul Islam, The Newly Industrialising Economies of East Asia. London, New York 1993. Routledge. XIV, 288 pp.

The literature on the so-called East Asian miracle is vast. It has often been exemplified for the four Newly Industrializing Economies (Hong Kong, Singapore, Taiwan and South Korea) and was extended to the second-generation countries (in particular, Indonesia, Malaysia and Thailand). Given the extensive coverage of this issue, one may wonder what additional value added can be drawn from this monograph. The authors label their book as a survey encompassing the entire menu of NIEs' macroeconomic performance and domestic policies geared at allocative efficiency, international competitiveness and social stability. Twelve sections refer to goods and factor market policies, macroeconomic management and equity performance. The authors' overall findings are in the middle of the road and find unanimous support in the literature: all NIEs shared the benefits of a strong developmental state involved less in distributional conflicts and more in forming growth coalitions. Market failures were corrected by specific policy measures which relied more on pricing interventions than on quantitative entry or exit barriers. So were policy failures. Nominal wage flexibility helped to join exchange rate policies in weathering external shocks. Financial market liberalization was far less advanced in the NIEs but even transitional financial repression did not discourage sustainability of high domestic savings rates. To keep the growth momentum alive, the authors see innovation-driven development as indispensable to capture pioneer rents from producing high-income elastic products. In this respect, the authors share the optimism of many researchers that under favourable external conditions (contained protectionism, for instance), the NIEs will achieve structural change against catch-up competition from low-wage countries within Asia (basically China). Given this optimism, it would have been interesting to know more about available literature on human capital formation in the NIEs and its rates of return. Unfortunately, there is no reference to human capital as an endogenous factor in modern growth theory and the relevance of this literature to the NIEs. Therefore, the survey remains widely backward-oriented and mainstream-based.

Overall, the authors have compiled rich empirical material including a comprehensive and exhaustive survey on the empirical literature, the latter, however, filled sometimes with excessive direct citations. However, the survey character imposes some constraints in terms of lack in in-depth analysis. For instance, the link between trade liberalization and economic growth is too shortly discussed, and the old phrase of export orientation as a major source of NIE growth is repeated without proving whether the incentive system really violated neutrality conditions in favour of exports, i.e., the nominal effective exchange rate for exports being higher than for imports.

The book can be recommended to those who need a survey on how NIEs succeeded to reconcile market-driven growth with prudent governmental guidance and interventions.

Rolf J. Langhammer

Dore, Mohammed H. I., The Macrodynamics of Business Cycles. A Comparative Evaluation. Cambridge, Mass., Oxford 1993. Blackwell Publishers. VIII, 242 S.

Dore beschreibt und vergleicht drei Typen von Konjunkturmodellen: (i) neoklassische Modelle sowie (ii) neukeynesianische Modelle, bei denen die Zyklen vor allem durch