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Book Review — Digitized Version


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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 beschreibt und vergleicht drei Typen von Konjunkturmodellen: (i) neuklassische Modelle sowie (ii) neuklassische Modelle, bei denen die Zyklen vor allem durch
The Newly Industrializing Economies of East Asia takes a fresh look at the relevant literature and sifts the rhetoric from the reality. In the course of surveying the vast range of writing two competing paradigms become clear: the neoclassical approach which interprets the East Asian economic milieu. Includes bibliographical references (pages 256-275) and index. Print version record. Cover; THE NEWLY INDUSTRIALISING ECONOMIES OF EAST ASIA; Copyright; CONTENTS; FIGURES; TABLES; PREFACE; 1 THE RISE OF THE EAST ASIAN NEWLY INDUSTRIALISING ECONOMIES: An overview; WHAT IS AN NIE? The category of newly industrialized country (NIC), newly industrialized economy (NIE) or middle income country is a socioeconomic classification applied to several countries around the world by political scientists and economists. They represent a subset of developing countries whose economic growth is much higher than other developing countries; and where the social consequences of industrialization, such as urbanization, are reorganizing society. The newly industrialising economies of east asia. The spectacular success of the NIEs of Korea, Taiwan, Hong Kong and Singapore has prompted debate on whether there is an East Asian growth model. The Newly Industrialising Economies of East Asia is one of the first texts to synthesise work on the region. The authors discuss how much the countries do, in fact, have in common and analyse crucial issues such as the role of new technology, labour relations and industrial policy. First published 1993 by Routledge 11 New Fetter Lane, London EC4P 4EE This edition published in the Taylor & Francis e-Library, 2005. To purchase your own copy of this or any of Taylor & Francis or Routledge’s collection of thousands of eBooks please go to www.eBookstore.tandf.co.uk.