

Industrial Policies for Pacific Economic Growth edited by Hiromichi Matoh, Sueo Sekiguchi, Kotaro Suzumura and Ippei Yamazawa.
(Allen and Unwin, Sydney, 1986), pp. xiii + 370. ISBN 0-04-330380-3.

This book contains the papers presented at the 15th Pacific Trade Development Conference held in Tokyo in August 1985. The conference theme was 'Industrial Policies for Pacific Economic Growth', with the objective of securing a deeper understanding of the theoretical problems underlying industrial policies and their historic background and actually analysing a set of industrial policies implemented by the Pacific-basin nations.

Chapter One gives an overview of the issues to be discussed in the following chapters. Bob Gregory argues that it is next to impossible to establish generalised theories on industrial policies which are applicable and agreeable to all nations.

Chapter Two deals with the usefulness of industrial policies. Okuno and Suzumura particularly emphasise the role of proper industrial policies in restoring a shattered economy in the presence of market failure. They also agree with the writer of the first chapter that differences in systems among nations bar a generalisation of theories about industrial policies. The major concerns here are such problems as externalities, foreign monopoly rents and excessive competition within oligopolistic industries.

Chapter Three investigates the causes of problems of industrial policies. Richard Caves says these problems arise chiefly from the traditional intervention of governments in international trade. He also cites an ineffective distribution of resources as a cause of the problems of industrial policies. In this relation, he deals with such issues as externalities associated with knowledge, the tactical practices of international oligopoly, and the failure in co-ordinating processes and information problems. Caves also emphasises that we should pay attention to the political aspect of industrial policies if we are going to gain a proper understanding of their problems.

In dealing with the problems of industrial policies in individual countries, Chapter Four examines the case of Canada. English and McFetridge characterise the Canadian economy as excessively dependent on the export of resources and emphasise the federal form of government. They stress that the key interest of the Canadian economy in the 1970s lay in the promotion of free trade. Arguing that the most important industrial policy for a medium size economy like Canada's is international trade policy, the authors evaluate trade liberalisation for Canada as having been relatively successful.

Chapter Five reviews the industrial policies of the ASEAN nations, viz Indonesia, Malaysia, the Philippines, Singapore and Thailand. Ariff and Hill first point out similarity in the goals pursued by ASEAN. According to them, the ASEAN nations, except the Philippines, have pushed hard for the promotion of exports in the manufacturing sector and import substitution in the second-stream industries. In this connection, Ariff and Hill spell out the characteristics of an export-oriented and import-substitution economy.

Chapter Six examines the case of Taiwan, a leading Newly Industrializing Country, in comparison with the ASEAN nations. According to Liang and Liang, it was not until the 1960s that Taiwan began to revise its traditionally inward-looking industrial policy and shift to an export-oriented economy by promoting exports of products with comparative advantage. They say, however, that in Taiwan industrial policy didn't play such a significant role in the process

of economic transition as it did for other nations. It only made a minor contribution to lessening structural rigidity, precipitating a readjustment of the industrial structure and promoting an effective distribution of resources. The authors also draw a comparison between the Taiwanese and Korean economy. They say the two economies share many similarities in that they both pursue an export-drive policy. However, they point out that the extraordinarily high domestic savings rate and the small businesses constituting the backbone of the economy are what distinguishes the Taiwanese economy from that of Korea.

Chapter Seven considers the industrial policies of the US and Europe. Arguing that no successful analysis of industrial policies can disregard their political aspects, Lawrence attempts an analysis of the impact of social traditions, economic situations and political systems upon the formation of industrial policies in the US and England.

Chapter Eight deals with the case of Japan. Uekusa and Ide say industrial policies in Japan can be largely divided into two groups, traditional and horizontal. The focus of the analysis is the first group of industrial policies. They analyse and evaluate their formation process and historical background. They say that Japanese industrial policies have been relatively successful but that the same degree of success cannot be guaranteed if another economy attempts to imitate them due to different economic and historical situations.

Four chapters (by Lloyd, White, Nam and Koh) then diagnose some key industries in developing nations such as steel, textiles, automobiles and petrochemicals.

The next chapters, by Suhartono and Yang, deal with industrial co-operation within ASEAN and the economic development and reforms of China. They raise a very interesting question, *viz.* whether Japanese industrial policy can serve as a model for the developing world and the US. They say it is quite unlikely because of stark differences in economic, political and cultural environments.

The last chapter is a summary of the discussion which followed the presentation of papers by the speakers.

This book is marked by a diversity of views on the issues of industrial policies, with no consensus achieved. Of the twenty-five scholars who contributed papers to this book, ten come from the West, eight from Japan and seven from other parts of the world. The ten western scholars consist of three Americans, two Canadians and five Australians. Malaysia, Korea, Indonesia and China are represented by one scholar each. The variety of nationality of the writers is what sets it apart from a similar publication, *The Industrial Policy Debate*.¹ This book, co-authored by eleven western scholars, mainly represents a Western perspective on industrial policy.

The book under review and *The Industrial Policy Debate* strike an interesting contrast with two other books published in Japan on the analysis of the usefulness of Japanese industrial policies.² These two books, edited or written exclusively by Japanese scholars, argue that Japanese governments have traditionally had a great influence in the formation of industrial policies but the Japanese economy has of late been increasingly foregoing government intervention, with the belief that a full manifestation of the market mechanism based upon the principle of free competition, would be more effective in developing the economy than government intervention. By contrast, the other two books representing western perspectives on industrial policy argue that Japanese industrial policy has been a success and that government intervention can be justified under certain circumstances. In this respect, they contend that

free economies, like that of the US, may need a measured dose of government initiatives in order to restore their competitiveness and promote growth. Dr Johnson goes as far as to suggest that the American economy adopt the Japanese model of industrial policy to regain its strength. He argues that the Japanese style of industrial policy, characterised by government initiative, can prove to be more effective than free competition principles, if it is properly managed.

Dynamic debate is presently underway not only in economics but also in political science, sociology and philosophy on how to harmonise opposite concepts like liberalisation and protection, competition and control, and individuality and collectivity. The goal of an industrial policy is probably to find ways to harmonise contradictory elements in the economy for maximum benefits from industrialisation and economic progress.

In developing countries like Korea as well, scholars and policy makers have recently been engaged in active discussions on whether industrial policies are useful and, if they are, what type of industrial policies are required. Such debate should be further stimulated, because it has significant implications for fundamental economic principles and realities. In this sense, this book provides us with many useful points to consider. I believe by comparing the views presented in this book to those found in other publications we will be able to arrive at some very useful conclusions on industrial policy.

REFERENCES

1. Chalmers Johnson (ed.) *The Industrial Policy Debate*, ICS Press, San Francisco, 1984.
2. Junsei Zuruta, *The Post-war Industrial Policy of Japan*, Nihonkeizaishimposha, Tokyo, 1982 and Ryutaro Komiya et al. (eds), *The Industrial Policy of Japan*, University of Tokyo Press, Tokyo, 1982.

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High-Tech Society: The Story of the Information Technology Revolution by Tom Forester

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Tom Forester has earned well-deserved admiration for two excellent readers: *The Microelectronics Revolution* and *The Information Technology Revolution* (both published by Basil Blackwell and MIT Press, in 1980 and 1985 respectively). The titles of the three books may suggest an intellectual trajectory; and indeed this is the case over the two collections, as the focus of discussion changed from the implications of microelectronics as such to IT in general as the wider (to use a cliché) 'convergence of computing and telecommunications' (and their interrelations with software and services, to boot).

But 'high-tech' in this book — *pace* discussions in *Prometheus* and elsewhere about how to identify 'high-tech industries' — is really identified with IT, it does not represent a step toward an even broader conception of technological