

BOOK REVIEWS

Asian Transformations: An Inquiry into the Development of Nations edited by Deepak Nayyar, Oxford, Oxford University Press, 2019, xxiv + 577 pp.

Resurgent Asia: Diversity in Development by Deepak Nayyar, Oxford, Oxford University Press, 2019, xx + 295 pp.

Asian Transformations was published to mark the half-century since the publication of Gunnar Myrdal's magnum opus, *Asian Drama: An Inquiry into the Poverty of Nations*, in 1968 with its very fitting title—*Asian Transformations: An Inquiry into the Development of Nations*—for the occasion. Asia's transformations have proceeded at a historically unprecedented pace, well beyond the imaginations of Gunnar Myrdal and his colleagues. Myrdal's *Asian Drama* was the outcome of a large-scale, multiyear research project with a number of prominent collaborators participating, resulting in three volumes that ran to 2,300 pages. It is quite a challenge for anyone to undertake single-handedly a task to commemorate such a monumental publication. Given this, Deepak Nayyar, an initiator of this worthy project, secured invaluable institutional support from the UNU-WIDER—a premier research institution in development economics with an extensive global network—and produced this edited volume together with an authored book, *Resurgent Asia: Diversity in Development*.

Taking Myrdal's *Asian Drama* as a point of reference, Nayyar, as project director, set out to produce a scholarly work with its own identity, which could provide an in-depth understanding of the development experiences of Asia and its associated transformations over the past 50 years in two companion volumes. In terms of geographical coverage, his aim was to extend analyses to four constituent subregions—Northeast Asia, Southeast Asia, South Asia, and West Asia—whilst Myrdal's *Asian Drama* focused mainly on the Indian subcontinent with some limited excursions into several countries in Southeast Asia. This extension has enabled Nayyar to discern divergent development experiences among Asian countries and account for underlying factors behind these critical differences among the subregions and individual countries in Asia. Hence, his apt choice for the subtitle of his authored volume is “diversity in development.”

This project adopts closely Myrdal's two elements of critical analytical approaches to understanding development processes. That is, it embraces his distinctive *multi-disciplinary*, institutional approach, unconstrained by the boundaries of disciplines in social sciences, conceptualizing development as a multidimensional process of *cumulative causation*, in which economy, polity, and society interact not only with each other but also with technology, history, and culture. Given such a vast scope requiring expertise across disciplinary subjects and themes as well as countries and subregions, Nayyar opted to produce two companion volumes that complement each other: (1) an edited

volume, which could draw upon leading scholars with thematic and regional specialization; and (2) an authored book, which could systematically highlight the similarities and differences between countries and subregions, and provide a cohesive analytical narrative of Asian development over the five decades and reflect on future prospects.

The edited volume, *Asian Transformations*, should be reviewed in this context. Designed and conceptualized by Nayyar, the book is a substantial publication on its own: 577 pages, comprising three parts and 21 chapters, to which renowned scholars in the field have contributed. Part I, "Setting the Stage," consists of four chapters and situates the study in a wider context of ideas, space, and time. The introductory chapter by the editor ("Rethinking *Asian Drama*: Fifty Years Later") is followed by three chapters: "Gunnar Myrdal and *Asian Drama* in Context" by Ravi Kanbur; "Myrdal's Methodology and Approach Revisited" by Frances Stewart; and "Asia and the World Economy in Historical Perspective" by Ronald Findlay.

Part II presents 10 cross-country thematic chapters: "The State and Development" by Peter Evans and Patrick Heller; "Economic Openness and Development" by Richard Kozul-Wright and Daniel Poon; "Agriculture, the Rural Sector, and Development" by Rob Vos; "Industrialization and Development" by Ha-Joon Chang and Kiryl Zach; "Macroeconomic Perspective on Development" by Amit Bhaduri; "Poverty and Inequality" by Guanghua Wan and Chen Wang; "Education and Health" by Sudipto Mundle; "Unemployment, Employment and Development" by Rolph van der Hoeven; "Institutions and Development" by Mushtaq H. Khan; and "Nationalism and Development" by Prasenjit Duara. Part III consists of four country case studies and three subregional studies to highlight the differences in their historical experiences. Each of the first four chapters covers China, India, Indonesia, and Vietnam by Justin Lin Yifu, Kaushik Basu, C. Peter Timmer, and Finn Tarp, respectively. Then three subregional studies of East Asia, Southeast Asia, and South Asia are presented by Robert H. Wade, Manuel F. Montes, and S. R. Osmani in turn.

Whilst this volume is by no means the first attempt to examine Asia's development performances since the 1970s, it goes far beyond the conventional story of Asia's growth miracle and acceleration that is often found in mainstream economic literature and has dominated policy debates on Asian development experiences. Compared with existing publications on Asian development, *Asian Transformations* is unparalleled in terms of its scope and coverage of themes and constituent subregions. All three chapters contained in Part I give an excellent historical point of reference to Myrdal's *Asian Drama*, which reflected the state of development thinking and debates at the time of its publication, as Ravi Kanbur shows. Myrdal emphasized the critical role of values in analyses of economic development processes as well as the need for a holistic multidisciplinary approach to development research, as Frances Stewart notes. Ronald Findlay provides a contour to the history of Asia's position in the world economy by examining the evolving patterns of international trade and relations during the second millennium. This allows readers to gain a much longer historical perspective, compared to *Asian Drama*'s focus on the closing years of the colonial era and 15 years of post-independence experiences. His narrative shows that the Eurocentric view of development, which is uncritically adopted by Gunnar Myrdal, has its origins in the relatively recent rise of Europe through its technological advantage, which has accelerated since the Industrial

Revolution, and the resultant demise of Asia through the spread of European colonialism and imperialism.

The editor's decision to arrange chapters both in themes as well as countries and constituent subregions in the rest of the book has returned very high dividends in terms of demonstrating Asia's varied development experiences from a diverse set of analytical perspectives and countries' experiences. In Part II, both similarities and differences in development experiences are examined from multidisciplinary theoretical perspectives. The chapter contributors are all well versed in the multidisciplinary approaches to development championed by Myrdal half a century ago.

Examining from perspectives of interceptions of politics and development outcomes, Peter Evans and Patrick Heller present a comparative analysis of the role of the state in development in Northeast Asia, China, Southeast Asia, and India. Applying the central concept of the "developmental state," they show how the politics of representation and redistribution differ among the countries studied, and how state structures and actions can facilitate or frustrate developmental outcomes in both the wellbeing of people and progress in democratic accountability. Sudipto Mundle shows how the nature and evolution of the state accounts for the large variations in the spread of education and healthcare across and within countries. He notes that though Asia's achievements in social development are impressive, the shift from public provisions to private providers over time has generated a pattern of nested disparities in access to, and quality of, education and healthcare between rich and poor regions and households as well as between rural and urban areas. Prasenjit Duara explores how the dialectic between nationalism and development has evolved across East, South, and Southeast Asian nations. He shows that while nationalism can facilitate development that aims at high growth rates, it also generates exclusivism and hostilities. He discusses how the recent common transregional pattern that emerged under neoliberal globalization has been followed by exclusivist nationalism. Mushtaq H. Khan offers an institutional analysis based on the concept of "political settlement" as an alternative to the dominant construct of "new institutional economics" to explain the diversity of development across Asia and understanding what effective institutions for development entail in various historical contexts.

Turning to policy differences that account for diverse developmental outcomes, Richard Kozul-Wright and Daniel Poon examine the experiences of opening economies in trade, technology, and long-term investment finance in China, India, and Malaysia. They show that the divergence in outcomes is explained by differences in institutional coordination mechanisms to address market failures encountered in the catching-up process as well as in the capacity to adopt pragmatic policy experimentations. In analyzing industrial strategies applied in South Korea, Malaysia, China, and India, Ha-Joon Chang and Kiryl Zach similarly emphasize the importance of pragmatism and strategic positioning in the design and implementation of industrial policies for engendering industrial transformation and upgrading. As to agricultural transformation, Rob Vos shows the differences across countries, in much of East and Southeast Asia on the one hand and in South Asia on the other. He argues that, in the former group of countries, rapid agricultural productivity growth in early years facilitated jump-start industrialization and urbanization processes, which subsequently helped deeper agrarian change and food systems

transformation. In contrast, agrarian changes in South Asia were slow to take place due to structural and institutional obstacles in rural areas, and even though more recent acceleration of growth has eased these constraints, rural poverty and food insecurity are still prevalent.

The topics of poverty and inequality in Asia are taken up in the remaining three chapters in Part II. Guanghua Wan and Chen Wang, in presenting trends in poverty and inequality in Asia's subregions and countries, examine the impacts of growth and inequality on poverty, the drivers of absolute poverty and inequality, and the relationship between growth and inequality. They show that despite a rapid reduction in poverty across the board due to fast growth, the benign effect of growth on poverty has been offset by worsening distribution in many economies. Rolf van der Hoeven explains how fast-growing countries supported by developmental states have developed better labor markets, applied interventionist policies across the board in agriculture, industry, macroeconomics, and social policies, and increased women's participation in the labor market. He raises concerns that since these achievements were historically underpinned by low inequality and asset redistribution measures in the early years, growing income inequality poses a challenge for maintaining a positive trend in the future. Finally, Amit Bhaduri discusses economic and social inequality in conjunction with other macroeconomic issues such as unemployment, the role of the state and markets, the degree of economic openness, and decentralization. He echoes policy positions reached by other contributors, namely, arguing for flexible institutional and policy responses at each stage of development.

In Part III, four large country studies and three subregional studies suggest the factors underlying the success or failure of development after considering initial conditions: turning points in performance; processes of change in management of transition; and the role of governments and politics. Justin Lin Yifu examines China's spectacular transformation and attributes it to the adoption of a gradual and pragmatic approach, consistent with its own evolving comparative advantages. Kaushik Basu argues that while India invested in politics first by establishing democracy with free speech, independent media, and citizen's rights, it has managed to transit from the stranglehold of low growth in the early years to a higher growth path along with a marked reduction in extreme poverty. C. Peter Timmer suggests that while Indonesia's growth pattern under the Suharto regime was "pro-poor," the subsequent democratically elected governments found it difficult to maintain the pro-poor pattern. Finn Tarp shows how Vietnam's *Doi Moi* reform program adopted in 1986 generated faster growth and led to marked poverty reduction, relying on dynamic private sector and foreign investment yet still under the state's strategic leadership. Robert H. Wade examines how "developmental states" in East Asia accomplished rapid increases in income and production capacity and succeeded in the "catching-up" process. Manuel F. Montes suggests that unorthodox policies in Southeast Asian countries managed to raise agricultural productivity faster than population growth but with notable shortfalls in social development, while Siddiquir Rahman Osmani examines the factors behind the slow progress of five countries in South Asia against their initial advantages.

Overall, *Asian Transformations* is a rich collection of essays, written in a tradition of classical political economy by leading scholars. The book offers balanced assessments of numerous underlying factors and conditions that have jointly given rise to diversity in

Asia. It presents a persuasive, and more nuanced, story of how fast-moving transformations in multiple dimensions have been played out in Asia, with observed diversity among the subregions of Northeast Asia, Southeast Asia, and South Asia. One common message in all the chapters is that the presence or absence of a strong “developmental nation-state” is the critical factor that determines the degree of success in countries’ development and “catching-up.” After all, Myrdal’s pessimistic perspectives on Asia’s capacity for development and its future prospects were predicated on his assumption that the “soft state” syndrome would persist in Asia, acting as a binding constraint to advancing a development agenda. In retrospect, the transformation has been made possible where conditions conducive to the emergence and preservation of the “developmental state” are present to overcome this institutional deficit.

While directing and editing *Asian Transformations*, Nayyar produced his own magnum opus, *Resurgent Asia: Diversity in Development*. This is not only a companion to the edited volume, but stands alone as a comprehensive analysis of the phenomenal economic transformation of Asia. Placing it in a historical perspective, the book contains an in-depth analysis of the underlying factors, with a focus on critical issues in the process of, and outcomes in, development. As reviewed more thoroughly in Nissanke (forthcoming), Nayyar engages with many contemporary debates in development economics, abundantly reflecting intellectual wisdom accumulated over his long career as a distinguished academic and senior civil servant. The themes addressed are extensive and include: (1) Asia in the world economy with a focus on the colonial era; (2) Asia’s economic transformation in four subregions in relation to the world economy over five decades; (3) a detailed analysis of 14 Asian countries across topics such as growth and macroeconomics, structural change and transformation, openness and industrialization, the roles of states and markets, and uneven development and unequal distribution; and (4) evolving relationships between Asia and the world in retrospect and in prospect. Thus, the book covers many critical themes and issues in economic development, and makes a substantial contribution to both deepening our knowledge and academic and policy debates in the field.

The two volumes, which complement each other by design, together offer invaluable reference material to students and researchers in the field. I would be surprised if these two books do not become essential reading in undergraduate and postgraduate courses in development economics, development studies, and area studies. They will also be of immense value for readers with an interest in economic history or international politics and relations.

REFERENCES

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