

BOOK REVIEW

Resurgent Asia: Diversity in Development, by Deepak Nayyar (Oxford: Oxford University Press, 2019). £30, 320 pp.

The distinguished Indian economist, Deepak Nayyar, has written a fascinating and illuminating account of the economic rise to ascendancy of Asia over the course of the past 50 years. Its rigor, lucidity, statistical evidence, and reasoned analysis entitle this book to stake a claim of being the definitive account of the Asian extraordinary rise that has reconfigured the world economy since the collapse of European colonialism in the two decades after World War II. Nayyar tells us near the beginning that “The object of this book is to analyze the phenomenal transformation of Asia, which would have been difficult to imagine, let alone predict, fifty years ago.”[4] It would indeed seem so absurd to have been upbeat about the Asian economic future as late as 1960 as to exhibit the “imagination running wild.”[2] To drive this striking point home he looks back at *The Asian Drama* (1968), the classic three-volume work of the celebrated Swedish economist, Gunnar Myrdal, who despite a magisterial effort to marshal all available information at the time, turned out to be totally wrong in its central pessimistic prognoses of the economic future of Asia, which accorded with and reinforced the conventional wisdom of the time.

Nayyar helps us understand why Myrdal was so wrong, and if I get correctly the force of his well-honed argument, the foreboding prognosis resulted from the gross underestimation of Asian human resources and governmental capabilities. Asian states emerged from colonial governance and imperialist exploitation much less shattered than did their African or Latin American counterparts, and were better able to steer their economies in ways that produced developmental success. A major theme of Nayyar’s groundbreaking study of what he labels ‘Asian resurgence’ is the critical importance of rational guidance of development by a strong and autonomous state that can operate in a rational manner when it comes to formulating its approach to economic development. As a result, Asian governments did not need to defer to the status quo orientations of traditional elites while implementing policies designed to promote rapid industrialization, education, health, and technological innovation.

A distinctive feature of Nayyar’s ambitious approach is to broaden inquiry beyond the rise of China, or at most China and India, to examine the economic experience of no less than 14 Asian economies over the half century, beginning in 1970. This comparative methodology enables a search for clues as to why some countries in Asia did far better than others when it comes to GNP growth per annum and per capita without losing the other part of the story, which tells of the startling progress achieved by Asia as a whole. In effect, some Asian countries did better than others, and some did better in certain intervals than at other times, accounting for two dimensions of diversity. Yet this deconstructive insight should not divert attention from the central assertion: that Asia as a region did much better than was expected, at least after 1970, and from economic perspectives far better. It is obvious that Africa and Latin America did not fare nearly as well as Asia, which is a part of the puzzle that Nayyar takes note of, but does not try to solve beyond a casual observation that their state formation lagged, their human capital declined, and these countries did have nearly as robust pre-colonial economies as Asia with its impressive manufacturing and governance capabilities.

In one sense, the most startling finding, given this comparative approach, is that ideological orientation meant far less than the effectiveness of state intervention in the economy by its pursuit of industrial policies designed to promote growth, especially via export promotion and an opening of the national economy to trade and investment potentials arising from profits,

savings, and transnational capital flows. In other words, competent and pro-active government, superior human capital facilitated by education and health, and reinforced by culture, as well as the effective assertion of national sovereignty seemed to be the key explanations of the most spectacular success stories among the Asian 14, with China leading the way. What Nayyar concludes is that “The state and the market are complements rather than substitutes and the two institutions must adapt to each other in cooperative manner over time.”[226] Such an outlook that was initially implemented with excellent results by the Asian Tigers (South Korea, Taiwan, Hong Kong, and Singapore), then emulated on a grander scale by China, and more unevenly pursued by India. These success stories contradicted economic dogma in the West, which favored either a supervisory relationship between state and market as in the social democracies of Europe or a more deferential approach by the state to the market as in the United States where the tyranny of Wall Street and the ceaseless budgetary demands of the Pentagon has often impaired effective governmental activism with respect to markets except through various subsidies and tax breaks. Although not explicitly articulated, Nayyar seems to be suggesting that the genius of Asia was to escape from the Cold War poles of economic ideology, and figure out practical ways of making the state a useful guide and facilitator of economic policy rather than a passive spectator or an omnipotent overseer. The Asian success was to find various national formulas for coordinating state and market on the basis of synergies that were dedicated to overall success in achieving sustainable development at high rates of growth that displayed talents for adapting to the challenges of changing global and regional economic conditions.

One dimension of this hyperbolic economic growth in Asia involved the effective management of complex transitions from an economic concentration on the export of primary goods and resources to a much-increased reliance on manufacturing, and from there moving the center of economic gravity to a more and more sophisticated stress on services. Nayyar takes due note that during this process of growth and expansion, it is of utmost importance to take increasing advantage of technological innovations to ensure that increases in productivity offset rising wages, which enables rising living standards without losing the savings and profits that are needed for continuous investment, which alone can sustain aggregate momentum on the level of macro-economic policy.

Perhaps, as significant as the prodigious demonstration of the diversity of the 14 national trajectories amid the unity achieved in the form of sustained economic growth, is Nayyar’s methodological mastery of the complex statistical material presented in the form of data, charts, and graphs. Writing in a manner that exhibits great economic sophistication, Nayyar yet somehow manages to produce a book that is understandable by non-economists with a storyline that provides real insight into the dramatic restructuring of world order in the aftermath of colonialism and economic imperialism (significantly, not all of the non-West was colonized, but it was all, including, of course, China exploited by the West). Indeed, Nayyar shows that while India was a British colony and China never lost its formal independence as a sovereign state, their economic decline in the colonial period was roughly equivalent, with both emerging after World War II as highly problematic with respect to their future prospects, making this regional climb to ascendancy so startling.

Yet that does not mean that Nayyar overlooks the damage done to Asian countries by the colonial system as it operated between 1820 and 1962. On the contrary. He faults Myrdal for failing to take account of the pre-colonial past when Asia was so much more prominent in the world economy, which Nayyar believes partially explains why he did not adequately foresee its potential to achieve post-colonial affluence. The economic fall of Asia was very sharp—“Between 1820 and 1962, the share of ‘the West’ in world income almost doubled from 37 per cent to 73 per cent, and the share of ‘the rest’ more than halved from 63 per cent to 27 per cent, of which the share of Asia plummeted from 57 per cent to 15 per

cent.”[9] The dynamic that allowed this to happen was industrialization in the West that contributed to a coercively imposed international division of labor that was “shaped by colonialism and imperialism through the development of mines and plantations.”[16] This dramatic shift resulted in a sharp ‘deindustrialization’ of Asia, which meant reversing the growth expectations of development, epitomized by a retreat from manufacturing to primary goods in the context of production and international trade.

Nayyar grounds his book by a look back in two distinct illuminating ways. First, he considers the standing of China and India, along with the rest of Asia, in the world economy through a period of two centuries, putting forth a dazzling array of statistics that probably will produce some major surprises for most readers, as they did for me, and especially for those who have not studied Asian economic history. In Nayyar’s words, “Until 1750, Asia accounted for almost three-fifths of the world population and world income, while China and India together accounted for about one-half of world population and world income. These two Asian giants also contributed 57 per cent of manufacturing production, and an even larger proportion of manufactured exports in the world.”[2] The most intriguing aspect of this critical assessment of Asian economic experience is that the result of the remarkable economic surge is in one rather secondary sense unremarkable. For Asia in this past 50 years did nothing more than recover by 2016 or so its earlier *relative* global position with respect to population, shares of the world economy, and per capita living standards of its peoples. It is with this central reality in mind that explains Nayyar’s use of the word ‘resurgence’ rather than, say, ‘rise’ or ‘rise to ascendancy.’ At the same time, the differences between economic conditions in 1820, or for that matter, 1960, and the present is so dramatic for Asia in terms of experiencing the actual conditions of modernity, its technological advances and the great heightening of living standards, as to make it no exaggeration to consider the transformation of life in Asia from what it was to what it is as ‘the Asian miracle.’ Although much is left to be done by Asian-14, including dealing with large pockets of extreme poverty, especially in India, never have so many millions been lifted from the harsh clutches of poverty in a few generations.

This rise of Asia has been accentuated by coinciding with the relative and absolute decline of the West. This puts Asia in a position to become the leading regional force shaping world politics for the next 20–25 years, taking over from the United States, which had taken over from Europe. It would be illuminating to have a study roughly parallel to this great book that looked at the collective experience of the West in a framework that also tracked the experience of a group of Western states, not necessarily 14, but a sufficient number to illustrate diversity amid unity.

One consequence of Nayyar’s regional approach is to lessen attention given to the impacts of these economic trends on the structure of geopolitics, and the character of geopolitical rivalry at the start of the colonial era, in the course of the twentieth century, at present, and in the near future. What becomes evident is that in the 1800s the main geopolitical rivals were the main colonial powers of Western Europe, especially after the Industrial Revolution gave European countries the military instruments to extend their economic reach over most of the rest of the planet. The only notable exception to this pattern, as Nayyar observes, was Japan that benefitted from the modernization thrust of the Meiji Restoration of 1868, enabling it to catch up with the West, and even mount a disastrous challenge to Western geopolitical dominance in its region. Yet as Nayyar notes, Japan also pursued the Western path of combining industrialization at home with an imperialist foreign policy in Asia. Nayyar does not, however, go on to contrast the soft power dynamics of Asian global outreach, which places an emphasis on win/win approaches to non-Western countries in Africa and Latin America coupled with non-reliance on coercive diplomacy, intervention, and military

superiority. In this sense, Asian geopolitics are post-colonial in character, although as of 2020 beginning to mount tensions.

Of course, the regional framework is somewhat misleading if the focus shifts from development to geopolitics. Although Nayyar's conjecture of rising Asian geopolitical leadership is couched in regional language, the real geopolitical rivalry is between the United States and China. It is here that the most notable feature of U.S. pre-Trump decline is the American squandering of resources and reputation on a hard power approach to geopolitical leadership that involved a series of costly military misadventures (Vietnam, Afghanistan, Iraq, Iran), which in effect, represented a dysfunctional continuation of a colonial mentality, somewhat disguised by shows of formal respect for political independence and national sovereignty of other countries, yet confirmed by U.S. reliance on threats, sanctions, and covert and overt military interventions. By contrast, how many such misadventures can one identify in Chinese foreign policy? This is not to suggest that China is pacifist in spirit or substance. Its fierce border wars with Vietnam and India, its investment in defensive and deterrent military capabilities, as well as its repression of dissent at home and in Hong Kong, suggest that Beijing places values on military capabilities to meet some challenges to its goals. Yet when it comes to its pursuit of ambitious geopolitical goals, reliance on military capabilities plays almost no role. China's immensely ambitious 'Road and Belt Project' is emblematic of its approach.

What was true of pre-Trump geopolitics has become more pronounced during the Trump presidency. Trump has deliberately disengaged from cooperative international arrangements, weakened alliance leadership, invested heavily in American military dominance, and worried leaders throughout the world by his unsteady, impulsive, and high risk diplomatic style. At the same time, there is a certain Trumpist geopolitical realignment taking place due to the rise of right-wing leaders in many important countries throughout the world. As a result, while the world is more interconnected than ever before and can only solve problems associated with climate change, digital crime, and management of nuclear weaponry by geopolitical coordination and cooperative solutions, it lacks the capacity to do so. In effect, the U.S. has substantially relinquished its global leadership role, while China, which alone would have the credibility to take over, has not attempted to do so. World order without geopolitical leadership, a weak UN, and beset by a series of fundamental challenges of global scope is in crisis. There is no obvious solution at present. Nayyar's economic master work does not address this dimension of Asian ascendancy, not does it pretend to do so, but this foreshortening of analysis may account for an overly optimistic reading of the Asian future. By his definitive portrayal of the Asian development story Nayyar plausibly projects a relative trouble-free future for Asia, reinforced by expectations of continued Western decline, but he excludes from consideration the negative impacts almost sure to be felt in Asia if climate change is not properly addressed or if a major war between China and the United States occurs.

In illuminating contrast, the Western international relations literature is not very much interested in Asian development *per se* as it is in sorting out the countries by whether they seem friends or enemies, and most of all whether the rise of China will produce a heightened rivalry with the United States, generating a second Cold War, and risking a hot war. Samuel Huntington in his controversial *Clash of Civilizations and the Remaking of World Order* (2011), shifted his emphasis from Islam to China, in the course of predicting such a war. More recently Graham Allison has generated debate and concern about 'Thucydides Trap', in his *Destined For War: Can America and China Escape the Thucydides Trap* (2017). Allison argues that war has frequently occurred over the centuries when a geopolitical leader perceives being overtaken by a rival, which is what is currently happening in the relations

between China and the United States. In Allison's strong words, "The defining question about global order in the coming decades will be: can China and the United States escape the "Thucydides trap"?"

Nayyar writes as an expert economist with a masterful control of his chosen subject-matter. In this sense, his statistical underpinning is that of an analytically skilled professional economic historian, interpreting trends on the basis of measurable indicators. He avoids the more qualitative assessments of the rise of China with respect to peace and security in Asia associated with what might be roughly called 'political economy' approaches to economic growth and its political consequences. In this regard, while celebrating what Deepak Nayyar has achieved in *Resurgent Asia* it is also important to retain an awareness of the limitations of this approach, and the need for political assessments to get the full picture of this extraordinary Asian story.

Richard Falk

 falk@global.ucsb.edu

© 2020 Taylor & Francis Group, LLC
<https://doi.org/10.1080/05775132.2020.1724471>

