

Book review

State Capacity in East Asia: Japan, Taiwan, China and Vietnam, Kjeld Erik Brodsgaard and Susan Young, Oxford University Press, 2000, 320 pp., £45, ISBN 0 19 829763 7

This edited book comprises 12 contributions each critically examining the notion of the “strong development-orientated” East Asian state, and in particular the adaptive capacities of the Japanese, Taiwanese, Chinese and Vietnamese states in the changing context after the Second World War. This includes the impact of the Cold War on the region in terms of geopolitics and economic ideology; the unleashing of forces for democratization in the wake of the fall of the Berlin Wall and the issues arising from the “Asian Financial Crisis” and globalization.

The introduction by the volume editors sensibly sets the scene by stating the obvious point that analysis of governments in these states requires broadening out from a narrow economic focus. There is a need to consider how such governments have managed social and political changes, factors which precede and are themselves affected by economic development. The editors rightly point out that the notion of the strong state has tended to focus on the central state and bureaucracy. A more sophisticated analysis would look at the role of and articulation between different levels of, and interests within, the state, and between these and other interest groups in society. This shifts the focus from states and markets to states and society, and lays the ground for a broader, more contemporary and organizationally orientated analysis of state capacity. The discussion of state capacity (the ability of states to formulate and implement the goals it sets) is timely and pertinent in the age of globalization, debates over the competition of capitalisms and the significance, or otherwise, of the nation state and its more decentralized components in managing change.

These themes are explored in Steffensen’s chapter on the Weak State in Japan. He argues, in contrast to received wisdom, that Japanese development was an outcome of a weak state, if indeed such terms as weak and strong states are analytically useful categories in the context of interdependencies that constitute a “business system” or a “societal effect”. The author does not deny, however, that the state was itself

an important player in a system which, the author alludes, was made possible by the post-Second World War economic and political context. However, the state and industry and other interests worked together because of a mutuality underpinning by issues of equity and interest accommodation enabled by “the glue” of a nationalistic developmentalist agenda, rather than through any inherent characteristics of a strong state. However, in the changing context of the late twentieth century the inherent weaknesses of the Japanese state have become apparent not least in its (in)ability to deliver intra-state and state–society control and coordination functions in a more fragmented, complex and changing economic, technological and business world characterized by such things as the influence of financial globalization, increasing international trade, cross-border strategic alliances, the information technology revolution. The increasing criticism of the bureaucracy and public political scepticism is, the author implies, a reflection of the lack of strong embeddedness of the state in civil society.

Kholsa’s analysis of state and economy in Japan is located in the wider debates over the respective role of markets and states that have utilized East Asian Growth to advance their particular positions. Kholsa supports the position of a limited state. It is argued that after the initial failures of the Meiji government, the state role in the economy appeared in the 1930s. This, together with limited state power in the immediate post-war period, laid the foundation for at best post-war facilitation driven by market signals, as opposed to direction, of firms and markets. Although the facilitation may have been important for Japanese firms in as far as it provided them with “costly and scarce” information, this does not mean that private sector firms were being directed by, as opposed to directing, the state. Kholsa’s argument is that that the Japanese state was “market supplementing” rather than “market supplanting”. This is consistent with his analysis of the fragmentation, factionalism and pluralism prevalent in the political and industrial structure. The failure of particular interests to fully capture the state and economy in Kholsa’s opinion gave rise to a need to develop consensus between government, bureaucracy and private industry, rather than being chosen by the state.

There are two chapters dedicated to Taiwan, per se, and one which undertakes a comparative analysis of

the Republic of China (RoC) and the People's Republic of China (PRC). The Taiwan-focused chapters by Gold and Domes analysing the impact of the waning Kuomintang (KMT) differ in terms of their detail and focus. Both authors accept that unlike the factionalism in post-imperial but pre-communist China, the KMT in Taiwan developed into a strong unified state. This was only the case, they argue, until the late 1970s, and by the 1990s, partly as a result of changing geopolitical and economic realities, the Taiwanese state had become subject to greater pressure from "a more extensively mobilized society". This democratization reduced the state's autonomy and capacity to lead Taiwanese economic development. Gold suggests that the forces for democratization, localization, re-emerging factionalism, revival of corruption at local levels and the growing significance of China all led to the previously authoritarian state becoming more passive with a greater orientation to coalition building. Domes provides more detail and evaluation on the emergence of factions and pressure groups, although lacks any thematic analysis, nevertheless both authors agree that state capacity has changed. Gold concludes that the state, in comparison with other transition societies, has been able to undertake the transformation with a smoothness not seen in other transition societies. For him, however, the potential impact of corruption, "gangsterism" and a potential for authoritarian populism in a context of the fragmentation of the opposition remains to be seen. Domes, however, argues that while the changes have made decision making slower and more cumbersome the Taiwanese state may have gained in terms of the benefits of greater transparency and public support.

An-Chia Wu's chapter on state capacity in Taiwan and the People's Republic of China promises a comparative perspective, and while there is much that is of interest it lacks an analytical thrust and fails to deliver a robust comparative perspective, other than to argue that Taiwan has made greater progress towards economic liberalization and internationalization than China. While the chapter is overly prescriptive it does highlight the problems that beset China in attempting to create a balance between the party, central government and the combined forces of local government and local economy. While the issue of central control has been assumed under the communist regime of China, Walder's chapter on the role of factions in shaping the cultural revolution suggests that conflicts and fragmentation within China's state and party apparatus have existed since 1966. He argues that despite officials being

viewed as "hapless victims of rampaging Red Guards and evil associates of Mao", these officials played a central role in creating "the maelstrom that eventually enveloped them". The wider point is that states ought not to be seen as a homogeneous mass, rather internal politics within the state can have significant implications in affecting the configuration of the socio-political field within which subsequent action emerges (though not necessarily to the advantage of those initially supporting change). Officials can act out of self-preservation, and their alliance can depend upon their perception of how present-day insecurities can be minimized for future tenure. The author argues that "states very often collapse from within" as a result of political manoeuvring in a context of political competition, and government officials are no less prone to such dynamics. This chapter is interesting in suggesting that while there may be no clear plans and events unfold (and can get out of control) they may do so by being driven by a vague ideological or cultural discourse but with clear targets, which can give rise to individual rationality as opposed to some notion of technocracy. However, in the final analysis this chapter is a brief, and specific, historical piece and it could have been extended to consider how the contemporary legacy can, if at all, be located within old battles won and lost

Bakken's chapter on state and social control in China moves the focus from state capacity in the economic and political sphere to consider the impact of changing structures of community with a focus on labour market mobility. He argues that local loss of control over the allocation and control of human resources has resulted in the decline of the structures of control based upon the moral community. He argues that while crime figures are not as high as in the developed countries, in China they remain higher than other developing countries. As the moral community is breaking down the state is increasingly focusing on the role of the police in contributing to providing a service to ensure economic development. In a context of dwindling resources, owing to restrictions on such services from engaging in business together with declining state capacity in terms of social control, a rural vacuum in policing is occurring. In industrialized areas such a vacuum is increasingly being filled by the use of privatized security that at times has strong attachment to police forces who act as the "dragon's head". These security guards are not only being used to look after property but also to discipline workers and recalcitrant trade unions.

In their analysis of the growth and political and economic significance of the rural "informal" economy,

Brodsgaard and Sheels' essay argues that the notion of an informal economy "requires comprehension as a novel and distinct economic form producing its own far-reaching social effects" requiring networks, tacit state support and social embeddedness. They argue for the need to recognize the contribution of the small-firm sector to the economy in terms of economic share, employment and as an innovator and incubator of larger firms. Equally significant, they argue, is the impact of the localization policies of the post-Mao era that contributed to the growing significance of local government and ownership patterns, which reflect high levels of collective capital. They suggest that in a situation where a lack of total coincidence of interest between local enterprises and local states is prevalent negotiation could be expected, and one could describe this situation as a form of local bargained corporatism. This is an interesting story of the (re)appearance of the Chinese Family Business in China (CFB) in an analysis based on local and regional economy. It raises important points about the ability of this sector to lubricate the otherwise sterile and rigid organization of more formally delineated business systems which hinder small enterprises operating outside the officially established and sanctioned business system. The authors complete the essay by raising important issues relating to where all this will end, e.g., nepotism, cronyism and corruption? conflict between local state and capital? protection of local markets and economic inefficiencies? "An inter-local/regional/national race to the bottom"?

Tonneson's chapter provides a broad historical foundation in identifying the historical layers that have served to produce the current organizational features of the Vietnamese state. Tonneson argues that Vietnamese policy makers adopt a unitary view of state and society. This is not an authoritarian state owing to the historical legacies of regionalization and localization, which derive from different ethnicities, impact of pre-colonial values, centre-village relations, colonial structures and the organizational structure of the revolutionaries. In this context the state is caught between pursuing an instrumental rationality but maintaining a strong integrating value-based rationality in the context of the forces of globalization. However, the forces of economic reform in a context of the unitarist state have blurred the boundaries between public administration and state-owned enterprises (economic interests), giving rise to uneven development, and the legal infrastructure remains an arm of state rule rather than having independence. At the same time Vietnam faces possible pressure for reform from the donor/aid agen-

cies, and an experience and expectation gap is opening up between the old and new generations. The challenges for the consensus-driven Vietnamese state, according to the author, is how to co-opt and manage sources of power while being exposed to global capitalism but simultaneously maintaining a value-driven society.

The final chapter by Apter explores the viability of the political project of socialism in the face of the forward march of market economics and market economies. In his analysis of China and Vietnam he assesses the prospects of "managerial socialism", raised in Tonneson's chapter but not explored. At the outset Apter states that the essay is intended to provoke discussion and he proceeds to attempt to plot the alternative trajectories for Vietnam, but for China in particular. Apter's scepticism of the ability of managerial socialism – "political socialism with capitalist characteristics" – to have long-term sustainability permeates this chapter. He hypothesizes that it will remain unstable due to the state being squeezed on the one hand from marketization pressures and on the other from the lack of political processes through which to channel and accommodate interest representation. In particular, he suggests, non-coercive political control is difficult to sustain where social spending is being undermined by the need to free up capital for economic development. Further as markets are freed up the state, particularly if it becomes coercive in the political field, increasingly undermines its own need for information, while the political imperative may hinder developmentalist technocrats. Apter argues that by failing to appreciate how markets require to be underpinned by political pluralism – the forces which act as an equilibrating force in western liberal democracies – and opting to retain single party political control, the main issue facing the Vietnamese and Chinese states will be how to ensure state legitimacy. The author sees these issues as less pronounced for Vietnam because of its greater cohesiveness, smaller size and its long history of colonialism. However, this is not the case for China where civic support may be sought via nationalism and Chinese assertiveness in the global and regional political arena.

The themes and issues covered in this volume address important issues in our received understanding of the nature of East Asian states and points to the need for greater sensitivity, knowledge and appreciation of local dynamics in understanding the formations, nature, configuration, dynamics and role of the state. The chapters on China are particularly interesting, and in-

deed are central to five of the eleven chapters. This is a book that I have enjoyed reviewing, although the detail has been rather thick, the contributions of variable quality and with too many typographical errors. My task was made easier by the excellent summary of the major emerging themes contained in the editors' introduction. This is a book would that would be suitable for specialists and it raises some interesting issues and debates which help develop, update, modify and/or consolidate understanding of this complexities of East Asian economic and political development, and

the prospects for the transforming economies of the region.

Mhinder Bhopal
Business School
University of North London
Stapleton House
277-281 Holloway Rd
London N7 8HN, UK