say, but economic development is inevitably a dynamic process that will involve upgrading and changes in various types of infrastructure. The government role is to facilitate that industrial upgrading and infrastructure improvement.

Despite its recent release, the China growth debate has already moved on from the focus of this book, but its framework remains relevant. The question is now about China’s prospects having reached the Lewis turning point. This discussion is led by the ANU’s China Update, where a ‘new normal’ has been identified (Huang et al. 2013). The discussion is shifting to the ways in which China will avoid the middle income trap. Here, Lin’s own views appear remarkably positive (see, for example, http://news.xinhuanet.com/english/indepth/2012-12/18/c_132048211.htm), but they draw on his framework of the ‘new structural economics’, which he exercises in this book. In his recent comments on China, Lin continues to stress the importance of successfully managing the industrial upgrading process, the analysis of which is at the heart of this book.

Christopher Findlay
University of Adelaide

References

Financial Crisis and Institutional Change in East Asia
Jikon Lai
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This book draws attention to an interesting puzzle: the simultaneous implementation of neo-liberal and developmental state models in South Korea, Malaysia, and Thailand involving an odd mix of policies. Neo-liberals stress policies that advance market-driven growth, while the developmental state calls for active state intervention in the economy. What then were the outcomes of this mix of diametrically different development models, particularly after the 1997 Asian crisis? Questions can also be raised about the employment of developmental state policies and the 2008 global financial crisis that exposed the repercussions of nurturing a highly deregulated financial sector to institute changes in the market. Another important question arises from reading this book. What is the role of the state, based on the lessons learnt from these two major crises?

The book’s historical assessment of the financial sector’s evolution in these three countries is a novel and perceptive method to obtain insights into this puzzle, as well as the role of the state. After all, a key factor that drove industrialisation in these countries was the linking of industrial and financial capital under strong state oversight. Crucially, too, the author notes the need to assess the politics of the state in order to understand its impact on the evolution of the financial sector, specifically after the 1997 crisis, and to examine if the neo-liberal reforms instituted are leading to the ‘Americanisation’ of these three East Asian economies.

To determine if convergence is occurring, Lai reviews the literature emerging from the arguments proposed by Peter Hall and David Soskice in their seminal Varieties of Capitalism. Lai correctly observes the need to adopt more than the coordinated market economy and the liberal market economy models proposed by Hall and Soskice to understand the workings of capitalism in different countries. When considering the evolution of the economies in these East Asian countries, Lai argues for the adoption of Vivien Schmidt’s concept of the ‘state-influenced market economy’.

What is evident in this study is that state intervention in the financial sector still prevails in Korea and Malaysia, although in different forms, with the persistence of a state-business nexus that characterised these two political economies when the developmental state model was first employed. The author argues that this nexus is not as pronounced in Thailand: an interesting contention given the capture of the state by Thaksin Shinawatra, who had emerged as a major corporate figure before the onset of democracy,
through the practice of vote buying. In this regard, then, one area where this study required greater analysis is the politics of the state. In Malaysia, for example, the consolidation of the financial sector, ostensibly as a response to the 1997 crisis, served as an opportunity for political elites to secure ownership and control over this crucial segment of the economy. A major feud eventually erupted among elites over control of key banks. One consequence of this consolidation exercise was a serious loss of confidence by domestic investors in the state, leading to a considerable decline in their investments. While Lai notes this decline in investment, she does not tease out the significance of such elite feuding, including the continued capacity of the strong state to expropriate privately owned corporate assets at will, while ostensibly instituting neo-liberal reforms. Interestingly too, in all three countries, after the consolidation of the banking sector, state ownership of these financial institutions grew, indicating how reluctant ruling politicians were to relinquish control. This further suggests that following the consolidation of the banks, political elites obtained direct control over these financial institutions through the state, as well as indirect control through proxies who hold equity in these firms on their behalf. Put differently, neo-liberal reforms have served as an avenue for politicians to expand their control over banks. Whether this proposition is true is unclear, although there appears to be sufficient empirical evidence here to support it.

This lack of clarity draws attention to the most salient problem with this important book. The concluding, comparative, chapter provides few insights into what exactly have been the outcomes of the mix of two ideologically different development models. A far too prolonged discussion is devoted to a comparison of the evolution of the countries' financial sectors, rather than teasing out the insights that this history provides into the politics and polity of the state. What is evident, as Lai correctly notes, is that the state has used its control over banks to create new subsectors within the financial sector as well as to foster changes in the market structure, also involving corporate ownership patterns. Whether this contributes to growing corporate concentration is, however, unclear.

The study correctly concludes that there is no convergence here to a neo-liberal model, while the state-business nexus that characterised the developmental state in these three countries persists. A deeper analysis of the state would probably have provided insights into why these countries persist with their mix of neo-liberal and developmental state policies given their different political systems. The nature of the interventionist state is strikingly similar in democratized Korea and Thailand, as opposed to a still-authoritarian Malaysia. This difference inevitably raises questions about the conditions under which a state intervenes in an economy—a core concern that remains unanswered.

Edmund Terence Gomez
University of Malaya

Global Economic Crisis: Impacts, Transmission and Recovery
Maurice Obstfeld, Dongchul Cho, and Andrew Mason (eds)
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The global financial crisis in 2008 and the ensuing contraction of world economies called into question the policy framework of the precrisis period. It reminded us that new actions should be taken in order to prevent a recurrence of the crisis. Along with recovery policies on an unprecedented scale, advanced and major emerging economies, including Korea, have pursued comprehensive reform plans to enhance financial stability and economic resilience. Global Economic Crisis: Impacts, Transmission and Recovery is an edited collection of ten studies on the anatomy of the global crisis and policy responses. It addresses the nature and causes of the crisis, its impacts and the propagation mechanism, and the macroeconomic and structural policy actions needed for crisis prevention and recovery. Despite its ambitious scope, the book successfully forges diverse and intriguing issues into a set of coherent themes and lessons.

One potential drawback of the book is its heavy focus on Korea. Focusing on the detailed experience of one country has the advantage of avoiding analytical superficiality. However, it can suffer from a lack of diversity in national solutions and thus lose balance in drawing conclusions. The book overcomes this potential drawback by carefully looking at issues from