The Foundations of Rapid Economic Growth:

The Case of the Four Tigers

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ABSTRACT. The fast pace of *economic growth* of the East Asian nations known as the "*Four Tigers*"—*South Korea, Taiwan, Hong Kong,* and *Singapore*—has become a legend. It is usually claimed that the export-oriented *industrialization* (EOI) strategy was the basic cause of that rapid growth. However, it is contended that the growth strategy of these countries was the result of certain unique historical and geo-political factors. The colonial government had created the necessary *infrastructure* and international linkages which set the stage for initiating the EOI strategy. Furthermore, because of the political support accorded to them from foreign governments, these countries, with the exception of Hong Kong, excluded major oppositional groups from sharing political power, and thus they were able to pursue effectively growth and export-oriented policies. South Korea and Taiwan also received a large amount of *foreign aid* from the U.S. This aid, and the fact the U.S. laid open its huge market for cheaper Asian *exports* without insisting on *reciprocity,* prepared the conditions for export-led growth in those countries.

I

Development Performance

THE DEVELOPMENT RECORD of the Four Tigers of the past twenty five years will be examined in a comparative perspective. According to the *World Development Report,* while the annual rate of increase of Gross Domestic Product (GDP) in the Four Tigers was at 9.5 percent during the period of 1963–73, it was only 4.1 percent in the countries which followed the import-substitution industrialization (ISI) strategy.[1] During the next twelve years, the corresponding rates were 7.7 percent, and 2.5 percent, respectively. Because of a higher growth rate of population in the latter group of countries, the differences in the per capita income growth were even more striking. In the Four Tigers, the average annual growth rate in the real per capita income for the 1963–73 was 6.9 percent as compared to only 1.6 percent in the countries following the ISI strategy. Despite a world-wide slowdown in economic activity during the 1973–85 period, income per

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capita continued to grow at an annual rate of 5.9 percent in the former group of countries, but actually declined at an annual rate of 0.1 percent in the latter.

There is a great deal of literature dealing with the advantages of the EOI strategy.[2] Briefly, while the EOI strategy allows the exploitation of the economies of large scale production, the ISI strategy is constrained by the narrowness of domestic markets which keep costs high and production and exports low. Moreover, while the EOI strategy is market-oriented, the ISI strategy is directed by a centralized planning authority through a network of controls, such as multiple exchange rates, tariffs, exchange and price controls, and a system of licenses and quotas.[3] These suppress economic growth, impose unnecessary social costs on consumers, and reduce economic efficiency. The consequent slower growth results in the underutilization of surplus labor and the perpetuation of poverty and unemployment. Most of all, the ISI strategy creates an informal organization of a rent-seeking bureaucracy which for its own private advantage perpetuates and prolongs the network of controls, licensing procedures, tariffs and quotas in the concerned countries. As a result, economic policy-making is stymied and is unresponsive to a changing economic environment.

II

Economic Growth under Colonialism

RELATIVELY HIGHER GROWTH RATES that have existed since the 1960s have not been unusual to any of the Four Tigers since equally higher growth rates prevailed in those countries even during the colonial period. Both Korea (1910–1945) and Taiwan (1903–1945) under Japanese rule experienced much higher rates of economic growth than some other countries, like India under the British rule. While India experienced a long period of stagnation[4] during the first half of the 20th century, the rates of growth in Korea and Taiwan were slightly higher than even Japan's. Thus while the average annual rate of growth in Japan was 3.3 percent, a rate higher than many developed countries, it was 3.57 in Korea and 3.80 in Taiwan.[5] Moreover, Japanese corporations made heavy investments in Korean and Taiwanese agriculture to replace increasingly unproductive Japanese agriculture. These investments were accompanied by the elimination of absentee landlords in Taiwan, and the replacement of inefficient Korean landlords with more efficient Japanese owners.

Similar to its development strategy in the mother country, Japan used the combined powers of its state organization, central banking, and *Zaibatsu,* together with the powers of its strong military force, to transform the structures of the two colonies. In the wake of the Great Depression and to prepare for war, Japan made concerted efforts to industrialize the two countries and closely integrate them into a larger yen bloc. Thus, before World War II, Japan had built in Taiwan an extensive network of industrial infrastructure "to provide a strong foundation for future industrialization: an extensive transport system, a substantial electric power generation capacity, a growing indigenous well-disciplined industrial labor force, and a limited number of modern manufacturing enterprises."[6] As a result, between 1912 and 1940, industrial production grew at an annual rate of about 6 percent, while factory employment rose from 60,000 to 256,000, and total horse power installed in private factories more than quadrupled between 1920 and 1939.

In Korea, industrial growth was even more impressive. From 1910 to 1940, the rate of growth of manufacturing was 10 percent a year.[7] According to Oshima, Japan established capital-intensive industries, chemical, metal, machinery and other engineering industries in the north and light industries in the south.[7] Mason notes that the total value added by mining and manufacturing between 1929 and 1941 increased by 244 percent.[8] In fact, at the eve of World War II, Korea had an industrial structure which was among the best in the third world. And according to Kuznets, the pre-war industrialization in Korea was "the result of Japan's decision to substitute imports from within the yen bloc for imports formerly obtained from elsewhere."[9]

Unusually high rates of economic growth in both Korea and Taiwan during this period were also associated with an equally expanding export surplus targeted for Japan. Between 1900 and 1939, for instance, Taiwan's export volume increased by eighteen-fold, and by the late 1920s, nearly 90 percent was being shipped to Japan. Similarly, an overwhelming proportion of imports, though increasing less rapidly, was supplied by Japan.[10] The growth in Korean trade was even more spectacular. Total trade volume grew from 380 million yen in 1910–12 to 4,174 million yen in 1939–41 at 1936 prices. As in Taiwan, both exports and imports were highly concentrated on Japan. Even more interestingly, the rate of growth in trade reached levels in Korea not known in other countries. According to Suh, trade as a percentage of GNP (excluding services output) was 1.8 in 1910–12; it reached 53.5 by 1939–41.[11] It is precisely these high ratios that led many observers like Schumpeter to characterise Korea's growth record of the colonial period as "export-led" growth.[12]

While Korea and Taiwan were being industrialized, Singapore developed right from the time of its founding in 1819 as an important center of entrepôt trade under the British empire. Thus the tradition of free trade there began very early. Between 1871 and 1902, Singapore's trade grew six-fold from an annual average of S$67 million to S$431 million.[13] During the next 25 years, there was a further four-fold increase in trade comprising primarily rubber, tin, petroleum, and other commodities and manufactured products. Indeed by 1930, Singapore had become a major world center for the petroleum industry.[13] So its move to the post-independence EOI strategy, after a brief period of ISI during 1963–65, was nothing but a continuation of an outward-looking tradition of the colonial period. What is true of Singapore applies equally to Hong Kong.

III

The Role of the State

THE EOI ENTHUSIASTS not only have ignored the tradition of high rates of agricultural and industrial developments in Korea and Taiwan, and an equally strong tradition of export-led growth in all the four countries, but they have also slighted the role of certain other crucial factors. In particular, a high regard for education, ethnic and social homogeneity, meager resources, and a quite high capacity for saving and investment are some of the factors that are unique to these countries.[14] Furthermore, the EOI enthusiasts have also understated the role of their past and present governments in laying solid foundations for later development. As a latecomer in industrialization and as an imperial power, the Japanese government assumed the central role of modernizing its economy. In order to catch up with the military and economic powers of the West, it tried to blend political authoritarianism with capitalism.[15] To achieve its modernization goals it controlled sources of finance, created an elite bureaucracy, provided "administrative guidance," and sought help from foreign capital whenever it was needed. More importantly, however, Japan extended the same system, "authoritarianism in politics and capitalism in economics," to its East Asian colonies.[16] The Japanese imposed on Korea and Taiwan a corporatist ideology which emphasized "structural family principle and ethical filiality. . . . as Taiwan and Korea have industrialized in the postwar period [their governments] have fostered *Zaibatsu*-like conglomerates, with extensive family interpenetration, and ideologies of familial hierarchy and filial loyalty. . . ."[17] Moreover, though both the South Korean and Taiwanese governments have by no means used a command economy-type allocative mechanism, they have nevertheless employed explicit planning to set the direction of their economies, to encourage specific industries, and to create necessary financial incentives to achieve the targets.

In Singapore too, the state has followed a highly interventionist policy. While eschewing state planning and direct physical control, it provided numerous fiscal and monetary incentives to private enterprise without regard to its national origin. More importantly, it used the state machinery to initiate and manage a host of vital business enterprises.[18]

Equally important is the role which the state has always played in both Korea's and Taiwan's agricultural improvement. As previously mentioned, the colonial government paid a great deal of attention to improving agricultural productivity:

new rice seeds, chemical fertilizers, transportation facilities, research, and credit were vigorously pushed. As a result, total factor productivity increased in both the countries at an annual rate of 2 percent a year during 1920–39.[19]

After the Japanese surrender in 1945, Taiwan and Korea followed their separate courses. In Taiwan the new Kuomintang (KMT) bureaucrats pushed through a thorough land reform program. The government this time was not sabotaged, as it was on the mainland by the provincial war lords, since none of the Chinese Nationalists owned any land in Taiwan. As a result of these land reforms, agricultural productivity increased tremendously and provided a firm foundation for later industrialization in the country.

Korea, however, was divided at the end of the war. The Japanese strategy there, just as the British strategy in India, depended on the power of landlords to extract the maximum surplus for export to Japan. Thus the South Korean landlords were more entrenched on land than their Taiwanese counterparts. But unlike the model of India and many Latin American countries (where the old landed interests, who carry a great deal of political influence, thwarted many attempts at land reforms), a brief dominance by North Korea over South Korea in 1950 resulted in revolutionary land reforms in the latter following the model of Taiwan.

IV

Transition to Export-Oriented Strategy

THE EXTENSION OF U.S. HEGEMONY over the whole of East Asia in general, but South Korea and Taiwan in particular, was one of the important consequences of World War II and its aftermath. The chief characteristic of this hegemony, that distinguished it from the old world colonialism, was that it had no territorial ambition. Its main objective was rather a strategic one, namely, to prevent Soviet expansion into Japan and the rest of East Asia.

In turn, all these countries exploited their new-found leverage with the U.S.[20] In the first place, the U.S. poured disproportionately large shares of its foreign aid budget into South Korea and Taiwan: $13 billion in the former, and $5.6 billion in the latter between 1945 and 1978. On a per capita basis, aid to Taiwan was the highest given to any country in the world.[21] It was the U.S. aid that financed the bulk of these two countries' capital formation and import surplus until the mid-1960s. It was aid once again that built their military machines. Remarkably, these military machines were responsible for providing disciplined training and basic education to everyone in South Korea and Taiwan, and often generating able bureaucrats and managers for state enterprises.

The most spectacular result of American hegemony, however, was its role in forcing the two countries to switch from the existing ISI strategy to an EOI one.

Unlike the British consultants in South Asia who preferred detailed planning, and were "export pessimists," American consultants in East Asia were pragmatists and export optimists. To allay their clients' fears about the adverse short-term effects of their advice, and to prove that free trade increases the economic welfare of all the parties concerned, the U.S. threw open its own markets to those countries' cheap labor-intensive exports without demanding any reciprocity.

Furthermore, the U.S. Agency for International Development (AID) officials put direct and indirect pressures on both these countries' governments to adopt the EOI strategy. Indeed, an initial American push and backing were crucial for these countries' decisions to switch to an EOI strategy. In South Korea after the fall of the Rhee regime, it was the U.S. AID officials who dictated the new EOI program. In Taiwan, the AID officials used the level of aid as an instrument of pressure on the Chinese government to liberalize its economic controls.[22] Recently Balassa has come around to accept this view. According to him, in 1959 when the U.S. State Department wanted to impose the new strategy in exchange for initial help from the United States, even the AID officials there were reluctant to go along. But they were overruled by the State Department, and the choice was made for Taiwan.[23]

V

Politico-Strategic Factors

WITHOUT THIS CRUCIAL AMERICAN SUPPORT, the economic history of these two nations would have been different. Herein then lies the clue to a paradox: why most other LDCs, including India, Argentina, Egypt and Indonesia, continue to pursue the ISI strategy despite the far superior growth record of the Four Tigers which followed the EOI strategy. As has been pointed out, the short-term effects of a policy switch are destabilizing, and unless an outside force underwrites the survival of the governments of the countries concerned, the latter will be reluctant to switch.

An alternative suggestion explaining the reluctance of most LDCs to adopt the EOI strategy is, what this author will call, the Bhagwati hypothesis. This hypothesis argues that it is not in the private interests of the rent-seeking bureaucrats in the ISI countries to liquidate their own political patronage that results from their management of a network of economic controls, quotas, and a licensing system.[24]

This is a public choice argument which asserts that politicians and bureaucrats are impelled in their policy decisions by their private interests in the same manner as economic transactors are motivated by the prospect of private gain in the market place. That may be so. But while the field of political science has been enriched by insights from the public choice theory, some economists continue to resist passionately even the consideration of politico-strategic factors in economic policy making. But, as has been shown above, it was these very factors that prompted the U.S. government to provide firm support for, and intense pressures on, South Korea and Taiwan to switch to the more market-oriented EOI strategy.

More importantly, the authoritarian regimes in the Four Tigers (except Hong Kong) were able to achieve complete political insulation which provided them with sufficient freedom to deal with, or to contain, rent-seeking preferences of bureaucrats. The timely land reforms in South Korea and Taiwan, the countries where the land issue was relevant, enhanced their "freedom of maneuver by eliminating a potential source of opposition to industrial initiatives."[25] The military coup of 1961 enabled Park Chung Hee to free himself of the rent-seeking tendencies of the Korean bureaucrats that marked the presidency of President Rhee.[26] Similarly, Chiang Kai-shek's KMT enjoyed virtually complete autonomy by liquidating all the opposition groups, and by controlling the social groups, including professional and business associations.[27] Thus both in South Korea and Taiwan, the military had become an intrinsic elite.

Singapore's policy based on an active participation of foreign capital came only after Lee Kuan Yew had eliminated the Barisan Socialis party. Though parliamentary elections have taken place there from time to time, the opposition has been systematically eliminated from providing any voice in the governance of that country. In Hong Kong also, insofar as the economic policy making is concentrated in the hands of the secretary of finance, the regime is not totally laissez-faire. Furthermore, the imperial preferences there have played an important part in at least starting the process of industrialization.[28] Finally, unlike in Latin America, bureaucratic authoritarian regimes were already in full command in these countries before the foreign investors began to take any real interest.[29] Thus the regimes in all these countries had insulated themselves from competing domestic interests, and therefore they could push through coherent economic policies.

In addition to achieving relative autonomy from the landed interests and domestic and foreign capitalists, the governments of the Four Tigers have also insulated themselves from labor unions. As a result, these countries have been able to maintain competitive labor costs.[30] *Competitive labor costs,* however, is not to be confused with *free labor markets.*[31] To maintain low labor costs, the governments in South Korea and Taiwan have implemented very repressive measures to control trade union activities. In both these countries, unions were mere arms of the government; strikes had been illegal in foreign controlled or foreign owned enterprises, as well as in vital public enterprises. In Taiwan, while trade union was allowed at the enterprise level, bargaining by unions was severely restricted under an old Chinese law.

In Hong Kong labor has been docile, thanks to the predominance of immigrant labor which is always fearful of deportation back to mainland China. In Singapore, after the defeat of the Barisan Socialis party, leftist union leaders were jailed, many unions were deregistered, and their political activities were prohibited. Later many more restrictions were added, benefits were cut, and management was given full discretionary powers in matters of promotion, transfer, recruitment, dismissal, reinstatement, and assignment of duties.[32] All these measures cut down union membership and work stoppages tremendously.

VI

New Asian Mercantilism

THE PROPONENTS of the EOI strategy maintain that this policy stresses trade neutrality. This means that when all import barriers and export subsidies are taken into account, a dollar of exports fetches in local currency the same as a dollar of imports. In other words, disincentives to exports resulting from import barriers are more or less counterbalanced by export subsidies.[33] It is also claimed that the EOI-based countries maintain very low effective protection as compared to the ISI-based countries.

It is ironic that despite this international perception of the open economies of the Four Tigers, the U.S. government continues to pressure these countries to open their markets to U.S. products, admitting thereby that markets were not quite open after all. In fact, most previous impressions of relatively low protection in the EOI countries were based on a methodological error which measured protection on the basis of a difference between the prices of foreign and domestically produced goods in different countries. It was assumed, for instance, that a higher effective protection corresponded to a higher difference between the domestic and foreign prices. Obviously these studies ignored the legal tariffs, quantitative and nonquantitative restrictions, and undervaluation of the exchange rates.[34] The fact of the matter is that export promotion policy for the Four Tigers (except Hong Kong) was a one-way street where the other party did not demand reciprocity. It was mercantilism, pure and simple.[35] Instead of practicing free trade, these countries used subsidies, tariffs, quotas, and, in the case of South Korea, even coercion to promote exports and restrict imports.

While, these countries promoted exports and effectively controlled their own markets, U.S. backing of their regimes accelerated the mercantilist process. Political stability and economic insularity that accompanied U.S. hegemony created great opportunities and externalities for U.S. and other multinational corporations eager to establish manufacturing plants with cheap and docile labor. In return, the new technology and the marketing expertise that came with the foreign capital package was of great significance to these countries. For it ensured that the vast U.S. market was open for all four countries. The United States thus became the foremost export target for these Asian nations and Japan. That indeed was the peculiar nature of American hegemony: strictly nonterritorial and mercantilist in reverse.[36]

Additionally, along with the U.S. support to the Asian governments, the inflow of foreign capital, inasmuch as it was a controlled one, provided a great deal of patronage to the authorities ready for dispensing favors to a select group of individuals and sectors. It seems to this author that political and economic patronage, implied in the public choice argument noted earlier, is not a unique feature only of countries following the ISI strategy. Indeed, very similar patronage, when used in the EOI-based countries, is qualitatively very powerful as it allows their governments to insulate themselves from domestic pressure groups. That in turn enhances the *capacity* of these governments to pursue the policy they regard as best for the *whole* society. It is this capacity to implement bold economic policies, a capacity absent from the Latin American authoritarianism, which Johnson calls the developmentalist system: a system in which authoritarianism in politics and capitalism in economics are fused together.[37]

According to Johnson, the instruments of political patronage in these countries lay in the control over monetary and financial institutions which gave their governments enormous power to enforce particular economic policies. In South Korea, for instance, nearly 80 percent of financing done by private corporations was through the banking system, which in turn is controlled by the state. Even the bulk of household saving is mobilized by the government through its postal saving system. The state uses this enormous financial power to "mobilize businessmen for major economic programs such as export promotion or development of the machinery and petrochemical industries."[38] In Singapore, domestic enterprise is weak, thanks to an unintended consequence of the incentive system that can increasingly be availed of only by foreign multinationals.[39] But even there, the government exercises considerable control over the pattern of foreign investment by manipulating wage rates and through fiscal and monetary incentives. In Taiwan, fiscal controls, such as tax breaks and accelerated depreciation allowances, have been an important means of allocating investment in the desired sectors.

VII

Summary and Conclusions

THE CRUCIAL FACTOR that explains the unprecedented rate of economic growth in the Four Tigers is the developmentalist state which uses the market mechanism to achieve its developmental goals. The regime in question has no ideology as such, but it finds its legitimacy in high-speed growth and expanding employment opportunities, which in turn have resulted in better distribution of incomes.[40] According to Deyo, "The state's commitment to economic expansion and more important, its *capacity* to implement well-chosen development strategies differentiate these NICs from other developing countries better endowed in natural resources, scale of domestic markets, and other economic assets."[41] This "strategic capacity" model of development is propelled by two preconditions: political closure and economic institutional consolidation.

Political closure refers to the organization of domestic coalitions, coalitions which are able to deny political opponents a voice in economic decision making. As a consequence, the regime is able to make rapid and coherent strategy shifts in response to changing circumstances. Economic institutional consolidation, on the other hand, refers to a well-knit set of institutional structures that is responsible for implementing the development strategy. One of the important elements of the institutional structure is the way these countries manage their external economic relations. In other words, while the importance of market-expanding implication of the EOI is recognized, the strategic capacity model emphasizes the crucial role of domestic coalitions and strategic institutions that allow the state to formulate coherent economic policies and execute them efficiently.

The foregoing discussion is significant in another way as it complements a growing literature on public choice and alerts economic policy makers and development economists to the reality that economic decisions cannot be made in a political vacuum. A correct institutional framework along with a favorable geopolitical environment are important prerequisites for formulating and implementing an economic policy. By implication, the discussion also cautions students of economic development not to draw any hasty conclusions for the replication of the development experience of the Four Tigers in Eastern Europe or other LDCs.

Notes

1. The World Bank: *World Development Report 1987* (New York: Oxford University Press), pp. 84–85.

2. See for instance, Bela Balassa, *The Newly Industrializing Countries in the World Development* (New York: Pergamon, 1981); Jagdish Bhagwati, *Foreign Trade Regimes* (Cambridge, Mass.: Ballinger, 1978); Anne O. Krueger, *Trade and Employment in Developing Countries: Synthesis and Conclusions* (Chicago: University of Chicago Press, 1982). Also see the *World Development Report 1987, ibid.*

3. Umesh C. Gulati, "Working of the Price Mechanism in India," *The Atlantic Economic Journal,* II (April 1974), pp. 44–53.

4. V. K. R. V. Rao, "Changes in India's National Income—A Static Economy in Progress," *Capital* (Annual) India, December 1954, pp. 15–17.

5. Bruce Cumings, "The Origins and Development of the Northeast Asian Political Economy:

Industrial Sectors, Product Cycles, and Political Consequences," in Deyo, Frederick, ed. *The Political Economy of the New Asian Industrialism* (Ithaca: Cornell UP, 1987), pp. 44–83.

6. Samuel Ho, *Economic Development of Taiwan 1860–1970* (New Haven: Yale UP, 1978), p. 90.

7. Harry Oshima, *Economic Growth in Monsoon Asia—A Comparative Study* (Tokyo: Tokyo UP, 1987), pp. 138–39.

8. Edward Mason *et. al., Economic and Social Modernization of the Republic of Korea* (Cambridge: Harvard UP, 1978), p. 78.

9. Paul W. Kuznets, *Economic Growth and Structure in the Republic of Korea* (New Haven: Yale UP, 1977), p. 20.

10. ———, *ibid.* pp. 10–11, and Ho, *op. cit.* p. 29.

11. ———, *ibid.* p. 10.

12. Cf. *ibid.* p. 11.

13. W. G. Huff, "Patterns in the Economic Development of Singapore," *Journal of Developing Areas* 21 (April 1987), pp. 305–26.

14. Gustav Papanek, "The New Asian Capitalism: An Economic Portrait," in Berger, Peter, and Hsiao, Hsin-Huang, eds., *In Search of an East Asian Development Model* (New Brunswick, N. J., Transaction Books, 1989), pp. 27–80.

15. Chalmers Johnson, *MITI and the Japanese Miracle* (Stanford: Stanford UP, 1982).

16. ———, "Political Institutions and Economic Reform: The Government-Business Relationship in Japan, South Korea, and Taiwan," in Deyo, *op. cit.* pp. 136–64.

17. Cumings, *op. cit.* p. 56.

18. Umesh C. Gulati, "Can Singapore's Growth Experience Be Replicated," a paper presented at the Bi-annual Conference of the Association of Indian Economic Studies, June 23–25, 1989.

19. Oshima, *op. cit.* p. 139.

20. Cumings, *op. cit.* p. 63.

21. Mason, *op. cit.* p. 165.

22. Ho, *op. cit.,* p. 118.

23. Bela Balassa, The Lessons of East Asian Development: An Overview," in *Economic Development and Cultural Change,* Supplement, April 1988, p. S275.

24. Jagdish Bhagwati, "Export Promotion as Development Strategy," in Shishido, Toshio and Sato, Byuso, eds., *Economic Policy and Development: New Perspectives* (Dover: Auburn Publishing Company, 1985), pp. 59–68.

25. Stephen Haggard, "The East Asian NICs in Comparative Perspective," *Annals of the American Academy of Political and Social Sciences,* 505 (September 1989), p. 158.

26. *Ibid.* p. 138.

27. Frederick Deyo, "Labor and Development Policy in East Asia," *Annals of the American Academy of Political and Social Sciences,* 505 (September 1989), p. 158.

28. *Ibid.*

29. Peter Evans, "Class, State, and Dependence in East Asia: Lessons for Latin Americanists," in Deyo, ed., *The Political Economy of the New Asian Industrialism, op. cit.* p. 215.

30. Frederick Deyo, "State and Labor: Modes of Political Exclusion in East Asian Development," *ibid.,* p. 182.

31. See for example Ian Little, "An Economic Reconnaissance," in W. Galenson, ed., *Economic Growth and Structural Change in Taiwan: The Postwar Experience of the Republic of China* (Ithaca: Cornell UP, 1979), p. 474.

32. Deyo, *op. cit.* p. 186.

33. *World Development Report 1987,* p. 82.

34. Robert Wade, "What Can Economics Learn from East Asian Success," in *Annals of American Academy of Political and Social Sciences,* pp. 73–74.

35. Lawrence Krause, "Changes in the International System: The Pacific Basin," *The Annals* . . . , pp. 105–16.

36. Cumings, *op. cit.,* p. 63.

37. Johnson, in Deyo, *The Political Economy* . . . , p. 142.

38. ———, *ibid.* p. 147.

39. Umesh C. Gulati, "Dynamics of Economic Restructuring in a Small NIC," *Indian Economic Journal* (October–December, 1989).

40. Taiwan is the best example of lower economic inequalities among the four tigers. In the other three countries, although the level of inequality, as measured by Gini coefficient, is not as strikingly low as that of Taiwan (.30), it is still much less—.33 in South Korea, and around .40 in Hong Kong and Singapore—than in other Asian countries and Latin America. This favorable result, weak labor movements in these countries notwithstanding, has been attributed to labor-intensive industrialization and export trade coupled with a massive entry of secondary women workers into low-wage jobs. For more, see Deyo, *op. cit.,* p. 197, and Kuznets, *op. cit.,* p. S16.

41. Deyo, *The Political Economy* . . . , p. 228.

The Wisest of Worldly Philosophers

MICHAEL SZENBERG, the editor in chief of *The American Economist,* has edited a collection of essays that should stand as a permanent addition to economic literature. His *Eminent Economists: Their Life Philosophies* (Cambridge: Cambridge University Press, 1992) presents twenty-two autobiographical contributions by Nobel prize winners, and other most eminent economists, which describe their life philosophies. Eight of them appeared in an earlier form in his *Journal* and provoked a great deal of interest. The other fourteen were produced especially for this volume.

The distinguished list includes Allais, Arrow, Baumol, Bergson, Boulding, Brunner, Buchanan, Debreu, Domar, Georgescu-Roegen, Hahn, Kindleberger, Klein, Musgrave, Robinson, Rostow, Samuelson, Scitovsky, Simon, Solow, Tinbergen, and Tsuru. This masterful menu should whet the appetite of all social scientists whether mature, progressing, or budding.

A very useful, thoughtful and sincere Introduction by the editor compares some of the thoughts and attitudes expressed concerning vision and technique. We have always stood on the shoulders of our intellectual forebears. Now we can do it more knowingly, confidently, and even, affectionately. Economics will be seen less as an abstract science and more for what it is, the product of creative humans with diverse backgrounds and thoughts regarding individuals and society, human nature, and justice.

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