

page diversion into capitalism, Cambridge Analytica, Trump and even Brexit (pp. 130–33). This tends towards conspiracy theory rather than academic analysis.

The book would also have been stronger if the author had sketched out an alternative approach to the ‘no go world’. His one attempt is underwhelming: ‘My manifesto could go on like this, even turning the map of danger upside down—reframe human movement as opportunity, conflict zones as laboratories for a cosmopolitan politics of solidarity and poorer nations as frontiers of shared investment’ (p. 239). This is a pity because there is a serious requirement for some new thinking about our increasingly divided world.

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Political economy, economics and development

Resurgent Asia: diversity in development. By Deepak Nayyar. Oxford: Oxford University Press. 2019. 295pp. £21.87. ISBN 978 0 19884 951 3. Available as e-book.

In pre-industrial societies, average incomes were comparable across the world and shares of world GDP broadly coincided with population ratios. In 1000, Asia accounted for about two-thirds of world population and GDP. By 1500 this had dropped slightly to about 62 per cent; China and India combined made up half the world’s people and income. By 1950 Asians comprised 52 per cent of world population but, courtesy of colonialism, their income share had plummeted to 15 per cent.

Deepak Nayyar’s focus in this fascinating major new book is on Asia’s 50-year development experience since 1968. This is an elegantly argued book, packed with rich empirical details, including 45 tables and 18 charts, and written with a deft lightness of touch. Officials of all key international development agencies and donor agencies in the aid-giving countries would benefit from pondering its lessons for successful pathways to development.

The diversity across Asia is extraordinary in population, area and GDP; income levels; natural resource endowments; colonial legacies; nationalist movements; religions; cultures; and political systems. Nayyar blends the wide-angled view of Asia’s continent-level experience with a detailed granular study of four sub-regions and 14 individual countries: China, South Korea and Taiwan in east Asia; Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam in south-east Asia; Bangladesh, India, Pakistan and Sri Lanka in south Asia; and Turkey in west Asia. Japan is excluded as it was already an industrialized country in 1968.

Nayyar weaves seven strands tightly into the fabric of his narrative. First, European powers rose to global dominance on the back of the Industrial Revolution that underwrote the colonial conquest of distant lands in Africa and Asia to serve their commercial-strategic interests. Second, this caused deindustrialization and impoverishment in the colonies. The statistics make for grim reading and post-independence recovery highlights the colonial-era exploitation even more starkly. Asia’s share of world GDP fell from 57 per cent in 1820 to 15 per cent in 1962, and

then recovered to 30 per cent in 2016. China, and India's combined share of world manufacturing fell from half to one-twentieth.

Third, post-colonial Asia's growth was vastly better than in the preceding century under colonialism, and economic development in turn underpinned a major social transformation with multiple indicators of well-being, like falling infant mortality and rising literacy and life expectancy. The drivers of growth included high investment and savings rates, and improved education and public health standards that contributed to human capital formation. The structural transformation saw a migration of workers from the countryside to cities, a decline in the role of agriculture in economic output and employment, and the growth of economic activities in urban settings in industrial and services sectors.

Fourth, with the right policies and institutions, latecomers to industrialization can catch up with the first industrializers. To offset the adverse initial conditions of scarce capital, unskilled labour and lack of entrepreneurship and technological capabilities, state intervention is necessary. The visible hand of the state gradually gives way to the invisible hand of the market, and later the state establishes the rules for players in the market and the institutions to regulate market behaviour, for example consumer protection and public safety standards. Thus fallible states and imperfect markets are complements, not substitutes, and finding the right balance between them is a key factor in explaining the success of the 'developmental states' of South Korea, Taiwan and Singapore.

Effective government is a prerequisite for picking winners and creating champions in sunrise industries to nurture large international firms and develop global brand names, such as Huawei, but also to identify losers and allow sunset industries to sink. Not surprisingly, multi-decadal authoritarian regimes provided more effective government than democratic counterparts, for example in forcing through necessary agrarian reforms. China has been skilled at using tax incentives to attract international firms into export-processing zones, and providing high-quality physical infrastructure and disciplined labour, but also encouraging domestic companies to set up base in these zones in order to integrate with multinational firms and global value chains. India, too, used industrial policy effectively to build success stories in pharmaceuticals, software and automobiles. However, neither authoritarian nor democratic regimes are necessary or sufficient for industrialization-led economic development.

Fifth, the pattern and sequence of industrialization have been different for latecomers to the process and the rate of Asia's growth varied considerably, with east Asia being the star, south Asia the laggard and south-east Asia somewhere in between. The record of individual countries is similarly uneven, as between China and India. Growth rates also varied considerably within countries. Unlike the earlier industrializers, most developing countries moved from agricultural to services dominance in their economies without going through manufacturing dominance as the second stage.

Sixth, Asia started off as the poorest continent in the early post-colonial world, but has outperformed both industrialized and developing countries. Its better

growth record has significantly increased Asia's share of world GDP, from 9 per cent in 1970 to 30 per cent in 2016. However, the convergence with world average in per capita incomes is not equally stellar in relation to industrialized countries, rising from 5 per cent to 12 per cent over the same period. Seventh, the changed balance of economic power in Asia's favour is yet to end the West's political hegemony in the premier institutions of global governance, helped by ongoing rivalries between Asian powers.

Four notes of caution are warranted against the consensus view of Asia's positive prospects. Long-term projections and forecasts suggest that by 2050, Asia's share of world GDP will have returned to the 1820 level of 56 per cent and China, India, Indonesia and Japan will be among the world's ten biggest economies. To turn that into reality, the Asian states will have to overcome the major challenges of mass poverty, jobless growth, rising inequality and the middle-income trap. Although 1.1 billion people have been raised out of absolute poverty (PPP \$1.90 per day), 500 million Asians are still stuck there. 'Known unknowns' also include the long-term repercussions of nationalist-populist backlash and the impact of emerging technologies, like advanced robotics and artificial intelligence. All this could heighten calls for and enable reshoring of production back to Europe and the United States.

The pattern and paths to, and results of, the structural transformation of the different sectors of the economy have not been uniform across countries, nor even in different regions within countries. For example, India's performance has been extremely uneven across states and surely that holds important lessons for successful and flawed strategies for sustained economic growth and reinforcing social transformation. Unfortunately, Nayyar does not explore this.

Even more importantly, what are the key points of interaction between development, industrial competitiveness, energy and environmental policies for addressing the overriding challenge of climate change? The Industrial Revolution—which brought sharp rises in productivity, output, incomes and living standards—was powered by fossil fuel energy sources. Energy intensity is a critical component of industrial economies. India's annual per capita energy consumption is only one-third the world average and Americans, Australians and Canadians use between ten to 16 times as much electricity per person as Indians. But when it comes to total national emissions, China by itself belches out 29 per cent of global carbon dioxide emissions and is the world's leading polluter, and India comes third with 6.6 per cent.

Can the world afford the convergence of energy-fuelled industrialization by China and India? Can they achieve sustained industrialization by switching to non-carbon sources before the world tips into an irreversible climate catastrophe? Or do climate change imperatives require a downward adjustment of incomes in the advanced economies to world average levels—while the poor countries climb up the ladder? For reasons of space, Nayyar mentions but does not discuss this uncomfortable question.

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