

A REVIEW

Small Countries, Big Lessons: Governance and the Rise of East Asia by Hilton L. Root

(New York: Oxford University Press, 1996), 246 pp.

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This volume joins a growing collection of books seeking to explain the economic successes of countries in East Asia. It follows what seems like the trend nowadays in development studies — Asian models in the limelight, Western models out on the sidelines. *Small Countries, Big Lessons* was published for the Asian Development Bank (ADB) by the prestigious Oxford University Press. It is authored by Hilton Root, a Senior Research Fellow at the Hoover Institute in California and a consultant of the ADB in Manila. Root also co-authored with Dr. Jose Edgardo L. Campos of the Policy Research Department of the World Bank and Institute of Governance (Canada) an earlier work on the Asian economic experience, *The Key to the Asian Miracle: Making Shared Growth Credible*.

Based primarily on a Governance and Development Workshop held at the ADB headquarters in April 1995 as well as a number of in-country investigations, Root's work is a much-needed follow-up project to *The East Asian Miracle: Economic Growth and Public Policy of the World Bank* published in 1993 which has become one of the World Bank's best-selling books. In *Small Countries, Big Lessons*, Root seeks to expand on ideas first espoused in Chapter 3 of *The East Asian Miracle* on the institutional basis of East Asia's success. That chapter of the World Bank report emphasized the role of effective governance in promoting shared growth in East Asia's high performers.

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While most works on East Asia's success explain the "right policies" that were formulated and implemented by benevolent leaders and economic technocrats, this book purports to be different. It delves into an interesting dimension of the region's remarkable success by tackling the quality of the administrative system that came up with the growth promoting interventions — an upstream issue. Interestingly, Root argues in the book that the evidence from Asia suggests that good governance is independent of regime type. The capacity of Asia's democracies for consistent accountable policy formulation and implementation is independent of the process that determines governmental succession. This assertion will certainly evoke spirited discussion among political science enthusiasts in the Asia-Pacific.

The book is cogently organized. Chapter I elaborates on the specific institutions that helped develop the "miracle-inducing or right" policies, i.e., bureaucratic capability, political leadership, participatory approach, and policy adaptability. Unlike *The East Asia Miracle* which lacked elaboration on the specific country cases, this book devotes seven chapters — one each for South Korea, Taiwan (Taipeh, China), Singapore, Hongkong, Malaysia, Indonesia, and the Philippines. Immediately after the cases is a chapter co-written with Dr. Barry Weingast of Stanford University discussing the state's role in the East Asian Development Model. Finally, it concludes with some lessons and general prescriptions for countries in search of a clearer path to socioeconomic development through better governance.

A historian by training, Root blends together interesting qualitative and quantitative information in this book. For instance, in support of the main argument, he conducted numerous field interviews and case studies and wove them carefully into the text. In similar fashion, he makes good use of tables and figures to back up some of his essential assertions.

Unfortunately, Root's attempted follow up to the "original" *East Asian Miracle* book fails to add much to what is generally already known. For one, this ADB-supported report relies heavily on data from the World Bank. As a matter of fact, it replicates tables and figures from *The East Asian Miracle* which has data only until 1991. Armed with the ADB's financial and economic database on Asia, one expects that the quantitative information and analysis of the book to be more current and rigorous. This holds true also for the qualitative information used. For example, in discussing the Philippines as a negative case, the author is contented with criticizing the mistakes made during the Marcos regime but

forgets to credit the Aquino administration's effort to reestablish democratic institutions and the current economic surge created by President Fidel Ramos's good governance.

Surprisingly, the author interviewed many regional experts from outside the ADB but does not show evidence of interviews with specialists from within the organization. No wonder the book acknowledges the 1995 ADB Good Governance Workshop participants and external country informants but does not mention staff members — not even in one of its 209 footnotes! This omission surely contributed to some of the factual and spelling inaccuracies found in the book.

A clear-cut definition of governance is still missing from the book, making measurability and operationalization difficult. In this book, the only hard measure Root has of governance is Transparency International's (TI) Corruption Ranking. TI's information is contemporary but the author must not correlate economic growth figures from 1965 to 1991 with corruption control ratings for 1994-95. Alternatively, the author should have made use of governance indicators that are available in the World Competitiveness Report (WCR), Political and Economic Risk Consultancy (PERC), Business Environment and Risk Intelligence (BERI), and International Country Risk Guide (ICRG).

Concluding Remark: The Challenge Continues

Despite the assertions, the author still seems to be unsure of a clear-cut role to prescribe to development institutions like the ADB in pushing for governance reforms. Therefore, the challenge continues. With strong support from most of the representatives from the world's developed country representatives, re-elected ADB President Mitsuo Sato and Bank of Japan Governor Yasuo Matsushita have both made unprecedented calls for good governance reforms in developing countries in the 1996 ADB annual meetings. Both gentlemen basically agreed with the findings in the book that an emphasis on good governance will directly improve the qualitative impact of ADB-supported socioeconomic projects. But their attempts to link ADB loans to good governance were strongly criticized by representatives from China and Malaysia who were uncomfortable with the idea. Thus, the big hurdle for the ADB is to develop a strategy that will enable it to promote "good governance" without traversing ideological lines.

