

idealization: an icon that can be touched as a beloved and domesticated as a victim, on the one hand, and a native that was human enough, on the other: dissident, indulgent, dissembling, and, truly, “liberated.” The book thus does not benefit from its indifference to both ethnographic exploration and the critical inheritance of negative dialectic. It also begs a more commensurate formulation of the political program that this belabored strain of heresy (in)cites in light of the significant theorizations on prospects of emancipation, the relays of debates of which are unfortunately short-circuited in this exercise.

All told, *Fantasy-production* emboldens us to reimagine the world with flair and temerity, but also humbles our conviction by reminding us of what a Counter-Reformation treatise calls the “defect of distance” in our approach to the wayward, reckless reality we desperately try to understand and transform. An enterprise of this scope warrants a more deliberative conversation with and reciprocal negations of translocal sources, bruising exposure to the nuances of everyday epiphanies, and the willingness to reset the horizon of even the most interventive of expectations and the vainest of righteous indignations. This vital work signals the imperative in Philippine Studies, in particular, for a rapprochement among alternative agenda and techniques of discernment, including the emergent repertoire of immigrant scholarship of an exilic inflection, to finally intuit a resonant tenor of the Philippine consequence in a more robust register, beyond a fantasy impromptu.—  
**PATRICK D. FLORES**, PROFESSOR, DEPARTMENT OF ART STUDIES, COLLEGE OF ARTS AND LETTERS, UNIVERSITY OF THE PHILIPPINES-DILIMAN.

\* \* \* \* \*

**Hideo Kobayashi. 2004. *Postwar Japanese economy and Southeast Asia*. Quezon City: New Day Publishers. 172 pp.**

The book takes on a historical approach to the analysis of economic and business relations of Japan primarily with its Asian partners. In characterizing these relations, it presents key actors (personalities, enterprises and institutions), events (e.g. diplomatic visits), and proclamations somewhat roughly arranged according to five time periods. Kobayashi must also have chosen to avoid the use of technical analytical tools in Economics to reach a wider audience.

The book has touched on every conceivable area and aspect of Japan's economic relations with Asian countries. It discusses trade, investments and labor flows in the region. It also presents accounts of the role of Japan in the growth of the Asian economies and subtle comparisons of Japan's presence in the region vis a vis that of the developed western world, primarily the United States (US).

Japan's trade in the region is explored in Chapters 2 and 3. Many readers may be familiar with how the deepening conflict between the US and Soviet Union changed the post-war US occupation policy to one of leniency and promotion of Japan's economic development. But only few may know that India, Pakistan, Ceylon and Burma were the first major post-war trade partners of Japan. Japan's trade with China faltered partly due to the latter's support to North Korea in the Korean War. This was replaced by the Indian trade which also served to balance Japan's trade deficit with the US. The post-war antagonism of war-devastated Southeast Asian countries towards Japan was the reason why Japan could not penetrate this market initially. The mode by which war reparation payments to Southeast Asian countries (Vietnam, Indonesia, Philippines and Burma) were carried out—that was, through exports of capital goods and technological knowledge for the construction of hydro power plants, harbors, railroads, roads and industrial firms and for shipbuilding, however, inevitably opened these markets. Consequently, Japan replaced Europe and the US as the region's major supplier of heavy electric machinery. Japan's export revenues increased three-fold and its economic growth hit an average rate of 10.5 percent in 1955-60. Yen loans later substituted for war compensation as discussed in Chapter 3 but the rapid flows of Japanese goods into Southeast Asia continued. Chapter 3 also covered the spatial expansion of Japan's trade activities to South Korea in the mid-1960s after a delayed compensation agreement, and then to Australia. The need to find sources of iron ore for its steel industry led Japan to Western Australia and this started Japan's expansion into the Pacific Rim.

Chapter 4 covers Japanese direct investments from the 1970s. The short-lived investment flows into South Asia (mainly in India's iron and iron ore extraction industries and glass manufacturing) in the late 1940s to the early 1950s are earlier mentioned briefly in Chapter 2. The labeling of the year 1972 as Toshi Gannan (translated as the first year of investment) underscores the sharp contrast of the earlier South Asian investments with the sustained and steeply upward trend of

Japanese investments from 1971 to 1989. The whole of chapter 4 is devoted to characterizing these investments. Episodes of massive investment flows were triggered and sustained by sharp yen appreciations, making Japanese exports more expensive and pushing Japanese enterprises to transfer and produce overseas. Investments were concentrated in small-scale and jointly run projects in developing countries primarily for the protection and expansion of Japan's overseas markets, and secondly for the use of cheap local labor and resources. Through investments, Japanese companies were able to produce and export to the US via a third country and hence evade further trade friction with the US. The roles of the *shosha* (trading company) in assisting Japanese manufacturing firms overseas find local partners, source raw materials and develop markets are also mentioned.

Chapter 5 synthesizes the discussion on Japanese investments in terms of three cycles: (1) in 1971-73, labor intensive sectors (e.g., textile industry) set up operations, mainly in Southeast Asia, to produce goods for export to the US; (2) in 1978-85, capital intensive industries (e.g., chemicals, machinery and transportation) set up operations in Europe and the US; and (3) from 1985, Japanese factories transferred from NIEs to Malaysia, Thailand and other ASEAN (Association of Southeast Asian Nations) countries (1985-1987) and then later moved to China and Vietnam (from 1993) in consideration of low cost labor.

The treatment of labor migration is not as extensive as trade and investments, as one would expect, but has been allocated several pages apparently because there was a conspicuous increase in labor movements from the late 1980s to the 1990s that characterized the Southeast Asian economies with which much of Chapter 5 deals. Kobayashi begins by painting a picture of Southeast Asian countries with cheap abundant labor and promoting export-oriented industrialization programs which attracted the transfer of multinationals from the NIEs. The example of Japanese firms benefiting from layers of subcontractors utilizing low-paid women and unpaid family workers in the Philippine apparel industry is presented. In the context of shortage of employment opportunities and advancement in the home country, Kobayashi introduces the first case of labor flows—that of countries that only send labor. This is true of the two Southeast Asian countries that are yet struggling to industrialize, namely, the Philippines and Indonesia. The second case includes the Asian NIEs (South Korea, Taiwan, Singapore) and the near NIEs (Malaysia and Thailand) with two-way flows. Finally, Japan, as a mature economy, only receives labor. Trends and factors

explaining the labor movements, income disparities between the home and receiving countries being the main economic factor, as well as political and cultural factors are discussed.

Inevitably, the more debatable issues tackled in the book are those on Japan's role in the region. The book opens with Kobayashi's exposition of how Japan's colonial rule and war-time economic policies and activities contributed to the rapid industrialization of South Korea and Taiwan (Chapter 1). His arguments can be summarized into three points. First, leaders of these two economies were exposed to and influenced by Japan's unique system of bureaucratic guidance, central planning of major industrial sectors, savings mobilization for prioritized industries through government control of financial institutions, and management-labor collaboration. Second, both the supply and productivity of factors of production in agriculture and industries in these two economies were increased during Japan's rule and this capacity was not destroyed during the war. And third, established connections among the three economies (Japan-South Korea-Taiwan) lowered their costs of international economic transactions and hence, increased their profitability. In Chapter 5, Kobayashi reverts to this issue with his critique of four theories<sup>1</sup> on the rise of the Asian NIEs (Newly Industrialized Economies). And then he advances his own hypothesis rather implicitly (as typical of some Japanese authors) by prompting the readers to observe how economic growth in Asian countries closely followed the trends of foreign direct investments inflows from Japan.

All throughout the book, Kobayashi takes every chance to illustrate a positive role for Japan. The narrative on the change in how the Thais and Indonesians received the Japanese prime ministers in 1974 and 1977 in Chapter 4 (protest rallies during Tanaka's visit in 1974 vis-à-vis the generally peaceful and pleasant reception during Fukuda's visit in 1977) is used to highlight the contribution of Japanese companies in host Southeast Asian countries—increased employment opportunities, local staff training, technology transfer, development of import-substituting industries, and even Japanese companies participation in education, research and medical organizations, environment-related campaigns and relief efforts in times of natural calamities. This is followed by quotations from old (as old as 1936 and 1958) commentaries on the merits of the Japanese management system—its ability to weather the oil crises, lifetime employment, seniority-based wage system and support system for small and medium

scale enterprises. Needlessly, Kobayashi endeavors to show the contribution of Japanese investments to the extent of sounding defensive. In Chapter 6, he notes the low percentage share of local parts and materials in the finished product and hence low local value-added of a Japanese auto parts manufacturing company in Thailand (Denso), but nevertheless concludes that local enterprises were developing and local value-added were increasing in the host country.

The more far-off and indirect connections are also pointed out as in Chapter 4's account of the spill-over effect of Japan's trade friction with the US over textile in the 1970s: 'The prolonged conflict and negotiation between the two countries enabled the textile traders of Korea, Taiwan and Hong Kong to expand their exports to the U.S. If not for this delay, U.S. would have imposed controls on textile imports earlier and this could have hampered the growth of the NIEs.' In Chapter 1, it is also mentioned that many Japanese remained in Taiwan and Korea even after Japan's defeat not only to earn a living (as news of hunger and lack of food in Japan reached the colonies) but also to volunteer their services as they felt obliged to help in continuing the operations of the factories.

Some comparisons and illustrations of competition for the economic leadership position in the region between Japan and the United States are explicit, others are only implied. Kobayashi's narrative of the disappearance of Japan's Asian Currency Fund Plan with the IMF's (International Monetary Fund) bail-out plan for the Asian economies severely affected by the 1997 Currency Crisis is straightforward. He dismisses IMF's promotion of market openness as only serving American and European investors' interests which have grown after the end of the Cold War. Chapter 6's narrative of the currency crisis in Thailand, Indonesia and South Korea, and the repetitious use of the phrase 'IMF rescue' in those three cases are sarcastic. More directly, he claims that the 1997 Asian crisis benefited the monetary speculation of European and American enterprises and diminished the influence of Japanese and South Korean companies in the region.

More subtly, Kobayashi compares the former Japanese colonies of South Korea and Taiwan with the Philippines and Thailand. Both South Korea and Taiwan were successful in increasing the number of white-collar workers and reducing the peasant population. In contrast, Thailand and the Philippines failed to effect a similar social structural change.

Nevertheless, Kobayashi tries to give a more balanced picture. He mentions that large orders for war-related materials from the US during the Vietnam War boosted exports and the economies of both Japan and South Korea. He also attributes the rapid expansion of NIEs' exports partly to the IMF system.

Amidst the background of an advanced Japanese economy able to contribute to the development of its less developed Asian neighbors, Japan's losses are recounted: the bankruptcies of head companies in Japan (e.g., Daido Concrete) as the Asian crisis depressed their ASEAN markets, the hollowing-out of Japan's domestic electronic and automotive industries as they branched into Southeast Asia, anecdotes of bad experiences of Japanese companies operating overseas (e.g., Japanese hotel construction companies in Indonesia, Asahi Glass in India, Nihon Seiko (Steel Works) and Kawasaki Seiko in China), and even the problem of poor education received overseas by children of Japanese expatriates.

Several of the claims and hypotheses raised by Kobayashi in the book are valid and should warrant a consideration. However, the book, in trying to impart to the readers much information and data, fails to develop central and coherent themes as well as to provide more solid and convincing support for the hypotheses it puts forward.—**ROSALINA PALANCA-TAN**, *DEPARTMENT OF ECONOMICS, ATENEO DE MANILA UNIVERSITY*.

## NOTE

1. These four are economic backwardness advantage, Confucian tradition, export expansion through foreign exchange control strategy and the fourth industrial wave theory.