

JONATHAN FENBY

## Tending Their Plots

How Asia Works: Success and Failure in the World's Most Dynamic Region

By Joe Studwell

(Profile 322pp £14.99)

East Asia's growth has been one of the major global stories of our times, starting with Japan and then led by China, which has become the world's second biggest economy and is set to overtake the United States later this decade. Although Japan became caught in its 'lost' decade and the People's Republic is currently facing a slow-down in its breakneck expansion (albeit only to a growth rate of 7.8 per cent for 2012), the region is the main hope of making up for the impact of recessionary Europe and a relatively sluggish US. It is busy reshaping itself.

All its three main countries have installed new leaders since December 2012 and all are trying to institute change to build on a major record of success since the 1960s. In Japan, Prime Minister Shinzō Abe, who won a healthy majority in the upper-house elections on 21 July, is pursuing reflationary 'Abenomics' to try to pump life into the world's third largest economy. In South Korea, President Park Geun-hye wants to 'democratise' the economy to encourage smaller firms and reduce the clout of the mighty chaebol conglomerates. In China, the new government of Li Keqiang talks of reform and a 'self-imposed revolution' to give the country's economy a longer-term strategy, albeit at a lower growth trajectory.

These countries lie in the north of the region. The states to their south generally present a much less impressive picture, though some have had their moment in the sun. Starting with the crisis in Thailand in 1997, they were caught out by irresponsible, debt-fuelled economic policies that blew up in their faces and led to drastic tightening which halted growth, drove up unemployment and, in the case of Indonesia, brought down the Suharto dictatorship. East Asia's leading countries in the 21st century have been from the north, not the south, and the causes of this are the subject of Joe Studwell's new book. Already well established as a thought-provoking analyst and reporter on the region, he probes the reasons for the dichotomy and comes up

with some sobering corrections to conventional wisdom about the causes of growth in developing countries.

It all starts with land. Studwell identifies a three-fold process that begins with what he calls 'large-scale gardening' – that is agriculture on relatively small plots produced by land reform rather than huge farms and the plantations that characterise South-east Asia. Marxists and free-marketeters are both mistaken, Studwell insists, in worshipping size when it comes to agriculture. Big is not beautiful in a developing economy with abundant labour, even if the return on each unit of labour is low.

The model lay in Meiji Japan, where the 19th-century rulers broke up feudal estates, issued more than a million land-ownership certificates to farmers in the space of three years, incentivised investment in agriculture, and improved markets for farm products, getting a return for the state in the form of increased tax revenues. A similar process can be seen elsewhere in East Asia, including Taiwan, where, at the behest of the US, the Nationalists implemented land reforms they had not carried out on the mainland. In the People's Republic, Deng Xiaoping began his economic revolution at the end of the 1970s by disbanding the mammoth collective farms of the Mao era and encouraging small family plots from which farmers could trade their produce for cash under the 'household contract responsibility system'.

Such 'gardening', albeit on a scale rather larger than the average allotment, is the essential prerequisite for the next stage of development, where, breaking with the conventional anti-statist argument, Studwell identifies the main role of governments in directing the technological upgrade of manufacturing to ends chosen by officials. This has to be backed by a solid financial structure ready to give up short-term benefits for longer-term expansion, but which will act ruthlessly in allowing early entrants into an industry to fail as competitive and export pressures come to bear and will not pump

money into politically well-connected firms.

His strongly put argument certainly reflects the way Japan and South Korea have risen to become major economic players. As far as China is concerned, as Studwell notes, there are uncertainties. The People's Republic is simply so big and has developed so many interest groups, often with political connections, that it is difficult for the central government in Beijing to oversee a national industrial policy. As for agriculture, I would argue that the 'gardening' model is not working that well on the mainland in the absence of guaranteed land-ownership rights for farmers. The pattern of small holdings held on leases from local governments inhibits investment and modernisation. Hundreds of millions of rural inhabitants work as migrants in cities, leaving villages filled with children and grandparents. Pollution, desertification, poor logistics and urbanisation have eaten into farmland. China has had nine good national harvests in a row; come a spate of sustained bad weather and it may well be forced to give up its policy of grain self-sufficiency and set off a boom in soft commodities.

In the end, Studwell writes, 'it is the quality of governance and policy-making that determines a country's prospects. China will be no exception.' If you belong to the school that believes the last major state on earth ruled by a communist party is run by a uniquely capable meritocracy, you will be optimistic on that score. If you take into account the repeated policy failures or semi-failures obscured by the country's economic rise, you may have reservations. The author of *The China Dream*, a book that laid out the self-deceptions of Western companies about the potential of the mainland market, Studwell is a China realist. His subsequent book, *Asian Godfathers*, probed the tycoons who lord it over much of Southeast Asia to show the extent to which their fortunes and reputations have been built on extreme cronyism.

In *How Asia Works*, he sees the only defence for the problems of Southeast Asia as lying in the nefarious influence of colonialism, but, he adds, this did not make erroneous policies inevitable. 'The heart of the problem', he writes, 'was that elites in south-east Asia were sufficiently co-opted by colonial rulers (before and after independence) that they lost their ability

– or perhaps their desire – to think clearly about national economic development.’

Studwell is very well placed to deliver the central, challenging message of this excellent book, which sets the realities of East Asian development against the financial nostrums that have held sway in international organisations. Free trade and regulation have their role to play – but only once the basic policies have been got right, with land reform as the fundamental one. This will not be a welcome message for international bodies

with a one-size-fits-all monetarist approach or those who see the free market as an end in itself. But it has wide application beyond Asia, across Africa, the Middle East and Latin America. The northern nations of East Asia have shown how good policies work, and Joe Studwell has performed a service in reminding us of what these policies were – and the dangers of ignoring the fundamentals of development.

To order this book for £11.99, see the *Literary Review Bookshop* on page 53

PATRICK PORTER

## The Drones Club

Dirty Wars: The World Is a Battlefield

By Jeremy Scahill

(Serpent's Tail 642pp £15.99)

Jeremy Scahill's *Dirty Wars* is a great read. It asks how a policy of assassination relates to the way America is governed and the way it interacts with the world. At its best, the book asks vital questions about the scope and parameters of America's use of force. It probes the largely unchecked programme of extrajudicial killings that Barack Obama has embraced. Scahill indicts the dark geopolitics of Washington (shared by members of both parties), with which America, through its imperial president, wages an ever-expanding war. *Dirty Wars* is an in-depth study of the US's war against Islamists before and since 9/11, of Washington's remapping of the whole world as its battlefield and of the assassination programme carried out by an arsenal of drones, special forces and mercenaries. Alas, *Dirty Wars* is also a mixed bag of a book. Too often it degenerates into unbalanced polemic. At critical points in the story, Scahill misses opportunities to deliver a serious analysis of the superpower's use of force.

In a London newspaper in 1996, Osama bin Laden declared war on the 'Americans Occupying the Land of the Two Holy Places', urging Muslims to rise up against their enemy and 'slay the idolaters where ever you find them, and take them captives and besiege them and lie in wait for them in every ambush'. Since al-Qaeda's assaults reached their zenith five years later, Washington has

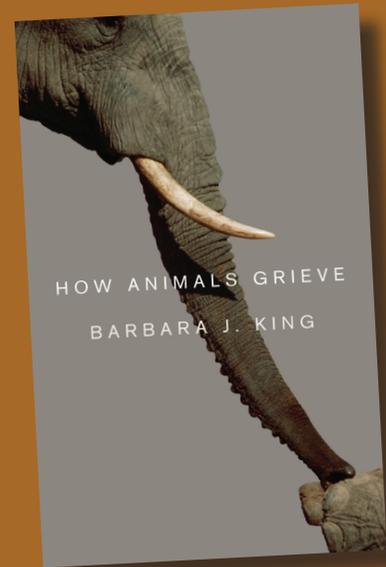
waged its own global war in several ways.

While the Clinton administration had tried occasional missile strikes and extraordinary renditions, with mixed results, the administration of George W Bush embarked upon an ambitious series of expeditionary wars to remake Central Asia and the Middle East, which were long, bloody, costly and are still of uncertain outcome. And Obama, who catches much of Scahill's fire, escalated the conflict in Afghanistan, quietly withdrew from Iraq and ramped up a far more intensive combination of intelligence, drone strikes and special operations. Obama has switched from high-profile, manpower-intensive wars that dominate the front pages to covert and secretive attacks from Yemen to Pakistan that Scahill, to his credit, has personally investigated. Obama's 'drone wars' have dramatically thinned the ranks of talented jihadists. Yet, as Scahill shows, the strikes also produce blowback, killing innocents; raining down violence at will from the skies lends credence to Islamist propaganda that, in the words of a former US ambassador, America is a 'distant, high-tech, amoral purveyor of death'. That is not exactly what the Founding Fathers had in mind for the republic.

But what are the trade-offs involved in competing options for counterterrorism? And what are the alternatives to drones? We can agree that the US has become too

"A beautifully written book that will appeal to animal lovers."

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