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## Reviews

David Greenaway and Chris Milner. **Trade and Industrial Policy in Developing Countries: A Manual of Policy Appraisal**. Ann Arbor: University of Michigan Press, 1993. Pp. xviii + 265. \$49.50 (cloth).

Wontack Hong. **Trade and Growth: A Korean Perspective**. Seoul: Kudara International, 1994. Pp. ix + 526. \$40.00 (cloth).

Lawrence H. Officer  
*University of Illinois at Chicago*

These books are similar only in their orientation to trade and development. Hong's concern is export-orientation strategy; Greenaway and Milner consider export promotion and import substitution of equal interest. Hong deals with Korea's experience as the empirical focal point; Greenaway and Milner select a variety of countries for examination, but never for their own sake and only as case studies. Hong's volume is almost entirely a collection of previously published work; Greenaway and Milner present an original study. Hong's book is non-uniform in the sense that it contains chapters that use a variety of techniques and make presentations at a variety of levels; Greenaway and Milner produced a volume in which the chapters are consistently uniform in these respects.

The Hong work consists of 23 chapters, of which all except two (the introduction and a conference paper) have been previously published, nine as contributions to books edited by others. Apart from the introduction, the parts of the book are "Export-Oriented Growth" (devoted to Korean history), "Trade Theories and the Real World Trade Patterns" (contributions to pure theory and empirical application), "Market Distortions and Trade" (theoretical papers and empirical studies of Korea), "Comparative Country Studies" (mainly, but not exclusively, the four Asian newly industrializing countries [NICs]), and "Trade Policies and Trade System" (again, the Korean situation as the focus or case study).

Hong's volume suffers from the fact that the papers are presented

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just as they were originally published, apart from pagination and uniformity in format. The chapters are not integrated; there is neither a true introduction nor a concluding chapter to weave the papers together. There is no rethinking of Hong's views (except insofar as the papers naturally developed over time). There is not even a common bibliography. The only substantive concession to the volume is the arrangement of the papers into the various parts. The arrangement does make sense, except that the chapter on the skill intensity of trade—an application of the hypothesis that labor skill levels are the crucial factors of production—belongs better in the part devoted to trade theory rather than market distortions.

Hong notes that, "within a quarter century, Korea transformed itself from a typical backward economy into one of the so-called NICs" (p. 27). It did this primarily by opting for export orientation rather than import substitution as a growth strategy. Export promotion was actively fostered by the Korean government in ways that promoted big business. There is not a free market. "Korea has maintained a kind of 'bounded market economy,' in which the allocation of resources is heavily dictated by the government intervention and manipulation of market mechanism" (p. 45). Who gained? Primarily, "the chosen few, who turned out to be the existing group of influential big entrepreneurs" (p. 68). They enjoyed access to low-cost capital and other favoritism. Workers also gained, at least in comparison to the pre-1960s economy, for real wages increased substantially and employment was higher than otherwise. Who lost? "The unprivileged small entrepreneurs" and households as a class lost. Also, the economy suffered to the extent that exportables were overproduced and the market mechanism and allocative efficiency of the economy were adversely affected.

Yet, despite this sectoral loss, overall the economy gained, because the policy mistakes were in the direction of overencouragement of exports rather than of import substitutes. The advantages of export promotion over import substitution are well stated by Hong: full advantage of scale economies, exposure to the force of competition in international markets, visible costs of government intervention, enhanced foreign-exchange earnings, and so on.

Hong's volume, as a collection of his papers over time, shows him to be a truly versatile economist, proficient in pure theory analysis, empirical application of pure theory, economic growth in both theory and application, and trade policy. Economists, historians, and policy makers concerned with the transition of Korea from undeveloped to NIC status would do well to consult Hong's book.

Less can be said about the Greenaway and Milner volume. It presents techniques to appraise trade policy. There are five parts: "Trade and Development" (survey of protection policy by type, prev-