Economic Development in Asian Perspective, by Shigeru Ishikawa
Published by Kinokuniya Shoten, Tokyo, Japan, 1967, 488 pp., ¥2,800.

Professor Ishikawa has performed a masterly analysis of the Asian economies, and this he has presented in his latest book, in which he derives some general theorems for Asian development. The reader may know Professor Ishikawa's earlier fundamental work: National Income and Capital Formation in Mainland China. The reader may judge from that book, that Ishikawa will not spare any details in the pursuit of estimates and their reliability. With that assurance in mind, the reader should treat the present volume as a fundamental treatise on Asian economies.

The approach Professor Ishikawa takes is that of a purist. He looks at initial conditions and terminal targets, and then suggests the deviations, from the optimal path of growth, of different countries. Ishikawa does recognise the existence of a universal mechanism of economic development but this he says is modified by specific initial conditions of different countries. Very rightly he says:

"While these initial conditions are commonly based upon contemporary ideas of international and social justice, these ideas seem to be especially deep rooted in the developing countries of Asia, since most of them are ex-colonial countries. And these ideas seem to have been making the introduction of planning methods and even socialist systems for economic development relatively easier." (page 27–28)

He lists six initial conditions of undevelopment [compare with nine initial conditions of Simon Kuznets (1954)]. These are limitations due to (1) per-capita income, (2) Population and Labor Force, (3) Productivity in peasant agriculture, (4) Industrial technologies and techniques, (5) Foreign trade restrictions, (6) Institutional changes. He points out that though these initial conditions in broad titles may also characterize Western countries in the 18th and 19th centuries, in detail however they are quite different. For instance, the population rise during the nineteenth century came after a period of sustained rise in per capita product. But in the developing countries of today, the rise in population growth rate has almost preceded sustained rise in per capita product.

After a systematic discussion of the initial conditions in Asian perspective, Ishikawa turns his attention to the basic growth paths in agriculture and industry. In agriculture he notes after a cross-country comparison, that agricultural strategy is best arranged in the following two stages: First, emphasis on water control and irrigation. Second, improved farming, in techniques, seeds, and in fertilizer application. Pages 131–149 are worth special attention in this regard. Ishikawa shows that the difference between major and minor projects in the first stage is dependent on two factors: capital lumpiness and the constancy of the discount rate. He argues for a high rate of interest in the initial phases of development, and a lower rate in the later phases because of capital availability. Thus then the choice will be favourable to minor projects, at least in the initial phases. This particular argument is somewhat open to question if the benefit function allows for external economies.

In the chapter on industrial development, Professor Ishikawa goes into great detail on the choice of techniques and size structure. This and the chapter on inter-sectoral resource flow are recommended to the reader for systematic reading because of the pains the author has obviously taken, and the scholarship embodied in it.

Word or two in conclusion may now be said. Professor Ishikawa is sympathetic but appears to be pessimistic about India. Recent harvests in India however give a different impression about the productive capabilities of the Indian peasant. Therefore
April 1969

the reader should make up his mind on this point after some more data is made available to him in the coming years.

The book is brought out in excellent easy-to-read print. There are almost no printing errors [excepting for trivial ones such as on page 110, Note 1, which should read Hsien Tai (現代) not Ch'in Tai]. The book also delivers, very correctly, the Message: Asian perspectives are best understood by Asians—the reviewer fully agrees.

(Subramanian Swamy)