

Books

The Overseas Chinese in ASEAN: Business Strategies and Management. BY VICTOR LIMLINGAN. Manila: De La Salle University Press, 1986. Second printing, 1994.

It is perhaps rather unfair to critically evaluate a book with the benefit of as much hindsight as is available to me. Nevertheless, despite the passage of time, Limlingan's Harvard Business School doctoral thesis is probably still the single best work on the subject of ethnic Chinese business in Southeast Asia. Originally published by the Vita Development Corporation in 1986, presumably right after the author had finished his dissertation, the book was difficult to get hold of until De La Salle University Press came out with the reprint in 1994.

Limlingan seeks to explain ethnic Chinese business success in the ASEAN four, namely Malaysia, Indonesia, Thailand, and the Philippines. Interestingly enough, he gives least attention to his own country, perhaps because of the economic stagnation of the later Marcos years when he was doing his research.

Limlingan rejects various other explanations of Chinese business success, though he is not very convincing at times because he caricatures them. Instead, he advances his own explanations for this phenomenon. While I agree with his characterization of some suppos-

edly Chinese business strategies, a more historically, politically and institutionally informed analysis would not only better explain why such strategies have evolved but also the many variations to be found.

Perhaps, most importantly, his approach tends to be somewhat essentialist, though he does not lapse into the cultural essentialism advanced by Gordon Redding's post-Weberian *The Spirit of Chinese Capitalism* that has been so popular in academic and other circles in recent times. For such essentialism to be convincing, one has to demonstrate that such strategies are deployed in various different circumstances that ethnic Chinese business entrepreneurs find themselves in. As it is, there is increasing evidence of considerable variety in ethnic Chinese business practices in relatively similar circumstances.

This is not to deny that there are certain similarities in ethnic Chinese business behavior and that cultural resources ("social capital") may well be drawn upon and deployed to business ends. But to recognize such contingency requires rejection of ethnic essentialism in favor of a much more nuanced, historically, institutionally and culturally informed analysis. Much of Limlingan's material actually lends itself to such analysis, and those of us interested in the subject should all be grateful to him for his pioneering comparative work.

Many implications of his work also

need to be drawn out, particularly in the light of contemporary concerns. For example, what is the contemporary relevance of the theory of the progressive national bourgeoisie? What are the requirements of pragmatic economic nationalism for late industrialization in this day and age? What are the implications of the inferior quality of industrial policy in Southeast Asia compared to Northeast Asia? Does the Chinese business idiom provide explanations for the apparent failure of Chinese manufacturing to become very significant in own-brand manufacturing (compared to, say, the Swedes, Japanese and Koreans)? Is this Southeast Asian capitalism ersatz precisely because it is dominated by ethnic Chinese, who have awkward relations with their states and civil societies?

These questions notwithstanding, it is to Victor Limlingan's credit that his work has paved the way for a new generation of researchers intent on the pursuit of these and other pressing questions of our times.

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Choice, Growth & Development:

Emerging and Enduring Issues. BY EMMANUEL S. DE DIOS AND RAUL V. FABELLA (EDS.). Quezon City: University of the Philippines Press, 1996.

The international stature of the contributors of this *Festschrift* – Baumol of Princeton, Williamson of Harvard, Mariano of Pennsylvania, Evenson of Yale, Day of Wisconsin, Chipman of Minnesota, Oshima of Hawaii, among others – is itself a reflection of the great esteem with which Jose Encarnacion is held by his colleagues. The essays were written in his honor on

the occasion of his retirement in 1993 from the University of the Philippines; he served the university for forty years, during the last twenty of which he put an indelible stamp on the School of Economics where he was Dean.

Thirteen articles in all have been included, covering a broad spectrum of subjects ranging from economic theory (lexicographic ordering as a basis for choice) to economic history (one hundred years of Philippine foreign trade); from the esoteric (computable-general-equilibrium or CGE modelling) to the practical (conditions for agricultural diversification); from emerging issues (competitive vs. comparative advantage, financial markets and economic growth, technological change and income distribution) to enduring issues (human capital and economic development, entrepreneurship, land reform). But they have one common denominator which is immediately obvious from the topics discussed: their relevance to development policy.

The volume thus constitutes a gold mine for policymakers and economic managers in developing countries, particularly in the Philippines. As in all gold mines, one has to do a little digging – but only a little. The first paper, by Richard Day, which is a highly technical treatment of the lexicographic approach, would be impossible for the mathematically challenged to follow. But even that need not daunt the reader, as will be explained further below. The rest of the essays, although not written with the lay reader in mind (except for the one on competitiveness by H.W. Arndt of the Australian National University, who states that he aims to explain his issue in a way that is intelligible to Australian policymakers like Paul Keating and Paul Kelly), are still

very clearly written. Readers can skip the mathematical portions without losing the trend of thought.

Some of the nuggets that come out of the articles:

John Chipman, discussing empirical methods in computable-general-equilibrium modelling, warns that while it is true that an author who reasons in terms of numerical examples is likely to keep potential real-world applications in the forefront, there is an opposite danger, too: those who come up with numbers, however obtained, are more likely to be believed, if only because they easily intimidate those who are unacquainted with the fine points of their methods. This warning is particularly warranted in the Philippine setting. The most current example is the estimate of a 35 billion peso revenue loss being waved by government representatives if their tax recommendations are not followed.

The Chipman paper would be particularly close to Dean Encarnacion's heart, because Pepe is unhappy with applying general equilibrium to macroeconomics in the first place. Furthermore, Pepe would agree with Chipman that a policy prognosis made before adoption of a policy is not much use unless there is a way to verify its correctness after the policy has been adopted. As Chipman would put it, "When the future is known better than the past, my suspicions are aroused." Another lesson for the policymaker.

William Baumol has the all-too-rare ability of making the most complex issues sound almost trivial – by breaking them down into their simplest components. He also has the rarer ability of being able to bring a fresh (and creative) perspective to what one would have thought to be cut-and-dried issues. And

his essay on entrepreneurship is a formidable combination of these two qualities.

He posits that the innovation that entrepreneurs make as movers and shakers of an economy are only a means to their real goal of wealth, power, and prestige, which their "channeled greed" demands. There are many other means they can adopt to pursue these goals, not all of which contribute to productivity growth of the economy; in some cases they can actually impede it through what he calls destructive entrepreneurship, as exemplified by warlord activities in developing countries. But it is not only the warlord that can impede development. An equally powerful obstacle is Baumol's rent-seeking entrepreneur. The concept of rent-seeking he interprets to cover all socially-accepted and, hence, legitimate activities (the Philippine case may not fit this interpretation: corruption has become all but socially acceptable, but it is not legitimate unless it can be considered to be legitimated by custom) whose objective is to redistribute wealth or income to the benefit of the individual that undertakes it, and who contributes little or nothing to the economy's output in the process.

Baumol does not accept the view that because rent-seeking involves a transfer of wealth, it has a neutral effect on output (one's gain is another's loss). Instead, he calculates the cost of rent-seeking to society in two ways: one is the cost of the source of the redistributed wealth – as when an entrepreneur, through lobbying activities, is granted a monopoly or a quasi monopoly. But the much higher second cost, he says, is the opportunity cost of the resources wasted in the rent-seeking process, not the least of which being the time and

talents of the entrepreneurs themselves that, from the viewpoint of society, might have been devoted far better to productive activities.

Whether an entrepreneur will engage in productive or rent-seeking activities may be influenced by many factors, including religion or tradition. But a key economic influence is the relative payoffs to the different activities. In other words, everything else remaining the same, the entrepreneur will not undertake productive activities if he can get more by rent-seeking.

This is where development policy comes in. While the structure of payoffs may change because of accidental or exogenous developments, it can also be changed by deliberate policy. Thus, if a developing country like the Philippines wants to be a tiger, the lesson is that this might be facilitated by cutting down the rewards to unproductive entrepreneurship.

Although thirteen essays are listed in the table of contents, the introduction of de Dios and Fabella actually constitutes a fourteenth, and arguably the most important contribution to the *Festschrift* – if not from the policymakers' viewpoint, at least from that of the student of economics and from everyone who respects and admires Pepe Encarnacion. It is probably the clearest exposition of lexicographic utility (as compared to real value utility), including its applications, its strengths and its weaknesses, that I have come across. The authors have also clearly (and obviously lovingly – although they would object to that description) detailed Encarnacion's valuable contributions to the development of the theory.

This is not to say that the authors' comments are subjective in nature.

Rather, they give body to Richard Day's tribute to Jose Encarnacion as the person "who has almost single-handedly kept alive this important and relevant topic."

Recognition of the value of lexicographic ordering in economic theory, which Encarnacion has consistently defended and developed, may not come in his lifetime or ours. But it will come. This *Festschrift* is merely the first step.

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Landlords & Capitalists: Class, Family, and State in Philippine Manufacturing. BY TEMARIO C. RIVERA.

Quezon City: University of the Philippines Press and UP-Center for Integrative and Development Studies, 1994.

Temario C. Rivera's book is indeed a contribution to our understanding of the Philippine development experience from the 1950s until 1986. The author enriched the literature on the country's industrialization attempts via the strategy of import substitution (IS) by extending it to both theoretical and empirical fronts.

On the theoretical front, the author provided an explanation for the Philippines' failure of industrialization by using class formation and its effects on the process. He focused on the IS fraction, emphasizing throughout his book that this fraction consisted of three groups of capitalists: landed, non-landed, and Chinese Filipino. He further traced the relation of this fraction, both as ally and as antagonist, to the state and foreign capital, demonstrating how the interactions among them explain why the Philippines' bid for industrialization

failed. Rivera also provided readers with the analytical framework and tools for understanding why the IS industries which emerged were highly oligopolistic and largely oriented towards the domestic market. As a result, these industries had little need to innovate and produce efficiently. Not surprisingly, none of them became significant export industries.

The first chapter is well-written and self-contained, encapsulating the main essence of existing theories of class formation in developing societies. Rivera skilfully reviewed these theories and made them relevant to the Philippine industrialization experience between 1950s and 1986. He was also able to substantiate the commonly observed fact that the Philippines' bid for industrialization defied the predictions of these theories while providing an explanation for why the strategy failed. This point was reiterated in the last chapter:

...neither the 'really revolutionary path' referred to by Marx in the transition from feudalism to capitalism nor the radical severing of linkages between agrarian and industrial elites found in the East Asian NICs characterized the Philippine process. In the colonial context of class formation in the Philippines, the non-revolutionary, second path to capitalist development described by Marx has also failed to develop fully, partly because no strong state exists to direct the transformation of merchant capital into industrial capital.

Rivera convincingly showed how the IS bourgeoisie in the Philippines differed from those predicted by existing theories while also distinguishing this class from its counterparts in other societies. What

one would expect from these theories is a nationalist bourgeoisie class characterized as (a) being productive and progressive or innovative; (b) opposed to foreign monopoly capital; (c) a class separate from and possessing interests in conflict with those of the landed elite, and (d) a class distinct from the bureaucrat capitalists. Instead, Rivera forcefully argued that these characterizations could not be attributed to the IS bourgeoisie which emerged in the Philippines. On the basis of this argument, he proceeded to show how this class, by its very nature, could not be an agent of sustainable development as was clearly borne out by our experience in the 1950s until 1986.

One of the author's main findings is that the landed capitalists dominated the IS bourgeoisie class. This helps explain the contradictions in our development experience. Rivera substantiated this finding with empirical materials in chapters two and three. He carefully and clearly put forth this argument even as he himself noted the gap in the literature wherein "little systematic theorizing and empirical documentation have focused on the fact that the landed families not only diversified into ISI (Import-Substitution Industrialization) manufacturing but also constituted its dominant segment."

The remaining groups of IS bourgeoisie, the non-landed and Chinese Filipino capitalists, were also important in explaining other aspects of our development experience. By way of providing an explanation for the emergence and persistence of "bureaucrat" or "crony" capitalism which intensified during the Marcos administration, Rivera pointed out how the lack of wealth and resources of the non-landed capitalists motivated them to obtain

access to the state's mechanism for rent-seeking and privileges, these being the most important resources for the non-landed capitalist. Quite obviously, access to these resources did not require efficiency in production, thereby contributing to the inefficient nature of the IS industries. This was further aggravated by the fact that legislative and other measures were passed which had the effect of repressing the entrepreneurship of the relatively more efficient group, the Chinese Filipino capitalists. Rivera supported this argument by noting the dynamism of the group after liberalization of the naturalization process in 1975.

In chapter four, Rivera discussed linkages between the IS bourgeoisie and foreign capital, once again highlighting the deviation of the Philippine case from the predictions of existing theories. Having analyzed the nature and interests of the different groups which make up the IS bourgeoisie, Rivera was then able to identify the following patterns of linkages: landed capitalists tended to be linked with foreign capital through joint ventures; non-landed capitalists with foreign loans through their access to government allocation mechanisms and resources; and Chinese Filipino capitalists with licensing and technical assistance arrangements with foreign capitalists, not to mention the use of resident Chinese capital.

The relation between the IS bourgeoisie and the state is reviewed by Rivera in chapter five where he notes that "the state neither enjoyed the autonomy from dominant classes like the oligarchy nor had a bureaucracy with the independence to implement development projects." From this,

readers can understand why the Philippines lacked an effective economic planning agency and was subjected to pervasive graft and corruption. In addition, Rivera provided readers with insights into why the Philippines also failed in its "debt-driven" strategy by arguing that "the key developmental issue raised by the use of foreign financial resources – loans, aid, or direct investment" depended on the "presence of an 'insulated developmentalist state' that could provide both effective support and sanctions to its key private economic players."

Finally, Rivera concludes by suggesting that the state, in addition to undertaking bureaucratic and institutional reforms, "construct[s] and nurture[s] the 'growth coalition' that will underpin a strategy for sustainable industrial growth and development." However, upon noting that none of the existing strategies for industrialization worked for the Philippine case, Rivera is left with the difficult task of specifying how such a coalition can be formed. The appeal and viability of such a proposition must be made more transparent in order to create support for it. A consensus must be formed which will require that people be convinced of the importance of their participation in the development process.

Nonetheless, the book is certainly a significant contribution to the existing data base on the individuals, families, and enterprises which compose the IS fraction. Temario Rivera has rendered readers and scholars a great service for having undertaken the difficult task of painstakingly collecting, organizing, and making available these invaluable empirical materials.

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Algebra of the Weaving Patterns, Music and Kinship System of the Kankana-ey. BY TEOFILA RAPANUT, et al. Quezon City: DECS-CIDS-ERP-BNFE and UP Baguio, 1996.

This book is a breakthrough: it utilizes indigenous art and social relations as instructional material for mathematics, specifically algebra. It asserts and shows the previously “unknown” (because undiscovered) richness of our ethnic and indigenous culture.

There are mathematical patterns in our ancient weaving. That is visual. They are there too in our gong music. That is aural. Finally, they exist also in our kinship terms. That is linguistic, and therefore abstract. This research by UP Baguio math teachers on those three cultural domains of the Kankana-ey (research focus is on those who live in the Mountain Province) validates in effect the very high level achieved by one of our oldest ethno-linguistic groups.

While there have been foreign precedents in this new and exciting field of ethnomathematics, this is the first time that our weaves, gong music and kinship system (which is distinctly bilateral and unlike other systems abroad) have received scientific scrutiny. This is the first time, too, that such indigenous material is treated with mathematical precision and deemed worthy of use in the classroom as both basis and means of instructing students about mathematical concepts.

How was this achieved? First, the weaving, gong music and kinship patterns were identified. For instance, what are the designs on the woven cloth?

What are the minimum units? When these questions have been answered then the search for the common characteristics of these elements follows. In that way is a set defined.

For music, the musical elements used as an ensemble in, say, a wedding are listed. Then this question is answered: What is the basic rhythm of each instrument? So with weave patterns, so with musical patterns.

For kinship, the question is: Who are related/kindred? There are two kinds of such relations – by descent and by affinity. The research covers both. So with weave patterns, so with musical patterns, so with kinship relations.

After a set has been defined, one can then proceed to treat these data of sets for binary operation and come out with their associative, identity, inverse and commutative properties. You then have an algebraic structure which can, depending upon its properties, be a monoid group or an abelian group.

This is ethnomathematics – using or treating ethno-cultural data as mathematical data. It makes for easier learning because the “objects” referred to are culturally familiar to the student. At the same time, it infuses pride to the culture bearer – that he has a tradition which is scientific. Or, put in another manner, that his culture can withstand scientific scrutiny.

The publication of more books of this nature should not only be encouraged by the Department of Education, Culture and Sports and UP but by all colleges and universities. This is one way of achieving cultural triumph.

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