

in which elite awareness of security threats mediated decisions around the creation (or destruction) of institutional capacities is a task for a different study.

What the *The Political Economy of Automotive Industrialization in East Asia* does deliver is a major contribution to the political economy of institutions that addresses live policy debates over the need for industry policy and the conditions for its success. Its innovative analysis of institutional ecologies and their fit as mapped against the tasks of different developmental strategies in a specific sector will have enduring relevance for scholarship on institutions and development. The clarity and cogency of the argument should also help catalyze studies that explore the argument—and theoretically adjacent uncertainties—in other sectors and other contexts.

## Reference

Doner, Richard F., Gregory W. Noble, and John Ravenhill. 2021. *The Political Economy of Automotive Industrialization in East Asia*. New York: Oxford University Press.

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For scholars and practitioners of development, the perennial questions are the “to what extent, with what, and why” of state capacity. In their recent book, *The Political Economy of Automotive Industrialization in East Asia*, Richard F. Doner, Gregory W. Noble, and John Ravenhill (2021) examine industrial upgrading in automotive sectors in seven Asian countries to answer these important questions. To understand the extent and scope of automotive industrialization, they distinguish between extensive versus intensive growth. The former represents assembly efforts coordinated largely by foreign direct investment (FDI). In contrast, intensive growth is measured by indigenous capacity to design whole vehicles and produce value-added components and parts. The authors contend that an interplay of constrained natural resource endowments, external threats, and domestic political pressures explains cross-national variation in institutional strength for industrial diffusion and learning.

DNR find that Thailand, Indonesia, Malaysia, and the Philippines have pursued extensive growth with relative success without attaining intensive growth. The knowledge and technological requirements for the assembly of completely knocked down kits (in partnership with foreign investors and foreign automakers) are high, but not nearly as high as those for design. In contrast, China, South Korea, and Taiwan are strong performers in intensive growth. China assembles domestically branded cars and component parts for export. In 2019 China ranked third in volume of components exports, followed by Korea at number six. Taiwan placed twenty-

second, behind Thailand at 13. Korea ranked eighth, followed by China at number nine in the production of passenger cars. Thailand (18) and Indonesia (22) produced more cars together domestically than Taiwan (30). But Taiwan's competitive advantage lies in value-added automotive components and parts, an indicator of intensive growth.

By these measures, China outperforms all of its Asian neighbors except Korea in an integrated auto industry. A closer look reveals that China's intensive growth, similar to Taiwan's, varies by assembly versus components and parts. What are the cross-national and within country differences in industrial capacity that may not be fully captured by the ordinal and binary differentiation between intensive versus extensive growth? Importantly, in the context of external and internal pressures, what factors motivate the state's choices of sectors and subsectors to mobilize limited state capacity and resources, and the types of institutions that emerge to tackle distinct technological challenges? To answer these questions, I introduce a unified theoretical framework (in Hsueh 2022) that identifies the multidimensional impacts of sectors.

The Strategic Value Framework reconceptualizes existing developmental state and liberal models of development and advances extant scholarship by identifying objective and intersubjective factors at play at the sectoral level of analysis. To begin with, extending Doner, Ritchie, and Slater (2005), Stubbs (1999), and other scholars, and building on Hsueh (2011), Hsueh (2022) contends that how state elites perceive the *strategic value of sectors* in response to economic and political pressures shapes the state goals and methods driving the mobilization of limited state capacity and resources. Beyond that, *sectoral structures and organization of institutions* determine the details of the actual methods employed. Drawing from such scholars as Kitschelt (1991) and Shafer (1994), I conceptualize a sector's technological complexity as varying by not just degree but also type (e.g., complex interactive versus linear technology; low versus high asset specificity; and local versus global learning). Political interests and power asymmetries as a function of the existing organization of institutions at the sector level further constrain the methods of the state (Campbell and Lindberg 1990; Hollingsworth, Schmitter, and Streeck 1994).

The Strategic Value Framework identifies ideational, structural, and institutional dimensions of sectors and the extent and scope of the role of the state in development in the context of global economic integration. Contrary to conventional wisdom that China has pursued a similar model of development as the East Asian developmental state, Hsueh (2011) demonstrates that China has departed from the globalization and industrialization strategies pursued by South Korea and Taiwan. External security threats, internal state-society relations, and ready markets in the allied west during the Cold War influenced the then-autocratic regimes of East Asia to invest initially in import substitution policies and then later export-oriented industrialization by restricting FDI (Haggard and Cheng 1987; Haggard 1990).

The Chinese state, in contrast, during the waning days of the Cold War and integrating into the global economy at the height of neoliberalism, has courted FDI eager to tap into Chinese markets with deliberately calibrated rules on market entry, business scope, investment level, and property rights arrangements, which varied by sector. In parallel, in the decades following the 1978 Open Door policy, the Chinese government has introduced market competition and decentralized to local authorities

economic decision-making in industries not directly connected to national security imperatives but important for regional development. In the decentralized context of non-strategic sectors, joint ventures between provisional and municipal governments, private entrepreneurs, and foreign automakers have enabled state sponsored Chinese automakers to master the assembly and design of whole vehicles (Hsueh 2011).

Structured comparative sectoral analysis further reveals that China has attained less indigenous capacity in value-added automotive components and parts marked by complex interactive technology and local learning sustainable primarily via a public research and development (R&D) infrastructure. Such institutions are less well developed in the decentralized sectors of the Chinese economy perceived less strategic by the central state due to their lower contribution to the national technology base and application for national security. Conversely, in the dual-use sectors perceived strategic for the country's authoritarian legitimacy and rule, such as telecommunications services and manufacturing, centralized state planning and R&D, in addition to the intentional utilization of FDI and public-private partnerships, are the institutional foundations of indigenous development in China. Thus are the centralized market coordination and state-owned and state-sponsored companies dominant in next generation (5G) network technologies and Internet commerce and other platform industries.

Examining the multidimensional impacts of sectors through historical process tracing from sectoral origins and comparing variation across countries and sectors within them, Hsueh (2022) uncovers the ways in which dominant sectoral patterns of market governance in India and Russia vary fundamentally from China. The emergent *national configurations of sectoral models* of globalization and development challenge dominant perspectives today on the impacts of open economy politics and subnational geography. Rather, extending DNR's seminal scholarship, the Strategic Value Framework identifies objective and intersubjective dimensions of sectors and demonstrates the mechanisms which connect the intersecting relationship between state goals and methods and national and intracountry sectoral variation in development. Findings suggest these are the institutional foundations of capitalism in the contemporary politics of the Global South.

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Richard Doner, Gregory Noble, and John Ravenhill's *The Political Economy of Automotive Industrialization in East Asia* is welcome news for researchers of development studies and especially in East Asia. There has always been a suspicion that the East Asian cases of rapid economic development in the twentieth century were exceptions— anomalies of late-late industrialization that had limited utility for theory-building or policy recommendations to other late-late-late developing countries. This book makes important contributions by analyzing seven countries in East Asia with varying political and economic contexts of economic development both at the national and international/global levels. Drawing on the domestic literature on each country, the authors focus on the automobile industry, which has critical importance for both backward- and forward-linkages in the era of Third Industrial Revolution. In doing so they provide a rich comparative analysis of institutions and the relevant politics, thus approximating a true causal analysis.

In particular, this book has helped to bring institutions back into the analysis of economic development, with a major refinement in thinking about auto-industry development as "intensive" vs. "extensive" in nature. The book advances the developmental state literature by focusing not only on state institutions, but also on private associations/institutions as well as public-private institutional networks and coordination across firms, including in the development of skills. The book also brings politics back into the analysis, including existential security threats that enabled political leaders to pursue intensive development of the auto industry.

The limitations come when we take the studies and extend them to policy recommendations for these countries, and most importantly, for other countries aspiring to develop their own automobile industry or other sectors critical in the era of the Fourth Industrial Revolution (digital transformation).

External security threats are a major contributing factor to political leaders' decisions to adopt institutions and policies necessary for "intensive" development of the industry, which has been critical for countries to succeed. Resource scarcity is also