banking system; nor, more generally, does the service economy, which generates 40% or more of the region’s output, receive much treatment. It might have been helpful to involve some of the giants of the study of modern economic history (such as Angus Maddison and Eric Jones) in the volume, to gain analytical and methodological insights from their approaches and to apply them to these sorts of studies. But these are subjective and minor quibbles. There is a limit to how much can be covered in 300 pages. Brown’s writing exudes a sense of great authority and knowledge of the field and, to my taste at least, he has got the balance between fact, theory, and interpretation about right.

Publishing on Southeast Asian economic development has suddenly become extremely hazardous. With the region, Indonesia in particular, in crisis, books written before the crisis that extol the virtues of the region were still appearing at the time this review was written. In this milieu, Brown appears remarkably prescient for, in his concluding paragraph, he notes that “should the late twentieth-century South-East Asian economic transformation falter or fail,” then the scholarly focus on the region, which has been so upbeat for the past quarter century or more, will “once again focus on [the] dark side.” Not many recent authors writing on Southeast Asia have managed to cover themselves this well!

Southeast Asia has for a long time attracted historians, political scientists, economists, anthropologists, demographers, and other social scientists, but somehow economic history missed out. The field is now enjoying something of a revival, especially in The Netherlands and Australia, and several major books are in the pipeline (some 10 alone, sponsored by the Economic History of Southeast Asia Project, based at the Australian National University, are being published by Macmillan). The volume under review can be seen as something of a precursor to this literature, which is in the transition stage from famine to feast. The new work in the pipeline will flesh out much of the detail that could only briefly be referred to in Brown’s book. But as a stand-alone text, this volume will have an enduring value.


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It is a little-known fact that Hangzhou, formerly Hangchow, of China’s Zhejiang province, was once the world’s largest city, with over 1 million people, as early as the twelfth century. Although it did not become China’s most populous city until the 1920s, Shanghai may be resurfacing as a Chinese “global city” at the dawn of the twenty-first century. What
accounts for the rise and fall of large Chinese cities of the past, present, and future? Intrigued by this question, Western scholars in various disciplines have produced a body of work on individual Chinese cities. Much of this literature tends to take a historical perspective on the growth and change in one city. Yusuf and Wu’s book has added a significant new twist to this scholarship by adopting an integrated theoretical and comparative approach. Although the two authors rely heavily on economic geography and growth theory, which is consistent with their training, the book carries interdisciplinary insights into the conditions and correlates of the growth of large Chinese coastal cities during the reform era.

Over the past 2 decades, major cities along China’s eastern seaboard have become both the centers and symbols of rapid economic growth, deep institutional reform, and a rising standard of living in the country. Focusing on economic growth as the outcome, Yusuf and Wu argue that the combination of geography, size, agglomeration, and industrial structure has explained the similarities and differences among Shanghai, Tianjin, and Guangzhou through the early 1990s. In their work, the two authors integrate complementary perspectives from economic geography, growth theory, and the urban life cycle model (chap. 1). Economic geography attaches priority to neighborhood or spillover effects that contribute to the growth of a city if, for example, it has advantageously located industries that have access to a large hinterland market through multiple linkages. Economic geography also emphasizes the main growth benefits of agglomerations such as scale economies and an efficient use of urban infrastructure. Agglomerations, according to growth theory, gain from externalities arising from industrial structure and knowledge diffusion. Also important to the authors’ framework is the urban life cycle perspective on the effects of a city’s age on industrial growth in terms of workforce productivity and land cost.

The authors selected three cases for comparison based on their important similarities such as size, economic importance, and location, as well as differences in industrial structure, reform timing, and scope. While these are sound criteria for case selection, the authors might have placed a stronger emphasis on the sheer economic weight of Shanghai, Tianjin, and Guangzhou in terms of their shares in the national Gross Domestic Product (p. 6). One also wonders what would have happened to the comparative analysis and conclusion if they had chosen an inland city similar in size to Tianjin and Guangzhou. The authors begin the empirical study of the three cities (chap. 2) by placing them in a historical context, suggesting that the inland-oriented imperial government of China left the coastal cities with enough administrative autonomy in order for those cities to develop external commercial, emigration, and shipping ties, which became stronger with the foreign presence in the treaty ports, including Shanghai, Guangzhou (Canton), and Tianjin, after the mid-nineteenth century. While experiencing continued growth and rela-
tive prosperity because of their size and favorable locations, the three cities ran into a negative turn of fortune by the mid-twentieth century. At this time, they were compelled under state socialism to become production centers, instead of consumption centers; to subsidize the interior; and to enrich the national coffers through redistribution, while sacrificing their own growth. This lasted until the late 1970s. Shanghai bore the brunt of this large-scale transfer of coastal economic and human resources to the interior, as it sent as many as 1 million skilled workers and technicians and a significant amount of industrial machinery to inland areas. While Tianjin played a similar role, Guangzhou contributed more limited resources to the rest of China. In addition to the early policies that specifically favored the southeastern coastal region, this uneven fate might have contributed to Guangzhou's faster growth than that of Shanghai and Tianjin in post-Mao China.

In the more in-depth analysis of each city during reform (chaps. 3, 4, and 5), the authors consistently use the assumptions and elements of their framework to account for the general and distinctive conditions and characteristics of the differential growth of Shanghai, Tianjin, and Guangzhou. To illustrate neighborhood effects, the authors present evidence that Shanghai has relocated some production facilities to its hinterland and has facilitated this transition through an improved regional transport network. In sum, Shanghai has been regaining its old glory based on its traditional industrial strength, comprehensive manufacturing base, rich human capital, and strategic location. For Tianjin, the spillover effects originate from its potential as a transport hub and its proximity to Beijing. Location also allowed Tianjin to join Beijing in forming the country's largest pool of skilled labor, which contributed to the development of a high-technology corridor straddling the two cities. Tianjin has also been catching up with coastal cities to its south by drawing from its own brand of industrial tradition, less developed land, and an effective transport system. For Guangzhou, the most salient neighborhood effect has manifested itself in the massive inflow of overseas Chinese investment, especially from Hong Kong. Guangzhou has also benefited from having a smaller and more competitive state-owned industrial sector than Shanghai and Tianjin. Having had a head start in reform and opening, Guangzhou has begun to face considerable competition from a number of large and medium-sized cities in the crowded regional urban system of southern China. It remains to be seen whether Guangzhou, "the Pearl in the Delta" (the authors' metaphor), will continue to shine.

In chapter 6, Yusuf and Wu highlight the similarities and differences among the three cities using comparable indicators, thus bringing their comparative analysis to a logical, expected end. But they go a step further by drawing eight more general lessons about urban growth, with reference to major cities in both industrialized and developing countries. It is noteworthy to highlight some of these lessons in light of Chinese
and non-Chinese cases. Lesson 3 states that a city is vulnerable if its industrial base is narrowly specialized and dominated by a single firm. A case in point is the decline of Germany’s Ruhr region, which arose from its temporal “lock-in” or entrenched overdependence on steel manufacturing. Although none of the three Chinese cities has a dominant industrial firm, Shanghai and Tianjin may have to shift out of their large but weakened textile industry to avoid industrial stagnation. By a similar token, the early and present success with the labor-intensive, export-oriented light consumer industries may not sustain Guangzhou’s economic growth if these industries and the city are trapped in excessive interdependence. Lesson 8 applies to large urban centers in developing countries, such as Bangkok, Bombay, Manila, and so on, that lack strong municipal leadership and development strategies for dealing with poor infrastructure, high transaction costs of doing business, and a deteriorating institutional environment associated with explosive population growth. Even with much slower population growth, the three Chinese cities studied confront similar problems of strained physical infrastructure, increasing temporary immigration, and high entry barriers for new foreign and domestic business firms as a result of continued bureaucratic red tape. A rational and decisive municipal government in a decentralized governance environment is crucial if Chinese cities are to avoid or ameliorate the urban ills that plague the large developing country cities. Scholars interested in comparative urban studies would benefit most from a careful reading of this chapter.

The last chapter identifies four strategies for the three cities’ future. Although looking ahead may be an interesting and useful way to conclude the book, I would look back by returning to the question of what has driven the growth of these Chinese cities. Tight and focused as it may be, the book’s argument appears narrowly mechanical. What is missing, and potentially more significant, is the impact of institutional change and municipal leadership on city growth in post-Mao China.

One way to broaden the book’s analytical framework is to adopt a political economy perspective, which might suggest that growth and change in Chinese cities, especially the coastal cities, is determined by the interaction of decentralization, internationalization, and market dynamics. This model assumes an unfolding causal chain in which administrative and fiscal decentralization provide the initial trigger (e.g., location-specific favorable policy) of city growth, Guangzhou first, Shanghai and Tianjin later, and promote the gradual internationalization (e.g., inflow of foreign investment) of the local economy, which stimulates growth. The coupling of decentralized governance and external linkages thus unleashes and intensifies the spread of market activities and mechanisms, which include privatization initiatives and competitive behavior. Local market transition, being closest to city growth on the causal chain, has begun to exert the most direct and powerful impact on city growth.
Guangzhou's faster growth than that of Shanghai and Tianjin may have more to do with its more advanced market transition than with the initial advantages of favorable policy and the influx of Hong Kong capital, both of which have diminished over time. The key concept underlying and linking decentralization, internationalization, and market transition is local autonomy; it refers to greater independence of local governments to redefine and reprioritize their goals and responsibilities concerning economic development. The central proposition is that as fiscal reform erodes the local revenue base further and competition for foreign capital becomes more fierce, the more autonomous municipal governments will push for more market transition to make their localities competitive relative to others. This scenario will make a city's growth or decline more dependent on local market forces than on resources originating from far away or from external sources.

I wish the authors had included a discussion of how administrative and fiscal decentralization has changed the actions of local governments in response to growing opportunities and constraints resulting from increased local autonomy and closer integration with the global economy. I would also like to have seen some perspectives of these issues as viewed by local government officials, which would have enriched the context around the many skillfully constructed tables of economic indicators.

I am also not quite satisfied with the book's narrow conceptualization of urban growth. I prefer the assessment of local development that includes issues concerning quality of life, provision of urban amenities, and social equity, in addition to industrial growth and economic functions. The various aspects of city development need to be carefully measured, which has become possible in China with the periodic release of city-level statistics. Future research could build on the solid economic and locational analysis of Yusuf and Wu and incorporate a broader set of variables to address the multiple dimensions of city building and rebuilding in post-Mao China. This is an urgent and enticing challenge, as we now have the vantage of looking back over 2 decades of rapid urban transformation to the onset of the twenty-first century.

These minor criticisms aside, I find this book to be a timely contribution to both the rich tradition and recent growth of literature on individual Chinese cities. The book is especially valuable because it ties together three cases with a guiding explanatory framework. In this regard, it is a rare success in contrast to the numerous published works evolving from World Bank-sponsored projects, which, in general, seem to be long on policy prescription and short on theoretical contribution.