

Based on his broad international experience and knowledge, the author concludes that the contemporary development model applied in the Third World by Euro-American experts contradicts the historical experience of their own countries and how they became economically successful. This is similar to the principle of the “free market” and “free trade” models taught in university economics classes across the globe, but never applied in the US, Western Europe, or Japan. And yet they are applied in Haiti, Mexico, and the rest of the Third World, thereby raising the question of the oxymoronic application of the Western economic model throughout the world. For example, no Western country has ever been willing to subject itself to the “free market” but has long protected its own market by tariffs and trade restrictions. However, these principles have been powerfully imposed by the First World countries on the Third World that has had to face “free market disciplines” and has been left with little protection for their market. Their “Third World” status has then been maintained and perpetuated by such international organizations as WB, IMF, WTO, and other institutions that the First World countries helped create and control.

The book is a comprehensive and historical treatise that should be read by all legal experts, economic practitioners, policy-makers, and academic scholars across disciplines specialized in law and development. The author raises an important moral question as to what is meant by the objective of “development and economic growth” and who should benefit from it. The book will serve as a foundational work for all legal scholars and practitioners for many years to come.

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### Capitalist Economic Development

Sung-Hee Jwa, *A General Theory of Economic Development: Towards a Capitalist Manifesto* (Cheltenham, UK: Edward Elgar Publishing, 2017) pp 232. Hardcover: £75.00.  
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The book *A General Theory of Economic Development: Towards a Capitalist Manifesto* is both ambitious and provoking. It sets out to specify the drivers of economic development, challenge mainstream economic theories, consolidate the Eastern and Western developmental experiences, combine economic and political perspectives, better integrate business management and economics for the goal of economic growth, give advice on public policies for sustainable economic development, and identify and solve the causes for economic polarization and growth stagnation. Author Sung-Hee Jwa tackles this hefty agenda with confidence and takes a strong stance on many contentious issues. In the course of developing his general theory of economic development, Jwa is prepared to ruffle some feathers. Some controversial points that stand out are, for example, his criticism of the “failing” welfare state and egalitarian democracy, and his exonerating views on the shortcomings of capitalism and authoritarianism. An important caveat though—the author’s main focus is on how to promote economic development, not on a normative debate on what is ultimately better for

society: development or human rights. Jwa bases his general theory of economic development on the concept of economic discrimination and on the key “institutions” that promote development—the “holy trinity” of markets, corporations, and governments.

For its challenging and broad scope, the book is concise—the substantive part is less than 200 pages. Chapter 1 introduces the topic and strategy of the book and lists 11 myths of economic development that the author will later systematically disprove. Chapter 2 discusses the peculiarities of economic development and lays down the foundation of what Jwa later calls the “holy trinity” of economic development—markets, corporations, and governments. Jwa applies complexity economics—a general application of complexity science to the field of economics, and thus early on breaks away from mainstream economic theories. Chapter 3 is devoted to criticizing mainstream economic theories, in particular:

- neoclassical economics—too central a role given to perfect competition markets with identical players, the complex organizing function of firms is sidelined;
- the Washington Consensus on economic development policies—government industrial policy and the role of corporations are not properly acknowledged;
- the misconception of industrial policy—the conditions for a successful industrial policy and its implementation remain unanswered, despite existing pro and con theories;
- egalitarian economic policy regime—the market-corrective policies such as high taxation on the rich and welfare payments to the poor are not development-friendly; and
- new institutional economics—overemphasis on the importance of private-property rights and economic freedom; however, Jwa approves of this theory’s emphasis on the role of institutions.

The chapter also takes the first steps in developing the framework of the new general theory of economic development.

Chapters 4 and 5 take a look at the specific developmental experiences in the West and the East, viewing them through the same lens (rather than seeing Eastern development as an outlier to the “model” Western development). In the Western-world examples, Jwa first revisits history to analyze the British-led industrial revolution and the subsequent rise of the US, free-riding on Britain’s best model of development.<sup>1</sup> The key aspects of Western development, according to the author, are having prosperous neighbours from whose success to learn, the development-amplifying role of the corporate firm, and governments, inventions, and innovations. However, the modern-day experiences of Western-developed economies paint a gloomier picture. Presumably, the efforts to create a more economically equal society, or balanced growth, have in reality led to growth stagnation and economic polarization.<sup>2</sup> The Eastern development experience is illustrated in the book with the examples of Japan, Korea, and China. All three countries managed to achieve a so-called “condensed”<sup>3</sup> development by free-loading on the Western know-how, having an industrial policy in which the government picked winners in a discriminatory way

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1. Jwa (2017), pp. 64–9.

2. *Ibid.*, pp. 70–71.

3. Jwa refers to the economic development of these Northeast Asian countries as “condensed” because it took only 30–50 years (*ibid.*, p. 74).

—public resources were concentrated on supporting corporations that showed market success.<sup>4</sup> By “helping those who help themselves,” the governments nurtured national champions—the *zaibatsu* (Japan), *chaebols* (Korea), “Rich-Led Nation” (China)—which became internationally competitive companies. The author blames the subsequent decline in growth and the rising income inequality in Japan and Korea on “failing European-style” egalitarian policies.<sup>5</sup>

Chapter 7 lays down the fundamentals of the general theory of economic development that were to a large extent already presented in the criticism of mainstream economics and the analysis of Western and Eastern experiences. Jwa elaborates on the three institutions of the “holy trinity”—the centrepiece of his theory. The market is important for development because of its inherent discriminatory function that weeds out the weak competitors, but on its own it is not enough. It must be complemented and corrected by a government acting in a discretionary way towards economic actors that help themselves.<sup>6</sup> Corporations “organise capital, labour and technology in a complex matter and at a large scale”<sup>7</sup> thus becoming a market expander.<sup>8</sup> Chapter 8 includes an interesting application of the development experiences and the theory to different political economy systems.<sup>9</sup> According to the author, the systems that promote growth most are the development state—politically non-democratic but could be development-friendly if it adopts discriminatory market institutions, and the market democracy—arguably the best order because it maintains political freedom while also supporting growth. It is critical though that the market democracy does not slip into applying egalitarian policies, which most modern democracies tend to do—a fault in the eyes of the author. On the development-unfriendly side of the spectrum, Jwa places the totalitarian state as either economically extractive or extremely egalitarian, and the egalitarian democracy because it is working against market forces. The same chapter also warns against some pitfalls of democracy and the welfare state for economic development. There are several pertinent observations about the shortcomings of both—for example, that the comforts of the welfare state have “demotivated people in terms of their will to help themselves”<sup>10</sup> (referring to the economically weak receiving state assistance) while at the same time “democratically exploiting those who help themselves”<sup>11</sup> (i.e. the people who pay into the welfare system). Jwa takes issue with the existence of labour unions, saying they prevent developed countries from being more flexible and thus losing on international competitiveness. Or, in an example about the weaknesses of democracy, more precisely egalitarian democracy—the variety that most modern-day democracies tend to be, according to Jwa<sup>12</sup>—is that it seeks “equality not only of political rights but also of economic outcomes” which is “incompatible with the market economy.”<sup>13</sup> These misplaced equalization policies, rather than the capitalist economy, globalization, or technical innovation, are to blame for economic polarization and growth stagnation.

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4. *Ibid.*, p. 99.

5. *Ibid.*, pp. 80, 93.

6. *Ibid.*, pp. 99, 104.

7. *Ibid.*, p. 105.

8. *Ibid.*, p. 104. The role of corporations is explained in more detail in Chapter 7.

9. *Ibid.*, pp. 160–5.

10. *Ibid.*, p. 171.

11. *Ibid.*, p. 170.

12. *Ibid.*, p. 163.

13. *Ibid.*, p. 171.

General theories, and general statements, are often reductionist. This is perhaps a natural compromise one has to make in order to rise above the complexity and gain a broader view. The drawback is that the loss of detail could lead to imprecision, or even outright errors in the interpretation. Fact-checking the many claims of the book is not the aim of this review. Rather, it is to bring attention to a book that provokes thought, regardless of whether the reader agrees or disagrees with its ideas.

From the European perspective of this book review's author, these critiques have a familiar ring—stagnation and polarization are major current pain-points in many EU Member States and the EU as a whole. Examples abound: President Macron's unpopular but arguably needed push to reform French labour rules; the UK's Brexit, which was widely influenced by the (perceived) foreigner "freeloaders" who live in the UK and exploit state benefits; even in Germany—the brewing discontent about the generous welfare system is being misused by some (asylum seekers and migrants from poorer EU Member States pointed as the main culprits, naturally). *A General Theory* might not show all angles of the wide debate it engages in, but it speaks frankly about big societal problems and defends clearly its viewpoint on the solutions it proposes.

#### REFERENCE

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#### Islam in China

Matthew S. Erie, *China and Islam: The Prophet, the Party, and Law* (New York/Cambridge University Press, 2016) pp 472. Paperback: \$41.99.

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As an anthropologist-lawyer, Matthew S. Erie, in his book *China and Islam: The Prophet, the Party, and Law*, observes, records, and translates the negotiation and accommodations of three forces—China, Islam, and law. He significantly distinguishes the state law and non-state law by describing ways of how sovereign China has managed Islamic law (*Shari'a*) in organizing chronologically, following the historical arc of Islamic law in China. He brings us through a remarkable ethnographic journey, which provides extensive primary sources based on his fieldwork at Linxia—an important Islamic centre in Gansu Province, also known as “Little Mecca.”

Erie's study brings together for the first time the rich, complicated, and overlapping worlds of Chinese law and Islamic law in Northwest China that moved beyond the stereotypes that often dominate accounts of Islam and China. This book enables us to see these forces in