

1995

## Looking at the Sun: The Rise of the New East Asian Economic and Political System,

F.G. Hoffman

Follow this and additional works at: <https://digital-commons.usnwc.edu/nwc-review>

---

### Recommended Citation

Hoffman, F.G. (1995) "Looking at the Sun: The Rise of the New East Asian Economic and Political System,," *Naval War College Review*: Vol. 48 : No. 3 , Article 19.

Available at: <https://digital-commons.usnwc.edu/nwc-review/vol48/iss3/19>

This Book Review is brought to you for free and open access by the Journals at U.S. Naval War College Digital Commons. It has been accepted for inclusion in Naval War College Review by an authorized editor of U.S. Naval War College Digital Commons. For more information, please contact [repository.inquiries@usnwc.edu](mailto:repository.inquiries@usnwc.edu).

for strategists, but Miskel ignores the even greater nightmare that overseas defense suppliers might become future adversaries. It appears that such scenarios as that are reserved for war games and Tom Clancy novels.

However, this work is valuable for its logical approach to the strategy of preserving a domestic defense industrial base, and for its estimate of the costs. In the near-term political environment, the idea that there is a threat involved in obtaining offshore defense supplies does not stand up to rigorous scrutiny. In an era when hard decisions must be made about the size of the uniformed services, the level of operations, and the pace of weapon development, subsidies to domestic transportation and manufacturing sectors deserve examination. Dollars spent preserving a domestic defense industrial base must necessarily reduce funds available for other purposes. Economic policies that developed from World War II experiences and the threats of the Cold War may not offer the same benefit in our current environment.

JOSEPH B. STARSHAK  
Chicago, Illinois

---

Fallows, James. *Looking at the Sun: The Rise of the New East Asian Economic and Political System*. New York: Pantheon, 1994. \$25

James Fallows's latest book about Japan and the East Asian political economy proves what everyone was told about looking at the sun too long during an eclipse—Fallows's perspective has been blinded by the rising sun of

Japan's economic machine. Despite his temporary loss of sight, he has applied his faltering model to make suggestions for an American economic renewal.

Fallows is the Washington editor of *The Atlantic Monthly* and served as a speechwriter in the Carter White House. He is the author of two books, *National Defense* and *More Like Us*; the former a light attempt at defense reform, while the latter was a cursory overview of the relationship between the United States and Japan. To do research for this work, the author went to Japan in 1986, spending nearly four years there, and traveled in East Asia.

This book's purpose is to demonstrate how the United States uses the wrong economic models to understand Asia's commercial success. The Japanese do not embrace the economic principles of Adam Smith and David Ricardo—the essentially Anglo-American model of global free trade and classical *laissez-faire* economics. Under our model, “fairness” and “playing by the rules of the game” count for something, and a level playing field demands that everyone view the game through the free-trade lens that America and Great Britain have officially espoused.

Fallows argues that the “new” Asian political economy does not follow the same rules because it is not playing the same game. The author postulates that the Japanese are following the writings of Friedrich List, a German who established a different economic system stressing national production bases, with the consumer playing second fiddle. Fallows argues that this system, a hybrid of neo-mercantilism, is Japan's

## 124 Naval War College Review

blueprint for success and that it is this model which the East Asian bloc nations are emulating. This Asian model is consistent with their cultural predispositions to collective effort and is fundamentally different from our own fixed understanding of economic systems and our emphasis on individualism and consumption. Fallows is at his best demonstrating how our inflexibility colors both interpretations about Japan's political economy and our efforts to gain access to the Japanese market, as well as to deal with Japan's role in the global economy.

Fallows's prescriptions are rather simple in comparison to the profound and bleak picture he paints. He strongly recommends that America invest in education programs, particularly our weak secondary educational systems. He favors a general industrial strategy with general incentives for technology investment, rather than the heavy-handed intervention of a strategic trade system. Finally, he concludes that investment levels in the United States must be increased to raise both productivity and innovation.

Much of Fallows's argument would have been better received if his book had been published earlier—say, prior to 1991—before Japan's *baboru keizai* ("bubble economy") burst. At this point, America's economic strength and enduring character began to indicate that Adam Smith may have had it right all along. It is Japan's political and economic system, not the messy but dynamic U.S. market, that seems unable to meet the demands of change and creativity in the face of new challenges. This book makes much of the decline

of Silicon Valley and American dominance in semiconductor chip production in the early 1980s. However, Japan's preeminence in the chip industry has now been overtaken by a resurgent American response. American manufacturers now account for 44 percent of world production compared to Japan's 40 percent, a reversal of the trend of the past decade.

Furthermore, Fallows overlooks the limited applicability of Japan's economic model and its attributes to our culture and form of government. Political reform in Japan has fallen short, and its banking system totters on the brink of failure. Its political corruption and "demosclerosis" restrict opportunities for positive change—to a greater extent than in the United States—and the system remains more responsive to powerful, elitist bureaucrats than to consumers or stockholders. Such a system could never take root in the United States, and economic trends over the past three years suggest that Japan's model is not appropriate for sustained economic growth even in Japan, or Asia at large, much less America.

Despite being outdated by several years of dramatic change in the global economy and of rising interdependence, *Looking at the Sun* is a necessary reminder of the need for real negotiation and true understanding of each nation's political economy. To avoid serious rifts with our major trading partners, and to maintain access to the world's fastest growing markets, we need to deepen our grasp of the Asian economic construct. "There is nothing inherently dangerous in the

new social and economic models being developed in Asia," observes James Fallows, but "there is great danger in failing to see them for what they are." However, as if visually impaired by solar phenomena, the author overlooks the possibility that an even greater danger exists.

F.G. HOFFMAN  
Major, U.S. Marine Corps Reserve  
Fairfax, Virginia

---

Builder, Carl H. *The Icarus Syndrome: The Role of Air Power Theory in the Evolution and Fate of the U.S. Air Force*. New Brunswick, N.J.: Transaction, 1994. 299pp. \$39.95

In late 1990, the Air Command and Staff College (ACSC) at Maxwell Air Force Base, Alabama, asked the RAND Corporation to develop an essay that the college could use to remind incoming students of the obligations of the profession of arms and of their air power heritage. Carl Builder, a senior staff member at RAND, accepted the task. Thus *The Icarus Syndrome* was written. It is an examination of the relation between the air power theory that was first codified at Maxwell in the 1930s and that of which the institutional health of today's U.S. Air Force is the result.

While ACSC's request initially seemed straightforward, Builder soon realized that it reflected a deep-seated malaise. On the basis of "conversations with Air Force people at all levels," he concluded that the youngest service had somehow lost its bearings. Despite its evident success,

the Air Force seemed to be in the throes of an institutional "crisis" of purpose and vision that transcended the fiscal and other problems affecting all of America's services in the post-Cold War era.

How had this institutional crisis arisen? Builder's answer focuses on the theory of strategic air attack that was refined at the Air Corps Tactical School (ACTS) during the 1930s. Essentially the theory argued that air power, properly employed, could decisively defeat an enemy nation through the precision bombardment of "vital links" in the enemy's war economy. It provided air power, in Builder's assessment, an effective, unifying vision for Army Air Force aviators before, during, and immediately after World War II. Before and during the conflict it promised a way to avoid the horrendous human casualties both sides had experienced on the Western Front during the First World War, by directly attacking the heart of the enemy state; by late 1945, with the destructive potential of atomic weapons obvious to all, doubts stemming from the evident indecisiveness of World War II strategic bombing were largely stilled. However, beginning in the late 1950s this air power "vision fractured with the advent of alternative means (missiles and space systems) . . . and with the realization that the atomic bomb was not, after all, a politically usable weapon short of Armageddon." The Air Force's leaders were faced with a choice between their preferred means (the airplane) and embracing alternative means (missiles and space systems) to preserve the purposes of air power theory. By the