Market and Society in Korea: Interest, Institution and the Textile Industry. *By Dennis McNamara.* New York: Routledge, 2002. x + 254 pp. Index, bibliography, tables. Cloth, $90. ISBN 0-415-27481-8.

Reviewed by David C. Kang

Under what conditions does extensive government intervention into the economy not devolve into inefficient rent-seeking? In underinstitutionalized developing economies, how do government and business interact in a manner that promotes economic growth? These are questions that Dennis McNamara explores in his excellent book, *Market and Society in Korea*. McNamara has spent his career exploring the historical sources of economic growth in Korea and Japan, particularly the role of the textile industry. He takes up this topic again in his latest book, which emphasizes how industrial sectors adapt to rapid institutional change.

One of the oldest debates in the field of development is whether state intervention is inevitably deleterious, or whether—in some circumstances—government intervention can benefit economic growth. Many economists see formal, arms-length institutions as the only arrangement that promotes economic growth. However, in some Asian countries, such as Korea, Taiwan, and Japan, governments regularly intervened in the marketplace, and yet these countries achieved rapid industrialization. Although the debate has continued over many decades, we still have little understanding of how the Asian economies managed to become so quickly successful. McNamara's book is a welcome addition to the literature on this subject.

McNamara's goal is to explain the rise of the Korean textile industry and its persistence over the past six decades. Not only have textiles been integral to Korea's economic development, but the industry has also managed to transform itself even as the country changed significantly. How was it able to avoid the trap of inefficient corruption and patronage and overcome the threat to its existence posed by low-cost overseas competitors?

Almost by definition, developing countries have weak financial institutions. Economic growth thus becomes difficult: lacking a formal, established system within which business can operate, long-term investments are riskier, entrepreneurs are more hesitant, and the state may choose to intervene for its own ends, to the detriment of business and the economy as a whole.

Working broadly within the field of the "new institutional economics," McNamara argues that Korea's government-business relationship is best characterized as "syncretic capitalism." Syncretic capitalism is a blend of clientelist ties between the state and the firm, and of corporatist ties between bureaucracies, the firm, and labor, within an established set of formal, legal institutions. McNamara argues that syncretic capitalism created a framework of relationships between the state and the *chaebol* (Korea's conglomerates) that allowed for trust and constrained corruption, yet was also flexible enough to adapt as the country grew over six decades. More importantly, McNamara also argues that these informal patterns allowed the state and the business sector to interact while simultaneously limiting the ability of any single channel of influence to become dominant. As McNamara writes, "[M]ultiple paths of interest contention address not only market imperfections such as the imbalance between supply and demand . . . but more specifically the inadequacy of institutions for channeling and regulating ties between bureaucracy and business, state and society, politics and markets" (p. 169).

To support his theoretical argument, McNamara traces the rise and maturation of the textile industry in Korea. A wealth of empirical data support his claim that all three modes of capitalism—clientelism, corporatism, and contractualism—were present in Korea during this time. A chronological survey of Korean textiles from 1945 to 2000 is followed by an examination of the respective roles of capital, the state, and labor. As a picture of the textile industry in Korea, this book is a tour de force. It is detailed, rich in data, yet thoroughly readable. The story never gets lost in the array of details, and the argument unfolds clearly throughout the book.

However, I have two reservations about McNamara's larger claims. First, I wonder whether it is possible to generalize from his argument. Despite the short comparative case studies of Turkey, Thailand, and Japan he presents in the concluding chapter, McNamara rarely asks why Korea was able to develop syncretic capitalism while other nations were not. However, unless we ask why syncretic capitalism led to rapid growth in Korea, we are not much closer to understanding the particularities of Korea's success. Secondly, McNamara's theoretical approach, although supported by rich descriptions, seems to represent an umbrella beneath which contrasting theoretical notions are collected. Until we can unravel the various strands of syncretic capitalism, we will not understand how the factors of corruption, clientelism, corporatism, and contract in Korea fit together, nor will we learn why they emerged or how they managed to coexist without one characteristic becoming dominant. These quibbles aside, *Market and Society in Korea* is an important scholarly work by a major thinker. McNamara should not be faulted for being unable to answer the root questions that have continued to frustrate other scholars in the field. He has written a book that deserves to be read by anyone who is interested in development and political economy, whether in Korea or elsewhere.

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