since VERs create anti-competitive market-sharing arrangements, and have shown a tendency to grow into increasingly restrictive cartels in some cases.

On the other hand, on the issue of free trade areas such as the U.S.-Canada FTA, Bhagwati is consistent in arguing that such arrangements violate the concept of non-discrimination. Yet he fails to acknowledge that preferential trading agreements, as long as they open markets and increase efficiency and welfare for all participants, represent good trade policy. They may also provide the impetus and framework for further multilateral trade liberalization, which is one of the principal reasons that their legitimacy is recognized in Article 24 of the GATT.

On balance, however, Bhagwati has correctly identified the major problems with current trade policy, and his suggested approach in dealing with them provides the only workable way to retain an open trading system. Those whose fortunes depend on a market-driven system of trade and resource allocation take note: a successful protectionist assault on the letter or spirit of GATT rules would leave us all poorer — as individuals, as countries, and as a world community.

KENT JONES
Babson College

Oiva Laaksonen, *Management in China during and after Mao*. Berlin/New York: de Gruyter, 1988. Pp. 378. ISBN 0-89925-25-4.

From the beginning of the Industrial Revolution, succeeding centuries have been connected with special areas or countries where the development has been fastest . . .

- British century 1775—1875
- American century 1875—1975
- Pacific century 1975—

At present Japan is peaking, but there are signs that China may be next.

Thus begins a broad survey of contemporary Chinese management and its historical roots. This book is a product of the work conducted painstakingly by a management scholar in Finland over a 13-year period from 1973 to 1986.

When one speaks about management in a capitalist country, one usually means management in industrial enterprises. However, as the author points out at the beginning of the study, in socialist China the Communist Party, and government and industrial enterprises at different levels form a tightly integrated entity. Thus, the book examines the management of enterprises, government agencies and of the Communist Party. These are the organizations that have undergone great changes since the victory of the Communists over the Nationalists in 1949.

The book is divided into seven chapters. The introductory chapter explains why the study was conducted. Despite several setbacks to date, China has succeeded in raising the standard of living faster than other developing countries, and within a short period of time. China has also been like a huge "management laboratory" where different kinds of management systems have been tested. According to the author, the Chinese experience can, therefore, throw new light on the theories and practices of management.

Chapter 2 provides a general description of China's human resources, geography, economy, education, religion, culture and administration, which may be helpful to understand the environment in which the Chinese managers operate. Taking the view that the management of contemporary China is the heir of earlier generations, Chapter 3 examines the socioeconomic history of China as well as early Chinese thoughts about management, which the author argues have had a great impact upon the nature of China's present management practices. In Chapter 4, readers are offered a summary of the results of earlier developments in China, including an interesting discussion on the nation's traditional values and new ideological power, which formed the basis and starting point for the new administration under the Communist rule in 1949.

Since the turn of this century, China's economic system has changed back and forth, swinging like one giant pendulum: (a) from 1912 to 1949, immediately before the creation of the People's Republic, Chiang Kai-shek's bureaucratic-capitalists dominated the nation's economy; (b) during the economic rehabilitation and socialist reform from 1949 to 1956, the capitalist economy was fast transformed into the social economy under Mao Ze-dong's leadership; (c) the next 8-year period between 1957 and 1965 saw a temporary victory of the so-called "Liu Shao-Chi line" of market-oriented capitalist economy; (d) The Cultural Revolution, which lasted ten years from 1966 to 1976, was a repetition of the 1949 revolution and revived the socialist economy; (e) the "Four Modernizations Program," launched soon after the death of Mao in 1976 and the subsequent establishment of Special Economic Zones in 1980, marked a swingback to the "free-market" capitalist economy under Deng Shao-ping's leadership.

The author meticulously describes and analyzes the changes that China has undergone up until the mid-1980s. In spite of a temporary setback inflicted upon the "free-market" reformists by the Tiananmen Square crackdown in June 1989, there are now signs that China will move toward the system of multi-party cooperation under the Communist Party leadership, that allows a greater participation of "red capitalists" in the management of the national economy and the industrial enterprises.

The modern history of China suggests that the nation's economic and management systems change drastically with the rise and fall of one "strong man." Will the reformists succeed to establish the capitalist economy in China? Or alternatively, will history repeat itself? No one really knows for sure what will happen next. At the beginning of the book, the author states that we are not in the Pacific Century, and he even contends that it may soon be called "the Chinese Century." Though his prophecy may not be realized for some years to come, this study represents an important work on the historical development of China's political, economic and administrative processes, which may offer us some insight to what could happen to China after Deng Shao-ping.

With limited access to foreign scholars, Chinese management is still veiled with myths. And, in fact, this study has raised more questions than answers as exemplified by a long list of suggested studies given at the end. Nevertheless, this book will, no doubt, have a strong appeal to readers who want to gain insights into the contemporary Chinese management of industrial enterprises and its close links to the government and the Communist Party. Perhaps the most significant contribution of this book is the help it provides in unveiling at least some of the myths about China and aiming our future research efforts in productive directions.

K. JOHN FUKUDA
City Polytechnic of Hong Kong

Paul Foley *et al.* (eds.), *Small Business Success.* London: Paul Chapman Publishing, Ltd., 1989. $25.00. ISBN 1—85396—013—6.

Small Business Success is a structured collection of chapters written by the editors and several consultants dealing with small business. While the writers and their specific outlooks, as well as the cases are British, the ideas discussed have a wider application. Indeed, the basic conclusion or summary of the book is as applicable to North American or Continental firms as to British situations. The book is a study in applied management and business strategy with case studies selected to exemplify the basic principles. It was written primarily for practical business persons, not academics.

To properly categorize *Small Business Success,* I would include it in the same group as the excellent management books by Peter Drucker or those by Tom Peters. All of these books have a theoretical framework which is derived from the practical experience of the authors. The theoretical framework is obtained from and explained by the many examples and case studies utilized. This approach makes the reading interesting, the ideas credible, and the advice more likely to be given serious consideration.

In the preface, it is stated that "This book is intended primarily for potential and practicing small business owners and managers." Then, on p. 2, the editors assert that "The book specifically deals with the strategies, characteristics and activities which yield small business success." It is important to caution they do not claim to have found, nor have they found, the "philosophers stone" of small business success. They have identified a set of "five tips" which are characteristic of successful firms and which, if followed, increase the likelihood of success. A brief version of the "five tips" follows.

1. Adopt a clear business plan.