

and challenges faced by small and medium-sized enterprises.

The next four chapters are devoted to credit enhancement and securitization in supporting Asian bond developments. Chapter 4, "Institutional Foundations: Credit Insurers, Asset-backed Securitization Corporations and Asian Bond Funds" focuses on the issue of credit rating in developing Asian bondmarkets. The contributors recommend that credit insurers should be upgraded, securitization promoted, and Asian bond funds encouraged. Literature on regional and domestic insurers and asset-backed securitization corporations are well put together and clearly worth reading.

Chapter 5 "The Structure and Characteristics of East Asian Bondmarkets" contains an assessment of the ABF and the ABC. In the contributor's view, the possibility of the regional bondmarkets should stem from credit enhancements (for sovereign, quasi-sovereign, municipal, and corporate borrowers) and the Asian common currency. Concerns and roadmap of the Asian common currency are, however, not laid out in the chapter.

Chapter 6 "The Role of Securitization and Credit Guarantees" calls attention to six areas of policy action and reform needed to strengthen Asian bondmarkets. These are market infrastructure, legal framework, repurchase markets, derivatives markets, investor bases, and credit culture. In this chapter, readers will gain experience from Chile's pension reform and a local credit rating agency as a good example for Asian bondmarket development.

Chapter 7 "The Asian Bond Bank: A Good Idea for Credit Enhancement" proposes an application of the municipal bond model used in the United States and other Western countries to Asia region. The contributors believe that the Asian bond bank could reduce costs for bond issuers and make Asian bonds more attractive to investors. Literature reviews on the municipal bond banks in the United States and Canada have been well written and thoroughly researched.

In much of this book, the analyses of Asian bond initiatives and bond statistics are analytically

rigorous although repeatedly interpreted and cited in many of the chapters. In short, there has been a lack of coherence by the various contributors. The various proposals on Asian bond development can confuse readers as to what is the best and most comprehensive model for Asian bondmarkets, and whether the usage of the term "Asian" on the book title is deliberately intended to infer beyond the ASEAN+3 grouping of countries.

All in all, this edited volume provides interesting insights into the issues of regional bond markets and contains illuminating chapters that pertain directly to East Asia. It is a useful contribution to the literature on the Asian crisis particularly as a reference for financial market reforms. This book clearly achieves the contributors' intention of providing a useful book to policy-makers in the region. It is also recommended for readers who have a background in Asian financial markets.

This book stands individually as an additional resource. A follow-up forum that reports on the progress of Asian bondmarket development and further policy recommendations is hoped for.

SAKULRAT MONTREEVAT

Institute of Southeast Asian Studies, Singapore

Rural Development and Agricultural Growth in Indonesia, the Philippines and Thailand. Edited by Takamasa Akiyama and Donald F. Larson. Washington, D.C.: World Bank 2004. Pp. 558.

This book provides a comprehensive review of rural development and agricultural growth in Indonesia, the Philippines, and Thailand. Factors that have influenced agricultural development in these countries were identified and discussed. A cross-country analysis was presented using a multidisciplinary approach. The authors compared and explained in reasonable detail how differences in ecology or geography, institution, political structures or regimes, economic policies, rates of protection, and export intensity could have

affected agricultural developments in these three Southeast Asian countries over the last few decades. It is of interest to note that favourable government or political regimes and economic policies that encouraged exports, trade liberalization, structural transformation, cropping diversification, and more value adding in agriculture, have *inter alia*, rendered growth in Thailand to surpass that of Indonesia and the Philippines. This point is well substantiated by the data and empirical evidence presented by various authors in this book. In general, the importance of agriculture in these developing countries is well elaborated. In what follows, instead of providing an overview or summary of its content, I will attempt to present several suggestions that may make the book a little more informative.

First, I concur with the authors that rural development and agricultural growth are important in developing countries still in their relatively early stages of economic growth. This is the case for Indonesia, the Philippines, and Thailand in the 1950s, 1960s, and 1970s. As the economies began to mature, however, value-added activities, manufacturing, and service sectors have become increasingly prominent. Agricultural production has been overtaken by production in the manufacturing and service sectors, as in Thailand. It now constitutes more than 20 per cent of GDP in Thailand. This book consistently claims that agriculture has been a very important production sector. It seems to create an impression, albeit implicitly, that agriculture is more important than other economic sectors. It would be of interest to compare agriculture to other production sectors which also contributed to economic growth in these countries. This is in addition to the issues of food security and poverty reduction, which seem to provide, *prima facie*, a rationale for rural development. Up to now, most of the authors mentioned that agricultural production is important because it provides an impetus for economic development such as poverty reduction. If this is the argument, one may also claim other production sectors to be of importance. The question now is which sector is more important than the other. To what extent does rural

development contribute to GDP growth in these countries?

Second, this book seems to place greater emphasis on the primary production sector (e.g., rice, rubber, sugar, and maize) rather than agriculture-related manufacturing, food processing, marketing, and other services. There have been many different and exciting developments in agriculture over the period under study. For example, agricultural production is very much embedded in manufacturing and services in recent years as a result of growth in value adding and exports. It would be interesting to strive for a broader focus given that primary or commodity production has dwindled in importance in its contribution to GDP over the last two decades.

Third, most of the authors used the World Bank (1993) (*The East Asian Miracle*) to substantiate their arguments that economic growth in these three Southeast Asian countries was spectacular. Is this really true? Some contemporary growth-accounting studies have shown that total factor productivity (TFP) growth in Asia, including Singapore, was very low over the last few decades. Indonesia, the Philippines, and Thailand were no exceptions. Economic growth in these countries was largely attributed to input growth, and economic growth propelled by high factor accumulation in the presence of little TFP growth may not be deemed to be spectacular or miraculous. Admittedly, relatively high levels of TFP were reported for agriculture in these countries, as outlined in this book. But agriculture's contribution to GDP growth has become smaller over the period (falling to as low as 16 per cent in 1997) and it is questionable that high economic growth in these countries can be claimed to be significantly contributed by agricultural development. Also low TFP growth in the non-farm sector coupled with high factor accumulation in all sectors has rendered overall economic growth to be unsustainable simply because input accumulation is subject to diminishing returns. Hence, the ubiquitous use of World Bank Report (1993) as a basis for the claim that East Asian growth was a miracle needs some rethinking.

Fourth, the analysis as a whole was confined in this book to the period before 1997. The references used appear to be outdated though not necessarily obsolete. Nevertheless, it does not appear to be interesting to read a book empirically-based and written more than seven years ago. The book was published in 2004 and I wonder why updates on data, empirical analyses and references were not provided. In recent years, the Asian financial crisis, for instance, has badly affected agricultural development and economic growth in these countries, especially Thailand and Indonesia, but this issue, which is very much related to economic development, has been largely neglected. It is of interest to know the extent to which the rural sector in these countries was affected by the financial crisis. I believe that further updates and analysis are warranted. Other rural developments since the financial crisis could also be identified and discussed.

JAN P. VOON
Lingnan University, Hong Kong

Asia-Pacific Economic Cooperation (APEC): The First Decade. Edited by J. Ruland, E. Manske, and W. Draguhn. London: RoutledgeCurzon, 2002. Pp. 226.

Trade Liberalization and APEC. Edited by J. Okamoto. London: RoutledgeCurzon, 2004. Pp. 271.

These two edited volumes provide both beginner and seasoned APEC scholars and researchers with a rich documentation and analysis of its evolutionary process and progress. Unsurprisingly, thirteen authors and editors in the first volume and another eight more in the second, as eminent regional and international experts in the field, are in consensus about the lack of progress of APEC, the Asian crisis notwithstanding.

Basically, the political economy dimension of economic co-operation ultimately weighs more heavily in all regional and global fora and pacts,

even or more so, in the multilateral GATT/WTO. Economic co-operation may be the intention and primary goal of all architects in designing regional co-operation. But the practical reality cannot dismiss the politics, not even the normative social and cultural dimensions which can be as distracting as posing as possible deal-breaker in extreme circumstances.

The first volume with lead editor Jurgen Ruland, well-versed in European and Asian political economy studies, comprise ten chapters. The first two chapters surveyed the successes and failures of APEC within the group and as a forum in international relations, one chapter more dismal in its assessment than the other which tries to point out some realistic utility and expectations, especially in community-building. The Europeans, for their history and advance to the EU, may still be surprised how the Asia-Pacific as a “region without regionalism” could yet have some value to represent and balance the theory and practice of regional blocs.

The next six chapters take a regional context, two are on APEC’s relationship with regional players, ASEAN and EAEC on one hand, and Latin America on the other, the rest featuring the United States, China, Australasia, and Japan. The new world order, heralded by the 1989/90 collapse of the bipolar Cold War and the merger of Asia and the western rim of the Pacific in APEC, has failed to live up for very familiar reasons ranging from the infamous ASEAN way to the Asian crisis.

The Asian crisis as the turning point for APEC, with a tantalizing allusion whether rebuilding the Asian economies need APEC or a more ASEAN+3 as the “driving engine” may leave APEC proponents in dismay over the possible demise of a truly Asian Pacific sub-engine. In hindsight, the Asian crisis may have been a critical wake-up call both for the heedless speed and quality of “drunk-driving” Asian economies and the resultant version of Asian regionalism, not quite the likes of Western moulds.

The concluding chapter echoes the first that it has been “all talk, no walk” as high politics and security seem to have hijacked the economics of