

economies with serious prospects for demographic family-formation and sustaining family values. The editors missed another opportunity to project from information, data and trends, or at least provide some agendas for future research or conferences.

Chapter 9 for Japan as more demographically challenged in a three-tier pension system finds reregulation for greater worker protection unwelcome by employers. Japan is more homogeneous in demography by choice, hence more uniform socially to implement labour laws and pension regulations in contrast to other more globalized and multi-ethnic Asian labour contexts. As the fastest ageing population in Asia, Japan may seem more idiosyncratic and unique with reform induced by less lifetime employment and more competition. Chapter 9 has lessons for ageing China or Singapore now or later for others which might be noted in an edited volume.

The editors do note the paucity of empirical evidence for the 1980s and 1990s so they draw no unequivocal relationship between growth and labour regulation. With international comparisons not flawless both in data and binding regulations in practice, the editors only conclude that labour is only one, and not even the most important, growth factor. As they valiantly seek country findings for lessons, some common socio-economic denominators might be threaded through Parts II and III. Country cases offer diverse regulatory regimes in open or autarkic economic models with sectoral emphasis like Indian heavy industry and Vietnamese labour-intensive or Indonesian rural sector.

The editors might have drilled more intensely for comparators as overview, and not left chapters as stand-alone country cases. Instead, they seem unable to answer their own questions: more or less regulation, appropriate forms, coverage and instruments, notwithstanding no generic template is possible or even desirable. Authors and editors could be more enlightening for any inter-temporal hindsight to be learnt for these countries over time, on an international scale for others or attempt some prognosis or research gaps to be plugged.

For readers in need of a one-stop Asian volume, they may have a somewhat “updated” package since the 1997/8 Asian crisis. Between one financial crisis and the next, the same questions posed may meet with varying answers according to country context and reforms undertaken. These might have been afforded when boom and prosperity do reward labour. A cursory mention of Korean labour experiences (p. 195) may remind readers that less passive response to commoditization of labour is possible as China fears labour-induced social unrest. With globalization noted in many chapters and recurring Asian financial crises implicating innovative financial weapons of mass destruction, more demanding readers would expect serious editorial efforts to frame chapter contribution in a coherent structure of themes, rather than an almanac of labour regimes described or compared.

While it is easier to describe than analyse for prescriptive policy-making, more is perhaps expected from the volume as a product of the Lee Kuan Yew School of Public Policy. Greater value-added by professional multidisciplines to give the volume a more definitive impact in a subject as important as it is pervasive across Asia is expected. But all is not lost if this volume is seen as a work-in-progress, highlighting what needs to be plugged eventually.

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Indonesia and ASEAN Free Trade Agreement: Nationalist and Regional Integration Strategy.
By Alexander C. Chandra. Lanham, MD: Lexington Books, 2008. Pp. 275.

“One of the dangers during a crisis such as this is that people would start implementing protectionist policies ... I am pleased that the leaders reaffirmed the principles behind open markets and

free trade” said U.S. President George Bush during the G-20 Summit held in Washington, D.C., in the middle of November 2008. The summit aimed to find solutions for the current worsening global crisis. On the other hand, also during the summit, French President Nicolas Sarkozy argued that “laissez-faire capitalism is over”.

The debate between globalization and nationalism (protectionism) is not new. Every time an economic crisis occurs, the debate emerges. During the 1997–98 financial crisis, for example, this debate heightened. What is new is that it occurred in the G-20 Summit, among the leaders of twenty largest economies in the world. Particularly, the current crisis is global in nature, rather than regional like in the previous ones.

The book *Indonesia and ASEAN Free Trade Agreement* does not address the current global crisis. However, it examines the debate between globalization, regionalization, and ethno-nationalism, particularly related to the development in Indonesia after the regional Asian financial crisis in 1997–98.

Alexander C. Chandra, the author of the book, suggested that the world had become both integrated and fragmented at the same time. Global capitalism reminded the leaders of a more internationalized world economy, continuing to widen the search for more profitable ways of production and distribution of goods and services. On the other hand, nationalist economic policies in both developing and developed economies were also active in countering globalization, with the purpose of protecting their own citizens.

Meanwhile, the author argued that regionalism had emerged in response to both the rising trend of globalization and nationalism. Traditionally, nationalism was seen as threatening regionalization and globalization. Nevertheless, the author elaborated that today nationalism was very different from that in the past. Today, nationalism was not necessarily a threat to regionalization and globalization. It could be an important step towards strengthening regionalization and globalization.

He saw regionalism as a mechanism to achieve a new world order, to combat the excess of

globalization and minimize the control and abuse by the state, to obtain a better world order, and to improve the regional structure of governance. He also showed the possible symbiotic relationship between nationalism and regionalism, though there were cases where one benefited more than the others and where no group benefited from the symbiosis. Indeed, this symbiotic relationship was the hypothesis that the author examines in this book — that the two could be mutually reinforcing. Regionalism should not be seen as a replacement of nationalism, but it was a means to protect the citizens of interdependent international communities.

To examine his hypothesis, he carried out a case study on Indonesian nationalism and ASEAN regional integration, with a special focus on the ASEAN Free Trade Agreement (AFTA). Indonesia was chosen because Chandra saw that Indonesia’s development had been shaped with nationalism. ASEAN was selected because of its commitment towards regionalism.

To conduct this study, the author carried out field research in Indonesia from September 2000 to September 2001. He interviewed fifty-two individuals from forty-two institutions to obtain the perception of selected Indonesian state and non-state actors about Indonesia’s involvement in ASEAN. He also interviewed individuals from selected foreign embassies in Jakarta and a few individuals from Surabaya. He talked to persons who were familiar with the subject, their role in policy making, the degree of their representativeness in their institution, and their availability for interview.

From the field work, he categorized the respondents into three groups: the maximalists, minimalists, and convergences. The maximalists strongly supported regionalism and globalization. They supported the government policy in using ASEAN as the main pillar in foreign policy. They perceived that the regional autonomy within Indonesia had hampered the process of regionalization.

The minimalists can be seen as extreme nationalists. They resisted globalization and regionalization. They argued that Indonesia was

still poor, both economically and politically, that Indonesia's interest was often sacrificed for foreign state and international institutions. They did not believe that ASEAN helped economic growth in Indonesia. According to them, the high growth during the pre-crisis was the result of aids from outside ASEAN. They proposed the postponement of AFTA until Indonesia reached the state of autarky.

Those in convergence group straddle between the two groups. They formed the new nationalism. They were pragmatic in Indonesian foreign policy in Southeast Asia. They believed that regionalism helped Indonesia. They believed in the promotion of AFTA, but warned that AFTA might also have negative impacts in Indonesia.

Overall, the author concluded that the majority of respondents fell in the category of convergence. Many government officials had the maximalist view, though personally they might be different.

The author found a shift in attitude among Indonesian state and non-state actors towards regionalism in Southeast Asia — from a traditional nationalistic approach to a more liberal approach on ASEAN regionalism. They no longer perceived that regionalism undermined the Indonesian sovereignty. Rather, they saw that regionalism would benefit Indonesia.

He also examined the factors that caused the shift in attitude. First, the 1997–98 regional crisis had been an eye opener for both Indonesian state and non-state actors on the importance of ASEAN regional economic integration for their own development. Second, even before the regional crisis, there had already been significant moves to create a single regional community in the ASEAN region. Therefore, the regional crisis had played a role of a catalyst in propagating the ideas of Western democracy in some ASEAN countries, particularly Indonesia. The democratization then brought the rapid expansion of civil society movements, particularly in Indonesia. Third, an increasing number of Indonesian state and non-state actors had realized that the future of Indonesian development relied on the strengthening of the existing regionalism.

Regionalism had increased the bargaining power of Southeast Asian countries and regionalism. Therefore, regionalism had raised the confidence of the countries in Southeast Asia, including Indonesia. Moreover, the Indonesian actors also saw the benefit of regionalism in solving their own domestic problems.

Nevertheless, the author also found that there were several issues which might be obstacles to the development of regional integration arrangement in the region. First is that ASEAN as an association was still too elitist, as if it is an exclusive club for regional foreign ministries, if not leaders, of the region. Its decisions may not necessarily indicate those of the majority of the population in Southeast Asia. Second is the fear from outside ASEAN, particularly the West, that strengthening Southeast Asian regionalism may hamper the future of the WTO's multilateralism. Third, the Indonesian actors perceived that the rising ethnonationalism accompanying the regional autonomy policies since 2001 might have raised nationalism in the opposite direction of regionalism.

The author argued that the attitudes of policy-makers towards regional integration arrangement depended on perceived personal cost and benefit occurring from such an arrangement. He also saw that the foreign policy decisions represented the individual interest of members of the government. Furthermore, the exclusive nature of ASEAN had widened that gap between the government and the people. Finally, in terms of security and economy, ASEAN still depended a lot on the United States, Japan, and the European Union.

The author concluded that the major concern of regional integration was the threat of national disintegration within Indonesia. To reduce this threat, the government of Indonesia introduced regional autonomy programmes in 2001, providing the districts (not the provinces) with large decision-making power. (It should be noted here that the author used the term "provincial autonomy". Actually, autonomy was given to the district level, not to the provincial level.) The author's field work showed that the preoccupation of the government at the district level has

distracted the national government efforts in regional (cross-border) integration.

With regard to heterogeneity and the vast expanse of Indonesia, the author might try to examine the integration of economies within Indonesia. Which one should be given priority: economic integration within Indonesia or regional (cross-border) economic integration? Will Indonesian economic and regional inequality widen if regional (cross-border) economic integration is strengthened without strong domestic integration? Or perhaps, can the two strengthen each other? Such a question can be important for the author's future work, particularly during the current global economic crisis.

In short, this book provides valuable lessons in what happened in the past, particularly in Indonesia after the 1997–98 economic crisis. The main objective of the book is to analyse the dynamic relationship between nationalism and regionalism, using the New Regionalism Approach (NRA). The most important distinguishing feature of the book is the attention to domestic issues. The state is not the most important determinant of regionalism. Domestic market actors and civil society are two other important determinants of regionalism. The domestic aspect is very important because it is the people who will be affected by regionalism.

Finally, a question may emerge on whether the attitude of the Indonesian state and non-state actors will return to the traditional nationalist approach and move away from regionalism during the current global economic crisis. The same question can be applied to other countries, including those which have been strong supporters of globalization and regionalization. However, from the case study in this book it is not impossible for the current global crisis to strengthen, rather than weaken, the attitude towards regionalism among Indonesian actors, if Indonesia can strengthen the economic integration within Indonesia.

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Public Expenditures, Growth, and Poverty: Lessons from Developing Countries. Edited by **Shenggen Fan**. Baltimore: The Johns Hopkins University Press, 2008. Pp. 249.

The introductory chapter begins by noting that “More than 1 billion people around the globe still live on less than US\$1 a day as measured in purchasing power parity in 2001. Over the past 20 years, rapid economic growth in East Asia has reduced the *total* number of poor people from 800 million in 1981 to 270 million in 2001. In South Asia, during the same period the total number of poor people declined only marginally, from 480 million to 430 million.” (p. 1). Furthermore, on both economic and moral grounds, currently practised policies and programmes aimed at poverty reduction are not sufficient to reduce human deprivation to more acceptable levels. “It is obvious, therefore, that a ‘business as usual’ approach is wholly inadequate. Instead, a more effective poverty alleviation strategy is urgently required in recognition of the fact that persistent poverty and malnutrition result in irreversible costs to human and economic development.” (p. 1).

Coady and Fan make numerous key points about using public resources as a core to alleviation strategies. They point out that public resources must be used efficiently and “[t]his requires appropriate recognition of the existing administrative and institutional constraints in developing countries and the fact that capacity can be built up only gradually” (p. 9). They argue that more effective ways of delivering public resources must be constructed and this means improving the abilities of community, non-governmental and private entities (supported by the state), and making certain that public projects are operationally and financially feasible and sustainable.

They make the important point that micro resource allocations must be made within a strategy that takes a macro focus. Their point is