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.

ARIS ANANTA
Institute of Southeast Asian Studies, Singapore

DOI: 10.1355/ae26-2k

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 constrains 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 that "[a]lthough government expenditures are allocated to different sectors to achieve specific social or economic development objectives, their impact often goes beyond the targeted sector through their general equilibrium and economy wide effects. While adopting an economy wide approach is very data intensive and requires complicated modeling, … it is important to understand how much bias will occur if general equilibrium effects are ignored." (p. 14).

The volume's introduction provides a carefully thought-out foundation upon which six additional scholars join Coady and Fan in collectively producing chapters that focus on trends in, and the impact of public spending in developing countries; public investment's impact on growth and rural poverty; human capital expenditures aimed at the poor; social safety nets; and a special look at public spending, growth and poverty in sub-Saharan Africa (where the number of poor has almost doubled, from 160 million in 1981 to more than 300 million in 2001.

The chapter by Fan, Bingxin Yu, and Anuja Saurkar "highlight major trends in, and the composition of government expenditures … across developing regions of African, Asia, and Latin America" (p. 21). It analyses the determinants of the composition of government expenditures, the effects of such expenditures on gross domestic product, and how the expenditures impact agricultural growth and therefore rural poverty reduction. Their methodology requires a basic understanding of economic theory. However, those who wish to read the book while not having this background will nevertheless gain insights because the co-authors offer a readable narrative that captures the *essence* of the book's more technical work.

That *essence* is sixfold. First, returns from public investments vary widely across different types of investments and regions including within the same country. Second, agricultural research, education and rural infrastructure are the three types of public spending that are most likely to promote agricultural growth and reduce poverty. Third, often the lower quality or lower cost types of infrastructure projects yield the highest pay-off per unit. Fourth, trade-offs between agriculture growth and poverty reduction are generally small and they also have urban growth and poverty reduction spillovers (a reason to adhere to a macro focus). Fifth, direct public spending on anti-poverty programmes generally have limited success in reducing poverty because such programmes are inefficiently administered, faulty in their targeting and subject to misuse of funds. Sixth, increased investment in new irrigation systems should be replaced by efforts to improve the efficiency of current irrigation systems. This point calls attention to the absolutely essential development role played by water provision that *must* be sufficient, accessible, and adequate and consistent with environmental integrity.

The contents of the chapters on human resource development and the provision of social safety nets show how and why public expenditures help the poor to meet their basic human needs on sustainable bases and how doing so has a positive impact on macroeconomic growth and development. In fact, taken as a whole, the book's contents provide these three useful functions: (1) a useful and systematic review of what many specialists already know; (2) a solid introduction to readers who are relatively new to the volume's topics; and (3) a guide to policy-makers who are responsible for poverty reduction programmes in developing countries.

Shenggen and White review and synthesize the book's *essence* and go on to argue that effective poverty reduction requires that developing country governments take five fundamental steps: compile public investment data on physical and social infrastructure projects; employ a general equilibrium analysis so that there will not be an underestimation of the overall impact of investments; concentrate on rural poverty; analyse the political and institutional contest of public investment; and identify the roles of traditional and indigenous organizations in both rural and urban communities.

Readers primarily interested in public expenditure, growth and poverty reduction policies and programmes in developing Asia will find the chapter on sub-Saharan Africa by Lofgren and Robinson informative from a comparative perspective. The chapter's co-authors survey the literature, construct a simulation model and conclude that "economic performance can be improved significantly when government resources are reallocated away from unproductive areas to different target areas, with the most positive overall effects when agriculture is targeted" (p. 218).

This is an excellent, readable and useful book because its contributors are highly qualified, its contents are important and useful, and it is carefully and extensively researched. The volume is enthusiastically recommended to a reading audience that includes university students, faculty, development project managers, policy analysts, public officials and general readers. The contributors' ideas are neither trivial nor peripheral to poverty reduction. For example, they would interest officials such as those whose responsibility is to design and implement the Asian Development Bank's Poverty Reduction Strategy. The Bank's data on the magnitude of poverty confirms the volume's figures. It finds that the absolute number of poor in the Asia-Pacific region has fallen from 900 million in l990 to about 600 million in 2007. However, an estimated 1.7 billion people throughout the region live on less than US$2 per day.

The Bank's strategy takes aim at doing what the book emphasizes, for example, employment generation, infrastructure development, education and human development, financial deepening, regional cooperation, rural development, making cities more liveable, paying special attention to integrating projects at a macro level and improving administrative efficiency in allocating publicly supplied resources.

ROBERT L. CURRY, Jr.
California State University Sacramento