

migration into Indonesia, especially from South Korea, India and China, has been taking place in the recent years as well.

Nevertheless these minor issues with regards to the data should not detract from the overall remarkable work that the authors had conducted. The policy recommendation that the government look into implementing proactive policies to create a more productive and skilled workforce instead of simply focusing on creating more jobs was particularly apt in a country where land area is vast but population is concentrated only in some areas. Policy-makers as well as academics interested in Indonesian economy will find the issues discussed in this book as well as the extensive data very relevant.

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***Southeast Asia: The Long Road Ahead.* By Lim Chong Yah.** Singapore: World Scientific, 2009. Pp. lxxviii, 433.

Professor Lim explains that his book's third edition had to be written for two reasons: first, facts, figures and some important assessments and evaluations previously used had become outdated; and second, the previous editions had gone out of stock due to unanticipated demand requiring the publisher to resort to reprints to fulfill orders. It became time for a new edition and, in addition, he was able to undertake the task with the assistance of Sng Hui Ying and Sarah F. Chan, his colleagues at Nanyang Technological University (NTU).

Prior to focusing on reviewing the volume, it is instructive to remind previous readers and to acquaint new readers with the highlights of Professor Lim's distinguished career. He received his doctoral degree from the University of Oxford,

taught economics at the former University of Malaya, was Reader and later Professor and Chair of the Economics and Statistics at the National University of Singapore and currently serves as Professor at NTU. For three decades he served as the Founder Chair of Singapore's National Wages Council and its Skills Development Fund Advisory Council and, as well, he founded the Federation of ASEAN Economic Associations. His publication list is extraordinary as is high list of professional consultancies.

Similar to previous editions, the third begins with an overall picture of the economies of Southeast Asia and a set of basic facts and key dates for each Southeast Asian country. The facts and figures lead into an introductory chapter on regional diversity measured in terms of different levels of development and growth rates, differences in per capita incomes, compositions of labour forces, structures of production patterns and degrees of trade orientation. The book contains additional chapters on agriculture and its importance to, and prospects for growth and development throughout the region. Lim also analyses industrialization effort, external trade and regional economic integration, fiscal and financial policies and the recent Asian financial crisis. The nexus among population issues, distribution and poverty and growth and development is covered along with a suggested development model for Southeast Asian countries.

Professor Lim is a strong advocate for trade liberalization and regional cooperation because he sees them as key elements underpinning growth generation. His treatment of openness and regionalism is clear and detailed. It is an example of his thoroughness and commitment to detail. Specifically, when covering the AFTA and CEPTS mechanism he goes into great detail to acquaint readers with the four categories of products, each subject to different trade barriers. Products on the *Inclusion List* undergo immediate liberalization because of reduced trade barriers in the form of tariff rate reductions. Products on the *Temporary Exclusion List* can be shielded from liberalization for a temporary period of time. The *Sensitivity List*

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“contains unprocessed agricultural products which are given a longer time frame before being integrated with the free trade area.” (p. 219). Products on the *General Exception List* “are permanently excluded from the free trade area for reasons of national security, public morals ... and health” (p. 220).

Among other topical chapters are those on fiscal and monetary policy decisions including those that govern exchange rate convertibility. Professor Lim is concerned about threatening scenarios in which countries experience substantial and persistent current account annual deficits, maintain fixed exchange rates, offer full currency convertibility and rely upon short-term capital flows to finance current account deficits. The author suggests a very wise alternative to the above scenarios. He argues: “Although full exchange rate convertibility encourages optimal trade and optimal capital flows, it also gives full scope to currency speculation given the present global monetary and exchange rate environment. The general solution formula for developing countries, including those in Southeast Asia, appears thus: (a) Have full convertibility of the exchange rates on current accounts, (b) Have full convertibility on long-term capital accounts, (c) Have some discreet control over short-term speculative capital accounts, and (d) Have a free-floating or managed float exchange rate system against a basket of currencies.” (p. 366)

While there is room for flexibility in applying the general formula, its essence is central to effective exchange rate management within broader financial structures. The soundness of Professor Lim’s discussion of fiscal, finance and exchange rate policies carries over to his final chapter in which the author concludes with a growth and poverty reduction model that addresses three questions: (a) why are there so many poor countries; (b) why are some countries able to break away from extreme poverty; and (c) why do growth and development tend to proceed at slower rates in affluent and mature countries? In order to move countries out of poverty and break its vicious cycles and maintain sound growth, the

author argues that the answer lies within what he calls the EGOIN theory. The letter E stands for vigorous entrepreneurship, G for effective and efficient government, O for a productive human resource base, I for investment in capital stock and N for natural resources. Each element of EGOIN is important. As an example, “G, the critical factor, includes the quality of the bureaucracy; its effectiveness, integrity and development orientation... Also included in G is the ability of the Government to help in the growth and development of the economy. This includes fiscal and monetary management... (including the)...ability in the management of foreign exchange.” (p. 379)

Professor Lim’s application of the EGOIN theory (and other intellectual concepts) to Southeast Asian development is sound, thoughtful and straightforward and can serve as policy and programme guides as the region’s countries move through their long roads ahead. The book is well written, thoroughly researched, complete with useful bibliographic references and loaded with useful information and interesting and challenging ideas.

The third edition’s contents will attract a relatively wide reading audience and in the opinion of this reviewer one of its most important strengths is the ability to acquaint university students at advanced undergraduate or beginning graduate levels with Southeast Asia’s regional economy *and* the economic diversities among the national economies that comprise the region. After working through the book, students will more clearly understand how the EGOIN theory and its components explain economic success and the lack of it throughout the region. One of the more useful aids to teaching and learning about the region’s economy is the set of discussion questions that follow each chapter. Professor Lim’s volume will enhance reading lists in courses ranging from economic development to specific multidisciplinary courses on South Asia.

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