

towards pegging to a currency basket, starting with individual currency weights and varying of extents of flexibility around the pegs, with a gradual convergence of time.” (p. 25).

The author “pegs” his discussion of exchange rate regimes to their potential impact on highly open real economies by noting that “given the heavy reliance of Asia on external trade, FDI and capital flows, the obvious desire by many Asian policy-makers is to minimize volatility in understandable” (p. 35). He further states that the link between “currency volatility, trade, investment and growth is not unambiguous” (p. 35).

The book’s focus on exchange rates almost inevitably leads to a discussion of the abstract idea and institutional reality of the Asian Currency Unit (ACU). Rajan reminds readers that “The ACU is a weighted average of regional currencies (and that) ... there are in fact at least three rationales for an ACU: as a unit of account, as a divergence indicator and for exchange rate stabilization” (p. 81). The author evaluates the three rationales and concludes that realistically the idea of an ACU should not be pushed too hard because “...neither the economic nor political preconditions exist for doing so ... (However) while the ACU cannot be viewed as an attractive nominal anchor for Asian currencies in the near term, it could have a role to play in Asian monetary and financial cooperation in the future” (p. 84).

On the crucial matter of FDI and the need for policies designed to attract it, Rajan makes five key points that are worthy of note. *First*, image-building is important and a positive image can be advanced by advertising, public relations events and positive news stories. *Second*, investor facilitation can be enhanced by providing useful information to potential investors, establishing and maintaining a strong and positive business climate, and by implementing a “one stop shopping” programme that assists investors over a broad range of business decisions ranging from site selection to infrastructure access. *Third*, targeting specific sectors in need of FDI and attracting specific investors from abroad and doing so by communicating with them directly via mail,

telephone and even forums and seminars can be useful. *Fourth*, advocating policies which support FDI and formulating those policies via creating task forces and conducting lobbying can be similarly useful. And *fifth*, economies in stronger macroeconomic situations can use fiscal and financial incentives wisely but this could turn out to be a very risky ploy for less well-advantaged and less well-managed economies. On this score, strong and well-managed Singapore “has provided subsidies to investors that go well beyond traditional tax measures and involve training (and) ... pricing of land and utilities” (p. 145).

Throughout his informative and thoughtful volume, the author presents readers with analytic discussions of key topics and with possible policy options related to them. However, he concludes by pointing out that there is no ideal *and* universal strategy when it comes to selecting policy options: “Indeed, one size cannot fit all countries at all times ... (particularly) in cases where administrative capacity is weak, government failure is pervasive and resources are scarce” (p. 154).

In summary, the volume rests on a foundation of extensive and high-quality research. It is well written, organized rationally and contains a wealth of bibliographical references and an array of pertinent empirical data. The book is for serious readers because working through its contents will require concentration and diligence. In the judgment of this reviewer, Rajan’s volume has earned its way into library holdings and course syllabi ranging from advanced courses in economics to finance to Asian studies.

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***Investment Management (5th ed.)***. By Saw Swee-Hock. Singapore: Pearson, 2011. Pp. 320.

This book, which is in its fifth edition, will be indispensable for readers interested in enhancing their knowledge of investments in general and in

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the case of Singapore. It provides both a theoretical understanding of investments and locates it in the institutional context of Singapore. It begins with a chapter on the “Types of Financial Assets”, which indicates the author’s concern that those wanting to increase their knowledge of investments should have a good understanding of the basic concepts of investments such as the different types of shares, notes, receipts, securities, futures and trusts that are available for investment. The explanation of the concepts is both precise and clear and is written with the reader in mind as the book is eminently reader-friendly. To further assist the reader, it also contains a comprehensive glossary of terms used in the book.

To place the discussion in perspective, the second and third chapters provide a clear and scholarly exposition of the various regulations governing the securities industry in Singapore and the evolution of the Singapore Exchange and its functions and activities. Before an in-depth discussion of the trading of securities, the reader is given a detailed introduction on New Issues and the requirements and procedures of the Singapore Exchange in relation to public offerings, rights issues and bonus issues. This is followed by a vivid description of the trading of securities, which includes the classification of shares, delivery and settlement of shares, trading hours, transaction costs and bond, option and fund trading.

The procedures for securities lending, borrowing and transfer are also described in detail in Chapter 6 of the book. It is quite remarkable that a considerable amount of institutional, legal and historical material together with a discussion of basic finance concepts are provided in the first six chapters. This provides essential reading to equip the reader for the chapters on Unit Trusts and Government Securities, which is explained in considerable detail in Chapters 7 and 8 of this book, which was first published as *Investment Management in Singapore* in 1989.

The book has also incorporated recent changes in the product and regulatory structures in the securities industry in Singapore, including changes to the Central Provident Fund (CPF) Investment

Schemes. Among the more advanced topics that are presented in an elegant and clear style are market price indicators, technical analysis, fundamental analysis, the Efficient Market Hypothesis (EMH) and Portfolio Analysis. Beginners and practitioners will have a deeper understanding of the merging of theory with practice after reading this book. For those interested in the growth of the securities market and its indicators, they will find Chapter 12 indispensable.

The fifth edition of the book, which was published in 2011, also contains a new chapter on the fast-growing and important field of Islamic finance. The book explains the salient characteristics of Islamic finance including the origins of Islamic Finance, the principles of Islamic finance, Islamic bonds, unit trusts and REITS (Real Estate Unit Trusts), Islamic savings deposits and how transactions are conducted in Islamic finance. It is written in an easy to understand manner, especially for those familiar with conventional finance but unfamiliar with Islamic finance principles such as *riba*, *gharar* and Islamic finance transactions such as Mudaraba, Murabaha, Musharaka, Istisna, and Ijarah. The exposition of these technical Islamic terms is concise, clear and accurate. The chapter on Islamic finance also introduces the reader to the business opportunities opened up in this fast-growing area of Islamic finance in the world of finance.

The book will be of immense value to students who are in diploma and degree courses in the polytechnics and universities and those studying for the Trading Representative Examination. It will also appeal to professionals working in the securities industry and investment firms and to individual investors, who would rather not be naive investors. Those who already have a working knowledge of investments may also find the exposition of concepts and theories and institutional materials to be very value enhancing in terms of the clarity of the exposition. It also fills a vacuum in the literature on the securities industry in Singapore.

This book is highly recommended to those interested in advancing their knowledge in

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investments and to those looking for investment opportunities in the real world as the book is knowledge enhancing and in many senses a practical guide to investing and it has the promise of becoming a classic as it has been an outstanding book in the region since its first release in 1989, and it has stood its time for more than two decades.

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***Economic Democracy through Pro-poor Growth.***  
**Edited by Ponna Wignaraja, Susil Sirivardana,**  
**and Akmal Hussain.** New Delhi: Sage  
Publications, 2009. Pp. 376.

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South Asia as a region has several commonalities. Several countries, including India — the emerging giant from the region — Bangladesh, Pakistan and Sri Lanka, share a common history as erstwhile colonies of the British and gaining independence at around the same time. Indeed, they could be said to share a common culture too. Post-independence, they undertook broadly comparable development strategies with an emphasis on central planning and industrialization. With such strategies not yielding the desired results, somewhere around the beginning of the 1980s, a course correction in their policies came into play, with most of these economies gradually opening up and liberalizing. Having travelled along the path of economic reforms for an effective two decades now (albeit separately), South Asia, on the whole, has grown by nearly 6 per cent per annum on average over this period. Despite such growth rates, which appear to be impressive by all means, the region disturbingly still remains home to the world's "largest concentration of poor people with nearly 500 million people living on less than \$1.25 a day" (World Bank, 2011).<sup>1</sup>

While concerted and coordinated efforts are being taken at all levels — national, regional and international — to address the growing

polarization in these countries (which appears to have become an endemic problem in all countries embracing "neoliberal" economic growth prescriptions), a group of social activists and scholars from South Asia have been trying to develop an "alternative paradigm" (over the last two decades) that challenges the existing set of "mainstream development" strategies and the set of assumptions it operates on. Their ideas seem to emanate from their conviction that "top-down approaches" to economic development that have been (and are being) practised have "failed" to "trickle down" and ensure "distributive equity", which forces one to look beyond conventional growth models to address and eradicate poverty. The South Asian Perspectives Network Association (SAPNA), established in 1984, has been in the forefront of this "alternative paradigm", with the network having come out with eight back-to-back studies that lay out the policy options to achieve economic growth and equity. The most recent compilation of the case studies coming out of this network is *Economic Democracy through Pro-poor Growth*. Through a series of illustrative case studies drawn from the field across five different countries in South Asia, this book offers a refreshing alternative perspective of economic development that seeks to convince the reader of the feasibility of a world that one would commonly disregard as utopian.

The concept of "pro-poor growth" has gained increasing attention since the 1990s, when there were concerns over the growing trade-offs between growth and equity. Though there is no consensus yet among academics or practitioners as to what the exact definition of "pro-poor growth" is (or should be), there seems to be a greater convergence among them on the broad contours of such an idea. To be sure, the central focus in this literature has been on generating growth that provides and expands the "opportunities and capabilities" of the poor which would in turn enable them to "participate" and benefit from productive economic activities (Saad-Filho 2002; Ravallion 2004; Ludy 2008; Wiggins and Higgins 2008). The most influential theoretical premise that comes to mind is Amartya Sen's *Capabilities*