

BOOK REVIEWS

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***ASEAN, PRC and India: The Great Transformation.* By Asian Development Bank Institute.** Tokyo, Japan: Asian Development Bank Institute, 2014. Pp. 314.

In the past two decades, the three emerging Asian giants, namely the Association of Southeast Asian Nations (ASEAN), China, and India have registered impressive economic growth and political stability. Together, the three entities (termed as ACI in the work under review) comprise around half of the world population and roughly a quarter of the global gross domestic product (in Purchasing Power Parity terms).

This book fills a critical gap by devising a new term for these Asian markets, which are not only capable of transforming into engines of growth in the medium to long term, but have also been facing similar social and economic issues. Environmental challenges are likely to be even more daunting, such as: the haze problem in Indonesia, Malaysia, and Singapore; New Delhi's extreme pollution; and the worsening environmental condition of Beijing and Shanghai.

What makes the term “ACI” even more fascinating is that its constituent territories have contiguous boundaries, historical and cultural similarities as well as an abundance of human and natural resources. This book focuses on the prospects and challenges for growth and transformation of ACI's swiftly growing economies by 2030, while outlining a set of feasible policy reforms needed to effectively meet the challenges.

The book revolves around the idea that ACI is “in the midst of a historic transformation that will

dramatically improve the living standards of their three billion people and lift hundreds of millions from poverty ... The size of their combined economy would exceed those of the European Union and the United States taken together ... Thus, the ACI group could become the principal engine of global economic progress.” (p. xxvii).

The resilience of ACI is evident from the fact that the 2008 Global Financial Crisis and the 2009 Eurozone Debt Crisis severely affected the Western world, but these economies remained largely unaffected. Taking cues from the 2008–09 crises, the book argues that while ACI economies are in good health, caution is in order, since future economic downturns might affect private capital inflows and investor confidence along with a downfall in exports in the ACI region. In that context, the study suggests that ACI should devise “prudent short-term policies” and drive more investments and reforms home (p. xx). However, while the study highlights the importance of studying the growth and development of ACI economies, focussing on the commonalities and accords, it seems to overlook the differences and discords among them. For instance, it does not give enough attention to an unfolding major trend in the ACI: the slowdown of the Chinese economy; nor does it address the issue of poor strategic communication between India and China that poses a major challenge to their mutual understanding.

While the book does not attempt to answer one central puzzle, it has one broad theme, i.e., what is it that the ACI region should do to realize its fullest potential? Divided into eight succinct chapters, this work envisions the future course of action for

the ACI, which is ambitious yet implementable. The book questions the “uncertainty in achieving the dramatic transformation by 2030 unless these economies can successfully manage major challenges and risks” (p. xx).

The book covers several important aspects of ACI: scope of transformation; prospects of growth and development; and progress and remaining gaps in achieving inclusive growth. It may serve as an essential policy document to ACI economies, particularly India, which has initiated major employment-oriented and capacity building initiatives such as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), Sarva Shiksha Abhiyan (SSA), Jan Dhan Yojna (JDY), Make in India, Stand Up India, Start Up India, etc. It also examines the prospects of expanding and deepening regional production networks and supply chains, upgrading technology and innovation, and enhancing regional and intra-regional infrastructure and connectivity.

Both India and China are energy hungry economies and two of the biggest carbon emitters. Water issues have also been complicated between them. Despite being upper and lower riparian states on the Brahmaputra river, the two have no institutional mechanism to deal with water sharing, which has been a concern for India. Fresh demands for regional and global cooperation and integration as well as the need for effective institutions and governance in trade, environment and other sectors also find a mention in the book. It also provides a detailed account of common and specific challenges facing the ACI region as a whole as well as the specific challenges for individual economies. It proposes national and regional policy priorities and offers specific policy recommendations for addressing the above challenges.

Aligning regional and sub-regional priorities with national and provincial priorities is indeed the key to achieving region-wide growth and development. The role of sub-regional and regional groupings is critical in that regard. Systematic, comprehensive and structured cooperation and

dialogue on a long-term basis is needed to ensure that growth in the ACI region is balanced, sustainable, and resilient.

This study highlights that the biggest challenge lies in not only ensuring ample growth but also translating growth into development. It is important to note that ACI economies have yet to achieve synergy as compared to the ASEAN+3 (ASEAN plus Japan, China and South Korea) economies. The achievements have been hardly satisfactory. The book points out that “so far as the developmental challenges are concerned, the ASEAN, China and India stand at different levels. The challenges facing them are also in varying proportions” (p. 271).

The book lists several non-traditional security challenges facing the ACI today, which need to be addressed urgently. On the economic and financial sides, strong supervision of capital markets is needed to cope with future international financial shocks. Advancing free trade in goods and services, eradicating corruption to ensure rapid and inclusive growth and a better quality of life, ensuring innovative and sophisticated policy responses are other essential needs of the ACI group.

The book argues that the ACI must strengthen regional institutions and create new ones. It underscores that the countries will need to cooperate in a range of traditional and non-traditional security fronts. The book also presents six critical regional institutions that have been proposed, namely: Regional Comprehensive Economic Partnership (RCEP); Asian Environment Fund; Asian Financial Stability Dialogue; Asian Monetary Fund; Asian Regional Infrastructure fund; and an empowered and reformed ASEAN Secretariat.

In essence, the book is an important contribution in highlighting the importance of ACI countries and their potential to transform the region. This work will be of great interest to students of political economy, international relations, as well as policymakers and opinion makers of the Asia-Pacific region. The Asian Development Bank has been a frontline institute

in studying and analysing the current state of play in social, economic and political domains of the region and recommending the future course of action. This study is the latest endeavour in that direction.

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Routledge Handbook of Southeast Asian Economics. Edited by Ian Coxhead. London: Routledge, 2015. Pp. 438.

This weighty tome of nineteen chapters fills a long-standing gap in the literature — that of a comprehensive single-volume work on Southeast Asia's economies. Departing from the standard one country per chapter format, this book is comprised of thematic chapters, which enables in-depth analyses of specific issues, as well as a discussion of country-level developments and regional trends.

The first section consists of four chapters. In the first chapter, Coxhead sets out the rationale of the book, discusses the treatment of the region in the literature and identifies the volume's central themes. The following three chapters provide an overview of Southeast Asia's economic history. Williamson provides a fascinating long-run analysis of the region's trade patterns from 1500 to 1940, arguing that, contrary to prevailing opinion, much of Southeast Asia's trade performance was due to growing incomes and trade policy — rather than falling transport costs. Booth looks at developments from 1870 to 1970, spanning the height of colonial presence in the region as well as its denouement and the associated processes of state formation and transitions to independence. The last chapter by Phung, Coxhead, and Lian looks at Southeast Asia's sources of growth since 1970, arguing that one underlying reason for its

atypical high rates of growth is its proximity, and sensitivity, to Northeast Asian economic booms.

The second section looks at food, agriculture, and natural resources. The chapter by Timmer analyses agricultural development in the region and its success at ensuring food security for its population through — not just technological advances — but also political consensus and a relatively inclusive growth model. He subsequently looks at future challenges regarding food security in the region, such as those pertaining to food price volatility, increasing competition for rice exports, and climate change. Shively and Smith look at the region's continuing balancing act between resource extraction on one hand and environmental conservation on the other. While policy frameworks have evolved, the continuing importance of natural resource-based activities as well as increasing economic opportunity mean that consistent pressure will be exerted on the environment in the region.

The third section is devoted to trade, investment, and industrialization. Athukorala and Kohpaiboon look at the participation of Southeast Asian countries in global production networks, the subsequent incorporation of China into these arrangements, and what they both mean for the structural transformation of economies in the region. In his chapter, Sjöholm analyses foreign direct investment in the region, namely its stock and distribution across countries, before examining its determinants, such as investment policy, political stability, and geographic location. In the third chapter, Wignaraja analyses the frequency and impact of regional trade agreements, specifically the ASEAN and ASEAN+1 free trade agreements, from an enterprise perspective.

The fourth section focusses on population, labour, and human capital issues. Jones looks at the demographic evolution of the region, including population growth and density across and within countries, as well as urbanization, mortality, and fertility rates. Horioka and Terada-Hagiwara explore the determinants and long-term projections of saving rates in the region, namely its propensity to save excessively and under-invest. They establish significant variation in savings rates