

an investment amount of US\$702.4 million (by Malaysian listed companies) compared to US\$112.2 million (p. 77). Nevertheless, Singapore's home grown Wilmar International is the largest palm oil producer in the world and an important player in the Indonesian oil palm plantation sector (p. 88).

Regionalization, driven by cultural familiarity and patronage politics, is examined in detail in Chapter 4. Regionalization is aided by cultural familiarity, more specifically "the culture of patronage that has become such a dominant identity among many countries in Southeast Asia". Malaysian and Singaporean companies operating in Indonesia were familiar with this culture of patronage and able to "insert" themselves into the local network. Well-connected companies (local or otherwise) were able to get away from persecution because of their strong patronage networks. Decentralization also encouraged predatory behaviour by shifting incentives and opportunities for patronage and corruption from the central to the subnational level (p. 123). There are several serious weaknesses within the legal framework which also gave plantation companies leeway of getting away with burning. Companies have to be caught red handed (p. 138). Other companies blamed neighbouring plantations or shifting cultivators for fires caused within their concessions.

In Chapter 5, the author argues that the ASEAN model of regionalism, which emphasizes national sovereignty and self-determination has allowed member states to shape collective mitigation initiatives at the required level in accordance with the interests of political and economic elites. This has weakened ASEAN's capacity to create and enforce haze mitigation efforts that would serve collective regional interests (p. 160). As such, the regionalism of haze mitigation has failed, and haze has persisted as a regional pollution problem (p. 170). While most of the ASEAN initiatives regarding the haze were useful in generating massive amounts of information, not much has been done in terms of effective implementation of mitigation activities. The focus on national plans and the lack of legally binding documents ensured

that states were largely free to pick and choose regional initiatives that best suited their narrow economic national interests (p. 175).

In the conclusion, the author reiterates that the haze arose as a result of regionalization of the oil palm plantation sector, populated by Indonesian, Malaysian and Singaporean plantations. Bolstered by their home-state support and local patronage networks, these companies were able to act freely, using the most cost-effective means including fire to set up their plantations. As a result, the transboundary haze occurred on an annual basis. When it became severe enough and crossed boundaries and seas, ASEAN came into the forefront. However, ASEAN-level outcomes were ineffective because they followed the principles of consensus building and non-interference.

A short review cannot explain the strengths of this publication. Readers may not agree with some of the views or arguments put forward. Suffice to say, this work has captured the complexities involved in understanding the regional haze issue which has both political and economic tones intertwined with one another. *The Haze Problem in Southeast Asia: Palm Oil and Patronage* provides rich insights and is recommended for those wanting to better understand this issue.

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DOI: 10.1355/ae34-3j

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***The Evolution of Central Banking and Monetary Policy in the Asia-Pacific.* By Akhand Akhtar Hossain.** Cheltenham, UK: Edward Elgar, 2015. Pp. 636.

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The last two decades have witnessed significant evolution of monetary policy frameworks in the broader Asia-Pacific region. With several countries in the region gravitating towards more market determined exchange rate regimes, interest

rates have grown in prominence as the primary instrument for macroeconomic management.

Given this context, Hossain's book *The Evolution of Central Banking and Monetary Policy in the Asia-Pacific* is a welcome contribution to the understanding of the impact of different monetary policy frameworks on macroeconomic outcomes in the region. Through selected case studies focusing on twelve different countries at varying stages of development, the book brings to the table a nice blend of rich description about their historical evolution of monetary policies, as well as a competent empirical analysis of important macroeconomic variables yielding insightful policy lessons.

Apart from a lengthy introduction chapter that mostly provides a broad overview of the various theoretical developments in monetary economics, the book has twelve other chapters in total, with each chapter dealing with a country case study. Among the twelve country case studies, with the exception of the United States, the remainder deal with countries from the Asia-Pacific region. These include six advanced economies, namely Australia, New Zealand, Japan, South Korea, Singapore and Hong Kong, as well as five developing economies, including China, India, the Philippines, Thailand and Sri Lanka. Countries like Malaysia, Indonesia and Vietnam are curious exceptions from this list.

This book is to be treated as a follow-up to the author's previous work (Hossain 2009) which appears to have focused on case studies of monetary policy evolution in Muslim majority countries. Although the author's previous work included an analysis of Malaysia and Indonesia, considering that they are important emerging markets in the region, excluding them from the current book seems rather odd and disconnected.

All the country case studies in the book follow a similar template. Each one begins with a discussion of the historical evolution of monetary policy framework in that country, including first, an overview of the conduct of monetary policy operations, and then the evolution of the exchange rate regime. Most chapters also contain a discussion about the monetary transmission mechanism in each country. This is then followed

by a dedicated discussion on the performance of key macroeconomic variables, with a greater focus on inflation. A structural vector autoregression (SVAR) analysis supplements this discussion, and is used to empirically explore the inter-relationships between key macro variables like interest rates, inflation, exchange rates, and output. Each case study ends with an additional empirical exercise that estimates an open-economy money demand function investigating the relationship between money, output and prices in the given economy.

Despite the useful overview that the book offers, readers who are interested in a more careful analysis of contemporary developments (post-2012) on monetary and macroeconomic policy fronts might be somewhat disappointed.

For instance, one of the most important recent developments in the associated literature relates to the debate on the existence of the "Impossible Trilemma". The impossible trilemma posits that at any given time, a country can only choose two of the three objectives: an open capital account; fixed exchange rate; and interest rate policy autonomy, simultaneously. Therefore, if a country wants to maintain an open capital account, it has to choose between operating a fixed exchange rate regime and exercising interest rate policy autonomy.

This conventional premise has been challenged by Helene Rey (2013) who argues that with increasing financial globalization, a country with an open capital account has to forsake its monetary policy autonomy, irrespective of its exchange rate regime. Put differently, the "trilemma" has transformed into a "dilemma" in which exchange rate flexibility does not present a country with any substantive benefit(s) in having greater interest rate policy autonomy. This debate becomes quite important in the context of the countries covered in the book because most of them are either floaters (managed or fully) or allow exchange rates to vary within a band (with the obvious exceptions of China and Hong Kong).

Secondly, a related and key issue pertains to the role of financial sector development and financial inclusion, and their impact on monetary policy effectiveness. In particular, there

has been growing interest in re-examining the effectiveness of monetary policy transmission in countries with differing degrees of financial sector development. For instance, Gopalan and Rajan (2017) empirically examine the impact of foreign bank presence (one of the dimensions of financial liberalization) on interest rate pass-through for a large set of emerging markets and developing economies, and find that strong threshold effects in terms of how foreign bank presence affects the strength of interest rate transmission. Specifically, they find that foreign bank presence tends to reduce lending rates and enhance interest rate pass-through in countries that have a relatively high degree of foreign bank presence compared to those with limited presence. They find that an economy characterized by a very high degree of competition with significant foreign bank presence strengthens interest rate transmission through contribution towards financial sector development. On the other hand, foreign banks do not play any significant role in interest rate transmission in low threshold economies because of their insufficient impact on financial sector development.

Similarly, it has also been recognized that a precondition for policy rates to have an impact on aggregate demand is that there has to be high level of “financial inclusion” in the economy. Given that the author provides a discussion of the different monetary policy transmission channels in all the country chapters, examining related literature on the role of financial sector development as well as financial inclusion and how they affect the transmission process would have been a useful addition. Especially considering that the countries covered have differing degrees of financial sector development and inclusion, the author could have, at the very least, dwelled on these important issues, if not conduct any particularly empirical analysis. In an attempt to develop a unified framework for all the country case studies, the book misses out the opportunity to deal with country-specific literature.

Notwithstanding the above set of issues, the book could still serve as a useful reference guide for those looking for a broad overview of monetary policy frameworks in selected countries in the

Asia-Pacific region. The supplementary time-series analysis evaluating the performance of monetary policies in the chosen set of countries would help the readers gain some interesting insights.

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DOI: 10.1355/ae34-3k

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***The Everyday Political Economy of Southeast Asia*. Edited by Juanita Elias and Lena Rethel. Cambridge: Cambridge University Press, 2016. Pp. 268.**

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The turn of the 1980s saw an increasing number of Southeast Asian countries progressing towards more marketized forms of economy. This process of economic liberalization did not, however, develop in tandem with the political structures of the time, resulting in the tendency to focus on the role of *elites* in policymaking. Scholars in this volume suggest that neglecting the voices of agency on the ground diminishes their role in influencing and shaping state policies.

As the title suggests, the objective of this volume is to explore the literature and meanings

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