

efficiency of the Taiwanese banks by estimating both the stochastic cost and profit functions. An interesting result was that the changes in the late 1990s and the new competitive market have increased cost inefficiency, but there was a significant improvement in profit inefficiency during the post-1991 period. The fourth paper in this part of the volume sets out a framework drawing from the theory of industrial organization to consider various propositions to study the cost inefficiency of Taiwan's mixed enterprises using the translog cost function. With the last paper on the measurement and pricing of waste treatment in Taiwan, it is difficult to see how this could find a place in this collection except for the application of a stochastic cost frontier for the study of pricing and efficiency issues.

Part III provides case studies on seven Asian economies covering issues on human capital investment, post-reform growth prospects, structural reforms in the utilities industry, terms of trade effects, and decomposition of output gap (which is the difference between potential and actual GDP). All the chapters are well written and have a clear focus. Much thought had also gone into the choice of the empirical technique and investigation procedures. However, it is disappointing to note that the data used in analysing Singapore's manufacturing industries was only up to 1991, although data up to 2000 is available. While the data used for Thailand banks was 1998, that used for Thailand's aggregate output and productivity growth study stops short at 1992. On the other hand, the chapter on Indonesian rice farms deserves mention in its comparative analysis of Bayesian and classical estimates of technical efficiency. This is refreshing given the sparse use of Bayesian techniques in the study of productivity growth.

Overall, this voluminous book is well put together and clearly worth a read. This is the second volume of edited papers presented at the second international conference on efficiency and productivity growth in Taipei. I hope this process continues, thereby enabling scholars interested in economic growth and productivity performance, particularly in the dynamic Asia-Pacific region, to

benefit greatly from a comprehensive compilation of continued work which is rich in the use of exploiting econometric techniques for empirical purposes and drawing important policy implications.

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Financial Big Bang in Asia. Edited by Masayoshi Tsurumi. Singapore: Ashgate Publishing Limited, 2001. Pp. xvii + 322.

Despite the title's reference to Asia, this book overwhelmingly focuses on East Asian economies. It covers the Asian crisis and financial reforms in five Northeast Asian economies, four Southeast Asian economies, and one South Asian economy. India is included because the country managed to avoid the Asian crisis. On the other hand, Singapore is left out because "it is not important enough economically to trigger a third wave of the financial big bang in Asia." (p. xvii).

The book is titled after the project on "Financial Big Bang in Asia" over the period 1997–2000, organized by the Institute of Comparative Economic Studies, Hosei University, Tokyo. It consists of twelve chapters written by fourteen scholars from ten Asian economies. The editor begins the introductory chapter by presenting an overview of the 1997 financial crisis. The literature review on various models used to explain the crisis is interesting and is worth reading. The policy measures of the International Monetary Fund (IMF) in the wake of the crisis were found to be counter-productive. In order to prevent a similar crisis from occurring, building robust financial systems and forming regional monetary funds were recommended.

The volume presents no surprises in elaborating each country's financial liberalization and reforms. The chapter on Japan describes the pressures faced by the country to reform its financial sector which

eventually led to a “Financial Big Bang” in the late 1990s. Even though Japan borrowed the term “Big Bang” from the United Kingdom, the contributor of the chapter compares Japan’s financial reforms with that of the United States. However, there is a notable absence in this chapter of any discussion on Japan’s experience during the Asian financial crisis of 1997–98. In the chapter on Korea, the two contributors explain the history of financial reforms from the 1960s up to the financial revolution under the IMF rescue package in 1997. The chapter calls to attention the assessment of the IMF financial and corporate restructuring programmes that aim to lead the economy towards an Anglo-Saxon market-oriented model. However, it is debatable whether the IMF programmes can successfully and swiftly achieve this goal. Adopting a different approach, the chapter on Taiwan begins with an analysis of the current economic and financial market, comparing it with those of other East Asian economies. The issues discussed in this chapter include: (i) the causes of the 1998 stock market crisis, (ii) the direction of financial system development, and (iii) the regulatory challenges ahead.

In the chapter on Hong Kong, the contributor emphasizes the importance of a sound banking sector amid the country’s economic recession. The chapter concludes with a discussion of banking reforms both related to and not directly related to the financial crisis. The subsequent chapter uncovers structural changes in China’s financial system. In particular, capital market development and challenges in the 1990s are elaborated. However, it neglects to discuss banking reforms — a pertinent issue after China’s entry to the World Trade Organization (WTO).

The next four chapters are devoted to financial reforms in the crisis-hit economies of Southeast Asia. The chapter on Thailand explains how the process of financial liberalization in the early 1990s led to the 1997 financial crisis. Policy responses before the crisis are discussed and assessed. The IMF economic package in the wake of the crisis is, however, described rather broadly. In fact, the crisis in Thailand’s banking sector is not discussed at all. Another notable absence is a

discussion of the banking and corporate restructuring programmes under the IMF package. In the next chapter, readers can gain an insight into Indonesia’s financial policies over the last two decades. The consequence of banking sector reforms on structural change and challenges in the banking industry are well written. The IMF bank and corporate restructuring programmes are underscored and assessed.

The chapter on Malaysia starts with pre-crisis banking and stock market development and reforms. Financial vulnerability and lessons for Malaysia from the financial crisis are scholarly examined. It concludes that prudential regulation is a key issue in reforming Malaysia’s financial sector. A topic left uncovered is the assessment on post-crisis policy responses (including the fixed exchange rate system and capital controls) in mitigating the crisis. Next, the chapter on the Philippines examines the root causes of the Asian crisis in the country, and policy responses — particularly encouraging loan expansion and strengthening the banking system. Multilateral agencies’ responses are also reviewed. To prevent the crisis, international and regional co-operation are recommended.

Lastly, the chapter on India is worth reading. The presentation on evolution of the banking system and capital market is comprehensive and well written. The discussion on financial reforms in the 1990s and macroeconomic policies is excellent in explaining to the readers how India managed to escape the Asian crisis even though its financial sector was very fragile. Lessons for India from the Asian crisis are also explored.

In the concluding chapter, the editor sums up the waves of financial liberalization in Asia. The connotation “financial big bang in Asia” is finally delineated.

The editor deserves special credit for making the topics in this book (that clearly have policy relevance) quite accessible. However, this book has some shortcomings. Although, the book focuses on long-term strategies centred on an efficient and stable financial system, reforming the international financial system is a pertinent issue that should have been covered. In addition,

Singapore's financial reforms should have been examined. Singapore's financial reform measures announced in 1998 could be classified as a "big bang". Despite omitting these crucial issues, the book is informative, comprehensible, and well worth reading. It is a useful contribution to the literature on the Asian crisis particularly as a reference to the historical context of the financial liberalization and financial system reforms.

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International Production Networks in Asia: Rivalry or Riches? Edited by Michael Borrus, Dieter Ernst, and Stephan Haggard. London: Routledge, 2000. Pp. 267.

First, the title of this book is a little misleading. While it appears to concern itself with cross-border international production networks (IPNs) in Asia in general, this book focuses almost entirely on IPNs in the electronics industry in the Pacific Asia region. That minor quibble aside, this volume provides an illuminating and valuable insight into the way IPNs have developed in what is arguably East Asia's single most important industrial sector. Indeed, as the editors point out, the electronics sector spans a wide spectrum of sub-industries, and this study is "thus able to capture a great variety of sectoral characteristics". For example, U.S. firms tend to be strong in industrial electronics, while Japanese and Korean firms are strong in consumer products, and Singapore and Taiwan firms tend to specialize in PC electronics. Further, the editors contend that they "expect the industrial practices characteristic of [the] electronics [industry] are likely to diffuse to other sectors". Commencing in the mid-1980s, cross-border IPNs in the electronics industry are relatively new, compared with IPNs in the garments, footwear, furniture, and toy industries that date from more than a decade before. Nonetheless, by the 1990s, the electronics sector had become the most important sector for both

U.S. and Japanese investment in Pacific Asia.

The first two chapters of this edited volume provide a solid grounding in the development of IPNs in the region, and the extent to which they have become an integral part of the industrial integration of Pacific Asia, as well as the corporate strategies of electronics firms in the region. The six following chapters then provide specific case studies: the resurgence of U.S. electronics firms in the region; the IPNs of Japanese electronics firms; the "Taiwanese model" in the computer industry; the IPN network of Samsung Electronics; the growth of Singapore's electronics industry; and Japanese and U.S. electronics companies in Malaysia. A final chapter discusses the degrees to which the forces of globalization have reshaped IPNs in the region.

Four main themes are identified in the book. The first is that IPNs tend to be created to "access locational advantages ... with the increasingly specialized technology, skills and know-how that are resident" at each network node. The second is that the variety of IPNs differs greatly, and that these differences are "ultimately rooted in national systems of production and innovation", as exemplified by the various case study chapters. The example of Cisco is illustrative, as a company that does not own its manufacturing capacity, nor even possess its own central corporate laboratory for conventional R&D. Instead, Cisco's products are "assembled entirely by independent 'turnkey' contract manufacturers in California and Asia from components and manufacturing services that flow from a variety of independent suppliers throughout Asia and the United States". While contractual arrangements between Cisco and these various suppliers exist, actual equity ownership links do not. And as a result, such IPNs have shifted organization foci "from the legal entity known as the firm to the contractual network of firms tied together by mutual long-term interest", to quote John Stopford. From an even wider perspective, Pacific Asia is "increasingly organized and integrated at the level of corporate organization", which has "important implications for both the political economy of the region and the trade and investment policies of particular countries".