

was the most stable component of aggregate private capital flows. Short-term international interbank loans were the most unstable.

The methodology of “systemic contradiction” implies a radical reappraisal of the “export-orientated” growth model. What alternative is offered? While confident in critique, the authors are less at ease in suggesting alternatives. These contrary attitudes are captured by C. Dixon (Chapter 5, “The Developmental Implications of the Pacific Asian Crises”). Dixon ranges widely over neoliberal policy but devotes one sentence to this question: “It may well be that the Pacific Asian crisis proves to be the catalyst for a major and long-overdue paradigm shift towards the establishment of increased national control over trade and financial regimes” (p. 106). This is extremely vague. On the one hand it might suggest a minimalist strategy of long-term control on certain capital account transactions. Alternatively it could be the basis for widespread government intervention and centralized planning.

In conclusion, this is an interesting but ultimately disappointing book. Its value is in the presentation of a political economy perspective on the crisis. The book interprets the Asian crisis as a turning point, with respect to the East Asian model but its conclusions are unconvincing. It falls far short of providing an agenda for development that its title promises.

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***Productivity and Economic Performance in the Asia-Pacific Region.* Edited by Tsu-Tan Fu, Cliff J. Huang, and C. A. Knox Lovell. Cheltenham: Edward Elgar, 2002. Pp. 447.**

After the onset of the work of Young (1992) and the World Bank (1993) on the East Asian miracle economies, there has been a proliferation of papers and books on this hot topic. This edited book is an attempt to delve further into the Asia-Pacific

economies’ productivity growth performance after their 1999 book entitled *Economic Efficiency and Productivity Growth in the Asia-Pacific Region*. The sixteen chapters in this volume are organized into three parts. Part I consists of four general issues relevant to these economies; Part II has five studies on Taiwan; and Part III covers seven studies on individual economies in the region.

True to its stated objectives to include recent issues, three of the four chapters in the first part of the book is devoted to central banking and crisis issues, given the recent debacle of the 1997 financial crisis. A model on systemic risk in the financial system sets the stage for this part. This is followed by the evidence of the mixed influences of the importance of media and the judiciary on the regulatory environment of the banks of the East Asian economies. The next chapter on the effect of crisis on productivity and competitiveness is insightful, whereby a brave attempt is made to identify the sources of the crisis and the growth consequences of the crisis. The use of the index of International Competitiveness to rank the Asian economies in this chapter is also interesting although it may leave readers thinking that more could be squeezed out of this index as the analysis is not commensurate with the effort that went into the construction and formulation of the index. In addition, the last paper in this section sits somewhat uneasily as it discusses income inequality, an issue that does not seem to blend in with the other papers. It must, however, be acknowledged that this paper’s attempt to use the Data Envelopment Analysis to embrace the concept of social welfare in different countries is excellent given the robustness of the empirical investigation and the interesting results obtained.

Part II is an exclusive discussion on the Taiwanese economy, and that is quite acceptable given the location of the conference from which this edited volume was born and, hence, the number of interested participants and papers. While the second paper in this section traces the contribution of technological progress in both the aggregate and sectoral production of the economy and investigates technological biases, the third paper highlights the deregulation efforts on the

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