

unit outlines the process itself, Murase does not take greater liberty in examining the potential roles of the regional platforms that already exist, such as the Asia-Pacific Economic Co-operation (APEC), Association of Southeast Asian Nations (ASEAN), or the Pacific Economic Co-operation Council (PECC), or other such bodies. These and other regional integrators will be crucial in the move towards a common monetary policy and their respective limitations and biases could help the reader to understand why the movement towards the creation of at least a regional reserve fund has been so slow. The institutions exist; it is political will that has been lacking thus far.

The title of the book is instructive in that it focuses on stability rather than coherence. Political will has been one of the major factors inhibiting the movement towards a common monetary zone and unit; perhaps it will be friendlier towards the quest for stability.

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Regional Integration and Economic Development. Edited by Neantro Saavedra-Rivano, Akio Hosono, and Barbara Stallings. London: Palgrave, 2001. Pp. 176.

A number of regional integration schemes have mushroomed all over the world since the 1990s. East Asia is not at all an exception to this growing trend. For example, the Association of Southeast Asian Nations (ASEAN) is moving towards closer economic integration via the ASEAN Free Trade Area (AFTA). Japan, who has been one of few outsiders with regards to preferential trading arrangements, has agreed on a bilateral trade pact with Singapore. China has also begun negotiations on a free trade agreement with ASEAN. These developments may give rise to a desire to better understand the relationship between regional integration and economic development. There is a lot of literature analysing the short-run welfare

implications of regional integration using the concepts of trade creation and diversion effects. However, the evaluation of an integration scheme in the long run should depend on its contribution to the promotion of economic development in the integrated region.

This volume focuses on issues regarding regional integration in East Asia and the Americas, and analyses the relationship between integration schemes and development strategies from a comparative standpoint. Before this volume is published, the same editors published an earlier research on the same topic (Hosono and Saavedra-Rivano, 1998). However, the period of analysis was before the Asian economic crisis of 1997. This book has more up-to-date analyses and provides new insights into economic development and the possibilities for further integration.

This volume contains three main parts. The first part summarizes the recent movement of regional integrations in East Asia and the Americas and evaluates them. The second part explores the relationship between regional integration and national development strategies of Chile, Argentina, Brazil, Malaysia, and China. Only two Asian countries are examined in this part. Nevertheless, each chapter provides unique and interesting analysis and it seems appropriate to choose Malaysia and China as country studies. The last part provides a comprehensive study of the possibilities for economic co-operation between the Americas and East Asia. Each editor of this volume offers an overview of each part. Also, the main results of each contribution are briefly discussed and further insights are given.

Some regional integration schemes featured in this volume are recognized as preferential trading agreements such as the North America Free Trade Agreement (NAFTA) and AFTA. The General Agreement on Tariffs and Trade (GATT) Article XXIV for economic integration after all accepts discriminated treatments for non-members unless new trade barriers are set up against them. Different types of regional integration are also discussed in this volume. The Asian Pacific Economic Co-operation (APEC), for instance, operates on the basis of voluntary liberalization

with the aim of establishing a free and open trading system. Thus, benefits from APEC can spread even among countries outside the region. Contributors of this volume regards APEC as a representative example of open regionalism and presumes that it must contribute largely to economic development of the Asia-Pacific region.

To take an example, Yamazawa, one of the contributors in Part I, states that the voluntary approach like APEC has the advantage of being able to start trade liberalization with comparative speed. APEC has not only been an instrument for fostering freer trade and investment within and outside the region but it has also provided economic and technical co-operation projects in some priority areas for development. This should clearly strengthen the industrial base of East Asian economies. Lately, financial co-operation has just started to facilitate the integration process. Yamazawa expects that these types of co-operation can assist East Asian countries to restore and sustain steady economic development.

In Part II, Saavedra-Rivano states that APEC is perhaps the best example of open regionalism, and its success so far has been quite remarkable. However, he presumes that it would be wrong to try to convert APEC into a full-developed integration scheme like the European Union (EU) because its member economies do not share any strong "developmental affinities". The author defines the concept of developmental affinities as affinities between countries that facilitate interaction between their peoples and pave the way for them to work together in pursuit of development goals. Such affinities are often rooted in non-economic factors such as common historical, cultural, or ethnic backgrounds. Saavedra-Rivano claims that economic integration processes that aim beyond trade liberalization will not likely to succeed in the absence of developmental affinities.

In Part III, M. Ariff evaluates APEC as the only regional integration scheme that is completely consistent with the World Trade Organization (WTO) spirit. He pointed out that APEC has successfully overcome concerns regarding "free riders", who could reap the benefits of APEC trade

liberalization without having to undertake unilateral and voluntary trade liberalization. Thus, open regionalism in the manner of APEC is a supreme example of regionalism working hand-in-hand with global trade liberalization. Hosono presumes that if APEC gives up its openness and evolves to a preferential trade agreement, then the EU, APEC, and the Free Trade Area of the Americas (FTAA) would constitute three major economic blocs in the global economy. It may yield discrimination and conflict among the three economic blocs. In other words, APEC is crucial for advancing multilateral liberalization and strengthening the global trade system under the WTO. Further, in order to build a sound economic relationship in the cross-Pacific regions, Kuwayama proposes to create a "Co-operation Dialogue" forum between Asia-Pacific and Latin America. This idea seems to be close to the spirit of APEC, which hold regular meetings at trade and finance minister level. It may help the economic relationship between the two regions to deepen further and keep the Asia-Pacific region open to the global economy.

Although this review focuses mainly on APEC, this volume contains exciting papers on several other issues dealing with regional integration and economic development strategies in East Asia and the Americas. While none of the contributors in this volume employ any rigorous theoretical or econometric models, economists that are eager to build such models must get useful hints from this volume. Moreover, general readers who are interested in regional integration as well as the economic development of East Asia or Latin America would enjoy reading this volume.

REFERENCES

- Hosono, Akio and Neantro Saavedra-Rivano, eds. *Development Strategies in East Asia and Latin America*. London: Palgrave Macmillan, 1998.

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