

surprisingly little attention in the provincial chapters. However, they provide only a cursory coverage themselves. For those already acquainted with Indonesian development, and to be fair it is implicit within the text that this is the book's intended readership, the foregoing criticism may probably be irrelevant, but for the wider circle of South-east Asian scholars who could find the contents of this book extremely interesting to compare with other countries, a more detailed descriptive and analytical approach may be useful. This may be found in *Financing Local Government in Indonesia* by Nick Devas (1989).

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***An Economic Framework of Singapore.* By Toh Mun Heng and Linda Low.** Singapore: McGraw-Hill, 1990. Pp. 382.

This book is a novel attempt to present and analyse economic principles with direct applications to the Singapore economy. It comprises four main parts. Part I deals with the determinants of aggregate demand, Part II, the determinants of aggregate supply, Part III, macroeconomic equilibrium and Part IV, contemporary issues in the Singapore economy. The first three parts closely reflect a typical pedagogical macroeconomics textbook treatise with constant reference to the Singapore context. Part IV is worthy of particular mention as it specifically highlights, analyses and discusses current issues pertaining to the Singapore economy.

Part I consists of six chapters. Chapter 1 explains basic theoretical definitions and establishes the social accounting matrix for analysing national income flows. Chapters 2, 3 and 4 respectively deal with the production process, household consumption, and savings and investment. Unique to Singapore is the phenomenon of compulsory private saving in the form of the

central provident fund (CPF) contributions discussed in Chapter 4. It would be both interesting and challenging to students to relate the issue of CPF and the employers' and employees' contributions to the theories of private consumption explained in Chapter 3. The role of the government, its rationale, fiscal functions, instruments and economic impact are put forth in Chapter 5 while Chapter 6 deals with the international aspects of aggregate demand.

The determinants of aggregate supply, namely, population and labour force, capital, technology and land are covered in Chapters 7 and 8 which constitute Part II of the book. Part III on macroeconomic equilibrium systematically begins with product market equilibrium in Chapter 9, introduces the role of money in Chapter 10 and builds up to the closed-economy product market and money market general equilibrium (IS-LM) analysis in Chapter 11. Demand and supply shocks and supply-side economics are included in Chapter 12.

Perhaps the most interesting section of the book, Part IV, comprising six chapters on contemporary issues on the Singapore economy, cogently and succinctly covers several important issues ranging from saving and entrepreneurship, to wage, labour and population policies, to business cycles and economic volatility. A discussion on the effect of CPF contributions on saving and entrepreneurship, and the controversial entrepreneurial roles of the state, multinational enterprises and the local small and medium businesses are two of the highlights of the book. The analysis of the foreign worker levy in terms of the divergence between social and private marginal costs carries implications which would be of interest to both economists and laymen.

After Independence in 1965, Singapore experienced two major economic recessions, namely in 1975 and 1985. The question arises as to whether the Singapore economy, small and highly open as it has been, inherently follows a ten-year growth cycle. This subject is studied in the chapter on business cycles in Part IV. It presents leading, coincident and lagging

economic indicators, diffusion indices and a quarterly composite leading indicator for Singapore, as well as graphs the growth cycle chronology for Singapore from 1973 to 1987.

The key contribution and particular strength of the book lies in its effectiveness in expounding and exemplifying concepts and theories using issues and statistical data pertaining to the Singapore economy. For example, many economics students study the definition of gross domestic product (GDP) pedantically without knowing the source of the data, let alone referring to actual figures. This book serves as a tremendous help by providing a historical series, differentiating between nominal and real GDP. At the same time, it cites the data source, enabling ardent students to update for themselves, thus prompting further quest and search.

As a fundamentally important characteristic of the Singapore economy is its openness, particularly in terms of flows of goods and services, greater emphasis and more analytic details could be given to the international aspects of macroeconomics. To begin with, the elementary circular flow diagram in Chapter 1 could be extended and substantively enriched to include international trade and finance reflecting the increasing significance of the financial services sector and the predominance of international trade and investment in the Singapore economy. It would also be helpful to introduce readers to the open economy IS-LM-Balance of Payments model of analysis.

Standard theories on the relative effectiveness of fiscal, monetary and exchange rate policies under different exchange rate regimes would certainly enlighten readers on how the Singapore economy has effectively guarded against imported inflation and simultaneously maintained its export competitiveness, thereby sustaining its enviable, consistently low-inflation high-growth economic performance.

The book, in terms of content and exposition, will particularly benefit readers who have fragmentary knowledge of economic affairs and who seek a framework for more systematic thinking about economic issues, especially those pertinent

to the Singapore economy. It is also useful for the pre-university or undergraduate student, the practising economist or the economics teacher who wish to have greater exposure to the Singapore economy. Interested members of the public would also find the book stimulating in understanding specific economic concepts and current issues facing the Singapore economy.

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***Behind the Myth: Business, Money & Power in South East Asia.* By James Clad. London: Unwin Hyman Limited, 1989. Pp. 285.**

Much has been written about the economic miracle of Southeast Asia in recent years. Mr James Clad takes a different perspective by looking at the sources of domestic economic and political power. His is a view drawn from experience as a diplomat and journalist in the region. Written in a journalistic style, the book is a quick read.

The main theme of the book is on "rent seeking" behaviour of the political élite in the Southeast Asian countries. The book provides a more political perspective than a purely economic one. With an uncanny eye, he sketches out the key players in each country, their linkages with the business world and the ensuing fiascoes that have engulfed each.

He starts with the Philippines just after the Marcos' flight to Hawaii and delves into the Aquino Government's, now well known, incompetence. What is more interesting to the outsider is the continuing saga of Philippine cronyism in the current administration. Mr Clad gives examples of how the President's family members, both near and far, have benefited from her presidential and political power although he states that she has remained unblemished. This