
the interest in the discussion and debate on rural development, which is of vital importance to Asia-Pacific countries.

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The Malaysian Economy: Pacific Connections.
By Mohamed Ariff. Australia: Oxford University Press, 1992. Pp. 288.

The main message of this short study on the Malaysian economy and its regional economic linkages by Mohamed Ariff, Professor of Analytical Economics at the University of Malaya, is that the Pacific influence on the Malaysian economy is strong and will get stronger as the economy gravitates away from the Atlantic region towards the Pacific. The main body of the book comprises four chapters. In the first three chapters, the author discusses the rapid transition of the Malaysian economy from one dependent on the export of primary commodities to one where manufactured exports have become critical. Malaysia's ability to achieve extremely high growth rates, reduce mass poverty and unemployment while at the same time maintaining an inflation rate which is usually below 5 per cent per annum, are explained with the help of many useful tables and charts. The two subsequent chapters further explain the chief ingredients of the rapid growth: trade and foreign direct investment. The chapter on trade discusses trade patterns, structure and performance and the problems encountered. In the latter category, the author specifically discusses the instability of export earnings, competitiveness and trade barriers. The chapter on investment links discusses the structure of direct foreign investment and the impact of direct foreign investment activities. The author's contention is that both trade and foreign investment, which are heavily interlinked, are affected by narrowness and growing regionalism, especially in Europe.

These sections on trade and investment do not discuss the role and future direction of primary commodity exports which gave Malaysia its original impetus to growth. Nor do they discuss domestic investment which even now is important and will be critical if Malaysia is to become more than one large assembly plant. None the less, the first three chapters are readable and useful summaries of the key economic developments in the 1980s in Malaysia, and the general audience who are the target for this book will not be disappointed. It is also fortunate that these chapters constitute the greater part of the book since the last part, moving into the Pacific century, is much less satisfactory. A major problem with this section is the author's loose use of the idea of co-operation among countries bordering on the Pacific ocean. The term Pacific is at various times used in conjunction with the words "basin", "era", "age", "century", "commodity", and "orbit" without much explanation of what the resulting phrases mean. Furthermore, while it can be argued that trade with other countries bordering on the Pacific may be higher than with countries which do not, on account of lower shipping rates, the reality is that the major influences on the Malaysian economy will continue to be Japan and the United States (which is also an Atlantic State!) rather than say Peru or Chile. It is more likely that availability of capital and technology and search for production bases or markets are what will drive trade and investment flows rather than geographical proximity.

The author's major conclusion is that the locus of activity is shifting from the Atlantic to the Pacific and that if Malaysia wishes to take advantage of this, it should encourage open trading systems. This is a sweeping statement which ignores or overlooks critical domestic policies which could be adopted to enable the country to realize the full potential of being part of a Pacific community. Malaysia needs to go beyond the present level of industrialization for which the promotion of small and intermediate industries which promote domestic inter-industrial linkages is important. Another policy issue is that of human capital development and the need to reorient

higher education more towards the sciences. These are but two critical issues which are recognized as such by Malaysian policy makers but are not discussed in the present book. The author's other major lapse is that in enthusiastically describing the coming Pacific era, he forgets that large regional countries such as China, Vietnam and Myanmar which are in the process of moving towards market economies, will not stand idly by but will compete head on in many of Malaysia's markets. The ramifications for Malaysia are not addressed by the author.

The sections towards the end of the book could also have benefited from better organization. The concluding chapter introduces new materials not discussed in the main body including a discussion of export promotion versus export pessimism. There is no justification for relegating this debate to the final chapter since in some sense the key issue for Malaysia is how it can break out of labour intensive assembly and manufacturing, and export its way to broadly based economic development. Notwithstanding the recent success of the Malaysian economy, the immediacy of the major elements of the debate has not diminished. Which perspective is ultimately proven to be correct will depend to a great extent on the shape which the Pacific community assumes in the present decade. Unfortunately, this volume is unable to go beyond inchoate visions which may attract statesmen and politicians but are far less attractive to serious economists who will have to search elsewhere for possible answers to this problem.

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Education in Asia: A Comparative Study of Cost Financing. By Jee-Peng Tan and Alain Knight. The World Bank, 1992. Pp. 204.

This study forms part of the literature and research on the impact of human capital on eco-

nomie growth and social development. Education is a key factor in the development of human resources, and the efficiency of investing in education is in turn a key variable. But the concept of human capital and the issue of education are often argued qualitatively — in terms of cultural factors, or according to psychological norms of what is "good" for the child, or perhaps through the educators' own perceptions and efforts at curriculum design. This book therefore contributes to the body of knowledge by offering some "hard" facts, that is numbers, on a what is an otherwise "soft" subject.

The authors, both economists, from the World Bank and from the Universite de Bourgogne, provide a comparative analysis of education in over a dozen countries, in a readable form and style. The book's title and sub-title are self-explanatory, although the data on cost are more convincing and comprehensive than the data on financing. The World Bank's standard Publication Announcement, which accompanies the launching of the book, is worth quoting:

The authors explain why basic education is crucial to social and economic development and show why systems that favor higher education are unfair and achieve less. They document how individual countries finance education, how financing affects quality, and what policy reforms would make education systems more efficient and fair.

Therefore, this book is important precisely because it describes to the interested reader what is happening to education in Asia, and how it operates. The educator and the government bureaucrat often lack the time and the resources to compare their own costs with that of other neighbouring countries. This book thus provides the data and the analysis for more informed discussions and decisions.

For example, the core prescriptions of the authors strike an intuitive chord: First, quality primary education is the key to building human capital for sustained development, so it makes sense to focus scarce public (and private) resources on primary education. Second, without a corresponding broad base of primary-school