

security. However, the paper by Sevinc Carlson of the Georgetown University Center for Strategic and International Studies is interesting in itself, although it repeats much of the information on the energy situation in the individual ASEAN countries already given in previous contributions.

By far the weakest section of this book is that on ASEAN energy co-operation, not only because of the purely descriptive contribution by C.P.E. Luhulima (C.P.F. Luhulima?) of the Bureau of Science and Technology, ASEAN Secretariat, but rather because of the factually low level of actual co-operation achieved in the ASEAN region. True, there have been many meetings and discussions at various levels within the ASEAN system. But the potential for co-operation in energy that clearly exists within the region has hardly been exploited at all. The recent postponement for the second time of the meeting of ASEAN energy ministers is an indication of the lack of emphasis being placed on energy co-operation in ASEAN at present: The agenda for the meeting include a draft ASEAN agreement on energy security. But the meeting originally scheduled for April 1984 was postponed to June. It was then postponed again, no new date having been set for the meeting (*Straits Times*, 30 May 1984).

Donald Weatherbee was most critical of what ASEAN is doing in the framework of energy co-operation. According to him, the contributor from ASEAN had given an excellent rundown on the activities, but it appeared that this was "the usual grab bag of acronyms and alphabet soup", while the basic security problems had not been addressed at all. This task is, of course, not the function of the ASEAN Secretariat, the committees, study groups, or working groups. It is the function of the decision-makers at the top political level of ASEAN.

All in all, this book is an important contribution to the question of energy policy in the ASEAN region and is recommended for all serious students of energy problems and of

ASEAN co-operation. Most emphatically, perhaps, it is recommended to policy-makers and decision-takers in ASEAN.

HANS CHRISTOPH RIEGER
Institute of Southeast Asian Studies

In the Kingdom of the Blind: A Report on Protectionism and the Asian-Pacific Region. By A Study Group under the Chairmanship of Lydia Dunn. Special Report No. 3. London: Trade Policy Research Centre, 1983. Pp. xxv, 130.

In March 1983 the Trade Policy Research Centre, London, organized a conference in Hobart, Australia at which ministers, business leaders, officials and independent experts from the Asia-Pacific region discussed problems of development and protectionism in the troubled world economy of today. A study group prepared a report for the meeting. The group comprised its chairman and main author of the book under review, the Hon. Lydia Dunn, a member of the Hong Kong Executive Council and of its Legislative Council; Hugh Corbet, the Director of the Trade Policy Research Centre; D.D. Rowlands, Managing Director of a New Zealand company; Brian Scott, Chairman and Managing Director of a management consulting firm in Sydney; the Hon. Tun Tan Siew-Sin, Chairman of Sime Darby, Kuala Lumpur; Jan Tumilir, Director of Economic Research and Analysis at the Secretariat of the General Agreement on Tariffs and Trade (GATT), Geneva; Amnuay Viravan, Finance Minister in the Government of Thailand (1980-82); the Hon. William N. Walker, formerly Deputy Special Trade Representative in the Executive Office of the President of the United States (1975-77); Martin Wolf, Director of Studies at the Trade Policy Research Centre; and Isamu Yamashita, Chairman of Mitsui Engineering and Shipbuilding

Company, Tokyo. Part of the book has already been published elsewhere. Nevertheless, the report is a useful contribution to the question of present-day protectionist trends in the world economy. Its relevance to the Asia Pacific region, however, is largely incidental. Proposals for economic co-operation in the Asia-Pacific region are discussed and the main fear of the authors is that eventually a system of preferential trading arrangements may evolve. While liberalizing trade within the region, such measures by their very nature are discriminatory against countries outside the region. Since the region depends as no other on international trade for its survival and expansion, the authors feel that the member states have a special responsibility *vis-à-vis* the world economy and the GATT system to see that trade liberalization within the region is not restricted to it but is open to the world at large.

The book is well written and the expertise of the authors given their various backgrounds and eminent careers cannot be in doubt. However, after reading this well argued paper, one is left wondering for whom it has been written. In the preface, Lydia Dunn states that the purpose is to reach general readers. On the other hand, it was written as a background paper for a meeting of experts and persons of ministerial rank. It is doubtful whether many "general readers" will be able to follow the sometimes quite sophisticated arguments without a thorough background in economics. On the other hand, it is also doubtful whether lack of information or lack of economic expertise is the reason why the present tide of protectionism has not been stemmed. It seems far more likely that decision-makers in trade policy matters are in a dilemma, in which knowledge of the welfare aspect of trade policy is only one component. National and international welfare is a strong motive for decision-making on the one hand, but political survival in the face of domestic political pressures may be an equally strong motive influencing decision-making. To the extent that this book attempts to increase knowledge of the welfare effects of various

alternative trade policy decisions, it may be merely preaching to the already converted. Being converted to this view may be necessary, but is certainly not sufficient for corresponding action to take place.

Nevertheless, the book is very useful for economists in one area: There is a clear differentiation of protectionist measures that are bad but acceptable in certain cases and those that are bad and unacceptable in all cases. The main problem the authors see in the development of recent years is that the principle of non-discrimination has been seriously eroded. Preferential Trade Arrangements such as the European Community's agreement with "associates" and arrangements among developing countries fall far short of satisfying the conditions providing for custom unions and free trade areas. GATT Article XIX permits the imposition of emergency protection against sudden surges of imports of particular products, but only on a non-discriminatory basis. Governments have therefore found "informal" discriminatory arrangements, namely "voluntary export restraints (VER)" negotiated outside the GATT system, a more attractive alternative. Whole industries have been excepted from the process of trade liberalization, such as temperate zone agricultural products and textiles and clothing industries in developing countries. The technique of trade liberalization through reciprocal bargaining has meant proportionately small liberalization of trade in products of export interest to developing countries. Meanwhile, developing countries have demanded from developed countries discrimination in their favour, the principal result being the Generalized System of Preferences (GSP). Finally, the process of multi-lateral consultation and collective judgment have fallen into disuse, while the formal processes of dispute settlement have proved an ineffective replacement, especially where the complaints of small powers against the great are concerned.

The main thrust of the book is that the principles embodied in GATT are being

circumvented more and more, and that a return to an open system of international trading within the GATT principles is an essential prerequisite of trade policies in all enlightened countries. The countries of the Asian Pacific region are urged to take up the role of the one-eyed king in the Kingdom of the Blind.

HANS CHRISTOPH RIEGER
Institute of Southeast Asian Studies

An Analysis of the Philippine Economic Crisis: A Workshop Report. By Dante Canlas et al. Quezon City, School of Economics, University of the Philippines, 1984. Mimeographed. Pp. 171.

The economic crisis in the Philippines is the central focus of this workshop report by a group of interested faculty members of the School of Economics, University of the Philippines. Their report is just one among many such publications attempting to dissect the anatomy of the Philippine economy which has presently exhibited the acute symptoms of many ailing less developed countries (LDCs) — inflation, balance of payments problems, mounting external public debts, and difficulty in servicing these external debts. In fact, the diagnosis of similar malaise continues daily in the local press, in public fora, and in international organizations. The Philippine situation is by no means unique, at least in terms of outward symptoms. It has attracted worldwide attention, however, since the assassination of former Senator Benigno Aquino in August 1983.

To mix metaphors, the analysis under review may have uncovered variations of a theme which is uniquely Filipino. According to this report "Cronyism" (a particular form of favouritism which the cronies of President Marcos enjoy) explains many of the contributory factors to the present crisis. Favouritism

coupled with the lack of public accountability inevitably leads to the squandering of public funds and gross inefficiencies in the allocation of economic resources. The lack of checks and balances in an authoritarian system allows the distortions to accumulate, and the warning signals to be disregarded. If there were more public debate and discussion, these matters which affect the life of the nation would have called for corrective action much earlier and therefore would have avoided the deterioration of the public debt position to the present very serious level.

Three areas wherein there have been major changes in economic policy are identified, namely:

1. Fiscal and monetary policies;
2. Role of government in financial and product markets; and
3. Industrial reorganization of important economic sectors which tended to create greater economic concentration.

The analysts believe that these departures from the conservative policies of the 1950s and the 1960s contributed much to the present crisis.

Presenting relevant statistics, they argue cogently that the high rate of monetary growth in the decade of the seventies mainly through expansion of Central Bank credit (including credit to finance government deficits) contributed significantly to the present inflation. One does not have to be a monetarist to conclude that inflation since the 1970s must have come substantially from the rapid expansion of currency in circulation (M_1) compared with the preceding two decades.

Regarding fiscal policies, in my judgement the problem was not so much the expansion of government expenditure *per se* (Government Expenditure Share in GNP rose to 17.66 per cent in 1980–82 but is still low compared with other developing countries), since the laxity in public accountability, which unfortunately accompanied the centralization of power in an increasingly authoritarian regime, led to