

would concur, the details of specific jurisdictional disputes in off-shore Southeast Asia (of which there are a multitude) are reported in a large number of disparate sources including national news services, regional news publications (such as the *Far Eastern Economic Review*) and industry-specific journals (such as *Petroleum News*).

Valencia's analyses of the oil-related jurisdictional disputes and the numerous claims and counter-claims of the many nations involved may strike some readers as thin. This is the unavoidable consequence of attempting to cover a rather extensive range of maritime petroleum-related disputes in the space of a brief chapter. A less serious criticism is a technical one: the important figures in the text, displaying petroleum geology and maritime claims in the region, are difficult to decipher due to a restricted scale-size.

In sum, this is a useful book for its systematic collation of data and succinct descriptions of jurisdictional disputes in maritime Southeast Asia, though it may dissappoint those who expect a full analysis of the subject in relation to national interests and international relations of the region.

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What Britain Pays for Voluntary Export Restraints. By David Greenway and Brian Hindley. Thames Essay No. 43. London: Trade Policy Research Centre, 1985.

The best-known system of voluntary export restraints (VER) is the Multi-Fibre Agreement. All ASEAN nations, but for Brunei, adhere to it. VER, which stipulate the maximum amount of a commodity that can be shipped in a year, are imposed by the exporting

country in co-operation with the government of the importing country. The exporting government decides who shall earn the quota profits, and the importing government can please the lobby of import-competing producers at home, by keeping domestic prices above the level defined by world market prices plus whatever tariff may be levied. Domestic consumers pay, lose out on choices, and sometimes, as in the case of video-recorders in Britain, even on quality. The usual rhetoric to tout VER runs in terms of preserving employment in the importing country.

This book by Greenway and Hindley points to the doubtful benefits and the horrendous costs of VER in the context of the United Kingdom. They consider video-recorders, motor cars, woven trousers, shirts and blouses, and non-leather footwear. The authors, with reference to the established literature, point to some doubt that VER can create or save any jobs at all. In industries where the domestic producers act in concert, they may find that their output that maximizes their joint profits is *less* with VER than without, thus VER might actually decrease employment. Even where the employment effects in the target industry are positive, the import reduction may force domestic employment losses elsewhere through appreciation of the exchange rate. If we ignore the possibly negative overall employment effect and focus on the direct effects alone, the cost to British consumers of VER on video recorders in 1983 was at least £80,000 per job, considerably ahead of what those workers are likely to have been paid. Even in the lowest case of £7,500 per job a year, in non-leather footwear, the cost of VER per job runs almost 50 per cent ahead of the average gross wage in the industry. To put it another way, all the workers directly protected by VER could be paid their wages, for doing nothing more than enjoying the sunshine on British beaches, with unrestricted imports being allowed in. The British economy would be better off that way than with the VER, and these workers on the job. The research of Greenway and Hindley

corroborated similar findings of others for Canada and the United States.

What makes VER particularly pernicious are the long-term effects. Protection turns inefficient losers into inefficient profit-makers. New capital will be invested and young workers will be trained in industries that should not have had life support systems connected. New vested interests are created each day, to be sustained at the cost of the living standards of the general public in the importing country. If there is any hope, it lies in public opinion being aroused by books such as this one by Greenway and Hindley. Unfortunately, studies with formula and notes in small print do not drive people to the barricades. This excellent book is recommended to students of international trade policy and industrial organization, but especially to editorial writers, politicians, and senior civil servants.

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***Singapore: Resources and Growth.* Edited by Lim Chong-Yah and Peter Lloyd. Singapore: Oxford University Press, 1986. Pp. 278.**

“How did Singapore do it?” is a frequent question addressed to anyone presumed knowledgeable about the spectacular progress of the city-state from a poor, riot-torn colony to the Switzerland of Asia. This book, edited by Professor Lim of the National University of Singapore and by Professor Lloyd of the University of Melbourne is a good place to look for the answers. A great location, the energies of an immigrant society, an able, determined, and pragmatic government, and a prosperous global environment are clearly the main ingredients of Singapore’s success. The manuscript for the collection of essays was completed before the end of 1984, therefore by necessity, its descrip-

tion of events, institutions, and policies excludes those arising in the course of the 1985 recession and its aftermath. Curiously, this reader found himself at no disadvantage: the first twenty-five years of what is now the Republic have their own economic story to tell.

All contributors to the volume are, or were, teaching in the Department of Economics and Statistics at the National University of Singapore. Professor Lim, the head of the Department, introduces their work in an essay combining paternal pride with surprising distance. The technical brilliance of Tsao Yuan’s paper on sources of growth is deserving of a better statistical base than she had to work with, but that may very well hold wherever she goes. Wong Kum-Poh looks with competent ease at savings and investment. Because he deals with Singapore, all rates are high in relation to the major developed countries, to ASEAN, to South Korea and Hong Kong. Chia Siow-Yue surveys direct foreign investment and industrialization, and raises questions on the opportunities open to local entrepreneurs in an environment where they have to compete for inputs and product markets with the much better established multinationals. She questions the continuing policy of permitting 100 per cent foreign ownership, because of its “low catalytic and linkage effects . . .”, and recommends, instead, joint ventures and non-equity based technology imports. It should be interesting to see the results of benefit-cost studies on her proposals.

Chew Soon Beng deals with the influence of education and of wages policy on employment and earnings. This essay, among other things, reports on the results of a survey of employers in the electronics industry. In a very valuable essay on the demographics of Singapore, Saw Swee-Hock does a workmanlike job on the long-run fundamentals, particularly by pointing to labour shortages down the road.

To the reader not too familiar with Singapore, Peter J. Lloyd and Roger J. Sandilands present a good descriptive and analytical chapter on foreign trade and commercial policy.