

BOOK REVIEWS

Asian Diaries. By H.W. Arndt. Singapore: Chopmen Publishers, 1987. Pp. 251.

Asian Diaries is a "time" diary, in that it must have been penned at the time of the author's visits to the sights, scenes, and venues. No hindsight and afterthoughts seem to have been inserted ex-post.

It is an extensive travelogue criss-crossing the whole of the Asian continent from Afghanistan to Papua New Guinea, leaving out only Burma, Laos, Sri Lanka, and China. Perhaps these countries will appear in a sequel. It is hoped so.

It is not only a travelogue of a keen-eyed and absorptive traveller, but also an odyssey of an economist, because the author met anybody who is anybody in the economic circles of the region.

Heinz Arndt's description of the topographical features, unusual scenes, and characteristics of people reflect well a keen-minded economist taking in the prevailing political and economic climate, the ambiance and milieu of the turbulent period of 1958-76, in particular in India, Pakistan, Thailand, Malaya, Singapore, Japan, the Philippines, and Indonesia. The authenticity of the descriptions, faithfully and painstakingly narrated by the author, can be endorsed without reservation. It is a "personal book": Arndt's views and thoughts of the period and places are well encapsulated.

Personalities abound in the book. Professor Arndt does not seem to be overwhelmed by some of the more eminent persons he met — Nehru, Mahalanobi, Nyun, Saburo Okita, Watanabe. He seems, however, more impressed by the younger and less prominent in status and stature, such as Mabul-ul-Haq, the Hitotsubashi group, the Berkeley Mafia, K.N. Raj and the like. After all they are some of the best products of the Asian intellectual world of economics. Of the many he met, Don Blake (of ESCAP), Beny Widjono (of ESCAP, now at UN HQ), R. Hirono (also of ESCAP, now in UNDP), Ahrens Dorf (of IMF), Prattley (of UNDP) were ex-colleagues or acquaintances of the reviewer. It is always a delight to read of one's acquaintances in print. Arndt's one-line descriptions of Mahalanobis, Myrdal, Nyun and others are pithy and pungent, all without malice, though.

It seems a little odd that though the frontispiece of the book is a river scene of Rangoon, this city was mentioned only at the end of the book in the last sentence — saying that the author was flying to Rangoon.

The reviewer happens to be a Rangoonian and would therefore like to inject a personal note at this point. Professor Arndt arrived in Rangoon on 1 July 1976, the very day the reviewer took off for Bangkok in the aircraft he arrived in and thus missed him. It would be interesting to read a sequel to *Asian Diaries* regarding Burma and the people he met there.

To those in the economics field in the Asian region, the book is worth reading. On the other hand, to those not of the region, the scenes are likely to be more interesting than the personalities.

One small caveat for the sequel though. Of the 400 names he mentioned in the book, probably three-quarters of them could have been left out without loss to the quality of the book.

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Philippines: A Framework for Economic Recovery. A World Bank Country Study. Washington, D.C., 1987. Pp. 156.

What chances are there for the Philippine economy to recover from the 1983 economic crisis? What are the policy strategies needed for the economic recovery? These are the basic questions which this report addresses.

The report (prepared by a World Bank mission team in April 1986 and presented to the Philippine Government in October 1986) is divided into three chapters. The first part of Chapter One provides a useful analysis of the macroeconomic developments during 1970–85, focusing on three issues: (1) causes of the 1983 economic crisis; (2) the stabilization policies followed by the Philippine Government during 1983–85 and their impact on the domestic economic activity; and (3) the macroeconomic adjustment for growth and recovery.

With regard to the first issue, the report undertakes a somewhat superficial review of the economic developments during the 1970–82 period, and then attributes the 1983 crisis to factors such as: (a) the internal structural weaknesses of the economy which developed over the 1970–82 period (the highly protected manufacturing sector, existence of disincentives to a broad-based export expansion, and

overvaluation of the peso due to tariff structure, import restrictions and export taxes); (b) the external factors such as the deterioration in the Philippines' terms of trade in the late seventies, the increase in the international interest rates during the early eighties, and the drying-up of medium-and long-term international capital markets; and (c) the countercyclical expansionary macroeconomic policy (instead of adjusting to the deterioration in the terms of trade) which has resulted in growing public sector investment-savings gap.

On the second issue, the study further reports that, faced with the 1983 economic crisis, the government undertook stabilization policies starting in late 1983 until 1985 via restrictive fiscal and monetary policies and exchange rate devaluation (which are consistent with the theoretical policy prescription and) which proved to be effective. Real output declined during the 1983–85 period, and current account deficit consistently narrowed down during the same period.

On the third issue, the study claims that economic recovery prospects hinge largely on export-oriented medium-term adjustment which will "initially require increased investment in export-oriented activities and in branches of manufacturing, that after some initial restructuring, can become competitive with imports on the basis of relatively low tariffs" (p. 9). For short-term recovery, the report recommends a set of measures consisting of a combination of relaxation of import controls, money supply expansion, government spending, and increased foreign borrowing. Interestingly, the report has come up with medium-term prospects on the sustainability of recovery over the next five years (1987–91) assuming that there would be a turnaround of economic activity in 1986 (indeed, the economy registered a positive rate of growth of real GDP of 0.13 percent in 1986). The projected sustained economic growth will come mainly from strong growth of investments and exports.

The second chapter (with three parts) analyses the various ways of managing the external,