BOOK REVIEWS

***Financing for Development: With Special Reference to ASEAN*. Edited by Faridah Shahadan and Nor Aini Haji Idris.** Singapore: Oxford University Press, 1987. Pp. xix, 383.

Conferences can be useful. The opportunity for academics to talk to one another, and sometimes to practitioners in their field, to exchange views and experience, and to expose their research output to critical scrutiny can yield public benefit as well as private pleasure. Conferences may therefore deserve public funding, by universities, governments, or foundations.

The publication of conference proceedings is quite another matter. Conference volumes such as the one under review serve virtually no useful purpose. A few good papers which should and could be published in journals are here buried among indifferent and downright bad ones. The burden imposed on editors usually outweighs the kudos they gain. The gestation period, invariably prolonged by laggard contributors, means that such volumes commonly do not see the light of day until two to three years after the conference, by which time much of the information is dated. Public funding of conferences should be conditional, in all but exceptional cases, on the proceedings *not* being published between two covers.

This volume is not one of the rare exceptions. The "seminar", jointly organized by the Faculty of Economics of Universiti Kebangsaan Malaysia (the National University) and Bank Berhad of Malaysia, appears to have been held about 1983, though no date is given. (The statistics mostly end in 1982, in some cases in 1979.) As the Editors explain in their Preface, it was motivated by "the existing international financial crisis" when "no end to the current recession" seemed in sight. The object was to discuss the problems of "financing for development" which DCs (the abbreviation confusingly adopted for less developed countries) faced in these circumstances. By the time the volume was published, in 1987, the industrial countries had experienced one of the longest sustained booms since World War II, and many of the developing countries, certainly in east Asia, were enjoying high rates of economic growth. Others, of course, were in difficulties, but these could only in minor degree be attributed to the international economic environment. This does not mean that the problems of financing development have gone away. Good discussion of some of these problems can therefore still be helpful and interesting. The volume does in fact contain some good papers.

The outstanding analytical contribution is A. P. Thirlwall's article on "International Borrowing, Debt and Development" which heads the collection. Succinctly and readably, he discusses the current debt crisis "if it must be called such", the factors that gave rise to it and the ways in which it can be handled. He points out that in its origins a kind of Say's Law was at work: the excess supply of petro-dollars created its own demand from hard-pressed or selfindulgent borrowers, though the private banking system clearly overextended itself. He rightly predicted that no major U.S. bank would be allowed to collapse simply for want of a debt-rescheduling agreement. The key questions were: What is the optimal degree of rescheduling and who should bear the cost? The guiding principle must be: "Shared blame requires shared solutions". One wishes some of the other contributors to this volume had more fully absorbed Thirwall's good economic and common sense.

The outstanding empirical contribution, somewhat surprisingly, is a paper on "Multinationals from Developing Countries" by Sanjaya Lall. It draws most interestingly on his own research on Indian direct foreign investment (DFI), in comparison with such investment from Hong Kong, Argentina, Brazil, and other NICs. Lall puts his subject in perspective by pointing out that Third World foreign equity, estimated at about US$10 billion, accounted for only 3 per cent of the total world stock of DFI, and that India's share was only 1 per cent of the Third World total. But the Indian case is particularly interesting because much of Indian DFI has been in relatively sophisticated manufacturing, in direct competition with MNCs from the industrial countries. It has been based on indigenous technology, the equity contribution consisting of exports of Indian plant and equipment. India's comparative advantage in this field derives from longstanding Indian government policy of forcing local firms to develop their own technology base, but the impetus to DFI has largely come from the high cost of production structure within India, infrastructural deficiencies, labour problems and stifling government regulations. "Technology exports and direct investment have appeared as a logical means of escape."

Other useful papers are Seiji Naya's overview of development finance in the ADB's area of jurisdiction, G. Maynard's discussion of international monetary reform proposals, a piece on Islamic banking which combines technical proficiency with unashamed avowal of moral objectives, and a sober and sobering warning about Malaysia's balance of payments and external debt problems by R. Thillainathan.

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Foreign Investment and Industrialization in Indonesia. **By Hal Hill.** Singapore: Oxford University Press, 1988, Pp. 204.

Being the third largest country in the Third World, it is not surprising that Indonesia has always attracted much research on development in various fields. This applies as well to issues such as foreign investment and industrialization being well documented in Hill's rich bibliography. Apart from the author's own motivations to write this book which are outlined in the Preface and the Introduction, another reason for a particular interest in this issue is the fact that so far Indonesia has somehow lagged behind other fast industrializing countries of the booming Southeast and East Asian region and has attracted less foreign investment (tables 3.7–3.10). Though manufacturing growth rates have been considerable since the more liberal government policies in the mid-sixties, gaps still prevail in terms of per capita income and manufacturing output (table 2.1). This may be due to a certain ambivalence and lack of continuity in government attitudes towards foreign investment in the past. In the early eighties, however, liberalizing reform programmes were initiated which among other things promote foreign investment and industrialization thereby accelerating manufacturing exports although this has happened only very recently. Unfortunately these developments came after Hill's final editing and it was too early to grasp results in terms of hard facts. Though the author refers to those reform measures he could not do more because this book