

growth more consistently than any other developing country. Taiwan's ratio of money to GNP is now five times that of the typical Latin American country. Real interest rates have been high, inducing Taiwanese savers to accumulate bank deposits. All this was achieved, even more than in Japan, against a background of very stable monetary growth and low or even negative inflation.

Financial decontrol in Chile provides the contrast. There, between 1976 and 1982, the banks were denationalized and deregulated while inflation was still high and unpredictable. The result was unprecedented levels of nominal and real interest rates, a proliferation of bad loans, and, in 1982-1983, renationalization of the banks. Professor McKinnon concludes that deregulation was excessive and premature.

A review of the Chilean experience takes up the middle one-third of the monograph. At the end is a brief, four-page discussion of Korea between 1979 and 1983. Korea's inflation rate, though much lower than Chile's, averaged 20 per cent during 1979-81. By 1983 it had been reduced to 3 per cent. In contrast to Chile, Korea did not try to use a fixed exchange rate to force price stabilization via international commodity arbitrage: rather, the won was allowed to fall against the U.S. dollar a bit faster than the inflation rate. Also in contrast to Chile, Korea manipulated the nominal interest rate downward, sending an advance signal of central bank intentions to the market. The combined effects of these exchange and interest rate policies were to curb the incentives to incoming foreign capital that plagued the Chileans.

The common thread running through these short case studies is that full financial deregulation must proceed cautiously and only after inflation and inflationary expectations have been brought under control. Nevertheless, Professor McKinnon's 1973 message survives largely intact: liberalization remains, in his words, "the only game in town". But "[i]t is perhaps a sign of advancing age", he con-

cludes, "that I am now more inclined to emphasize the pitfalls."

* R. McKinnon, *Money and Capital in Economic Development*. (Washington, D.C.: The Brookings Institution, 1973).

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***The Population of Peninsular Malaysia.* By Saw Swee Hock.** Singapore: Singapore University Press, 1988. Pp. 342.

Saw Swee Hock has produced a substantial volume of up-to-date information across the full range of demographic components. The task of collecting, organizing, and making as compatible as possible the wide range of statistics cited in the book has been a major one, and Professor Saw is to be congratulated on the substantial contribution he has made to the literature and to the accessible body of data on Peninsular Malaysia's population.

This is a statistician's book, not so much in the complexity of the methodology, which for the most part is simple and clear; nor because it is aimed at statisticians (which is not the case as the information is readily accessible and can be understood by any informed reader); but in the clear focus on numbers and a reluctance (with one or two notable exceptions) to move far from the statistical record, either back into causality and explanation or forwards into implications and consequences. For example, in the earlier part of the book a recurrent explanation of historical developments in the population is that they were determined by the extent of British colonial influence, the level of economic development and type of economic activities, and government policy. This is undoubtedly true, but some elaboration of how this worked and more examples of the impact of the process would have been useful. To some readers, however, the factual and pre-

dominantly statistically based presentation may well be a commendable feature, leaving the user of the information to interpret and explain. The focus of the book on facts also means that researchers and administrators in a variety of fields have the basic information they require readily accessible without any sectional viewpoint or perspective which might constrain applications in other fields of endeavour.

The volume is most comprehensive and thorough when dealing with the variables on which Saw Swee Hock himself has previously worked and published extensively — a wide range which in fact covers most of the main topics of the book and certainly gives him a very strong claim to make this authoritative survey of the topic. Perhaps because of the fairly single-minded focusing on the statistical analysis, selection of secondary sources appears somewhat random. No mention is made, for example, of Sidhu and Jones (1981) which, although less comprehensive, is the book which this volume largely supersedes. Nor, in a detailed treatment of internal migration, is the substantial contribution of Pryor referred to (e.g. Pryor 1979, four chapters on Malaysia); and in the same chapter, a detailed discussion of urbanization, the urban hierarchy and the system of towns takes no account of the extensive literature, both local and international, on these topics (e.g., Lim 1978; Hauser, Suits, and Ogawa 1985; Hirschman 1976). Even in discussing the important issue of ethnic differentials in fertility, the major contribution of Noor Laily et al. (1985) is not cited; nor, in the generally less researched area of Malaysian mortality does Saw Swee Hock go far beyond his own up-dated work to include such useful sources as are available (e.g., Tey and Noor Laily 1986; Hirschman and Tan 1971).

This book, then, does not attempt to draw together and carry forward what has gone before in the analysis and understanding of population among the wide range of interested disciplines. Rather, it is a stand-alone appraisal of a lengthy period of population development (with particular emphasis on more recent de-

cares) which provides a statistical base for interpretation and any number of appropriate applications. It incorporates more or less incidentally, a selective use of ancillary information to provide an appropriate context within which the discussion of the statistics is presented.

This book is an example of a rapidly expanding genre which, in my view, has adopted an unfortunate but increasingly favoured convention: the study of Malaysia without East Malaysia. This is not a criticism of this book but a comment on a trend emerging all too commonly and easily from the focus on the preceding political entity, the Federation of Malaya. Indeed, in the field of population studies, the adoption of the Peninsular as the unit of study is not difficult to justify: Peninsular and East Malaysia have different past census dates, different ethnic minorities, different economic and social issues, so that a much more coherent presentation is possible in the more constrained context of the Peninsula. This does lead, in this case, to some unfortunate but fairly minor ambiguities (e.g., Table 2.13, Sarawak and Sabah are listed as countries of birth contributing in 1970 and 1980 to the “foreign-born population”). More importantly, the recurrent exclusion of East Malaysia in a wide variety of studies in many disciplines tends to confirm the worst fears of East Malaysians that they are second class Malaysians, and to perpetuate the unfortunate implication that, as a unit of analysis, Peninsular Malaysia is an appropriate surrogate for Malaysia as a whole.

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The World Competitiveness Report 1989.
Switzerland: IMEDE and The World Economic Forum, July 1989. Pp. 253.

The ninth in a series, this Report represents the beginning of a fruitful collaboration of two internationally well-known organizations based in Switzerland: IMEDE and the World Economic Forum. The expressed purpose in the Preface of the Report is three-fold: (1) to enable business leaders and senior government bureaucrats to comprehend the national context and competitive environment within which competition amongst enterprises is played out; (2) to analyse the fundamental changes and mega-trends occurring in the world's major economies; (3) to provide a preview of "the shape of things to come".

The Report is organized under eleven substantive headings from "Competitiveness Scoreboard" to "What is International Competitiveness?" to "Data Processing Methodology" plus detailed notes and references as well as a very useful index. For a report of this nature, it is almost as comprehensive and exhaustive as the reader expects it to be. For the convenience of this review, the contents of the report can be examined under two parts:

(a) The quantitative and other results as reflected in the diverse analytical illustrations (scoreboard charts, statistical tables), viewed from an ASEAN perspective, and

(b) the conceptual considerations of international competitiveness.

In mid-1980s, the ASEAN economies (particularly, Indonesia, Malaysia, the Philippines, and Thailand) suffered a serious set-back in their economic performance with the decline in commodity prices. This stimulated government efforts to diversify their economies, increase efficiency through the deregulation of the private sector and programmes of privatization, and increase foreign investment. The efforts of promoting growth with stability have produced favourable outcomes. In 1988 Thailand's (and Singapore's) real economic growth rate was 11.0 per cent leading the economic resurgence of the economies in the region. The growth rates of Malaysia and the Philippines were 7.9 and 6.9 per cent respectively; Indonesia did reasonably well with 4.7 per cent.

Aside from the growth-cum-stability stimulus role of the government, booming exports have been the main source of new growth. There was a recovery of commodity prices, and major primary exports like rubber, sugar, palm oil, tin, and copper increased substantially in 1988. Manufactured exports grew strongly as well. The competitiveness of manufactured exports from the ASEAN countries increased notably because of the appreciation of the yen, won, and New Taiwan dollar and also because of improved incentives for export-oriented producers. Besides, there was some acceleration of growth impetus in Europe dra-