

The debate continues in Chapter 10. The author, in his discussion on financial and monetary integration, makes clear that much remains to be done, particularly with regards to empirical work. On financial integration, the drawbacks of empirical assessments and the necessity for “soft infrastructure” such as regulation and governance were discussed. On monetary integration, it was suggested that other than testing for common shocks within the Blanchard-Quah framework, supply shocks, labour mobility, and the endogeneity of an OCA were pertinent issues to be considered. The author in recognizing that “ultimately, the choice of exchange rate regime is a political decision” (Mussa 1997) also provides astute observations of institutions on the local, regional, and multilateral levels.

Chapter 9 adds to the vibrancy of the discussion in testing for macroeconomic interdependence in major East Asian economies. Basic cross-correlations as well as cluster analysis are used to measure the degree of closeness. This is followed by a principal component analysis that attempts to measure confluence of real, financial, and price variables both within these economies and against non-East Asian economies. A structural VAR model is also adopted to identify underlying shocks as well as tests for impulse responses

Having come to the last part of the book, the reader would by now be well acquainted with macro issues revolving around regional co-operation on the various trade, investment, financial and monetary fronts. Certainly, these are pertinent topics that have gained wide exposure in ongoing debates. However, one grouse is that there has been a lack of discussion as to how these measures would translate into poverty eradication and aid for developing the Asian states, many of which are still in their early stages of development. This may be where Chapters 11 to 13 can play an informative role.

Chapter 11 is recommended as it provides a detailed analysis of the relationship between infrastructure; namely transportation and communication, with that of globalization, poverty reduction, and economic development. Analyses are drawn based upon the concept of networks,

culminating in the identification of selected major issues and a series of recommendations towards facilitation and operation. The focus on the less developed regions such as the Greater Mekong Subregion (GMS) is apt and ensures that the less developed regions are not left behind. Regionalization, in terms of production network, is brought up and the need for regionalism in the form of government network as complements, is recognized. Related empirical works are carried out in subsequent chapters addressing barriers to infrastructure development both within a country and across borders. The role that supranational organizations could play and the impact of infrastructure in reducing transaction costs are but some of the key lessons learnt in this path towards development.

In short, this is a wide-ranging publication that meets its aims of promoting an understanding of the various regional initiatives in Asia. The first step has been taken and it remains to be seen if this understanding would be translated into further policy considerations and the much needed actions.

REFERENCE

- Mussa, M. “Political and Institutional Commitment to a Common Currency”. *American Economic Review, American Economic Association Papers and Proceedings* 87, no. 2 (1997): 217–20.

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Asia-Pacific Economic and Security Cooperation: New Regional Agendas. Edited by C. M. Dent. Hampshire: Palgrave Macmillan, 2003. Pp 271.

Governing the Asia Pacific: Beyond the “New Regionalism”. Edited by K. Jayasuriya. Hampshire: Palgrave Macmillan, 2004. Pp 192.

Both edited volumes by Christopher Dent and Kanishka Jayasuriya together marshal respectively twelve and nine eminent chapters on the Asia-

Pacific Economic Co-operation (APEC) from a multidisciplinary armament of economics, politics, and political economy, and equally encompassing geography. Both share a certain predilection beyond the economics of APEC into political-security and regional governance rooted in domestic coalitions which are inevitably socio-political. They thus complement and supplement each other very effectively. Unsurprisingly, APEC is the primary pioneering case study together with ASEAN, ASEAN Plus Three, and new bilateralism in the Asia-Pacific region in both volumes.

With the hindsight of the Asian crisis and the 11 September 2001 Al-Qaeda terrorist attacks on the United States, and with global reverberations and consequences, Dent's volume revisits the Asia-Pacific through three prime analytical lenses. One is the tension between post-shock forces of imperative co-operation and the counter-forces of Asia-Pacific complex diversity. Two is the growing conflation between economic and security issues or the economic-security nexus in Asia-Pacific international relations. Finally, there is the relationship between Asia-Pacific's new economic and security bilateralism and regional-level forms of co-operation, integration, and governance.

Accordingly, Dent's edited volume in four sections has Part 1 developing the three "prime dimensions", Part 2 covers the global contexts, Part 3 the regional overviews, and Part 4 on the micro-geographic, subregional perspectives on events and developments. The "prime dimensions" thematic framework offers further conceptual and theorizing as new forms and structures of foreign economic policies incorporating security are the realistic consequences of both the Asian crisis with poor political and corporate governance affecting economic security as much as September 11 directly impinges on security.

Part 2 saw Asia-Pacific regionalism having the potential as a substitute for the Washington consensus, which began to fail even the United States as its domestic recession broke, also demonstrated by the Japanese challenge of its AMF even if that was stillborn with the United States' veto. The Asian crisis may be blamed for the missed opportunity for Asia-Pacific

regionalism, but, in truth, that was a much needed blessing in disguise to show the bad roads and bad drivers in the reckless drive and exuberance of Asian "miracle" economies.

In the final analysis, the Washington consensus minus its American imperial "Washington" prefix, may still have some good points on good governance as a fundamental building bloc. That Asia-Pacific by and large is not quite globalization-ready, with globalization's impact on security, including human security and its impact on economic, environmental, societal, and military revived. As much as East Asian regionalism is launched, it has to straddle globalization and harness globalization well, so long as East Asia remains dependent on the triad for trade, capital, technology, and other factor and market flows.

That the Asian crisis enforced "co-operative realism", in cognizance of the demise of the Cold War and a new regional imperative to balance globalization, institution-building and global governance as analysed in Part II. The relevance of ASEAN, ASEAN Regional Forum (ARF), ASEAN Plus Three, growth triangles and bilateral free trade agreements (FTAs) growing apace since 1998 are all as defining developments as reality checks. The bilateral, plurilateral figures in Chapter 5 are not just artistically elegant, they have a lot of both "thinking regionally, acting bilaterally" overtones and "not-so-silent" undertones which are far from being a closed book. Sea power and piracy cross-fertilized with terrorism have also reared their heads in an already crowded Asia-Pacific agenda.

Part 3 at the subregional level goes beyond ASEAN into the Mekong and China-Taiwan nuances. Part 4 brings in the inevitable cyber networks and e-ASEAN, thus missing no nooks and crevices in Asia-Pacific dynamism. As Part 4 concludes back on the "prime dimensions", the tone is unapologetically for regionalism and bilateralism, especially for "region-convergent" strain. This may be optimistically refreshing for many other books and papers on non-performing APEC.

Jayasuriya's volume is similarly persuasive on beyond the "new regionalism" as the the first chapter opens the thesis of ignoring regional

integration as rooted in domestic coalitions, economic strategies and state forms which governed the “miracle” years. The resultant regulatory state and regulatory regionalism do require policy co-ordination and harmonization, from the Asia-Pacific to the Southern Cone of Latin America.

Whether Mercado Comun del Sur (MERCOSUR) or ASEAN Free Trade Area (AFTA) is more dismal as regionalism driven by domestic and political processes or should be more responsive to market-led regionalization is a tussle. As much as AFTA touts “developmental regionalism” to marry domestic-owned capital with the globalization-regionalism relationship, it being overshadowed and marginalized by ASEAN Plus Three is no less than MERCOSUR caught out with North American Free Trade Agreement (NAFTA), now Central America Free Trade Agreement (CAFTA) and Free Trade Area of the Americas (FTAA).

Will Southeast Asian industrialization and regional production networks survive the international variants with “systemic globalization”? The emergence of billion-populated India and China again stresses on how unique can localization-regionalization be touted as appropriate cluster subsets of globally-linked production.

Southeast Asia seems more infamous by its financial crisis in a contagious strain quite different from the rest of Northeast Asia. But it highlights co-operation in money and finance amidst the political and co-ordination issues.

Like in Dent’s volume, Asia-Pacific’s new bilateralism did not escape attention in Jayasuriya’s volume. Notwithstanding collective agreements in post-crisis East Asia, the growth of bilateralism involving insignificant countries in overall trade and economic growth seems to be “liberalization without political pain”. Their negative consequences for the domestic economy equation may be one contrarian view to Dent’s volume. But reality and empirical evidence need to be reconciled with the political and security *raison d’être* of bilateral pacts. “Too-early-to tell” seem as good a view.

As the “sick man” in ASEAN, Indonesia

warrants a chapter on its coalitions and corporate governance reform. Despite significant changes, Indonesia seems to be still muddling through, but displays a remarkable resistance to any universal adoption of the outsider model of corporate governance, not in any time soon. The volume’s thesis that domestic political systems and coalitions remain determinants of reforms despite globalization is reinforced. Indonesia may have to develop its own variant of corporate governance, provided it can. Regional governance projects undertaken by domestic actors and coalitions such as embedded mercantilism and open regionalism with roots in domestic structures may be a possible help.

Clearly, sovereignty is under siege in Southeast Asia, with states have power only “in the last instance”, far and few in between as this may be. Security concerns may be a saving grace as post-September 11 terrorism supplants Cold War security co-operation. Like sovereignty, democratization is in transition with prospects for participatory regionalism in Southeast Asia in contrast to traditional elite-centred, political illiberalism. The usual baggage of non-interference, the ASEAN way and lack governance, transparency and rule-based interactions still outweighs any displacement of traditional patterns of regional elite socialization, making the relationship between democratization and regionalism tenuous.

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***Deforesting Malaysia: The Political Economy and Social Ecology of Agricultural Expansion and Commercial Logging.* By Jomo, K. S., Chang Y. T., Khoo K. J. et al. London and New York: Zed Books, 2004. Pp. 253.**

Agricultural expansion and commercial logging have been identified as the chief causes of