

BOOK REVIEWS

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***Colonial Legacies: Economic and Social Development in East and Southeast Asia.* By Anne E. Booth. Honolulu: University of Hawai'i Press, 2007. Pp. 241.**

Taiwan and South Korea, both former Japanese colonies, managed to have a faster economic growth from 1960 onward relative to former European or American colonies in East and Southeast Asia. There is an argument that places high importance on the colonial past of these two countries as a determinant of their economic performance, contrary to the popular belief that emphasizes the economic policies adopted in the post independence era. As the author states in the book, the aim of this book is “to place the debate concerning Japanese colonialism in a wider perspective through an examination of the record of other colonial regimes in East and Southeast Asia”. The author also writes that “This book attempts a comparative study of the economic and social development of colonial territories in East and Southeast Asia in the first four decades of the twentieth century and the consequence of that development to the transition to independence after 1945”. The book manages to fulfill these objectives. By providing detailed descriptions and comprehensive data throughout the book, the author gives us not just a glimpse of what

was happening, in terms of economic and social development, but rather tells a complete story of what was really going on.

Although the colonial empires of Japan and America in East and Southeast Asia was short lived than that of the European empire, but in many parts of the region, effective colonial administrative systems were only established in the late nineteenth and early twentieth century. For this reason the comparative study presented in the book is based only on economic and social development after 1900.

The book starts with a review of economic development of European colonies (Indonesia, Malaysia, Singapore, Burma, and French Indochina), an American colony (Philippines), Japanese colonies (Taiwan and Korea) and Thailand, which was never colonized, during the period 1900–40. It examines main economic indicators such as population growth, growth in national output and income, growth of agricultural output, and growth of non-agricultural activities. This book further tells us: there is no strong evidence of differences between Japanese colonies and European or American colonies in terms of main economic indicators during 1900–40 and that might explain the differences in economic growth of former Japanese colonies after 1960 relative to other colonies. This confirms the popular belief that in post-independence, economic policies were the main determinant of economic growth.

The remainder of the book explores the economic indicators in more detail and describes relevant social developments resulting from policies that were implemented during 1900–45. It discusses the agricultural expansion of East and Southeast Asian colonies with respect to population growth and access to land, colonial government economic policies (with detailed analysis of taxation, budgetary regime, international trade and exchange rate), growth and diversification of the market economy, changes in living standards and human development, and the economic and social impacts of Japanese occupation of East and Southeast Asian Colonies from 1942 to 1945. Analysis of these economic and social conditions reveals a great deal of variations within colonies regarding their policies and social/economic outcomes of these policies, thus making it difficult to determine the source of divergence in economic performance in the coming decades.

The last part of the book gives us a review of possible sources of divergence that arises among former colonies after they become independent. As we discover from reading the review, there are a few factors that might explain the divergence of the post-war economic conditions of the former colonies. These factors include differences in the size of American aid received by a country and differences in the rate of structural changes away from agriculture towards industry. These two factors, to some extent, provide a reasonable explanation for the divergence of economic conditions that happened to the former colonies between the end of World War II and 1960. But after exploring further economic performances of the former colonies after 1960, the book suggests that divergence may be attributed more to differences in policies implemented by the post-independence governments. The book then gives detailed analysis of the differences in these policies with respect to foreign investment (nationalization of foreign owned firms or protecting the establishment of foreign firms), the focus of economic growth (export growth or import substitution), land tenure reform, and indigenism.

From the book's detailed analysis of social and economic conditions of former colonies in East and Southeast Asia, the reader may conclude that the post-independence policies implemented by government of these countries are indeed the cause of divergence in economic performance. However, the book also demonstrates that the policy differences were shape, to some extent, by differences in economic and social condition experienced by the former colonies during 1900–45. Interestingly, the book also suggests that similar experiences on certain aspects of economic or social condition—during 1900–45 may not result in the same post-independence policies or approaches taken by the government. These policies and approaches depend also on the political leadership that occurred after the colonies became independent.

The variations of data among East and Southeast Asian Colonies presented in tables or narrated in the paragraphs and the comparison that the author tries to emphasize between Japanese, European, and American Colonies and also Thailand may have caused difficulty for readers to derive their own conclusions from these data. Although presentations of data can at times confuse the reader, it also what make this book good in presenting its arguments. The vast amount of data presented would make the most skeptical person find it hard to discover weaknesses in the arguments presented by the author. For example, just to prove that *vent for surplus theory*, which mainly assumes that land suitable for the cultivation of food is not a scarce factor so that countries will use underutilized land for agricultural production to respond to demand in international market, can not be fully applied to explain the growth of agriculture output in East and Southeast Asia, the author presents us with an overwhelming data on population growth, substitutions on land usage and detailed analysis of value of land that contradict the underlying assumption implied by the theory.

Besides the most obvious audience of this book which is everybody who are interested in the

debate about the existence of colonial legacies on economic growth of East and Southeast Asian countries, the book will also be an excellent source of data for researcher who are interested in studies related to economic and social development of East and Southeast Asian countries from 1900 to 1945, since it mentions and refers to most of the relevant studies regarding this subject. The book will also serve as a good reference for policy makers in the relevant countries, since it provides accurate descriptions of economic histories and consequences of government policies to the social and economic condition at the time of implementation and in the time frame beyond the implementation. As the saying goes, *those who fail to learn the lessons of history are doomed to repeat them.*

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Essays in Macroeconomic Policy: The Indonesian Experience. By Miranda S. Goeltom. Jakarta: Gramedia Pustaka Utama, 2007. Pp. 594.

Indonesia, with a population of 230 million, has witnessed several milestones in its economic history. However, over the last twenty-five years, there are only a few textbooks that gave a complete picture of Indonesia's economic policies. Two of such books are published in other countries: (1) Bruce Glassburner, *The Indonesian Economy: Selected Readings* (Cornell University Press, 1971) and (2) Anne Both and Peter McCawley, eds., *The Indonesian Economy During the Soeharto the Era* (Kuala Lumpur: Oxford University Press, 1981).

The latest book, *Essays in Macroeconomic Policy: The Indonesian Experience*, is written by an academician and a policy-maker, Dr Miranda S. Goeltom. The book consists of twenty-seven

chapters under seven major sections. Overall, the book analyses Indonesia's macroeconomic condition before and after the monetary crisis that struck Asia in 1997/98.

The introduction part presents the basic concept of analysis, the development of macro economy before and after the crisis and gives an overview of the book. The second part discusses the framework of macroeconomic analysis using Indonesia as a case study, in order to facilitate the theoretical understanding of the book. This part consists of six chapters, which begin with the impact of globalization on the economy. The second part (Chapter 7) illustrates the importance of a healthy financial structure in an open economy that can support an effective fiscal policy in the globalized world.

The third part, Chapters 8–13, explains the concept of monetary policy and the monetary condition prevalent at both domestic and international level.

Chapter 8 discusses the situation at the beginning of the applied inflation targeting in the year 1999/2000. Chapter 9 analyses the IMF existence in Indonesia since the 1997 monetary crisis. The closing Chapter 13 discusses the transmission mechanism of monetary policy in Indonesia both before and after the crisis.

The fourth part of the book consists of six chapters that explain the aspects of banking and financial sector in Indonesia. In this part, Chapter 14 discusses the Indonesian experience in carrying out banking sector reform after the monetary crisis. Chapter 19 focuses on the emergence of microfinance industry in Indonesia. Next, the fifth part of the book consists of three chapters discussing the exchange rate system and the external sector of the economy. This part begins with Chapter 20 describing the role of exports in the new millennium. Chapter 21 discusses the role of monetary policy coordination by central banks in Asia. Chapter 22 is about the globalization of world's financial system and the capital flow in Indonesia.

Further, the sixth part discusses the fiscal policy divided into two chapters, "Economic and Fiscal