private sector infrastructure in both Hong Kong and Singapore. Tan Khee Giap and Soon Lee-Ying provide a descriptive chapter on Singapore as particularly successful in infrastructure. In a unique blend of government-led growth with privatization, the visionary strategy to supply infrastructure ahead of demand is clear.

The United States by Robert Dekle and Jeffery Nugent is more private sector based in infrastructure. Government capital growth is uneven over time, by levels of government and asset type. The empirical analysis of macro-level productivity effects of public capital from 1960–2000 generally confirms a positive relationship despite some government capital allocation inefficiencies and privatization risks.

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***The Elephant and the Dragon: The Rise of India and China and What it Means to All of Us*. By Robyn Meredith.** W. W. Norton, 2007. Pp. 256.

China and India are nowadays the fastest growing economies in the world having growth rates of 10 per cent. Both countries have dazzled the world with the overnight transformation they have undergone, going from being poor, closed economies to becoming two giants. The question to answer now is: how did two developing countries achieve these growth rates? In *The Elephant and the Dragon: The Rise of India and China and what it Means to All of Us*, Robyn Meredith provides readers with an outstanding description of how India and China, two seemingly different nations with the only similarity of being extremely poor, evolved from facing economic stagnation to experiencing mesmerizing economic growth rates. Meredith successfully combines her journalistic experience with her knowledge of Asian history to give a portrait of the economic and political systems of these nations, their rapid growth, and what implications this has for the world.

China and India have experienced high growth rates after they opened their economies. The benefits each nation has seen have been determined, in part, by the political and educational systems they follow. While India has an established democracy, China has an authoritarian government which allows for reforms to take place with fewer obstacles. In terms of education, India is flooded with college graduates while China is still facing a lag in education coming from the closing of universities during the Cultural Revolution. In that line, India attracts white-collar jobs, while China is a magnet for blue-collar jobs which are predominant in factories. Needless to say is the fact that regardless of the type of jobs, globalization has brought along jobs and improved salaries which were not imaginable in the past. Along the benefits China and India are having, there are consequences for the rest of the world. Employees in America and Europe fear a great loss of jobs as a result of outsourcing.

Nowadays, China is an economic power; however, this was not the scene one could see of China before it became an open market economy. Before 1976, China was a country facing famine and extreme poverty as well as existing ban in education enforced under Mao's regime. After his death, Deng Xiaoping rose to power bringing along new ideas and reforms. Among these, the most important ones were the agricultural and industrial reforms. The former one was characterized by a freedom to choose crops by peasants and by a liberalization of prices. In an attempt to achieve a gradual transition to an industrial economy, the government made several changes. The creation of economic zones, the improvement of infrastructure such as ports and highways, and the exploiting of natural gas and oil reserves provided investors with new incentives. Altogether, these resulted in an invasion of multinationals which saw China as a country offering low wages, low production costs, and high-quality infrastructure.

India was also a close economy that followed the beliefs of anti-industrialization, central planning, and self-sufficiency. The government enforced barriers to investment, exports, and imports. In 1991, new leaders found themselves in the need of promoting changes which embraced an open economy. The reforms included the reduction of taxes on imports and exports, reduction of production license requirements, elimination of price caps, and better telephone access. Additionally, the agreement of India with the IMF brought along the elimination of commercial and private investment barriers. There are two main limitations for India's growth. Contrary to China, India still has to make critical improvements in roads, airports, and in welcoming foreign investment. Also, India is a democracy that has had several unstable governments in the past decade. This is an obstacle for the implementation of reforms. Despite that, India is progressing at a slow but steady rate and the creation of economic zones.

China has become very attractive to investors because of low costs, economic incentives, infrastructure, and also because of the market Chinese population represents. As the income of millions of Chinese rise, the domestic market for these companies expands. India has also been able to attract large multinational companies such as Nokia and IBM. The low wages which characterize both nations are a magnet for these corporations. The difference in education between both nations has made China a big supplier of manual workers, while India constitutes a pool of English-speaking, well-qualified college graduates which perfectly match white collar jobs. The possibility of hiring "First World skills at Third World wages" has led Western companies reach out to off shoring. White-collar jobs are now exported to India where workers perform the same job at a much lower wage. China is also experiencing a shift from manual to white-collar jobs due to a remarkable improvement in educational quality. Western workers are fearful of losing their jobs; however, based on studies this is not likely to happen. Westerners will face a job turnover, but there will be a new creation of jobs for everyone that is exported overseas.

The transformation of India and China into two giants has reshaped the way business is done. The new manufacturing process known as the disassembly line is considered to be the contemporaneous Industrial Revolution. This new process consists of companies breaking their products into specialized sub-assemblies which reduce costs, improve the products' quality, increase production efficiency, and reduce the time of production. Products such as apparel, cell phones, electronics, and cars are manufactured by groups of nations. This is happening in the goods and service market. In the new production process, India and China complement each other being China the manual component and India the brain element behind the design.

In the midst of their growth, India and India have faced a cultural revolution. Cities in these countries strongly resemble American ones due to the presence of thousands of skyscrapers, luxury apartments, and modern cars. There has been an increase in the consumption of Western products such as cell phones, televisions, computers, and clothing styles. More people are investing in education and even women, who had been restricted to getting married at young ages and staying at home, are now earning college degrees and working full time in jobs. Despite all these positive effects, there is also a negative effect from this globalization. There is a considerable gap between the benefits accrued in an egalitarian manner. The rural and urban poor continue to live in precarious conditions. A vast majority of them do not have access to basic services such as electricity, water, and medical care. In the cities, thousands of people also face extreme poverty and homelessness. Compared with India, however, the poor in China have benefited more from economic growth because thousands of factories demanding low-skill labour have inundated the nation. Companies in India, on the other hand, have a higher demand for high-skill labour. In order to get a job with a foreign company, Indians have to attend college and get a degree. However, poor people lack the resources to pay for education and this automatically excludes them from receiving benefits from multinationals. The Indian Government must make an effort to attract factories which will demand low-skill labour giving the poor and uneducated people an opportunity to improve their quality of life.

Other negative impacts can be observed in the environment. China and India's economic growth has led to an increase in the demand for natural resources such as oil, coal, and zinc, increasing the worldwide price of these commodities. Additionally, levels of pollution in these two nations have increased significantly. Greenhouse gases are released to the atmosphere with no limit. China and India have in fact achieved pompous levels of economic growth. However, they have done it without prioritizing the protection of the environment. Recently, these two countries established a list of regulations to reduce pollution levels and implement alternative energy sources.

In the end, India and China have brought along several changes. The production process has been modified and higher quality goods are produced at lower costs, increasing companies' revenues and reducing the prices faced by the consumers. There is also a competition for jobs as white-collar jobs are moving offshore. The existent competition between domestic and foreign countries as well as between Westerners and Middle East workers will constitute an engine of growth for the world. Companies will focus on producing higher quality, cheaper goods while people will invest more education in order to possess advantages with respect to others. Overall, this will be positive for every country.

As a closing statement, I can say *The Elephant and the Dragons* is an outstandingly well-written book that enriches the reader with knowledge not only about the growth of two nations, but also on the economic and political system of these two countries and how they matter for economic growth. The perfect combination of history with economics provides the reader with an enlightening description of India and China which is worth reading. A worthwhile addition to the book would be to see if other Asian nations would be of interest to foreign investors who would contribute to higher growth levels. Without a doubt, I do recommend this book not only as an academic reference, but also as a reading book for the average reader.

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