

traumatic financial and economic crisis of 1997/98; progress made to date in the respective economies analysed; the commonality of the approaches adopted; and outstanding issues and problems that remain. It also provides a very useful overview and discussion of the changing external environment facing the region, in terms of both the trading system and security institutions. However, quite irritatingly, the book contains numerous grammatical and spelling errors that should have been eliminated during the editorial process.

The Asia Recovery: Issues and Aspects of Development, Growth, Trade and Investment.

Edited by

Tran Van Hoa,* Edward Elgar: Cheltenham, UK, 2001

Prepared by

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As the latest part of the on-going series on the recent Asian financial crisis, *The Asian Recovery* analyzes the current recovery paths of a number of Asian countries. With a comprehensive background analysis and plethora of data, the book is an essential reading for those studying the Asian economy. The unique contribution of the book is that it attempts to expand beyond the main countries affected by the crisis, and considers its (indirect) impact on the other, (lesser-developed) countries, mainly Viet Nam and China (PRC). As this strength and book's contribution need not be expanded further, this review will concentrate on three issues that the book would have further addressed: (i) the lessons of the crisis as applied to the two countries in Viet Nam and

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China; (ii) the key to the comparative paths to the recovery, concentrating on structural reforms of Korea and others; and (iii) similarities and implications of the crisis and recovery to the current slow-down of Japan.

First, in reading the proceeding chapters, this reader became forced to ask: what can Viet Nam and China learn from the crisis? In the chapters on Korea and others – one key lesson seems to stand out. The lack of corporate and public governance, leading to unsustainable financial system, was a key cause for the crisis. Yet, somehow, this reader was not able to learn if the two countries added to this analysis – Viet Nam and China – will be able to avoid similar problems in a near future. Are state owned enterprises in these countries similar to *chaebols* in Korea – in terms of corporate governance (i.e., disclosure, management transparency, consolidated and internationally acceptable financial statements, etc.)? Is corruption any lower in these countries compared to Indonesia? Some estimates that non-performing loan level in Viet Nam can be as high as 30 percent – and although lower, China's financial sector has also been under similar pressures. Beyond the high inflows of foreign investments that fueled their economic growth, the issue of structural reform based on sound governance seems to be the critical challenge. Then, how committed are their systems in reforming the (state owned) corporate and financial sectors based on internationally acceptable governance standards? Is *doi moi* for real – or will they follow the recent downfalls of their neighbors?

Second, as the concluding chapter states, the Asian recovery should not only be measured in terms of economic growth – but also on the ability of the countries to significantly reform their political and economic systems. It is here that another question arises: how has Korea, for example, been able to reform faster than some other countries? What has it done that differs from the others countries, especially Indonesia and the Philippines? This is a complicated, and not always an economics-oriented, question, but nevertheless, this is not clearly drawn out from the book.

Finally, this reader very much wished that an analysis on Japan would have been included in the book, beyond a few paragraphs in the concluding chapter.

The case of Japan seems to be critical for the students of Asian economy – as even this advanced country is struggling with a number of similar problems that the aforementioned countries have faced. This includes the non-performing loans, lack of corporate governance, delay in corporate restructuring, among others. Of course, the regional impact of the Japan's possible downfall could be much more significant than those compared to the other Asian countries discussed in the book.

In conclusion, with the few observations as noted above, this book is highly recommended for the students of the Asian economy. With its wealth of information and data as its main strength, it should be an important reference source on the Asian economic studies for the years to come.