

Shorter Notices

Asian Development Bank and Asian Development Bank Institute.
Infrastructure for Seamless Asia. Tokyo: Asian Development Bank Institute, 2009.

'*Infrastructure for Seamless Asia*' published by Asian Development Bank Institute, addresses major challenges in developing regional infrastructure, particularly exploring the costs and benefits, financing requirements, and infrastructure priorities in the region. The key message of the book is that now is the time to go ahead with the goal of integrating this vast and diverse Asian region by developing the Pan-Asian infrastructure connectivity. The book addresses questions like: What are the costs and benefits of regional infrastructure in Asia? What are the major challenges confronting the seamless connectivity in Asia? What are the regional priorities in terms of different infrastructure projects for Asia? What are the financing requirements for developing Asian infrastructure? The book also explores what kind of institutions, policies and frameworks are needed to foster regional cooperation for creating a seamless Asia? Thus the book is a sort of feasibility study on seamless connectivity in Asia. Energy and transport sectors receive special attention in the book.

The book evaluates existing regional infrastructure programmes, policies, and institutions. Empirical case studies have been used to focus on issues common to Asian countries. Examples of best practices have been drawn from key sectors and sub sectors, such as, roads, railways, airways, and ports (transport) and electricity and gas (energy). The literature recognises that soft structure like regulatory requirements human and institutional capacities are as much important as the physical structure is for the smooth flow of goods and services as well as people across national boundaries. Given this, the book examines both soft and hard aspects affecting infrastructure and regional cooperation.

The book recognises that infrastructure development in Asia lags behind its economic growth both in terms of quantity and quality. Rapid growth in several developing countries has put enormous pressure on the infrastructure. It is acknowledged that the lack of adequate infrastructure can hinder growth, weaken competitiveness of a country, and negatively affect poverty reduction programs. The book informs that within Asia, countries that can boast of better infrastructure have been able to expand their trade while the countries, with poor infrastructure have poorer trade volumes. The South Asian countries fall in this latter category.

Asia is home to almost two-thirds of the world's poor population. Working collectively, the Asian countries can tap their huge economic potential and attain reasonable growth, thereby alleviating poverty. Physical connectivity, can provide a boost to trade and investment, improve environmental health as well as social conditions. While acknowledging that sub-regional programs, within Asia, have contributed to increased connectivity through land, sea, and air transport networks, but a lot need to be done as yet, argues the book. The book notices that energy (such as electricity) and transport (such as roads) are the two most important elements of infrastructure that have not been fully provided so far.

The book estimates that at least \$750 million will be required annually during 2010-2020 to fulfill requirement of infrastructure investment in Asia. It is argued in the book that intergovernmental coordination and regional cooperation is needed to achieve the goals set by individual countries as well as by subregional programs, like Greater Mekong Subregion, (GMS), Association of Southeast Asian Nations (ASEAN), South Asia Subregional Economic Cooperation (SASEC), and Central Asia Regional Economic Cooperation CAREC. Without a serious commitment and efforts on the part of the governments of the region, these regional infrastructure projects are unlikely to be implemented.

Dilating upon financing of infrastructure projects, the book stresses that the idea of a seamless Asia cannot be put to practice without the availability of sufficient funds. Financing infrastructure projects, especially the ones that cross national boundaries, is challenging task. Given the risk and uncertainties involved, the private sector is shy of investing in such projects. Most regional infrastructure projects are therefore developed and financed by governments. Even the ones that involve public-private partnerships also require some form of government guarantee. Lessons drawn from the experience of European Union show that developing and financing regional projects is a slow and a complicated process. Regional projects often receive relatively low priority for domestic policymakers. Therefore such projects usually require assistance from multilateral institutions. Concessionary financing from external sources may be necessary to make such projects more attractive to investors.

The book notices that till now the approach of the Asia to infrastructure development has largely been bottom-up and market-driven. The book argues that now it is necessary to complement this approach with a more top-down, market-expanding, and demand-inducing approach geared toward creating a seamless Asia. Moreover, the possibility of a prolonged downturn in Asia's major export markets underscores the need for a long-term rebalancing of its economy toward meeting local needs. This will call for many policy changes, particularly putting Pan-Asian connectivity, on the priority list.

To make a case for regional connectivity, the book provides facts on Asia's energy resources (Asia has substantial energy resources—7 percent of the world's oil reserves, 12 percent of its natural gas, and 32 percent of its coal in 2006), the book informs the readers that these resources are unevenly distributed across the region, and are often untapped. The book very convincingly argues that the full benefits of Asia's size and diversity can be realised only by creating a single market where goods, services, capital, information and people move freely. All this obviously call for moving toward that long-term vision of a seamless Asia.

The book will serve as a knowledge product primarily for policymakers in the region. (*Muhammad Ramzan*)

Partha Chatterjee. *Empire and Nation, Essential Writings 1985-2005*. New Delhi, India: Permanent Black Himalayana Mall Road Ranikhet Cantt, 2010. 368 pages. Hardback. Indian Rs 695.

'Empire and Nation' is a collection of writings of Partha Chatterjee, a professor of Political Science and Anthropology. In his essays, he explores India from political, cultural and historical perspectives. Indian nationalism and identity is one of the main ideas of the book. The superiority of Indian culture and thoughts is put forth and western philosophies and thoughts are downplayed with reason.

The book sets the stage for examining the evolution of Indian culture with a discourse on Indian Mythologies and then moves on to the many aliens, especially the Muslims and the East India Company, who ruled India at different times in history. The influence of Muslims on Indian culture is discussed at length, right from the times of Muhammad-Bin-Qasim to Mughal emperors. Different omens prevalent in ancient India have been discussed with examples like Mahabharata and the wars of Indian gods. The book then describes how the alien traditions, and religions foreign to India, mingled with the Indian culture and religions to influence the Indian culture.

Besides the introduction written by Nivedita Menon, the book is organised into three parts. The Part I; 'Empire and Nation' provides an interesting history of Indian nationalism going back to Indian mythologies, gods and goddesses. The Part II: 'Democracy', explores the democratic movements in India and talks of all major players in the Indian democracy. In 'Capital and Community', the final part of the book, diverse issues like civil society, Capital and the Problems of Bengal have been discussed in this part of the book.

Chatterjee, has tackled controversial issues like modernity, nationalism, democracy, the role of women and minorities with sagacity and the writings have been enriched with lively criticism of the western thought on the subjects. Most of his arguments are grounded in history. Different political thoughts and philosophies have also been discussed, with their pros and cons to the Indian context. To conclude the book discusses various theories of society and culture and examines how these theories fit in the Indian context.

The book is useful for those who want to study infant democracies, especially democracies that have to cope with ethnic, religious and cultural diversity. (Kashif Munir)

Tim Harford. *The Logic of Life: Uncovering the new Economics of Everything.* London: Little, Brown, 2008. 272 pages, Price 12.99 UK.P

The Logic of Life, Tim Harford looks at everyday experiences of people from economic perspective. The book talks about the rational foundations of human behaviour. The central theme of the book is that human behaviour is based on rational concepts and that rational behaviour is much wider than one can expect. However, a rational choice does not always mean a feasible outcome rather the outcome may be random. The author argues that if one cannot understand the rational behaviour, s/he cannot understand the world. To explain the logic behind human behaviour, the book covers a wide range of situations such as the causes of the higher divorce rates, marriages, smoking, drug-dealing, high pays to corporate officers, industrial revolution, role and importance of cities, sugar subsidies, sex, splitting the bill at meal, institutional racism, to explain the theory of rational behaviour. The author convincingly argues, without employing the rigour of mathematics and statistics, that human behaviour in aforementioned situation is almost always rational.

For instance, the author explains how racism can become a vicious circle for the society. If a Black person, with sound education, fails to find decent jobs he is not likely to pay enough attention towards education of his children. This in turn, will strengthen employer discrimination towards blacks. Similarly, while explaining why corporate

officers are overpaid and many talented employees are underpaid, the author describes that this problem occurs due to the lack of information about talent, honesty, hard work, and difficulty in measuring the contribution of the employees accurately, particularly when there is subjective performance evaluation system in the company. The book shows that making rational decisions in our routine life causes economic growth.

The book is an outstanding summary of the latest research in the, as yet, developing field of behavioural economics. It highlights that despite making irrational decisions in laboratory experiments, in real world we are more likely to act rationally. The author argues that we may act irrationally when confronted with a new or abnormal situation but then the experience crafts us into making rational decisions. The book shows that standard economics explains the novelties of life. It recommended to all those with an interest in understanding the economic rationale of human behaviour. (Muhammad Zakaria)

Joseph Stiglitz and Linda Bilmes. *The Three Trillion Dollar War*. Penguin Group. 2008. 311 pages. Hardbound. UK Pound £20.00.

The quick and costless conflict in Iraq, predicted by the Bush administration, is nowhere to be seen and the actual costs of the war in Iraq far exceeds the estimates developed by the then administration before going to war. This is the central message of *The Trillion Dollar War* by Joseph Stiglitz and Linda Blimes.

The authors argue that the cost of the military operation in Iraq has exceeded the cost incurred on the 12-year war in Vietnam and is more than two times the cost incurred on Korean War. They show that the per troop cost of the Second World War was less than \$100,000, in real terms, while the cost of war in Iraq is around \$ 400,000 (in 2007 dollars). The authors lament that the war in Iraq has been financed from borrowings rather than taxes. They argue that recognition of the cost of war cannot be put off for long and cannot be transferred to the coming generations without risking adverse consequences for the economy.

The authors argue that the estimates of war expenditure were nothing but fallacious. Larry Lindsey (Bush's economic advisor) had put the estimate of the total expenditure on war at \$200 billion as the war began. This figure was cut down to an unbelievable \$60 billion by Mitch Daniels, secretary to Donald Rumsfeld, the then Defense Secretary. The fallacy of these estimates was exposed when the U.S. Congress approved \$845 billion for 2008 alone, for military actions and war supplemental requisites, in Iraq and Afghanistan. Only the running expenditure on military operations cost the U.S. exchequer \$12.5 billion per month in 2008. This does not cover the \$500 billion per year expenditures of the U.S. Defense Department and other hidden costs.

Human life, though priceless, must be priced to arrive at some reasonable estimate of the expenditures on wars, and this is what the book does to account for the U.S. casualties in the war. Putting the price tag of \$7 million on human life — the monetary value typically assigned by the U.S. government to a young man killed in a car accident, the authors put the cost of 4000 casualties of American soldiers at \$28 billion. If the casualties like, 'killed in night-time vehicle accident', which the government terms as non-combat incidents, are also accounted for, then the cost of human tragedies shores up significantly. Arguing in this manner the authors arrive at an estimate of \$3 trillion as the

cost of Iraq War, to the United States alone, add to it the explicit and implicit, expenditures incurred by rest of the world and the estimates balloon.

United Kingdom—The second major player in the Iraq War has also paid heavily for the war. The book establishes an estimate of the cost of the war for United Kingdom as well. The estimates show that by the end of 2007 the estimated direct monetary cost to UK had reached to £7 billion. With thousands of soldiers becoming disable and many family members sacrificing jobs to care for their wounded relatives, the social costs to UK was no different than that incurred by the U.S. The authors expect that the long term macroeconomic costs for UK might be lesser than what the U.S. would have to assume. The reason, the book argues, lies in the tight fiscal policy maintained by the UK. However despite the reduction in troops and the corresponding cut in personnel cost, the aggregate cost of war in Iraq will increase by 2 percent for the United Kingdom. Based on these assumptions the total cost to UK of the wars in Iraq and Afghanistan exceed £20 billion in 2010, if the social cost is included.

To conclude, the book induces the reader to ponder, whether the war planners themselves believed in the estimates and what benefits they had in mind to justify the costs and whether the benefits will outweigh the costs. The book is highly recommended for those with interest in political economy. (*Abdul Qayyum Khan*)

Alan B. Krueger: *What Makes a Terrorist: Economics and the Root of Terrorism?* Princeton University Press. 2007. 192 pages. Hardcover. US\$ 24.95.

Terrorism has captured greater attention of the world since 9/11. Numerous studies have been conducted by social scientists in general and economists in particular on the determinants and consequences of terrorism. Conflicting conclusions of such studies makes it difficult to form appropriate anti terrorism policies. Moreover the intensive use of statistical analysis often makes it difficult for those unacquainted with sophisticated statistical techniques, to understand the message of these studies. This called for a volume which would convey the message of studies written in technical jargon to an ordinary reader. I believe the book “What Makes a Terrorist: Economics and the Root of Terrorism” has served the purpose in an embracing manner.

This book is based on the lectures delivered by Krueger at the London School of Economics and Political Science, in 2006. The book is organised into three sections. The first section deals with the characteristics of a terrorist as an individual; the second with socioeconomic and political conditions of the country to which the terrorist originally belongs, and the third is devoted to the consequence of terrorism. Krueger argues in the first section that, contrary to the common belief, the lack of education and economic deprivation in the form of poverty and low income are not the drivers of terrorism. Referring to many studies, including the one he did for Philistine, he rejects the hypothesis that illiteracy and economic deprivation of an individual induces him to be involved in terrorist activities. This perception is based more on faith than empirics, asserts Krueger. He substantiates the assertion with the fact that almost all of the terrorists involved in major attacks come from moderate-income countries rather than the poor ones. Nevertheless, he accepts that worse economic condition may force individuals to commit hate crimes; a theoretical justification of economic causes of terrorism on which the economists rely heavily.

In the second section of the book, Krueger examines the overall socioeconomic and political conditions of the country to which the terrorist traces his origin. He establishes that, even at the national level, the economic factors are not the reason for terrorism. Rather, it is the absence of political rights and civil liberties that could lead to terrorism—with freedom of speech curbed, opinions may find vent in violence. Krueger also considers religion as a factor explaining terrorism in Iraq.

Turning to the consequences of terrorism in the third section, Krueger highlights the fact that the consequences of terrorism are economic, social and physiological. His discussion of the economic consequences brings to fore the debate between Milton Friedman and Robert Barro on the bad and good consequences for an economy. Krueger, very truly, also points finger on the role of media in the enhancing the impact of terrorism. He suggests that the media sometimes serves the purpose of the terrorists by highlighting their objectives and throwing them into limelight.

The book is a thought provoking gift for those interested in the subject of 'Conflict', especially it enables researchers to start with a sound grasp of the issues in terrorism and political violence. (*Muhammad Nasir*)