Book Reviews

Kemal Dervis, Masahiro Kawai, and Domenico Lombardi (eds.). ***Asia and Policymaking for the Global Economy.*** Asian Development Bank Institute, Tokyo. Washington, D.C.: Brookings Institution Press, 2011. 200 pages, USD 19.95.

Asia and Policymaking for the Global Economy is a collection of analysis on global economic cooperation. In particular it highlights Asia's accomplishments, opportunities, its potential, and the role it can play in the global economy. It is divided into five chapters each constituting a different insightful article.

The first chapter gives an introduction and an over view of the topics analysed in this book. It focuses on the structural transformation in Asia and the world economy, and discusses the rise of Asia and implications for economic coordination at international level. The second chapter focuses on growth dynamics in Asia in a global context. It provides an important contribution to the subject issue as it analyses the sources of structural transformation experienced by world economy. It suggests that policy-makers should focus on global savings and investment structures to rebalance world economy. The rebalancing debate is then connected to the debate on the international monetary system and role of reserve currencies in this chapter.

Policy coordination among economies of the world is discussed in the third chapter. Global macro imbalances have been highlighted and the analysis presents rich information on the feasibility of rebalancing. The rebalancing could be achieved in three ways: structural reforms in major economies, reforms in the Asian financial sector, and via enhancing intra-regional trade and investment flows. The creation of physical infrastructure has also been advocated which will in turn help expand manufacturing activity, raise productivity levels and both will increase intra regional economic activity.

Chapter 4 analyses financial stability in the emerging Asia. Based on the financial crises that affected the US and Europe and then hit Asia through the trade channel, this chapter paves ways to look forward to increasing globalisation of financial activities and sustained economic growth. It suggests that the financial authorities in emerging Asia must set up financial supervision and carry out regulation in three ways: strengthening of micro prudential supervision, analysing financial markets and their interaction with economy, and re-examining monetary policy framework. This chapter also emphasises the need for increased financial interdependence between Asian financial authorities.

"The International Monetary System through the Lens of Emerging Asia" constitutes the fifth chapter of this book. It assesses the implications of the rise of Asia by focusing on the reform of international monetary system. The discussion elaborates the asymmetry between globalisation of economic and financial activities driven by integrated emerging economies. It also consists of some lessons from the IMF's role in

Asian crisis. The G-20 has come up with its own identity and a channel emerging economies can voice their concerns. Asia's support for IMF will be the initiative for its effectiveness and for providing better global economic policy cooperation. This volume is an insightful collection of policy oriented articles which can assist both academics and policy-makers in tackling issues of the emerging global economy.

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