

Harinder S. Kohli (ed.), *Growth and Development in Emerging Market Economies: International Private Capital Flows, Financial Markets and Globalisation*. New Delhi: Sage Publication 2008. 369 pages. Hardbound. Indian Rs 695.00.

The book discusses the different experiences in Asia and Latin America, while covering the closely related areas under the purview of Emerging Market Economies (EMEs).

The first chapter, "Introduction and Overview" has written by Harinder S. Kohli gives an excellent review of the existing literature on the subject. The book discusses six related topics which include nine papers presented at the Emerging Markets Forum Meeting held in Jakarta, Indonesia, in September 2006. The book highlights the main factors of growth and development in Emerging Market Economies (EMEs) now closely related with international capital flows, development of financial market, the countries' ability to integrate successfully with the global economy through trade and investment and their ability to forge public-private partnerships including infrastructure development.

Chapter 2, of the book is an article titled "Global Imbalances, Oil Revenues and Capital Flows to Emerging Market Countries" by Jack Boorman explains the favourable global environment and its impact on capital flows to Emerging Market Countries (EMCs). The EMCs got advantage from this benign global economic environment, such as high economic growth rate, increase in exports, better national balance sheet and increase in foreign exchange reserves, but due to high oil prices the situation has been changed.

Chapter 3, "Private Capital Flows to Emerging Market Economies: Major Drivers, Recent Developments and Key Issues" by V. Sundararajan and Harinder S. Kohli discuss the three major elements of private capital flows: Foreign Direct Investment (FDI), portfolio flows and debt flows to EMEs. There is a sharp increase in net private flows to the EMEs, whereas FDI flows showed instability in East Asia while bank loan flows to Africa and Middle East have increased.

Chapter 4, "Outward Foreign Direct Investment from Emerging Economies: New Players in the World Economy" by Heinz Hauser analyses the determinants of outward FDI in the scenario of traditional FDI theory and investment development path theory. He argues that the strong performance of South-South flows include strong growth and maturing domestic markets, rise in trade and FDI, privatisation and liberalisation of the infrastructure sector and comparative advantage of Multinational Enterprises MNEs over investing in developing countries.

Chapter 5, "Outward Foreign Direct Investment from India" by Rakesh Jha discusses adopting new government policies and emergence of strong domestic firms both together put India into the league of FDI exporters, whereas India is a low income country. In 1990 India encouraged capital inflows and discouraged outflows. The chapter explores the trend and length of India's outward FDI by destination and sector.

Chapter 6, "Building National and Regional Financial Markets: The East Asian Experience", by Andrew Sheng explains the trends in the development of financial markets in East Asia. The Asian financial system consists of a banking system, a bonds market, a speculative stock market and a pension and social security system. Even though the Asian financial system has succeeded but vulnerability to global imbalances has also

increased. He suggests that an effective public bureaucracy needs to improve the efficient financial market and helps to improve private business for socio economic development.

Chapter 7, “Financial Market in Latin America” by Claudio M. Loser explains the past performance of economic management of Latin America and discusses how the financial system has developed. Loser highlights the financial sector crisis that has affected the macro economic instability in Latin America. Although many countries in the region have overcome basic problems through discreet macro-economic management, but structure and institutional problems remains hurdle for a strong domestic market.

Chapter 8, “Latin America and East Asian Trade Strategies” by Luis Miguel Castilla discusses the past development strategies of growth and performance of Asia and Latin America. He compares the trade strategies adopted by Latin America and East Asia, and explains the co-existence of multilateralism and regionalisms. The chapter highlights the challenges and opportunities related to trade relations between Latin America and East Asia, including China

Chapter 9, “Building Asia’s Infrastructure: Issue and Options” by Haruhiko Kuroda, Rajat Nag and Rita Nangia discuss the role of infrastructure development for economic growth and the promotion of regional trade and investment. In recent years, except China investment in infrastructure has fallen which led to decline in the economic growth of Asia. Developing Asia has been facing a challenge to mobilise large levels of finance for infrastructure development.

Chapter 10, “Infrastructure Development and Services in Selected Emerging Market and OECD Countries: Key Indicators” by Harpaul Alberto Kohli compares key indicators of infrastructure development and services between seven low or middle-income EMCs and five high or upper middle-income countries. The main focus is to compare efficiency and quality of key infrastructure services in five major infrastructure sectors during the last 30 years.

The book is a selection of multidimensional research papers focusing on the economic, financial and social issues facing EMEs and provides basic factors of growth and development in EMEs. This volume not only discusses the issues and policy implications related to developing countries as a whole, instead it also focuses on the issue of particular interest to the EMEs across all regions of the world. The completion of the book after final deliberation has made an ample exploration of common opportunities, put highlights on challenges and risks and forges a consensus between the key decision-makers in the public and private sectors.

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