

KWANG-SOO KIM: Möglichkeiten der Zentralbankpolitik in Entwicklungsländern
- Dargestellt am Beispiel der Republik Korea.
Berlin: Duncker und Humblot, 1981, 207 pages, DM 78. -

This book, in German, by Kwang-Soo Kim deals with monetary policy in LDCs, particularly in the Republic of Korea. Using the experience of the Bank of Korea, the author discusses problems and limits of monetary policy in LDCs on the threshold of industrialization.

Systematically, the book starts with a description of the economic and financial framework (Part One). Here, Kim gives a concise and informative survey of the development of the Korean economy and of the financial markets and institutions, including the unofficial credit markets, and the problems connected with the creation of an organized capital market.

In Part Two the author turns to the Central Bank itself: its goals, its relations with the government and with other banks, and its potential to guide the economy. The analysis of the Central Bank's goals is clear and convincing, though only loosely related to the Republic of Korea. The analysis of relations with the government is carefully presented and gives the reader a clear picture of how the Central Bank is meant to be independent and of how it is actually influenced by the government. In order to determine the Central Bank's possibilities of steering the economy Kim declares the money stock to be the relevant aggregate in monetary policy. He explains the determinants of the Korean money stock and shows that in post-war Korea the relevant factors were Central Bank loans to the government (roughly until 1964), foreign exchange surpluses (primarily in the seventies) and, since then, commercial bank loans. Rounding off Part Two the author tries to answer the question to what extent the Bank of Korea actually did influence money supply. Unfortunately, these thoughts are not very convincing, both because the author neglects the creation of deposit money, and, above all, because the instruments needed to answer this decisive question are discussed only in Part Three.

As instruments of monetary policy (Part Three) Kim discusses credit controls, interest rate policy, open market policy and minimum reserve policy. The author discusses the theoretical functioning of each instrument (developed for industrialized countries) and then points out the difficulties arising out of the instrument's use in LDCs, both generally and in Korea in particular. Hence, the reader obtains quite a clear picture of the importance and the problems of each of the instruments, with the exception of interest rate policy. Here, too many important questions remain unanswered, such as reasons for the low interest rate reaction and the reasons for the failure of the reform of 1965. Nevertheless, the description of the interest rate subsidies is very informative.

A summary of the main arguments and facts rounds off the book. This study is worth reading for two reasons: firstly, it gives a lot of useful information on and insights into the financial system of the Republic of Korea, especially the Bank of Korea; and secondly, it shows how difficult it is to shape or even formulate a workable concept of monetary policy for LDCs.

Marcel Morschbach

TZONG-BIAU LIN, RANCE P. L. LEE, UDO-ERNST SIMONIS (eds.): Hong Kong. Economic, Social and Political Studies in Development. New York: M. E. Sharpe and Folkstone: Dawson, 1979, 410 pp.

I should like to start by immediately recommending this reader on economic, social and political development in Hong Kong since WW2. It contains contributions by 19 authors, 17 of whom are Chinese scientists resident in Hong Kong.

They employ socio-economic methods to analyse both the unusual development from an entrepot harbour to a centre of export industry and the resulting three decades of social change, as well as to pinpoint the peculiarities of this process.

Chap. II, "Social Dynamics", warrants special attention. The empirical surveys on the industrial workers and their dependents in the new settlement Kwan Tong highlight a group that has played an enormous role in building up and expanding Hong Kong's vital industries, and yet has scarcely been analysed in the numerous studies on Hong Kong.

The inclusion of labour alongside the often mentioned factors capital, law and order, and *laissez faire* is welcome. Labour as used in this collection includes the human being and his changing family structures, his living conditions and his changing social attitudes in the course of socio-economic development.

In a one-question survey conducted among 588 selected schoolchildren the majority - more of whom had probably never been in China - answered the question: "Who am I?" with: "I am Chinese". The phenomenon of "obstinate" cultural consciousness among overseas Chinese is not restricted to South-East Asia. It is equally present in Hong Kong - a colony - in contrast to many Third World countries where cultural identity has been lost in the process of colonization.

No matter how interesting this phenomenon may be there are clear limits to empirical research. The attempt to establish what percentage of Hong Kong Chinese are "happy" is less convincing. One would like to ask the three Chinese authors responsible for this section whether a person's "feelings" really