

structure of Asian corporations reveals increasing debt-equity ratios, thus supporting the findings in the previous paper (excess borrowing in foreign currency). He assumes that a crisis was bound to occur because the pace of economic change exceeded that of institutional change: countries were just not ready for their economic success. As for institutional change within the IMF and World Bank, Wogart suggests better co-ordination of activities and pooling of knowledge in order to increase response speed of these organisations, recommendations which had already been voiced after the Mexico crisis several years earlier, but to no avail. The findings of the second and third paper concerning domestic institutions make a strong case for extending the debate about sequencing of reforms: the capacity to reform has to be established before any reform can be introduced.

The final two papers deal with specific issues pertaining to South Asia. Hans Christoph Rieger ("Südasiens: welche Krise?") attempts to assess the risk of crisis contagion for South Asia. He sees little chance of a spill over, because of only slender trade links and different financial structures, but his analysis of the weak spots in the South Asian economies, especially in India shows that half-hearted reforms of over-regulated markets pose a latent danger. The unspoken conclusion could be: relatively well informed investors have no illusions about India at present, preventing excessive investment that might end in a crisis. Dietmar Rothermund ("Institutionelle Hemmnisse der indischen Wirtschaftsentwicklung") sees a major reason for India's disappointing reform performance in the cost of transition to a reformed policy regime. He shows that the early gains from liberalization were not used to pay off those bearing the future burden of further liberalization. This stalled the process and discredited the whole liberalization philosophy. Other cases show even more awkward features: vicious circles exist where incentives for continuing the reform process are not properly placed or where reforms imply conflicting policy targets which cannot be solved within the existing institutional framework.

Summing up, the year-2000 reader of this book will see quite a few of his expectations fulfilled. Description and analysis of the AFC reflect the state of knowledge in 1999, and in part they even point further ahead. Open questions remain, however, as far as South Asia is concerned. Quite a body of literature on indicators for financial crisis risks is available which can be applied to relatively closed and slow-to-reform South Asia. Detailed research on India's financial sector has been done, not least at the South Asia Institute, and it could have been drawn upon. This book should encourage further work on the subject. Hopefully, Heidelberg's South Asia Institute will come up with specific South Asian research before the next crisis hits.

Wolfgang Veit

R.S. MILNE, DIANE K. MAUZY, *Malaysian Politics under Mahathir*. (Politics in Asia Series). London, New York: Routledge, 1999. XX, 225 pages, 2 maps, £ 16.99 (Pb). ISBN 0-415-17143-1

The title of this book from British Columbia does not quite fit the case. For a study of a political system which has been remoulded by one dominant individual in the

course of a long premiership, and where this perception is indeed central to the argument, something like "Mahathir's Malaysia: the new politics" might have been a better choice. The book does not purport to be a biography, but nor does it offer a conventional, structured analysis of politics and government. While organized partly by major policy areas or issues ("The economy and development"; "Containing ethnic discontent"; "Human rights"; and "Foreign policy") their treatment is dominated by the impact of Mahathir, indeed they have been selected with reference to his concerns. Moreover, the five "policy chapters" are preceded by "Introduction: Leadership in Malaysia"; "Malaysia: how Mahathir came to power"; and "Mahathir's assertion of executive power"; and are followed by "The succession to Mahathir: Anwar Ibrahim"; and "Mahathir as Prime Minister" – comprising a general summation plus a "stop-press" on his responses to the 1997–98 financial crisis.

But a rounded conclusion seems elusive, perhaps because this phenomenal man feels that his mission remains uncompleted. (This is why he removed his perceived challenger, Anwar, from the political scene through judicial action!) Or is a rounded conclusion deliberately avoided, because the only certainty about this "phenomenon" is that it defies simple interpretation? The authors insist that Mahathir's ideas do not add up to a coherent system of "Mahathirism", contrary to a recent study. Any coherence has to be imposed by the observer for his own and his readers' satisfaction. It is to the authors' credit that they resist this temptation, and opt for a more case-by-case treatment of diagnostic incidents. Thus we begin to form an impression of a unique array of sometimes inconsistent traits: synthetic anger, displayed for domestic or international effect, which the subject himself will switch off pragmatically when its purpose is achieved; genuine passion combined with unconventional vision which close colleagues try to rein in if the effects are counterproductive; but an underlying conviction of mental superiority and moral justification, possibly founded in Dr Mahathir's medical – rather than a legal or economic – training. The end-result has been an ever greater concentration of executive power and an erosion of those constitutional norms and legal values which Mahathir's more Anglophile predecessors had upheld as a matter of course – subject, even in their day, to the imperatives of managing ethnicity in the Malaysian plural society.

While power has apparently become functional, addictively, to Mahathir's daily sense of well-being, the authors also give a very fair account of his aim to mould a united Malaysian nation, through industrialization, by 2020. A series of economic and cultural gestures to the Chinese have pointed the way. However, the possibility is noted that the Malays' own form of "addiction" – to Special Rights – may give rise to new ethnic tensions, as the beneficiaries of post-1969 political economy contest revision. The contrastive scenario, that some of the benefiting strata might mobilize as a "middle class" to defend democracy, is considered only briefly and then dropped. But why should anti-Mahathir sentiment among the Malays not be expressed in demands for democracy? Is it difficult to conceptualize Islamic opposition as a democratic current? Of course, as the book had already gone to press, the sensational outcome of the 1999 elections (the rise of a credible Malay opposition, and Mahathir's corresponding, new dependence on Chinese support) could not be

foretold, but if the authors had focused a little less on Mahathir and his institutional impact, a little more on the impact of authoritarianism on society, they might have mentioned the influential Parti Islam newspaper, *Harakah*, more than once (and spelt it correctly! – p. 114).

Whatever perspectives the authors do select are discussed with invariable urbanity and flashes of comparative insight. This compensates well for the relative lack of presentational “structure”. However, the Pergau crisis in Anglo-Malaysian relations, 1994, merits discussion in more (or more accurate) detail, for Britain did not give a “loan”, nor did a British newspaper actually accuse Mahathir of corruption. These were figments of Mahathir’s own propaganda, and related just as much to his populism (reserved to the final chapter) as to foreign policy. Distinctly bizarre is the allocation of 8 pages to the 1983–84 confrontation with monarchy but only 12 lines to the far more decisive re-run of 1992–93 – with sensitive background omitted.

Very few readers will object to the American spelling but why is it “practised” [*sic*] inconsistently?

Roger Kershaw

HANS HENDRISCHKE, FENG CHONGYI (eds.), *The Political Economy of China's Provinces. Comparative and competitive advantage*. London, New York: Routledge, 1999. X, 287 pages, £ 19.99. ISBN 0-415-20776-2

This volume is part of a research project entitled “China’s Provinces in Reform”. Following the volume *China's Provinces in Reform: Class, Community and Political Culture* edited by David S.G. Goodman, this is the second in a series of publications related to the project. Like the previous volume it is the result of a workshop held in Hangzhou in October 1996. It aims at bringing out the links between economic reforms, political identities and geographical constraints along the lines of provincial development strategies. Using the concept of competitive advantage the volume outlines the new role of the provinces in the process of decentralisation in China.

The book focuses on seven provinces, providing detailed case-studies of Guizhou, Shaanxi, Shanxi, Hubei, Jiangxi, Jiangsu and Tianjin – representing the poor west, the central region and the developed east of China. The regional studies already published offer quite some analyses about the coastal provinces in China, but studies on the more inland-oriented provinces are rare. Therefore the choice of these provinces by the editors may be seen as a welcome addition. The studies presented in this volume are the result of fieldwork in the corresponding provinces, most of them are cooperation projects between Western and Chinese scholars.

Hans Hendrichske’s introductory essay provides a useful perspective on the concept of competitive advantage and strategic identity. The new role of the provinces as economic partners rather than collaborators acting under central administration is brought to the fore. In this context Hans Hendrichske predicts political and economic changes in China. According to him the coastal-inland dichotomy is no