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Book Review

Editor's Note

Our policy is to review all books which are either sent to us or in our opinion are useful to our readers.

Asher, Mukul G.; Fauziah Zen and Astrid Dita (ed); ***Social Protection Goals in East Asia : Strategies and Methods to Generate Fiscal Space*****; 2018, Routledge, Taylor and Francis Group, Oxon, UK, pp. 235, Price £ 99**

The United Nations official launched the 2030 agenda for Sustainable Development in 2015. At the same time ASEAN economic community also forwarded its vision 2025. This vision emphasized five characteristics namely- Resident, Inclusive, People-oriented and People-centered ASEAN. There are 17 SDG's under the Agenda for Social Development (ASD), 169 targets and 304 proposed indicators to be monitored. Besides, social protection is an integral element to support a strong and solid ASEAN community vision 2025, as well as ASD goals. Planning, managing, monitoring as well as fiscal adjustments vary from country to country. Challenges are great for middle income countries especially with aging population. This book will be of great use for countries, which have just begun to focus on how to adopt the ASD for their growth. Different regions are globally more integrated today; expectations of people regarding benefits from social protection system are rising drastically. This volume is a result of a collective effort of the contributors, the editors, supporting staff, and others who assisted in various ways.

The ASD aimed at "transforming our world", a far more ambitious and long term project than MDG's that it replaced (UNIRISD, 2016).There has been increasing acceptance in most countries of the need to make social protection policies, programmes and schemes consistent with high sustainable and broad based economic growth while advancing development goals as gender equality and more equitable access to public amenities and services. The Social Protection Floor (SPF) approach has evolved over time from establishing a social safety net during economic crisis to more elaborate social protection design drawing from social risk management. Thus SPF is designed to provide a minimum level of various types of social protection services for the population. Thus, SPF is regarded as a set of aspirational goals to progress towards than a blueprint, though the ILO and many other organizations approaching protection from a right-based approach continue to use the word "guarantees". The SDGs include goals to be achieved by 2030 that are consistent with the SPF recommendations of the ILO. These include eliminating extreme poverty and hunger, good health and well being and reduced inequalities-including those relating to gender.

The Social Protection Floor indicator (SPF) is a relative indicator. The numerator is based on dividing total expenditure on social protection by a country by total potential beneficiaries of social protection. The denominator of SPI is GDP per capita. Thus, if the numerator exhibits a lower growth rate than the denominator, the value of SPI would decrease, and vice versa. In 2012, SPI for Japan 11.9, the highest (ADB report 2016) for Indonesia, it is 1.2, the lowest. There are several benefits of SPI. First, SPI provided estimate of how much is spent on social protection by the countries, how many potential beneficiaries are reached by all the programmes. Second, the SPI emphasized social protection systems, rather than excessively focusing on one group or sub-groups of social protection programs. Third, SPI estimates could facilitate better understanding of social protection gaps and limitation of the current policies and programmes. Fourth, the SPI estimates undertaken at intervals, inter-temporal progress in social protection by countries. The SPI represented one of the useful tools on social protection available to policy makers,organizations and researchers.

An important issue in delivering social protection for the people is the creation of the needed fiscal space to fund the programmes. The focus of the World Bank Group(2015, Chapter 3) study is on fiscal space generation and use among a cross-section of countries for short-term counter-cyclical fiscal policy to cope with macro-economic shocks such as those generated by the 1997-1998 East Asian financial crisis, and by the 2008 global crisis. Broadly, generation of fiscal space might be achieved by (a) enhancing rate of growth and boarding its base; (b) improving revenue performance; (c) better expenditure management to obtain value for money. To ensure sufficient and sustainable funding for attaining desirable social protection goals-it is crucial to expand the decision- making horizon of policy makers and stake holders beyond the typical recipes from policy advocates and constraints of political economy in their respective countries.

Krzysztof Hagemejer in his work on Review of approaches to assess the sustainability of social protection floors examines the concepts of social protection system and its floors as well as its sustainability and affordability. Good governance of social protection at all stages - planning policies, policy reforms and implementation - requires continuous monitoring of its performance and finances, including long–term projections and simulations of cost and benefits of different social protection programs and overall social protection systems. At the end of this chapter author included a review of ILO social budgeting methodology and its applications to assess additional fiscal costs of social protection measures, leading to progress towards social protection floors in different countries. These are reviewed in the respective chapters. Hagemejer has also supplement this chapter with an extensive list of literature devoted to the methodological questions of financial governance of social protection systems bearing on the sustainability and affordability. Author provided an authoritative, nuanced discussion of the formidable requirements and challenges faced by those engaged in the task of projecting fiscal and other costs of individual SPF measures, and for the SPF as a whole.

Jin Feng in his paper on Social protection programmes in China: an assessment considers the social and an economic imperative in China. According to Feng, a comprehensive social protection system has been developed in China, consisting of social insurance programmes, social assistance programs, and labour market policies. Jin presents structure and administrative framework of social protection system in China from a life-cycle perspective. 2.3% of GDP was dedicated to social protection expenditure in 2012. Author considered the following ways to further develop the social protection system in China: reprioritizing public spending to increase social expenditures, exploring alternative fiscal resources, increasing fiscal capabilities of local governments, and improving efficiency in delivery of social protection.

Mukul Asher and Yutika Vora in their work on Social protection system in India : An assessment of the recent initiatives examine the nature of initiatives and places them in the context of Agenda for Social Development (ASD), SPF, and generation of fiscal space. Authors analyzed the existing programs for healthcare, social protection for children, working population and older people, and initiatives for employability and livelihood in India since 2014. Authors emphasized the need for good quality "plumbing" of these social protection schemes for better expenditure management and targeting, for better customers from a given level of expenditure. The use of technology enabled platforms in design and delivery of social protection services has been strengthened. Asher and Vora urge more integrated outcome oriented social protection initiatives and a system oriented view of such initiatives in the Union and State governments. Authors also recommended higher investment in constructing social protection database, data analytics, and encouraging policy-relevant research in social protection, advocated linking it with public policies and with public financial management.

The Social protection system in Indonesia is presented by Fauziah Zen and Astrid Dit in chapter five, outlining that since 2004 the government started to view social protection through a more comprehensive point of view, where the law mandates social insurance to be universal and mandatory. The integration process-from previously fragmented programs into a unified, universal, and mandatory program under “Sistem Jaminan Sosial Nasional”, (SJSN) umbrella-had proved to be challenging. Both social insurance and social assistance programs faced some common constraints. The programs designed for the National Health Insurance (Jaminan Kesehatan Nasional, JKN) had some unresolved issues. Additionally, programs were prone to political interventions. The current programs were relatively wide in scope, dispite missing some elements of ILO's SPF. However, there is clear potential for cost efficiency by improving programs design and strengthening the system.

The Social protection system in the Philippines in chapter 6 is authored by Aniceto C. Orbeta, Jr. providing a summary of the development in the social protection system in the Philippines with particular attention to the provision of the social protection floor(SPF) described in ILO(2012). It also provided an assessment of how the current social protection system is able to meet the basic social protection guarantees proposed in the SPF, namely Universal Health Care, social protection for children, social protection for the working age population and social protection for the elderly. Author reviewed recent SPF proposals.

The Social protection system in Thailand as a case study is presented by Srawooth Paitoonpong. Author analyzed social protection programme with a view to improve their outcomes and coherence. Thailand has achieved Universal Health coverage, though uneven level of benefits and quality of care across groups remain as challenge. Areas other than heath care and education remained low. Some examples of social protection's qualitative problems in Thailand include (a) inequality in the health insurance systems; (b) inequality in pension system, and (c) schooling quality. Paitoonpong, projects that the additional fiscal costs for the set of measures between 0.5% to 1.2% of GDP by 2020. Author also suggested that tax reforms of management improvements and development of a participation welfare system could be sources for revenue for expanding fiscal space.

Nguyen Thai Lan Huong in his research on the Social protection system in Vietnam analyzed Vietnam's social protection system in the context of global initiatives for social protection and suggested options for reforming the system, including generation of additional funds for the programmes. Vietnam's buoyant economic performance and tradition of emphasizing social protection had been instrumental in its rapidly improving poverty levels, primary and secondary education attainment, improved health status, and other social indicators. Government has regarded SPF as an integral part of economic growth and development. Vietnam's revised 2013 constitution stated that all citizens have a right to social protection. Author identified shortcomings of the implementation of SPF programs. Generating employment opportunities is a big challenge for the government. Author discussed additional cost for the SPF programs till 2030. Huong suggested number of ways for expanding fiscal space like increasing number of taxpayers, increasing the number of citizens contributing to social insurance, increasing the government retirement age, reforming government expenditure and improving the performance of the banking sector and state enterprises.

The adoption by the global community of the UN - initiated ASD in 2014 reflected the acceptance - at least in principle-that measures to progress towards desirable social, cultural, and environmental goals should form an integral part of growth and development strategies of individual countries. Case studies suggested that East Asian countries had taken diverse approaches to the ASD and SPF goals to suit their context, priorities, institutional and organizational capacities, and their ability to generate additional fiscal space without departing from prudent macro-economic and fiscal policies, and without adversely affecting future growth and development prospects. That is, both the protection and promotion aspects of social protection needed to be appropriately combined, with requisite attention to changing mind- sets and attitudes to accomplish it.

In June 2016, a proposal that would end all social protection programmes and to be replaced by basic income guarantee, was put to a vote in Switzerland. The overwhelming majority (77%) rejected the proposal. Editors urged the East Asian countries to focus on how to progress towards the aspirational goals of the ASD and SPF in their own context specific manner, and not misdirect their efforts towards a proposal more suited to very industrially advance high income countries. Case studies represented an important contribution to the comparative analysis of how Asian countries are devising innovative methods to progress towards the social protection goals, programmes, and systems, as well as generating fiscal space to fund them. This volume is a valuable contribution to the academic world by the editors. This book provides a base for policy makers, especially for implementation of policies. This book is must for students of economics and development strategies. It will be a proud possession for any institutional library. Lastly, I would like to thank ERIA and publishers for their efforts in bringing out this beautiful volume for further research and for development of strategies in Asia and for world as a whole.

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Carriere-Swallow, Yan; Hamid Faruqee; Luis Jacome and Krishna Srinivasan; *Challenges for Central Banking : Perspectives from Latin America*; 2016, International Monetary Fund, Washington D.C., USA, pp. 259, Price US $ 30

The Global financial crisis has brought fundamental challenges to the central banks around the world especially to Latin America. Policies on Quantitative easing, macro-prudential policies and post-crisis capital framework are yet to establish themselves as mature policies. The objectives and role of the central banks in the light of the global financial crisis is much in question. Monetary policies cannot be decided in isolation in financially integrated world and challenges become more difficult with such financial integration. While debating about how to align these policies to be in line with economic growth and development, an essential element to the stability in economies has been achieved by the independence of central banks. Independence of central banks has helped deliver low and stable inflation especially for countries long struggling to achieve price stability in the Latin American region. What puts countries to vulnerable state is the volatility of capital flows which affects the overall money supply in the economy and has impact on inflation and other macroeconomic aggregates. Among the challenges of the Latin American region, greater flexibility of exchange rate leading to negative terms of trade and inflation has been a big concern especially for economies dependent on commodities. Newer and innovative means need to be adopted by the central banks in Latin America for maintaining financial stability and international spillovers rather than relying on the traditional means of securing stability.

The book is divided into three parts. The Part I discuss the progress and challenges of the central banks in Latin America giving a historical perspective on Central Banking in Latin America and its way forward. Part II debates and discusses the issues of monetary independence in an integrated world. This part throws light on the implication of global financial integration for monetary policy in Latin America; the impact of the US term premium on emerging markets and forward guidance and prudence in conducting monetary policy. Part III the last but not the least discusses the macroprudential policies and monetary frameworks in the light of financial stability objective. This part also presents the Brazilian perspective on macroprudential and monetary policy interaction and dedollarisation of Credit in Peru.

It has taken 80 years for central banks in Latin America to achieve low and stable inflation. Institutional reforms in 1990s and forward looking monetary policy focused on fighting inflation as the primary objective. Severities of the global financial crisis questioned whether central banks should only focus controlling inflation or play an enhanced role in preserving systemic financial stability. For countries in Latin America where inflation continues to be a problem addressing fiscal imbalances and also strengthening the independence of central banks is the key issue. In places where inflation targeting is well established, there remains challenges of economic slack, anchoring inflation expectations, communicating monetary policy when there are long lived transitory shocks and understanding and analyzing the role of exchange rate in monetary policy. As many countries moved from fixed exchange rate regimes to more flexible arrangements, exchange rate movement became important for the economies stability.The move from fixed to floating exchange rate was a necessity that emerged out of the need to maintain monetary policy autonomy in a context of unrestricted capital mobility. Concerns on Inflation targeting in the region have been addressed with lower exchange rate pass through and stronger autonomy. One of the other important and ongoing challenge for central banks is how to deal with the global financial cycle. The book questions how relevant have the global financial cycle been for emerging market economies. It further puts forth the question that how have central banks reacted to the global financial cycle. In this context, the central banks need to adopt monetary policies that mitigate high inflation rate and at the same time do not decelerate economic growth especially when Federal Reserve has been indicating that United States would continue to normalize its monetary policy.

Forward guidance is discussed as a policy strategy through which central bank makes a promise about future level of monetary policy rate as an act of instilling transparency in the system. The book proposes that forward guidance should not be used as a strategy in normal times. It also suggests that robustness or prudence does not always imply a stronger response in the face of uncertainty. The book further discusses the trade offs that can arise between inflation targeting and financial stability objectives. The book also highlights two important issues that (a) price stability does not necessarily imply financial stability and (b) a broader perspective in prudential supervision and regulation is needed to prevent the accumulation of financial imbalances. The decision whether to use monetary policy as a main tool to counter financial cycle or macro-prudentail tools, it is basically using interconnected policy objectives. Whether one uses the monetary policy or macro-prudential tools the benefits of these depends on wide range of determinants such as the effectiveness of policy instruments to affect credit spreads in the economy. Chapter eight and nine are case studies on Brazil and Peru. In Chapter eight the authors examines the interaction between monetary and macro-prudential policy in Brazil under both normative and positive perspectives. The last chapter documents and evaluates the use of conditional reserve requirements in Peru to reduce credit dollarization.

The book brings about the discussion on exchange rate pass through, managing market expectations and the use of forward guidance as possible means of targeting inflation by central banks in Latin America. The book also discusses the problems associated with choosing macro prudential policies with volatile foreign capital flows, shallow markets and high degree of dollarization. It debates the optimality of the macro prudential policies in bringing about financial stability though there is no conclusive evidence to stand for the same yet it tries to debate the same keeping in mind the challenges of the Central banks in Latin America.

There have been considerable efforts, analytical work and insight available to the work of IMF Staff on the working of the central banks in Latin America. The book offers extremely important insights into where Latin American central banks stand, their challenges and how they can move forward. The book is learning for all central bankers and policy makers at the Ministry of Finance as it highlights key concerns of the economy. The book would prove to be a resource for students and professors of monetary policy, economics and Latin American countries.

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Gupta, Sanjeev; Michael Keen; Alpa Shah and Genevieve Verdier; *Digital Revolutions in Public Finance*; 2017, International Monetary Fund, Washington D.C., USA, pp. 343, Price US $ 25

Digitalisation presents several opportunities and challenges in the field of public finance. It offers to collect, disseminate and distribute information and funds in most accessible, timely, transparent and cost effective manner. With digitalisation of records there exists greater storage capacity and computing power with governments to track and record vast transactions. Digitalisation has enabled government to simplify the procedures for collecting taxes and necessary provisioning of social safety nets, health and education services. Digitalisation allows for precise identification of individual records and recognition of beneficiaries in the social welfare schemes. It can easily through biometric identification simplify the manner in which services, finances and other benefits are received by a person. Biometric identification of people has been successfully tried in more than 80 countries.

The Aadhar enabled scheme in India is the world's largest biometric identification system which has linked bank accounts, tax returns, insurance schemes, stock market investments, mobile and other identification card with it. It has simplified the manner in which income tax returns can be e-filed in India. The Jan Dhan Yojana together with Direct Benefit Transfer program has changed the manner in which subsidy and welfare benefits are paid to the beneficiaries in India. Another big wave of reform introduced by the present Indian government is the Good and Services Tax which subsumed several taxes and has made filing of returns, taxes and receipt of tax credit easy and quick through the GSTN Network. Electronic filing of returns is not new to countries. Countries have been experimenting with this for last 10 to 15 years. Digital book keeping system in Brazil or SPED system allows tax authorities to collect information on business as they enter their records. Even in United Kingdom, HM Revenue and Custom's connect collect information on tax payers profile through digital footprints. Digitalisation has enabled voters to vote online, check their medical records, confirm financial and non financial transaction, communicate to farmers about prices of produce, selling dynamics and agricultural practices. However the process is not free from its limitations. The Basic infrastructure like electricity, internet connectivity, mobile connectivity continue challenge the manner digitalisation can affect people.

Literacy, Financial literacy and technological adaptability further challenge the inclusion of the poorest of poor to schemes that undertake the digitalisation drive. Security from cyber attacks and practices that curb fraudulent activities is another serious challenge to the entire process of digitalisation. With the lastest scandal Cambridge Analytica using facebook data in influencing elections in India and the threat to privacy of information debate a serious concern on the safety of such potentially sensitive information. This book explores many facets and misses a few while debating the pros and cons of digitalisation in public finance.

The book is divided into five parts. Part I explores the new frontiers of tax policy and revenue administration with a view of understanding the impact of digitalisation on tax policy design. It argues that digitalisation can help improve compliance and enforcement capacity of tax authorities by providing more possibilities to verify the true economic outcomes of taxpayers. It also reviews the key features of the P2P economy in chapter three. Challenges posed by digitalisation for taxing profits of MNCs especially where digital businesses shift profits to low tax jurisdictions is discussed in Chapter four. The chapter also raised concerns regarding the tax companies where shareholders are located or consumers are located. Chapter five debates and discusses if to prepopulate helps in better tax compliance.

Part II discusses the transformative potential of digitalisation for fiscal management with availability of fiscal data to blockchain and artificial intelligence. In chapter six the authors demonstrate that digitalisation has made daily fiscal data accessible in many parts of the countries and has provided much fiscal policy analysis. On the other hand chapter seven discusses the two emerging technologies blockchain and cognitive computing with their potential applications for government. It reads through the example Estonia using blockchain technology for national identities. With blockchain, companies would not need to submit their returns as they would be automatically updated. It also gives an example of pilot project run in United Kingdom on blockchain technology to improve payment of welfare benefits. The author of the chapter recommends the government to increase their capacity to manage and standardise data and processes and to invest in human capital.

Part III recognises the benefits of digitalisation in public service delivery especially with mobile phones and biometric data while stressing the need for institutional reforms which cannot be done away with digitalisation. In chapter eight the authors discuss the variety uses of mobile phones as pedagogical devices in the classroom, as platforms to distribute social transfers, as medical record keeping devices and as communication devices for key agricultural information on weather or commodity prices. As mobile phone offer opportunities they offer challenges of literacy and costly device maintenance and voice platforms. Lack of access to essential infrastructure such as roads and property rights are some structural barriers. The chapter elaborates on the understanding of market failures like information asymmetries and transaction cost which challenge technology adoption and public service provision. In the following chapter, the author debates the over optimism that follows the adoption of technology for targeting public expenditure for poverty reduction. The key dimensions namely information costs, high implicit marginal tax rates and political economy are visited to understand the effect of digital revolution. Informal economies in the developing world despite digitalisation would pose the challenge of fine targeting and knowledge of incomes and consumption. The author also focuses that the system are not leakage proof and hence can be by passed by corrupt officials but the benefits continue reduce costs of social protection programs.

Part IV does a case study analysis of how digitalisation has improved working of public finances in number of countries including Kenya and India. The Chapter ten delebrates on the M- Pesa in Kenya, a money transfer system has gradually advanced into a real time retail payments system, virtual savings and credit supply platform. The chapter discusses the role of the monetary authority and telecommunications regulator in providing appropriate legal and regulatory framework for such greater financial inclusion and web enabled tax payment systems. Chapter eleven focuses on the Indian economy and the fiscal policy consequences of digitalisation in it. It discusses the role of Aadhar, Pradhan Mantri Jan Dhan Yojana and demonetisation has played in introducing the digital revolution that offers a less corrupt payment system and a reduction in leakages. Chapter twelve argues that digitalisation of payment need to be made a part of the public financial management system. It draws from the example of India and Mexico how efficient and effectively these systems has made financial inclusion possible. It has been found that key success factors for digitalisation and public financial management integration is a top bottom approach where the commitment of high level leadership is needed to introduce lengthy reforms. Secondly, it needs to build a digital and regulatory infrastructure for public financial management and finally there is a need to address the challenges of digital privacy and security.

Part V quantifies the size of potential benefit from the digital revolution in the concluding Chapter thirteen especially when government payment transactions shift from cash to digital. Reduction in leakages , fraudulent payments, tax evasion and administrative cost reduction are seen as the potential benefits of digitalisation. It is found that digitalisation can save upto 1% of GDP which is equivalent to US$ 220 - US$ 320 billion in value annually where a direct benefit of 0.5% will accrue to the government. This clearly does not cover the benefits of better effective and efficient infrastructure for government payments and how much the economy would benefit by bringing the informal sector to the formal sector.

The book carefully outlines the pros and cons of digitalisation in public finance estimating its benefits with selective case studies. The book is recommended to students, professors and policy makers of dealing with policy making aspect of public finance.

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Ghosh , Atish R. and Mahvash S. Qureshi; ***From Great Depression to Great Recession : The Elusive Quest for International Policy Cooperation;*** **2017, International Monetary Fund, Washington D.C., USA, pp. 238, Price US $ 27**

Parallels have been drawn relating the commonality between the Great Depression and possible Great Recession after the global financial crises of 2008. Countries which had fiscal deficit could do little to correct the macro imbalances due to fixed exchange rates due to the gold standard. Countries which had fiscal surplus were not interested in fiscal expansion preventing growth. In 1930s, there was a rise of populism, nationalism and extremism. Also a rise of unemployment, economic frustration and social tensions was observed during Great Depression. Similar situation can be observed nowadays also. In 1930s, large accumulation of gold reserves was observed which led to deflationary forces. Similar trends can be observed in emerging Asian countries. Emerging market economies are accumulating gold to keep their currencies competitive and as a hedge against volatility in current demand. These parallels are not coincidental.

It is hence necessary to correct the imbalances that have crept into the economies. Countries with surplus and deficits need appropriate adjustment for global macro balances and global liquidity. The continuous devaluation of currencies against the US dollar needs to be checked. This will prevent making the world, a source of cheap raw material market. Post Bretton woods, the international flows of capital have amplified and the volatility increased in exchange rates. This has led to accumulation of internal reserves. In 2007, emerging market economies has US $ 3.5 trillion reserves and this nearly doubled to US $ 6.6 trillion in 2014. India currently has a forex exchange reserves of US $ 420 billion. Such extensive reserves when lie idle, they tentamount to be a huge cost to the Nation. Should there be alternatives to such reserve accumulation. Can the IMF's Flexible Credit Line (FCL) and Special Drawing Rights (SDRs) can act as a reliable alternative.

Also, growth has stagnated in many economies due to low investment and demand. Possibility of a currency war cannot be ruled out to boost demand and international trade. With floating exchange rates, little role is played by monetary policy actions. Hence, what would be the suitable measures to prevent any such situations becoming disastrous?

IMF is aware of rising cross border spill overs and has increased its analytical work in this area. Currency manipulation and unfair trade practices will affect the current account balances. Volatile capital flows will affect the capital account balances. Exchange rate manipulation may have significant adverse spill overs.

The basic principle of economic development for mutual advantage and enrichment of all should be the basis of all policy frameworks. This volume is a collection of papers presented at a symposium organised by IMF to review the history, functioning and challenges for international monetary system. This volume has been divided into four sections. Section one is focussed on providing perspectives from the past on asymmetric burden of adjustment for the capital account and the current account. Section two focusses on International monetary negotiations and International monetary system. Section three focusses on currency wars. Section four is prescriptive by recommending ways of creating a more cooperative international system.

Historical antecedents for economic challenges faced today can be read in this volume. Harold James has examined the current and capital account imbalances during the inter war period. Lessons that can be learnt from the European adjustment experiences during the 1960-70s have been deliberated by Emmanuel Mourlon-Druol. The imbalances arising after the failure of the Bretton Woods have been discussed by Catherine Schenk. Large and persistent imbalances have cropped in due to absence of policy coordination after Bretton Woods. International capital mobility leads to four distinct policy constraints or "trilemmas" and have been discussed by Michael Bordo and Harold James. Bretton Woods which is often considered as the brainchild of Keynes and White has been contested by Eric Helleiner and has recognised the contribution of many representatives of developing countries and colonies. Emerging markets efforts for an international monetary system less focussed on philosophies by G7 countries is discussed by Benn Steil. The past, present and future role of IMF towards the modern day international monetary system is discussed by James Boughton.

For managing currency wars an indicator based approach has been proposed by Richard Cooper to discipline exchange rate policies. Monetary spill overs have been discussed by Robert McCauley. Issue of Global Liquidity and IMF's ability to fund balance of payment difficulties has been vividly covered by Edwin Truman.

All the chapters point toward a need of international policy coordination for a better future. The assumption of a zero sum game makes the political will negligible for framing policies in interest of rest of the world. Uncertainty about the quantum of gains from policy coordination also reduces the initiative for global coordination. However, Atish Ghosh has tried to dispel these myths and put forward a strong case for global financial coordination. According to Ghosh IMF has adapted itself over the past seven decades to meet the changing needs of its member countries. The recent quota and governance reforms will gear up the IMF for future challenges. The tussle between monetary and fiscal regulators and regulators across the globe pose formidable obstacles for macroeconomic financial stability. Building technical and political consensus for global cooperation is the need of the hour. Consistent efforts in place of periodic one time efforts can do much to reduce the cross border spill overs.

This is an excellent book for policy makers and students of international finance. The books has been written in a very easy to read format with less focus on technical terms and equations. The book also helps us to understand the current fall of rupee and possible steps that may be taken to curb further fall. It is a must read for economists all over the world.

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Kireyev, Alexei P.; ***Building Integrated Economies in West Africa : Lessons in Managing Growth, Inclusiveness and Volatility*****; 2016, International Monetary Fund, Washington D.C., USA, pp. 343, Price US $ 40**

West African Economic and Monetary Union (WAEMU) is one of the four currency unions in the world created by a treaty signed at Dakar, Senegal in 1994. Eight individual countries namely Benin, Burkina Faso, Cote d' Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo form the WAEMU. The Central Bank of West African States (BCAEO) is the central bank of WAEMU which issue the common currency,the CommunauteFinanciere' Africaine (CFA) Franc, pegged to euro, conducts a single regional monetary policy, pools foreign exchange reserves of members and supervises the banking system of WAEMU. These countries are dedicated to achieve macroeconomic stability, low inflation, fiscal integrity, debt sustainability and a fixed exchange rate. The policy makers of West African countries of the region are facing challenges of achieving high and inclusive growth, reducing poverty, managing commodity price volatility and addressing domestic and external shock. These five challenges are the basic principles which the book tries to address. The region while maintaining macroeconomic stability and containing fiscal deficits it needs to focus on development. The growth in the region is uneven. A lot of effort is needed to make products and services internationally competitive, to increase regional trade and boost the private sector for investments that can lead to growth and job creation.

The book is divided into six parts highlighting the key developments in the region. It further proposes the possible framework which could foster growth, inclusiveness and integration.

Part I covers the institutional arrangement and regional integration in the region as it traces its history from the origin till date. It discusses the objectives of the Union. The chapters discuss the convergence criteria, common market, monetary institutions in the region. The regions outlooks and risk with respect to individual countries is also discussed. The region that implements independent fiscal policies among member states but follows a single regional monetary policy needs fiscal and monetary policy coordination. It refers to the present macroeconomic setting and current challenges of the region and individual countries.

Part II covers the need for growth and inclusiveness in the region. It debates how the region remains vulnerable to exogenous shock. To achieve greater performance, the region needs greater political stability and at the same time continuous broad based reforms are needed to foster investment, trade and structural competitiveness and financial development. The region also needs more efficient shock smoothing mechanisms such as large fiscal buffers, deeper and greater financial market development and a centralized insurance scheme. The weakness of the region includes deficiencies in infrastructure, education and training, financial services, trade networks, weak factor markets and supportive regulatory environment. To achieve inclusive growth higher productivity in agriculture sector is a must. Growth in the region should not induce inequalities and hence can help reduce poverty if the growth offers high earning potential for the poor. This part also highlights that the regional financial market has grown substantially but still remains shallow as it is unable to fund public and private investment projects.

Part III of the book covers fiscal policy and coordination where they discuss how high fiscal deficits are exerting increasing pressure on the external position, current account deficits and gross reserves of the Central Bank, BCEAO. The book proposes that a well-designed fiscal rule could be helpful in achieving the consolidation objective and disciplining individual countries performance. Economic convergence and revised convergence criteria provide an important tool for safeguarding macroeconomic stability in the monetary union while preserving the single currency and the fixed exchange rate regime.

The book also recognizes that achieving fiscal discipline in a monetary union without a central fiscal authority while being crucial for union's stability is challenging institutionally and practically. The book also recognizes the procyclical nature of public investment as a significant impediment to stable and high growth in the WAEMU. It is believed that countercyclical fiscal policy rules could help preserve investment level in WAEMU. Fiscal space needs to be much created to finance infrastructure projects by constraining spends on subsidies and transfers. Tax policies should aim at enhancing efficiency. A well-functioning public investment system would need safeguards such as strategic guidance for public investment and preliminary screening for consistency with the strategic goals of government; formal project appraisal; independent review of appraisal; transparent project selection and well-structured budgeting; timely project implementation; active adjustment for changes in project circumstances; facility operation; and ex-post project evaluations against approved projects. Taxes coordination and tax policy harmonization would also improve revenue collections and enhance fiscal space.

Part IV of the book covers Regional Monetary policy. The BCEAO which is the central bank of region can control regional interest rates, which divergesubstaintially from euro area interest rates as capital mobility is limited. The central bank can exercise control through interest rates, reserve requirements and other principle channels of monetary policy like volume of credit, interest rates, asset prices and expectation. However what impede transmission of monetary policy is shallow financial markets and interest rate rigidities. Inflation remains low in the region except for spikes in food and fuel prices. It is also important to introduce more flexibility of deposit rates. The central bank needs to strictly observe the fiscal stance of the member countries and maintain economic order by a tighter stance. The book also evaluates the high risk high levels of central bank borrowing by the banking sector pose to fiscal and financial stability.

Part V of the book covers the financial development and stability of the region which remains insufficient to support financial inclusion and broad based growth. The financial system in WAEMU is dominated by banks. The regional securities and equity market is a marginal source of funding, except for the government. The health of public banks is cause of concern. Also the asset concentration and quality are also a matter of concern. Compliance with key prudential ratios remains weak and needs to be improved.

The move to Basel II/ Basel III standards will move the system closer to the international standards. Financial inclusion will hold the key for inclusive and sustainable growth which needs greater investment in infrastructure. Mobile banking offers an array of opportunities for financial inclusion in WAEMU. Transaction costs, issues of network interoperability and legal and regulatory barrier pose substantial constrains to mobile market development. Pan-African banking groups hold about 50% of assets of WAEMU banking system. It is needed that banks follow the banking regulation and supervision and stress test check for their financial stability.

Part VI covers the Competiveness and integration in the region. International competitiveness remains low. The current account deficit is relatively high. The favourable oil price outlook and greater financial flows in the medium term are likely to create sustainability. It is contended that international reserve coverage should increase to provide for stronger buffers against immediate short term risks. Regional trade should be engine of growth. Networks of trade with other countries in the region are likely to have positive effect on the region. To preserve the gains of regional integration, WAEMU countries should refrain from deviating from common external tariff of ECOWAS.

The change in tariff would increase WAEMU imports from other ECOWAS countries but reduce imports from the rest of the world. The WAEMU's Commission intention to safeguard the common market through uniform application of ECOWAS common external tariff across WAEMU member countries and nonapplication of additional protection of 3% of tariff lines is considered a welcome suggestion. Unattractive nominal interest rates, relatively small market size, lack of secondary market, cumbersome exchange controls and regulations, fragmentation of regional market, insufficient communication on issuance and language issue, insufficient political stability, poor investment climate are some of the reasons why the region is unable to attract foreign investment. Taxation also needs to be harmonized and double taxation should be avoided.

WAEMU objective is not only to constitute a goods and capital free movement zone but also to promote deep integration with common market and community policies. The book gives insightful analytical understanding of the challenges and possible solutions to the integration of the region that wishes to achieve higher and inclusive economic growth and development.

The book details possible contours that need to be strenghthened in the region for sustainable growth. The book is a valuable resource for post graduate Master's students, professors and policy makers of public policy especially engaged in the West African Region.

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