

Preface

The economic recession that commenced in late 2008 in several rich countries has been a defining event for the global economy and Asia's role in it. World economic growth slowed sharply, but the large Asian developing economies, notably the People's Republic of China, India, and Indonesia, continued to grow strongly. This uneven growth dynamic has accelerated Asia's rising global prominence. But it also raised important new challenges for the region.

The first and most important is to maintain the growth momentum. The lower middle-income countries still have a sizeable proportion of the population living precariously just above the poverty line. For the upper middle-income economies, for example Malaysia, a key issue is the elusive goal of 'upgrading' to the ranks of developed economies within the next decade or so. The second challenge is to remove the existing bottlenecks to growth with the provision of efficient infrastructure, still a major problem for several countries, including India, Indonesia and the Philippines. In some cases, this is symptomatic of a broader problem of sluggish investment levels. Third, some countries, such as the People's Republic of China and Malaysia, continue to run sizeable current account surpluses, resulting in exceptionally large foreign exchange reserves being invested in low-return assets and creating international commercial tensions. Fourth, in the wake of the global recession, which had its origins in financial malpractice in several western economies, there is the imperative of further strengthening financial development and regulation, to guard against a recurrence of these difficulties. Fifth, there is the challenge of developing high-quality institutions that underpin and sustain the continuing economic transformation.

To address these issues, an expert team of writers was commissioned. We wanted both country studies for key developing middle-income Asian economies, and cross-cutting thematic papers. The countries chosen were the People's Republic of China, India, Indonesia, Malaysia, the Philippines, and Thailand. The thematic issues focused on governance and institutions, infrastructure, investment and productivity, savings and investment, and financial development. The resulting papers and our overview constitute the chapters of this volume.

Three workshops were held at the ADB headquarters to present and discuss drafts. These were held in June 2010, January 2011, and May 2011.

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Marc Lerner edited the papers, corresponded with the contributors, and prepared the manuscript according to ADB and Edward Elgar style.

Several other ADB staff assisted us. Junray Bautista and Anthony Baluga assisted us with data preparation. Mercedita Cabaneros did the graphics and layout of the manuscript. Maria Guia de Guzman helped prepare the final manuscript for the publisher.

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HH and MSGB

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