

than one but less than 10 per cent of India's exports to EU are described as exports with growth potential. Actually it may turn out that new product categories accounting for negligible portion of exports now may emerge stronger in the future. Similarly, products with ten per cent share may fizzle out in future. The word 'potential' is a bit disturbing. It is safer to pick up major export items and discuss their trend pattern. The chapter on commercial policy is adequate.

The last chapter really speaking is too general in nature and hence is not strictly necessary for the book. In order to ascertain the views of Indian exporters a questionnaire has been prepared and the difficulties they experience regarding infrastructure export incentive schemes etc., have been classified. Answers are on expected lines: irrespective of any special problem associated with exports to EU, exporters go on elaborating their difficulties which would occur in any part of the world they are exporting. Lack of credit facilities, inadequate power supply in manufacturing units, unsatisfactory transport to and from the ports apply to all categories of exports from India independent of destination. Had some questions been asked on export demand and marketing problems in EU, may be some useful information could be procured. Problems relating to home supply are more or less uniform across the commodities.

Lastly some minor problems have to be mentioned in an otherwise good work. When growth rates or relative shares of different export commodities to EU are discussed, nothing is mentioned about the level. Higher growth rate may be simply due to low initial level. A look at relative share of these commodities in India's aggregate exports to EU should have been shown. If the exports show too much of fluctuations, that has to be tackled.

Gokhale Institute of Politics and Economics,
Pune

Smriti Mukherjee

Japanese Financial Surplus and the World Economy, Rameshwar Tandon, Vikas Publishing House, New Delhi, 1997, pp. 319, Price Rs. 450.

Emergence of Japan as a major industrial power in the post-war period has been an important economic event. The come back of an war ravaged economy into full glory speaks for its stamina and organizational capability. Side by side with industrial regeneration the country has acquired a lot of Financial strength and today it is one of the most important capital exporting countries in the world. This phenomenon has been of a recent origin because during the seventies Japanese balance of payments were adversely affected like in the case of so many other countries. But the fact is recovery was so fast that by eighties she could start sending capital abroad. This story of rise of Japan into a major financial power will no doubt be regarded as an important phenomenon in economic history of our times. It evokes interest in all those who keep an eye on Asia as a developing region.

To deal with such a subject, a descriptive approach seems to be ill suited. Liberalization measures and then internationalization of financial system are rather repetitive themes. An agreement with the U.S.A. in 1985 about the opening up of financial sector in Japan may very well usher in the era of liberalization. But why is it that capital started flowing out immediately after liberalization measures were set into motion? One possibility is that domestic investment outlets were saturated and that is