

debt restructuring, re-building bank loan portfolios, and actually putting into practice recent legislative and regulatory changes. These sorts of micro issues do not capture the imagination, and so the potential for drift is significant. Yet the aggregate sum of numerous micro issues equals one major macro issue — the return to sustainable economic growth in Thailand, regardless of the precise type of economic development model adopted.

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***French and Japanese Economic Relations With Vietnam Since 1975.* By Heinrich Dahm. Surrey, UK: Curzon Press, 1999. Pp. 193.**

This book provides an evaluation of the strategies employed by France and Japan in conducting economic relations with Vietnam over the past 25 years. As a timely collection of facts and figures on Vietnam's relations with both its colonial masters, France, and Asia's powerhouse, Japan, it offers an in-depth understanding of Vietnam's experiences with the main foreigners who interacted with and ruled Vietnam. It will serve as a useful survey of existing literature and wealth of knowledge for scholars interested in Vietnam's historical perspectives, the reasoning underpinning its recent move towards the open market and how both countries are today exerting economic and political influence in the new Vietnam. In light of recent developments, it will also serve to shed light in understanding Vietnam's decision to halt foreign investment.

The book comprises three distinct chapters beginning with an account of Vietnam's historical background. This in itself is an arduous task and it proves that exhaustive research was involved in order to construct a realistic impression of Vietnam's tumultuous history. It highlights the need for a sound understanding of Vietnam's history which is quintessential for any study of

Vietnam's place in the world economy today. The chapter sets the stage for the later two chapters with a detailed analysis of ancient Vietnam history, the French conquest and so on. Throughout the book issues are penned with clarity and concise facts which aid the understanding of both a newcomer to Vietnamese affairs and experts alike.

Following this, it also elucidates the reader on both Vietnam's domestic and foreign policies since 1975. It explains how domestic policies can be characterised as the leadership's determination to improve the livelihood of the people with an urgency unseen in other socialist environments. As Dahm explains :

After a period of half-hearted economic reforms in the 1980s, the changes in recent years have been essential and profound. These changes were not motivated by new insights of the Vietnamese Communist Party but by the necessity to stay ahead of the people's dissatisfaction.

Vietnam's foreign policy has been targeted primarily at ending the international isolation that it had subjected itself to after 1975. The future challenge resides in Vietnam's ability to establish stable international relations that will continue to support domestic reform and development. In sum, while foreigners are now welcomed in Vietnam, they are at the same time feared, given the past experiences.

The next chapter gives an account of the roles played by the French and Japanese governments respectively in Vietnam. The chapter contains a detailed and fluid treatment of the motivations, activities and problems of both governments' relations in Vietnam. In essence, French governmental relations are motivated by colonial links and the attendant sentimentalities. France sees it as her post-colonial responsibility of continued assimilation to develop relations beyond trade and language. Relations with Vietnam are hence believed to be the starting point of recouping French losses from missing out on the Asian boom.

One way that the French put their motivations into practice was by reaffirming their commitment of contact with the Vietnamese despite the U.S.

policy of isolation and embargo. The chapter also shows how France helped Vietnam become an accepted member of the international community. In addition, it discusses France's aid policy with useful data and relevance. Among some of the problems discussed, one relates to difficulties faced by the French when charting policies pertaining to Vietnam.

Japan's motivations to re-establish links with Vietnam are largely based on the increasing importance of Southeast Asia to Japan. Japan's security was also deemed as embedded in the region's stability. Dahm argues that, in the post-Cold War era and given China's power ambitions, the future balance between Japan and China remains a long-term problematic issue. As Asia's economic superpower, Japan realises that it should lead the integration of Vietnam into the region. Ultimately, Japan hopes that integrating Vietnam into the Japanese economic network would offer the opportunity to translate this economic clout into political influence in Vietnam and the region.

Japan's post-war foreign relations have been to establish harmony with ASEAN members. While she is limited in using military power to further her interests, economic co-operation and ODA are the most viable alternatives for Japan. However, most ASEAN nations are still suspicious of Japanese motives as Japan tried to expand its economic influence in the region.

The final chapter focuses on the roles played by French and Japanese companies. The role of government is limited to influencing economic change as the actual process is performed by the companies. It is shown here that both French and Japanese companies have operated in Vietnam in a way divergent with their governments' interests. Different country-specific reasons for French and Japanese companies entering Vietnam are listed together with the common motivations such as

abundance of cheap labour, natural resources, etc. This chapter gives a good breakdown of the forms of investments and the types of industries invested in. Also, some useful case studies are included.

The types of French companies with dealings in Vietnam are either major industrial groups with the necessary size to support such operations, or those with previous activities in Vietnam. Small- and medium-sized companies are more reluctant to venture into Vietnam, given the need to overcome language, cultural and legal matters. French companies are in the following sectors: hotel and tourism, banking, telecommunications, food and beverage, healthcare and luxury goods. While French companies entered Vietnam with the hope of doing so early to capitalise on market share, they met with initial success. However, recent Vietnamese policy changes have cast doubt on this strategy.

Japan has the largest number of large firms that have invested in Vietnam, totalling 15 companies in 1996. During the U.S. embargo, Japanese companies used their subsidiaries in other parts of Southeast Asia to venture into Vietnam. Japanese investments in Vietnam are overly cautious. Starting with smaller investments to determine business culture, project sizes are gradually increased to full-scale investments. In particular, Japanese investments focus on mineral resource exploitation and production-base establishments in various sectors such as agriculture, forestry and fishery, construction material, textile, food processing, consumer good, and car and motorcycle.

In conclusion, the book is an excellent guide for interested parties on the historical roles played by the French and Japanese, the functions of each government in its dealings with Vietnam, and the roles of French and Japanese companies.

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NOTE

1 Amartya Sen, *Development as Freedom* (New York: Alfred A. Knopf, 1999).