

title seems to suggest, Laos appears here as a case study of a former socialist economy in transition. This reader would have preferred to see a more applied discussion of the transition process, as conducted by Laos, and experienced by its people, its leadership, its institutions, private sector actors, and so on. This would have been something well within the capabilities of the author, whose other published works display a sound appreciation of the various dynamics that lie behind contemporary Laos. However, these are relatively minor quibbles with what is a carefully considered and valuable analysis of the economy in this oft-neglected country. In particular, Laos' unique experience in unwinding an ambitious (and inevitably doomed) attempt at central planning of a subsistence-dominated agricultural sector makes for interesting reading. Published material on the process of transition from plan to market in Asia's less developed countries is scant, and *The Economics of Transition in Laos* is a very welcome addition to the literature.

NICK J. FREEMAN
Institute of Southeast Asian Studies

***Prospects in Trade, Investment and Business in Vietnam and East Asia.* Edited by Tran Van Hoa.** London and New York: MacMillan Press and St. Martin's Press, 2000. Pp. 248.

Despite the title's reference to "East Asia", the volume's more narrow aim is "...first and foremost to contribute, by means of rigorous analytical and quantitative studies on main indicators and aspects of international commerce, to development and promotion of trade, investment between Vietnam and Australia and other foreign trading countries" (p. 2). The inclusion of Australia is understandable because the book is composed of twelve chapters derived from papers delivered at an International Workshop on Trade, Investment, and Business in Vietnam, organized by the Professor Tran, an Associate Professor at the University of

Wollongong in Australia. The workshop took place in November 1996 at the University Conference Centre in Sydney, Australia. Following their 1996 presentation, the papers, authored by Professor Tran and eight other scholars based at Australian and Vietnamese institutions, were revised and updated prior to publication in this volume. The chapters are preceded by a foreword by Pham Ngoc San, the Commercial Counselor for the Vietnam Trade Office located in Sydney.

Clearly, although the title makes reference to "East Asia", the book overwhelmingly focuses on Vietnam and therefore so will this review. Seven of the book's chapters deal exclusively with Vietnam, another three examine matters pertaining to Vietnam's linkage to Australia, one deals with Vietnam within the context of regional development within the greater Mekong area, and there is a chapter on South Korea. In the two introductory chapters, Professor Tran begins the book by presenting an overview of trends and prospects for trade, investment and business enterprise development in Vietnam. His observations, based on an examination of empirical data, form an intellectually solid foundation for what follows; that is, a set of analyses of the law on foreign investment within the context of other factors that combine to create a need for trade, investment and business promotion. The contributors point out that there is a need to confront constraints that include "...vague and contradictory regulations, an underdeveloped legal system, concerns over the adjudication process for economic disputes, a lack of accounting standards, and constant shifts in the relationships in property ownership" (pp. 66-67).

The chapters go on to identify other problems; e.g. "...bureaucratic red tape, ...growing corruption, ...difficulties in securing hard foreign currency...and Vietnam's unpredictable and haphazard taxation system". The result of all of these phenomena, the chapters' authors argue, is a pervasive aura of uncertainty. Indeed, uncertainty is now seen as a "normal" part of doing business in Vietnam, and this "...arises from the various factors discussed above including the large

number of regulatory changes, extensive bureaucracy and red tap and contradictory rules” (p. 72).

In identifying and elaborating upon the country’s problems and constraints to socio-economic progress, the volume presents no surprises. The analyses and conclusions contained in the book are clearly consistent with the general findings generated by a broad range of academic studies of Vietnam. Within this context the book’s strength is the rather unique niche that it establishes. The niche is found in the volume’s analyses of two sets of inter-related policy agendas that are important *both* to trade expansion and to overall economic development in Vietnam. One set deals with the country’s promotion programmes embodied in the activities of the State Committee for Cooperation and Investment (SCCI) that has been merged with the State Planning Committee to become the Ministry of Planning and Investment (MPI). Another important and related organization is the Vietnam Chamber of Commerce and Industry (VCCI), an umbrella institution that represents the business interests of entrepreneurs. The MPI/VCCI nexus permits the integration of essentially *private and public* sector entities dedicated to investment and trade promotion—one from the business and the other from the government point of view.

The second set of policies has to do with the external business policies (or strategies) of Australian and other overseas investors who use their government’s institutions to connect with entities such as the MPI and VCCI. These institutions aim at helping foreign (and local) investors to manoeuvre within the maze of institutions, complexities and uncertainties that make doing business in Vietnam so challenging.

The book’s intellectual niche, then, is that it deals simultaneously with the confluence of four factors. First, there is a need for trade and investment promotion in Vietnam; and second, the need derives from the labyrinth of market uncertainties, regulatory complexities and institutional frailties that make promotion essential but difficult. Third, this requires *public and private* sector strategic initiatives within Vietnam

that are aimed at lessening, or at least coping with the constraints; and fourth, it gives rise to another essential ingredient—opportunities for external investors to gain appropriate assistance from their governments.

The chapters are informative, well written, and the editor deserves special credit for doing an admirable job of organizing and presenting the chapters so that the reader is offered a largely linear and thematic treatment of the material. One of the more interesting chapters, by the way, is Anne-Marie Humphries examination of the Mekong Basic Subregion. She examines the pros and cons of tying Vietnam’s economic interests to those of Cambodia, Laos, Thailand and the southern part of the People’s Republic of China within an integrated economic territory. It is an imaginative treatment of a potentially useful set of ideas which, however, are outside the volume’s more narrow scope; that is, trade, investment and business promotion in Vietnam.

Professor Tran sums up the volume’s contents with three general observations. First, the prospects for trade, investment and business in Vietnam are reasonably bright if constraints are confronted effectively. Second, the country’s prospects are dulled by rampant bureaucratic impediments, an outdated infrastructure, a system of commercial law that is inadequate and a propensity for government to intervene pervasively in business operations. Third, despite these challenges, the potential for commercial and social benefits from trade and investment is real, but steps need to be taken in order to realize the country’s potential. Tran concludes the volume with an optimistic aura of confidence by saying that the steps proposed in the book’s policy model, coupled with incorporating sound business values into enterprise management, can overcome some of the imposing problems that confront contemporary Vietnam.

The rich but largely pessimistic body of academic studies seeking to understand contemporary Vietnam, coupled with the recounting of experiences by foreign investors, combine to cast a dampening pall over Professor Tran’s expressions of cautious optimism. With this

observation in mind, and noting that the sense of optimism is understandably cautious, in the judgment of this reviewer the book is *definitely* readable. It is a useful contribution to the professional literature on the post *doi moi* era of Vietnam's national economic development.

ROBERT L. CURRY
*California State University
Sacramento*

***Taiwan's Development Experience: Lessons on Roles of Government and Market.* Edited by Erik Thorbecke and Henry Wan. Boston: Kluwer Academic Publishers, 1999. Pp 454.**

As a general review of Taiwan's 50-year economic development experience, the 16 essays from a conference and 3 other chapters (overview, conclusions and epilogue by the editors) collected in this book cover a broad range of economic development topics. Facing the controversial issue of why government interventions in some nations are successful but not in others, the book provides a detailed discussion and enlightening contribution on the role of government in economic development based on Taiwan's experience. This reviewer read the book with great enthusiasm and benefited significantly from the broad arguments of the contributors most of whom are well-known scholars in this field.

The nineteen chapters are divided into six parts: (1) Introduction; (2) Macro policies and reforms in Taiwan's development; (3) The Liu-Tsiang policy proposals; (4) The role of agriculture, industrial policy, human capital and labor institutions in Taiwan's development; (5) Relevance of the Taiwanese experience to other third world regions; and (6) Conclusions and epilogue.

The book starts with an overview by the editors, who summarize the book with five interrelated themes: (1) Outward-orientation vs. inward-orientation; (2) Sources of growth; (3) Dynamic balanced growth process: the interaction between

agricultural and non-agricultural sectors; (4) The role of government in the transition to a more market-oriented economy; and (5) The potential transferability of the Taiwanese development experience to developing countries.

To explain why Taiwan avoided being trapped into the ineffective inward-looking strategy by a quick shift from import-substitution policy to export-promotion policy in early 1950s, Gustav Ranis in Chapter 5 emphasized the role of well invested agricultural production and exports which supported the early economic growth. As for government policy, much of the credit for the policy change was given to T. C. Liu and S. C. Tsiang who recognized the ineffectiveness of the anti-comparative advantage policy in the early 1950s (Chapter 9). One untested hypothesis raised by Justin Lin in Chapter 7 is that small economies might not be able to survive for long if they could not make good use of their comparative advantages.

The existence of the Taiwan miracle is evidenced by the persistent growth of total factor productivity and the smooth capital accumulation without diminishing returns. John Fei and Yun-Peng Chu in Chapter 9 explained this result in terms of the process of modernization in political and economic institutions, democratization in political institutions and marketization in economic institutions, and liberalization. In their study, the traditional Chinese cultural values are analysed, though the conclusion might not be agreed universally (Chapter 2). At the micro level, development of the flexible small-scale enterprises, labour education (Chapter 12), and banking system reform all play a role.

The successful intersectoral structural transformation is probably the most remarkable phenomenon observed in Taiwan's development, especially the latest change from a labour-intensive economy to the high-tech and capital-intensive economy of the last decade, which is a critical step for Taiwan to move into the category of developed country. This smooth transition is characterized by a good interaction between agriculture and industry, i.e., in addition to the supply of finance to industrial development, well