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bibliographical references. The volume is suited for general readers, students, teachers, diplomats and policy-makers.

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***Paths to Development in Asia: South Korea, Vietnam, China and Indonesia.* By Tuong Vu.** Cambridge: Cambridge University Press, 2010. Pp. 294.

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This book argues that the industrialization processes of the four countries specified in the title was the result of conscious state action. It contends that despite their labels as capitalist or socialist, the states of these countries have similar institutional attributes and relations to society. These characteristics enabled them to make the far-reaching decisions necessary to foster deep and far-reaching industrialization.

However, *Paths to Development* has a deeper argument to make. Drawing on substantial historical material, the book seeks to understand how these state structures and patterns of authority emerged in the first place. The author, Vu, argues that, in each case, these attributes were acquired during the state formation process or, more specifically, during the political processes usually — but not always — associated with state formation. In many cases these formation processes occurred when colonial empires collapsed and new post-colonial states were being constructed.

Vu argues that the determining political processes consisted of, on one hand, intra-elite negotiations and, on the other, elite-mass interactions. It is these interactions that decided whether these newly formed states were to possess the necessary bureaucratic capacity and organizational coherence for implementing the necessary “developmental processes” required for rapid industrialization.

The book holds that certain types of political interactions generate strong state structures, and others do not. Thus, the unity or polarization of elites

is conducive to the formation of “developmental” state structures, but compromise and fragmentation among them are not. This is because one group needs to have a decisive hold on power, as opposed to diluting it through compromise. As to elite-mass interaction, suppression of the masses or controlled mobilization in support of industrialization are interactions conducive to the construction of developmental state structures. Conversely, mass incorporation into decision-making and accommodation tactics are not. The book also analyses the role of ideology in enabling elites to incorporate masses into their state formation and, subsequently, development strategies.

These patterns of intra-elite and elite-mass interactions give rise to many permutations. Vu looks at three combinations: confrontation, accommodation, or “mixed”. He argues that the confrontational combination characterized South Korea, Indonesia under Soeharto, and Maoist China, and was the most conducive for the formation of “developmental state” characteristics and, consequently, industrialization. Accommodation best characterizes Sukarno’s Indonesia and Vietnam, and their states had less cohesive structures. Republican China was mixed, with a combination of elite compromise and polarization, and mass suppression and incorporation.

The book also has a “nested design”. Under this structure, the four countries are analysed in the first part of the book. In the second half, the arguments are further refined by an in-depth analysis of Indonesia and Vietnam, where the state formation processes gave rise to non-cohesive and weak state structures. In particular, the role of organizations and political discourses are analysed in-depth. This exercise aims to add richness to the argument by showing how the different permutations of the factors outlined above resulted in the same organizational disarray and ideological contradictions.

This book addresses an interesting theoretical and empirical question — namely, how are developmental state structures acquired or formed? Vu correctly contends that many analyses neglect the historical question of how developmental state structures are developed, and they do not address

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the politics of why industrialization is pursued above other goals.

In looking at the mechanics of state formation, particularly during the emergence of mass politics, *Paths to Development* addresses this issue and seeks to reject contentions that colonial legacies in the form of state structures are paramount. This is an important theoretical argument. In addition, Vu looks at the importance of ideology and ideas, and how these shape subsequent state action.

In addition, his work enables a comparison of capitalist states with socialist ones, as well as between Northeast and Southeast Asia, which enables unusual contrasts. *Paths to Development* is at its best when it looks at Indonesia and, particularly, Vietnam, where the reader is treated to a nuanced and in-depth comparison of the state formation processes in these two countries.

However, the book is not without its issues. The first is the application of the “developmental state” label to socialist countries. Developmental states, in their most frequent usage, are taken to consist of: capable, meritocratic bureaucracies that prioritize economic development and competitiveness, and that establish high levels of cooperation with the private sector. While there is a bureaucratic similarity between the state structures found in capitalist developmental states such as Japan, South Korea and Taiwan, and those of Maoist China and Vietnam, there is a fundamental difference regarding the perception and treatment of the private sector. Thus, it would be more accurate to portray the cases as constituting different models of state-led development, as opposed to developmental states *per se*.

The book also suffers from its decision to restrict its focus of economic development and industrialization to revolutionary and structural transformation, thus leaving out sectoral transformation. This is done to avoid a discussion of the policies and measures undertaken by these states in pursuit of industrialization. However, it is precisely sectoral transformation — which requires constant, detailed, and nuanced communication between the state and private sector — that distinguishes developmental states from their “intermediate” cousins. Without fostering the

acquisition of indigenous technological capabilities, industrialization processes are truncated and risk being ephemeral — as countries such as Malaysia and Thailand have found to their chagrin.

The omission of the operational aspect of industrialization makes the state formation argument deterministic, as it assumes that once a stable state structure is formed, the rest falls into place. This is far from obvious. Reading the histories of industrialization from Brazil to India and beyond shows the trials and tribulations involved in trying to foster the emergence of a new sector or progress up the value chain. Indeed, despite the best of intentions and bureaucratic capacity, attempts may succeed in one sector and fail in another. Pingle’s 1999 work on India and Doner’s 2007 work on Thailand are vivid illustrations of this.

And, prodigious theoretical and empirical work aside, it is not so clear that Vu’s argument that intra-elite and elite-mass interactions are the determinant factor in state formation processes is more convincing than the long-term effects of each of these countries’ differing colonial histories. Had disproving this hypothesis been the prime focus of Vu’s research, then it would have been better to compare and contrast countries with the same history of colonization. If he could prove that elite-mass interactions among a group of countries with the same colonial past had resulted in dramatically different development outcomes, he would have successfully contested this argument. However, his current group of countries includes: South Korea, colonized by the Japanese; Vietnam, ruled in three different ways by the French; Indonesia, ruled unevenly by the Dutch; and China, partially colonized by the Japanese and Europeans.

The next issue is with the book’s nested design. The author is clearly an authority on Indonesia and even more so on Vietnam. The primary sources consulted, particularly for the latter country, are prodigious. However, the treatment of China and South Korea are substantially less in-depth, drawing exclusively on secondary material. Thus, the comparison across the four cases in the first part of the book is somewhat uneven. This is made even more manifest when the reader is treated to

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the rigorous exploration of Indonesia and Vietnam in the early part of the twentieth century.

At the deepest level, *Paths to Development in Asia* would work better as a book focussed exclusively on Indonesia and Vietnam. The arguments made by systematically — and chronologically — comparing the two cases throughout the book can then be extended to the other two countries in the concluding chapters. While more theoretically limited in scope — as it would allow fewer permutations to be tested — this would play to the author’s strengths and be on surer footing.

In sum, this is a solid piece of scholarly work that makes an interesting contribution to aspects of the state-led development debate and makes a rare in-depth comparison between Indonesia and Vietnam’s processes of state formation.

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***The Political Economy of Capital Market Reforms in Southeast Asia.* By Xiaoke Zhang.** New York: Palgrave Macmillan, 2011. Pp. 288.

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The main argument of the book is that the structure of political parties in the three Southeast Asian countries of Singapore, Malaysia and Thailand determine the conceptualization and implementation of capital market reforms. The more concentrated the party structure and the greater the internal organizational strength of the party in power, the greater the probability that “public regarding” or public welfare enhancing policies will be implemented. The author then relates the successful capital market reforms and implementation of the reforms to the political party structure and the internal strength of the party. Using this conceptual model he argues that the Singapore government was more successful in implementing credible and effective capital market reforms that transformed Singapore into

an international financial centre in comparison to Malaysia and Thailand. He also argues that Malaysia was more successful than Thailand in implementing capital market reforms because its political power structure was more stable than that of Thailand. Furthermore, only one dominant party in a coalition of parties had been in power in Malaysia whereas there has been tremendous political change in Thailand over the period of the study, that is, 1980 to the present.

The author also argues that external factors were not as important as internal factors in motivating capital market reforms in Singapore. He asserts that internal pressures of the electorate were more important “to the extent that the electorate as a whole preferred such public goods policies as capital market reforms, which stood to enhance social welfare, the government had a strong incentive to initiate and enact these policies” (p. 108, para. 1). He also argues that the “concentrated party system and the internal organizational strength of the PAP enabled the government to implement economic strategies for the long term public good, even if they harmed the interests of specific social groups and were unpopular in the short term” (p. 109).

However, in sharp contrast, Malaysia’s capital market reforms were often subverted by rent-seeking behaviour by powerful interest groups within the dominant party structure. The author claims, “the public-regarding orientation of reforms that stemmed from party system concentration was significantly diluted by the rent-seeking behavior of politicians, which derived mainly from intra-UMNO organizational attributes” (p. 176). The author argues that efforts to liberalize the securities industry, make it more competitive, decontrol commission rates and improve capital adequacy of stock broking companies were compromised by powerful interest groups within the ruling UMNO party which had vested interests in securities companies and stock broking firms. It appears that UMNO preferred a gradual incremental approach to reforms rather than a “big bang” approach.

In Thailand, because of fragmented political power, vested interest groups were able to resist