

The quality of employment is questionable since employment is largely in the informal sector. On top of that, employment growth is lower than the growth in output, as estimated by various studies.

Many aspects contributing to the employment situation are analysed in the second part. Macroeconomic policies of Vietnam are too cautious in keeping the inflation rate low, which leads to lower growth rates and thus employment growth. As mentioned, the country's trade policy is seen as too biased towards capital-intensive industries and has a poor record of employment creation. The situation is worsened with the increasing speed of globalization where maintaining competitiveness can only be ensured by increasing productivity and larger inflows of foreign direct investment (FDI), which in turn requires high-skilled labour and lowers the capacity to absorb a large pool of labour. Discussion on the SOE sector follows and reform is urged. Business regulations are discussed in the same manner to promote employment creation.

With the growing demand for skilled workers along with the expansion of industry and service sectors, faster rate of capital accumulation, and technological change due to the use of new information and communication technologies, Vietnam faces a shortage of skilled workers. This shortage can result in serious barriers to the longer term development of the economy, specifically, issues such as the "middle-income trap", since the country "no longer relies on cheap labour for its comparative advantage" (p. 123). Thus, higher education and the vocational training system is discussed in the following chapters to highlight the incapacity in delivering skilled workers as demanded by the economy.

The book delivers a range of policy recommendations in its fourth part. They include: macroeconomic stability; non-capital-intensive biased trade regime; reform of SOEs; development of small and medium enterprises; raising competitiveness; increase of public expenditure for higher education; science and technology; and education and training system reform. More importantly, there should be coordinated reforms in different sectors of the economy. An all-out

approach to reform should also be considered since a gradual and phased approach to reform becomes more difficult as "the easier and more obvious areas for improvement are exhausted and marginal returns become increasingly low and maybe even negative" (p. 163).

This book is especially noteworthy because of its contribution to the literature on macroeconomic management in developing countries. The orthodox macroeconomic management followed by Vietnam suggests that the inflation rate should be kept low. The book, however, argues that high inflation in developing countries such as Vietnam in many cases, especially soaring prices of food, is outside of macroeconomic control. Moreover, the relationship between inflation and economic growth is an inverted U-shape. Even though the point where the inflation-growth U-line inverts is not specified, previous studies suggest higher rates of inflation than those targeted by Vietnam's government. This is an informative and detailed work on Vietnam's economic and human development over the last few decades.

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***2014 Provincial and Inaugural Regional Competitiveness Analysis: Safeguarding Indonesia's Growth Momentum.* By Tan Khee Giap, Nurina Merdikawati, Mulya Amri and Tan Kong Yam. Singapore: World Scientific, 2015. Pp. 179.**

Informative and useful, the study is the result of serious scholarship crafted by four highly qualified professionals who are members of the Asia Competitive Institute (ACI), which tracks the competitiveness of Asian economies. Indonesia is the focus of its inaugural effort and the current volume is the second in a series concentrating

on that country. The first two chapters focus on competitiveness and growth momentum in the aggregate Indonesian economy; the next six chapters analyses competitiveness in each of the following provinces: Sumatra, Java, Kalimantan, Sulawesi, Bali-Nusa Tenggara and Maluku-Papua. The final two chapters conclude with an analysis of the provinces' linkages to other regions; offer conclusions about the significance of competitiveness; and contemplate a future research agenda. A unique feature of the book is a set of discussant notes made by Luky Eko Wuryanto and Umar Juoro, whose observations assist readers in their efforts to appreciate fully the volume's contents.

The intellectual foundation upon which the authors construct their analyses involves two *essential points*. First, in the past " 'competitiveness' was considered as part of the private sector domain, especially in relation to firm performance. Over time, the discussion expanded onto the domain of macroeconomics ... (where) the performance of those firms depend on various factors that are embedded in the firms' location. These include quality of labour and infrastructure, governance, costs of doing business, as well as the performance of competing and complementary firms around the area." (p. 3). Second, "(t)he ACI's approach to competitiveness is holistic, integrated, systematic, encompassing all different factors that collectively shape the ability of nation, region, or province to achieve substantial and inclusive economic development over a sustained period of time" (p. 3). Based upon the two points the authors develop a nexus encompassing competitiveness, regionalism and growth momentum as they rank Indonesia's thirty-three provinces "based on macroeconomic, microeconomic, and infrastructure development-related environments." (p. 164).

Elaborating on this foundation, the ACI goes on to define competitiveness as a composite of four factors: macroeconomic stability; government and industrial setting; financial, business and manpower conditions; quality of life and infrastructure development. An overall competitiveness index for each of Indonesia's thirty-three provinces was determined based on how well they performed

in the four categories. Data to judge and rank competitiveness were gathered electronically and through local contacts by surveying three groups of stakeholders: business owners and operators; provincial government officials; and academics. The result was an enormous amount of information contained in 147 tables and figures, an appendix and a narrative. The database and their analysis of the data permitted the authors to find "varying competitiveness drivers in the top performing provinces" (p. 165).

While the ACI study is rich in quantitative analysis, it is also a very good book for policymakers and analysts as well as others who are less technically trained. At times the study's quantitative specifics tested this reviewer's capacities but, importantly, its narratives made up for a reader's limitation by making certain that *everyone* gains an understanding of the importance of *competitiveness* and appreciate the volume's basic contents. It therefore can *serve as a guide* to policymakers as they seek to make improved policy recommendations. In this regard, the authors foresee a future within which "our research in going forward would include more specialized topics on decentralization and governing institutions, agricultural productivity and potential middle-income gap at provincial level" (p. 166).

The value of their future research and publications would be enhanced if the authors stressed in brief (possibly done by a discussant) that their work adds to the literature on economic development broadly and in Asia specifically. For example, their treatment of competitiveness and its significance to the formation of ideas about how to achieve inclusive, balanced and sustainable development would be valuable to decision-makers in Latin America as they begin the processes of reforming economies by moving them towards a more market-oriented, mixed and open approach.

Readers who devote the time and energy needed to work through the study will be rewarded by access to useful information about competitiveness in Indonesia. However, beyond that country, the ACI's study will prove especially useful for those

interested in the recently established ASEAN Economic Community (AEC). The AEC is characterized by: (a) a single market and production base; (b) a *highly competitive economic region*; and (c) full integration into the global economy. *Competitiveness* will be a cornerstone characteristic of the community as it and its various sub-regions mature and grow.

The book is technically rigorous, analytically sound, rich in tables and figures, and quite well written. It will appeal to individual scholars and advanced students who are interested in the role competitiveness plays in the development processes in Asia and elsewhere. One of its strengths is that it could serve as a blueprint for institutional and team efforts to conduct research designed to understand the role of competitiveness in policy and programme mixes designed to generate market-based economic growth. This is not stressed by either the authors or the discussants, but it is important. Here are two potential examples of how the study might be useful. First, the Development Analysis Network of the

Greater Mekong Subregion (DAN-GMS) conducts collaborative policy-oriented research involving four ASEAN members and China's Yunnan Province. Its recent research projects concentrated on growth and development with an emphasis placed on market activities in various economic sectors where *efficiency and competitiveness* are important. Using the book's contents could be useful to both the GMS-DAN and similar research institutions as they define and explain the importance of competitiveness. Second, at the project level, professionals at Asia-Pacific Economic Cooperation (APEC) who design and implement more than 250 development projects annually in member economies would find the study useful.

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