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***Trade Liberalization and Poverty: Vietnam Now and Beyond.* By Minh Son Le, Tarlok Singh, and Duc-Tho Nguyen.** New York: Routledge, 2016. Pp. 292.

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Since the start of *Doi Moi* in 1986, Vietnam has strived to promote the transition from a centrally planned autarky to a more market-oriented and open economy. During the last three decades, policy reform efforts focused on three main pillars, namely: (i) market-oriented institutional reforms; (ii) macroeconomic stabilization; and (iii) proactive international economic integration. In particular, market-oriented institutional reforms and international economic integration interacted closely with each other, seeking to broaden economic opportunities and simultaneously improve capacity to take advantage of such opportunities in Vietnam. The periods with drastic institutional reforms and progress towards economic integration, such as 1989–96 and 2000–07, also witnessed major socioeconomic achievements of Vietnam, the most notable of which were rapid economic growth and impressive poverty reduction.

Even at this stage, the question of whether trade liberalization can help promote inclusive growth in Vietnam is still valid. Despite a policy consensus that trade liberalization on its own never suffices for comprehensive socioeconomic achievements, one should be concerned about the extent of trade liberalization in the country now, i.e., is it too fast, or is there room for more meaningful liberalization? As a matter of fact, Vietnam has signed a number of FTAs, both bilaterally and under the framework of ASEAN. However, a number of pending FTAs (such as the TPP, the FTA with EU, RCEP, the FTA with Israel, etc.) remain to be ratified or negotiated. Whether and how the poor or near poor may benefit from such FTAs constitutes a substance of policy concern. Therefore, thorough evidence-based research to capture the impacts of trade liberalization on social progress (especially poverty) remains essential.

The book presents the very first attempt to comprehensively employ Alan Winter's framework

to investigate the impact of trade liberalization and poverty in Vietnam. The contents are rather extensive, covering both the process of economic integration, characteristics of trade liberalization in Vietnam vis-à-vis the global context, and the impact of trade liberalization on poverty via various channels postulated under Winter's framework. The authors also provide a complete review of existing literature on trade liberalization and poverty. The adopted approaches and methodologies are rather diverse, including both qualitative and quantitative analysis. Most importantly, in trying to rigorously document the impacts of trade liberalization, the authors have made flexible use of the available data in Vietnam — which are relatively deficient in terms of indicators, frequency and quality compared to many other economies.

Overall, I believe that Minh Son Le, Tarlok Singh and Duc-Tho Nguyen have succeeded in bring a complete, evidence-based and well-structured work on trade liberalization and poverty in Vietnam. This must-have book will undoubtedly show up in all libraries that cover literature on Vietnam's economy.

At the same time, given the complexity of channels of trade liberalization which can have an impact on poverty, there is a room for further improvement in the research. The book adopts a basic notion of trade liberalization, without expanding into related aspects such as the consistency between trade policy and industrial policy, the perception of value chain development during trade liberalization (i.e., change of the incentive structure), and the linkage between trade liberalization and investment liberalization. Meanwhile, the book fails to document the mobility of labour from the sectors hurt from trade liberalization towards those that gained. As such, while the implication of trade liberalization on poverty reduction is profound and justified, whether *further* trade liberalization will *continue* to be socially beneficial lacks concrete analysis.

Moreover, in various quantitative analyses throughout the book, the authors have focused largely on the period till 2006 (though some scattered evidences were provided for the years between 2007 and 2010). This may be explained by the explicit focus on trade liberalization (and

not other aspects of economic integration such as investment liberalization, services liberalization, etc.), as well as the more rapid pace of poverty reduction in 1990s and early 2000s. Nonetheless, this ignores the pattern of growth and poverty reduction following Vietnam's WTO accession. In fact, Vietnam's accession into the WTO was believed to be more fundamental in terms of trade liberalization. It was only that the events of the global financial crisis and the economic recession that followed which weakened the country's progresses in terms of growth and poverty reduction. Future studies, therefore, should attempt to look further in the post-2007 period to see if there is any differential impact. Notably, there is data available for this such as the Vietnam Household Living Standards Survey collected on a biennial basis.

All of the regressions are well described, and the tabulated figures from the regressions are self-explanatory. However, there is concern that there are too many explanatory variables. While the authors have used the adjusted  $R^2$  to correct for this and have striven to eliminate omitted variable bias, yet, the large number of explanatory variables in the context of a set of hundreds or few thousands of observations may actually undermine the degree of freedom.

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