

importance of improving access to knowledge and technical information and making knowledge more useful in production and distribution processes.

Professor Naya concludes his work by acknowledging that in the past the Asian Development Bank has adhered to its founding mission and responded and adjusted to changing circumstances. Nevertheless, its directors, staff and clients must recognize “that further response and adjustment will be called for in order to adapt to changing conditions and new challenges” (p. 143). However, while the book is written primarily for the ADB and its professional and administrative staff, it is also relevant to a much broader reading audience. Naya’s superb and tightly woven work will clearly interest scholars and public officials whose primary interest is in promoting Asia’s long-term sustainable development with poverty reduction. Its contents will also provide a valuable component to university classes that focus on Asia and/or economic and social development.

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***Vietnam: A Transition Tiger?* By Brian Van Arkadie and Raymond Mallon.** Canberra: Asia Pacific Press, 2003. Pp. 306.

***The Vietnamese Economy: Awakening the Dormant Dragon.* Edited by Binh Tran-Nam and Chi Do Pham.** London: RoutledgeCurzon, 2003. Pp. 372.

Prior to the Asian crisis of the late 1990s, East Asia seemed to be heavily populated with tigers and dragons, all performing economic miracles of one kind or another. The principal miracle was that of maintaining a high economic growth rate over a relatively substantial period, commonly fuelled by substantial capital inflows. But after mid-1997, sightings of tigers and dragons became rare events. Indeed, it was feared they might have become as extinct as the dodo bird. But one country that appeared to come through the Asian crisis

relatively unscathed, and where tigers and dragons have again been spotted, is Vietnam. Seemingly tucked inside China’s high-velocity slipstream, Vietnam’s economy has been growing by around 7 per cent in recent years, and whetting the appetite of foreign investors. Vietnam has also become one of the darlings of the international donor community, despite its propensity to carefully — and quite sensibly — select which bits of advice proffered by these same donors to adopt. Two new books seek to shed light on the factors behind Vietnam’s robust economic performance, and each makes alliterative reference to either “transition tigers” or “dormant dragons” in their respective titles.

In *Vietnam: A Transition Tiger?*, Arkadie and Mallon depict and analyse the *doi moi* economic reform process, from its origins in the early 1980s, through to the present. And they do this in a cogent, considered, and insightful manner. In seeking to explain why Vietnam’s economic reform process has been so successful, they rightly focus on the important roles played by state institutions and human capital. “The pragmatic willingness to adopt market-oriented reforms [has been] combined with an institutional framework and a population which [has been] able to respond to the opportunities provided by the market ... institutions [have] performed well because of the use Vietnamese have made of them. The high quality of human capital and its importance is readily observable in Vietnam in the facility with which so many actors in the economy — from farmers, to businessmen and state officials — have demonstrated entrepreneurial flair in grasping economic opportunities.” Crucially, the economic reform process has comprised in part of gradually removing a plethora of barriers that had previously thwarted latent abilities in entrepreneurship and innovation. Nowhere has this been more evident than in the expansion of the private sector in Vietnam since the passing of the epochal Enterprise Law in 2000, which radically improved the enabling environment for new, non-state firms.

Arkadie and Mallon’s study provides a number of interesting conclusions for other developing and transitional economies, based on the experience of

Vietnam. One of these is that “having a reasonably predictable political environment and social stability may be more important than adopting a formal legal framework of the kind that underpins market economies in more developed countries”. They also underline the extent to which some of the preconditions for sustained economic growth, notably in terms of human capital, were in place prior to the economic reform period. While the policy of central planning before the mid-1980s was undeniably flawed, it nevertheless included a strong commitment to education and health provision. This provided a robust platform on which economic reform could then build, and “paid off in terms of the receptivity to technical change and the economic opportunities emerging in the reform period”.

The authors also note that while Vietnam’s undoubted success in the field of poverty alleviation has been commendable, there remains a gap in income levels between rural and urban areas, which is “widening persistently and substantially”. Vietnam has also been criticized for the slow pace of its enterprise reform, as arguably the weakest link in the economic reform “chain”, particularly with regard to the state enterprise sector. But Arkadie and Mallon suggest that government policies towards the private sector have “often been more accommodating in practice than in rhetoric (reversing a more normal situation)”. This assertion is debatable. What is much less debatable is the economic reform process has been driven in large part by pressure from the grassroots, to “improve economic opportunities and increase [the] living standards” of the populace. As a consequence, some elements of the economic reform process have comprised of regulatory changes that formalized or legalized what was already starting to happen organically. Crucially, economic reform in Vietnam has been promoted from the bottom, and not simply imposed from the top.

Binh Tran-Nam and Chi Do Pham’s edited volume covers broadly the same issues, but as twenty chapters contributed by nineteen different individuals. One common factor across the contributors is that they are all Vietnamese, either

living in Vietnam or resident overseas. In doing so, as the foreword to the volume asserts, this book “is the first of its kind”. The volume is broken down into four main sections which examine: aspects of the *doi moi* process itself; Vietnam’s economy in the international context; policies towards some specific sectors and public administration; and the issue of poverty alleviation. Unlike the Arkadie and Mallon book, some contributors to this volume also attempt to look ahead, either by providing projections or policy recommendations for the years leading up to 2010.

As with any edited volume, some chapter contributions are stronger than others, and it is always a challenge for an editor to mould a convincingly coherent whole from disparate elements. In particular, the rather self-serving tone of the preface and introductory chapter need to be taken with a large pinch of salt. The chapter comparing China’s economic model with that of Vietnam is particularly interesting, as are the chapters that look at: education reform; public administration and civil service reform; rural and urban income disparities; social sector reforms; and the empirical case study of measuring poverty in Ben Tre province (the poorest in the Mekong Delta region). As a cumulative result, Binh Tran-Nam and Chi Do Pham’s edited volume is of merit, and will be of interest to those students of Vietnam’s contemporary economy.

But for this reader, the book by Arkadie and Mallon is the much stronger of the two volumes, providing a more rounded and holistic analysis of Vietnam’s economic reform and business liberalization process over the last eighteen years or so. Indeed, it merits becoming the key text for those wishing to better appreciate the kind of journey that the Vietnamese economy has been on since the mid-1980s, the precise route it has taken thus far, and the considerable distance it has already traversed. But the journey is by no means over, with many more important milestones yet to be passed, including that of WTO accession. Other challenges include ensuring that the social sector — including the provision of education and healthcare, which was so important in laying the conditions for the successful pursuit of economic

reform and growth — is not detrimentally impacted by the shift towards a market-oriented economy. There is also an increasingly pressing need for greater reform of public administration, and the development of stronger institutions within Vietnam.

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***The Economy of the Philippines: Elites, Inequalities and Economic Restructuring.* By Peter Krinks. London: Routledge, 2002. Pp. 262.**

Like the quiet intensity of its subject matter, *The Economy of the Philippines: Elites, Inequalities and Economic Restructuring* offers a simple yet convincing analysis of poverty and inequality in the Philippines. Over the last twenty years poverty reduction in the country has been disappointing. The proportion of households below the official poverty line had not changed much. In 1994 poverty incidence stood at 40.6 per cent; by 2000 the poverty ratio still remained at 40 per cent. Much worse, the income inequality continued to widen, as evident in an increase in Gini concentration ratio to 0.48 in 1997 from 0.44 in 1988. Reinforced by conflicting poverty bias against agriculture, an industrialization strategy that favoured capital over labour, and increasing pressures of globalization on domestic employment, economic growth has actually narrowed the options for the poor and accentuated, rather than removed economic inequality. Despite the economic recovery in the 1990s, the number of poor people increased to 26 million in 1997 from 25 million in 1988.

To be sure, one major problem is the country's uneven development. The book illustrates how distorted economic policies and structures could reinforce various dimensions of inequality associated with economic restructuring, spatial distribution of industries, and class relations in a developing country. It is systematically laid out to explore the sources of uneven development, which Krinks attributes to the process of accumulation

by the capitalists as well as the state. As he argues in Chapter 1, the local elite who usually own the factors of production (particularly land), have become instrumental in propagating their wealth through rent-seeking and patronage. The government has also allowed itself to be manipulated by the particularist demands of the elite, by implementing policies that are flawed and bereft of concerns for the country's long-run development.

Throughout the book, Krinks shows that this pattern of accumulation of wealth and capital was not accidental. It was a result of major shifts in "relations between capital, labour and the state" over the centuries — a deliberate struggle for economic dominance (as explicitly discussed in Chapter 2). Up to the eighteenth century, land was the dominant form of accumulation by wealthy Filipinos. By the twentieth century, diversification became the rule as the landed elite shifted and invested their profits and wealth in urban businesses, resulting in the emergence of new entrepreneurial class. In the words of Krinks: "(the) new entrepreneurs could establish themselves and, with skill, luck or political favour, accumulate and diversify enough to join the upper levels of the economic elite." Since then, the elite had assumed a powerful role in the economy and state, influencing major economic restructuring efforts from primary to services sectors over the last twenty years (see Chapters 3 to 5 for details). Needless to say, the outcome was not generally favourable to the poor.

The central theme of uneven development is perhaps as old as the problem of poverty itself. But the author succeeds in going beyond the obvious. Rather than simply presenting the adverse social and economic situations, Hinks examines the policies that shaped them — and explores how the same policies have failed to address structural problems in the country. For example, in his discussion of restructuring in the agriculture sector (Chapter 4), Hinks manages to carefully show, using case studies of specific sub-industries, how various policies in the 1960s and 1970s have perpetuated the increase in poverty in those industries, due to low priority given to agriculture and outright discrimination against labour. He also explores the fallacies of import-substitution policy in the 1980s,