

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,

particularly the resulting “policy conflicts between domestic fractions of capital” and the creation of uneven protection structure that further distorted market incentives and misallocation of resources. Indeed Hinks’ lament of the “development failures” of the last forty years to evenly share the benefits of growth “between different parts of the country and different groups of people” is hardly debatable.

Despite its well-intention to present policies and their impact on social and economic conditions, the book has been particularly quiet in presenting viable alternatives to current policies. For example, while noting the failure of land reform programme to make a dent on rural poverty, there is nothing in the book that examines alternative approaches to make redistribution work (for example, should a market-assisted land reform be instituted to reduce the costs of implementing it? should tenancy be allowed again to facilitate transition from landless labour to owner-cultivator?). This is unfortunate because in the Philippines, where unequal distribution of land is a major cause of poverty in the rural areas, policies that target the poor through asset redistribution are crucial in reducing poverty and inequality. Hence, identifying the alternative policies that will make the asset redistribution work could have been a welcome start to provoke a discussion.

The book also makes strong reference to the importance of public and private governance, but falls short in providing concrete suggestions on how to address the governance problems at the national and local levels. While recognizing several weaknesses in the country’s corporate sector, the book provides little argument to show how the concentration of power in the hands of few hundred families controlling major corporate conglomerates has contributed to more uneven development and wider income disparities in the country.

So what are the prospects for change in the Philippines? As argued by Hinks, changing economic conditions, such as increased globalization and greater integration in the world economy, should augur well to improve the nature of competition

between fractions of capital. Pressures from the global economy will force deregulation to “eliminate many of the rents, the control of which had been the stuff of national politics for decades”. Hinks’ idea of having globalization work towards less accumulation is indeed sound, but the notion that growth automatically follows through greater integration in the global economy is quite difficult to accept. This is because in the Philippines, as in other developing countries, poverty and income inequality is a reflection of deeper structural problems that cannot be simply left to “market forces” to be eliminated. Instead more concrete measures and policies are needed to seriously tackle the problems of land redistribution, corruption, and the continued domination of oligarch elite in major industries. Hinks is right in saying that the state should “act more on behalf of equity” and “ensure that those who benefit most from the changing global system compensate those who clearly lose”. Without really mentioning them, it is obvious that Hinks is referring to the workers and peasants and other marginalized sectors that constitute the majority of the Philippine society who should be truly empowered and become the true beneficiaries of economic growth and development.

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***The Philippine Economy: Development, Policies, and Challenges.* Edited by Arsenio M. Balisacan and Hal Hill.** New York: Oxford University Press, 2003. Pp. 466.

As the editors recount, motivation for the book arose from the fact that it had been many years since the last broad academic analysis of Philippine economic development was produced. It was deemed the right time for a serious study of the Philippine economy, one that that looks backward and forward, be conducted again. At the time work for this book started, the only other similar