

Book Review

David Lim, *Economic Growth and Employment in Vietnam* (London and New York: Routledge, 2014). Pp.xxiii+181. £85/\$145) 978-0-415-51944-1 (hbk) 978-1-315-81901-3 (ebk).

Lim's book, in the Routledge series *Studies in the Growth Economies of Asia*, focuses on the need to create 'decent employment' in Vietnam, a country which has undergone major economic change over the past 25–30 years. It is estimated that over 70 per cent of the population is of working age and the country suffers from high youth unemployment and a great shortage of skilled workers. The employment situation is exacerbated by low-paid work and underemployment.

The author illuminates the topic of 'decent employment' from a number of perspectives. Chapter 1 reviews the evolution of the economy from a classical colonial export economy to a command economy and, more recently following significant economic and market reforms, 'one of the better-performing economies in Asia'. In spite of major structural changes and considerable foreign direct investment (FDI) economic growth has nevertheless been held back by the persistence of government budget deficits. Chapter 2 highlights Vietnam's progress in the area of human development, with the country rising from a low- to a medium-income economy. A key feature of human development has been poverty reduction. Although income inequality has increased, this still remains comparatively low.

The link between employment and poverty is examined in Chapter 3. The author discloses the 'concealed vulnerability' of many of those officially in employment who receive little or no pay, a feature characteristic of the majority of jobs in family firms. A significant issue is the failure of employment growth to keep up with population growth. In addition, restrictions to moving place of residence create disparities in wages between the large major employment areas (Ho Chi Minh City and Hanoi) and the rest of the country. Labour productivity is also generally low in the primary sector and the large informal sector of the economy. In contrast, there

are serious skill shortages, particularly with regard to managerial and technical occupations.

Part II of the book covers the determinants of employment growth. Chapter 4 analyses the impact of macroeconomic policies which on the one hand have created a certain degree of economic stability and striven to keep inflation under control. On the other hand, the overall macroeconomic approach is regarded as having held back growth which would have contributed to employment growth. Trade policies are examined in Chapter 5 in which it is argued that an export-oriented approach would have resulted in greater job creation. The continuing bias to import substitution and heavy industries as well as comparatively high import tariffs compared to other South-East Asian economies, have overall had a negative impact on employment although membership of the World Trade Organization has given a boost to FDI. All in all, trade policies are considered as having failed to capitalise on one of Vietnam's key assets, its human resources.

The impact of globalisation is discussed in Chapter 6. FDI has contributed to raising productivity but at the same time reducing employment opportunities. It has also been detrimental to employment in domestic private firms because of the greater attractiveness of employment in foreign-owned firms. Globalisation has also made Vietnam more susceptible to global forces. Even though Vietnam was able to withstand the effects of the global economic crisis better than many of its regional neighbours, employment did decline because of it. Chapter 7 deals with the issue of the state-owned enterprises (SOEs) which retain a political significance in the economy but are a substantial drain on the state's investment resources. The SOEs are consequently regarded as being the major cause of unemployment. The political significance of SOEs is moreover linked to a possible lack of understanding on the part of policy makers of the role of the state in a market economy. Business regulations, the topic of Chapter 8, have been a further factor in depressing job creation in spite of successive amendments. SMEs, which

are major employers, have been particularly affected. Labour market regulations, however, are considered of lesser significance as most employment falls outside the scope of these regulations.

In Part III the author explores the link between human resources and economic development. The shortage of skilled labour is particularly severe in Vietnam and is regarded a significant constraint on economic growth. At the same time there is a high level of open and disguised un-/underemployment. This shortage of skilled labour affects both domestic and foreign companies and is continuing to increase as the opening up of the economy raises companies' demand for skills, technology and capital. Hitherto Vietnam's growth has been based largely on capital growth, to the neglect of the other two factors.

Chapter 10 addresses the failings of the national education system. The higher education (HE) sector has experienced rapid growth since the late 1980s but is characterised by high teaching loads, low research funding and relatively low numbers of students enrolled on science and technology courses. All in all, the universities are beset by many problems, including the quality of students, limited autonomy, and weak responsiveness to changes in the external environment. A reform programme for HE is being implemented but the effectiveness of its outcomes remains uncertain.

The situation of technical-vocational education and training (TVET) (Chapter 11) is even more precarious than that of HE, in spite of attempts to upgrade it. TVET suffers from being regarded as second-best in comparison to a university education and it is no easy task to overcome the cultural stigma attached to it as it falls outside the Confucian system. Nevertheless, both Hong Kong and Singapore have adopted distinctive approaches to tackle this issue.

The book is well structured and written and the narrative is well supported by numerous statistical tables. The substance of the text indicates a thorough knowledge of the relevant literature and is additionally informed by the author's own experience of the work of Hong Kong's Technological and Higher Education Institute. The book will be of interest to researchers and students of Vietnam and South-East Asia as well as to policy-makers and other practitioners working in the area, especially those having to deal with the practical issues of employment.

Vincent Edwards
Buckinghamshire New University
adventamus@btinternet.com