Understanding changing institutions in the ‘Asian Century’: A comparative analysis of ‘hollowing out state’ in China, Indonesia & Vietnam

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UNDERSTANDING THE CHANGING INSTITUTIONS IN THE ‘ASIAN CENTURY’: A COMPARATIVE ANALYSIS OF ‘HOLLOWING OUT STATE’ IN CHINA, INDONESIA AND VIETNAM

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Question of interest

- Does the concept of ‘hollowing out’ states apply in Asia?
- If so, does it imply the same interpretations as it does in Western countries?
- What are the drivers of ‘hollowing out’ process in Asia?
Outline

- Definition and setting context
- Concept exploration to China, Indonesia and Vietnam
- Conclusion
Definition and setting context

- ‘Hollowing out’ states: ‘state is being eroded or eaten away’ (Rhodes 1994)

- Three themes of ‘hollowing out’ states
  - Downward
  - Outward
  - Upward

- ‘Hollowing out’ states in Asia?
Application of ‘hollowing out’ states in three Asian countries

Three themes of ‘hollowing out’ states

(Rhodes 1994)
Theme 1: Hollowing downward - Decentralization

- More autonomy for local governments
- Local initiatives drive development
- Local champions:
  - Vietnam: Thanh Nguyen
  - China: Bo Xilai
  - Indonesia: Joko Widodo
Theme 1: Hollowing downward - Decentralization (cont)

Local champions
Theme 1 (cont)

- Urbanization
- Competitiveness
- Transparency
## Theme 2: Hollowing out outward - Privatization

### Determinants of privatization policy

<table>
<thead>
<tr>
<th>Government agenda</th>
<th>Public values/Democratic accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market openness</td>
<td>Economic affordability</td>
</tr>
</tbody>
</table>
Theme 2 (cont)

Privatization revenues in East Asia and Pacific, 1990-1997

Source: World Bank
Theme 2 (cont)

or

İmage: Cartoon of a person wearing a business suit, with a building integrated into their head. Text: "symphony of privatization."

Image: Magazine cover with the text "catch it if you can."
## Theme 2 (cont)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>China</th>
<th>Vietnam</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional restructure at macro level</td>
<td>‘crossing river touching stones’ approach, significant reduction in number but expanding in scale</td>
<td>‘incrementalist’ approach, significant reduction in number but expanding in scale</td>
<td>Not much change in number but in significant changes in ownership</td>
</tr>
<tr>
<td>Institutional restructure at micro level</td>
<td>Efficiency and profit-making issues remain</td>
<td>Not much have changed despite of some success story</td>
<td>Efficiency remains unsolved</td>
</tr>
<tr>
<td>% total assets of SOEs in GDP (as of 2012)</td>
<td>30%</td>
<td>34%</td>
<td>53.5%</td>
</tr>
</tbody>
</table>

Source: Indonesia’s Ministry of SOEs 2012, Vietnam’s Statistical year book 2012 and Suna and Tong 2003
Theme 3: Hollowing out upward – supranational entities

- Willingness to give up certain power
- ASEAN-China example
- ASEAN’s solidarity less than European Union’s
- Level of integration into ASEAN less than that in the EU
Theme 3 (cont)

China

Indonesia

Vietnam

ASEAN
Holistic impacts of ‘hollowing out’

- Government-economic civil society
- Government-political civil society
- Future of democracy and balanced state-society relations?
Conclusion

- Applicability of the concept in Asian context
- Different interpretation

‘Hollowing out’: state, rather than being eaten away, deliberately trades off partial power for predetermined development goals

- Drivers: economic growth and democracy
- One-way road?
Thank you