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**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

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- 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

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

Definition and setting context

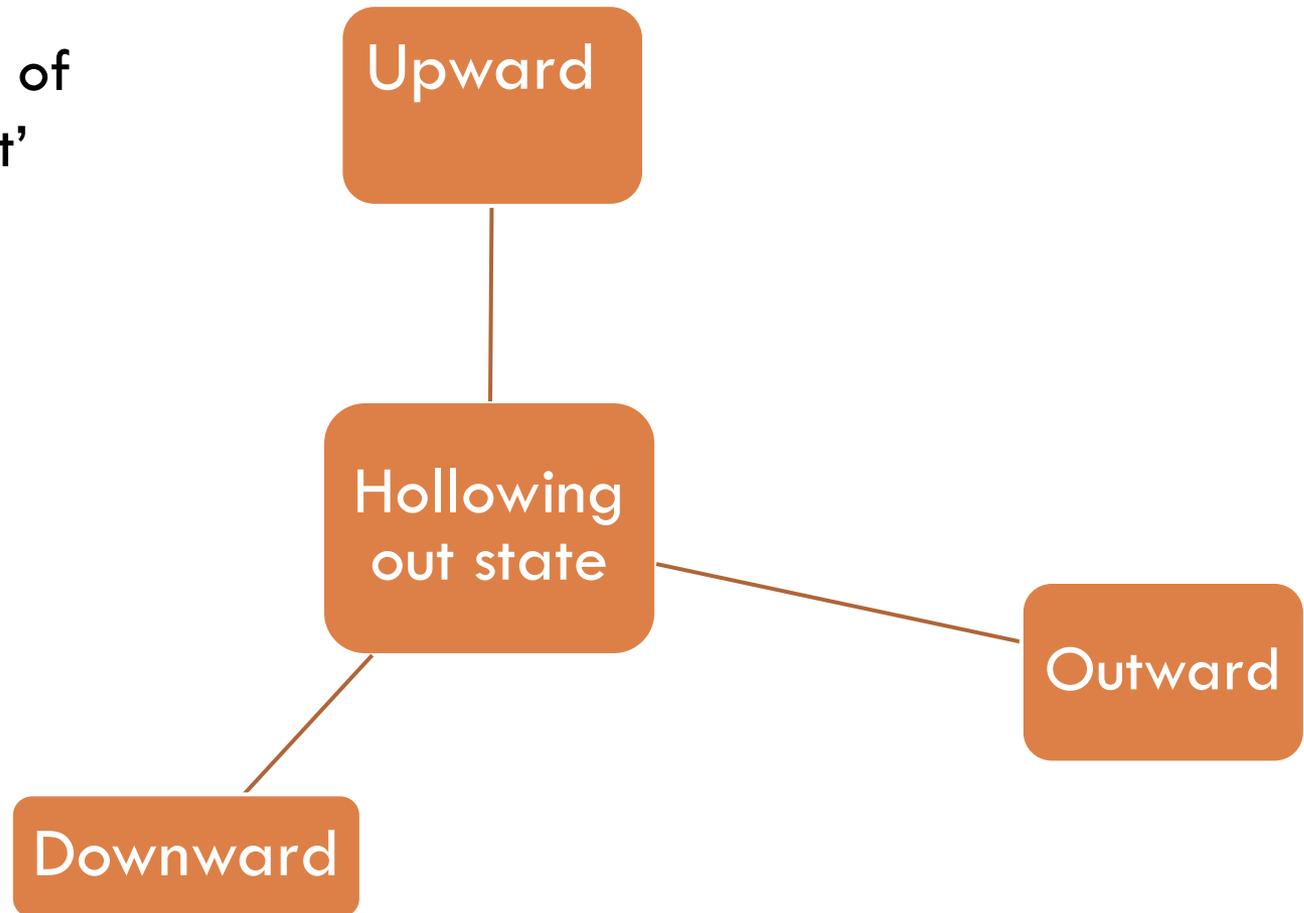
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- 'Hollowing out' states: 'state is being eroded or eaten away' (Rhodes 1994)
- Three themes of 'hollowing out' states
 - ▣ Downward
 - ▣ Outward
 - ▣ Upward
- 'Hollowing out' states in Asia?

Application of 'hollowing out' states in three Asian countries

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Three themes of
'hollowing out'
states



(Rhodes 1994)

Theme 1: Hollowing downward - Decentralization

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- 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)

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Local champions



Theme 1 (cont)

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- Urbanization
- Competitiveness
- Transparency



Theme 2: Hollowing out outward - Privatization

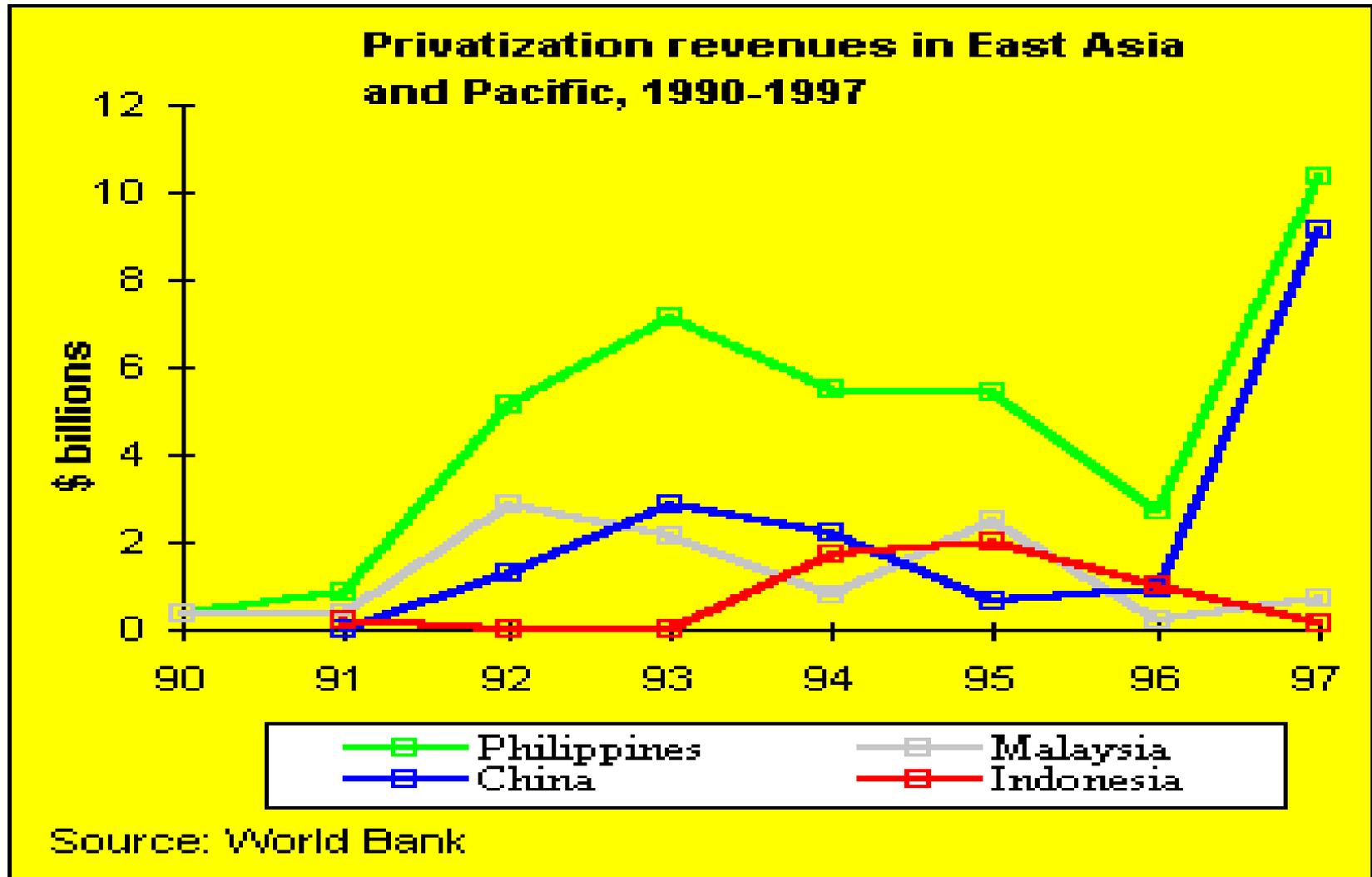
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Determinants of privatization policy

Government agenda	Public values/Democratic accountability
Market openness	Economic affordability

Theme 2 (cont)

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Theme 2 (cont)

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or



Theme 2 (cont)

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

Source: Indonesia's Ministry of SOEs 2012, Vietnam's Statistical year book 2012 and Suna and Tong 2003

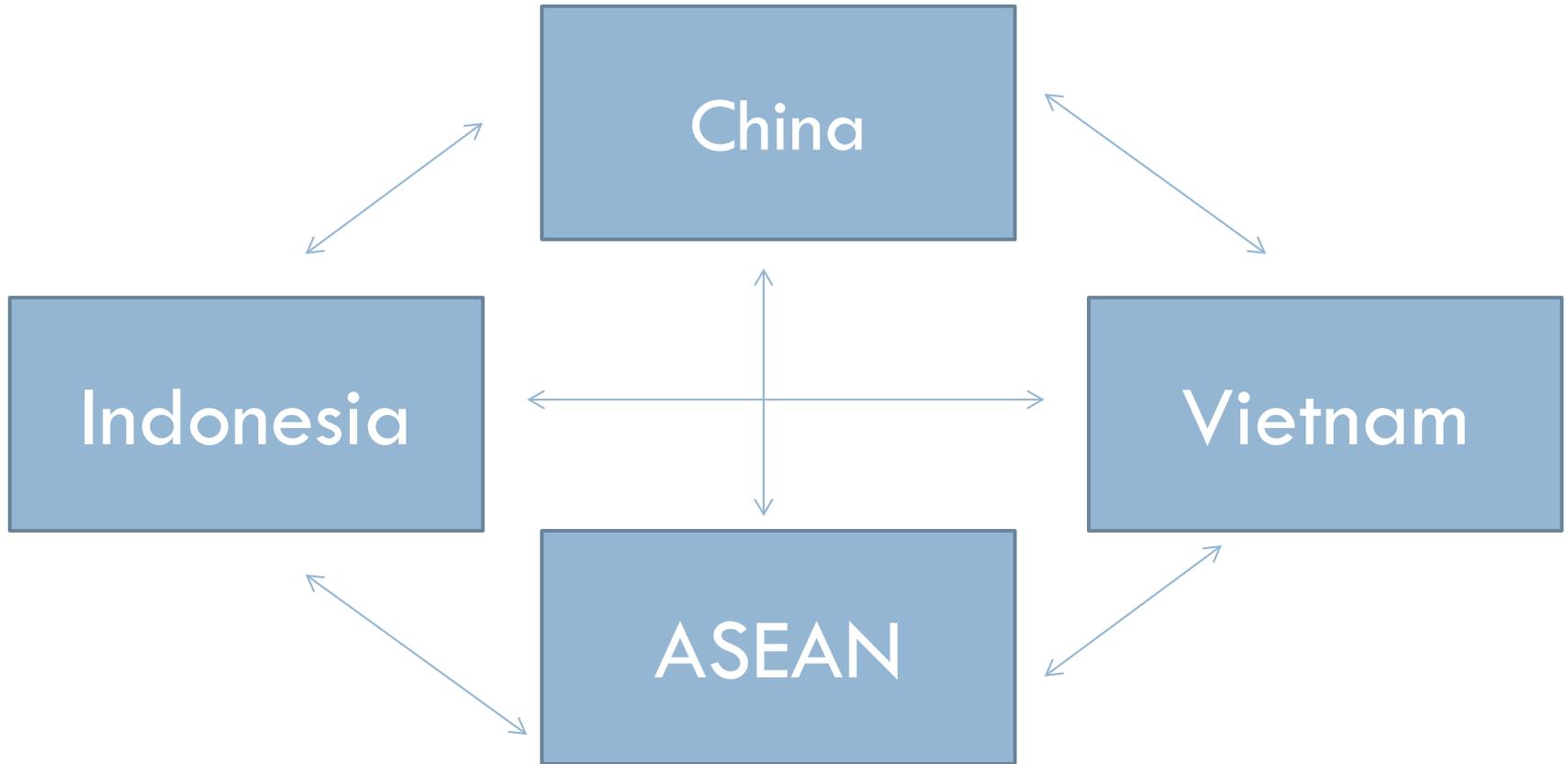
Theme 3: Hollowing out upward – supranational entities

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- 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)

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Holistic impacts of 'hollowing out'

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

Conclusion

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- ❑ 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