

“Contemporary Issues in Southeast Asia”
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Panel:
Political Economy

1. The Political Economy of Healthcare Commercialisation in Vietnam

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Vietnam is at a crossroads. The basic systems put in place now in terms of public services and development-financing solutions will fundamentally shape the development and economic structure for decades to come. Against this backdrop, the Vietnamese health sector is facing fundamental challenges in terms of access, quality, financing and effectiveness of healthcare services. Adverse effects on health care and especially on inequality are increasingly evident.

This study aims at addressing policy challenges to healthcare brought about by the rapidly unregulated commercialization of healthcare services in Vietnam. Two main questions are addressed: Under what conditions is the commercialization taking place, and what are the major challenges the health sector encountering?

The analysis suggests that there are adverse consequences of healthcare commercialization. While health indicators and increased investment in healthcare services are improving, quality, effectiveness and social equity of healthcare are seriously challenged. Drawing on existing analyses and outcomes of field studies in the health sector, the author suggests that changes in institutions governing access to healthcare services are important, and they are associated with the Vietnamese political economy at large. The development in the health sector also questions the role of the state and its relations to social welfare services and market institutions. In the absence of a strong civil society and pluralism, structural changes would require a central political and economic reconsideration of the health sector in the Vietnamese development, in which healthcare can be considered a welfare investment in growth, rather than fiscal burdens.

2. The Political Economy of Islamic Finance in Malaysia

Dr Lena Rethel

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The last two decades have seen the rapid expansion of Islamic finance in Malaysia. With

a majority Muslim population, a dual financial system has evolved where Islamic banks operate alongside conventional financial intermediaries. At first glance, Islamic finance could thus be taken as the fulcrum of the cultural (and social) situatedness of economic activity, a core focus of the emerging field of cultural economy. At the same time, however, the emergence of Islamic capital markets has been discursively enmeshed with the country's endeavours to position itself as an international financial centre. Malaysia has launched the 'Malaysia International Islamic Financial Centre Initiative' in 2006 and identifies Islamic finance as a strategic economic growth sector. How can these two narratives be reconciled? Is Islamic finance truly a reflection of the possibility of taking an alternative path in an age of increased financial globalisation or is it just another instance of business as usual while paying lip-service to the needs of a culturally diverse political economy?

In this paper, I argue that the recent history of Islamic finance in Malaysia contains elements of both. It highlights the scope a small relatively open economy like Malaysia has to pursue distinct, culture-specific economic development paths but also points to the constraints imposed by a more general, largely ideational shift towards more neoliberal forms of economic policy-making. This can also offer important lessons for a newly emerging strand within IPE theorising, cultural political economy (CPE). For cultural political economy to develop into a serious analytical approach, it needs to balance its sensitivity to cultural practices, and the attention it gives to the constitutive and legitimising role of culture, with a thorough grasp of the political. To illustrate this argument, I will look at the development of Islamic finance in Malaysia in more detail. Particular attention will be given to the role of the state in the construction of Islamic finance as a *natural* and *legitimate*, if not imperative, field of economic activity.

3. Thailand's Provincial Poverty and its Determinants: Before and after the 1997 Crisis

Suphannada Limpanonda

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Thailand's rapid economic development brought about a remarkable decline in overall poverty over the past several decades. Despite such impressive records of poverty reduction, problem of inequality continues to challenge Thailand's development process. This is particularly true when looking at the geographical dimension. It has become apparent that inequality is one of the factors underlying Thailand's ongoing political divide. While there is a large pool of studies on inequality and poverty in Thailand, those focusing on provincial level have been limited. To my knowledge, no such studies have been done after the crisis. This paper therefore aims at filling this empirical gap.

This paper focuses mainly on poverty and its relationship with income and inequality across provinces of Thailand over the past two decades. The analysis will be based on a neoclassical growth model. Williamson's population-weighted coefficients of variation are employed as a measure of disparities in per capita Gross Provincial Products (GPP) and poverty rates. Results show that disparities in both per capita GPP and poverty rates widened over the period 1988-2008. A simple regression suggests that per capita GPP growth did lead to poverty reduction at the provincial level. However, this relationship was not evident when considering only the post-crisis period of 2000-2008. Provincial growth was not associated with poverty reduction after the crisis. The analysis then

moves on to investigate provincial poverty determinants. Regression results indicate that although per capita GPP growth continued to reduce poverty rates, income inequality had an adverse effect on poverty reduction. In the post-crisis period, the inequality elasticity of poverty was much larger than growth elasticity of poverty. As a result, provinces with higher per capita GPP as well as higher inequality would not see their poverty rates declining. This clearly suggests that for Thailand to continue on reducing poverty, the policy should focus on improving income inequality along with stimulating growth.

4. Global halal between Islam, states and markets in Malaysia and Singapore

Dr Johan Fischer

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Halal (literally, 'permissible' or 'lawful') production, trade, and certification have become essential to state-regulated Islam and to companies in contemporary Malaysia and Singapore, but also globally. In the rapidly expanding global market for halal products these two countries hold a special position, that is, they are the only two countries in the world where state bodies certify halal products as well as spaces (shops, factories and restaurants) and work processes. In shops around the world, consumers can find state halal-certified products from Malaysia and Singapore. Building on ethnographic material from Malaysia and Singapore, this paper provides an exploration of the role of halal production, trade and regulation between Islam, states and markets in these two Southeast Asian countries. More specifically, I focus on how the state, Islamic bureaucrats and halal inspectors subject local and foreign companies to expanding 'Islamic' requirements and forms of regulation.