

# Labor Rights in East Asia: Progress or Regress?

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*Teri L. Caraway*

This article examines the impact of recent economic and political change on collective and individual labor rights in East Asia. Deploying a new index for measuring de jure and de facto labor rights, the article presents new comparative data on labor rights in the region. Democratization has produced stronger collective labor rights in much of the region, but labor laws in most countries still fall far short of international labor standards. East Asia's labor laws offer similar levels of protection for individual labor rights to the rest of the world when firing costs are taken into account, and low regional averages are primarily an effect of Singapore's extremely weak individual labor rights. Few countries have revised their labor laws in the direction of greater labor market flexibility. However, the distance between law and practice is wide, so improvements in laws are not necessarily reflected on the ground. Flexibility enters through the back door of ineffective labor law enforcement, which in turn has affected the organizing efforts of unions.

**KEYWORDS:** labor rights, trade unions, East Asia, Southeast Asia, labor market flexibility, labor law, freedom of association, collective bargaining, right to strike

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# Patterns of Civilian Control of the Military in East Asia's New Democracies

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*Aurel Croissant and David Kuehn*

Successful institutionalization of civilian control of the military is a necessary condition for the consolidation of democracy. This is particularly relevant for East Asia, where the military used to be a key player in the previous authoritarian regimes. This article analyzes the changes, advances, and setbacks in achieving civilian control in five countries that have made the transition from authoritarian to democratic rule: Indonesia, the Philippines, South Korea, Taiwan, and Thailand. The empirical analysis is built on a conception of civilian control that distinguishes three areas of political decisionmaking: political recruitment and overall public policymaking, national defense, and internal security. The study shows that only in Taiwan and South Korea have civilians succeeded in curtailing military influence in politics. In contrast, in Indonesia, the Philippines, and Thailand, the military has shown itself more or less resilient in guarding its prerogatives in the postauthoritarian era. This seriously impedes the democratically elected authorities' effective power to govern in these countries and has led to democratic deterioration in Thailand and the Philippines. The article highlights three arguments to account for the profound difference between the cases: historical legacies of authoritarian rule and the path of democratic transition, the internal security role of the military, and the relationship between development and democratic consolidation.

**KEYWORDS:** civil-military relations, democratization, East Asia, Indonesia, military, Philippines, South Korea, Taiwan, Thailand, transition

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# The Disbursement Pattern of Japanese Foreign Aid: A Reappraisal

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Three perspectives on the determinants of Japan's official development assistance (ODA) program are often represented as distinct, valid explanations of the aid program. Yet few studies have attempted to simultaneously test the hypotheses generated from all three perspectives in a global study of Japanese aid flows. This study seeks to improve the understanding of the Japanese ODA program by addressing some of the gaps in the existing literature. Providing a comprehensive analysis, the article investigates the effects of different political and economic variables on Japanese aid disbursement in eighty-six countries in Africa, Asia, Latin America, and the Middle East from 1979 to 2002. The findings of the study make several contributions to the literature. First, the results provide strong support for the claim that humanitarian concerns, as measured by poverty and human rights conditions in recipient countries, are important determinants of aid allocation. Second, although much of the previous literature has hypothesized that Japan's aid program seeks to promote Japan's economic interests, little empirical support for this view is found in the present study. Likewise, the disbursement pattern of ODA was associated with only a limited number of US security interests; US economic interests are shown to have no effect on ODA.

**KEYWORDS:** international relations, foreign aid, official development assistance (ODA), *gaiatsu*, US-Japan relations, humanitarianism, human rights, neorealism, determinants

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# Out of the Gray: The Impact of Provincial Institutions on Business Formalization in Vietnam

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Scholars have long argued that institutional context significantly influences business strategy and economic performance. Research on the relationship between institutions and business strategy, however, has overwhelmingly focused on the decisions of larger, established corporations, mostly neglecting the strategic thinking of smaller, more entrepreneurial ventures. This article seeks to correct this bias by focusing the analysis directly on the critical decision of small-scale entrepreneurs to move from the informal and largely unregulated sector into operation as formal companies. Using a unique dataset and ranking of provincial governance institutions from Vietnam, the authors show that improvements in institutions make firms more likely to choose the formal sector from the start and, for those who do not, to spend less time in the informal sector. The study also finds that property rights have a more salient impact on formalization than other types of institutions.

**KEYWORDS:** formalization, property rights, Vietnam, land title, governance, institutions, provincial competitiveness index, PCI, institutions, economic growth

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# Institutional (Dis)Incentives to Innovate: An Explanation for Singapore's Innovation Gap

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Despite having the fifth highest per capita GDP in the world (according to IMF PPP statistics for 2007), and despite numerous government efforts to spur innovation, Singapore has faced difficulties in establishing a durable base of entrepreneurial activity. Many ascribe this failure to the city-state's policies, which are often portrayed as generating a culture of risk aversion and a lack of creativity. In contrast to this conventional view, this article argues that the city-state's institutional arrangements generate conflicting innovation incentives and ultimately undermine innovative activity. Statistical tests across twenty-three countries offer evidence that is consistent with this argument.

**KEYWORDS:** innovation, varieties of capitalism, institutions, Singapore, technology, technological, politics, research, gross expenditure on research and development, national innovative capacity

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