

Through rigorously analysing firm-level data, this book contributes to debates on the relative merit of FDI and MNC-led growth. Its findings support the contention that MNCs contribute to host countries through higher wages, increased productivity, and acting as an entry point for firms to access export markets. Of course, national differences are important and mitigate or augment the effects.

As rigorous as it is, the book can be improved in several ways. First, it would benefit enormously from a chapter, as opposed to a few pages (pp. 15–18), setting out the institutional and policy environment in both countries. In addition to providing the reader with a backdrop in which to situate these discussions, at a deeper level, this would devote attention to a fundamental aspect of the puzzle that the authors are trying to address. While lying outside the parameter that they have set themselves, the influence of issues such as Indonesia's sporadic nationalization of MNC operations, the 1997 financial crisis, and the restriction of certain sectors to outside investment have undeniably affected the operations of multinationals. These types of factors would influence: the attractiveness of these two countries relative to other potential locations; the type and sophistication of operations that MNCs would establish in either country; and relations between MNCs and local firms. These, in turn, would affect wages, productivity, and propensity to export. The fact that these issues cannot be completely isolated from the topics that the authors seek to focus on is demonstrated by the discussions on institutions and policies that creep into the book (i.e., Chapter 4, p. 88, Chapter 5, pp. 145–47).

In addition, while it says a great deal about the rigour and modesty of the authors, it would have been nice if they tried to push their conclusions a little further than the questions set out above. While the authors do not seek to enter into these debates, their findings link up to debates on the role of industrial policy, education policy, the relationship between organized labour and international capital, global production networks, and innovation systems. It would have been nice

to hear how the authors relate their empirically based findings to some of these debates. At the least, a final discussion that related the book's arguments to these issues would have been welcome.

To restate, this is a solid collection of work that weaves its way through technical discussions with elegance. While not overly adventurous in its findings, its rigour and focus are praiseworthy.

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Land in Transition: Reform and Poverty in Rural Vietnam. By Martin Ravallion and Dominique van de Walle. Basingstoke: Palgrave Macmillan and World Bank, 2008. Pp. 220.

In the 1980s, Vietnam embarked on the transition from a socialist command economy towards a market-oriented economy. An important (and catalytic) part of the transition was major reforms in the agricultural sector, which would lead Vietnam's graduation from the socialist mode of agricultural production to a market-oriented one.

Vietnam's market-oriented land reforms led to the dismantling of cooperatives and collectives, and introduction of a legal market in land-use rights, where individual households could enter into contracts with the government. This provided an incentive to boost agricultural production, resulting in significant reductions in poverty rates. The success of the land reforms also contributed to other policy reforms that lead to more openness, diversification and growth.

Naturally, the reform took time. In 1988, households were first assigned land and output markets were liberalized. Individual households still had to provide an output quota to the government but could keep the surplus for themselves, either for sale or for their own

consumption. Then, in 1993, official land use titles were introduced and land transactions were permitted for the first time in Vietnam's communist history. These later reforms helped to mitigate the initial inefficiencies in the administrative assignment of land, when decollectivization first took place.

The second stage of reform, which was clearly pro-market, posed a potentially major threat of elite capture, as the decentralized implementation of the reforms down to the commune level meant that the local elites (the cadres) could subvert the process to serve their own interests. However, this turned out not to be the case in Vietnam, despite reports to the contrary in the wake of the reforms that suggested (widespread) abuse.

Ravallion and van de Walle — who are leading experts in this field — traced the path of Vietnam's agrarian reforms over the decade after legal reforms were introduced, looking at the stages of land law reform and their impact on people's welfare and living standards. They provided a careful empirical analysis of the concerns over elite capture and other key factors that led to the success of the reform measures, using various econometric models of household consumption to assess the equity and efficiency implications of these determinants.

The results of their study indicate that the decentralized reform process actually achieved a more equitable outcome than would have been achieved by a purely free-market process. Although there was clearly a trade-off between equity and efficiency, the analysis of Vietnam's reforms bring to light a conscious effort by the government to protect the poorest from losing out, and that the land allocation process did not unduly favour the local elites (households with government or semi-government jobs).

They suggest two main reasons: first, the formation of a pro-reform coalition between farmers and the central government officials involved in the reform process, and second, favourable conditions for equitable distribution of land-use rights, due to the social policies under communism. The active role of the central government ensured that reforms were carried

through despite the resistance of farmers. It is important to note, however, that resistance notwithstanding, the desire for reform was shared by many farmers who saw and felt the inefficiencies of collectivization. Thus, the reforms were not just a top-driven process, although the central government's commitment to reform certainly saw the process through its initial stages. Still, the reform process may have reinforced gender inequality, as more weight was given to households headed by males.

On the whole, the study highlights that while the adjustment process was gradual and there were both losers and gainers, the market mechanism did take hold, leading to other policy reforms. Vietnam's agrarian reforms were, on balance, found to be poverty reducing, though there were still some incidences of elite capture, and uneven benefits in some regions.

Other key findings were:

- (a) The pace of transition has been rapid in Vietnam. In roughly a decade after decollectivization, Vietnam's output and factor markets had become roughly as free as in most long-standing market economies.
- (b) The transition process favoured the land-poor.
- (c) The rise in landlessness tended to be higher for the rural non-poor.
- (d) Access to formal credit improved overall, displacing informal credit.
- (e) The landless enjoyed similar (or even higher) rates of poverty reduction as those with land, with new opportunities — especially in the labour market — for former farming households.

Land in Transition provides a thought-provoking read. Through a comprehensive, yet comprehensible analysis of lessons learned from Vietnam's land reforms, Ravallion and van de Walle share with us insights gained from a thoughtful study of key issues for poverty reduction and social protection in a developing country on the road to a market economy. They explain in detail the methods they have used in assessing the welfare impacts of the reform. Their

conclusions are linked to ongoing policy discussions on this issue in countries that have undertaken similar steps (particularly China, which undertook reforms in the same period as Vietnam) but not with the same success. While cognisant that “best practices” may not always be replicable wholesale in different local contexts, other developing states in ASEAN that are

committed to addressing rural development, poverty reduction and social protection could learn many lessons from Vietnam’s experience in land reform.

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