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
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merits further study, especially in the context of the flat female labour force participation rate overall. However, the explicit link between the composition change in the labour market and labour productivity is not discussed in depth in this chapter. As a result, there is no clear understanding about whether the composition changes will lead to higher or lower productivity, or whether differences in productivity in different industries and sectors have caused the composition change.

The next chapter focuses on the rural area and looks at the transition from agricultural to non-agricultural work and to urban employment. It shows the difficulty for people to move from the agricultural sector into other sectors. It also suggests factors that can help this process, which are higher education and agricultural mechanisation. Because it looks at transitions of the same people over time, it provides important insight into the dynamics of occupational change and its determinants. It points to further studies that evaluate the effects of government policies such as education expansion and agricultural mechanisation on the transition of the labour force out of agriculture.

The next chapter focuses on urbanisation and analyses what is special about the urbanisation process in Indonesia. The first part of the chapter tries to answer the question whether urbanisation leads to higher productivity. However, the regression analysis does not provide convincing answers to this question. It does not compare urban areas with non-urban areas with respect to productivity, and it does not address the two-way relationship between wages and productivity. A more interesting part of the chapter is the study of the phenomenon called urban sprawl, where richer people live at the centre and the outskirts of the city, leaving a ring of poorer residents in the middle. This chapter also includes two case studies of successful urbanisation stories: Makassar and Bandung. These two case studies could be further developed to show first of all, why the two cities are examples of successful urbanisation, and second, what led to their success.

The next chapter focuses on education and skills. It describes the dramatic increase in education levels and enrolment rates since the early 2000s, following the increased spending and other education expansion policies of the government. But it also points to the evidence of low international standardised test scores in primary

and secondary schools and employers reporting lack of skills of workers. Then it suggests a comprehensive set of policy initiatives to increase the quality of education and improve workers' skills. It would be more interesting to have analysis on the link between different types of education and productivity, and more analysis on the skill shortage beyond the frequently quoted survey results from employers. It would also be more convincing if the policy recommendations were based on more analysis and evidence.

The next chapter discusses labour market policies in particular and their implications for labour productivity. Although a short chapter, it provides many insights into the implementation of the various labour market policies and their relevance in the context of the large informal sector and increasing number of contract jobs. It also provides some valuable recommendations for the direction of future labour market policy reforms.

Overall, *Indonesia: Enhancing Productivity through Quality Jobs* paints a comprehensive picture of recent developments in the Indonesian labour market, focusing on the ones that are relevant to labour productivity. The book would benefit from deeper analysis of the relationship between the recent labour market developments and the change in labour productivity, leading to a clearer path towards better jobs and higher productivity that can direct policy. Although the book concentrates on the labour market side of the productivity story, it would benefit from having a discussion about other factors that influence labour productivity and their importance to and relationship with labour market developments.

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Reflections on the Thai Economy and Society

Medhi Krongkaew

National Institute of Development Administration,
Bangkok, 2018

Pp. 620, ISBN: 978 9 742 31997 7

This book is the result of extensive research on the economic development of Thailand over the past 50 years by the esteemed Thai economist,

Medhi Krongkaew. The novelty of the book is that it covers a wide range of contemporary issues in economic development in the context of Thailand.

Following a succinct introduction, the book is thematically organised into six parts: the economic crisis of 1997, poverty and income inequality, public finance, development issues, higher education finance, and corruption. In Chapter 1, Medhi provides a fascinating analysis of the role of the International Monetary Fund (IMF) in the 1997 Asian Financial Crisis. While criticising the misguided prescription of the IMF, Medhi also stresses the importance of the IMF in helping countries with payments difficulties and the difficulties faced by this organisation. For example, it is difficult for the IMF to understand the nature of these economies and the many interrelated factors behind the crisis (pp. 34–39). In Chapter 2, Medhi explains how Thailand, ruled by two Prime Ministers (Chuan Leekpai from 1997 to 2001 and Thaksin Shinawatra from 2001 to 2006), addressed this crisis. He describes both similarities and differences between their two political parties. While both governments followed a 'free market doctrine', the Thaksin government adopted new social welfare schemes, for instance, the Village Fund and the 30-baht health scheme. Despite their huge cost, he immediately gained popularity among the Thai people (p. 66).

Chapters 3–6 in Part 2 describe two concepts central to the Thai development policy debates: poverty and inequality. Quantitative techniques in measuring poverty are eloquently explained and discussed at length (pp. 167–218). While Thailand has been successful in tackling absolute poverty (for example, through high economic growth, health policy reform, and a minimum wage), high inequality persists, for several reasons, including an extreme concentration of land ownership and a regressive tax system. The next two chapters of the book (Part 3) turn to public finance, exploring fiscal discipline (such as prudent budget norms), trends in public expenditure, and problems in the tax system. The latter includes a reliance on consumption taxes instead of personal income tax, resulting in worse income distribution (p. 387). Medhi also expresses concerns about the narrow tax base and the limited ability of local governments to effectively govern local business (p. 391).

Chapters 9–11 in Part 4 are a portrayal of three different developmental issues: 'Thaksinomics' (a set of economic policies adopted during the Thaksin government), social protection for the elderly, and the future of capital markets. As education is a key ingredient of economic development, Medhi focuses on the system of higher education financing in the following three chapters of Part 5. He was a key person, as head of the subcommittee, in designing a new system, based on the Higher Education Contribution Scheme first implemented in Australia (p. 506). Unfortunately, due to political instability in Thailand, this scheme was mixed with another scheme named 'Student Loan Fund' (SLF). With a totally different ideology and practice, Medhi called the SLF a 'Frankenstein Monster' (p. 530).

Medhi also served as a commissioner in the National Anti-Corruption Commission of Thailand, and in this capacity he explores the question of how and why Thailand has not been successful in curbing corruption in Part 6. The system of assets and liabilities declaration of politicians and high-ranking officials is examined at length. The last three chapters are informative, but unfortunately they overlook why corruption in Thailand remains an unsolved issue regardless of the ruling party.

Throughout, Medhi manages to discuss a wide range of development issues with highly detailed and careful analysis. He also successfully interlaces the complex economic issues with the political backdrop in a context where political influences on economic policies have waxed and waned. What I find missing from this book, however, is a focus on international trade as an engine of economic growth and poverty reduction. From an era of relatively mild import substitution industrialisation during the 1950s and 1960s, Thailand gradually opened to trade in the next decade through labour-intensive activities (Warr 2000). An analysis of employment generation in export-oriented manufacturing industries could usefully supplement this book.

In addition, while the causes of income inequality are rigorously examined, seemingly unacknowledged is the role of economic disparities. For example, the persistence of inequality among regions can breed political conflict. This conflict plays a central role in explaining the sporadic protests between the so-called Red Shirts

and Yellow Shirts (Forsyth 2010). Moreover, a new dataset on inequality (for example, the income share held by the top 1 percent) can contribute to an analysis of the distribution of wealth and income in Thailand. While income inequality in general tends to fall, people at the very top of the income pyramid still own a large share of income and wealth (Phongpaichit 2016). This implies that an extreme concentration of income is only the tip of the iceberg.

Medhi also describes the general principles behind specific anti-poverty policies. These policies can raise the stock of human capital (for example, better education and skills, better health) and can provide the poor an opportunity to increase productivity. Nevertheless, I find it difficult to reconcile these recommendations with the ongoing social policy, known as 'poverty card', aimed at eliminating poverty, which was implemented in 2017. While it is set to be a central pillar of the current military government, it is essentially an unconditional cash transfer via an electronic card to 12 million people who satisfied the criteria of the program and were called 'the poor'. As the number of recipients is far greater than what official statistics suggest, Medhi, as one of the first scholars to study poverty in Thailand, may need to write another book focusing on this flawed policy.

In the past 50 years, Thailand has transformed from one of the poorest countries in the world to a fast-growing economy. During this time, Medhi Krongkaew has assiduously and tirelessly devoted his life to development economics. This book is more than simply a reflection of his thoughts on the Thai economy and society. It belongs on the reading list for all scholars interested in Thailand.

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Growth, Structural Transformation, and Rural Change in Vietnam: A Rising Dragon on the Move

Finn Tarp (ed.)

Oxford University Press, Oxford, 2017

Pp. 336, ISBN: 978 0 19 879696 1

For the past three decades since *Doi Moi* ('Renovation'), Vietnam has seen a rapid transformation of its rural livelihoods. There has been a massive reallocation of labour away from agriculture, whose share in the total workforce shrank from 70 per cent in 1990 to 40 per cent in 2016 (Abbott et al. 2017; McCaig and Pavcnik 2018). Economic opening and the shift from central planning to a socialist-oriented market economy have also led to rapid economic development and sharply reduced Vietnam's rural poverty rate from about 68 per cent in 1993 to only 7.5 per cent in 2016. What is lacking from this broad picture, however, is the micro-level dynamics of rural transformation. General macroeconomic trends reveal few insights about changes in rural households' economic behaviours such as savings, investment, local entrepreneurship, and on-and-off-farming practices. The policy-relevant roles of physical, financial, human, and social capital to rural welfare dynamics also remain under-researched. Without these important specifics, it is difficult to say anything concrete about *actual* changes in the livelihoods of rural people.

The book *Growth, Structural Transformation, and Rural Change in Vietnam* does everyone a service by filling in this critical information gap. The authors make use of a unique and invaluable dataset, the Vietnam Access to Resources Household Survey (VARHS). A collaborative research effort between the University of Copenhagen and various Vietnamese institutes, the biennial VARHS has been covering the same 2162 households in 12 different provinces since 2006—making it a unique balanced-panel dataset of the changing livelihoods of rural Vietnamese families. The surveys collect comprehensive and invaluable information on the dynamics of household savings, investments, economic activities, and access to key production factors and institutions. The sample also includes an extensive number of ethnic households whose livelihood changes can be much different from those of Kinh-majority households. Specific details of the VARHS are discussed thoroughly

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