

The main thrust of the study deals with how multinationals in general set out to transfer many of their parent-country organizational practices to other cultures, in this specific case to China (pp. 32 ff). The research explores differences between Japanese and UK MNCs, with the former relying more on expatriates to fill top management jobs and the latter more on locals. National differences also showed-up vis-à-vis customer service, with the Japanese being seen as regimented and prescriptive, compared with the UK-owned companies. Another finding is that the practices and norms in local labour markets can be a greater barrier than cultural differences. The book capably brings out the complexities of firm-level employment relations as found in the broader PRC institutional setting. It also shows how the MNCs made relatively few concessions in adapting to local Chinese people-management practices. It cogently highlights the limited degree to which foreign firms adapt to “the Chinese way of doing things.” The arguments and evidence are cogently presented and accordingly persuasive to this reviewer.

A possible weakness of the work, however, is that it does not have a very *explicit* “theoretical” framework and model to present, although its main thrust is analytical. The evident empiricism is, of course, both “hard-nosed” and soundly integrated. But greater originality in theory, to counterbalance practice, would have been a bonus.

Even so, to its credit, the book is clearly written and well presented, with a minimum of jargon. It has, more or less, an adequate number of supporting tables and figures, and the statistical data does not overwhelm the narrative. A number of fine photographic illustrations are included. There is also a comprehensive bibliography on the subject and a short index but no glossary or list of abbreviations. Whether the book will have a wider appeal than to the academic market it targets, is moot. It may, however, be useful to both undergraduates and postgraduates interested in the economic and management dimensions of contemporary China.

The book avoids either extolling or decrying the globalization process and its impact on shopping in the People’s Republic. It hints that “perhaps, from such quotidian and unremarkable encounters...deep rooted social changes might germinate and develop” (p. 227). Maybe so, but it is as yet too early to say.

MALCOLM WARNER

China’s Local Public Finance in Transition

Edited by JOYCE YANYUN MAN and YU-HUNG HONG

Cambridge, MA: Lincoln Institute of Land Policy, 2010

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Thirty years after reform, China’s public financial system remains “work in progress.” *China’s Local Public Finance in Transition* is the product of a conference jointly organized by Peking University and the Lincoln Institute Center for Urban Development and Land Policy in 2008. The essays address issues that are outstanding in Chinese public finance following implementation of the tax-sharing reform in 1994. The authors explore a range of topics against a common backdrop: although the 1994 tax reform successfully streamlined and recentralized taxes, it left a huge vertical fiscal imbalance. Sub-provincial governments are saddled with heavy expenditure assignments, including those of health, education and infrastructure development; yet, they have no right to set taxes or borrow. Meanwhile, China’s fiscal transfers system

has not fully realized its equalizing function. Facing intensified fiscal pressure, local governments turned to land leasing and indirect borrowing in the last decade. Consequently, the scope of public finance in China has become, post-1994, more fuzzy, less transparent and, worryingly, more risky.

The volume is divided into four parts with 13 chapters in total. Following an introductory chapter, part two consists of essays on expenditure assignment and infrastructure financing. Part three discusses local revenue patterns and introduction of the property tax. Part four focuses on the distribution of fiscal transfers. In the conclusion, Roy Bahl offers directions for future reform of China's public finance.

Several chapters deserve further elaboration. First, in a chapter by Weiping Wu, it is noted that despite local fiscal constraints, China has seen a dramatic expansion of infrastructural development recently. While public infrastructure is normally funded in other countries by issuing bonds, Chinese local governments cannot borrow. Thus, besides budget allocation from the central and local governments, infrastructure has been funded by land leasing, indirect borrowing, user charges, and self-raised funds. Focusing on Guangdong province, John Mikesell *et al* discuss self-raising in greater detail. According to them, self-raising can take place through government and propriety funds, private bank loans obtained by state-owned enterprises and public institutions (*shiyè danwèi*), and foreign direct investment. These strategies contributed to an impressive growth of capital investment in Guangdong. However, they lack transparency and pose significant liability and risk. One example was the bankruptcy of the Guangdong International Investment Company in 1998. Such risks are exacerbated by the absence of a specialized government office to manage local public debts.

Land leasing is another major theme of the volume. In an informative chapter, Susan Whiting examines the meteoric rise of "land public finance" in the aftermath of fiscal recentralization. She notes that, first, land transfer fees had become a major portion of local public finance. Second, land finance easily shades into corruption, as developers can offer kickbacks to acquire land cheaply. Third, despite the association of land financing with corruption, land transfer fees have indeed spun infrastructural development. Although leasing land could generate revenue in the short term, a pressing question ensues: what will local governments do when there is no more land to sell? Further, land transfers have led to sky-rocketing housing prices, land seizures, and over-rapid urbanization. These problems have pushed central leaders to consider introducing a local property tax. The property tax would consolidate various land- and property-related fees and taxes into a single annual tax and would be levied on top of land transfer fees. It was supposed to be implemented in 2008 but has since been postponed indefinitely. Hong and Brubaker ponder the politics of property tax by asking: why should existing land users who have already paid their leasing fee for using land be liable for additional property tax payments? If the property tax reduces land value, why would interest groups, such as developers, support such a policy? These are theoretically and practically interesting questions that call for more attention.

In sum, students of public finance, both in and beyond China, will find this a timely volume. Before 1994, public finance was centred on taxes and fees. After 1994, the scope of public finance has widened and blurred. And yet, data is hardly available on these new sources of public finance and instruments of oversight remain underdeveloped. Future research on public finance will thus be more challenging than before, and this volume offers useful signposts. That said, the volume would be more user-friendly if it provided Chinese characters or pinyin for technical public financial terms that appeared numerously. Several authors also continued to use the terms "extra-budget" (*yusuanwai*) and "off-budget" rather than the term "nontax

revenue” (*feishui shouru*). The latter is the term now widely adopted by Ministry of Finance and local budgetary officials. In two chapters, the authors classify all fees and levies collected by government agencies as extra-budgetary – in fact, this is not always the case. Nontax and extra-budget revenue are not synonymous. Fees and levies are nontax revenue, which in turn is divided into extra-budget and within-budget categories. As extra-budgetary revenue traditionally connotes arbitrariness and lack of oversight, a failure to distinguish between nontax revenue and extra-budget revenue can mislead readers to neglect important institutional reforms in the budgetary control of certain nontax revenue streams. However, these comments do not diminish the value of the volume. I heartily recommend it for those who interested in a new era of Chinese public finance.

YUEN YUEN ANG

Poverty Reduction and Sustainable Development in Rural China

Edited by ZHENG YISHENG

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In the course of his lively introduction, Zheng Yisheng admits of this collection of authors that their “very diversity of perspectives may be their defining characteristic.” One can, however, have too much of a good thing. It is difficult to discern a binding theme to this collection of articles, penned by researchers who hail from institutes in Sichuan, Yunnan, Guizhou and Beijing. As such a list indicates, the use of “rural” in the title is misleading. This is a volume about development issues in western China. The unfashionable rural heartlands of central China are, as usual, nowhere to be found. Where eastern China appears, it often takes the form of a foreign power seeking to exploit the resources of western China, without paying its due.

For those looking for an introduction to Chinese perspectives on debates around the environment and development in western China, this volume will be a valuable starting point. As the papers were written for a Chinese policy audience, it also provides an introduction into how academic elites seek to influence policy debates. One is reminded of Shambaugh’s spectrum of global Chinese identities, and wonders what influence these voices might have on the Chinese polity. However, for those familiar with the situation-problems-solutions (*xianzhuang-wenti-duice*) structure, it can be wearying. There are only so many sentences one can read constructed around “should” and “could” before thinking, yes, but it won’t. Add lengthy passages of development jargon translated back into English, and there’s some heavy going.

The strongest chapters in this uneven volume are Zheng’s introduction, Ma Jun’s explication of the paired development of hydropower and energy intensive industries, and Li Zhou’s analysis of why government responses to environmental problems fall short. Zheng’s analysis of the political economy in western China is one of the most concise in print, warning against “administrative-entrepreneurial alliances” and “internal colonialism.” The chapters that follow, with discussion of ecological taxes levied on the east, and unfavourable terms of trade, add to the sense that western and eastern China have become separate realms.

The first three chapters (and chapter six) largely praise the Western Development Strategy, but miss the opportunity to explore how different provincial governments