

J. Int. Trade & Economic Development
Vol. 15, No. 4, 534–535, December 2006



Book Review

Understanding Globalisation, Employment and Poverty Reduction

Edited by Eddy Lee and Marco Vivarelli

Palgrave Macmillan, 2004, 389 pp.

The Department for International Development of the United Kingdom funded a three-year economic research programme on the impact of globalisation in terms of employment growth, income equality and poverty alleviation in developing countries. The programme was divided in two successive stages. The first adopted a worldwide perspective. The second was based on country studies. This book presents the results of the first phase of the research.

An impressive team of economists was gathered to do this research and write the book. This team included scholars from Europe and the United States. Most of them taught or are teaching in universities and published in academic journals. Many have connections to the International Labour Organisation or other international institutions. These economists cover a wide range of opinions on the effects of globalisation although they include no radical leftist and few free marketers.

The book is divided in 11 chapters, plus an introduction and a conclusion by the editors. The chapters are allocated among four parts. Parts 2 and 3 respectively bear on the effects of globalisation on employment and on income distribution and poverty. Part 1 presents general frameworks and part 4 is on policy recommendations. Many chapters were written by two authors and most chapters are followed by a comment. Thus, 18 authors contributed to a volume of 389 pages.

These features explain the qualities and the limits of the book. Some chapters are extremely good, for instance the surveys by Berman and Machin on the effects of skill-biased technological change and labour demand, or of Cornia on the effects of trade liberalisation and foreign direct investments on income inequality. Adopting a pluralistic approach in a field where many writings are ideologically biased gives the book a serious and scientific dimension. The authors are very honest and careful in their conclusions. More generally, the book is a mine of excellent ideas, analysis, methods, etc.

On the other hand the chapters of the book are very heterogeneous and present many redundancies and repetitions. Moreover, the reader may sometimes wonder if honesty and carefulness are indisputable virtues for economists. Concluding a long chapter by explaining that outcomes are decidedly mixed and that we cannot conclude, or writing that a reform works in some countries and not in others and that all depends on social capabilities or other imprecise concepts, is a bit frustrating for the reader. A few strong conclusions and thesis and a little more passion would have made the book a little warmer and more enjoyable. However, we were impressed by the conclusion where the two editors made a wonderful and useful job, almost succeeding in a few pages in giving a good and clear synthesis of the main results of all the contributions.

The book defines globalisation as an increase in international trade and foreign direct investment. The advantage of this definition is that, under it, the participation of a country to the globalisation process can easily be measured. However, as the book wants to investigate the effects of globalisation on employment and income distribution variables, this definition precludes the use of general equilibrium analysis. We have wondered if the conclusions of the book – which are that these effects are ambiguous, depend on the countries, can be weak, etc – do not result from the fact that you cannot identify causality relations between variables that are simultaneously determined. The introduction explains that the empirical chapters try to ‘let the data talk’. We doubt that data can talk and the few chapters that use some kinds of accounting decomposition methods were those we found the least convincing.

Jean-Pierre Laffargue
University of Paris I (Panthéon-Sorbonne), Pse and Cepremap
France