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Understanding Globalization, Employment, and Poverty Reduction

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Understanding Globalization, Employment, and Poverty Reduction

appear very likely in the foreseeable future" (114).

However, in other areas there have been remarkable developments. The most important institutions of industrial relations are the European Works Councils (EWCs), introduced by the European Commission in 1994. Since 1996, every multinational company that employs 1,000 or more workers, with at least 150 of those workers in each of two or more EU member states, has been subject to enforcement of European Works Councils requirements. By 2000, about half of the more than 1,650 facilities of multinational companies had installed EWCs. In an interesting chapter, Torsten Mueller and Hans-Wolfgang Platzer use in-depth case studies to inductively develop a typology of European Works Councils that demonstrates the great variety in the functioning of these new institutions (Chapter 4). The two most contrasting types are the "symbolic EWC" and the "participation-oriented EWC." "Symbolic EWCs" are formally constituted, but their representatives play a largely passive role. In contrast, "participation-oriented EWCs" engage in a number of activities, including "negotiated agreements on health and safety, equal opportunities, information and trade union rights (Danone) ... or even agreements on such 'hard' issues as the protection of employee rights in the case of demergers of suppliers (Ford/Visteon)" (70).

Industrial Relations and European Integration is a lean and precise introduction to a complex subject. It has relatively short chapters (about 20 pages each), avoids lengthy introductions, and focuses on key issues and developments. The chapters' accessible writing helps make the book appropriate for graduate-level classes or course sections on European industrial relations. The book is well suited for teachers at American universities who seek to highlight crucial differences between European and American industrial relations. For researchers of industrial relations who are not concentrating on Europe, this book can be highly recommended as a concise introduction to the field of European industrial relations.

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Understanding Globalization, Employment, and Poverty Reduction. Edited by Eddy Lee and

Marco Vivarelli. New York: Palgrave MacMillan, 2004. xvi, 389 pages. ISBN 1-4039-4149-1, \$90.00 (cloth).

The eleven essays in this volume are state-of-the-art studies of globalization and its impact on worker welfare. The editors' objective is to move away from the case study approach and give a statistical portrait of globalization, defined as the volume of trade and flows of foreign direct investment. Exploiting newly constructed international data sets that include low-income countries, the editors and contributors focus in particular on within-country effects. Although not all chapters hold to these criteria strictly, and there is some inevitable repetition, the contributions sit well together, in depth as well as breadth. The result is an effective portman-teau volume.

The starting point for many contributors is the basic Heckscher-Ohlin/Stolper-Samuelson international trade model. They ask the vexing question: does the model speak to the real world? Lance Taylor argues that in less developed and less labor-intensive countries, contrary to the standard model, technical change in the export sector undermines employment growth. He finds that trade liberalization tends to increase demand for more highly skilled workers, while the mass of less skilled workers are forced into less attractive jobs in the non-traded goods sector. In more detail, and extending previous research, Eli Berman and Stephen Machin investigate technical transfer from developed to less developed countries. They conclude that technology transfer has indeed had a significant impact on labor demand. The next three chapters, by Sanjaya Lall, Jean-Baptiste Gros, and Vincenzo Spiezi, examine the effects of globalization on other dimensions of employment in LDCs (less developed countries). The bottom line, Lall concludes, is that employment effects are conditional on the local institutional framework and infrastructure. Spiezi concurs. In half of the sample he studied, the labor intensity of exports was lower than that of imports. Gros relates these results to the pattern, and specifically the speed, of trade opening.

The most interesting and novel section of the book investigates the effect of globalization on income distribution and poverty. Again the facts do not mesh with traditional trade theory. Giovanni Cornia, critical of the frequently cited findings of Xavier Sala-i-Martin (for example,

"The Disturbing 'Rise' of World Income Inequality," NBER Working paper No. 8904, April 2002), reports that in the last two decades, within-country inequality has risen, although trade liberalization itself was not the main cause of this deterioration. Marco Vivarelli is more sanguine and confirms previous results on the weak relationship between foreign direct investment and within-country inequality. Still, at the early stages of trade opening, greater imports imply greater inequality. In perhaps the most original contribution, Enrico Santarelli and Paolo Figini examine the effect of globalization on both relative poverty (poverty with respect to levels of income) and absolute poverty (poverty with respect to a certain bundle of goods and services). The novelty of their approach lies in the exploitation of a rich new data set for 120 middle- and low-income countries. Their conclusions are mixed. The absolute level of poverty is independent of openness. As for relative poverty, it tends to be unaffected by trade openness, but greater financial integration has had a negative impact.

The final chapters, by Sanjay Reddy, Augustin Kwasi Fosu, and John Langmore, and the editors' own conclusions, examine the policy implications of the volume's findings and related research. The authors are pragmatic in their recommendations. The impact of trade liberalization on employment and poverty depends critically on the social infrastructure in place. National governments in rich and poor countries have a role to play in ensuring that resources are devoted to education, health, and transport systems. Innovation policies need to be developed because of the inherent bias of technical change. As for welfare, workers in LDCs, like those in developed countries, cannot face the forces of globalization without a safety net to fall back on. International organizations need to ensure that poorer countries have the required resources and information to meet these goals. The volume concludes that, while the standard trade model is a good starting point, market forces alone cannot guarantee that the benefits of globalization are realized and distributed equitably.

Despite its breadth and depth, the volume has little to say on the relations among geography, growth, and globalization, or on child labor and women's work. That said, *Understanding Globalization, Employment, and Poverty Reduction* will be read profitably by researchers and policy-makers. I hope that skeptics of

globalization will also consult these contributions, if only to be convinced that economists, too, are reasonable people.

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Labor History

Off the Rails: The Story of the ILDA. By Brendan Ogle. Dublin: Curragh Press, 2003. 352 pp. ISBN 1-85607-906-6, \$29.95 (paper).

Brendan Ogle, the leader and founder of the Irish Locomotive Drivers' Association (ILDA), recounts the turbulent events that led to the three-month lockout by Iarnród Éireann, Ireland's national rail system. The story is reminiscent of the great Dublin lockout of 1913, when the controversial but charismatic union leader James Larkin led workers in a titanic struggle against employers who sought to destroy Larkin and his union.

But the story of the ILDA does not take place during the rough and tumble days of early industrialization in Ireland. Indeed, by the summer of 2000, when the rail dispute erupted on the national scene, Ireland had navigated thirteen years of Social Partnership agreements and enjoyed unprecedented economic growth. All of the powerful actors in the Irish industrial relations system, unions, employers, and government, fully supported the national-level negotiations process and the agreements it produced.

In the summer of 2000, when Ogle and his band of fellow ILDA members fought against changes to the working conditions for train drivers, they faced stiff resistance from Iarnród Éireann. Such an industrial dispute was hardly new to labor relations in Ireland. However, the protest by this small, independent group of workers became a symbol of resistance, reflecting an undercurrent among rank-and-file workers who felt that the national agreements had resulted in years of wage constraints and work intensification, with few benefits to workers and their unions. Conversely, the institutions and regulatory bodies that formed the new industrial relations landscape under partnership closed ranks against the dissidents. As a result, although the industrial action involved just 118