

## BOOK REVIEWS

**Questions sociales: Analyses anglo-saxonnes. Socialement incorrect?** By Julien DAMON. Paris, PUF, collection Major, 2009. 250 pp. ISBN 978-2130570189.

This is a highly unusual and extremely useful book. Based on a review of some 30 English-language publications addressing major social-policy concerns, it aims to give French readers a sense of the issues that have been the focus of economic and political debate and analysis in the United Kingdom and the United States in recent years. Although most of the books reviewed are the work of academics, they are written for a broad readership; and many of them have fuelled public debate both in the United States and, several years later, in France.

Having selected these works himself, Damon provides a commendably objective overview of their arguments, together with useful boxes giving updates on the state of particular public debates in France or the United States. For each one, the author also provides a short list of relevant policy recommendations and explains how the book and proposals were received, occasionally elaborating with a more personal assessment of a given perspective. He addresses ten core issues, namely: the social model, social protection, family policies, childhood, exclusion, the homeless, insecurity, racial discrimination, well-being, and management. Each of these issues is introduced in terms of alternative policy options (e.g. “Family policies: Higher benefits versus the rehabilitation of marriage”). The political and academic context of the debate is then recalled in a couple of pages, together with the main arguments of the three or four books illustrating the policy alternatives, whereupon each book is presented in detail.

Though a sociologist by training, Damon succeeds in giving a clear account of the work of scholars from a variety of disciplines (many of the contributions being strongly biased towards economics). Echoing the book’s subtitle, his foreword is entitled “Socially incorrect”. Indeed, some of the arguments and proposals he reviews, be they liberal or from the left, come across as strikingly “out of order” in relation to the terms of the corresponding public debate in France. How peculiarly radical French observers find the United States’ current debate on health-care reform is easier to understand after reading about Charles Murray (*In our hands: A plan to replace the welfare state*, pp. 48–58), who is appalled by the growing number of children born out of wedlock and proposes that all welfare-state policies and benefits should be scrapped and replaced by a single cash benefit. Other examples include the perspectives of James Q. Wilson (*The marriage problem: How our culture has weakened families*, pp. 80–87), whose book concludes with the recommendation that people should not have children before they are married, and John R. Lott (*More guns, less crime*, pp. 172–179) who considers that the more firearms Americans possess, the lower the crime rate will be.

To French readers, the most fascinating point about this book is the realization that perspectives, arguments and policy proposals born of the United States' particular institutional setting and history ultimately resurface in France, against the background of a completely different history and welfare state. It seems to take at least a decade for such ideas to cross the Atlantic. But interestingly enough, many proposals presented as radically innovative in France have already proved flawed in the United States by the time they make the French headlines.

From a French perspective, the most interesting chapters of the book are arguably those examining the challenges that confronted the United States in the 1980s in regard to social exclusion, growing homelessness, insecurity and racial discrimination. Indeed, the four chapters devoted to these topics offer a particularly clear presentation of the issues that policy-makers had to deal with, their theoretical frameworks – based on philosophical considerations and principles of justice, or on empirical work, analysis or large-sample correlations – and the various policies at the heart of public debate.

The chapters on exclusion and the homeless – Damon's fields of expertise<sup>1</sup> – give a detailed overview of how these issues were described, quantified, studied and explained in the United States in the 1980s and in the United Kingdom in the 1990s, together with the policy approaches that were used to address them. The approaches included in Damon's selection converge on the idea that targeting and specific policies are best avoided in favour of universal, "structuring" policies (particularly in regard to housing).

In his chapter on the homeless, Damon revisits at some length the controversy that France's then Prime Minister Lionel Jospin sparked in 2002 when he proposed the goal of "zero homelessness by 2007" while campaigning for the presidency. Although Damon seldom takes a stand on the issues he reviews, preferring to claim something akin to objective neutrality, he retrospectively argues the case for pursuing that ambitious goal. Carried away, he explains how to attain it: "by overhauling subsidized housing policies that benefit people who are not eligible, who should either effectively pay much higher rents or move out. It should also be forbidden for anyone to sleep on the street at the risk of freezing to death or being assaulted [...] and, lastly, the goal of 'zero homelessness' should be given concrete expression in the policies pursued by the European Union, inter alia by setting up a specialized agency to look after the nationals of EU countries living on the streets in countries other than their own" (p. 156).

The chapter on racial discrimination will be of particular interest to French readers because it examines the limitations of affirmative action policies, which American researchers have widely exposed. In particular, it reports on the work of William Julius Wilson (*The bridge over the racial divide*), who argues that race should be understood primarily as a social construct, not as a set of biological determinations, and that the policy focus must therefore be less on racial inequalities than on social inequalities, with a corresponding shift from rigid (social or racial) criteria to more flexible criteria for admission to university or public-sector employment based on individual merit. Damon stresses the close parallel between Wilson's arguments and the important speech delivered by Barack Obama in Philadelphia in March 2008, when he was only a candidate in the presidential race. The other works covered in this chapter provide a timely reminder of the persistence of racist behaviours in the United States: the persistence of strong opposition to affirmative action programmes, the possible embeddedness of such opposition in "American principles" and the limitations of affirmative action itself. Here again, the answer would appear to lie in the pursuit of policies that are broadly based, racially neutral, "beyond race" and grounded in universal principles.

<sup>1</sup> See Julien Damon: *La question SDF*, Paris, PUF, 2002; and *L'exclusion* (Que sais-je? series), Paris, PUF, 2008.

French readers – and European readers generally – will no doubt find the book's first two chapters highly interesting as well – not because they offer any new insights into policies pursued in the United States, but because they explain (only partially, I hope) what Anglo-American observers think of the European and French social models. The first chapter is entitled "The social model: Manage the decline or scrap it?". This covers the work of three authors who are highly critical of the French and European social models to say the least. The first is Timothy B. Smith whose book, *France in crisis*, coming from a Canadian, may strike some French readers as an act of betrayal. As Damon explains, it highlights all of the weaknesses of the French social model, alleging that it now protects mostly "insiders", i.e. chiefly men, civil servants and pensioners to the detriment of women and the young. Regrettably, in the face of this landslide of criticism rooted in platitudinous economism, with little to offer beyond the glorification of competition and "creative destruction", Damon's personal comments boil down to a plea for some "moderation". The French welfare state, he concludes, "professes universality, equality and solidarity, but it harbours a form of corporatism that delivers hardship to a growing share of the population and promises still greater hardship in the years to come. Rather than boast about the French system, some have therefore been calling for its *aggiornamentos*. Yet this reflects the limitations of Damon's project: it would indeed have been more useful if the author had scrutinized the prior assumptions and shortcomings of Smith's analysis point by point in order to help the reader form a more "balanced" opinion – or one grounded in more diversity – especially on France since the book is written in French.

One could be forgiven for assuming that this onslaught against the French social model would be mitigated by the message from the second work that Damon then turns to – namely, *Global Europe, social Europe*, authored by Giddens, Diamond and Liddle in 2006. This purports to offer "Blairist perspectives on the European social model". On the one hand, the authors are said to argue that there is no such thing as a European social model (and that if there ever was one, it could not be called social) and, on the other hand, they take issue with the "corporatist-conservative" components of the European model. Damon highlights their "Nordic tropism": the only viable prospect for Europe, they argue, lies in the Scandinavian model, "flexicurity" and social investment. But he fails to explain Giddens' lack of consistency (how and why does he jump from promoting the liberal model to advocating the Scandinavian model?). At the very least, Damon should have taken the trouble to explain whether it is Giddens who changes his mind or whether Blairism and advocacy of the Scandinavian model are one and the same thing – or yet whether the Scandinavian model has changed and shifted closer to the liberal model, thereby making it easy to jump from one to the other. This point is indeed absolutely crucial, especially now, at a time when the prospect of a European social model and the survival of social democracy raise genuine policy questions. Also in 2006, Alain Lefèbvre and I co-authored a book in which we presented a similar critique of the French social model and argued for the promotion of a European social model with Nordic features, including high rates of mandatory contributions, high levels of social protection for all, and strong redistribution.<sup>2</sup> At the time, Sweden still had a social democratic government, and we believed that there was a difference in nature (not merely in degree) between the liberal model then in force under Tony Blair and the Nordic model. But it has now become clear that the Nordic model is changing and increasingly incorporating liberal components. Just as clearly, the shifting usages of the term "flexicurity" have made it inappropriate to the pursuit of quality-of-life improvements in Europe.

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<sup>2</sup> Alain Lefèbvre and Dominique Méda: *Faut-il brûler le modèle social français?* (H.C. Essais series), Paris, Seuil, 2006.

It is indeed important to trace the precise genealogy of the slogans currently peddled by a segment of Europe's reform-minded left – e.g. the “provident state” – in order to understand where they come from, what they mean and the specific policy objectives they imply. The concept of “social investment”, for example, turns out to be a close relative of prescriptions developed by the OECD in the 1980s.<sup>3</sup> And if it ever comes to agreeing on a European social model dominated by Nordic features, it would then become crucial to reach a precise common understanding of how that concept is to be operationalized in practice.

I will conclude my review with a few comments on the last book selected by Damon to illustrate what Anglo-American scholars think of continental Europe, namely, *The future of Europe: Reform of decline*, by Alberto Alesina and Francisco Giavazzi. Incidentally, Alesina enjoys the privilege of a second review in Damon's chapter on exclusion, for his book co-authored with E.L. Glaeser, *Fighting poverty in the US and Europe*. In both cases, Damon vents the authors' scathingly critical views. Pondering the differences between Europe and the United States, the best they can come up with is that Europeans work less, have longer holidays and retire earlier; they also see security and stability as fundamental rights. The main explanation, the authors argue, is that labour in Europe is over-taxed and over-regulated; Europeans also share a profound aspiration to work less, of course. Such views are easy to recognize as the inspirational source of an entire school of French thought: French economists established in the United States, such as Tirole, have indeed widely relayed them with the result that they have been voiced repeatedly in France over the past few years. Here again, however, one would have liked to see Damon serve us these arguments “with a pinch of salt”, drawing the reader's attention to the counter arguments as well. Also, he could have elaborated a little more on the unbelievably anachronistic nature of the authors' main conclusion in the light of the current crisis: “the most important lesson that the United States can teach Europe is to take more serious account of the fact that people respond to incentives and to observe that markets do function most of the time. At least, they function better than any alternative system”. In closing, he suggests a somewhat more representative selection of the various Anglo-American schools of thought. Yet alongside all the scathing criticism and calls for imitating the United States, only a few works convey a position that squarely addresses the “social question” or social issues (as opposed to economic issues). One example is *The missing middle: Working families and the future of American social policy*, by Theda Skopol. Taking account of the revolution wrought by the huge labour market influx of married women and mothers with young children, this author advocates the development of an elaborate universalist protection policy based, in particular, on extension of health insurance coverage to all Americans, massive investment in support of working parents, the 35-hour work week and paid parental leave.

The second volume of these “*Questions sociales*” is now awaited with impatience, in the hope that it proves more generous in its reporting of such proposals in order to help reconcile us with our American counterparts!

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<sup>3</sup> On this point, see Dominique Méda: *L'Etat-prévoyant. Quelles origines, quelle signification?*, Paris, Fondation Jean Jaurès, 2009; and “Flexicurité: Quel équilibre entre flexibilité et sécurité?”, in *Droit social*, July (2009), No. 7–8, pp. 763–775.

**Industrial policy and development: The political economy of capabilities accumulation.**

Edited by Mario CIMOLI, Giovanni DOSI and Joseph E. STIGLITZ. The Initiative for Policy Dialogue Series. New York, NY, Oxford University Press, 2009.

xix + 575 pages. ISBN 978-0-19-923527-8.

Based on a wealth of evidence, comparative case studies, and important principles for policy design, this book addresses some of the most important questions in development economics: why have some countries grown rich while others remain poor? Can today's developing countries get out of the poverty trap by relying on the policy instruments that served Western Europe, North America, Japan and the Asian "Tigers"? What are the main factors behind the sustained high growth of countries in East Asia in contrast to the mediocre, volatile growth patterns of a majority of others? What has been the role of policy – particularly trade and industrial policy – and the role of the state in producing such different results?

Industrial policy and the factors behind the accumulation of capabilities are indeed one of the most misunderstood areas of economic and development policy. Even many critics of industrial policy now recognize that this development strategy was widely used with success by the "developmental states" of Asia. Many developed and developing countries have also pursued industrial policies proactively under other names (e.g. competitiveness, innovation, economic diversification, or more recently, policies to promote clusters). Yet mainstream economics continues to be highly sceptical of this approach.

Against this background, a major merit of this book is that it integrates insights from a variety of economic traditions: economic history, political science, institutional and evolutionary economics, and the economics of technology. While highly critical of the view of orthodox economics that justifies the role of the state only in terms of rectifying "market failures", the book develops a framework for productive transformation policies which accommodates not only arguments developed in mainstream economics, but also heterodox approaches.

The framework includes a taxonomy of the variables and processes that are shaped by institutions and policies. This classification, which is widely used throughout the different chapters of the book, is introduced early on in a chapter by Cimoli, Dosi, Nelson, and Stiglitz (table 2.1, p. 27). It includes opportunities for scientific and technological innovation; socially distributed learning and technological capabilities; targeted industrial support measures; the capabilities of economic agents (in the first instance, business firms); economic signals and incentives; selection mechanisms; and patterns of distribution of information and of interaction between different types of agents (customers, suppliers, banks, managers, workers).

This integrated framework is an important contribution because it helps to avoid the trap of traditional debates about industrial policy which are caught in an abstract dichotomy of "market failure" versus "government failure", or in catchy old metaphors about visible or invisible hands. Rather, what is needed is to take a pragmatic look at the institutions, mechanisms, incentives, linkages and actors involved in accelerating the processes of growth and productive transformation. And this is precisely what the authors of this book do, with particular emphasis on comparisons between the experiences of East Asia and Latin America.

Through its integrated and pragmatic approach, the book provides new perspectives on much debated issues such as economic development, institutional change, evolutionary processes of path-dependency, technological catching-up by late starters and the role of the state and industrial policy. Through the lens of evolutionary economics, the

processes of learning and accumulation of local capabilities are seen as the essence of development. Indeed, this perspective emphasizes that sustainable growth and productive transformation require the development of local capabilities – i.e. the labour force, domestic enterprises, schools, universities and R&D systems – and that much learning can be obtained from the world economy via trade and investment, by emulating international best practice in technology and productive organization (for example, this point is made in the chapters by di Maio; Mazzoleni and Nelson; and Amsden ).

A common thread running through the book's various chapters is the idea of technological catching-up, which is based more on the principles of emulation, the deliberate search for new economic activities and the promotion of upgrading than on the principle of comparative advantage. As Reinert argues in chapter 4, the world of the high-performing, sustained-growth economies is not a world of equilibrium and static comparative advantage, but one of increasing returns, fast learning, synergies, innovation and rapid diversification, all of which leads to "productivity explosions". The high performing economies are those that have found a way deliberately to shift their position in the hierarchy of productive structures away from "low quality activities" (diminishing returns, flat learning, low productivity, low wages, etc.) and into "high quality activities" (economies of scale, steep learning curves, high growth of output, rapid technological progress, high productivity growth, high wages). Reinert concludes that only when a "catching-up country" has entered the leading technological paradigm will it be in its interest to specialize according to its comparative advantage *within* that paradigm.

Policy-makers whose decisions are guided by the principles of static equilibrium and comparative advantages, embedded in traditional trade theories such as the Ricardo model, will hardly be able to trigger and sustain dynamic catching up and development processes. Rather, following these principles would allow a Stone-Age economy trading with an ICT economy to continue specialized in the production of stone-intensive products forever, and see this "equilibrium" as the best of all possible worlds!

The book adds significant value to the debate over catching-up by providing insights from evolutionary economics into the so-called co-evolutionary dynamics of growth processes: the interaction between the institutional development of technological capabilities, organizational competencies and incentive structures. The focus is not only on growth seen as an accumulation of technology and physical and human capital – as in mainstream growth theory – but on structural transformation, diversification of economic activities and the cumulative and path-dependent nature of growth and catching-up processes. Learning is a complex process, and it is not passive (learning by buying, learning by doing). It requires explicit investments by all agents (individuals, enterprises, governments); and investments in learning today determine the capabilities of tomorrow. Lack of capabilities is a major bottleneck or binding constraint for development.

### Industrial policy and the role of the state

This book analyses industrial policy at the theoretical and empirical levels. Its theoretical perspective is grounded in the taxonomy explained above and in a very broad but useful definition of industrial policy that includes the following domains: innovation and technology policies, education and skill formation policies, trade policies, targeted industrial support measures, sectoral competitiveness policies and competition and regulation policies.

At the empirical level, a major section of the book discusses national and regional experiences; it contains 12 rich chapters mostly focused on Latin American and Asian cases and comparisons. The industrial policy models of the East Asian Tigers are gener-

ally characterized by strict selectivity and time-limitation of government interventions, the use of public enterprises to enter risky sectors, massive investment in skill creation and technological and physical infrastructure, centralization of strategic industrial decisions in competent authorities, a highly selective use of foreign direct investment, continuous dialogue with the private sector, and a strong state capable of controlling incentives and disciplining the private sector.

In contrast, the Latin American experience is characterized by excessively high and protracted protection that damaged competition in domestic markets and induced inefficiency; the lack of clear performance criteria for policy evaluation; the inexperience and inability of civil servants to implement policies; lower expenditure on education, science and technology as a share of GDP;<sup>4</sup> frequent “capture” by the state, financial interests and the landed class.

The book also contributes to a better understanding of the “developmental state” through its analysis of the use of state power to provide directional thrust to the processes of growth and development via market mechanisms. Within the book’s “evolutionary catching-up framework”, the state is seen as the facilitator of dynamic learning processes, aimed at accelerating the catching-up process by creating an environment that nurtures infant industries.

This perspective re-opens the debate on industrial policies, and we hope that the arguments and evidence provided in this book will be widely recognized by different economic schools of thought. A long tradition of development economics has documented the institutions that “govern the market”, including through industrial policies, which have always accompanied the growth process of successful “catching-up economies”. However, the debate on industrial policies has been paralysed over recent decades by the disdainful – not to say hostile – attitude towards such policies embodied in neoclassical economics and the Washington Consensus. There is indeed no role for industrial policies and the state in models that assume both perfect competition and the existence of those capabilities that industrial policies are intended to support. This paralysis has been damaging to many developing countries, because it has kept what should be a central theme for growth and development at the margins of mainstream economics and policy-making (chapter 7, by Peres).

Economists should agree once and for all, as Rodrik has argued, that a lot of time and effort have been wasted in discussing whether to have industrial policy rather than “how to do it”. What is now needed is to recognize the potential practical problems posed by the conduct of industrial policies and focus on the institutional and incentive design features required to solve them.

Indeed, the main policy message of this book – as captured in its final chapter (by Cimoli, Dosi, and Stiglitz) – is that the future of industrial policy is to advance towards a “knowledge-centered development agenda” aimed at accelerating the catching-up process. Accordingly, policy-makers are challenged to develop a comprehensive “learning strategy”. Successful interventions to promote the desired learning processes require the design of policies and “institutional engineering” and they need to provide carrots as well as sticks (for example, this argument is developed in the chapters by di Maio; Khan and Blankenburg; and Dahlman). Policies must provide incentives to invest in skills,

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<sup>4</sup> Despite substantial investment in science and technology, the national innovation systems and institutions that emerged during the period of import substitution industrialization never became a strong engine of growth, nor did they ever build strong cooperative links with the private sector.

new technologies, the discovery of new economic activities, and competitive advantages. Institutions need to develop the capacity of the public education system, enterprises, new industries and the vocational training system in order to provide learning opportunities for individuals and enterprises. But “sticks” and disciplinary measures are also important as they create a compulsion to learn while limiting rent-seeking. These include the application and monitoring of strict standards, automatic sunset clauses, and time-limited incentives. Possas and Borges (chapter 17) discuss competition policy in terms of “a permanent Schumpeterian stick discouraging sheer rent-seeking behaviors”.

The chapter by Amsden argues that, in perfect markets, the ownership of investment and enterprises is irrelevant. Ownership, however, does matter in the monopolistic markets which characterize most higher-technology industries. Based on her research on catching-up by Asian countries, Amsden concludes that local enterprises are more risk-taking and invest more in R&D and in more sophisticated research when compared to foreign firms. Governments therefore should not only be concerned with attracting foreign direct investment, but also, equally importantly, with the need to target industrial policy towards domestic enterprises. Hobday and Perini (chapter 18) support this argument and suggest policies to develop “late-comer entrepreneurship”. In another important contribution, Cimoli, Coriat and Primi (chapter 19) argue that governments in developing countries would be well advised to include intellectual property management in their industrial policy.

### Trade policy

Trade and industrial policy are closely related. In fact, the former is a major component of the latter in the approach taken in this book. A very important chapter by Castaldi, Cimoli, Correa and Dosi (chapter 3) reviews the evidence on the idea that globalization has induced global convergence of incomes and finds a more complex story. While some countries have indeed converged, a majority have diverged, and many have been marginalized from the “convergence club”, with widening productivity gaps vis-à-vis the leaders. The deeper point is that “globalization is by itself no recipe for some sort of natural catch-up in technological capabilities and for easy convergence in incomes. On the contrary, more interdependent economies are likely to require *more and more sophisticated* measures of policy intervention by the weaker countries” (p. 542).

And yet, the policy space for these measures has been closing as a result of new trade rules. The book, however, is optimistic about WTO rules: it concludes that while a number of options in the traditional industrial policy toolkit have been banned for most countries (except the least developed), policy-making still has plenty of unexploited “degrees of freedom”. The book argues that if developing countries displayed the same amount of pragmatism as the developed countries in exploiting provisions for exceptions, they could regain considerable policy space even under current rules. WTO-plus bilateral trade agreements are a different story, however: the authors recommend that they “should be avoided at all costs”, because they are much stricter on tariffs, intellectual property, subsidies and other issues. The authors also stress the “profoundly anti-developmental bias of agricultural trade policies in all developed countries” (p. 558).

On tariff negotiations, the chapter by Akyüz warns of the dangers of the developed countries’ current proposals under the Doha Round that bind all tariffs and set these bindings on a line-by-line basis. This, it is argued, would considerably reduce the scope to use trade policy for industrialization. Instead, a proposal is made to switch to a regime in which the agreement would set average industrial tariffs, without line-by-line commitments. This would reconcile multilateral discipline with much needed policy flexibility in



order to provide space for learning strategies and industrial nurturing in “catching-up countries”.

### A few critical comments

For all its valuable contributions, this book has four weaknesses. First, the book would have benefited from the development of a more positive agenda on what might be called institutional and incentive engineering. In other words: how to make industrial policy work? How, specifically, to respond to the traditional criticism about government failure? What are the institutional and incentive design rules that can be derived from the comparisons between Asia and Latin America? If one of the lessons from the experience of Asian countries is that they managed to achieve “a clever and pragmatic mixture of market incentives and state direction”, can their policies be replicated in other countries in the form of good institutional design? While the book concludes with some important general principles and guidelines for industrial policy, it does not go into the micro-economics of the institutional and incentive design rules for successful industrial policy interventions. Peres (chapter 7) offers some ideas and argues that governments should improve their capacities through a learning process based on experimentation, and trial and error, by monitoring and evaluating the impact of their policies and gaining legitimacy by demonstrating their effectiveness. But how to build good procedures and good governance for learning? Hausmann and Rodrik<sup>5</sup> argue for the building of institutions that can set in place a process of self-discovery based on collaboration between public institutions and the private sector, which can accelerate the accumulation of capabilities while providing feedback to correct mistakes and minimize their costs – and these authors have provided some concrete guidance for institutional design.

Second, while the experiences of “catching-up countries” in Latin America and Asia are widely analysed, Africa is largely ignored, presumably because it does not provide many success stories. One can hardly blame an already long book comparing the experiences of Asia and Latin America for not including Africa, but one is still left to wonder what recommendations could be made for the African continent based on the book’s approach to trade and industrial policy.

Third, the book focuses on productive transformation, income growth, capabilities accumulation and catching-up, but it does not pay enough explicit attention to employment patterns. Economic transformation and growth need to come with employment growth, changing employment patterns and better working conditions in order to achieve sustainability and more inclusive, employment-intensive growth. In the context of technological upgrading and increasing labour productivity, employment strategies and industrial and trade policy-making should combine technological catching-up with diversification into non-traditional activities in order to stimulate demand for labour and employment growth. In fact, this is precisely the strategy proposed by this book, but without making explicit reference to employment.

Fourth, despite the centrality of the concept of capabilities to its whole argument, the book fails to provide a good conceptual framework for capabilities. The concept of capabilities remains vague and implicit. Yet, this concept calls for definition of the units of analysis if one wants to identify, measure and monitor capabilities at the level of individuals, organizations and economies. Also in need of identification and elaboration are the properties of the distinct forms of knowledge that underpin capabilities, so that policies

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<sup>5</sup> Ricardo Hausmann and Dani Rodrik: “Economic development as self-discovery”, in *Journal of Development Economics*, Vol. 72 (2003), No. 2, pp. 603–633.

can most effectively shape and speed up their development and support “micro learning dynamics, economy-wide accumulation of technological capabilities, and industrial development” (Cimoli, Dosi and Stiglitz, in chapter 20). Furthermore, one could argue that not only individuals and enterprises, but also governments need to build up the capabilities and capacity to guide and shape productive transformation, diversification or emulation policies. This is at the core of an effective “developmental state”. The lack of an analytical framework in this respect may be seen as an important constraint on the development of a positive agenda for policy design and implementation. The ILO is currently engaged in research in this area with the objectives of developing a diagnostic tool to identify binding constraints on sustainable catching-up and analysing comprehensive learning strategies.

In conclusion, this book’s rich collection of policy analyses by leading scholars takes a fresh look at the policies and institutions fostering technological and organizational learning, industrialization and “catching-up”. It is essential reading for policy-makers, the leaders of employers’ and workers’ organizations, and anyone interested in development policy and the building of more socially just societies and a fairer process of globalization.

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**Sticking together or falling apart? Solidarity in an era of individualization**

**and globalization.** By Paul DE BEER and Ferry KOSTER. Amsterdam, Amsterdam University Press, 2009. 244 pp. ISBN 978 90 8964 128 1; e-ISBN 978 90 4851 052 8.

**Reframing social citizenship.** By Peter TAYLOR-GOOBY. Oxford, Oxford University Press, 2009. 218 pp. ISBN 978-0-19-954670-1.

**Work after globalization: Building occupational citizenship.** By Guy STANDING. Cheltenham, Edward Elgar, 2009. 366 pp. ISBN 978 1 84844 164 4 (cased).

The welfare state is based on values such as solidarity, trust, reciprocity, and social citizenship. It has come under pressure for a variety of reasons, most notably the changing societal context (demography, family structures) and alterations in labour force and labour market characteristics, which underpinned the welfare state during the three decades or so of high growth that followed the Second World War. While technological innovation has played a major role in the two latter changes, in the view of public opinion and of many analysts, the main culprit of the gradual decline of the welfare state since the mid-1980s has been globalization. It is therefore instructive to take stock of three recent books, among the numerous publications on this topic, that question the impact of globalization on social solidarity and outline strategies for promoting social cohesion and a “fairer deal” for the labour force. As the three authors above identify similar major trends, but come to somewhat different conclusions and recipes for preserving trust, reciprocity and solidarity, their books are reviewed together.

The most optimistic authors – de Beer and Koster – scrutinize the current conventional view that social solidarity is crumbling in the wake of growing individualization and expanding globalization. They look at different available indicators of solidarity, individualization and globalization and assess their degree of divergence across countries, the changes they reflect over time and the extent to which they are inter-related.

For these authors, solidarity exists when the well-being of a person or group is positively related to that of others. Distinguishing between various kinds of solidarity (altruistic vs. self-interested, which the authors call “one-sided” and “two-sided”, respectively), voluntary or compulsory, they consider their incidence, differentiation and development – looking particularly at informal solidarity (volunteering, charitable giving and informal care) and formal solidarity (social benefits and contribution or willingness to contribute to development aid) – in 29 countries over the past two decades. They examine the correlation between people’s willingness to assist others and the size and content of the welfare state, and how the three dimensions of individualization (“detraditionalization”, heterogenization and emancipation) and of globalization (economic, social and political openness of countries) affect solidarity. The authors point out that this multidimensional approach to globalization and solidarity contrasts with most studies in this field, which focus only on a single aspect of each, namely the impact of economic globalization on compulsory solidarity represented by the welfare state.

After an extensive literature review and empirical analysis, the authors conclude, surprisingly, that solidarity is in fact rising rather than declining, the impact of individualization and globalization being much more ambiguous than is often contended, as both harm and bolster solidarity. More precisely, de Beer and Koster consider that neither their research nor the various studies discussed in the book, confirm the common fear that individualization and globalization endanger the sustainability of the welfare state. Indeed, public social expenditures have increased in most industrialized countries, as did development aid and the admission of asylum seekers. Spending on private social protection and private insurance and volunteering have also increased. Moreover, the smaller and more economically and socially open countries, such as Austria, Belgium, the Netherlands and Singapore, have generous welfare states that turn out to hold their own remarkably well, as does the commitment of citizens to their fellow countrymen.

And yet, the authors acknowledge that these positive findings may not last. Indeed, they see signs of decreasing solidarity among the younger generations compared to older ones. Moreover, as solidarity is based on reciprocity, support for the welfare state will no doubt decline when risk exposure is concentrated in particular groups (e.g. the higher incidence of unemployment benefits or social assistance claims among the low-skilled).

The welfare states are increasingly exposed to various pressures. First, growing competition from low-wage countries with hardly any social protection at all and are, thus able to produce more cheaply. Indeed, the rise of new economic superpowers such as China and India will thoroughly reshuffle global relations and might result in social dumping. A second factor putting pressure on welfare states is the growing influence of shareholder activists, in quest of the highest return on investment, who shun companies burdened by high taxes and social contributions because of their location in generous welfare states. This, as has already been the case for corporate taxes in the European Union (EU), is bound to lead to a tax-rate race to the bottom, in turn forcing cuts in public welfare provision. Third, migration flows will erode wages and deteriorate employment conditions in host countries making the welfare state more expensive, thus undermining public support for it among the native population. Fourth, the stringent EU monetary and economic policies may force Member States to modify their social protection systems to comply with strict rules on public deficits and debts. Moreover, economic integration may stimulate policy competition between Member States, which increases the emphasis on financial and economic issues at the cost of social issues. Examples of this increased competition include cuts in corporate tax rates and pressure from the lower labour costs and less generous welfare provision of the new central and eastern European (CEE) Member States.

What is more, greater liberalization of trade in services, through, for instance, the EU Services Directive,<sup>6</sup> might increasingly subject public services to international competition and adversely affect the welfare states. Lastly, de Beer and Koster point out that the belief that globalization threatens the sustainability of the welfare state might become a self-fulfilling prophecy simply because people now attach more importance to it or because politicians invoke it as an excuse to cut back on public expenditure.

The authors note that the impact of these different factors is difficult to assess, but that past experience has repeatedly shown some fears to be unjustified. Concerns about the growth of China and India resemble those that surrounded Japan's rapid development and technological advance in the 1970s and 1980s, followed by its economic downturn in the next two decades. Likewise, the 1990s concern that mass migration to the EU from the new CEE Member States would result in a race to the bottom of "downward convergence" in social expenditures appears, so far, to have been unwarranted.

While the authors do not find solidarity has declined, they note it has shifted from being one-sided to two-sided (i.e. based on reciprocity rather than altruism), with a preference for informal solidarity of the local community instead of state solidarity. They therefore contend that the social-democratic welfare state, embodying both kinds of solidarity, will only be sustainable in the long term if it succeeds in maintaining the delicate balance between these two types of solidarity. Current pressures on the welfare state might be addressed by either reducing or extending the scope of solidarity. Scaling down the welfare state to the local level of cities or even neighbourhoods has the advantage of a more homogeneous community, with more support for one-sided solidarity. The downside is a weak financial basis due to fewer opportunities for spreading risks. The authors suggest that, while the option of a supranational European welfare state is not plausible, introducing elements of international risk pooling to address this essential factor of welfare-state sustainability should be considered. This reviewer doubts the latter is possible in the current context of recession, high unemployment and population ageing in both industrialized and big emerging economies. A trend towards more protectionism and beggar-thy-neighbour attitudes seems, unfortunately, more likely.

"The crisis of the welfare state is stale news", says Peter Taylor-Gooby in the preface to his book. "Governments spend more on providing the social needs of their citizens than they ever have." New policies have been introduced, with some degree of success, in coping with the immediate challenges: population ageing, the hollowing out of government, citizen assertiveness, rapid technological change, developments in the family and in employment, and greater ethnic and cultural diversity, all in the context of runaway globalization. These changes have weakened the welfare state through what Taylor-Gooby calls "first order impacts": inequality and uncertainty, fragmentation of welfare constituency and limits to government intervention; rising costs of pensions and health care, declining solidarity and increased diversity.

Most western countries have met these challenges with welfare reforms which have been extensively studied. These new policies, however, have in turn produced "second-order impacts" – notably a shift from reciprocity to individualism, from inclusion to independence and from trust to uncertainty – which have received less attention. And yet, argues the author, second-order impacts may undermine in the long run the values essential for the survival of the welfare state: reciprocity in the balance of contribution and benefit between population groups at different stages in the life cycle, inclusion through redis-

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<sup>6</sup> Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

tribution of both opportunities and real resources to disadvantaged groups, and trust that services would continue to meet the needs of vulnerable individuals in an uncertain future. These values underpinned the traditional welfare state and social citizenship. The shift towards an individualization of responsibility for welfare outcomes constrains reciprocity, contradicts inclusion, and undermines important aspects of trust.

The book focuses on two dominant features of current reforms – at the levels of the Government and of the citizen – to assess their impacts on social citizenship. At government level, these include new approaches to public management leading to greater use of competition, expansion of internal markets, and target setting, incentives for greater cost-efficiency and responsiveness to users in public services such as health and social care, education and training. At the level of the citizen as service user and benefit claimer, the emphasis is on choice, opportunity, activation and responsibility for outcomes, the latter being increasingly transferred from government to individual as recipient of unemployment benefits, pensions or social assistance. Social citizenship now means choice and opportunity for active and committed citizens rather than benefit entitlement from Government, which results in a less solidaristic citizenship. The new approach pursues welfare ends by indirect rather than direct means, implying a transition to a more individualized welfare state citizenship. While the strong pressures on the welfare state provide justification for change, the author notes they do not necessarily impose a “one best way” to reform the welfare state.

The new policies seek to achieve three objectives: (i) a more internationally competitive and productive economy in the context of globalization and accelerated technological change to be achieved by mobilizing, motivating, and training the workforce; (ii) greater cost-efficiency in service provision via the aforementioned new approaches to public management in response to pressures from globalization, ageing populations, and changes in the world of work; and (iii) greater responsiveness to service users’ demands to be achieved through their empowerment as “responsible consumers”. However, competitive and target-driven approaches direct provider interests outwards to the market or upwards to the target-setter and away from the needs of the service user, reducing trust and clouding welfare provision in uncertainty. This inhibits recognition of the problem so that the sustainability of the welfare state may be undermined by policies designed to advance welfare in a changing world.

Arguing that the new policy model damages social citizenship, the author dissects the concept of the individual as an independent rational actor and its rise among policy-makers in Europe, particularly in the United Kingdom. He assesses its positive effect on capacity to generate clear prescriptions for policy (a strength), as well as its tendency to ignore the symbolic and expressive aspects of behaviour in society, and the role these play in reinforcing social norms and commitment between service providers and users that underlies social trust (a weakness). While the new policies succeed in changing behaviour substantially”, they do so at the cost of undermining some of the key components in the normative framework of social citizenship – a risk of which reformers seem unaware...

The author analyses the challenges globalization poses to the provision of welfare, as the rise of poverty, inequality and diversity reduces solidarity and social cohesion. He concludes that second-order outcomes of the new policy logic are rising inequality, particularly at the top end, and the failure to open opportunities across all ethnic groups, thereby damaging support for welfare values. He finds that support for reciprocity between identified groups of contributing citizens in the population is relatively secure, but limits support for outsiders. Thus there is a general retreat from the idea of the state as

an agent to mitigate inequality. The social inclusion of vulnerable groups and the trust of citizens in the chief providing institutions are subject to continuing challenge. Maintaining social citizenship, necessary for sustaining the welfare state, requires strong and continuing political commitment. The author concludes that the shortcomings of the reform policies require enhancing competitiveness by reducing the privileges of advantaged groups and extending the inclusion of the weakest and rebuilding public trust by extending democratic engagement in social provision.

Interestingly, Taylor-Gooby's point about the need for policy-makers and reformers to realize the importance of trust, reciprocity and solidarity, seems to have been at least partly vindicated recently. Indeed, a December 2009 conference on pension reforms attended by pension consultants, academics and policy-makers in the United Kingdom discussed the possibility of creating hybrid "collective defined contribution" pension schemes capable of spreading the sustainability risk across generations. The proposal was inspired by the Dutch experience. However, it was argued that this model might not work elsewhere – i.e. neither in the United Kingdom – because its success is based on the trust of the Dutch in the institutions delivering pensions, a basic element considered to be lacking elsewhere.<sup>7</sup>

Guy Standing's book offers an encyclopaedic view in a long historic perspective of changes in work, labour practices and labour relations, from the emergence of the guilds, through industrialization and "tertiarization" of the economy and society. It highlights the impact of technological change and globalization, but also the philosophies and political ideologies that shaped and regulated employment and labour relations (utilitarian, utopian, liberal, neoliberal, conservative, progressive, egalitarian, social democrat, labourist, neo-labourist). He systematically discards these ideologies and the related political options as inappropriate for the post-industrial twenty-first century.

Standing describes at great length the implications for society of two transitions: Karl Polanyi's Great Transformation,<sup>8</sup> which Polanyi considered unique and resulting in "permanent institutions", and his own Global Transformation, which, he argues, succeeded the former in the phase of globalization following the Second World War. These major transitions are characterized by successive phases of labour "commodification" and "decommodification", culminating in the emergence of a global labour market, a global market society and the end of "industrial citizenship". The latter was characterized by the extension of social rights – entitlements and norms associated with industrial wage labour – sustainable in a world of closed national economies, in which trade took place primarily between countries with similar levels of labour security and cost structures. These social norms were promoted as fundamental individual and collective rights by the labourist model forged by the ILO – based on industrial labour and collective bargaining between employers and trade unions. Social rights were traditionally advanced through neo-corporatism and social solidarity institutions, leaving people increasingly vulnerable to shocks and hazards.

As economies opened with the spread of globalization from the 1960s onwards, argues Standing, those institutions weakened, social rights were gradually curtailed and capacity to enforce them declined. By the 1980s, competitiveness had become the yardstick for assessing all institutions, policies and reforms, which reflected the Washington

<sup>7</sup> See Pauline Skypala: "Consultants' twist on DC problematic", in *Financial Times*, 11 Jan 2010.

<sup>8</sup> Karl Polanyi: *The Great Transformation: The political and economic origins of our time*. Boston, MA, Beacon Press, 1944.

Consensus of international financial institutions. Deregulation and the rolling back of the state became the rules of the game, resulting in growing inequalities and insecurities and loss of social solidarity, the unsustainable “labourist” social model having been displaced by a global market model epitomized by the World Trade Organization (WTO).

In this process, a class restructuring occurred which the author identifies in his own denominations and in descending order of status, income and security, as follows: (i) the “global elite” of wealthy corporate executives associated with the financial markets, who live off non-wage income and enjoying incredible financial power – a group by no means confined to a few rich countries; (ii) the “salaried” – a privileged category of high-income earners in stable full-time employment in the public or private sectors. This class tends to identify with management and employers and feels detached from the state social protection system (though having access to it in case of need) as it can rely on private insurance. Being identified as “management”, they negotiate directly with the employer for an individual contract which includes insurance benefits and untaxed perks. In some countries they are distinguished from “employees” and can therefore no longer claim individual or collective “employee” protection under labour law. This may be important in times of declining employment security and rolling back of employee rights; (iii) the “proficians” – an emerging social category who include both professionals and technicians working mostly on short-term contracts as independent contractors or consultants, with little job security but earning high incomes. Considered to provide “entrepreneurial services” rather than labour, they are not covered by social protection and labour law, though they may benefit from universal state transfers. The author includes in this group retirees who return to their old job or a similar job on short term contracts, claiming that they tend to weaken the bargaining position of younger professionals (e.g. teachers in the United States); (iv) the “core workers” constitute the withering working class, consisting mostly of men in stable, manual jobs, earning relatively high wages, and who are inclined to join unions, but also of women in the service sector. Welfare states were created to respond to their needs. They have suffered from “casualization”, less coverage by protective regulation and the erosion of both enterprise and state benefits; (v) the “precarious”, which has grown the most both in advanced economies and in developing countries, consists of masses of “flexiworkers” fleeting between jobs, with little occupational identification or labour security, low pay, low status, few enterprise benefits and less access to state benefits and no access to investment in skills. Beyond these five groups there are the long-term unemployed and the “detached”, a growing category of anomic, chronically poor people, cut off from state benefits.

The author attributes this new class structure and its concomitant forms of inequality to the erosion of the four main institutions – the family, the educational system and the unemployment and disability systems – that used to limit the power of market forces (i.e. of “commodification”) by providing a mechanism of social solidarity and means for self-development beyond the reach of those forces. There is a need for countervailing mechanisms by which citizens can reinforce solidarity and reciprocity in order to offset market pressures.

Another barrier to labour commodification was the system of occupations. It made it possible to control the pace and intensity of work, set standards of efficiency and quality, define a career in terms of non-market criteria, determine its relationship with market and state, and fix codes of conduct and patterns of social responsibility towards clients, colleagues and friends. When these features of professional activity are determined by external bodies, notably the state, occupations lose autonomy and disappear because they no longer serve a social or productive purpose. The Global Transformation

has dismantled these non-market practices as public legitimacy has come to rest on competitive efficiency, thereby eroding professional autonomy by extending management control and intervention by financial capital. As national regulations proliferated in market societies, globalization required the gradual emergence of an international regulatory regime pushing states to converge around specific occupational regulations – shifting from a primary concern for national practitioners and quality of services to a primary concern for cost control and competitive markets, fostered by bilateral and regional trade agreements and instruments such as the EU Services Directive or the WTO's General Agreement on Trade in Services (GATS). This development coincided with changes in work practices characterized by pervasive "time insecurity" (need to be flexible in being on call), the blurring of the line between home and work, the spread of virtual firms, growing employment and career flexibility and encouragement to pursue self-interest, which emphasizes individual responsibility for success or failure and erodes solidarity and altruistic norms.

Standing distinguishes between "labour" and "work", the latter capturing the positive side of productive, reproductive (notably non-paid "caring" that is not recognized as "labour") and creative activity, which includes personal development, inaction and contemplation. An occupation provides a mechanism for social interaction, social solidarity and reciprocity, which are absent from the labour market.

Standing holds that the error of twentieth-century progressives pursuing industrial citizenship was to idealize wage-earning labour and full-time employment of the male breadwinner, focusing labour law and social protection systems on those in a standard employment relationship. Growth of the numbers of people falling within the "precariat" and "proficians" categories has shown the shortcomings of the current regulatory system (i.e. greater inequality and insecurity).

Standing sees two alternative reform paths. One is to extend protection to those close to standard employment – agency workers and temps, who would thus receive the same entitlements as full-time workers, with part-timers being entitled to pro rata benefits. While reducing exploitation and inequality, it would still leave the most insecure unprotected. The other, which he favours, would be to create basic rights for all people doing all forms of work who should have an equal right to freedom of association and freedom to bargain collectively. If this path is taken, labour law must be phased out, not further refined; it should become part of common law. At present, he argues, labour law mainly exists to protect *employees* in their dealings with *employers*, leaving out a great many workers. Though he acknowledges various difficulties in current common law for workers to organize and bargain (due to anti-trust rules, which prohibit their unionization, as well as to the absence of a "legalized counterpart" that occupations can easily identify and bargain with). Dispute settlement via conciliation, mediation and arbitration councils should be a public social service in which representatives of occupational bodies should figure along with those of employers and workers.

In keeping with the former claim, he calls for "labour rights" to be converted into "work rights", meaning the removal of barriers to work of any type that does not contravene the rights of others, enabling everybody to refuse intolerable jobs and to do work that is not labour without being penalized. A minimum of security would thus be attached to precarious work through negotiated agreements that set floors of minimum conditions that do not depend on employer-employee relationships.

In Standing's view, the way forward in this direction was shown by freelance editors in Canada. Being independent, editors work on a project basis with several clients, negotiating "incomplete contracts" that allow work arrangements, quality and intensity of



work to vary according to inclination. They typically negotiate separately with a publisher and an author, possibly also with an agent who subcontracts work to them. As independent contractors, freelance editors were excluded from labour and social protection. So a group of editors formed an association that developed standard contract forms and provided information on appropriate fee scales to members, besides filling a “work agency” function for matching editors with clients. However, editors could not form unions under Canadian legislation, as this was considered to interfere with competition.

The deadlock was partly broken by the Status of the Artist Act of 1992, which granted collective bargaining rights to freelance or self-employed professional artists, exempting their associations from the legal liability for acting in concert to limit competition as they were deemed to be “combinations of employees”. The law set up a mechanism empowering the artists’ (i.e. all independent contractors’) associations to negotiate with producers “scale agreements”, setting minimum-term pay for the provision of artists’ services.

The next step would be the creation of occupational associations setting the sphere of the occupation and standards of practice within a rights-based framework promoting deliberative democracy. National and international occupational associations would, in turn, be the basis for occupational citizenship. Standing’s “vision for the twenty-first century is that occupation – working life – will be chosen in freedom, allowing individuals to realize vocation as their capabilities develop” (p. 282). He gives examples of professional associations set up at national and international levels, such as those of architects, medical doctors and nurses, but says little about the kind of education, training and life-long skills upgrading that could enable core working-class or precariat workers to choose freely and exercise an occupation, or enjoy leisure and contemplation. He strongly criticizes the “human capital” concept as a “market” product heightening competition among workers, but does not suggest an alternative “decommodified” path. This limits the scope of “occupational citizenship” for broad social coverage.

To achieve the “emancipatory freedom” of occupational citizenship, Standing calls for a strategy to delink basic security from labour. This could be achieved by granting all citizens or legal residents indistinctly an unconditional right to a guaranteed monthly income, either as a tax credit or a cash payment ensuring dignified survival if they choose – or are obliged – to rely on it. This basic income should be part of an egalitarian strategy which should be combined with occupational social protection schemes and with a democratic sharing of capital income (for example through sovereign wealth funds), which could strengthen the financial base for basic income. Additional funds would come from the dismantling of the plethora of tax breaks and subsidies, amounting to more than 6 per cent of GDP in developing countries, currently paid out to corporations or “favoured groups” (such as subsidized employee stock ownership and fuel subsidies in the case of developing countries). The right to basic income could be implemented gradually, an initially low amount rising to a decent level as the principle becomes accepted, or it could be paid initially to the most vulnerable to poverty – as Brazil’s minimum income (*renda mínima*) and school stipend (*bolsa escola*) schemes that eventually turned into a family stipend (*bolsa família*). Standing maintains that “basic security for all would help to revive altruism” (p. 301) – but does not say how and why.

Standing rejects the welfare state’s system of means-testing by oversight as stigmatizing and divisive because it distinguishes between the deserving and undeserving poor. He also calls for the rolling back of the “paternalistic” welfare policy attaching benefits to behavioural conditions using fiscal policy to boost labour. “This is contrary to full freedom, distorts labour markets and is costly”, he argues (p. 305).

The current financial-economic-social crisis has clearly shown the risks of an economic system completely detached (“disembedded”) from social reality and characterized by gaping inequalities. Standing’s vision of a better future is an egalitarian “occupational citizenship”, based on occupational communities which in emphasizing civic friendship cultivate a sense of justice and ethics. Occupations are also a means of combating individualization and the paternalistic tendencies of the family and the state. This new citizenship should encompass all strata of society (including women and migrants) and be underpinned by a universal basic income that provides security, a more satisfying working life, self-chosen work, control over time use, leisure to develop capabilities as human beings (to be distinguished from play), “civic friendship”, participation in socio-political life, and, above all, freedom. By contrast, “globalization offered no utopianism other than endless consumerism” (p. 323).

This, in a nutshell, is the main message of this thought-provoking book. Its vision of meaningful life, self-fulfilment and social solidarity replacing greed, selfishness, careerism and consumerism is attractive and welcome. It should be urgently considered by policy-makers, social actors and civic society for it breaks new ground in adapting labour law and social protection – as well as social dialogue – to the realities of the radically different societal structures of the twenty-first century. Some of Standing’s arguments are, however, too Manichean, as they simplify events, attitudes, viewpoints and institutions, to the point of throwing out the baby with the bathwater, as when denigrating the views and undermining the legitimacy of social democratic parties and shrinking trade unions weakened by globalization. As for the ILO, he says that in order to serve as the regulatory body of the new occupational community, it would have to be radically overhauled, but he doubts it can reform itself. He recalls, citing Polanyi, that the ILO was set up to take wages and labour out of international competition by focusing on national labour market and industrial citizenship based on labour law, collective bargaining and tripartism, with employers organizations confronting trade unions, mediated by the state. Its current tripartite governance structure excludes occupational organizations as well as representatives of informal-sector workers and employers. Standing therefore doubts that the ILO can be restructured to meet the challenges of occupational citizenship, even though in recent years it has advocated the extension of social security and labour protection to the informal sector.

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**From ILO standards to EU law: The case of equality between men and women at work.**

By Eve C. LANDAU and Yves BEIGBEDER. Leiden, Martinus Nijhoff, 2008. xix + 340 pp. Annexes, list of cases, bibliography, index. ISBN 978-90-04-15718-7.

This interesting book reviews achievements in the promotion of gender equality in the context of European Union (EU) law and ILO standards. It begins with descriptive chapters on the origins of equal rights for women and men under international law (United Nations and ILO), and on advances at the European regional level (Council of Europe and EU). These are followed by a comparative labour law analysis of the ILO and EU approaches.

Taking specific examples of ILO Conventions on equality cited by the European Court of Justice (ECJ) since the 1970s, the authors point out that the EU has been shy to acknowledge the rich legacy it drew from the ILO. But they note that the juridical relationship between them has become closer over time. As proof, they cite the 2006 Decision of the European Council of Ministers to cooperate more closely with the ILO and promote its Decent Work Agenda. While this was clearly a key political message, the authors might have sought out further examples – of a more practical nature – of the strengthened partnership between the two institutions – because so many others are indeed available. These rightfully include the May 2001 Exchange of Letters between the European Commission and the ILO, which covers a wide variety of policies, actions and themes – not only equal opportunity and treatment between women and men – both inside and outside the EU. Other examples are the annual high-level secretariat meetings and systematic inclusion of references common to both organizations, which have elevated gender equality to the rank of a key area of collaboration. The 2004 strategic partnership for development cooperation and the ILO's 2003 accession to the EC-UN Financial and Administrative Framework Agreement also contributed to this strengthened sense of working together for common goals, including gender equality at work. In addition, the book might have contained a reference to the EU's most recent handbooks.<sup>9</sup>

Separate chapters are devoted to equal remuneration, affirmative action (incidentally, a more robust discussion of “special measures” in ILO texts might have found a place in this chapter), maternity protection, workers with family responsibilities, part-time work, and sexual harassment. In the process, the authors demonstrate how regional European norms have been clarified and better understood and implemented by reference to ILO standards. In particular, Directive 2006/54/EC<sup>10</sup> might not make any direct mention of the ILO, but its references to the EU Charter of Fundamental Rights and ECJ jurisprudence encapsulate the idea that the regional regulatory framework is fully consistent with the international standards of the ILO.

The book's release coincided with the adoption of the ILO's 2008 Declaration on Social Justice for a Fair Globalization, which places gender equality at the heart of the Decent Work Agenda. Adopted somewhat later, in 2009, the International Labour Conference's Conclusions on Gender Equality<sup>11</sup> make specific reference to partnership with the European Union as an example of the leveraging of respective strengths for the promotion of decent work and gender equality.

The considerable development of labour law in this field has thus been enriched by the interplay of the two systems. Commentators, decision-makers and the women and men who seek decent work in conditions of freedom, equity, security and human dignity all know that there is still no society that has eradicated sex discrimination at work. Yet this book supplies a convincing argument to show that, when juridical systems align themselves, the stronger legal framework can lead to improvements.

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<sup>9</sup> See, for example, Susanne Burri and Sacha Prechal: *EU gender equality law*. Brussels, Directorate-General for Employment, Social Affairs and Equal Opportunities, 2008.

<sup>10</sup> “Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast)”, in *Official Journal*, L204, 26/07/2006, pp. 23–36.

<sup>11</sup> See International Labour Conference, 98th Session, 2009, *Provisional Record No. 13*, pp. 13/65 to 13/78.