



## **Globalization and Social and Economic Development: A Comparative Book Review of Making Globalization Work, The Bottom Billion, and In Defense of Globalization**

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Making Globalization Work. By Joseph E. Stiglitz. New York: W.W. Norton & Company, 2007.[1]

The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It. By Paul Collier. Oxford: Oxford University Press, 2007.[2]

In Defense of Globalization. By Jagdish Bhagwati. Oxford: Oxford University Press, 2004.[3]

### **Globalization and Social and Economic Development**

In 1966 the United Nations General Assembly adopted the International Covenant on Economic, Social and Cultural Rights. The 31 articles in this document elaborated on the social and economic provisions of the Universal Declaration on Human Rights (articles 22-27) adopted by the General Assembly in 1948. The Covenant entered into force in 1976, and as of 2010, it had been ratified by 160 member countries of the United Nations.[4] Nevertheless, social and economic development is extremely hard to measure, due to the vagueness of the concept development and the much politicized nature of the debates surrounding it. World Bank economists estimate that the percentage of people living under US\$1.25 per day in the world dropped from 51.8 percent in 1981 to 25.1 percent in 2005.[5] Philosopher Thomas Pogge prefers to focus on the number of people who die from poverty-related causes: one third of all deaths in the world. According to Pogge, the dollar-per-day statistics undermine the graveness of poverty since the life expectancy of the poor is much lower.[6] The Human Development Index (HDI) is a measurement more widely accepted than the previous two. A recent Human Development Report shows that overall we have witnessed modest advances in development in most countries. From 1980 to 2006, most of the 80 countries about which reliable data exists have experienced “fairly steady” improvements in education, though five countries present zero improvement since 1990.[7] Regarding life expectancy, out of a dataset of 180 countries, only 30 have shown no improvements since 1990. And “tremendous success has been made in bridging the gap between women and men,” but highly objectionable gender inequalities still persist in most parts of the world.[8] If we accept that most countries around the world have made modest but insufficient



improvements towards the fulfillment of the 1966 Covenant, two vital questions must be asked: How can they continue to improve? Why are some countries not improving at all?

The books reviewed here address these two questions. Jagdish Bhagwati's *In Defense of Globalization*[9] has two main arguments: first, and contrary to what anti-globalization activists argue, globalization fosters growth, and growth reduces poverty; second, "the pace at which globalization advances social agendas need not be accepted as satisfactory." [10] The title of Joseph E. Stiglitz's book – *Making Globalization Work*[11] – depicts well his core thesis: "globalization has the potential to bring enormous benefits to those in both developing and the developed world. But the evidence is overwhelming that it has failed to live up to this potential." [12] While Bhagwati and Stiglitz address the first question, Paul Collier focuses on the countries falling behind. In *The Bottom Billion*[13], Collier examines four poverty traps that prevent some 58 countries from reaping benefits from globalization.

Together, these three books provide a good overview of what economists know about globalization and social and economic development. This review starts by laying out the core argument of each book, and then examines how the authors address four key topics in the development literature: multinational corporations, foreign aid, environmental issues and gender issues. Discussions are enriched by other works in the field, by the same authors, and by their critics. The objective of this review is to situate the arguments within each author's academic career and within the broader development literature, offering the reader a deeper understanding of the topics examined.

### **Core Arguments: Globalization Has Winners and Losers**

All three authors agree that globalization has failed some while helping others. Bhagwati sees trade as the main engine of growth and poverty alleviation, and globalization as a process that spurs trade – if the right policies are in place. He argues that some countries shot themselves in the foot as they opted for inward-looking policies in the 1960s and 1970s. The origins of this argument can be traced back to a research project at the National Bureau of Economic Research (NBER) in the early 1970s. The project, directed by Bhagwati and Anne O. Krueger, examined the relationship between trade and payment regimes in countries with exchange controls, and the impact of these policies on economic growth.[14] The research found that countries with export-oriented development strategies had as much government intervention as countries with import-substituting policies, but the former was less costly and led to better growth performance. By then South Korea was already performing better than countries such as India. The NBER research found that one of the determining factors in South Korea's comparative success was an exchange-rate policy that favored exports while controlling the negative impacts on imports by providing preferential importing licenses.[15]



By the end of the 1980s, Bhagwati was utterly convinced by the evidence in favor of export strategies. In a paper comparing export-promoting and import-substituting strategies, he stated that “[t]he export pessimism following World War II was to prove unjustified by the unfolding reality.”[16] World trade was growing fast and countries adhering to it, i.e., the Asian Tigers, were doing better than countries avoiding it. This argument is also backed by more recent longitudinal analyses. Dollar and Kraay divided developing countries into two groups – globalizing and non-globalizing – according to their trade policies in the 1960-1990 period. On average, the first group reduced import tariffs by 22 percent, increased their trade/income ratio by 104 percent, and experienced more economic growth than both non-globalizing and rich countries.[17] In Bhagwati’s view, whether a country benefits from globalization or not depends largely on its trade policies.

Stiglitz has less faith in the market. In *Making Globalization Work*, he argues that economic globalization has outpaced political globalization, as a result markets are not favoring developing countries. In his words, “it is bad enough that the developing countries are at a natural disadvantage – but the rules of the game are tilted against them...the global and financial regimes give the advanced industrial countries a marked advantage.”[18] This concern with market imperfections has been an enduring theme in Stiglitz’s career. In a widely-read article published in 1981, Stiglitz and Weiss examined the negative impact of imperfect information in credit markets. They argued that banks rationalize credit and disregard demand, i.e., creditors’ willingness to pay high interest rates and desire to take large loans, because of their lack of full information about the probability of repayment. The authors argued that their findings may apply to a number of principle-agent problems, such as landlord-tenant relations in agriculture.[19]

Few years later, Greenwald and Stiglitz showed that the Pareto efficiency[20] assumption holds only under a rarely found set of circumstances: most markets are imperfect. Thus, government interferences, e.g., commodity taxes, can be Pareto improving.[21] In 1998, while he was the Chief Economist of the World Bank, Stiglitz stated clearly an idea that underlines much of the book reviewed here: “[t]he political process may actually have an important say in the choices of economic direction. Economic policy may not be just a matter for technical experts!”; politics must catch-up with economics and “tilt” globalization “to favor developing countries.”[22]

Collier is concerned with 58 countries that are falling behind in the globalization process: “I think the sad reality is that although globalization has powered the majority of developing countries toward prosperity, it is now making things harder for these latecomers.”[23] The countries in *The Bottom Billion* have fallen into poverty traps: endogenous political and



physical conditions that lead to a vicious circle of poverty. The political and economic instability caused by these traps prohibits countries from benefiting from international trade and foreign investment, and lead many people within these countries to migrate to more developed countries.

Collier's book is grounded in a long-standing dedication to development in Africa; the continent's underdevelopment has been a pervasive preoccupation in his career. In 1983, Collier discussed "Oil and Inequality in Rural Nigeria." [24] Under the commission of the International Labour Organization, Collier researched the impacts of Nigeria's 1970 oil boom. He found two mechanisms through which oil revenues increased inequality. In the period between 1968 and 1979, as a result of the massive inflow of foreign currency, Nigeria's real exchange rate tripled, which led to a decrease on the prices of exports, and an increase in the price of products traded domestically in relation to those traded internationally. The price of food increased 140 percent in relation to non-food products, but only large-scale farmers benefited from this price increase. He concluded that "the oil boom...has accentuated inequality among food farmers and has reduced the income of export farmers." [25] This research reappeared in an analytical format in *The Bottom Billion*. Chapter Three discusses the natural resource trap, wherein the discovery of valuable natural resources leads to reduced growth and political instability. Nigeria is the main example in this section, which also discusses in detail the mismanagement of oil revenues in the country.

Collier's other works include "The Marginalization of Africa", in which he pointed out that Africa's share in international trade was decreasing in relation to other developing regions; the continent was receiving only one percent of international trade investment, and "aid and migrants' remittances...constitute their main form of participation in the world economy." [26] In the article "Why Has Africa Grown Slowly?" [27], Collier and Gunning surveyed the literature on Africa's development and argued that policy is more relevant than "destiny" factors, i.e., being landlocked and tropical, and domestic policies more relevant than external pressures. Thus, *The Bottom Billion* is the result of a long-standing interest in development in Africa. In fact, his expertise in Africa leads to an overemphasis on the continent. Though Collier asserts that the 58 countries are not all in Africa, most of his examples are from African countries. This negligence allows the reader to question whether Collier's analyses apply equally well to, say, Bolivia, which is mentioned only in passing in the book.

### **Transnational Corporations: Important Engines of Growth, But Require Regulation**

Journalistic work in the last two decades has exposed unethical practices of a number of multinational corporations (MNCs). Naomi Klein's famous No Logo [28] is a mandatory read



for social science students around the world, among whom the documentary *The Corporation* is also a must-view.[29] Academic research has also documented the negative impact of the business practices of some MNCs, their subsidiaries and sub-contractors.[30] As a result, the role of MNCs in development has become rather controversial. The three authors examined in this review see corporations as having a key role to play in development, but all of them propose improvements in the regulatory business environment.

Bhagwati points out that the power of corporations is exaggerated by the critics of globalization. MNCs do not operate in monopoly conditions and the frequent comparisons of corporations' large-sale revenues and poor countries' small GDP is misleading: the former is a gross amount and the second is an aggregate of value added. According to Bhagwati "that multinationals exploit workers in the poor countries by paying low wages is the most frequent and least persuasive charge." [31] His argument is grounded on a series of econometric analyses of wages in multinational corporations in developing countries, summarized in a NBER working paper.[32] This paper reviewed studies showing the existence of large foreign wage premiums in developing countries. In Indonesia, for example, the annual wages of those working for Nike subcontractors was US\$720, whereas the country's average wage was US\$241. More refined studies included dummies to isolate the regional effect (MNCs tend to established themselves in the most high paying areas within countries), the industry effect (MNCs are usually in the most profitable sector of the economy), and the plant effect (MNCs' infrastructure usually make their employees more productive). Isolating these three factors, the foreign wage premium decreases considerably – by two thirds in one the studies reviewed – but remains significant. According to this study, foreign companies pay better than domestic firms. Moreover, MNCs bring productivity-enhancing techniques, new technology, and better management practices to developing countries, which are referred to as "positive spillovers". Bhagwati also discusses "harmful spillovers". His main concern is with corporations negatively influencing policy making. "A prime example of such harmful lobbying by corporations in recent years has involved intellectual property protection (IPP). The damage inflicted on the WTO system and on the poor nations has been substantial." [33] Pharmaceutical firms pressured US trade representatives to make the collection of royalties a trade issue, and managed to impose overzealous protection, such as twenty-year patents and restriction on generic retroviruses. Another example of harmful lobbying power is the case of cigarettes: "subsidies continue to be paid for growing tobacco!" [34] Bhagwati does not believe that a new institution or a single set of rules can regulate businesses. Instead he suggests that,



A tapestry woven in three colors, one of social-morning codes, another of a multiplicity of voluntary codes, and a third of diverse mandatory national codes, would then appear to define a nuances and desirable approach to the question of social responsibility by global corporations.[35]

Stiglitz has a similar view of the role of corporations, which according to him, “have been at the center of bringing the benefits of globalization to the developing countries.”[36] Corporations support the poor in both the supply and the demand side, making jobs and affordable goods available. But Stiglitz is also concerned with how to “minimize their damage and maximize their net contribution to society.”[37] The author pays particular attention to the question of limited liability. While limited liability is a crucial feature of modern capitalism, promoting risk-taking and investment, in some cases it allows for damages inflicted by corporations to go unpunished.

Stiglitz insists that one way of improving corporate governance is to make it possible for executives to be held accountable for their actions: regulation must make “it more difficult for them to hide behind the veil of their corporations.”[38] He fails, however, to provide a tangible proposal for how this change could be made possible. He suggests that those damaged by corporations should be able to sue them in their home countries, and that corporations’ home countries should enforce judgments made in other countries; which means that poor workers in developing countries would have to bring their case to foreign courts, and developed countries would have to enforce rulings made in countries with weak state apparatuses. In practice, even small states have great difficulties using international legal mechanisms such as the WTO Dispute Settlement Mechanism,[39] and the United States has a history of being reluctant to enforce international legal agreements.[40] The question of limited liability raised by Stiglitz is highly relevant and deserves more attention in development debates. However, such proposals need to incorporate the experience and knowledge of international lawyers and legal scholars.

The Bottom Billion is concerned with whether corporations ameliorate or exacerbate the challenges faced by the countries falling behind. MNCs may unknowingly support, choose to overlook, or deliberately sponsor corrupted governments. In the case of the natural resource trap, international extracting companies that are willing to engage with corrupted government officials facilitate the misuse of resource revenues, and sometimes these corporations keep an unjustly high portion of the resource rent for themselves.

Corporate behavior is also enmeshed in a second poverty trap: the conflict trap, “a pattern of violent internal challenge to government.”[41] Collier argues that poverty and slow growth foster the general desperation, youth hopelessness, and governance weakness that together



constitute a very fertile soil for conflict. Conflicts cost money and corporations may help to fund them. “There have been several cases where international companies have advanced massive amounts of funding to rebel movements in return for resource concessions in the event of rebel victory.”[42] The characteristic example in this case is Angola: the rebel forces controlled the diamond-rich region of Huambo, while the government forces controlled Luanda and Cabinda, the two oil-endowed provinces. From 1992 to 1998, the rebel forces received an estimate of US\$3.7 billion from diamond sales; in 1998 alone the government received \$3.3 billion in oil revenue.[43] Sonagol, the government-controlled oil company has received “signature bonuses” from companies entering joint-venture projects in amounts varying from US\$80 to US\$320 million.[44] The conflict lasted 27 years (1975-2002), and in 2005 the country had the 16th worst HDI in the world.[45]

In chapter nine Collier spells out a number of laws and charters to improve the problems faced by these 58 countries. A Charter on Natural Resource Revenues should set guidelines for designing licensing auctions and contracts that share risk more evenly between host governments and extracting companies, and impose norms of transparency for natural resources’ revenues and expenditure. These policies are feasible, already in practice, and expanding in importance.

In 2000, the diamond giant De Beers launched the Kimberley Process (KP), a certification procedure to reduce the commercialization of “conflict diamonds”[46] In 2007, the process was publicly endorsed by the United Nations General Assembly[47]; by 2008, 75 countries were trying to implement the KP’s certification scheme.<sup>30</sup>In 2002 the government of the United Kingdom created the Extractive Industries Transparency Initiative (EITI). “The EITI sets a global standard for companies to publish what they pay and for governments to disclose what they receive.”[48] In *The Bottom Billion*, Collier sees the EITI as a positive but timid initiative. In 2009, representatives from 80 countries met in the fourth EITI international conference, where Azerbaijan was recognized as the first country to pass EITI validation; later in the same year the heads of state of France and Niger announced the adoption of EITI standards in their uranium trade.[49] By 2010, Liberia and Timor East had also passed validation, and 27 countries are candidates to the certification. Since the time of Collier’s research, the EITI has progressed from a statement of aspiration, to an international pledge, to an actual certification process. These advances support Bhagwati’s confidence in voluntary codes and the emergence of increasingly nuanced corporate regulation.

### **Foreign Aid: Not the Silver Bullet of Development**

A central debate in development studies regards the role of foreign aid. This debate is polarized among those who advocate for more aid and those who argue for better aid. The



face of the first group is Jeffrey Sachs and the United Nations Millennium Development Project.[50] The second group's view is well articulated in William Easterly's widely-read *The White Man's Burden*. [51] The rationale and core argument of each group is summarized in the boxes below; which should help situate the books reviewed.

#### Jeffery Sachs' "Big Push"

"Tropical Africa, even the well-governed part, is stuck in a poverty trap, too poor to achieve robust, right levels of economic growth and, in many places, simply too poor to grow at all" (p.121-2).

"We argue that what is needed is a 'big push' in public investments to produce a rapid 'step' increase in Africa's underlying productivity, both rural and urban. The intervention of foreign donors will be critical to achieving this step increase" (p.122).

"Planning, investing, and coordinating efforts to achieve the MDGs in African countries stuck in poverty traps amounts to an undoubtedly ambitious agenda. Yet we have argued that only an effort of such scale can enable countries in tropical sub-Saharan Africa to escape the poverty trap, and we have outlined that such an effort is feasible" (p.185).

#### William Easterly's "Searchers"

"We have to separate two questions that are usually lumped together: What can Western aid do? How can long-run prosperity be achieved in the Rest?..Western aid is not the answer to question two" (p.28).

"[T]he West cannot design a comprehensive reform for a poor country that creates benevolent laws and good institutions to make markets work" (p.100).

"The official aid agencies simply don't know how to change bad governments into good governments with the apparatus of foreign aid" (p.156).

"Aid won't make poverty history...Only the self-reliant efforts of poor people and poor societies themselves can end poverty...The Planners have dominated the past generation of efforts of the West to help the Rest...Maybe it is now time to give the Searchers a chance" (p.382-3).

The difference is remarkable. Sachs argues that Africa needs a "Big Push" of aid from developed countries, without which African countries will not be able to achieve the globally established Millennium Development Goals. Easterly posits that catch-all programs designed by Planners have been a historical failure, aid from developed countries has a secondary role in development, and it should simply support Searchers who can use their knowledge of local realities to create programs that bring piecemeal improvements to people's lives.

Bhagwati's view is aligned with Easterly's position. In *Defense of Globalization* discusses development aid briefly but pointedly. "Many economists have cautioned poor countries not





to accept anything that is called aid just because it is so described... the gift horse may well be a Trojan horse!”[52] Bhagwati’s skepticism is fuelled by the fact that aid grants are often simply loans with interests close to commercial rates; and the disbursement of these loans is tied to conditions that usually involve the purchase of products and services from donor countries. However, Bhagwati calls attention to the need to create institutions to handle the downsides of globalization. Adjustment assistance should be provided to workers in industries negatively affected by import competition, and to small farmers whose livelihoods depend on crops in volatile markets. This shortage of protection is not new – welfare systems in developed countries do just that, but developing countries often lack the necessary resources. The international community, through the World Bank, should provide assistance to the losers of globalization in developing countries, argues Bhagwati.

Stiglitz advocates for more aid with less conditionality. He bitterly remarks that “if America can afford a trillion dollars to fight a war in Iraq, surely it can afford less than \$100 billion a year to fight a global war against poverty.”[53] He does not discuss the matter in details but devotes an entire chapter to a closely related topic, debt. As noted by both Easterly and Bhagwati, a large part of foreign aid comes in the form of loans. The poor countries that take these loans often cannot meet the ever increasing debt obligations that accompany them. In 2002, Moldova’s debt services mounted to 75 percent of the government’s budget.[54] “Paying their debt often requires countries to sacrifice education and health programs, economic growth and the well-being of their citizens.”[55] He proposes that the poorest countries should continue to receive debt forgiveness, especially of odious debts incurred by undemocratically chosen governments. He also advocates for a fairer system of adjudication, wherein over-lending and not only over-borrowing is condemnable. He concludes that “greater caution in lending might lead to lower growth in the short-run, but the long-run benefits would be enormous.”[56]

In *The Bottom Billion*, Collier examines how aid may assist in each of the four poverty traps. In the two traps discussed thus far – natural resources and conflict – aid does not play a significant role. In the case of natural resources, money is the problem, not the solution. In conflict situations, foreign aid can support post-conflict efforts if donors commit to a minimum ten-year period of assistance. Aid is less helpful if money is simply poured after peace agreements. In the other two poverty traps aid may make considerable contributions.

The third poverty trap is being landlocked and having bad neighbors. Collier’s empirical work shows that being landlocked without natural resources is a serious impediment for development. Consequently, landlocked countries rely heavily on the growth spillovers of their neighbors. The situation is extremely complicated when the neighbors are not growing

either. “For these countries the psychology of aid needs to recognize that it is not there as a temporary stimulus to development, it is there to bring some minimal decency to standard of living.” [57] Besides welfare assistance, aid can increase the country’s transport infrastructure, and help facilitate access to the coast.

The fourth poverty trap is bad governance in a small country. While the development of government institutions and the improvement of market access is a slow and difficult process, just a few years of bad governance and some unsound economic policies may throw a country decades back. “This is where I think there is the most scope for additional aid.”[58] Collier admits that a “big push” in aid to developing countries’ exporting industries might have a positive impact. But he warns that “a big push for exporting is a risky venture, because until it is tried there is simply no way of knowing whether it would work.”[59] Nevertheless, contrary to Sachs, Collier suggests that the big push should focus on a small group of selected countries likely to succeed in the export-market. He admits this is unfeasible in the current aid structure. “Just doing more of the same is likely to yield a pretty modest payoff. For aid to promote structural change in countries requires structural change in aid agencies.”[60] In Collier’s view, aid is helpful, but not the solution; it is just the easiest to execute and the most morally indulging for developed nations. Thus, none of the authors share the enthusiasm of Jeffrey Sachs; instead they support the skeptical and cautious approach to aid outlined in the work of William Easterly.

**Environment: Market Liberals, Institutionalists, and Neglect**

Attention to environmental issues is rising fast, and with it the number of views and dissenting views on how to address them. Any non-specialist is easily confused with the various and divergent explanations for global warming, for example. Fortunately, Clapp and Dauverge have elaborated a typology that allows us to better understand the main perspectives on current environmental issues,<sup>33</sup> which will help us to discuss the opinions of the books reviewed.

Table 1. Environmental Perspectives [61]

	Market liberals	Institutionalists	Bioenvironmentalists	Social greens
<b>Focus</b>	Economies	Institutions	Ecosystems	Justice
<b>A global environmental crisis?</b>	No. Some problems but technology and	Not yet. We must act now to improve global institutions.	Yes. Near or beyond earth carrying capacity. Human survival threatened	Yes. Social injustice at both local and global

	money are improving it.			level.
<b>Causes of problems</b>	Poverty and weak economic growth.	Weak global institutions.	Excessive economic growth and consumption	Large-scale industrial life.
<b>Impact of globaliza-tion</b>	Spurring growth that will improve the environment	Enhancing opportunities for cooperation	Driving unsustainable growth, trade, investment and debt.	Accelerating exploitation and injustice.
<b>The way forward</b>	Promote growth and alleviate poverty	Promote strong global institutions.	Create a new global economy within limits to growth.	Reverse economic globalization

Bhagwati represents the first view. “As income raises, activities that cause pollution may contract...this natural evolution itself could then reduce the pollution-intensity of incomes as development proceeds...[and] the available technology used, and technology newly invented, may become more environment-friendly over time.”[62] The author argues that free trade does not necessarily cause environmental damage, but admits that growth has a negative impact on the environment. The “real question” for Bhagwati is how much each society is willing to damage the environment in order to increase national income: it is a trade –off, “except in the few situations where it makes sense to attach an infinite weight to environment preservation.”[63] He does not outline what these exemptions are. He admits that a small number of environmental issues have global reach, and should be coordinated internationally, and suggests the creation of a Super Fund in which developed countries pay for their past sins by funding investment in clean technology.

In Making Globalization Work Stiglitz presents an institutionalist critique. He is concerned with how we manage negative externalities and resource depletions at the global level. His main preoccupation is global warming. He argues the Kyoto Protocol is a meager and inefficient solution, and in order to improve it developing countries need to accept some responsibility, the United States must participate, and Europe and Japan should try to do more, perhaps helping to fund clean technology for developing countries. Moreover, he proposes a common tax on carbon emissions, an economic disincentive that would decrease greenhouse gas emissions. Stiglitz represents the second view in the chart very well: the market is not the problem, indeed it may be the solution; what we really need is more international collaboration and stronger global institutions.



Regretfully, Collier does not address environmental concerns in the bottom billion countries. Market liberals would suggest that the discussion is redundant: these countries need to grow, whatever it takes. Institutionalists would discuss whether the bottom billion countries should be exempt from international regulation. Bioenvironmentalists and Social Greens would warn against trying to include these countries in an unsustainable and unjust international trade system. Social Greens are likely to suggest that these countries are better-off outside economic globalization, this way “the cultural patterns with which most Third World people, at least in rural areas, are still imbued and that commit them to their largely self-sufficient life-styles” will not “be ruthlessly destroyed by American television and Western advertising companies.”[64] Regardless of one’s perspective, environmental issues have become an integral part of development discussions and books on the topic must address them or at least justify their negligence.

#### **Women and Development: More Attention Needed**

The 2010 creation of the United Nations Entity for Gender Equality and the Empowerment of Women, UN Women, highlights the ever-present need to pay careful attention to gender issues in development debates. Unfortunately all the three works reviewed fail to do so. Are we to make globalization work for both men and women? Stiglitz does not address this question. He mentions the important role women may play in local development initiatives in his section on “A Comprehensive Approach to Development,”[65] but does not elaborate on the matter. The rest of the book neglects the topic. What is the situation of women in the bottom billion countries? What role can women play in helping their countries to escape the poverty traps described by Collier? These key questions are not raised in an otherwise very perceptive book.

Bhagwati dedicates a short and oversimplified chapter to women and development. In chapter seven, the author discredits a number of serious feminist critiques of globalization. His argument is that freer trade, spurred by globalization, forces corporations to be more competitive. Prejudice is costly since it impedes the most qualified from getting the best-fit position. Thus, by promoting a competitive environment, globalization helps to narrow the gender-wage gap. This argument is not supported empirically, and also fails on analytical since recruitment to high-paying jobs is at the end of the gender discrimination path, and only affects women who have already surpassed a number of patriarchal and institutional barriers. Against Arlie Hochschild’s work on the negative impacts of global care chains – in which women in developed countries leave their children with nannies from developing countries that in turn leave their children with girl-siblings and grandmothers – Bhagwati argues:



It is more likely that many women in global care chains are better off rather than suffering from emotional ‘deficit’ or distress. The migrant female worker is better off in the new world of attachments and autonomy; the migrant’s children are happy being looked after by their grandmothers, who are also happy to be looking after the children; and the employer mothers...are also happy that they can work without the emotionally wrenching sense that they are neglecting their children.[66]

He offers no evidence of any sort to support this broad and arbitrary assertion.

The modernization theory predominant in development thinking from the 1930s to the 1960s ignored women outright. In 1970, Boserup’s “Women’s Role in Economic Development”[67] challenged the assumption that modernization and economic growth would benefit women in developing countries. Responding to pressure from women in the development field, the United States Agency for International Development required development policy-makers to include gender-sensitive analysis in their proposals and ensure that women were integrated in development. This approach became known as women-in-development (WID). Marxist feminists criticized this approach for simply trying to include women in patriarchal institutions that undermine the value of women’s perspectives and knowledge. A new approach called women and development (WAD) promoted “women-only” projects. In the 1980s a group called Development Alternatives with Women for a New Era (DAWN) promoted yet another perspective: gender and development (GAD), which combined political, economic and cultural analysis, focusing attention on the interplay of material deprivation and sexist ideas. WID and GAD offered scholars conceptual tools to examine the impacts of economic globalization on women. The literature is vast and development scholars must become acquainted with these works. The cost of this negligence is too high: the exclusion of half of the world population from our analyses and the perpetuation of centuries of sexist social sciences.

### **Concluding Remarks**

The 1966 International Covenant on Economic, Social and Cultural Rights is still largely unfulfilled. The value of this document rests on its ability to provide a vision for a more just world. If by now the vision is widely accepted, the strategy to reach it still contested. This review discussed the views expounded in recent books by three renowned academics in the development field. Regarding the role of transnational companies, an overall consensus exists on the need to improve corporate regulation; debates focus on the best way to implement the needed regulation. A consensus also exists on the question of foreign aid. Bhagwati and Collier see an important but secondary role for foreign aid and discuss how to improve its usefulness. Stiglitz focuses on the need to address debt from previous aid loans and prevent



unsustainable debt to grow again. In these two topics a consistent knowledge base exists, efforts must focus on how to improve practices. On environmental and gender issues it appears that current knowledge or ability to incorporate existent knowledge is insufficient. Bhagwati and Stiglitz discuss how to address environmental issues by placing a value on degradation without directly engaging with critics who argue that nature and life are invaluable. Debate will remain stalled until they engage with this fundamental criticism. The literature on gender and development has been outright ignored by these authors. While the last decades witnessed modest but significant improvements in social and economic development, much work is still needed in order to improve our understanding and actions towards the fulfillment of the 1966 vision.

### Notas

[1] Translated to Portuguese by SOARES, Pedro Maia. *Globalização: Como Dar Certo*. São Paulo: Companhia das Letras, 2007.

[2] Translated to Spanish by ÚBEDA, Víctor V. *El Club de la Miseria. Qué Falla en los Países más Pobres del Mundo*. Madrid: Turner, 2008.

[3] Translated to Portuguese by the LYRA, Regina. *Em Defesa da Globalização: Como a Globalização Esta Ajudando Ricos e Pobres*. São Paulo: Editora Campus, 2004.

[4] UNCTC. *Status of Ratifications of the Principal International Human Rights Treaties*. 2010. Disponível em:

<http://treaties.un.org/doc/Publication/MTDSG/Volume%20I/Chapter%20IV/IV-3.en.pdf>. Acesso em: July 15.

[5] CHEN, S.; RAVALLION, M. *The Developing World Is Poorer Than We Thought, But Not Less Successful in the Fight Against Poverty*. Policy Research Working Paper, v. 4703, p. 31, 2008.

[6] POGGE, T. *Priorities of Global Justice*. *Metaphilosophy*, v. 32, n. 1/2, 2001.

[7] UNDP. *Human Development Indices. A Statistical Update 2008*, p. 9, 2008.

[8] *Ibid.*, p.15.

[9] BHAGWATI, J. N. *In Defense of Globalization*. Oxford: Oxford University Press, 2004.

[10] *Ibid.*, p. 33.

[11] STIGLITZ, J. E. *Making Globalization Work*. New York: W.W. Norton & Company, 2007.

[12] *Ibid.*, p.4.

[13] COLLIER, P. *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*. Oxford: Oxford University Press, 2007.



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