

economies and their economic policies, often characterized by a distinct national and at times nationalistic focus in policy. How these policies were reconciling, if at all, national priorities (e.g. full employment) with other extra-national priorities – for example, those of the European Monetary System in the 1990s or the International Monetary Fund–World Bank–European Central Bank in 2015 – remains a rather overlooked question.

Some answers to these questions come in Chapter 8, which focuses on the transformation of the labour markets in Greece and Turkey during and following the Global Financial Markets of 2008–2009 and the deep economic crisis that followed. One might wonder whether placing a central chapter like this one after seven others is the result of favouring a chronological criterion over a more theoretically audacious reading of the Political Economy of labour market reforms in these two countries. In any case, the chronological structure of this book works well to bring together a thorough review of recent economic policies with an explicit treatment of very recent events such as those following the Global Financial Crisis. In Greece and Turkey as in other parts of the world, financialization is a complex phenomenon, but it has a clear political economy rationality as it has ‘circumvented the tendency for the rate of profit to fall’ (p. 179). Whether indeed the theory that a falling rate of profit was the primary cause of the Global Financial Crises or rather ‘the economic crisis occurred as a result of the excessive growth of the financial market over the real economy and of fictitious profits over real profits’ remains to be ascertained. The analysis could have been integrated with a deeper and disaggregated analysis of what the financialization of these economies meant for ordinary people and households. Granted that financial markets’ deregulation, starting from the Monetarist era of the late 1980s and 1990s, was legitimated as a strategy to alleviate falling wages and/or difficult access to real estate markets for first home buyers, but other questions concerning the differential participation of groups in these ‘new’ economies remain: how did these changes impact upon groups of workers differentiated by age or gender? And, even more importantly, how did the financialization of the Greek and Turkish economies contributed to change the delicate balance of power between labour and capital as it emerged from the monetarist period of the 1990s and 2000s? Despite these questions, Chapter 8 achieves its purpose of giving the sense of the profound transformation that the events of 2008–2009 and the economic crisis that followed brought in the entire Mediterranean area.

In conclusion, I recommend this book to anyone who is interested in understanding the way labour market changes are conceived and implemented as political strategies even before being conceived as economic policies. What we gain from this reading is a deep understanding that economics is embedded in societal and cultural changes and that sometimes, changing the structure of markets means that societal and economic purposes change as well.

Rizwanul Islam and Iyanatul Islam, *Employment and Inclusive Development* (Routledge Studies in Development Economics). Routledge: Abingdon, 2015; 263 pp.: 9780415825986 (hbk), RRP: USD160.

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The thinking and research in *Employment and Inclusive Development* is focused on the challenge of trying to ensure that the benefits of economic growth are those that enhance

economic development – development that must incorporate the generation of increased levels of employment, participation, inclusiveness and improvements in the quality of work if it is to enhance living standards and reduce poverty and inequality. In doing this, the book takes a very different approach to the crude and simplistic economic assumption that is often made, that any economic growth is worth something positive and in time benefits everyone. Instead, this work recognises that the process of growth (which needs to be managed properly) and the key driver of it – employment – is a multifaceted and complex one in which there are winners and losers. It sets out to demonstrate clearly using the evidence available that job creation does not necessarily follow growth and a broader ‘inclusive’ approach that includes policies and programmes enhancing human rights, human capital formation and employment generation must all play an essential part in the modern approach to economic development if we are serious about addressing poverty and economic inequality.

The growth of poverty and underdevelopment in the developing world as a whole has slowed in recent decades – a result of the rapid growth in the big Asian economies that account for a significant proportion of the world’s population. However, the absolute numbers of people in absolute poverty have not shrunk, and inequality is growing rapidly in developing and developed countries. The search for new solutions has continued despite the fact that many countries and institutions continue to cling to the yet-unrealised belief that jobs will be created by narrow forms of capital accumulation, competition in markets and the trickle-down of the benefits of aggregate economic growth to solve the economic and social problems countries are confronting. The failure of conventional neoclassical economic thinking to understand the problem or economic policies to do the job properly is well understood, and fresh economic thinking in areas like institutional and labour economics (as well as some re-emerging classical ideas that should never have been ignored) is beginning to emerge to address the problem. New thinking from progressive institutions is also supporting the process, and the Organisation for Economic Co-operation and Development (OECD) Secretariat (2014) ‘Inclusive growth’ initiative launched in 2012 is one such.

The work reviewed here, by Rizwanul and Iyanatul Islam, two important economists linked to the International Labour Organisation, is a significant contribution to that journey and takes some important steps in helping our understanding and addressing the problems of poverty and inequality in the developing world, and the developed as well. The book itself, with its contents listed, includes tables and figures as well as a really useful subject and name index at the back. It brings together the previous more detailed work and wisdom of the two authors in a broader analysis, with policy suggestions included for policy makers to adopt in their efforts to address the presence of poverty and inequality in their countries. Chapter 1, the Introduction, provides a useful starting point and summary of the following studies included in the book. Chapter 2 provides the evidence and argument for the occurrence of ‘jobless’ growth (building on detailed case studies previously published by the two authors and others), as productivity rises (from technological and structural change) and growth take place across a broad range of developing countries. Evidence for jobless growth is revealed by the research in many countries, but with exceptions in some periods and the exception of one big developing country (China – see p. 33). Jobless growth is occurring despite the presence of surplus labour in agriculture, indicating that there is room for more growth, most of the time, in

most countries in rates of job creation, productivity increase and higher economic growth (p. 55). Evidence suggests ‘inclusive’ growth is possible – but how?

Chapter 3 points out that it is a mistake to depend on macroeconomic policy or ‘fundamental’ fiscal and monetary policy settings as the sole means for achieving stability and generating employment and growth – yet many developing countries are going down this road. The authors argue (giving examples, for instance, on p. 80) that financial policy measures as well as other policies to boost ‘inclusion’ are also needed. These measures include more attention to public infrastructure, industry and other policies to boost employment and growth (p. 81). These are common-sense measures that do not seem to have filtered down into the dark and dusty corridors of many influential policy makers. Furthermore, it should be noted that the authors do not, in putting these views, say structural change is unimportant – in fact they argue the opposite.

In Chapter 4, they point out that simple structural models do not capture the fact that changes creating new industries and better methods inside sectors like agriculture are very important for building incomes, employment, productivity and growth. A focus on all sectors, including manufacturing and services, is needed, but this is still not enough, the authors argue, as a rights-based approach that goes beyond the 1948 United Nations (UN) Universal Declaration Rights of a right to work is essential. This is an assertion that is being argued persuasively by a wide range of authorities on development policy (see Tarantola et al., 2013). The authors rightly say that the policy scope in the case of employment generation and productivity improvement has to be further expanded to include the self-employed, those excluded from employment and those exploited at work because of their gender or the value of their stock of human capital (such as their education) and recommend measures to address these problems. Chapter 5, using empirical evidence and a wide range of highly regarded research findings on this topic, explores the direct link between education attainment and gross domestic product (GDP) per capita growth. More human capital, in the form of accumulated education, leads to more growth. They show that increased education also has a direct influence on reducing poverty, inequality and unemployment (see p. 139ff) and contributes to other rights – like those of women and children. Youth employment and the cost of youth unemployment are topics taken up in more detail in Chapter 7. The supply-side and demand-side causes of high youth unemployment are addressed, and a range of useful policy suggestions, like support programmes for youth, are proposed (p. 183).

Of course the conventional recipe by some conservative interests for reducing high levels of unemployment, including youth unemployment, is policies that reduce the rights and wages of labour – a simplistic and crude ‘more is less’ argument that has been taken up by some of the G20 countries’ leaders (see p. 197). The authors point out in Chapter 8 that this argument is wrong analytically (as the proponents’ argument is defective) and empirically (it is deficient because it ignores aspects like the presence of the informal labour market). They argue for a richer mix of more balanced and effective policy interventions to reduce the numbers of workers in poverty (like setting minimum wages) and to boost labour market growth and flexibility (like creating more employment services). The impact of lack of employment and associated poverty and inequality is economic, but also social – with the costs of the latter feeding into the economy. The need for social protection is dealt with in Chapter 9, starting

with a discussion of how health and other social support policies, like child care programmes, play a role in generating employment and creating more efficient and effective labour markets.

In its concluding chapter, the book sums up its arguments. It does not set out in its conclusions the causes of unemployment in developing countries, or the basic policy recommendations, as is done in earlier chapters. It asks what is wrong with the so-called conventional neoclassical wisdom and the way it sees, analyses and discusses economic growth and its sources. The authors show that focusing on achieving macroeconomic stability, reducing wages and deregulating labour markets will not get the economic growth job done and will continue to sustain levels of poverty and grow inequality in most developing countries. They clearly state that growth is a necessary but not sufficient for real development, and it cannot be any old growth (p. 247). They clearly articulate the challenge of understanding what contributes to 'inclusive' growth. The elements include ensuring human rights. They include designing and developing the right policies (around education, skills and social protections, for example). They also include recognition of the complexity of building the capacity to create more and better jobs and the skills and ability to fill them in a way that reduces poverty and inequality, and maximises growth.

What's wrong with this book? We can say that the authors never really define satisfactorily what 'inclusive' development is, and there is both a complementarity and a tension between reducing the numbers of people in poverty and reducing economic inequality. Furthermore, some additional commentary on the nature and origin of human rights, their development up to the present and their application to address the complex sources of discrimination, inequality and exclusion would be useful. The negatives are a minor issue, however, in that the book makes an important contribution to our thinking and action to reduce inequality and the scourge of poverty. This makes it both an essential read for those interested in labour relations as well as economic development, and as a useful research reference and important teaching text for tertiary labour or development-related courses.

References

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