

## BOOK REVIEW

### Globalization and Development, volumes I, II, III edited by Shigeru Thomas Otsubo Abingdon: Routledge, 2016.

The set of three volumes of 30 readings entitled *Globalization and Development* is edited by Professor Shigeru Thomas Otsubo, Nagoya University, Japan who has a rich experience with the subject both as an official of the United Nations and the World Bank, and as a scholar. The set is a product of a four-year long Japanese project which included contributors mainly from Japan, South-East Asia and Africa. The purpose of this set is to contribute to the never-ending discussion about the relation between globalisation and development from an Asian and African vantage point. A specific feature of those readings is that it includes contributions from authors that are on the spot and that have a first-hand experience about the opportunities, challenges, impact and prospects of globalisation and development in South-East Asia and Africa.

Globalisation was supposed to be one of the big new economic and political ideas in the modern society. Globalisation put a new emphasis on spatial economics and the importance of economic geography because of the spatial spread of certain economic activities in some geographical locations and the contraction of certain business in others. It was expected that globalisation would benefit everyone everywhere. Free trade would produce winners and losers, but gains would permit winners to always compensate losers, so everyone would be better off. Such expectations and policy advices were based on a number of assumptions, some of which turned out to be incorrect. Risk was ignored and there is no smooth and fast reallocation of resources from losing to the winning businesses. Winners may compensate losers in the old theory, however this theory does not say that they

shall do that (and they seldom do that). However, tens of millions of people in Asia got jobs because of globalisation of manufacturing production and the spread of global value chains, which is yet to come in Africa, but this did not trickle down fully to the well-being of the people as the distribution of income remained highly concentrated. Migration of jobs and unequal distribution of income provoked strong anti-globalisation movements worldwide, especially from the end of 1990s.

There is a lot of confusion, lack of clarity and disagreement in discussions since the process of globalisation means different things to different people (Jovanović 2010, Jovanović and Damjanović 2013). This set of readings provides a review of select definitions of globalisation without the goal to provide a unified explanation. If the stretching process of globalisation is the outcome of the behaviour of Transnational Corporations (TNCs) and Foreign Direct Investment (FDI), then this process is made possible by new technologies that permit spatial fragmentation of production and the creation of a new value chain, as well as a reduction in the cost of transport and communications. The growing power of firms resulted in the detriment of the authority of the state. The reader may find in this set of readings a lot of discussion about the operations of TNCs and impact of FDI on economic development.

Globalisation brings many amenities to society. There were once hopes that globalisation would benefit everyone. As time passes, globalisation's downside becomes more and more apparent. If the goal of globalisation is to introduce and force the same standards everywhere and for everyone (including in the way in which people think), then there may be little room for differences.

In the discussion on the issue of globalisation and aid to the poor in the society, one reads: 'This study affirms that aid is good for the poor' (Vol.1, p. 297). This is a highly controversial issue, especially in some countries in South-East Asia such as China or Singapore. Aid makes people structurally dependent on social assistance and annihilates their hard-working principles. Aid to those in need that are able to work is welcome and necessary, but only in the relatively short-term. There are no beggars in those countries, not because there are no poor people, but rather because nobody would give them charities.

An emerging feature is the Islamic financial system which bans the *riba* (interest). This system aims to create a structure in which the wealth gap between the rich and the poor is not widening. This Islamic scheme encourages productivity and risk and profit sharing (equitable distribution of wealth). This model is in infancy and the

challenge is to find the proper background accounting and tax system.

The South-East Asian development model and the creation of 'factory Asia' has been suggested as an economic system that may be transplanted to other parts of the world such as Africa, Latin America or Eastern Europe. Still, the evolutionary economic geography argues that it is not all that simple because many things depend on the local context: starting point, good governance, institutions, ethics, education, resources, etc. The successful economic development model may not be transferred from country to country like flu. William Easterly argued: 'In sum, we don't know what actions achieve development' (Easterly 2007). Hence, economic development is a work in progress, both in theory and in practice.

This set of readings has two basic features. One is that it offers a cross-country study, while another is the application of analysis based on poverty-growth-inequality triangle. It also refers to the Gross National Happiness indicator as an alternative to the Gross Domestic Product (in Bhutan, for instance).

This set is a useful reference reading to policymakers, research fellows and academics on globalisation and economic development in South-East Asia and Africa. The subject is so vast that it would not be just to remark only what it does not cover (there are important missing matters such as the emerging Trans Pacific Partnership; or profound considerations of Singapore and South Korea), but rather what it does: the set is a useful collection of articles on select national experiences regarding development in a changing globalised world. As such, students may find in this set a useful reading material for their courses. In addition, the set is a highly recommended item for the libraries and shelves for those that deal with development, income distribution and globalisation.

Miroslav N. Jovanović

Global Studies Institute, University of Geneva

## References

Easterly, W. "Was development assistance a mistake?", *American Economic Review Papers and Proceedings*, (200): 328–32.

Jovanović, M. “Is globalisation taking us for a ride?”, *Journal of Economic Integration* 25, no. 3 (2010): 501-549.

Jovanović, M. and J. Damnjanović. “Globalization”, *The Palgrave Encyclopedia of Strategic Management* (eds M. Augier and D. Teece). Basingstoke, UK: Palgrave Macmillan.