put it mildly, there was a particular perspective that predominated, and the very self-aware pronouncements that resulted had to compromise the effectiveness of these focus groups. As a sort of synthesis between this shortcoming and the first highlighted in the paragraph above, van Staveren never addresses a question begging to be addressed, namely, what effect has the continuing efforts by women around the world to make social gains had upon the care economy. From the perspective of 1960 (at least in the United States) it would have been hard to predict just what effect social advance for women would have upon the "care economy." To gain status might have meant continuing to "care" while working to make the social changes that raise the status attaching to "care" (much as doctors did over the course of the nineteenth century). As a second possibility, it might have meant having the genders share participation in the care and market economies equally while leaving unaffected the overall importance of either "economy." In fact what has occurred, by most accounts, is the movement of women into the market economy accompanied by less movement of men into the care economy, and less, rather than more prestige, granted to one who elects to stay in the home and out of the market. In short, van Staveren fails to even raise an intriguing questions that was begging to be raised, namely, what is the connection between the advance of women and the advance of the market relative to the polity and the home?

Finally, there are two rhetorically powerful but analytically weak characterizations of the mainstream that only serve to get in the way of van Staveren's strong analysis. First, "value-free" is both a boast of many conventional neoclassical economists that has provoked both claims that it is incorrect and claims that it is correct and undesirable. Van Staveren leans toward the latter and by so doing ignores the evidence of the hyper free-market 1990s that free-market economics has taken on the air of religion for many (economists and businesspeople alike) that is hardly "value-free."

And second, the "rational economic agent" is made a target more often than she deserves to be. It would have been helpful to have some distinction made between instances when such an abstraction is appropriate and when it is not. One walks away with a sense that abstraction is an inherently suspect activity, a conclusion that careful thought should cause one to reject.

These criticisms take up, I realize, a good portion of this review. But it would be a mistake if this were taken to signal a thumbs down on my part. The shortcomings are mainly in the nature of omissions and faulty argumentative strategies. They are mainly nuisances that should not be allowed to stand in the way of giving this book the attention it deserves. There is much here that can provide a valuable foundation for that ever elusive theoretical underpinning of "non-neoclassical economics."

David George
La Salle University

***Global Economy, Global Justice: Theoretical Objections and Policy Alternatives to Neoliberalism.* By George F. DeMartino. London: Routledge, 2000, xiv + 279 pp. $32.99 (paper), ISBN 0-415-22401-2.**

I strongly recommend this book to all those interested in normative arguments in economics and particularly those concerning the global economy. This is one of the best books I have seen in recent years on the relation of economics to ethics, and it is especially valuable in its extension of ethical reasoning in economics to current debates about the global economy. Ethical reasoning in economics, after languishing for decades under the domination of Pareto efficiency reasoning, has made a remarkable comeback since the late 1970s—initially due to Rawls' (1971) influence and more recently due to Sen (e.g., 1999). Much work has been done on such topics as justice, fairness, equality, freedom, rights, human dignity, and other fundamental normative concerns. But because of the continuing influence of positivist thinking upon economists, most economists have remained ignorant of these recent developments. Worse, standard economics instruction gives virtually no evidence of any broader normative outlook. This is unfortunate since Pareto reasoning is not only highly limited in what it offers, but it also suppresses many difficult and important normative questions facing policy decision-making in connection with the economy and economics. One problem economists face in expanding their thinking is that many recent developments have been made in relatively advanced research literatures. Thus the basic intuitions that motivate them are often difficult to translate into more concrete policy situations. In this respect George DeMartino does an excellent job of educating economists and others regarding how a wider range of normative concerns can be brought to bear. His basic procedure involves two steps. First he examines traditional neoclassical welfarist thinking with great care in order to establish precisely what assumptions operate in this approach. Second, having exhibited these assumptions, he then evaluates them in order to demonstrate how wider normative concerns cannot be avoided in realistic assessment of economic policy, particularly in a globalizing world.

The focus on the global economy is especially important, since normative concerns regarding the world economy have acquired pre-eminent significance, while global neoliberalism as solution to these concerns has gone unexamined by many.

The book is divided into three parts. Part 1, "Normative matters," links welfarism and neoliberalism in neoclassical thinking, and then considers alternative egalitarian perspectives. One assumption that DeMartino emphasizes is that economic theory needs to be evaluated in terms of the outcomes it produces, and these in turn must judged in normative terms. Value issues, as social economists argue, are thus always involved in economic reasoning. Another assumption DeMartino makes is that methodological thinking in economics dictates the kind of theory and the space for normative argument that theory allows. Neoclassical thinking, in particular, is demonstrated to be essentialist, reductionist, and relativist. While this may appeal for simple/no complications classroom arguments, its cost is the suppression of normative issues that ought not be ignored. In contrast, heterodox economists (institutionalists and Marxists are emphasized) are argued to employ non-essentialist and non-reductionist arguments that re-introduce these concerns. Part 1 thus moves from a delineation of welfarism and neoliberalism to its critical examination to the presentation of a set of alternative, egalitarian perspectives. The main destination is Sen's capabilities framework, which is ultimately argued to combine a more flexible methodological approach with a commitment to taking equality seriously on an international basis.

Part 2 , "Global neoliberalism," transfers the arguments of the first part of the book to the all-important world setting. DeMartino begins with a difficult question. In a world economy in which different societies and cultures have different values, is there a way of talking successfully about normative matters without falling into either of the opposed extremes of being imperialist or relativist? Here he distinguishes moral objectivism and cultural relativism, argues that both are flawed conceptions, and then makes a case for an internationalist ethic that defends equality and contests oppression in the presence of cross-cultural differences. The philosophical discussion here is subtle yet clear and accessible. The risks of our objectivist intuitions are examined, and Michael Walzer's influential, anti-essentialist reaction to them is also confronted. Key to these arguments is a methodological reasoning that among other things asks us to step beyond insider/outsider dualisms and reifications of "other" cultures. DeMartino's strength in this discussion derives in part from his participation in the Association for Economics

and Social Analysis (AESA) associated with the Re-thinking Marxism school and his work with Steve Cullenberg. For those who have sought to understand this school's concept of overdetermination, *Global Economy, Global Justice* provides a powerful application of the concept in terms of the results it produces for reasoning about normative matters in a global economy.

The balance of Part 2 applies these basic arguments to two fundamental issues facing the global economy: the question of national competitiveness and the debate over the nature of international trade. The competitiveness debate (Chapter 5) is addressed through examination of three contending perspectives on how and whether government should intervene in the economy to promote national welfare. The anti-competitiveness position is associated with free market neoclassical economics (market forces and high productivity growth rates are sufficient; government need not intervene), the progressive competitiveness-enhancing position is associated with neo-mercantilist nationalism (on the progressive side, promoting a country's own labor through flexible specialization, corporate governance, and human capital development), and competition-reducing position is associated with an egalitarian internationalism (pursuit of rules and institutions concerning the harmonization of labor and environmental standards to take such things as gender, child labor, and the environment out of international competition). DeMartino's strategy here is to examine the normative commitments underlying these three perspectives in the context of the economic and political landscape that gave rise to the debate itself, namely, arguments in the 1970s regarding nations' industrial policies.

One strong point of this discussion is the comparison of industrial policy and the newer neo-mercantilist competitiveness-enhancing position. The latter in its pro-labor variants is often seen as a progressive response to the conservative, neoliberal neoclassical position. Yet DeMartino argues successfully that this position makes the commitment to social equality instrumental to the logic of the market, while favoring equality within countries at the expense of equality between countries. A second strong point of the competitiveness discussion is the defense of the competition-reducing, egalitarian internationalism position. DeMartino's argument is that the economy and the market's scope are historically socially constructed, not natural structures:

> competition never emerges in some pure, unmediated or universal form. Rather, it always arises in a broader social, political, economic and cultural matrix that gives it

> definition and determines its character as well as its broader social effects. Whether competition will be progressive or regressive, socially benevolent or malevolent, innovative or wasteful, is a fully *contingent* matter.
>
> (p. 186)

Accordingly what DeMartino recommends is that the scope of the market be determined according to progressive social values—equality of capabilities in particular—that take certain social domains out of competition, for example, child labor, women's exploitation, and the environment. Social economists will find this argument entirely commensurate with their own approach to the market and the economy. Beginning with the principle that the social economy encompasses the market economy, they treat the values operative in the larger social space as determinative of the ways in which values operate in the market. DeMartino's arguments thus give expression to a traditional social economic concern that one particular set of values, namely, those associated with "free" markets, has been imposed on the larger social domain, thus distorting those normative concerns not consistent with the narrower normative space of the market.

The trade debate (Chapter 6) is also understood in terms of the neoclassical vision (free trade), progressive nationalism (strategic trade), and internationalist egalitarianism (fair trade). The discussion here reviews the standard comparative advantage-factor price equalization explanation of trade and distribution, and then criticizes the view that the sources of comparative advantage are natural rather than historically contingent and socially constructed. Cultural relativism is shown to underlie such a view, opposition to any harmonization of labor and environmental standards is shown to follow from exclusive attention to efficiency judgments, and such things as child labor are passed off as a 'regrettable necessity.' The latter recalls Krugman's infamous defense of cheap labor (Krugman 1998; but see Cawthorne and Kitching 2001).

DeMartino's main critique of the free trade position—that it premises welfare as a value at the expense of capability equality—sets up his treatment of fair trade proposals. These include the social charter approach, such as included in the European Union 1992 Maastricht Treaty and sought in the form of the side accords for the North American Free Trade Agreement (NAFTA), the social tariff approach that aims at punishing countries with weak labor rights and environmental protections, and the Sullivan Principles approach to corporate investment in the anti-apartheid era. The first unfortunately ends up producing a minimum floor for standards, moreover

then only for formal rights and freedoms, the second is potentially protectionist and subject to selective application, and the third provides no mechanism by which labor and environmental standards might be advanced in countries where they are lacking. How, then, is fair trade and global justice to be pursued?

Part 3, "Rethinking global policy regimes," is devoted to answering this question. The standard is set high: a just global policy regime "*promotes the harmonization of capabilities to achieve functionings at a level that is sufficient, universally attainable and sustainable*" (p. 217; original emphasis). Three policies are selected for examination: trade, corporate practices, and labor mobility. First, trade reform is addressed in terms of social-index tariff structure (SITS). Using developments of the United Nations Development Programme Human Development Index (HDI), DeMartino argues that countries can be ranked in terms of their comparative success in developing individual capabilities. A global SITS would then impose tariffs on goods exported from countries with low capabilities rankings; conversely, countries with high capabilities rankings are rewarded with expanded trade opportunities. Were such a system to be put in place, countries would converge in capabilities development so as to generate capabilities equality world-wide. Note that such a system would in principle work in precisely the opposite way to the current world trade system in which higher production costs often associated with capabilities development tend to penalize countries in world competition. Second, reform of corporate practices is addressed in terms of a proposed global corporate code of conduct (GCCC). Any GCCC would also need to be supplemented by multilateral agreements regarding a global MNC income tax and rules regulating public subsidies and location incentives to MNCs. Third, labor mobility is addressed in terms of a possible Global Convention on International Mobility (GCIM). A GCIM would create substantive freedoms to migrate for less skilled labor, but might place limits on the mobility of higher skilled labor on the grounds that human capital acquisition is state-subsidized and the skills it generates are often important to a society-wide capability development.

These are ambitious proposals, and DeMartino acknowledges the political challenges that confront their implementation. But these proposals are grounded in a normative account that is carefully and persuasively laid out. One would thus hope that in the long run the appeal of this account would support the political changes needed to bring about concrete policy changes.

In conclusion, it should not go unsaid that DeMartino's writing itself is sharp and clear. This is a very readable, well-written book, making it an excellent opportunity for economists to re-develop their thinking about normative matters in economics, and also making it ideal for teaching. In this way the book occupies a place next to Dan Hausman and Michael McPherson's widely-used *Economic Analysis and Moral Philosophy*. An advantage of DeMartino's book, however, is the extension and application of its arguments to the global economy.

John B. Davis
University of Amsterdam and Marquette University

REFERENCES

Cawthorne, P. and Kitching, G. (2001) "Moral Dilemmas and Factual Claims: Some Comments on Paul Krugman's Defense of Cheap Labor," *Review of Social Economy* 59(4): 455–466.

Hausman, D. M. and McPherson, M. S. (1996) *Economic Analysis and Moral Philosophy*, Cambridge: Cambridge University Press.

Krugman, P. (1998) *The Accidental Theorist and Other Dispatches from the Dismal Science*, London and New York: Methuen.

Rawls, J. (1971) *A Theory of Justice*, Cambridge, MA: Harvard.

Sen, A. (1999) *Development as Freedom*, New York: Knopf.

***Should Differences in Income and Wealth Matter?* Edited by Ellen Frankel Paul, Fred D. Miller, and Jeffrey Paul, Cambridge and New York: Cambridge University Press, 2002, 382 pp., $25.00 (paper), ISBN 0-521-00535-3.**

At first glance, measuring and discussing inequality in income, earnings, and wealth might appear to be technical issues, analogous to measuring and discussing inflation, unemployment, or productivity growth. However, few economic magnitudes are so deeply entangled with charged ethical, political, and social questions. Thus, objectivity can rarely be taken for granted in discussions of inequality—even purely statistical ones. This makes the subject treacherous terrain for the interested non-specialist.

A publisher striving to present a balanced view of the inequality phenomenon to the uninitiated might opt for either of two strategies. The first would be to find a writer whose intellectual background lends itself to a tolerably neutral analysis. This is the approach of Paul Ryscavage's *Income Inequality in America* (M. E. Sharpe 1999). Ryscavage's pedigree as a career Census Bureau statistician qualifies him to address potentially loaded issues

with an admirable degree of objectivity. For those seeking a dispassionate overview, Ryscavage's book remains a fine choice.

The second approach, however, would be to collect a number of authors of radically different persuasions with explicit axes to grind, present their work without prejudicial editorial comment, and let the grinding commence. This is the approach of Paul, Miller, and Paul's *Should Differences in Income and Wealth Matter?* There is no mystery about where each of the contributors to this volume personally comes down on the major philosophical and policy questions surrounding economic inequality. The tone of detached objectivity, so familiar to readers of mainstream economics literature, is conspicuously absent from any individual essay. Yet on the whole, the volume is well balanced: the conflicting perspectives are presented on equal terms, and argued intelligently. It is rare to find such balance in a single volume.

Adapted from a special issue of *Social Philosophy and Policy* (Vol. 19, No. 1), the essays represent the views of many of the major thinkers in the field, ranging from the egalitarian left (Richard Arneson) to the libertarian right (Tyler Cowen). Most contributors are philosophers or economists by profession, but they demonstrate a refreshing willingness to step outside narrow disciplinary boxes: the philosophers are generally knowledgeable about economic issues; the economists are sensitive to the ethical implications of their analyses; and both pay heed to the social and political issues raised by growing economic inequality.

The anti-egalitarian selections are generally more thought-provoking, partly because their arguing points are less familiar. For the most part, public discussion of economic inequality has been dominated by left-of-center, egalitarian-leaning voices—presumably because the right has been reluctant to see inequality as a problem in need of urgent discussion. Yet much of the egalitarians' case is arguably more alarmist than the situation warrants, and at the very least deserves careful scrutiny. This volume offers a number of sophisticated rejoinders to the emerging consensus that inequality is a pressing ethical problem that requires a policy response—rejoinders that cannot be lightly dismissed as mere apologies for the *status quo* by intellectual mercenaries.

In a volume of this breadth and depth, it would be impossible to cite more than a few highlights. On the right, Young Back Choi's expansive essay on "Misunderstanding Distribution" comes close to being a definitive primer on the economic objections to the egalitarian case. David Schmidtz's contribution, "Equal Respect and Equal Shares," is a virtuoso blend of philosophical and economic analysis that provides some of the volume's most thought-