

*Global Economy, Global Justice: Theoretical Objections and Policy Alternatives to Neoliberalism.* By DEMARTINO (GEORGE). (London and New York: Routledge, 2000. Pp. xiv+279. £19.99 paperback. ISBN 0 415 12427 1, 0 415 22401 2.)

George DeMartino has written a serious and intelligent treatise on normative principles, with reference to economic and social organisation. It represents the best of a still flourishing minor tradition of American liberalism, the liberalism of the university moral philosophy class. Along with the careful, reasoned argument, however, goes an inevitable rhetoric of coaxing, just as in Plato's time, because philosophy professors think that they know precisely where their arguments lead.

This book is not an attempted refutation of the principles of neo-classical economics. It is a critique of an attitude of philosophical 'essentialism' that identifies those principles with reality itself. DeMartino sets out to tackle what he describes as 'the neoclassical vision' and those economists who, in global policy debates, 'routinely reach beyond what the science of neoclassical theory proper permits them to say' (page 35). It is, he contends, a vision that is both objectionably reductionist and deluded about its own normative basis, and yet it is achieving the status of a legitimate secular worldview.

In the first part of the book, the author presents an account of how economists use the idea of Pareto efficiency as a welfare criterion and why they hold that a system of freely adjusting market prices produces Pareto-efficient welfare outcomes. This account, though undoubtedly cursory, is not misleading about simple intuitions of welfare economics. DeMartino certainly gets the point across that the Pareto criterion, while elegant, is morally sparse, ethically exiguous. On the other hand, he insists that this type of welfare criterion is not value-neutral or value-free. It is just one among a wide range of principles of normative assessment. Other such principles, offered by John Rawls, Michael Walzer, Karl Marx, and Amartya Sen, occupy chapter 3.

In the second part, DeMartino investigates the philosophical complexities involved in the idea of *global* normative assessments. In an interesting discussion, he dismisses the claim that such assessments can be objective as being based only on faith. However, he also gives powerful reasons that steer us away from any strong version of cultural relativism. Thus, while there is no global ethic out there, cultural differences may not be such as to prevent its construction. At this point, the rabbit comes out of the hat. Hey presto! A potential principle of global justice! It is the 'harmonisation of capabilities to achieve functionings at a level that is sufficient, universally attainable and sustainable' (page 144). It is suggested that this principle is 'somewhat tolerant of cross-cultural difference' because it 'allows for diverse communities to identify and rank the functionings that they value' (page 149).

Here be dragons. We cannot harmonise capabilities without first specifying the functionings of which people are to be made capable. We know that they have to be valued functionings, because it would not be just to empower people for valueless or positively harmful ones. What is the source of this

valuation? Is it philosophers, who know what it means to be human and what is required to live a 'valued' human life? Is it communities who have this knowledge, meaning the representatives (however they come to be so) of communities? Or is it each individual who values a particular set of functioning, because they will, for her, constitute a valued life?

Suppose an individual wants to function as a 'neoclassical visionary', and lives in a community whose philosophers cannot be sure whether to do so is part of the Aristotelian good life, and whose political representatives hold that such a function is normatively bankrupt. Would it be just that she be denied the substantive freedom to do so? This conundrum, and others that arise from an ambiguous use of the word 'valued', would repay closer attention than they get.

DeMartino uses the harmonisation of capabilities principle to criticise the burgeoning literature on 'competitiveness' in chapter 5, and to advocate policies that reduce the scope of competition in international markets in certain areas. Competition that forces down social, labour, and environmental standards should, he argues, be outlawed. In chapter 6, this theme is re-worked as a debate between free trade and fair trade. In Part 3, three policy suggestions are made as to how the capabilities principle might be applied. A regime of 'social tariffs' is elaborated, and global conventions on corporate conduct and labour mobility are proposed. Those who want the details must consult the book.

In my view, and possibly also the author's, this book's main contribution does not lie in its exact proposals. They, to seasoned observers of international trade negotiations, may seem impractical enough. Instead, the book provides a very educational conspectus of normative principles of socio-economic life, and it also points to a practical problem – how to raise social standards when they create competitive disadvantage in international trade – that is real enough. The ILO has worked away at it for eighty years, but alas it is still with us.

*Centre for the Study of African Economies, University of Oxford*

JOHN TOYE

*The Real Worlds of Welfare Capitalism.* By GOODIN (ROBERT E.), HEADEY (BRUCE) and MUFFELS (RUUD). (Cambridge and New York: Cambridge University Press, 1999. Pp. x+358. £37.50 hardback, US \$59.95 hardback, £13.95 paperback, US \$22.95 paperback. ISBN 0 521 59386 7, 0 521 59639 4.)

This is a remarkable book. Not because it is well-written, uses interesting new empirical data to test theoretical propositions, and has clearly presented findings, although it is all of these. What is striking is that it comes to a clear and unambiguous conclusion: the 'social democratic' welfare regime typified by the Netherlands out-performs the two main rival regime types (in Esping-Anderson's classification), the 'liberal' regime typified by the USA, and the