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[Review of the book *Bridging the Gap: Four Newly Industrialising Countries and the Changing International Division of Labour*]

Abstract

[Excerpt] The central focus of this book is the labor force in the context of structural change. Its title, "Bridging the Gap," signifies a concern with drawing the NICs closer to the developed world. The author, a senior economist and staff member of the International Labour Organisation, argues that "the experience of these four NICs also holds lessons for OECD countries, as it deals with such now universal issues as the role of government in the promotion of new ventures; how new growth areas can be identified; how foreign investors are attracted; and what the costs and benefits of government intervention are."

Keywords

industrialization, economic growth, labor market, development, government policy

Disciplines

International and Comparative Labor Relations | Labor Relations

Comments

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Bridging the Gap: Four Newly Industrialising Countries and the Changing International Division of Labour. By Gijsbert van Liemt. Geneva: International Labour Office, 1988. vii, 123 pp. \$27.50 Swiss francs.

This volume is one in a series of studies from a research project on employment, trade, and North-South cooperation. A report on an earlier phase was issued in 1981. Four country studies—on Singapore, The Republic of Korea, Mexico, and Brazil—were published between 1982 and 1986. The present volume synthesizes the major findings on these newly industrializing countries (NICs).

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Three questions regarding the development of the manufacturing sector in the four NICs under examination are identified as being of central interest: (1) What has been the role of government in the process of growth? (2) What has been the role of domestic private, public, and foreign enterprises in this process? and (3) How have different groups benefited? Van Liemt's summary answer—that "policies vary significantly, both among the countries and in the same country at different times. Simple recommendations on what policies to adopt in order to achieve rapid growth and manufacturing cannot, therefore, be provided by these countries' experiences . . ."—sells the volume

short. In reality, he offers more guidance than this quotation indicates.

Moving beyond the introductory chapter, Chapter 2 presents country experiences and a comparative analysis of them. Chapter 3 considers the role of government in industrialization, and Chapter 4 the mixed economy in the industrial sector. Chapter 5 turns to employment, wages, and income distribution experiences. Chapter 6 reviews the first half of the 1980s. Chapter 7 concludes.

The book is full of useful insights. I shall mention just two. Van Liemt asks why Korea did not experience the same kind of debt crisis as did Mexico and Brazil. His answer (p. 24) is that Korea had a more favorable debt structure, enabling it to maintain and even increase its export earnings. Another insight concerns the different trade and industrialization policies. Brazil and Mexico followed import substitution policies, although both gave greater attention to manufactured exports beginning around 1970. Korea "combined vigorous export promotion with protection of selective industries." Singapore did not do much of either (p. 32).

Strangely enough for an ILO publication, the labor market comes in only in Chapter 5. There, van Liemt discusses employment growth, wage growth, and changes in inequality and poverty. The employment section shows that in all four of the NICs, employment growth was outside of agriculture. But the section pays insufficient attention, in my view, to reasons for differential success in manufacturing employment versus service sector employment, regular employment versus casual employment, and so on. The next section discusses the four countries' different experiences with respect to real wages. Here too, insufficient attention is paid to each. In the final section of the chapter, on the determinants of inequality and poverty, we are again offered tidbits of information but not a sufficiently deep analysis. This chapter left me unsatisfied.

Chapter 6, on the experiences of the four countries during the period 1980-85, is the most disappointing. It gives a macroeconomic overview of the experience of the 1980s and changes within the manufacturing sector. The problem with this chapter is that it presents nothing to speak of on the matters broached in Chapter 5 (employment, wages, and income distribution), save for a claim (without any supporting evidence) to the effect that adjustment in these countries hurt the poor the most. If this chapter was intended to bring the volume more up to date, its success is at best limited.

Of the three questions raised at the outset,

those most successfully answered are questions 1 and 2. Van Liemt's answer to question 3 gets lost. From my reading, I would have characterized the two Asian economies as better performers than the two Latin American ones in terms of employment, wages, inequality, and poverty. That this happened is hard enough to extract from the evidence presented and the supporting text; *why* it happened is all but neglected. I wish that this book had gone even further than it did in analyzing the labor demand and wage effects of these countries' long-term economic growth and, in Mexico and Brazil, their short-term economic declines.

Let me not end this review on a negative note. This book has a great deal to offer to scholars wishing to understand the macroeconomic context of labor market events in the newly industrializing countries. As such, it is a welcome addition to the literature concerned primarily or exclusively with the supply side of labor markets. It is comprehensible to readers with no prior knowledge of these countries and at the same time offers new information and interpretations to readers with considerable country experience. Its tone is considerably more positive and accepting of the current international economic order than that of many publications emanating from Geneva today. I look forward to the next monograph from the ILO on this important subject.

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Collective Bargaining in Industrialised Market Economies: A Reappraisal. By John P. Windmuller et al. Geneva: International Labour Office, 1987. 333 pp. \$24.50.

In 1973, the ILO published *Collective Bargaining in Industrialised Market Economies*, just before the first oil crisis. The ILO decided to update its 1973 study in view of the profound impact the oil crises of the 1970s had on the economies of nations and on collective bargaining. The word "reappraisal" in this book's title is especially justified inasmuch as John Windmuller was also the author of the comparative section of the 1973 book.

This book is divided into two parts. Part I, comprising about half the book, is a comparative study by Windmuller of methods and

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