

Review of Machiko Nissanke and Erik Thorbecke, eds., "Globalization and the Poor in Asia: Can Shared Growth Be Sustained?" in *Economic Development and Cultural Change*. 58(2), 376–379, Jan 2010.

Machiko Nissanke and Erik Thorbecke, eds. *Globalization and the Poor in Asia: Can Shared Growth Be Sustained?* New York: Palgrave Macmillan, 2008. Pp. xix+319. \$90.00 (cloth).

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This volume is one of several products on the same general subject, organized by the editors, focused on different regions of the developing world and supported by WIDER (the World Institute for Development Economics Research). Clearly, Asia is the best overall regional performer in terms of the impact of globalization on poverty reduction. Yet, as the various country chapters, authored by a bevy of mainly local researchers, clearly indicate, there

is considerable diversity. Indeed, it is this diversity among Asian countries that makes this volume particularly useful and, therefore, recommended to both academics and policy makers interested in a highly important subject.

Unfortunately, the methodologies deployed in the various country chapters, usually used to get at the same bottom-line issue, differ markedly, and, consequently, the editors are limited in the reliance on the general conclusions they are able to generate. Nevertheless, in contrast to the cross-country regression alternative, what we have here is a rich menu convincing anyone who still needs it that country studies rich in specific contexts and local knowledge represent the better way forward.

Conference volumes written by an array of different authors, even if asked to focus on more or less the same issue, represent a challenge. The coeditors, Nissanke and Thorbecke, have taken up that challenge and do an extremely good job in providing introductory background material and a thumbnail sketch of the various chapters. What they do not attempt—and this is presumably a constraint imposed by the WIDER project organizers—is to contrast the Asian experience with that of other regions of the developing world, also examined elsewhere by them, which would have been extremely helpful.

In a nutshell, the basic "takeaway" that can be derived from most of the chapters is that the impact of growth on poverty reduction depends on three factors: the rate of growth, the pattern of growth, and a variety of other geographic or institutional "initial conditions," all on the assumption, of course, that everyone is operating in an era of inevitable globalization.

The first element, the rate of growth, traditionally viewed as the most important, is appropriately somewhat dethroned here, since a favorable distribution of income can overcome mediocre growth and an unfavorable distribution can vitiate the contribution of high growth. This is basically the message of key chapter 2, by Kakwani and Son, who introduce the notion of a "poverty equivalent growth rate," which relates growth to poverty via the distribution of income, that is, high inequality reduces the growth elasticity of poverty reduction. They contrast the positive experience of Vietnam and South Korea with the less positive experience of Thailand.

Chapter 3, by Fujii and Roland-Holst, ingeniously mounts a computer general equilibrium model to determine the impact of the initial condition of location—distance from ports in this case—on the ability to take advantage of different modes of trade liberalization with or without reciprocated openness on the part of trading partners. This chapter is also applied to Vietnam, and one cannot help lamenting the fact that chapters 2 and 3 could not have been joined at the hip.

Chapter 4, by Sawada and Estudillo, pits the impact of trade on poverty reduction against that of government-assisted emigration in the Philippines. It gives ample credit to the remittances resulting from emigration but perhaps too much to the impact of trade—given the overall moderate reduction of poverty here, at least by Asian standards. It would have been useful to acknowledge that the Philippines has continued to act more like a Latin American country in terms of its historical flirtation with what the volume calls CAD (comparative advantage defying) policies, leading to a less than favorable distribution of income.

Chapters 5 and 6, by Liung and Lin, and by Liu, respectively, both dealing with the experience of China, once again cry out for amalgamation. The former, focusing on China's rural sector, finds nonlinearity between globalization and poverty, working its way through growth, with poverty rates increasing at low levels of globalization and declining, after a threshold is reached, at high levels. The latter chapter, analyzing the rather dramatic reduction of poverty after 1978 and giving much of the credit to trade via CAF (comparative advantage following) policies, ignores China's shift toward more capital intensive industrialization efforts in the mid-1990s, which led to a marked worsening of the distribution of income and a consequent decline in the rate of poverty reduction.

Chapter 7, by Kumar and Viswanathan, is a bit of a deviant in terms of its focus on the vulnerability of consumption—only implicitly poverty—across 16 Indian provinces as a consequence of three determinants: exposure and sensitivity to globalization shocks but ameliorated by an indigenous adaptive response capacity. Using what is appropriately called “fuzzy models,” the authors contrast the situation at the beginning of India's reform period in 1991 with that in 2000, the postreform period. As expected, all provinces reduce their overall vulnerability during the reform period, with the most vulnerable (Orissa) and the least vulnerable (Kerala) retaining their relative positions. Moreover, some interesting conclusions on province-by-province trade-offs among the three vulnerability determinants emerge from the analysis—although, as the authors candidly admit, further index refinement would have been helpful. For example, reducing the 14 basic indicators to the three aforementioned key ones would have been more convincing had the encompassing character of those three been supported, for example, with the help of correlation analysis.

Chapter 8, by Aggarwal, is also focused on India but this time concerned with the fact that enhanced market reliance may yield increased growth but fail to reduce poverty. The basic point here is that markets are likely to be distorted when scarce, often subsidized inputs such as credit, fertilizer, research, and extension are allocated disproportionately to cash-crop-producing large farms.

Consequently, for globalization to have the positive effects on poverty reduction, public policies need to ensure a more level playing field or, as other chapters have put it, ensure a shift from a CAD to a CAF type of policy environment.

Chapter 9, by Giné and Klonner, while focusing on fishing in Tamil Nadu, makes a similar point, that is, that wealthier families get first crack at receiving the type of technology desired. Why inequality has declined in the face of the higher capital intensity of that technology is less clear.

Chapter 10, by Qureshi, moves in a somewhat different direction, linking trade liberalization and the resulting shift in the output mix to a negative impact on the environment, with Pakistan as the locale. It is unclear why a shift to more labor-intensive exports, clearly favorable to poverty reduction, necessarily entails a trade-off with higher pollution intensity levels. The conclusions are based on the doubtful assumption that the U.S. pollution intensities deployed are similar to Pakistan's, given the generally acknowledged large differences in technology.

In sum, this volume clearly represents a valuable addition to the literature on poverty reduction. If it falls short, it is in not really exploring the possible externalities among chapters dealing with the same focus, and often the same country, but using very different methodologies. Also, one could have wished for more explicit attention to policy—perhaps a separate closing chapter by the coeditors—not shooting from the hip but emerging from the results of the meticulous and painstakingly quantitative methodologies applied to the problem and from some of the helpful chapter-by-chapter individual conclusions drawn. The contribution, for better or worse, of such dimensions of the initial conditions as land reform, geography, and the relative size of rural nonagricultural activities, all of which make guest appearances in some chapters, might have been given more general attention.

Finally, the other nontrade dimensions of globalization affecting poverty, that is, capital, information technology, and migratory flows, are, with the partial exception of the Philippines' case, basically neglected. This is especially surprising given the fact that the coeditors have abundantly shown their awareness of the relevance of these issues elsewhere. But, in spite of the somewhat misleading title bestowed on the present volume, that may be asking too much. We should be and are more than satisfied with what has been offered here. My main request of Nissanke and Thorbecke is that they follow up with their own integrative volume—along the lines of their 2008 WIDER report—that distills the conclusions flowing from this work and compares and contrasts it with their contribution on other regions of the developing world.

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