

Book Review

Contributions to the Economics of International Labor Standards, by Arnab K. Basu and Nancy H. Chau, (eds.) 2018, World Scientific: Singapore, 429 pp.

The book is a collection of 13 chapters that discuss labour standards in both de facto (5 Chapters) and de jure (5 chapters) terms. The labour enforcement and compliance of standards are examined in three chapters. The book traverses important issues of labour standard violations that cover child labour, human trafficking, sweatshop jobs, informal (vulnerable) workers, and revisits the design of policy responses in the form of social labelling and trade sanctions, rural employment guarantee schemes, minimum wage legislations and tax policies.

Almost all chapters are based on rigorous theoretical models to advance the understanding of labour market institutions, determinants of workers' well-being and effectiveness of policy intervention. Recognising the ways in which the labour market deviates from standard assumptions, the authors have developed formal models to sharpen the analysis. Chapter 2 examines bonded child labour in the context of an overlapping generations model, Chapter 3 explores the human trafficking market in a two-way bilateral bargaining model, Chapters 4 and 5 employ a search model for sweatshop jobs and contractual dualism in formal and informal labour markets respectively, while Chapter 8 proposes a spatial model of producer market access by incorporating middlemen and fair traders. Some other chapters developed models to either formalise or refine nuanced arguments that often go unappreciated or unnoticed. For example, Chapter 6 brings together several strands of literature, capital mobility, information asymmetry, firm heterogeneity and the economics of labour disputes, to flesh out consequences of labour market on footloose industries. Likewise, Chapter 7 offers new insights into the ineffectiveness of trade sanctions against unlabelled products based on a theoretical model on the merits of social labelling ('child-labour free') in a North-South trade context.

The labour standards under consideration are discussed in depth in Chapters 9, 12, 13 and 14. Chapters 9 and 13 focus on employment guarantee schemes, while Chapters 12 and 14 refer to minimum wage laws. Conversely, broader and patchy issues (whereby the evidence is still slim), such as the race to the bottom and the ratification of International Labour Organization (ILO) conventions, are tackled in Chapters 10 and 11. Chapter 10 develops a trade model to examine the Southern race to the

bottom in labour standards and Chapter 11 reveals the determinants of the likelihood of ratification using a proportional hazard model. Chapters 3 and 11 specifically stand out relative to the other chapters as both use econometric estimations to make an empirical case after the theoretical discussion. The empirical findings from Chapter 3 support the mutual reinforcement view of considerable ease of mobility for traffickers and inelastic demand for trafficked victims, while the results in Chapter 11 examine the use of ratification as a proxy for higher domestic standards.

The last three chapters of the volume, Chapters 12, 13 and 14, though significantly different, complement the earlier chapters as they explore the issue of the credibility of enforcement of labour standard. This is an important finding as enforcement of standards remains a vexing dilemma in the area of labour standards. Further, since deficits in labour standards characterise the developing world, the models proposed in this book are also considered useful as they embody prominent features and assumptions that are relevant to developing economies. The models developed, for example, are based on an agrarian and rural economy (Chapters 2 and 9) and the informal sector (Chapters 5 and 14), and other stylised facts of a traditional economy such as credit insufficiency (Chapter 2), middlemen market power (Chapters 3 and 8), poor job quality (Chapter 4) and weak enforcement of labour contract and tied labour contract (Chapters 5 and 9).

The book contains invaluable information that labour economists and graduate students can refer to when conducting research on the economics of international labour standards. Importantly, the findings offer rich possibilities and suggested routes for future research.

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