TRADE AND POVERTY REDUCTION IN THE ASIA-PACIFIC REGION:
Case Studies and Lessons from Low-Income Communities. Edited by
Andrew L. Stoler, Jim Redden and Lee Ann Jackson. New York: Cambridge
University Press, 2010. xxi, 795 pp. (Tables, figures, graphs.) US$145.00, cloth.

The role of international trade as a source of wealth creation and thus a
contributor to poverty reduction has been subject to debate in recent times.
At one time, slogans like “make trade work for the poor” and “trading out
of poverty” were used by civil society groups to highlight their key concerns
regarding international trade. The book, the publication of which was funded
by the WTO Secretariat and AusAID, investigates the complex relationship
between international trade and poverty reduction in the Asia-Pacific region,
where approximately two-thirds of the world’s poor live.

The book consists of five major sections: transnational corporations and
trade and poverty reduction; trade in agriculture and poverty reduction; trade
in services and poverty reduction; migration, labour and poverty reduction;
and trade and poverty reduction in small and vulnerable economies. A
theoretical chapter provides an overview and summarizes a wide range of
economic literature on the subject of trade and poverty reduction in order
to shed light on the theme of the book. The selected papers under the
major themes are comprised of country-specific case studies that are drawn
from different sectors of their economies, reflecting the diverse issues
related to poverty reduction. For instance, the second chapter, by Lee Ann
Jackson, elucidates trade-poverty linkages in the context of agricultural
development. In part 3, the impact of services policy reform on the welfare
of poor households is addressed. These provide an insight to the underlying
theme of the book.

The case studies contribute to our understanding of the ways in which
low-income communities are dealing with trade as a practical challenge. For
example, the studies on the indigenous communities of Nepal, the youth
of East Timor, and the female potters of Lombok, provide a unique insight
into the realities of how global integration and trade liberalization affect
low-income communities.

Openness to trade, a serious commitment to domestic reform, trade-
related capacity building, a robust and responsible private sector and access
to the markets of developed countries are all identified as powerful tools for
building trade-related sustainable development. The book provides evidence
to the effect that increased openness to international trade can have a positive
impact on poverty reduction through a strong and consistent commitment
to domestic policy reforms. The private sector is seen as the initiator of such
domestic reforms.

In evaluating whether trade liberalization will facilitate poverty alleviation
in a specific context, the book identifies a number of factors determining
trade-induced impacts on poverty alleviation. Many of the concerns and solutions identified in the thematic chapters in the book are in line with the theoretical chapter, where it is argued that the effects of trade on the poor are often highly country-specific, and that there are several common factors and approaches in cases of successful trade-related poverty reduction.

Strategic liberalization, in the form of careful timing and sequencing with domestic regulatory measures and safeguards, finds favour in many of the chapters. Several channels through which trade influences poverty, such as product prices, wages, employment, etc., have been identified. However, one of the key deficiencies of the book is that micro-level poverty issues get blurred by the macro-level policy issues highlighted in the book, as the balance seems to be more in favour of macro policy issues.

It is suggested that international trade reforms must be led by the Organization for Economic Co-operation and Development (OECD) countries, along with larger developing countries. It must however be noted that benefits arising from multilateral liberalization and preferential market access are not always used or often do not help the poor. They tend to be captured by officials through nepotism, and export growth does not realize its potential to become pro-poor inclusive growth. Thus domestic policy reform, as highlighted in the book, is essential to reap the benefits from international trading opportunities. Moreover, the poverty reduction objective should be mainstreamed in developing countries’ trade policies, while trade needs to be integrated in national poverty reduction strategies to gain maximum benefits from international trade.

The book is bulky, comprised of 33 chapters running to 795 pages, with the objective of providing the reader with a consistent and varied collection of studies so that the theme is comprehensively covered. However, it is noteworthy that some of the chapters do not exactly address the link between trade and poverty, but discuss other issues in the context of trade such as employment generation, etc. Thus, justice to the book’s theme could have been better executed by dropping some chapters. Overall, however, the book is a refreshing move away from tedious ideological debates on free trade and towards informing the reader about how it really works at ground level, with frankness and clarity.

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It is refreshing to come across a work that articulates in a clear and accessible manner the critiques and concepts that I use regularly in the classroom and in