

F International Economics

Globalization and Its Enemies. By Daniel Cohen. Translated by Jessica B. Baker. Cambridge and London: MIT Press, 2006. Pp. 192. \$27.95. ISBN 0-262-03350-X. *JEL 2006-0908*

In this book, Daniel Cohen joins a growing set of authors offering perspectives on globalization. While acknowledging that globalization has likely contributed to the growing gap between developing and developed countries on the one hand and the “rich and poor” within countries on the other, Cohen argues globalization has opened a great new world of opportunity and promise for all. Today’s globalization is properly viewed as a continuation of a process begun a half a millennium ago. From Cohen’s perspective, globalization’s next great challenge is to deliver its promise to those currently left behind.

According to Cohen, the “enemies of globalization” can be broadly divided into two camps. In the first camp are those who yearn for a return to the simpler life of yore. Whether life in those earlier times was indeed better does not matter. Globalization has changed the way life and business is conducted and has exposed their societies to Western values, culture, and norms. In the second camp are those who view globalization in Marxian terms; for these people globalization is just the latest development in capital’s centuries old exploitation of workers. Although both camps are tied together by their view that globalization imposes a system that people do not want, Cohen argues that these two enemies fail to understand their true frustration with globalization. According to Cohen, the problem is that as currently constituted, globalization has shown wide swaths of the world its promise but has failed to deliver on that promise. Bountiful food, miraculous medicines, fast communication, and plentiful business capital are all in seemingly within their grasp but yet just out of reach. The enemies see what is possible but, perhaps due to centuries of struggle, feel powerless. The lesson of the past, however, is that even though trade may have underdelivered, protectionism delivers even less.

After developing his central thesis, Cohen then proceeds with a series of stand-alone chapters tackling various issues and themes related to his overall argument. He begins by contrasting North and South development and then moves on to discuss development from a historical perspective. Next he discusses the current wave of globalization and how it resembles and differs from the earlier experiences with globalization. Another chapter discusses the large and persistent inequality across countries and the extent to which globalization has exacerbated and/or reduced the disparities across nations. The book concludes with a discussion of health and structural debt issues.

The fact that each chapter is essentially independent of the others has both pros and cons. On the one hand, Cohen’s approach makes it easier for instructors to incorporate Cohen’s essays into a class. Someone teaching economic development might assign only the chapter on the health and debt crises in developing countries while students in a trade class would likely find Cohen’s chapters sketching the historical antecedents to this current era of globalization interesting.

To my view, however, Cohen’s approach gives the book too much the feel of a compilation of extended op-ed articles or lectures with an introduction and conclusion tagged on. There is no doubt that Cohen has a compelling story to tell; however, at many points throughout the book the empirical evidence, at least by the standards of modern economics, is lacking. The chapters read like broad overviews of the core ideas and that the reader is expected to go home and fill-in the details by pulling the numerous citations off the library shelf. That the chapters appear to be conceived as independent essays lessened the depth of the arguments.

Perhaps the major deficiency is the little time devoted to seriously discussing the empirics of globalization and its impact on different countries and factor owners. I would think the enemies of globalization would need hard evidence of why their preconceptions are wrong. Curious readers will be able to find more in depth and

satisfying studies on each of the topics discussed by Cohen; as a result, it is hard to recommend Cohen's book for advanced economics students. Classes offering an interdisciplinary approach to the timely topic of globalization, on the other hand, may find Cohen's lighter style better suited to their more diverse audience.

Cohen's target audience does not seem to be the people who read professional economics journals. The lack of discussion of hard data and economic theories makes the essays too superficial for those wanting an advanced discussion of the impact of globalization. Throughout the book, Cohen alludes to more advanced theories and studies, but his discussions are too brief to be completely convincing. Cohen obviously has the rare ability to conceptualize big ideas and summarize them in an accessible format; I would have enjoyed the book much more if he had drilled down a bit deeper into the underlying theories and data.

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Multinational Corporations and Foreign Direct Investment: Avoiding Simplicity, Embracing Complexity. By Stephen D. Cohen. Oxford and New York: Oxford University Press, 2007. Pp. ix, 371. Paper. ISBN 978-0-19-517935-4, cloth; 978-0-19-517936-1, pbk.
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In this study of multinational corporations (MNCs) and foreign direct investment (FDI), Stephen Cohen resolutely sticks to his creed to avoid generalizations and any attempts to make universal statements. Recognizing that the shorthand terms "MNC" and "FDI" refer to a wide array of motivations for and impacts from international investment, he repeatedly warns the reader against any attempt to make broad statements regarding these firms or their effects. In his attempt to answer questions including why firms become MNCs, why they choose the locations they do, and what effects they have on countries, Cohen's answer is "it depends" because of the large degree of heterogeneity at play. Although this approach permits Cohen to

paint a nuanced picture of the phenomenon of MNCs, his refusal to tolerate any utilization of a "big-picture" approach means an out-of-hand rejection of any broader treatment of the subject (including almost all of that by academic economists). Thus, while many readers will agree with Cohen's answer of "it depends," just as many will find his complete reliance on case study methodology lacking.

This is unfortunate because Cohen's treatment of FDI as a heterogeneous phenomenon yields several worthwhile insights. A prime example of this is in his discussion of how the evolution of the MNC has led to the current inflexible stances of both the pro- and anti-globalization movements. Beginning with the British East Indian Company and its Dutch counterpart in the seventeenth century, Cohen makes it clear that these early forms of FDI were markedly different from those that dominate the current economic landscape. Since early MNCs were typically motivated by the desire to extract resources, spices, and other exotic items for use in European markets, they provided little in the way of technological spillovers that modern high-tech MNCs offer their host economies. Furthermore, Cohen explains that these early overseas subsidiaries operated with little oversight from the European parent. As a result of this lack of supervision, the first-generation MNCs were often guilty of the types of abuses modern anti-globalization activists decry. Over time, however, the motivations for FDI changed with a increased emphasis on access to markets and skilled workers. This in turn caused a comparable change in the impact of FDI on the host economy as market-driven constraints on corporate behavior led firms to adopt more host-friendly behavior.

Understanding this evolution of what FDI means, Cohen asserts, is critical understanding the entrenched debate currently being waged over MNCs (and globalization in general). Failure to recognize that some types of FDI—such as natural resource extraction—may provide little in the way of host benefits, leads pro-MNC voices to paint an excessively positive picture of