

In many cases it was Chinese and Japanese girls who were forced into sex labour, parents selling off their young females or receiving “advances”, the capital, interest, and the costs of passage, lodging, clothing and food being deducted from the girls’ earnings. Very often this put them in a position of permanent indebtedness. However, the question of whether these girls should be regarded as bonded labourers or as sex slaves, i.e. slaves in a juridical and not moral sense, has yet to be decided.

Due to the lack of space only half the contributions to the volume have been included in this review. All the articles, however, have a high quality which makes the book all the more valuable as the most recent contribution to a still ongoing debate on bonded labour, debt bondage, and slavery and, for that matter, on forms of controlled labour in a globalizing world market based on an increasing division of labour. The edited volume is a true collection of articles and deserves the utmost attention of scholars and students.

Michael Mann

The Institute of Asian and African Studies, Humboldt-Universität zu Berlin
Unter den Linden 6, 10099 Berlin, Germany
E-mail: michael.mann@asa.hu-berlin.de

HUBERMAN, MICHAEL. *Odd Couple. International Trade and Labor Standards in History*. Yale University Press, New Haven [etc.] 2012. xii, 237 pp. £45.00. doi:10.1017/S0020859015000097

International trade and labour standards do not seem to mesh well in the current age of neoliberal globalization. Today’s protagonists of free trade object to any social chapter in a trade agreement, while many defenders of the welfare state are sceptical of further liberalization of cross-border trade and investment. This was not always the case.

In his account of pre-World-War-I globalization, economist and historian Michael Huberman reminds us that many social reformers like Émile Vandervelde, a Belgian leader of the Labour and Socialist International, supported free trade on the condition of the adoption of what Huberman designates as a “labor compact”, i.e. a set of regulations on working hours, the minimum work age, and on social insurance. This conditional support for free trade by the labour movement before 1914 lets Huberman claim that trade, not ideas or domestic struggles, was the main driver of the labour compact which in turn laid the foundation for the modern welfare state. With the help of econometrics and country case studies, he marshals support for this claim. The case studies cover three typical variants of the pre-W-W-I labour compact: a small open economy in the labour-abundant “Old World” (Belgium), a land-rich region of recent settlement (Canada) and a “New World” country harboring enclaves of cheap labor (Brazil). The book is divided into two parts: how globalization caused the labor compact and how the labor compact affected trade.

Huberman does not deny the domestic pressure for labour legislation; however, as a driving factor for this pressure he identifies volatility in employment and wages due to globalization. External trade pressures transmitted the labor compact internationally: “States had an incentive to abide by labor agreements they had negotiated with trading

partners because they wanted to protect market access” (p. 67). The outcome was uneven; labour standards were higher in the Old World than in the New World. Because prices of resource exports were set in the world markets, the pressure from trading partners to implement labour regulations was weaker.

In Part 2, Huberman evaluates the effects of the labour compact on trade. Making selective use of institutional economics, he argues that firms replaced workers with machinery in response to the increase in labor costs. Thereby, the labour compact shifted the comparative advantage of the respective countries from labour-intensive to capital-intensive industries which strengthened the countries’ competitive position. Again, the effect was larger in the Old World.

Huberman posits his findings against what he calls the conventional view of the welfare state’s genesis, which prioritizes domestic politics and sees markets and states in opposition to each other. Evidently, this view of welfare-state scholarship rests on a very select body of literature, basically Karl Polanyi and Gøsta Esping-Andersen. The works of Theda Skocpol on the origins of the US welfare state as well as the huge body of literature on the beginnings of the German welfare state are not mentioned. This leads to the neglect of military interest in pensions for widows and the supply of able-bodied young men and the impact of Catholic social teaching.

Concerning the relationship of capitalism and the welfare state, long ago the French regulation school had already pointed out that the partial decommmodification of labour under Fordism contributed to the deepening of capitalist relations, i.e. to an intensive regime of accumulation. While Huberman takes aim at the scholars of the welfare state, his empirical research is limited to labour-market regulation. It is astonishing that he has neglected the studies about the spread of labour regulation in the nineteenth century. In general, Huberman’s references to historians leave much to be desired. For example, he refers to Robert Putnam for the external pressures on the legislative agenda for labour before 1914, while Putnam’s book deals with the economic summits from the 1970s on.¹ Marx is said to be a “devotee of *laissez-faire*” (p. 11).

Huberman’s lax attitude towards the literature on the welfare state may be excused given that most of his book is devoted to cliometrics (and probably also the bulk of his research time). His regression analysis covers the relationship between trade openness and trade volatility, the determinants of the labour compact, the determinants of convergence in labour regulations for country pairs, the short- and long-term effects of bilateral treaties on trade costs, and the micro determinants of hours of work.

Huberman manages to unearth a lot of interesting historical data, but as happens frequently, his analysis is not accompanied by much reflection on the quality of the data at hand and the adequacy of the chosen indicators. For trade openness he uses a much contested index, for competitiveness the trade balance (not even differentiated for manufactured goods and commodities), and for trade integration a model of trade costs which the model’s originators acknowledge leaves a sizable fraction unexplained,² information that he does not mention. For the influence of politics, Huberman uses the indicator voter turnout. This is much in line with his general naiveté about the state. Government actors are seen as “support maximizing politicians” (p. 41), and not wanting “to allow certain employers to play off one group of workers against another” (p. 76). It is further not the state or the learner that invests in qualifications, it is the firm as Huberman uses education

1. Robert Putnam and Nicholas Bayne, *Hanging Together: Conflict and Cooperation in the Seven-Power Summits* (London [etc.], 1988).

2. David S. Jacks, Christopher M. Meissner, and Dennis Novy, “Trade Costs, 1870–2000”, *American Economic Review: Papers & Proceedings*, 98 (2008), pp. 529–534, 530.

levels to indicate firms' investments in human and physical capital (p. 36). Union density stands for power resources. As we know from the comparison of France and Germany, union density, however, tells little about the actual strength of the labor movement.

Regression analysis always leaves room for a discussion of the direction of causality. But even if one follows Huberman's interpretation of the regression results, one is struck by the fact that they do not support his main claim, i.e. that trade was the main driver of the labour compact. The statistically most significant factors for the labour pact, he shows, are the degree of industrialization (as measured in terms of educational levels and share of agriculture) and the degree of competitiveness (again a sign for the level of industrialization achieved). Furthermore, companies resisted the labour compact less if they did not face strong international competition. Using the gravity model for estimating trade costs and correlating this with labor standards, Huberman acknowledges that "emulation effects, derived from culture [...] cannot be excluded even after controlling for trade relations" (p. 47). In other words, trade might not be so important.

The importance of policy diffusion is also supported by the observation that when representatives of a country attended all of the main meetings of the International Association for Labor Legislation, the country was more likely to adopt labour law (p. 73). Most damaging to his argument are his findings on the question of whether the costs of labour standards influenced the likelihood of their adoption: "[d]omestic forces trumped external pressures in the adoption of costly regulation" (p. 123). Trade was supposedly only important for the diffusion of less costly labour standards such as accident insurance, the burden of which was shared by workers, firms, and governments. Therefore, one cannot claim that trade drove the welfare state, because the welfare state is much more than accident insurance.

Besides statistical correlations, Huberman tries to support his argument that countries use trade agreements to force their trading partners to adopt better labour regulation with historical accounts of trade negotiations. However, the evidence is equally thin. Nowhere does he present the original text of these trade treaties. Instead he refers to secondary literature. In the case of the French–Swiss trade war, my cursory check on the named sources could not substantiate his claim that Switzerland was forced to adopt labour laws as a condition for ending the trade war (p. 42). Enforcement of these "social clauses", he asserts, was ensured by the threat of trade sanctions. Again, proof is missing that the trading partners brought charges against each other concerning the lack of enforcement of their labour laws. Huberman does point to bilateral labour accords. However, most of the earlier ones were exclusively about labour mobility, the later ones about accident insurance.

While I sympathize with Huberman's argument that trade and labour standards are not at opposite ends of the spectrum, I am not convinced by the statistical evidence marshalled in support of it. The usefulness of the book rests more in demonstrating the current limits of cliometrics than in shedding light on the origin of government-enforced labour standards. A final remark for the publisher: endnotes make it very difficult to check the author's claims. This purely academic book should have deserved footnotes.

Christoph Scherrer

International Center for Development and Decent Work,
Universität Kassel
Kleine Rosenstraße 3, D-34109 Kassel, Germany
E-mail: scherrer@uni-kassel.de