treatment of the competing perspectives of political economy, as this work assuredly does, the author must of necessity distance himself from personal beliefs of what may be scientifically true or socially optimal.

This book is clearly written, readily accessible, and more of a compendium than an encyclopedia. The content is timely, and useful in understanding current public debate, and political ideology. The book will be of particular use to those not otherwise familiar with political economy, and those who desire a readable overview.

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The New Global Economy and the Developing Countries: Essays in International Economics and Development.

By G. K. Helleiner. Hants, U.K. and Brookfield, U.S.A.: Edward Elgar, 1990. *Pp. xii, 290. $57.95.*

This book is an investigation into the place and role of the developing countries in the new international global economy. Although the book has a very substantial theoretical foundation, valuable practical suggestions are made about the manner in which developing countries can be taken up satisfactorily in the international economy. As specialized subjects, which require background knowledge, are dealt with in this book, it is suitable for postgraduate students, academics and policy makers who are concerned with policy aspects regarding the relationships between developed and developing countries particularly.

The book consists of three parts, namely a description of the place of developing countries in the new global economy, the place of developing countries in the global financial system, and the place of developing countries in the global trade and investment system. Part 1 gives an overview of the problems and prospects of the new global economy, the economic differences between the North and the South, and the possibility of improved co-operation between the North and the South, as well as among countries in the South.

Apart from already known aspects regarding the subject of the book which is illustrated in a well-considered way throughout, Parts 2 and 3 give meaningful new perspectives on the following subjects, namely the impact of the global exchange rate system on developing countries, the effectivity of growth-oriented structural adjustment credit extension, the future role of direct foreign investment, the relevance of the new trade theories for the problems in primary commodity markets experienced by developing countries, the relief of poverty as applicable to adjustment programmes, and the role of information systems.

The great value of this book is that the shortcomings of the theory regarding the above-mentioned subjects, which were developed and written from a Northern perspective, but which do not necessarily provide for the practical realities of the South, are pointed out throughout. Consequently the existing trade and financial theories and premises are to a great extent unemployable for developing countries. A further problem that is pointed out again, is that different views on economic development exist between the North and the South. The author strongly emphasises that co-operation between the North and the South will have to improve to ensure a successful new global economic system. In addition, the fact that the developing countries are intellectually behind, is identified as a further cause for the incomplete and inappropriate theories as applied to them. A strong plea is made for better and suitable training in the developing countries in order to create more effective areas of correspondence regarding economic theories and policies between the North and the South in future. An excellent academic contribution in this respect is that the author repeatedly highlights aspects that require further research in future, for example national and global economic instabilities, as well as ways in which the income of developing countries as primary commodity exporters can be increased.

Notwithstanding the problem situations that are pointed out, a good account is given of existing attempts that are aimed at improving the relations between the North and the South, and also at making provision for the special qualities and problems of the developing countries. In this regard the author refers particularly to the attempts of international financial institutions, namely the IMF and the World Bank.

An aspect not normally found in books of this nature, is the importance of sufficient and full information for developing countries on economic matters such as export figures. The book emphasises the importance of such information, and this gives the reader an impression of comprehensiveness. The matter of information fits in well with the pleas that are made for the intellectual development of developing countries. This gives the book a uniqueness that offers new insight to researchers.

Although the largest part of the book was written in the eighties, it remains relevant for the nineties. Apart from the research value of the book, the large number of references mentioned are a further source for research purposes. Seen as a whole, the book bears witness of thorough research, and its lay-out complements the contents. It can be recommended without any hesitation, particularly for teaching and research purposes.

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Structural Changes in U.S. Labor Markets: Causes and Consequences.
Edited by Randall W. Eberts and Erica L. Groshen. Armonk, N.Y.: M.E. Sharpe, 1991. *Pp. ix, 234. $39.95.*

The papers in this volume were presented in October 1989 at a conference sponsored by the Federal Reserve Bank of Cleveland. Policy makers at the bank sought information about why wage inflation was so low despite the tight labor markets of the 1980s boom. They asked the participants to identify and analyze recent developments in personnel policy and worker compensation which might explain the reduction in inflationary pressure and to explain the implications these changes have for formulating macroeconomic policy. Unfortunately, despite the efforts of editors Eberts and Groshen to extract nuggets of policy wisdom, the papers do not give policy makers much useful guidance. While they fail in this task, the papers do provide a useful overview of some of the causes and consequences of recent structural changes in U.S. labor markets.

Nominal wages in the late 1980s grew about 5 percentage points more slowly per year than in 1980 and 1981. In "International Trade and Money Wage Growth in the 1980s," Susan Vroman and Wayne Vroman find that the primary reason for the deceleration in wage inflation was not events in labor markets. Money wage growth slowed because of the significant reduction in expected price inflation. However, according to their estimates increased import penetration explains about one-sixth of the wage inflation slowdown, as does unusually high unemployment among prime-age men. The Vroman's data seem well suited for the even more important task of explaining the effects of international competition on industrial workers' real wages.

Linda Bell and David Neumark explore, "Lump-Sum Payments and Wage Moderation in the Union Sector." They find that the spread of lump-sum payments (bonuses) may explain much of the moderation in wage growth in the 1980s, since aggregate-level time-series estimates imply that a 10 percentage point increase in the share of workers covered by lump-sum contracts reduces the annual rate of wage inflation by 0.3 or 0.4 percent. While lump-sum payments were virtually unheard of in union contracts before 1981, they were found in over two-thirds of manufacturing sector contracts by 1987 and 1988. However, lump-sum payments were much less frequent outside of manufacturing, and the BLS reports that "nonproduction bonuses" (which include lump-sum payments) were only 1.0 percent of total employment costs among non-unionized workers, and a minuscule 0.4 percent among unionized workers in 1988. Given the purported massive influence of such a minor factor, one should be wary of spurious correlation. Moreover, Bell and Neumark find that, contrary to expectations, lump sum payments do not increase labor market flexibility by increasing the responsiveness of labor costs and decreasing the responsiveness of employment to changes in demand.

Douglas Kruse's "Profit Sharing in the 1980s: Disguised Wages or a Fundamentally Different Form of Compensation?" provides useful evidence on the extent and growth of profit sharing. Between 1980 and 1986 nonthrift profit sharing grew by about 0.8 percentage points per year, covering 15.3 percent of all employees by 1986. Employee stock ownership plans grew more rapidly from 6.2 to 11.1 percent of employees. Only 4.3 percent of profit sharing plans pay employees cash. The vast majority fatten pension funds. Kruse links these plans to Martin Weitzman's theories about the "share economy." His empirical evidence suggests that employers do not treat profit sharing payments as part of the short-run marginal cost of labor. However, Kruse admits that evidence is not sufficient to fully justify the belief that the growth of profit sharing will stabilize employment.

"The Decline of Fringe-Benefit Coverage in the 1980s," is examined by Stephen Woodbury and Douglas Bettinger. They use CPS data to explain why the proportion of workers included in employer-provided pension plans fell from 60 to 55 percent between 1979 and 1988, while the share included in group health insurance plans slipped from 73.7 to 72 percent. By comparing probit models of employee behavior in 1979 and 1988, they partition the causes of the declines in fringe-benefit coverage. They estimate that the reductions in marginal tax rates and union membership during the period explain the bulk of the decreases. The cross-sectional results provide a few surprises. For example, after controlling for other factors they find