Book Reviews/Comptes rendus

LARS OSBERG (ed.), *The Economic Implications of Social Cohesion*. Toronto: University of Toronto Press, 2003, 249 p., No index.

Recent years have seen a resurgence in interest regarding the proper place of the economy, specifically that of markets, in society; more particularly, a return to the notion of the embedded economy. The result has been considerable debate regarding the concepts of social and human capital.

The Economic Implications of Social Cohesion takes off on these debates. Edited by Lars Osberg, one of Canada's best-known economists, this book deals specifically with the relationship between economic equality and social cohesion. All of the authors in the volume contend that investments in social capital and the development of social cohesion more generally have positive spillovers for the economy. Yet each author also addresses this complex relationship in a distinct manner, often empirically, but with a different theoretical and methodological focus.

Osberg's contribution to the book is a helpful and succinct introduction of the history of interest in the issue, and the complexities of defining social cohesion and social capital. John Helliwell's opening chapter compares national and sub-national measures of social capital and economic growth in Canada and the United States, with a focus upon specific factors underlying this relationship (e.g., education and ethnicity). Jeff Dayton-Johnston employs the "prisoners' dilemma" model to examine how investments in social capital alter individual incentives to cooperate economically. Shelley Phipps examines the impact of social cohesion upon the well being of Canadian children, noting that "children, as children, seldom appear in economic models" (p. 79). Phipps highlights the importance of neighbourhood relationships and occurrences upon children's sense of security and trust. John Lavis and Gregory Stoddart link social cohesion (as evidenced by social equality and inclusiveness) upon aggregate health outcomes and, in turn, economic performance. Frances Wooley deals with the limits of voluntarism in replacing government policy and programs as a means of ensuring social cohesion–an especially important counter to the argument often advanced by certain right-wing think tanks that charitable groups will take up the slack of repeated cuts to welfare state programs. Like Phipps' earlier chapter, Jane Friesen deals with the impact of small changes at the neighbourhood and community level can result in either social cohesion or fragmentation, of inclusion or exclusion, greater equality or greater inequality, and the impact of these upon educational outcomes. Mike McCracken provides an historical look at the “social contract” that existed in Canada (as in many other industrialized countries) between labour and capital during the years 1950 to 1975, and the breakdown of this contract after 1980. He argues for a return to the previous regime which he suggests will result in increased economic performance by reducing transaction costs, increasing the investment ratio, encouraging innovation, enhancing the performance of government institutions, reducing social costs, and ensuring a more informed citizenry and accountable polity. The final chapter by Dick Stanley and Sandra Smeltzer follows along this track, arguing that increased social cohesion attracts increased investment “by increasing amenity values, by reducing the need for defensive necessities and risk in economic transactions, and by improving political and labour stability” (p. 236).

All in all, this is an excellent book, well researched and well written. It is a stimulus to ongoing debates in the field and a much welcome antidote to the free-market idolatry of recent years.

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