

## BOOK REVIEWS

### **Freedom from Want: American Liberalism and the Global Economy**

Edward Gresser

Brooklyn, N.Y.: Soft Skull Press, 2007, 230 pp.

Trade policy has become a partisan affair in Washington. Major trade bills in Congress typically pit pro-trade Republicans backed by big business against trade-skeptic Democrats aligned with labor unions. And as the two major parties arm themselves for the 2008 general election, trade policy promises to provide one of the sharper contrasts between them.

Throwing a welcome curve ball into the debate is Edward Gresser, trade policy director of the Progressive Policy Institute, a Democratic think tank in Washington, D.C. Gresser is a pro-trade liberal who has worked for such prominent Democrats as Sen. Max Baucus of Montana and Charlene Barshefsky, former U.S. trade representative for Bill Clinton. Gresser has written an important new book, *Freedom from Want: American Liberalism and the Global Economy*, that should be on the nightstand of every Washington Democrat who cares about the party's heritage and its best ideals.

*Freedom from Want* stands out among current books on trade because of its rich historical perspective and its very human look at how U.S. trade policies are affecting poor people in our own country and obscure corners of the world. Gresser could be described as a "New Democrat," but he is really of the "old" liberal school committed to global peace and cooperation and a universal concern for the lot of the poor wherever they live.

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The book opens from the engaging perspective of a young 23-year-old woman in Cambodia named Srei who works at a garment factory in the capital, Phnom Penh. Gresser reports firsthand how Srei and 5,000 other young women begin work each day at the factory, a lightly air-conditioned building resembling an oversized, metal barn. Her pay is low by American standards, but with overtime she earns twice the average per capita GDP of her countrymen. Her earnings allow her to save and to help support her family left behind in a rural village.

With just the right amount of detail, the book describes how the shirts made by Srei move from the factory to a truck that rolls for six hours over a bumpy road to the port at Sihanoukville, then by container ship through Singapore and across the Pacific to the Port of Long Beach, Calif., there to waiting trucks that carry the shirts to Gap, Wal-Mart and JC Penney stores across the country, and finally into our homes. This in microcosm is the system that American liberals of the past century made possible and that too many American liberals in this century deem to be a threat.

Although it is easy to forget today as Democratic candidates rail against NAFTA and globalization, for decades it was the Democratic Party that championed lower tariffs. Democrats opposed the high tariff wall maintained by Republicans from the Civil War to World War I, arguing that tariffs benefited big business at the expense of poor consumers. Under President Woodrow Wilson, Congress drastically lowered tariffs in 1913 and replaced the revenue with an income tax, only to see Republicans raise tariffs again in the 1920s, culminating in the Smoot-Hawley Tariff of 1930 and the Great Depression that followed.

In a central chapter titled “Liberal Internationalism and the Trading System,” Gresser recounts how President Franklin Roosevelt and his successors led America out of the protectionist wilderness. FDR embraced trade liberalization not only as a tool of economic growth but also of foreign policy. His visionary Secretary of State Cordell Hull negotiated a number of bilateral trade agreements to lower tariffs under the Reciprocal Trade Agreement Act passed by Congress in 1934. A recipient of the Nobel Peace Prize in 1945, Hull argued in his memoirs, “In so far as we make it easier for ourselves and everyone else to live, we diminish the pressure on any country to seek economic betterment through war. . . . The princi-

ples underlying the trade agreements program are therefore an indispensable cornerstone for the edifice of peace” (p. 86).

Hull’s work was consolidated under President Truman in 1947 when the United States joined 22 other nations to sign the General Agreement on Tariffs and Trade. President Kennedy expanded the trade agenda in 1961, calling for a new round of GATT negotiations that led ultimately to the ambitious “Kennedy Round” concluded in 1967. In this light, President Clinton’s championing of the North American Free Trade Agreement, the Uruguay Round of GATT, creation of the WTO, and PNTR for China was merely a continuation of his party’s commitment to “liberal internationalism.”

Turning to the present, Gresser makes a morally compelling case that those who really care about the poor should support the reduction of trade barriers. He notes, more conventionally, that NAFTA has not caused the unemployment or diminishment of U.S. industry that its critics claim. He also notes that 95 percent of job dislocations each year are caused by factors other than trade, such as technology, domestic competition, and recessions.

Gresser’s signature contribution to the trade debate, however, is his analysis of the discriminatory impact of lingering U.S. tariff barriers not only on poor workers abroad such as Srei in Cambodia but on poor Americans in our own midst. In another vital chapter, titled “Poverty: Why Trade Policies are Toughest on the Poor,” he describes the regressive nature of U.S. tariffs as a tax aimed at low-income Americans:

In general, American tariffs are low or zero on high-technology products and heavy industry goods. They are zero or trivial on natural resources and industry goods, and also low on luxury goods. But they are very high on a narrow but important set of products: the cheap and simple clothes, shoes, and food that poor people buy and poor countries make and grow. . . . Without any particular intention, therefore, the United States has created a system that is open and kind to wealthy countries and rich people, but wildly harsh for the poor [pp. 166, 168].

That anti-poor bias of America’s tariff system means, according to Gresser, that a recent welfare system graduate earning \$15,000 a year as a maid in a hotel will forfeit about a week’s worth of salary in

a year to the tariff system, while the hotel's \$100,000-a-year manager will give up only two or three hours' pay. And the defenders of the status quo cannot even argue that they are saving jobs, since so few American workers are still employed making cheap shoes and clothing.

This is the same system that so many modern-day liberals in America, from the "Public Citizen" Naderites to the AFL-CIO, are expending millions of dollars to defend against any agreements that would reduce tariffs. Their trade policy boils down to keeping barriers high on goods made by poor people abroad and consumed by poor people here at home.

The author closes his appeal to his liberal brethren with a timely discussion of the Muslim Middle East and its diminishing role in the global economy. The greater Middle East is the only region of the world that was poorer in 2000 than it was in 1980. Ominously, as its share of the world's population has been rising, its share of international trade and investment outside the oil sector has fallen sharply. This decoupling from the world economy only feeds the sense of grievance and frustration among young Muslims, aiding al Qaeda's recruitment efforts. Gresser notes that, to satisfy narrow domestic interests, Congress rejected any unilateral reduction of tariffs on goods imported from that region.

Gresser ends with policy prescriptions that are less satisfying for libertarians and other small-government advocates, but still sound modest compared to other ideas modern American liberals have tossed around. He advocates lowering trade barriers, of course, but also expanding health insurance and job training for displaced workers, along with a list of other proposals for "a stronger safety net and better public services."

One can challenge the individual merits of those ideas, but Gresser is surely correct—as he is just about everywhere else in this excellent book—that the right response to worker anxieties should be to tackle them directly and domestically rather than by raising our nation's anti-poor tariffs even higher.

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