

of the anti-American commentary which has flooded the western media in Australia and overseas:

From a distance, the heartless might just be able to perceive the Twin Towers as symbols of globalist hegemony. Here [in New York] where we attend funerals and pick pieces of debris . . . off the streets of Lower Manhattan, we know different.

Many on the left seem to have forgotten nothing, and learned nothing since the end of the Cold War, and remain viciously anti-American and unrepentantly sympathetic to every homicidal revolutionary activist who appears on the scene.

One of the best pieces is Peter Coleman's 'Reflections on Violence', which traces the genealogy of the left's ideas on violence and revolution. Reflecting on the works of Georges Sorel, one time advocate of anarcho-syndicalism and author of the notorious book, *Reflections on Violence*, Coleman draws the links between his works and the revolutionary violence of al-Qaeda. According to Coleman, Sorel's disgust with what he viewed as the pointless hedonism and unheroic, amoral market society of the late Victorian era, gave birth to many of the ideas about so-called 'therapeutic' violence which came to dominate the left in the 20th century.

Sorel believed that only a violent revolution, sustained by the most puritanical of revolutionary principles, could wipe away the corruption of modern European civilisation. Only a movement with the will to moral rectitude, certain of its own rightness and contemptuous of all discussion and compromise would prevail against corruption and decadence.

Sorel identified at various times anarcho-syndicalism, fascism, and bolshevism as continuing the revolutionary spirit he so admired. Sorel's influence on philosophers such as Jean-Paul Sartre and his glorification of revolutionary violence, in turn

influenced radical anti-colonial thinkers such as Franz Fanon and Yasser Arafat. Arafat's own writings were a major influence on Osama bin Laden.

Other pieces by such authors as Owen Harries, Chandran Kukathas, Miranda Devine and Keith Windschuttle, complete the picture of the utter heartlessness of many on the left to mass murder and the plight of the survivors and their families in America after September 11. Many a commentator in Australia seems to have forgotten in their rush to blame the victim, that the attacks on the World Trade Center were not only attacks against America—22 Australians died on that day, as did many others from around the world, including many from Islamic countries.

I have, however, one slight quibble with the book. Some of the contributors write as if any and every criticism of the US foreign policy is somehow tantamount to support for Osama bin Laden. While Sean Regan's piece is something of an antidote to that mentality, it is a pity more writers did not take a more critical line towards US foreign policy, which particularly under Clinton degenerated into a blasé indifference to the threats from terrorist groups like al-Qaeda and an almost uncritical support for the state of Israel. The US needs not only staunch friends at this time, but also friendly criticism of the way in which it has handled Middle Eastern issues over the past decade.

Having said that, *Blaming Ourselves* is an excellent counter to the type of left-wing intellectual thuggery and hate mongering that has dominated the debate in our media since the attacks of September 11. It is time to call a spade a spade as the editors say in their introduction, and reject the anti-liberal and anti-Western tendencies of the left once and for all. This book is an important shot in that coming cultural war for the soul of the West.

**Reviewed by Martin Sheehan**

### ***The Record of Global Economic Development***

Eric Jones

Edward Elgar, 2002,  
226pp, \$US85,  
ISBN 18406448066

THIS collection of essays draws on invited lectures presented in Germany, Japan and Australia on a selection of topics, ranging from the conventional economic defence of globalisation, through explanations of policy failure, to careful reviews of some non-economic arguments against global integration. Using an historical approach, Professor Jones develops his arguments meticulously around structural and institutional change. The volume is a fascinating read because disparate topics on social and economic change are linked by this consistent theme.

The volume opens with four essays that place global economic progress in a long-term historic context, based on Eric Jones' own path-breaking research. This section places others' theses on the history of economic development in a broad analytical perspective. These chapters establish the foundation for the later commentary by identifying why some societies accept change and achieve economic and technical progress, while others do not. The answer rests with 'institutions'—organisation and rules—and their capacity to change. Failure of institutions to adapt to changing circumstances leads to decline and stagnation, evident from the dominance of Chinese and Middle Eastern leadership in the arts and technology which gave way to Europe's Renaissance and the rise of the nation state. Now this political institution has become a threat to global economic development.

Eric Jones' command of historical data on agricultural development provides the ammunition in chapter five for lampooning the European idea of 'multifunctionality' in agriculture.

Placing the common agricultural policy (CAP) on one side, he evaluates the social, cultural and environmental goals of 'multifunctionality' on their own terms. He asks, are these anticipated public goods from CAP expenditure actually achieved? And are they properly valued? Since social and cultural goals do not feature in the business objectives of farmers, how can these public goods be generated?

Jones attempts to explain this paradox in public opinion. The social benefits can be summarised as neat countryside with leisure access, protection of the environment and the satisfaction of knowing that rural lifestyles are sustained. As a long-time amateur naturalist, Jones uses his experience to illustrate how farmers in England have sacrificed the environment and denied public access to the countryside in pursuit of profits offered by policy handouts. Rather than seeing themselves as guardians of the countryside, farmers are focused on profits—fields are roofless factories. Farmers show no more concern about environmental conservation than motorway construction firms or city developers. Yet farmers receive wide support in Europe because these public goods are regarded as being positive externalities of farming, even though no attempt is made to measure these 'benefits' or to assess them against relevant CAP expenditures.

The prediction that agricultural protection would shift from price supports for physical output to supports for supplying public goods (p.67) has come to pass earlier than even Eric Jones could have imagined. In mid-July, the EU Commissioner for Agriculture proposed that the CAP should be reformed; supports to farmers were to be de-coupled from outputs and subject to ceilings. Other payments would be provided for rural development, animal welfare, food safety and environmental objectives. European farmers are not about 'good

deeds' and a strong reaction can be expected. On the other hand, EU expansion to the east makes CAP reform unavoidable, and this proposal could introduce some accountability into 'multifunctionality'.

The next chapter engages cultural protectionists and their misunderstanding of global interdependence. What intrinsic value attaches to a dead and unused language, except as an historical curiosity? The benefits of global integration derive from the information and communication revolution that has shrunk the globe, which owes much to the adoption of common languages, especially English. Resistance to these trends, by culture protectionists, will delay the strengthening of links between peoples and economies, and impede integration and progress.

Language protection quickly extends into other forms of cultural protectionism, which brings all the costs and damages evident in trade protection. 'Local content' for films and TV programmes is nonsensical in an English-speaking country, like Australia, because English has become the *lingua franca* across world

markets. The global market for Australian cultural products (films, TV programs, literature, music, etc) is there to be seized.

An unusual dimension in the globalisation process is identified in the retail trade, that final deliverer of goods and services to consumers. In chapter 11, Jones examines the history of the retail and distribution of groceries, with special reference to Australian supermarkets. This discourse explains how the fruits of rising technology and productivity at the final interface with consumers have brought huge welfare gains, as well as

overcoming potential bottle-necks in service delivery. Communitarians and romantics in anti-globalisation lobbies neglect—or blindly accept—these gains without acknowledging the contributions this technological revolution has brought in lower prices. Do they really believe consumers would be prepared to regress to corner stores for personal service? The argument about protecting small stores in country towns presents the same conservatism as European support for 'multifunctionality'.

The third section of the volume contains three papers on East Asian development. The emphasis is on the institutional and cultural dimensions of the 'Asian miracle', and ironically, how they triggered the East Asian crisis. While emphasising that institutions depend on philosophies,

Jones notes that economic progress depends on cultural predispositions too. In the mid-1990s, overconfidence derived from the 'Asian miracle' overcame prudence and financial realities. Changes in overseas markets and financial circumstances generated currency crises, but they were aggravated in East Asian economies by

weak institutions and 'cronyism'. Authoritarianism could not manage economic shocks.

In his concluding section, Eric Jones expresses concerns about Australia's prospects in the global system. With the Australian economy flying high in the past decade, his scepticism raises some important questions. While sharing some of his concerns, I believe that misleading messages can arise from focusing on one national economy in an interdependent global economy. This narrow view contradicts the 'globalist' view evident in the rest of the volume.



Australia's recent economic catch-up owes as much to the opening of Australian markets to foreign competition and the forces of globalisation, as to domestic economic reform.

Like him, I have spent some time with Australian businessmen, directly and indirectly in Melbourne's business schools. The qualifications of corporate board members, and their similar ages and backgrounds, seem to influence their approach to business opportunities and to economic policies. Jones draws together important qualitative and quantitative evidence to support his views, though he draws heavily on journalistic references. The ABS data and Productivity Commission reports show that high growth in productivity recorded in the long upswing in economic activity since 1993 has come predominantly from small/medium-size firms, and from service sectors. This strong performance is the envy of many OECD and Asian economies. Undeniably, the drag from large firms and their predilection for protectionism remains a burden.

In chapter ten, Jones expresses concern about the human capital outflow from Australia. Yet this has always been a characteristic of adventurous Australians. Young graduates look for opportunities in large, high income economies, and international mobility is increasing. It is not all one way, however, because there is also an inflow of talent, largely from Asia. (Of course, this raises the politically sensitive issue of migration policy.) It would be surprising if mobile labour did not seek such opportunities. Indeed, in another breath, Jones acknowledges that Australian businesses need a spirit of adventure. Surely, the two should go together? Some comments in this chapter might be interpreted as being against free labour movements but they are intended to highlight the seriousness of shortcomings in the

Australian education system, about which there can be no disagreement.

Anxious that the economic benefits of globalisation are under-recognised, Eric Jones explains the costs of allowing spurious arguments to weaken the progress of economic interdependence. The important message of this volume is that conflicting opinions exist over any issue. There is no homogeneity that provides a unique policy response, which might in any case impede the momentum of social and economic progress. He shows that the world does not progress smoothly, but in fits and starts. Each hesitation must be confronted with a will, and with a reminder of history's lessons.

**Reviewed by David Robertson**

***Free Trade Today***

*Jagdish Bhagwati*

Princeton University Press, 2002,  
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ISBN 0691091560

WINSTON Churchill once famously quipped that if you had two economists in a room you would get two opinions. Unless of course, one of them was Lord Keynes, in which case you would get three. However, despite that legendary capacity to disagree, there is at least one major public policy issue on which economists record a remarkable degree of consensus—namely the mutual benefits flowing from free trade between nations.

A 1976 survey of American academic economists found just 3% who disagreed with the assertion that 'tariffs and quotas reduce economic welfare'. The only proposition to achieve a greater conformity of view was that 'a ceiling on rents reduces the quantity and quality of housing available' (2% disagreed).<sup>1</sup>

In contrast to this strong endorsement by academic economists, moves towards free trade have generally struggled to win much support in the broader community, certainly in most of the industrialised world. Moreover, recent protests in Seattle and elsewhere against globalisation and the World Trade Organisation appear to signal a hardening of opinion against greater freedom of trade.

Economist Jagdish Bhagwati is one who believes that the Seattle protests indeed indicate a new wave of anti-free trade feeling, of a greater intensity and a modified type. His new book *Free Trade Today* is a spirited defence of the continued reduction and removal of trade barriers, particularly through multilateral processes rather than smaller trading blocs.

Professor Bhagwati argues that the traditional objections to free trade came from vested interests, usually representing domestic producers or workers whose industries are protected by import tariffs or quotas, whilst the defenders of free trade held the high moral ground by defending the 'general', rather than sectional, interest. However, the latest assault on free trade, featuring a range of non-government organisations and concerned citizens, is more focused on the impact of trade on human rights, international labour standards and the environment, particularly in low-wage developing countries. This is a challenge to the moral basis of free trade.

*Free Trade Today* could be seen as Professor Bhagwati's answer to this challenge. It takes the form of three thematic lectures. The first restates the theoretical case for free trade, and assesses the academic arguments advanced at various times in favour of some tariff protection. One such argument is based on the case where a country can exercise genuine market power by restricting trade, and can move the terms of trade in its favour, in much the same way a domestic