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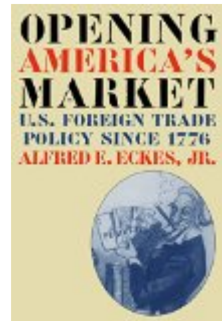
Alfred E. Eckes. *Opening America's Market: U.S. Foreign Trade Policy since 1776.* Chapel Hill: University of North Carolina Press, 1995. xxi + 402 pp. $34.95, cloth, ISBN 978-0-8078-2213-5.



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Historians of American business and foreign policy will benefit from a careful reading of Alfred E. Eckes's newest book, *Opening America's Market*. As an historian at Ohio University and a former commissioner for the U.S. International Trade Commission, Eckes provides an insider's knowledge coupled with the nuance and analysis that one expects of a seasoned historian. Although Eckes is clearly not the first to examine the economic dimensions of American foreign policy, his contribution nevertheless stands out. Much of the history written on American foreign economic policy has focused on the efforts of policymakers to open foreign markets for American goods. Eckes's book is concerned instead with policymakers' efforts to open the American market to foreign imports. The story Eckes tells is a fascinating one, and his conclusions necessitate a reexamination of America's current obsession with the doctrine of free trade.

In *Opening America's Market*, Eckes has three principal arguments. First, he claims that American trade policy was explicitly and consciously protectionist from the early days of the Republic until the New Deal, when it underwent a dramatic shift toward free trade. Second, Eckes argues that before the New Deal, U.S. trade policy was designed to achieve domestic objectives but that, over the course of the 1930s, trade policy was ordered to fit the needs of American diplomacy. Eckes's final, implicit argument is an observation and a warning that free trade may not be the only, or even the best, route to economic growth and national prosperity. As Eckes forcefully contends, a great deal of American economic growth came during years of high tariff barriers.

Eckes hopes his book will benefit policymakers as well as scholars. Having served on the International Trade Commission from 1981 to 1990, from 1982 to 1984 as chairman, Eckes laments the paucity of historical knowledge that American officials bring to trade negotiations. Policymakers and historians alike would do well to read this book. Eckes's writing is smooth, his arguments are compelling, and the subject is both timely and important.

Eckes begins his analysis of American trade policy by examining its origins in the years following 1776. Early American leaders like Benjamin Franklin and Thomas Jefferson were strong proponents of free trade. Influenced by the writings of Adam Smith, these leaders believed that the peace and prosperity of the young nation depended on unrestricted access to foreign markets. If the United States was willing to offer reciprocal and open access to all nations, policymakers reasoned, American consumers would gain access to desired manufactured goods even as foreign consumers were enjoying American agricultural products. Accordingly, when the Tariff Act of 1789 was passed, it embraced universal nondiscrimination by utilizing a single-schedule tariff. Eckes notes that, although this act emphasized the American commitment to equality among nations, it also handicapped the president by depriving the executive branch of the ability to bargain during trade negotiations.

The initial free trade goals of Franklin and Jefferson fell into disrepute as the United States entered the nineteenth century. Alexander Hamilton had questioned them from the beginning. His "Report on Manufactures" was openly protectionist, endorsing a comprehensive system of tariffs and subsidies designed to enhance and protect American manufacturing. Hamilton took issue with Adam Smith's free trade doctrine, claiming that it failed to promote the long-term interests of the nation. The strengths of Hamilton's critique were underscored by the experiences of the War of 1812, which Eckes credits with generating "a major shift away from the idealistic policy of promoting equality and reciprocal access" (p. 18). Repeated European violations of American shipping demonstrated the economic vulnerability of the nation. Swelling nationalism provided figures like Henry Clay with a political foundation to promote a strong domestic manufacturing base. Clay's "American System" consciously put the interests of the nation and its producers before the interests of its consumers. According to Eckes, Clay's protectionism became the clear consensus of American policymakers until the Great Depression. They realized that free trade did not serve the interests of the young nation, and they were not afraid to erect high tariff barriers. After all, before the Civil War, American diplomats were not terribly concerned with winning access to foreign markets, and until the 1930s, "diplomacy remained an instrument of commerce" (p. 27).

In the years between the Civil War and the New Deal, the Republican Party emerged as the champion of protectionism. As pre-Civil War policymakers had, Republicans considered the short-term consumer gains promised by free trade less important than the long- term gains of increasing employment, industrial maturation, and economic diversification. Republicans dismissed State Department claims that reciprocity served American interests. If a nation lacked a consumption-oriented society, Republican politicians argued, offering that nation reciprocal access to the American market in no way secured the interests of the United States. Therefore, under Republican guidance, American trade policy established low tariffs on necessary raw materials but kept tariffs high on value-added manufactured goods.

According to Eckes, this selective tariff policy had several impressive results. It provided the national government with a steady and substantial source of revenue. In addition, American consumers were not seriously harmed by high tariff barriers; as a result of competition and the rise of big business, prices actually declined. Finally, contrary to the expectations of modern-day economists, economic growth was not retarded by protectionism but expanded during this period. Eckes asserts that his research uncovered "no significant negative relationship between high tariffs and real economic growth" (p. 55).

Clearly, the most contentious argument in this book is Eckes's claim that the 1930 Smoot-Hawley Tariff was not the disaster that most historians consider it to have been. In a spirited attack on the conventional wisdom, Eckes attempts to prove that politicians and ideologues have "transformed a molehill into a mountain" (p. 139). Eckes dismisses claims that Smoot-Hawley raised tariffs to unprecedented levels. The highest rate on ad valorem goods applied to only about one-third of American imports, and even then it was actually lower than the rate of the 1828 "Tariff of Abominations." Furthermore, Eckes argues that the impending tariffs of Smoot-Hawley had little to do with the 1929 Stock Market Crash, and he insists that the act was not as singularly damaging to world trade as critics suggest. Finally, Eckes demonstrates that few formal protests by foreign nations were filed against Smoot-Hawley: foreign retaliation was more mythical than real. Concluding his effort to revise the history of Smoot-Hawley, Eckes writes that Congress was looking out for American interests and in passing the tariff act was in fact acting "prudently" (p. 137)

The single most important individual in Eckes's book is unquestionably Cordell Hull. Devoted to free trade, Hull took advantage of the Democratic Congress and used his influence as Secretary of State to engineer a "revolution in U.S. trade policy" (p. 98). Abandoning its 120-year old protectionist legacy, the United States embraced free trade. Under the auspices of the Reciprocal Trade Agreements Program (RTAP), the United States unilaterally slashed its high tariff barriers to encourage foreign nations to do the same. Hull promised to reverse the worsening pattern of global trade without injuring American producers. This "no-injury" pledge was to be policed by the State Department, which the RTAP empowered with negotiating authority. By minimizing congressional interference with tariff-making and packing the U.S. Tariff Commission with free traders, Hull advanced a series of policies that provided virtually unimpeded access to the American market for all nations. Eckes points out that U.S. officials had the power to enforce American commercial rights, but that they consciously avoided doing so. Not only did these steps fail to promote American exports, but they also demonstrated that trade policy had finally been subordinated to foreign policy. Hoping to promote peace and stability through international economic cooperation, American diplomats ignored domestic interests. The long-term negative consequences of such a policy were not immediately apparent, however, for the artificial economic environment of World War II kept both employment and production high.

As the Second World War came to a close, Hull's vision received a new lease on life with the coming of the Cold War. Trade policy became a key component of containment. Once again subordinating domestic needs to foreign policy, American officials promoted free trade to reconstruct and integrate Western Europe while isolating the Soviet Union and its satellite states. As the Republican Party began to emerge from the political wilderness, its membership initially moved toward a traditional pro-tariff position. The Republicans were soon co-opted by President Harry Truman's strident anti-communism, however, and they reluctantly accepted Hull's trade revolution. One result of foreign policy preoccupation and Republican acquiescence was an emerging "pattern of tolerance for discrimination against American exports" (p. 164). Not only did the government encourage American companies to invest abroad, but it also used taxpayers' dollars to promote importation of foreign manufactured goods. President Dwight Eisenhower contributed to the trade revolution by concluding an excessively-generous trade agreement with Japan in 1955, and his successors, presidents John Kennedy and Lyndon Johnson, made even more radical changes.

Focusing on the Kennedy Round of the General Agreements on Tariffs and Trade and the Trade Expansion Act of 1962, Eckes illustrates the shortcomings of American trade policy in the 1960s. The executive branch was granted unprecedented levels of discretionary authority, yet it failed to obtain significant foreign tariff concessions, abandoned the "no-injury" pledge, exacerbated balance-of-payments problems, and created the first American trade deficit since 1893. As Eckes sees it, Japan was the "real winner" of 1960s American trade policy. Providing minimal concessions and receiving maximum access to the American market, the Japanese received a "phenomenal deal" (p. 200). Responding to growing public suspicion of trade liberalization, President Richard Nixon and Congress initiated a shift toward protectionism in the 1970s by adopting rigorous enforcement of trade laws and congressional oversight of trade negotiations. Yet this reaction was too little, too late. Focusing on the loss of American industrial employment and the trade deficit, Eckes writes that "the Kennedy and Johnson administrations unwittingly made a series of policy decisions that contributed to the domestic economic dislocations of the 1980s and 1990s" (p. 218).

Eckes is sharply critical of American trade policy following Cordell Hull's revolution. Not only did American officials fail to promote exports, but they also made no effort to enforce the terms of trade negotiations. Theoretically, the existence of "escape clauses" allowed the United States to absolve itself of treaty obligations if it were being treated unfairly, but in practice such clauses were empty concessions on the part of foreign governments; to minimize international conflict, the State Department refused to invoke them even in the face of blatant discrimination. Escape clauses were not actually used until the mid-1970s, but by 1985, however, they had once again fallen into disuse, victim of the Ronald Reagan administration's zeal for free trade.

By the 1930s, American trade negotiators were also failing to prevent "dumping" and to enact effective countervailing duties. Antidumping legislation in the United States was limited in nature and provided broad executive discretion. The result, not surprisingly, was its subordination to larger foreign policy goals. Prior to the 1930s, the U.S. government employed countervailing duties to protect domestic industry against products made from industries subsidized by foreign governments. Like antidumping and the escape clause, the strategy of applying countervailing duties was set aside for foreign policy goals.

Opening America's Market is an ambitious book. In attempting to explain trade policy since 1776, Eckes has made a major contribution to the existing scholarship on American foreign economic policy. His treatment of trade policy during the Cold War suggests that historians who accuse the United States of self-aggrandizement have ignored a key piece of the puzzle. Eckes is, however, by no means uncritical of American Cold War trade policy, which he argues "imposed unnecessary burdens on U.S. producers and workers, severely harmed long-term U.S. economic performance, and circumvented the authority and will of Congress" (p.177).

For all its merits, the book is not without a few problems. As a former trade commissioner, Eckes occasionally attributes excessive importance to trade officials or tariff acts. Although Eckes explicitly backs away from asserting that trade policy was the primary stimulus for American economic growth, there are places in the text that seem to belie this distancing. One section of the book finds Eckes comparing a period of high tariffs (1890-1910) to a period with dramatically reduced barriers (1972-1992). He finds that the growth rate of Gross National Product (GNP) and per capita GNP during the high-tariff period was actually greater than that of the low-tariff period. This comparison seems fraught with problems. The second industrial revolution, the rise of big business, and the 1895-1905 merger wave make the period from 1890 to 1910 a tough act to follow. Whatever the trade policy had been during this period, these other factors would clearly have generated dynamic and substantial growth. From 1972-1992, on the other hand, American business buckled under the pressures of major corporate restructuring, an aging industrial base, and the reemergence of foreign competition. Regardless of existing trade policy, the economic growth of this period would likely have been stifled.

It would be wrong to belabor this point further, however. Eckes has not demonstrated the primacy of trade policy (and indeed he has not attempted to), but he has provided a needed corrective to historians who fixate on the firm as the source of economic growth. Along with politicians and trade negotiators, business and diplomatic historians must take Eckes's arguments into account: his research is thorough, his knowledge of the issues impressive, and the questions he raises cannot be ignored.

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