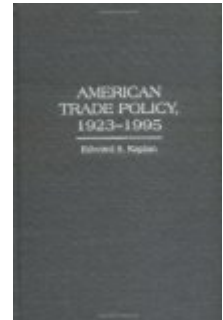
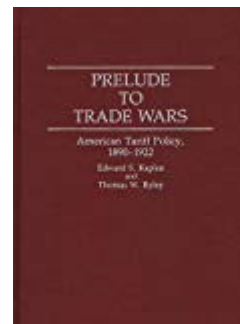


Edward S. Kaplan. *American Trade Policy, 1923-1995.* Westport, Conn.: Greenwood Press, 1996. x + 176 pp. \$55.00, cloth, ISBN 978-0-313-29480-8.



Edward S. Kaplan, Thomas W. Ryley. *Prelude to Trade Wars: American Tariff Policy, 1890-1922.* Westport, Conn.: Greenwood Press, 1994. 160 pp. \$49.95, cloth, ISBN 978-0-313-29061-9.



Reviewed by Susan Ariel Aaronson

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Trade is where foreign and domestic policies meet. Consequently, the development of trade policy is fraught with controversy--between nations; between the affected interests and policymakers; between Congress and the Executive Branch; and between government agencies that negotiate and administer trade protection and agreements. Edward S. Kaplan's new book, *American Trade Policy, 1923-1995*, promises to address some of that complexity. Kaplan is to be commended for attempting to tackle the morass of U.S. trade policy. Regrettably, his book falls short.

Kaplan relies on a few secondary sources, not primary sources, and thus, he provides an incomplete understanding of the politics and economics of trade policymaking. For example, rather than

examine the Congressional Record or Congressional hearings, he relies on *The New York Times* (and no other papers) to describe the development of trade policy legislation. He consistently cites the same four secondary sources for his analysis of trade policy and ignores prominent analysts of trade such as E. E. Schattsneider (*Politics, Pressures and the Tariff*, New York, 1935) and John Jackson (*The World Trading System: Law and Policy of International Economic Relations*, Cambridge, MA, 1989). He does not review government reports for statistics or history (such as the Annual Report of the U.S. Tariff Commission on the Trade Agreements Program), speeches of the Presidents, or speeches or reports from the U.S. Trade Representative.

U.S. trade policy has always reflected freer trade and protectionist sentiment. Even during the supposed "glory days" of U.S. leadership of free trade, the U.S. protected some sectors. Kaplan seems to miss this crucial point because he oversimplifies the process by which trade policy is made. The nature of such protection as well as its endurance depends on the state of the economy, politics, and culture.

In contrast with many other nations, authority for U.S. trade policy is divided. The President has power to control foreign policy, but under the constitution, Congress has the power to regulate international commerce and to tax. Some special interests benefit from open markets and others benefit from protection. As a result, America has always had a bifurcated trade policy, with efforts to liberalize trade coexisting with protection. Finally, given the many interests concerned about trade, some protection is necessary to "buy" political support for freer trade measures. This has been true since 1789. Why is such protection necessary? Because trade can create both winners and losers. Those who are hurt may deserve temporary protection, despite the costs to consumers and taxpayers. Such protection is accepted by GATT law and considered appropriate.

Kaplan believes that the Clinton Administration is protectionist and negating U.S. leadership of global efforts to free trade. In his view, "U.S. trade policy in 1995 has come full circle since the protectionist 1920s." This thesis is flawed because Kaplan does not understand modern modes of protection. Is the Clinton Administration really more protectionist or is it harder to reduce the types of protection nations rely on today?

In the first five decades of the twentieth century, nations relied on border measures (tariffs, exchange controls, quotas, etc.) to protect. These border measures are overt and were easily reduced in the first eight GATT rounds. As a result, today tariffs in most GATT members are relatively low. Ironically, GATT's very success may have en-

couraged nations to rely on "covert" trade barriers (domestic measures) such as subsidies, government procurement policies or regulation in recent years. Because these administrative measures are domestic policies, it is hard to determine whether nations use such regulations with the intent to discriminate against foreign producers. Under 301 trade legislation, when the President confronts such trade barriers, he is required to investigate and sometimes to punish protectionist nations with retaliatory protection in the United States. Kaplan fears that America (because of Super 301) appears less disposed towards multilateralism and is "moving from a multilateral trade approach within the WTO to a unilateral one under which it threatens countries like Japan with tariff increases for failing to open their markets" (p. x). Had Kaplan read primary sources or Susan Schwab's *Trade-offs* (Cambridge, MA, 1994), he would understand that the Clinton Administration is reluctant to use these powers, nor did it call for them.

A more careful review of the history of Uruguay Round negotiations and enabling legislation shows that both the Bush and Clinton Administrations have tried hard to broaden the rules that govern trade to include corruption and labor standards, and to complete negotiations to bring new sectors into the GATT/WTO system such as services and agriculture. This is not a protectionist record. Ironically, Jesse Helms, Pat Buchanan, and other noted protectionists frequently complain that the United States under Clinton is too supportive of multilateralism. The author ignores the Clinton Administration's push to expand the North American free trade agreement (NAFTA); its continued leadership of global efforts to free trade; its unwillingness to cite many nations (from Argentina to India) under super 301; and its attempts to bring non-WTO members into membership (such as Saudi Arabia, China, Ukraine, and Russia). Finally, instead of relying on domestic tools to protect, the Clinton Administration seems to be relying on international tools. The

U.S. is using the dispute settlement mechanism of the WTO. From January, 1995 to July, 1996, the U.S. has invoked dispute settlement in 16 cases, more than any other country in the world.

Writing a history of tariffs is a daunting task. It is hard to make it interesting. Dr. Kaplan has also teamed up with Thomas W. Ryley in an earlier book on the history of tariff policy, *Prelude to Trade Wars*, which does a good job at describing the politics of trade policy without being dry. The book is especially good at explaining the background of the participants and how they came to their positions. Unfortunately, the authors rely principally on secondary sources to make their case. Consequently, they are making their arguments based on the strong (or weak shoulders) of others rather than their own extensive research.

For example, describing the Emergency Tariff Act of 1921, the authors write "to all appearances in 1914, the country desired a moderate tariff bill." To prove their point they cite one article in the *American Economic Review*, written in 1923. That would not convince most historians that is what the country desired.

The analysis is hampered by sloppy writing and inadequate argumentation. For example, "The McKinley Tariff...was the first of a number of tariff bills that raised duties to their highest levels in U.S. history." Which one was the highest? All of them? Moreover, the title is a shocker. Which trade wars are the authors talking about? In the 20th century, when did the U.S. go to war over trade? The very term "trade wars" gives one the sense that trade is a zero sum game, a competition. A more plausible assumption is that entities trade because they think they can both gain.

The authors' contribution is strongest in political history. (Ironically, the authors write for a series called *Contributions in Economics and Economic History*.) For those interested in the politics of American tariff making in this period, they provide a decent read. But to understand U.S. trade policy, one must understand the social, technolog-

ical and economic environment, as well as the political environment.

Those readers who want to gain a better understanding of the complexities of the history of U.S. trade policy should look beyond these two books. Good books with very different perspectives include Thomas Zeiler's *American Trade and Power in the 1960s* (New York, 1992); Alfred Eckes's *Opening America's Market: U.S. Foreign Trade Policy since 1776* (Chapel Hill, NC, 1995); I.M. Destler's *American Trade Policies: System Under Stress* (Washington, DC, 1995); G. John Ikenberry et al, *The State and American Foreign Economic Policy* (Ithaca, NY, 1984); William Becker and Samuel F. Wells, eds., *Economics and World Power: An Assessment of American Diplomacy since 1789* (New York, 1984); Susan Aaronson, *Trade and the American Dream* (Lexington, KY, 1996); and John Dobson, *Two Centuries of Tariffs* (Washington, 1976).

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