

even among evangelicals and of the role of political give-and-take in the enactment of any policy. Stated another way, while Daly is cognizant of the way in which “the unique political circumstances of the Netherlands in the late nineteenth century” encouraged Kuyper to embrace pluralism, he seems unwilling to regard contemporary American circumstances as calling for a similar sensitivity to political differences and disputes.

In the end, Daly seems to be unable to get beyond his aversion to religious and political conservatives. However seriously he is willing to take what he regards as the religious underpinnings of the European welfare state, he seems to lack the capacity to imagine something attractively different in the United States. His American dream is neocorporatist; his American nightmare is theocratic. There is no room for anything in between, which is surely what we have and will continue to have.

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Fair Trade for All: How Trade Can Promote Development

Joseph E. Stiglitz and Andrew Charlton

Oxford, United Kingdom: Oxford University Press, 2005 (315 pages)

This book grew out of a study commissioned by the Commonwealth countries asking the authors to determine what a round of trade negotiations that focused on assisting less-developed countries would entail. Their stated purpose is “to describe how trade policies can be designed in developed and developing countries with a view to integrating developing countries into the world trading system and to help them benefit from their participation” (1). Further, they ask, “What would an agreement based on principles of economic analysis and social justice—not on economic power and special interests—look like?” (5).

Stiglitz and Charlton are quite critical of the current world trade regime, but the book differs from most others of that genre in that the criticisms are informed, and repeated references are made to both theoretical and empirical work that supports the criticisms. Even so, the book is unbalanced in that it focuses so much on possible ways in which less-developed countries may be disadvantaged in the current trading system that it does not give a full accounting of the many benefits realized by countries that have successfully integrated into the world economy. If the current system were as bad as the authors make it out to be, there would not be 150 members of the World Trade Organization and another 30 or so clamoring for entry. Apparently even the least developed countries judge the advantages of participation to outweigh the disadvantages.

What are some of the ways in which Stiglitz and Charlton consider the current world trading system to be unjust? They point to the following facts: both tariffs and nontariff trade restrictions fall more heavily on products exported by less-developed countries; multilateral agreements to liberalize services trade have focused on services in which

developed countries have a comparative advantage to the neglect of those in which less-developed countries have an advantage; less-developed countries lack the capacity to participate fully in trade negotiations and in the World Trade Organization's dispute settlement process; multilateral agreements on intellectual property and investment have restricted some policies that less-developed countries needed to adopt; implementing the Uruguay Round agreements was particularly difficult and expensive for less-developed countries and in some cases drained off resources that would have been better used for development projects.

There is evidence to support each of these charges, and economists have recognized them as shortcomings of the current system. Where many economists would part company with Stiglitz and Charlton is in the proposed remedies for these shortcomings. Having admitted in an early chapter that trade is good for development in the long run, they nonetheless advocate a pace of reform that would largely exempt the least developed countries from the demands of trade liberalization and would allow them to adopt policies that have proven in the past to be hindrances to development. For example, they would allow subsidies and local content requirements as part of the industrial policies of less-developed countries, arguing that even failed experiments in policy will enable such countries to discover their comparative advantages. The authors emphasize the market failures that exist in less-developed countries, but seem to have little concern about the government failures that could make matters worse as correcting market failures is attempted. They also do not take into account the leverage that trade negotiations provide to domestic policymakers in making needed reforms that would otherwise be politically impossible.

While the authors do not attempt to define fairness in trade, they make it clear that a fair trade agreement would not only assure that less-developed countries are not made worse off, but would also assure that a larger share of the benefits would accrue to less-developed countries. In their review of the empirical work on the relationship between trade and development, they discuss the difficulties of accurately assessing how a given country or group of countries will be affected by a trade agreement. Assuring *ex ante* that no less-developed country would be harmed and that a larger share of the benefits would accrue to such countries would be a difficult task indeed from a technical standpoint. Negotiating and implementing such an agreement would pose even greater challenges.

Even though the authors go to an extreme in emphasizing the shortcomings of the current trading system and demand too little in the way of reform on the part of less-developed countries, they render a valuable service in pointing out ways in which the system could be improved to benefit the poorer countries of the world. Certainly there is a need to curtail agricultural subsidies in the United States and the European Union, to lower trade barriers on agricultural products and labor-intensive manufactures, and to liberalize restrictions on labor movement. A strong case can also be made for providing technical assistance to the least developed countries so that they can participate more effectively in the world trading system and adjust more smoothly to trade liberalization.

Voices such as those of Stiglitz and Charlton, who raise the flag of social justice concerning trade matters and at the same time provide sophisticated discussion of the

economic issues involved, are rarely heard. Despite its one-sidedness, the book contains much food for thought and is recommended reading for those with a serious interest in trade policy. The book's appendices provide valuable summaries of empirical work on a variety of major trade issues.

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Reviving the Invisible Hand: The Case for Classical Liberalism in the Twenty-First Century

Deepak Lal

Princeton, New Jersey: Princeton University Press, 2006 (320 pages)

This book is an extended statement of what ought to be obvious. The obvious is that the only system in which more than a tiny minority can enjoy the good things of life is one in which property is protected, taxes are low, and the government does very little.

The problem is that what ought to be obvious is not allowed to be so. During the past few centuries, thousands of books and tens of thousands of articles have been published in defense of the truth. This truth has been accepted where not actively taught by the great theologians of all the main religions. It is perceived much of the time by most of the ordinary people who must pay high taxes and obey stupid laws. It is, however, rejected with scorn and sometimes with hysteria by the intellectual classes of every place and age.

While an order based on classical liberalism is always to the advantage of ordinary people, it is hardly ever to the advantage of intellectuals. Classical liberalism provides none of the justifications for government activism from which intellectuals draw benefit. It dismisses as nonexistent many of the problems that we are told only an army of educated and articulate officials can solve. It may concede that some of these problems exist, but it argues that they are better solved by ordinary people acting without coercion.

Why else should a body of truth so clear and even simple as classical liberalism always have had to make its way in the face of such strong, if varied, opposition from those able to ensure that their opinions matter?

The great merit of this new book by Professor Lal is that it moves the defense of classical liberalism away from the battles of the twentieth century. These battles were over the alleged merits of state economic planning. Between about 1930 and 1970, it was an almost unshakeable consensus that market liberalism led to both waste and instability, and that an enlightened state was the best means of continuing the economic transformations that began in the eighteenth century.

Because they won these battles with such spectacular effect, there is a tendency for classical liberals to assume that their means of victory are universally valid. Any classical liberal today can reenact the economic calculation debate as easily as an old soldier might reenact on his dinner table the battles of his youth.

The debate has moved on. Very few of the new antiliberals are willing to put the old Marxian, or even the Keynesian, case against market liberalism. What they now claim is