

BOOK REVIEWS

Leonard Gomes, *The Economics and Ideology of Free Trade: A Historical Review* (Cheltenham and Northampton, MA: Edward Elgar, 2003) pp. X, 350, \$120.00, ISBN 1-84376-131-9.

This book is divided into two parts corresponding to the “economics” and “ideology” of its title. Part I, on the economics of free trade, opens with a chapter on mercantilism, the focus of which is seventeenth and eighteenth-century British writers. Gomes recognizes the variety of ideas that are covered by the mercantilist label and towards the end of the chapter moves on to the rise of free-trade ideas in the late seventeenth century and the eighteenth century. This chapter, like many of those which follow, is valuable because of the wide variety of economists discussed. Mercantilist writers receive sympathetic treatment and are discussed in their historical context. For example, Gomes discusses the effects of the Methuen Treaty on Portuguese industry and of free trade on the Indian textile industry. While one might wish to place more emphasis on the role of military power in maintaining British hegemony in trade, it is made clear that free trade was something imposed on poorer countries, sometimes at considerable cost to them. Attention is, however, drawn to the importance of the Anglo-Dutch wars in building up British trade. Two related points that could profitably have received more emphasis are the change in the meaning of free trade and change in the use made of the balance of trade doctrine during the seventeenth century. It remains, however, a very useful survey of this period.

The book then turns to classical trade theory and “free trade and the National economists.” The complexity of Smith’s views on trade is nicely explained before the story moves on through David Ricardo and John Stuart Mill. Attention is, however, also paid to Torrens, James Mill, and other writers of this period. Though historical context is not absent, in discussing the classical economists, the approach shifts towards rational reconstruction and explanation of the logical structure of the theories. More historical context is provided in the extensive discussion of Friedrich List and protectionism, though it inevitably reverts to greater emphasis on the logical structure of the theory in the chapter on free trade and protection in “the age of Marshall.” The emphasis on logical structure is well illustrated by the inclusion of Augustin Cournot in this chapter, on the grounds that his analytical techniques are closer to those used by Alfred Marshall and other neoclassical economists than to those used by the classical economists. Had Cournot been completely neglected in his own day this would not matter, but Gomes makes the interesting point that there was considerable controversy surrounding Cournot’s ideas on protection as early as 1844. In view of this, it might have made more historical sense to discuss him alongside his contemporaries, List and John Stuart Mill.

Part I closes with a chapter on trade and general equilibrium, which takes the story up to the present day.

The economics of free trade are followed by the ideology of free trade, or rather, to quote from the title of Part II, “Rhetoric, events, policies and ideology.” The coverage changes from being a systematic account of the filiation of economic ideas (to use Schumpeter’s term) to a series of essays on trade policy. The first is on the Corn Laws and commercial policy in the classical era. This discusses the exceptions to free trade that gradually became accepted. The second is the tariff reform controversy of 1903, in which Marshall and most of his contemporaries became very publicly involved. These are rich in detail and I will not try to summarize them. The third is a survey of trade policy in the century from 1860 to 1960 covering parts of Europe and the United States against the background of developments in the world economy. The discussion of tariff reductions in the mid to late nineteenth century overlaps slightly with the chapter on the British Corn Laws, but it fills in the gap between this episode and the tariff reform controversy and takes the story much further. Finally there is an essay on various issues related to globalization. These chapters are excellent, and for some readers will be the most useful in the book, but they take the form of a series of essays rather than a single narrative.

My main reservation about the way the material is presented is the implication that the episodes in the history of trade policy discussed in Part II can be summarized as ideology or rhetoric (even if the latter is qualified with the addition of “events and policies”) and placed in contrast to the “economics” of Part I. A justification for this might be the one implicit in a quotation from W. D. Grampp, to the effect that debates over trade policy did not draw significantly on the economic theory of the day (implying that ideology must have interfered). This, however, would incorrectly imply that had debates centered on theory, ideology would have been absent. As Gomes acknowledges repeatedly in Part I, ideology is inextricable from the theory of free trade. What we have in these chapters is economics, as much as what is in Part I. It is tempting to describe it as applied economics, contrasted with the theory that dominates Part I. However, this would not be appropriate, for one of Gomes’s points is that these discussions of trade policy involved thinking about trade in ways that went beyond what is covered by what has come to be thought of as the theory of trade. In short, the difference between Parts I and II is a difference of emphasis that is difficult to capture in short labels: neither “economics and ideology” nor “theory and applied” captures the difference.

Notwithstanding my doubts about the way the book is organized, and a few gaps in its coverage (for example, the theory of customs unions merits more attention than it receives), it is a very good book. The writing is clear and concise and it covers a remarkable range of literature in a highly readable style; it offers an excellent introduction to the history of trade policy. In the current economic climate, where free-trade ideology is in the ascendant, the book may serve to remind economists that, even though there are good reasons for free trade, the case for protection needs to be taken very seriously.

Roger E. Backhouse
University of Birmingham