

It is exceedingly difficult to imagine condensing four years' worth of research amongst a several-person team into a single book chapter; and it is therefore understandable that not all of the contributions were able to do so in a compelling fashion. Nonetheless, the project as a whole is an admirable one. The reader is left wanting to learn more. Perhaps the lesson to be learned is that for the second phase of the NCCR – Trade Regulation project, multiple books will be needed to do justice to the rich and varied research outcomes.

MEREDITH KOLSKY LEWIS, *Victoria University of Wellington Law School*

doi:10.1017/S1474745612000092

Understanding Trade Law

by Michael Trebilcock

Cheltenham, UK: Edward Elgar Publishing, 2011

Michael Trebilcock's *Understanding Trade Law* provides an outstanding summary of GATT/WTO policy and the myriad set of issues confronting the expansion of global trade. Trebilcock somehow manages not only to summarize the key areas of GATT/WTO law, but he also incorporates pertinent case law as well as academic and public debate, all in less than 200 pages. Thus, while the preface indicates that the book is an introduction to international trade law, it nevertheless provides a fairly nuanced look at a wide range of topics in international trade.

The book begins with a summary of classical and modern trade theory (Adam Smith, Ricardo, Heckscher–Ohlin, product cycle theory) which provides a theoretical basis for why trade may serve as a benign force in the world. From here, the author discusses the longstanding rationales behind trade protection (infant industries, raising tariff revenue, national security, etc.) as well more recent popular objections to trade liberalization (i.e. that it may increase inequality and undermine environmental and labor standards, etc.) Thus, from the start, the book weaves together trade theory, economic arguments justifying limits on free trade, and more popular arguments against free trade.

The opening chapter also provides a very nice summary of international trade policy history, from the repeal of the Corn Laws in Great Britain of the mid-nineteenth century to the present. In fact, each chapter includes a history of whichever subject is under consideration, often creating an intellectually satisfying context for that particular topic. For example, in the introduction to Chapter 5, the author mentions that the principle of National Treatment (which dictates that countries can't favor domestic goods over imports from WTO member countries), was seen 'in agreements among German city-states constituting the Hanseatic League from the twelfth century onwards'. Such details are not likely to be found in an international economics textbook, and they provide flavor to the subject matter. Moreover, besides presenting historical and other background information, each chapter usually contains a summary of the applicable GATT and/or WTO text for each topic. In cases when the wording seems a bit legalistic (especially to an economist), a brief synopsis is provided. A discussion of pertinent case law then follows, first from the GATT (pre-WTO) era, and then the post-1995 WTO period.

The opening chapter also provides a summary of the two key forms of WTO governance: the enactment of new agreements and the dispute settlement process. This is useful information to anyone who wants to understand the basics of WTO policymaking. The author also raises the question of whether the dispute-settlement body has become too powerful in comparison to the other elements of the WTO.

The second chapter is devoted entirely to the dispute settlement process. This includes an 11 point summary of the steps involved in a complaint, from initial consultations between complainant and respondent countries, to WTO panel and appellate rulings, to authorization of retaliatory trade sanctions. The chapter also includes a breakdown of the countries, industries, and types of measures involved in the caseloads, both before and after the advent of the WTO. A nice addition at this point would be some tables and graphs that depict these data, as well as a flow chart indicating the stages in a dispute settlement case and the length of time involved in each step. In fact, this is probably my primary suggestion for a future edition of this book: include more visual tools (graphs, tables, etc.) that summarize some of the considerable information presented.

There's also a summary of some of the proposals on how to improve the dispute settlement process, including strengthening remedies for non-compliance with dispute settlement rulings. Some discussion of the cases involving non-compliance would have also been interesting, for example whether non-compliance tended to involve richer countries that can more easily withstand the penalties of non-compliance.

Chapter 3 begins with a discussion of the welfare effects of tariffs and gives an overview of perhaps the GATT's greatest achievement—reducing average tariffs on industrial goods from 40% in 1947 to about 3% today. The author notes that quotas have been banned, albeit with exceptions, by GATT law, since they also distort consumer and producer behavior. Some mention should probably be made here of the considerable research, dating back to Bhagwati (1965), showing that quotas enhance market power and collusion more than tariffs (see also Krishna, 1989).

The author moves from tariffs, the primary target of the GATT, to a discussion of the Most Favored Nation (MFN) principle, perhaps its most fundamental tenet. Interestingly, the reader sees that the theoretical rationale for the MFN principle is based, in great part, on reducing the negative effects of bilateral (or non-multilateral) trade deals—which is the focus of Chapter 4. The author presents and discusses the GATT/WTO code that supports the existence of preferential trade agreements (PTAs), which would otherwise violate the MFN principle. An overview of the various forms of PTAs (free trade agreements, customs unions, common markets, economic unions) and their increasing degrees of integration actually appears in the introduction. The question of whether PTAs support or undermine future WTO agreements and trade liberalization in general is dealt with more fully in Chapter 4. What is particularly useful is the coverage of not only the debates in the academic literature (i.e. trade creation vs. trade diversion), but also some of the broader considerations regarding PTAs. This includes the possibility that PTAs help increase political integration between countries with long and bloody histories (i.e. Europe); or, on the other hand, that by pairing together countries with considerable disparities in wealth, PTAs may exacerbate cross-country inequalities. The chapter closes by noting that PTAs are likely to be one of the greatest challenges to the multilateral trading system in the future.

Antidumping, subsidy/countervailing duties, and safeguard protection each receive their own chapters with excellent summaries of their respective GATT/WTO code, case law history, controversy, and suggestions for policy reform. Some of the cases are particularly interesting, including a Canadian antidumping suit against US baby food producer Gerber which led to Gerber's exit from the Canadian market. Gerber's departure resulted in public outcry from Canadian consumers, which in turn led to a reduction in the duties in order to entice Gerber to return to the Canadian market. Economists often point out that protectionism rarely results in outraged consumers, since their individual losses are small relative to the individual gains reaped by producers (although in the aggregate the reverse is true), but an exception is seen in this case.

The author raises the argument that antidumping (AD) and safeguard protection may serve as a safety valve which helps foster trade liberalization, despite the shortcomings of these policies with regard to economic logic or enforcement. Perhaps it should be noted that recent evidence from Moore and Zanardi (2009) indicates that antidumping does not support the safety valve hypothesis, and instead suggests that antidumping may undermine liberalization in developing countries. Several suggestions are made by the author to help reform AD policy, the most ambitious of which is to harmonize international antitrust policy and hold dumping to the same legal scrutiny as antitrust cases. In fact, the original intention of the United States' Antidumping Act of 1916 was to protect domestic producers from predation by foreign producers. The author points out that, in its' current form, AD law flagrantly violates the principle of non-discrimination by treating the pricing behavior of foreign producers with greater stringency than domestic producers.

The author also examines perhaps the most contentious of issues, trade and agriculture. The numerous justifications for protection of agriculture are discussed, including the desire for self sufficiency, preservation of rural lifestyles/family farms, and protection of subsistence farmers. In fact, the author is particularly sensitive to this latter need and suggests that special dispensation should be made in order to protect vulnerable traditional subsistence agriculture in developing countries.

There are also separate chapters covering two major innovation of the Uruguay Round agreement (1986–1994)–the General Agreement on Trade and Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). The author notes that liberalization in services is inherently more complicated than with goods, since trade barriers rarely come in the form of tariff and quotas, but instead appear as domestic regulatory policies. Moreover, application of the National Treatment Principle is particularly complex when industries rely on self-regulation rather than government regulation.

The discussion of intellectual property rights, especially regarding the debate over patent protection and the provision of essential medicines to developing countries, is quite good. There is also mention of US enforcement of patent rights via Section 337 of the US tariff act of 1930. It might be interesting to see some features of the US's 337 caseload, such as frequently cited countries or industries, although this subject has received relatively little attention from empirical economists compared to antidumping and safeguards. Another interesting question is why the US International Trade

Commission is charged with enforcing patents in foreign countries when there is already a system of adjudication for domestic patent violations. Thus, just as antidumping reform might ideally evolve into antitrust enforcement by domestic courts, perhaps patent violations in foreign markets would also be better served if they were enforced in domestic courts.

Three of the most publically debated topics involving trade policy – that is, health and safety regulation, the environment, and labor standards – each appear in separate chapters towards the end of the book. Each topic contains relevant background, GATT/WTO regulation, and a discussion of the major disputes. As such, this book would serve as an excellent resource for courses focusing on controversies within global economic integration.

The final chapter summarizes eight issues that pose particularly difficult challenges for the global trading system. This allows the reader to review the controversial topics covered in earlier chapters. It also provides a lasting impression of the current uncertainty regarding numerous aspects of the WTO that Trebilcock has exposed and analyzed in concise and superb fashion.

BENJAMIN H. LIEBMAN, *Saint Joseph's University*

References

- Bhagwati, J. N. (1965), 'On the Equivalence of Tariffs and Quotas', in R.E. Baldwin *et al.* (eds.), *Trade, Growth and the Balance of Payments: Essays in Honor of Gottfried Haberler*, Amsterdam: North-Holland.
- Krishna, K. (1989), 'Trade Restrictions as Facilitating Practices', *Journal of International Economics*, 26 (3–4): 251–70.
- Moore, M. O. and M. Zanardi (2009), 'Does Antidumping Use Contribute to Trade Liberalization in Developing Countries?', *Canadian Journal of Economics*, 42(2): 469–95.