

**Peter Urmetzer**

**From Free Trade to Forced Trade: Canada in the Global Economy.**

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It is clear in the wake of the failed World Trade Organization talks in Cancun, Mexico, that free trade remains a contentious topic that deeply divides supporters and opponents. Proponents of free trade tout it as a beneficial salve for problems as varied as stagnant economic growth to the challenge of combatting global terrorism. Opponents see free trade as a tool variously used for the disintegration of national sovereignty, the undermining of government social programs and the weakening of environmental regulations. Peter Urmetzer's new book cuts through this bombast surrounding free trade, providing a lucid and helpful analysis of why such deep disagreements over the purported benefits of free trade persist, and why the neoliberal face of free trade ideology today is increasingly under assault from a variety of quarters. To his credit, Urmetzer's book is not solely an attack, however welcome and accurate, on the exaggerated claims of the proponents of free trade's current neoliberal manifestation. Rather, long-time opponents will be surprised to find some of their cherished claims about the supposed dangers of free trade questioned as well. It is this balanced analysis, where Urmetzer separates ideological claims from this policy's much less consistent historical and contemporary implementation, which makes this book a welcome addition to the still simmering free trade debate.

There are at least three identifiable and substantive themes to this book. First, Urmetzer hopes to debunk the overstated claims surrounding free trade by asserting the unconventional argument that free trade is on balance a "neutral activity" (4). Beyond highlighting free trade's unremarkable record, a second running theme throughout this book is Urmetzer's determination to distinguish between the historical and theoretical underpinnings of free trade, and its actual policy implementation. Finally, a lesser goal is the placement of Canada—its international economy and longstanding public divisions over trade—firmly in these debates.

Following an opening chapter in which he discusses the lack of convincing evidence on the benefits of free trade, Urmetzer provides an overview in three successive chapters of the contributions of Adam Smith, David Ricardo and John Maynard Keynes. To different degrees, proponents of free trade have relied upon these thinkers, in particular Smith and Ricardo, to advocate this policy. Yet, Urmetzer convincingly points out that the writings of these thinkers is time and place specific, and has limited applicability to a world economy today characterized by globalized production, mobile capital and rootless multinational corporations. In fact, as Urmetzer notes, both Smith and Ricardo might well find fault with today's corporate-styled globalization and monopoly capitalism.

Much of the remainder of the book surveys the wide gap between the theory of free trade and its historical and contemporary policy application. In particular, one of the strongest and most convincing points made repeatedly in this book is that there is little or no evidence that today's Northern economic powers relied on free trade initially to promote industrial development and to prosper. In fact, as is made crystal clear by Urmetzer, these states had historically adopted interventionist if not

outright protectionist policies. The United Kingdom, the United States and Canada, for example, relied upon tariffs, subsidies, capital regulation and other interventionist tools to nurture industrial development. While this is not a particularly surprising fact for students of political economy, what is important to recognize is that those states that historically relied upon such interventionist tools now shamelessly and hypocritically demand that states from the developing South adhere to the strict tenets of non-interventionist neoliberal ideology.

But of course, the North's willful amnesia over its historic approach to trade policy is matched in the hypocritical way these states refuse to abide by those very neoliberal rules currently forced upon the developing world through IMF structural adjustment policies or through regional or global trade regimes. As Urmetzer notes, "this has resulted in the ironic situation where Western countries practice Keynesian economics within their own economies while pushing on the Third World a version of the free trade model that they themselves are unable to implement at home" (169). This trend of hypocritical Northern trade policy is illuminated especially well in the separate chapters on the WTO and the Third World. Here Urmetzer highlights the hierarchical power relationship in the present global trading system, and the manner in which the Northern states have sustained this inequitable system through their influence over the IMF, the World Bank and the WTO.

In an especially prescient section, entitled, "Five Reasons Why the WTO is Not Likely to be the Next World Government" (129), Urmetzer almost seems to have anticipated the recent collapse of the WTO ministerial meeting in Cancun. At this meeting the lack of enthusiasm for free trade exhibited across numerous WTO member states, as well as the sense that those in the developing South have had little to gain from WTO negotiations, surfaced especially in the deadlock over the North's refusal to substantially lower its hundreds of billions of dollars of annual agricultural subsidies. Moreover, the so-called G21 block of developing countries, led by China, Brazil and India, that emerged in Cancun rebuffed the North's attempt to continue negotiations and exhibited a burst of the sort of state sovereignty Urmetzer argues has remained available to WTO members. Moreover, this Cancun power shift demonstrated that developing states were no longer content to be neoliberal policy takers—a stance characteristic of their position in past trade negotiations—but rather sought to be policy makers in this supposed new WTO development agenda.

While much of Urmetzer's book can be viewed, then, as a sobering corrective to the overstated claims of the proponents of free trade, he also provides occasional jarring analyses of some of the stronger claims made by anti-free trade groups. As suggested above, beyond refuting the notion that state sovereignty has demonstrably declined under free trade, in a chapter on controversial case studies Urmetzer also critically assesses claims that the environment, food safety and public health have been undermined in WTO or NAFTA rulings. He concludes that WTO and NAFTA decisions have in fact been less hostile to the environment than critics have claimed, yet admits that at this time tensions remain between the upholding of national sovereignty, the promotion of trade and the protection of the environment—a tension that perhaps the WTO is simply ill-prepared in its present form to resolve.

In a concluding chapter on "Production, Consumption and Employment," Urmetzer identifies one of the great weak links in today's global economy. What he calls the "biggest shortcoming of the free trade thesis" (201) is the seemingly purposeful ignorance of the global crisis in production. As the spectre of deflation haunts the globe, neoliberal policies are clearly exacerbating the disjuncture

between supply and demand. Workers, beset by stagnant or falling wages and growing indebtedness, or worse, toiling in sweatshop conditions, are failing to adequately consume the world's oversupply of cheaply produced goods. Moreover, there is little reason to think that, in the face of staggering trade and budget deficits, the United States will be able to continue to sustain on credit the fragile global economy into the foreseeable future.

In short, Urmetzer has written an accessible and timely critique of the folly of neoliberal economic policies. There is perhaps less here on Canada than the subtitle of the book would suggest, but this is no drawback. Readers in Canada and elsewhere will gain much of value from this book's honesty and it should be of use well beyond the classroom as a tool for educated citizenship and for clearing away the fog of neoliberal free trade ideology.

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