

STRAIGHT TALK ON TRADE: IDEAS FOR A SANE WORLD ECONOMY

(DANI RODRIK)

April 21, 2018

I find that my hit percentage on economics books is about fifty percent. One out of every two books I read is excellent, and the other is awful. Very little seems to be in between. Unfortunately for me, this book is in the latter group. It is supposed to be, I think, an effort to show that a mainstream economist can be less than totally enthused about unlimited free trade and “hyper-globalization,” without being on the side of Trump or “illiberal democracies,” and without giving up his neoliberal ID card. But *Straight Talk on Trade* is just a mess.

Why that is so is given away in the Preface. The reader’s heart drops when Dani Rodrik informs us this is not a fresh book, but merely a compilation of “my monthly syndicated columns, as well as a few other short and lengthier pieces, [of which] I have done only a light edit of the original text.” In other words, this is simply a *mélange* of rewarmed offerings done earlier on a deadline, not tied together in any meaningful way, other than that the theme is “economics.” It is not the “visionary framework” promised by the dust cover; rather, it is what is known as a “money grab.” I should have stopped reading there. But I did not. I suffered that you may avoid suffering.

Holistically, Rodrik’s project seems to be to rescue globalization from its excesses. That is, he is a neoliberal in good standing, no doubt chummy with George Soros and Pankaj Mishra, but he is afraid that the evil populists are given ammunition by economists and politicians who over-promise what globalization has to offer, and then under-deliver the social goods to their constituents. Not for Rodrik, therefore, fantasies about emerging global governance or the demise of the nation-state. Instead, he preaches that the nation-state has to be run by clear-eyed politicians who will save us from the populist beasts. In this project, though, he has to walk a tightrope, since he can’t afford to be seen as an ally of the beasts—but he agrees with some of their points, such as that the Trans-Pacific Partnership was probably a bad idea, and that perhaps we should note that some people are made worse off by globalization.

To the end of rescuing globalization, from its excesses and its enemies, Rodrik offers twelve chapters, each just copied from his earlier work. Concepts and phrases frequently overlap and are repeated, so it is hard to tease out a set of principles, much less a “visionary framework.” But if you poke at the pile enough, several basic points, all simplistic and unoriginal, pop out their heads. First, economics is hard and non-specific, and economists too often express pithy certainties to the media which they do not really believe in their unqualified form. Second, gains from free trade are unevenly distributed, within any given country, and between countries as well. Third, developing countries that are not yet developed may have trouble developing to First World standards, due to structural limitations in the global economy. Fourth, although each country should choose its own path, developing countries will pay no cost at all if they immediately implement a full-scale social justice regime as they develop, and in fact all developing countries are morally obligated to do so. Fifth, democracy, but only approved forms of it, is just awesome, and an economic tonic like none other.

Surrounding these points, like a mist of stinging insects, are tiresome obeisances to the imperative need for more “liberalism” for everyone in the world (meaning, of course, policies dictated by the Left that aggressively implement emancipation and individual autonomy are the only ones allowed), demands for more action against global warming, claims how unspecified “green technologies” and “green industry” are needed to save both the world and its economies, demands for how we must have increased global redistribution to achieve “social legitimacy,” and innumerable vague calls for “social justice.” Punctuating this cloud of annoyance are jarring uses of obscure economics-speak without any clarification, such as “a corner solution” and “economists’ beloved Arrow-Debreu model of general equilibrium.” And framing it all are constant preening references to “my [other] book, so-and-so,” used as a shortcut to avoid actually demonstrating a point.

Moreover, all the writing in this book has an odd characteristic; it may come from Rodrik being excellently educated in English, but only as a second language (he’s from Turkey). That characteristic is that every paragraph seems very clear—but at the end of it, or of a series of paragraphs, the reader is basically unsure what was actually said. I can’t figure out why. Maybe there is little substance. Maybe there aren’t

enough thesis statements buttressed by reasoning. But you can read page after page and you get a feeling like cotton candy—you think there should be something there, and it felt like there was something there, but it melted away leaving no trace (and without leaving a sweet taste). It is most disturbing.

Weird errors abound, as well. It is not true that American unemployment checks come from the federal government. “Civil rights” is not the same thing as “the rule of law”—in fact, Rodrik’s lengthy discussion trying to show how some “electoral democracies” are not really democracies, because they are “illiberal,” may take the cake for the most confused discussion of core political concepts I have ever seen offered by a major author. “Culture shock” does not mean “situations where our expectations about people’s behavior turn out to be so wrong that we find ourselves jolted by the experience.” Every so often, to be fair, there is something interesting, such as a solid attempt to resurrect mercantilism, properly defined and updated, as a counterpoint to classical liberalism (although this is somewhat undercut by a total failure to understand that government regulation of, and government support for, business are not the same thing). But mostly, as I say, it is just a mess.

Ultimately, what this leaves us with is mushy analysis and prescriptions that are vague bromides or simply incoherent. The topics here are much better covered in Clyde Prestowitz’s *The Betrayal of American Prosperity* (in fact, it was Prestowitz’s review of this book that caused me to buy and read it), or Richard Baldwin’s *The Great Convergence*. Or even in Robert Gordon’s *The Rise and Fall of American Growth*, if the topic is relative amounts and impacts of innovation over time. And as far as political structure, Francis Fukuyama offers a coherent neoliberal perspective and analysis, something utterly lacking here. If you read those books, then read this book, you will go backward, so just read those books.