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connections gave Charoen Pokphand an unfair advantage. When the conglomerate ventured into China in the 1990s, it invested in the same sectors—animal feed and meat processing—that it had dominated in Thailand, and then in the manufacture of motorcycles, and in power plants and telecommunications. These operations would also have required central-government, military, or local-government collaboration. The very spectacular expansion of Charoen Pokphand's operations in all these spheres, however, was financed through complicated pooling of capital among subsidiaries, funds raised on the stock market in Hong Kong or New York, bonds from offshore banks, as well as operational profits. The rapid expansion was brought to a halt by the 1997 crisis, as a result of which Charoen Pokphand found it necessary to sell its Shanghai motorcycle operations and various subsidiary interests, and concentrate once again on the agribusiness that had been its mainstay prior to expansion. Brown draws from this experience the lesson that this unwieldy company was expanding into a high-tech sector without appreciating its special needs and complications. The advent of fiber optics, in particular, had allowed a relative novice to become a dominant supplier of telecommunications because it could delegate the technical complications to its American partner. Yet, ultimately, heavy reliance on offshore finance carried the risk of overextension, as was evident in the economic downturn.

Brown provides further examples to show that the result of political patronage is financial recklessness and lack of competitiveness. Yes, Brown relates those traits to an aspect of Chinese culture. They do not come from Confucianism, but from the unreliability of contracts in Chinese society. The reliance on personal relationships was reinforced by the position of dependence to which overseas Chinese communities were relegated in colonial and postcolonial Southeast Asia.

All these arguments about business in overseas Chinese communities should be taken seriously. Anyone who still thinks that Chinese culture has much to do with the success of the overseas Chinese should read these two books.

DAVID FAURE, *University of Oxford*

Australia and the Global Trade System: From Havana to Seattle. By Ann Capling. Cambridge: Cambridge University Press, 2001. Pp. x, 260. \$64.95, cloth; \$24.95, paper.

Ann Capling's book deals with Australia's role in the design of the global trade system, from the post-1945 negotiations over the (aborted) International Trade Organization (ITO), up to the 1999 meetings of the World Trade Organization (WTO) in Seattle. She draws primarily on Australian sources, such as memoranda, reminiscences, and interviews with Australian participants in the negotiation process. The story has not been told before in such detail, and the book will become a standard work on how Australia conducted its international economic diplomacy during the second half of the twentieth century.

Capling describes the primary purpose of her book as being "to provide a political analysis rather than an economic one" (p. 10), but economic forces are critical to the story. Australia's trade flows in 1945 were dominated by British Empire markets. Events like Britain's application for EEC membership in the 1960s and Australia's mineral boom of the 1960s (which fueled growth in exports to East Asia) were important milestones en route to the present situation, where Australia runs trade surpluses with Asian countries and deficits with the United States and Europe. Australia's transformation from a staunch defender of Imperial Preferences and the right to use trade barriers, into an ardent supporter of multilateralism, is surely tied to this change. Capling's strength is that her book provides

the information for the reader to draw this conclusion, but her own analysis focuses narrowly on domestic political influences.

Capling strives hard to show that Australia has wielded far more influence within the General Agreement on Tariffs and Trade (GATT) and the WTO than might have been expected given her economic size; but in so doing she confuses inputs (effort) and output (influence). The gap is best illustrated in the early chapters of the book. Australia's role in the post-1945 negotiations to establish a global trade system focused on opposing U.S. attempts to make nondiscrimination the cornerstone of the system. Australia also lobbied hard for provisions allowing protectionist measures in support of employment and industrialization. Capling concludes that "Australia's contribution to the establishment of the GATT and ITO had been enormous" (p. 35), but this is only true in the sense that Australia contributed to drafting an ITO Charter that was unacceptable to the U.S. Senate, and therefore a nonstarter.

Australia was an original contracting party to the GATT, but was not a supporter of GATT principles. Apart from continued advocacy of tariff preferences, Australia claimed exemption from cutting its tariffs on manufactured goods because other countries excluded agricultural products from the rounds of multilateral trade negotiations. On agriculture, Australia was on the side of the angels, but the exclusion of agriculture from GATT negotiations did not justify Australia's opposition to other desirable parts of the system. At the third round of multilateral negotiations in the early 1950s (the Torquay Round), Australia tried to withdraw tariff cuts bound in the previous rounds; acceptance of this precedent would have undermined the whole process of multilateral trade negotiations. In view of the fact that Australia's contribution in the 1940s and 1950s was negative and, in effect, minimal, Capling's conclusion that Australia's "skillful diplomacy" in those decades achieved its goals is difficult to sustain (p. 66).

Australia's trade negotiators were a small group of politicians and public officials. Capling's reliance on the participants' own versions of events gives a sense that they did rather well, given the constraints (pp. 37, 64–65). Often, however, the constraints represented a prior choice: retention of payments arrangements and import quotas until the late 1950s, for example, was a political choice, itself reflecting distrust of the principles underlying the GATT system. Time and again the Australian negotiators revealed their economic prejudices (against market forces in particular) and sometimes crude racism (e.g., regarding Japan's accession to GATT in 1955) and anti-Americanism (p. 21). In general, the GATT was based on sound economic principles, and to criticize the United States—for example, for resisting pressures from developing countries for preferential treatment—was to miss the point; by the 1980s the developing countries themselves came round to accepting the desirability of GATT principles.

The situation started to change in the 1970s, and after a final diplomatic *faux pas* at the 1982 GATT ministerial meeting, Australia began to play a more constructive role. Capling tells this story surely, with emphasis on coalition-building (the Cairns Group) and on documenting how, with greater confidence and credibility (following Australia's substantial post-1983 trade liberalization), Australia did begin to punch above its weight in global trade negotiations.

Capling's account is well written and well documented, but the reliance on Australian policymakers' own accounts requires some counterweight. Academic critics of pre-1983 trade policy, such as Max Corden, receive no mention, while the protectionist views of economic advisers like J. B. Brigden are quoted with implicit approval. Other countries' trade negotiators' views of the Australian position are rarely presented. The value of Canadian experience as a foil to Australia's is dismissed (apparently on the basis of geography), despite the frequent rivalry (pp. 120, 137) and long-term role reversal of the two countries'

trade negotiators. These desires for a more substantial opus should not, however, detract from Capling's accomplishment in achieving her own purpose.

RICHARD POMFRET, *Adelaide University*

Labour Relations and Industrial Performance in Brazil: Greater São Paulo, 1945–60. By Renato Colistete. New York: Palgrave, 2001. Pp. xxv, 225.

This is an interesting study of institutions and labor relations in Brazil's most important industrial region during a period of impressive industrial growth and productivity improvement. The book's strengths derive from archival research on the internal workings of labor relations at the firm and industry-wide levels. Paying attention to the details of the workplace environment, Colistete argues that labor-training schemes, the organization of work, and factory environments each influenced industrial productivity in São Paulo during the postwar years.

In rich chapters on the labor market and workplace conditions, Colistete performs a major service in describing the composition of the workforce, its organization and training, and its environment. According to his account, industrialists and workers struggled over conditions and wages at the firm level as well as at the better-documented level of politics and collective bargaining; indeed, Colistete argues that during the key period of the 1950s it was the former struggle that determined the overall picture of workplace organization, training, and wages. The outcome of this struggle, in Colistete's view, was unsatisfactory for both workers and managers. Workplace hazards, inefficient production processes, and low wages limited labor productivity growth and hence industrial development. Industrialists, for their part, gained in the short term by holding down wages and squeezing productivity out of workers in the form of longer and more intensive shifts. Over the long term, Colistete argues, these factors—combined with a Faustian pact between labor and industrialists regarding protectionism—hampered São Paulo's drive to attain competitive levels of industrial productivity.

As far as it goes, this is an important contribution to the ongoing debate concerning Brazilian industrialization and underdevelopment. Problems in the methods and data employed in the book limit its explanatory power, however. To begin with, Colistete claims that economic history has given short shrift to the role of institutions in economic growth (p. xxi) when, on the contrary, there is a large and growing literature (associated with Douglass North) on this subject. This literature is largely absent from the book; and the absence of an explicit theory on how institutions relate to economic performance limits Colistete's ability to generate testable hypotheses or move from description to analysis.

Lacking a theory connecting labor relations to institutions to industrial performance, the author also fails to explore the full ramifications of his data. For instance, there is the apparent paradox of rapid labor productivity increases in the 1950s despite extremely high levels of protection and technical stagnation. This result is worth exploring rigorously with quantitative data, in both time-series and cross-sectional form. Along these lines, Colistete's decision to eschew the total-factor-productivity approach greatly diminishes the power of his central premise—that industrial relations and institutions provide the key to understanding industrial performance in São Paulo. It is possible that the drag on performance was much more severe on the capital side of the equation, or that rampant protectionism explains poor productivity performance. But neither of these explanations can be ruled in or out given the author's methodology.

Lastly, the book suffers from temporal and geographical constraints, which together prevent it from achieving its full potential. A more promising approach would have juxta-