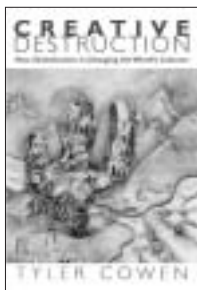


Creative Destruction: How Globalization Is Changing the World's Cultures

By Tyler Cowen. 2002. Princeton, NJ: Princeton University Press. Pp 179, \$19.57, hardcover.



Are globalization and international trade destroying local cultures and diversity? Does the market expand our positive liberties and increase the menu of choice? Does trade in cultural products support the artistic diversity of the world or destroy it? More generally, are market exchange and aesthetic quality allies or enemies?

These questions draw conflicting responses, although the often-heard answer seems to be that globalization has resulted in a “dumbing down” of societies everywhere. American movies, TV shows, music, fast foods, and clothes are usually cited as examples of global products that have replaced or destroyed local products and cultural traditions. This book addresses the issue by focusing on trade in cultural products across geographical space. The particular aspects of culture treated are those creative products that stimulate and entertain us (i.e., music, literature, cinema, cuisine, and the visual arts).

The author brings an economist’s perspective to the discussion. He is Professor of Economics at George Mason University, where he directs the Mercatus Center and the James M. Buchanan Center for Political Economy. But he also draws on his “diverse experiences as a cultural

consumer,” citing examples of steel bands in Trinidad, Indian and Navajo hand weaving, dance music in Zaire and Cuba, Persian carpets, the colorful cloth designs of the Kuna Indians who live on islands off the eastern coast of Panama, Haitian painting, and Tuvan throat singers from Mongolia. Trade and cross-cultural exposure impacts all of these, and the author’s background and experience permit an examination of these effects in a lucid and informative way. The topics discussed are sampled extensively rather than intensively; “specialization, while it has brought immense benefits to science and academic life, is by its nature ill-suited to illuminate the diverse production and consumption made possible by the market economy.”

What lessons does the author offer? Three stand out.

Cultural diversity has multiple meanings. Diversity within a society refers to the richness of choice within that society. Globalization focuses on diversity across societies, that is, whether societies are becoming more similar. Cross-cultural exchange tends to favor diversity within a society but not across societies. Trade tends to increase diversity over time by accelerating the pace of change and bringing new cultural goods with each era or generation.

Cultural homogenization and heterogenization tend to come together over time. That is, although chain restaurants take an increasing percentage of restaurant sales, growth in dining out has led to an expansion of specialty food opportunities.

While cross-cultural exchange alters and disrupts each society it touches, it also supports innovation and creative human energies. The author’s views are definitely positive

on the benefits of cross-cultural exchange. The “creative destruction” of the market creates a “plethora of innovative and high-quality creations in many different genres, styles, and media...cross-cultural exchange expands the menu of choice, at least provided that trade and markets are allowed to flourish.”

The book explains that trade and wealth are two prominent features of today’s global markets. On the supply side, technology gives artists new ways of turning creative visions into marketable products. On the demand side, wealth creates the buying power to fund such creations. Technology brings a broader menu of choice to world consumers. But also technology and wealth stimulate innovative cultural production in the less economically developed countries.

The downside is not neglected. The author considers how cross-cultural contact damages the “ethos”—i.e., the special feel or flavor of a culture—“an unpriced, untraded input into production, collectively produced by the actions and attitudes of many human beings.” An ethos can be weakened or destroyed by external commercial influences, even if those influences improve human welfare in the broader sense. But the author argues that successful development of an ethos relies on trade as well as isolation. He adds, “If there is any contemporary ethos that is becoming predominant on a global scale, it is an ideology of individualistic self-fulfillment, bred through democracy, relatively free markets, and modern commercial society.”

Many of the author’s ideas expressed in my review are in his own words because they are well phrased. His approach is well balanced and reasoned; his conclusions are reason-

able and forcefully expressed. Counterarguments are given careful consideration. While this book is definitely outside the mainstream of economic literature, it does consider an important characteristic of globalization and presents ideas for business economists to consider while taking a broader view of their daily tasks.

Cowen concludes that he is fundamentally sympathetic to the extension of markets across geographic regions, without denying the difficulty of adjudicating the resulting discord of values. He favors a cautious embrace of a cosmopolitan multiculturalism as a guiding aesthetic principle and as a practical guide to policy.

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Agricultural Trade Policies in the New Millennium

Edited by P. Lynn Kennedy and Won W. Koo. 2002. Binghamton, NY: Food Products Press, An Imprint of The Haworth Press. Pp 377. \$89.95 hardcover; \$49.95 paperback.



Agriculture is an industry with a unique position in the world economy. Although its products are traded heavily internationally, the sector has always

been exempt from the rules and disciplines imposed on the conduct of international trade by the World Trade Organization (WTO) and its predecessor, the General Agreement on Tariffs and Trade (GATT). It has enjoyed this privileged position for three basic reasons: the essential nature of its product to human sur-

vival; the central role it plays in many economies, both structurally and as a foreign earnings generator; and its use as a building block in the development of regional economic and political groupings, the most notable example of which is the Common Agricultural Policy of the European Union. In consequence, trade in agriculture is far from liberal, and it is subject to procedures of bizarre complexity. Inevitably, the result has been extensive distortion to trade.

In fact, distortion has increased, and opposition to the economic and political pressures for liberalization has grown to become the central stumbling block in international trade negotiations. The difficulties inherent in overcoming this opposition are immense. They range from the adjustment problems that would be faced by subsidized producers in heavily protected markets to the threat assumed to be posed to the environment and consumers' health by genetically modified food. The subject itself has become Byzantine, a world with a language of its own, with procedures remote from conventional logic. Published material is often—though not always—obscure, and comprehensive treatment is relatively rare.

In May 2000, six months after the collapse of the WTO meeting in Seattle had ended immediate hopes for agricultural, or indeed any other, trade negotiations, the Southern Agricultural Trade Research Committee convened a symposium in New Orleans. Its purpose was to assemble leading agricultural economists in the trade policy field from the United States, Canada and the European Union to discuss emerging issues in agricultural trade under ongoing multinational and regional trade negotiations, including those within the WTO and the Free Trade Area of the Americas. In the event,

active contributions came largely from U.S. universities and the U.S. Department of Agriculture. Others included representatives from the OECD, the World Bank, and the coffee division of the Louis Dreyfus Corporation.

Agricultural Trade Policies for the New Millennium is the published result: a collection of the full set of invited papers and other selected contributions from that conference, revised by the authors in the light of the discussions. The conference predated the WTO meeting at Doha that established the current round of trade negotiations—the Doha Development Round—in which agriculture is specifically included for the first time. It also predated the approval by the U.S. Congress of the 2002 farm legislation. These omissions scarcely matter, however, for this is an outstanding book: among the best in its field. It is both accessible and comprehensive, and it should be required reading for those concerned with trade issues, whether or not they are agricultural.

The structure of the book is logical and clear. It opens with an overview by the editors (Kennedy and Koo), setting out briefly but accurately the priorities of the four main negotiating parties: the United States, the European Union, the Cairns Group of developed and newly industrializing agricultural exporting countries, and the developing countries. The closing chapter is also by Kennedy and Koo and acts as a counterpart, summarizing the obstacles to the satisfactory conclusion of negotiations for the liberalization of world trade in agriculture, again from the standpoint of each negotiating party. There is a subtle change of order here, with the European Union preceding the United States in the final chapter as the party posing the most difficulties. The editors then offer their own conclusions.

Together, these two chapters

alone provide a very good briefing. The material that separates and supports them—the actual conference contributions—is divided into three sections. The first of these covers the key issues influencing agricultural trade negotiations and is, in effect, complete in itself: a supporting document for the opening and closing chapters. It opens with a critical assessment of progress (as of May 2, 2000) in the negotiations. The treatment is comprehensive, embracing the conflicts developing between Canada and the United States as a result of their diametrically opposed policies—elimination of subsidies in Canada and their re-introduction in the United States, the obstacles created by the “Green Box” programs (i.e., policies not actionable under the GATT), export subsidies; market access and export restrictions, the implications of research and development expenditure, and the influence of multinationals and market structures. In the following chapters the issues raised are authoritatively developed and placed in perspective. The respective approaches, problems and policies of the European Union, United States and developing countries are reviewed in detail. The quality is high, with the chapters on the European Union and the United States particularly impressive, the former for its realism, the latter for its candor. The section concludes with a consideration of environmental issues.

The second section of the book is devoted to commodity trade issues. It takes five products of importance to the United States—rice, sugar, wheat, grain and cotton—and explores their positions in world markets in varying degrees of depth. The treatments are generally based on statistical analysis and political economics and are therefore easy for a

non-economist to follow, something which is possibly important in this field. The paper on wheat, however, is supported by a mathematical model of the impact on the world wheat trade of China’s entry into the WTO.

The third section explores a variety of specific problems in detail. These range from broad issues, such as the implications of regionalization and policy matters, to technical and micro-economic subjects, such as price volatility and anti-dumping. Some interesting models are included, providing uplifting intellectual purity amidst the harsh practicality of economic diplomacy.

The editors’ conclusions assess the prospects for agricultural trade policy and make a plea for liberalization on economic grounds. The latter is coupled with a proposal that related, non-trade issues, such as environmental concerns, health matters, and “multifunctionality”—the relationship of agriculture to its host communities—be separated from trade issues and dealt with at the national level, thus enabling the international agricultural trading system to function in an efficient manner. Policy analysts, they suggest, should give a lead through identifying such policy alternatives.

It is a slightly unrealistic conclusion, since it fails to address the linkages between the trade and non-trade factors that are the kernel of the agricultural trade problem. But this was an academic conference, held outside the general mainstream of international affairs. This context may be responsible for one of the few criticisms that might be made of the contributions: that they concentrate almost exclusively on agricultural issues and do not adequately consider the interaction between these and the wider trade negotiation scene.

In all, however, this is an impres-

sive volume. There are some omissions, with the deep divisions within the European Union over the Common Agricultural Policy and the increasingly powerful role played by the development non-governmental organizations being the most evident. But mistakes are few and confined to peripheral areas. The quality is impressively high. And as agriculture emerges as the key obstacle to progress in world trade, its publication is more than timely.

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EDITOR'S NOTES

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