products. The author suggests trade agreements in form of quotas to cut back oversupply. This arrangement is administratively costly. Moreover, from the world standpoint it is inefficient, shrinking the standard of living and retarding global economic growth. As shown by Loo and Tower (1989), the same gain to developing countries with less loss to the developed world could be achieved by transfers from more advanced economies in exchange for enhancing freer trade. Such transfers might be explicit, taking the form of explicit foreign aid or they could take the form of developed countries reducing their subsidy of cotton and other crops, which would remove a source of inefficiency for the developed world that turns the terms of trade against the primarily agricultural, less developed world. Similar recommendations were also suggested by Lines as he advocates a simpler and quicker financial arrangement devised to compensate exporting countries for the shortfall of the actual price below the agreed reference price. The existing stabilizing export earning programmes, e.g. Stabex and the IMF's Compensatory Finance Facility, are heavily bureaucratic, suffering from slow disbursement and have become less generous over the years (p. 70). The downside of this kind of treatment is inefficiency. The compensation will encourage too much production when commodity prices are low.

As for the decreasing terms of trade for commodities compared to manufactured goods, analysts have to be cautious about drawing conclusions from this data, because Stein (1979) finds that "over a long period of time, no conclusive evidence is available that the terms of trade are generally turning against the LDCs". A recent study by Mollick et al. (2008) indicates that the steady decline of the international terms of trade for primary commodities over the period the author examined cannot be blamed on international trade, globalization or developed country protectionism, which implies that market integration is not the source of this trend. However, ceasing developed country protection of commodities such as sugar and cotton would enhance efficiency and benefit the developing world.

Making Poverty A History offers a simple, non-technical approach which tries to relate poverty to trade liberalization. Lines' contribution opens the reader's eye on how the application of trade liberalization has failed to enhance the welfare of some nations. Care must be taken by readers who are trying to grip the anatomy of the impact of trade on poverty, since the empirical evidence served in this book is heavily biased towards the disadvantages of liberal trade which easily turns a fledgling reader in international trade as someone who sees free trade as a detrimental form of policy.

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***New Frontiers in Free Trade: Globalization's Future and Asia's Rising Role*. By Razeen Sally.** Washington, D.C.: Cato Institute, 2008. Pp. 154.

This book illuminates the path the global economic community has paved towards free trade, with emphasis on the World Trade Organization (WTO), Preferential Trade Agreements (PTAs) and the rising role of China and emerging Asia in the global market. The author does a terrific job in establishing itself as "a little book on a large subject". Essentially, it provides an intuitive, realistic insight into the developments of trade policy in the world as well as in Asia. A comprehensive review of trade policy sheds light on opportunities and challenges the policymakers and practitioners can take on.

Chapter 1 brings the audiences to the helicopter tour of the entire book. This book starts with a primer of the development of thoughts on free trade versus protection in Chapter 2. Chapter 3 pertains to the political economy of trade policy, in which the catalysts of the trade policy reforms are examined. Chapter 4 assesses the developments of the Doha Round WTO. Chapter 5 points to the proliferation of FTAs in Asia as a culprit of rising economic and political imbalances. Chapter 6 argues that trade policy should be bottom-up, and unilateral trade liberalization serves as a key driver of liberalization. Chapter 7 provides forward-looking conclusions and policy implications.

Its underlying criticism is strikingly objective and points to the limitations of the top-down liberalization process whereby the governments trimmed tariff and non-tariff barriers through trade negotiations under WTO and PTAs, as the root cause of the global trade imbalances, the incessant stalemate or even the collapse of the Doha Round negotiations. Liberalism from above has by and large been characterized by "weak provisions", "vague, muddled, and trivial justifications", "little relevance to commercial realities", "little more than symbolic copycatting" and "overlooking lessons from theory, history, and the world around us today", among other bleak facets. The author convincingly shows the evidence that autonomous trade liberalization contributed largely to total tariff reductions. The arguments are compellingly in favour of the bottom-up approach to free trade whereby the plunges in trade restrictions are market-driven and are unilaterally offered by the governments. As an example, "the world's fastest growing economies are those in Asia that have embraced freer trade and global integration unilaterally, without waiting for trade negotiations".

As does the top-down development, the bottom-up liberalism has a severe limitation. At the end of the day, the unilateral attempts in freeing up international trade and flows of capital and labour do not offer any commitment to liberalization. If the bottom-up liberalism is able to eradicate the cross-border barriers unilaterally, it is also able undo the free trade process unilaterally. For instance, the substantial progress on unilateral liberalization was materialized during 1980–90s (Figure 6.1, p. 95) during which the stage of the global economy exhibited an upswing, and the export-led policy had delivered rapid economic growth to the emerging markets in East Asia. However, the past economic slump, especially that in 1930s and the recent global financial crisis, provides an important lesson: The economic downturn could easily spawn (unilateral) protectionism around the globe, thereby reversing unilateral attempts in pushing forward free flows of goods, services and production factors. The bottom-up approach to free trade therefore tends to make the progress on trade liberalization highly susceptible to the stages of the business cycles. In this sense, a more rule-based, legally-binding approach to opening up the domestic markets is needed.

In addition, unilateral trade liberalization is by no means a "one-size-fit-all" impetus for all countries, at least in the short run, since to some countries the removal of trade barriers may not be economically sensible. Even though the bottom-up liberalism has characterized trade policy in resource-rich economies like China and India and small-open economies like Hong Kong, Singapore, Taiwan, Thailand and Malaysia, the counter examples are Cambodia and Laos, and to the lesser extent Indonesia and the Philippines, where the governments still need to resort to protectionist policies, such as infant industry protections in addition to tariffs imposed and subsidies offered in the import-substituting sectors, to upgrade their levels of economic development. Unilateral initiatives, therefore, are not likely to produce a progressive momentum towards free trade.

After all, multilateral trade liberalization requires multilateral solutions. Excessive reliance on unilateral liberalization which essentially underplays liberalism from above is not likely to set a stage for a full pace of lowering tariff and non-tariff restrictions in the post-Doha epoch. The collapses of the Doha Round multilateral trade negotiations under WTO on top of the disappointing outcome achieved by existing PTAs call on a more heuristic approach to liberalism, whereby the governments leverage on the synergies of both bottom-up and top-down liberalization. All efforts must be made to put in place the continuation of the multilateral negotiations under WTO and transform the "trade-light" PTAs into the "WTO plus" ones.

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***Mad About Trade: Why Main Street America Should Embrace Globalization.* By Daniel Griswold.** Washington, D.C.: Cato Institute, 2009. Pp. 203.

The onset of the current recession has seen a renewed wave of popular pressure for the implementation of protectionist measures amidst public declarations of commitment to free trade by political leaders around the world. The case for free trade is an interesting one due to the large disconnect between popular opinion and economic theory. Economists may disagree on many things, but free trade is one issue that generally receives universal support within the economics community. Yet in mainstream society, there remains a general skepticism among large swaths of the population regarding the benefits of open borders and increasing globalization. In his new book, *Mad About Trade*, Daniel Griswold of the Cato Institute attempts to bridge the gulf between economic theory and popular opinion by offering concrete, relatable examples in support of free trade, presenting the case for a continual embrace of free trade and globalization. With talks of a possible ASEAN-US Free Trade Agreement on the horizon, trade negotiators in the ASEAN region would do well to bear these lessons in mind and remind their American counterparts of the rationale behind the need to maintain open markets.

Griswold spends a large portion of the book responding to public concerns regarding trade. For example, he exposes the flaws in the argument that free trade hurts the economy, by pointing out that although lower prices caused by greater import competition may indeed harm import-competing producers, consumers benefit more than producers suffer, since an imported product is consumed in a greater quantity that it is produced domestically. Society as a whole is therefore better off as a result of freer trade.

Another issue that Griswold addresses is the trade deficit, which has acquired a rather negative reputation in popular opinion. Griswold notes that in addition to the current account market for goods and services, it is also important not to overlook the capital account, which tracks the trade of assets. By definition, the net outflow of goods and services associated with a trade deficit must be balanced by a net inflow of foreign investment into the U.S. There is therefore nothing inherently wrong with the U.S. running a trade deficit, and there is no need for correcting policies. The greatest danger of the trade deficit lies in the pressure it places on politicians to try to "correct" it by implementing protectionist policies.

In addition to introducing an economic framework to the discussion of free trade, Griswold also dispels some of the myths about free trade. One popular belief is the "race to the bottom" myth, which states that multinational companies will congregate in countries with the lowest wage costs and the most lenient environmental and labour standards, sparking off a downward spiral as countries compete to push wages and labour standards down in order to