

To: Dani Rodrik, Kennedy School

December 15, 1998

Dear Dani:

How are you?

I enclose my fuller Letter to TNR, though the shorter version (drafted by me) was pretty accurate, even if terse.

Your Reply addressed neither of my central criticisms, which accurately summarised and refuted your main contentions as I read them: that you were visiting the sins of untrammelled capital flows on free trade and that you were blaming free traders for demands on others to overturn social and cultural institutions and traditions when free traders such as myself were arguing against these demands which were coming instead from protectionist lobbies crying “fair trade before free trade”. Instead, you responded by raising a different, to-me-totally-familiar question: what if demands are made on us on grounds of free trade that require surrender of our social and moral agendas/values? [In fact, I do not think that you even distinguish among these questions, which are central to some of the widely-cited work that I, Hudec etc. did years ago!]

I urge you to read now --- better late than never ---, especially from the Bhagwati-Hudec volume (esp. lly Chapters 1 and 4,) MIT Press, 1996. To get a fully informed perspective on the question in your Response to my Letter. I have also written extensively on this very issue, at a very nuanced level, in many essays in my latest book, A Stream of Windows: Unsettling Refections on Trade, Immigration and Democracy (MIT Press, 1998): these essays have been written over several years, and you know that I have been probably the earliest writer on these issues at a scholarly and also at a policy level. Just to remind you, the precise question of free trade impinging on our social and moral and environmental values and/or objectives via imports of offending products (including those using objectionable processes raises several issues such as: unilateralism versus multilateralism; universality of asserted morality (e.g. human rights) versus cultural specificity (e.g. dolphins); automaticity of suspension of trade versus the appropriateness of some form of “compensation” in form of compenasting trade concessions on

other products; asymmetry between rich and poor nations of assertion of such access-suspension rights in an unequal world and hence questions concerning the location of jurisdiction in case of disputes and the question of legal standing; etc.etc. This is not something you can write meaningfully about after superficial study which does not begin to reflect acquaintance even with the existing, huge scholarly output.

So, given my longstanding high regard for your work, I was disappointed with both your essay and your Response. I am afraid that I also am convinced by Arvind Panagariya's theoretical dismissal of your argument in the IIE pamphlet, Has Globalization gone too Far? that the labour demand curve is necessarily flatter under trade than under autarky. I believe that you took that idea too hastily from Leamer's Brookings paper; it really is not true logically, as I had hinted to Leamer but did not see as clearly as after Panagariya's brilliant paper.

All good wishes for you & your family for the coming year, and let me say that we continue to miss you badly here at Columbia,

As always,