


of would-be regulators—that inefficiencies, especially in high-tech markets, can lock a company into a position from which it cannot be unseated—is a myth,” Levy writes. Far from protecting consumers against monopolies, antitrust is really a means for both government and less-successful firms to squeeze “damages” out of market winners. The book’s analysis of the antitrust case against Microsoft is utterly devastating.

Shakedown is ultimately a brief in favor of freedom and the rule of law. If you favor those ideas, you’ll love this book. 

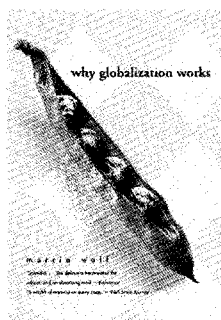
George Leef (georgeleef@aol.com) is the book review editor of *The Freeman*.

Why Globalization Works

by Martin Wolf

Yale University Press • 2004/2005 • 320 pages • \$30.00 hardcover; \$18.00 paperback

Reviewed by Martin Morse Wooster



Look at the foes of economic globalization and you’ll find a curious coalition. Some are left-wingers who oppose globalization because they oppose capitalism. But others are right-wing protectionists who don’t like foreign competition.

The strength of the anti-globalist coalition has waxed and waned over time, but there is still a large number of people who believe that globalization is a sinister force that must be stopped at any cost. In *Why Globalization Works*, Martin Wolf does a fine job in showing why free trade ensures that the world’s economies continue to grow.

Wolf is the economics columnist for the *Financial Times*; he is the most libertarian voice in a newspaper well known for its stubborn hostility to classical liberalism. But in the 1970s, before he became a journalist, Wolf was an economist for the World Bank, where he saw firsthand how the bank’s lending for failed Third World planning schemes left some of the world’s poorest nations more destitute and debt-ridden than they

were before the bank began to “help” them. This led Wolf to see that free trade is the best way to make sure that Third World countries are transformed from passive recipients of international aid to productive participants in the global economy.

Wolf is at his best when he refutes the facile claims of the foes of globalization. Among the charges he addresses:

- Corporations rule the world and force us to buy things we don’t want. In her 2001 book, *No Logo*, Canadian anti-globalist Naomi Klein explains that her hostility towards capitalism began in fourth grade, where “my friends and I spent a lot of time checking each other’s butts for logos. . . . [W]e were only eight years old but the reign of logo terror had begun.”

“In the last century,” Wolf notes, “millions of human beings knew the terror of police states, genocide, and government-engineered famines. But insists Klein, I and people like me have experienced terror too. We are not just the world’s most pampered brats. We know terror too: ‘logo terror.’” Wolf then shows that all the evidence suggests that consumers are less and less likely to buy products solely based on a brand name. And corporations, unlike governments, have no police or tax-collection agencies to confiscate people’s incomes.

- Under globalization, the Third World gets all the manufacturing jobs. An average Chinese worker may earn \$750 a year while a German earns \$35,000 and an American \$29,000. But Americans and Germans are far more productive than Chinese workers are. This productivity advantage ensures that skilled workers in American factories earn their high salaries—and explains why makers of complex products such as airplanes or drugs are unlikely to move production overseas.

- Globalization has increased inequality among nations. In fact, Wolf argues, the reverse is true. Freer markets in China and India have resulted in dramatic increases in income levels in those two nations in the past decade, ensuring that hundreds of millions of Chinese and Indians are leading better lives. Incomes in these two countries are nowhere near Western levels, but what matters more is that capitalism has made sure that the average worker is doing far better than he did under the draconian governments of Mao Zedong or Indira Gandhi.

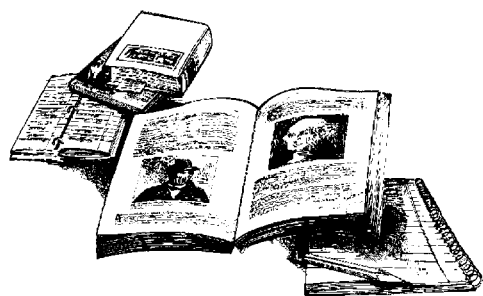
Moreover, international companies do not make investments in the Third World randomly. They invest in countries that believe in the rule of law—where private property is supported, contracts can be enforced by an independent judiciary, and an educated labor force is available. If far too many African nations are stagnating, it's not because of stinginess by multinational corporations, but because these countries are ruled by strongmen who plunder their countries and leave them as economic basket cases.

Wolf does not reflexively condemn all the anti-globalizers' arguments. In particular, he says that the charge that rich countries are hypocrites for asking poor countries to open their markets while preserving trade barriers is "more than justified." He notes that while global tariffs currently average 3 percent, agricultural tariffs are a more-punitive 13 percent—and most of these tariffs hurt the Third World. A Progressive Policy Institute study, for example, showed that in 2001 the United States charged Bangladesh \$331 million in tariffs—about the same as France. The result: the tariffs punished Bangladeshi farmers trying to better their lives. Farm subsidies, antidumping measures, and environmental regulations are also frequently used by Americans, Europeans, and Japanese to keep foreign goods out. Those barriers, Wolf believes, should be greatly reduced or eliminated.

Martin Wolf is a sharp and lucid writer. Those interested in deepening their knowledge of the world's economy will find that *Why Globalization Works* is well worth the time and money.



Martin Morse Wooster is a former editor at The Wilson Quarterly and The American Enterprise.

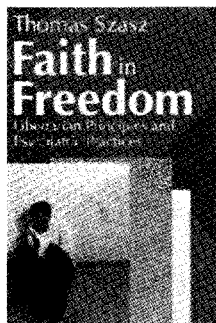


Faith in Freedom: Libertarian Principles and Psychiatric Practices

by Thomas Szasz

Transaction Publishers • 2004 • 264 pages • \$34.95

Reviewed by Brian Doherty



Thomas Szasz, a *Freeman* columnist and a long-time libertarian hero, thinks that many other libertarian luminaries are slacking on the job. Szasz has fought his intellectual and legal battles for individual liberty—always paired with responsibility—in a particularly contentious arena: the struggle over rights for the so-called mentally ill. Szasz wonders why so many other prominent libertarians have failed to back him up on this or even written things that militate against his efforts.

He explores that question, and offers many stinging rebukes, in his latest book, *Faith in Freedom: Libertarian Principles and Psychiatric Practices*. Its focus makes this very much an "inside baseball" book for those interested in libertarianism's philosophical and intellectual history. It's not a good place to begin dipping into the intellectual richness of Szasz's huge *oeuvre*. Often he seems to assume a ready familiarity with his own heterodox thinking about the real nature of mental illness and how contemporary psychiatry deals with it. Szasz condemns as a pernicious myth the popular notion that the behaviors for which people are labeled "mentally ill" are caused by organic brain diseases that segregate those thus labeled from the liberal world of freedom and responsibility. Psychiatry, Szasz asserts, has built a citadel of coercion around that myth, one whose dual purposes are to incarcerate the innocent, through involuntary hospitalization, and exonerate the guilty, through the insanity defense.

Szasz presents his case for these ideas at length elsewhere—most vividly and convincingly, to this reader's judgment, in his 1987 work *Insanity: The Idea and Its Consequences*. But here he uses his ideas about mental illness mostly as a set point from which to condemn other liberal and libertarian thinkers for abandoning their frequent bravery and good sense when it comes to psychiatry. Chapters are devoted to how libertarian or liberal