

other reserves, this represents either a welfare gain for the international economy or a saving offset by a deterioration in the terms at which other funds are available.

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P.K.M. Tharakan, ed., *Policy Implications of Antidumping Measures* (North-Holland, Amsterdam, 1991) pp. xxii + 292, Dfl. 175.00.

Although tariffs have been steadily lowered over the past forty years, many observers believe that the overall level of global protection increased during the 1980s. The reason is that governments have substituted toward administered forms of protection, such as countervailing duty, escape clause and, most predominantly, antidumping actions. In fact, the dramatic surge in antidumping actions during the 1980s has raised the issue of whether this GATT-sanctioned law is being used in a manner inconsistent with the fundamental free-trade principles of GATT. This has led researchers to focus on the legal and economic implications of antidumping policy and on the institutions that implement the law.

The papers in this volume continue this trend. The most obvious strength of the volume is that it neatly combines legal and economic analysis. Discussions of legal requirements and procedures are written in a manner that should be accessible to non-lawyers. In general, the economic analysis is non-technical and is suitable for anyone with exposure to intermediate microeconomics. As a result, the volume should be of interest to policy-makers and businessmen and also to academics who prefer a non-technical exposition of the issues.

The contributors to the volume – Brian Hindley, Bernard Hoekman, Michael Leidy, and J.M. Finger to name a few – are among the best known specialists in this area. Not surprisingly, then, the volume contains numerous perceptive insights. In particular, after reading this volume one is struck by the great distance between what makes economic sense and what is actually done. Unfortunately, the overall quality of the volume is a bit uneven, and thus although my overall impression of the volume is positive, there are several chapters that will probably only appeal to those with specific research interests. In the interest of brevity, I will not discuss each chapter. Instead I will try to highlight what I feel are among the volume's most interesting ideas.

Patrick Messerlin offers an intriguing discussion of precedent creation as the driving force in antidumping lawmaking. Messerlin argues that since

domestic antidumping laws only vaguely reproduce the GATT code, decisions can be made on an ad hoc basis. The relentless introduction of new cases and new issues soon gives rise to precedents which are then legalized. For example, precedents have been set for the procedures governing constructed value estimates for home market prices and the criteria used to assess injury. Given that these rules have evolved in a piecemeal fashion, it is questionable how closely they conform to GATT standards.

Seth Kaplan provides an excellent overview of the alternative methods used at the U.S. International Trade Commission. The GATT antidumping rules give only broad guidelines and do not delineate particular procedures for injury determination. Kaplan's essay is of interest because he does not merely recite the various alternatives, but carefully explains the shortcoming of each method and why several have no economic foundation. In a related chapter, Richard Boltuck thoroughly details the most economically sound method discussed in the Kaplan chapter.

Two chapters address the important issue of undertakings. Undertakings refer to the price (or quantity) revisions offered by the foreign industry that induce the domestic industry to withdraw its antidumping petition. Since the foreign industry strictly prefers settling to having duties being imposed, one would expect this to be an often exercised option.

P.K.M. Tharakan confirms that, at least for the European Community, undertakings are a popular option: 72 percent of EC cases which resulted in antidumping measures involved undertakings. Tharakan then proceeds to show that a disproportionate number of undertakings involve East European exporters. He then argues that the antidumping rules and regulations governing exporters from centrally planned economies make it extremely likely that the Commission will reach an affirmative finding. Since duties will almost certainly be levied, the settlement option is clearly preferred by East European exporters.

In contrast with the prevalence of EC settlements, there have only been a handful of undertakings in Canada. Klaus Stegemann explains that the rules governing undertakings in Canada are far different from those in the EC. In Canada, if a case is to be settled, the agreement must be reached before the preliminary dumping determination. This typically means that the settlement must be achieved within 90 days, significantly reducing the likelihood of achieving a mutually acceptable agreement.

I do have two criticisms of the volume. First, the desire to keep the essays entirely accessible to a broad non-technical audience has led to a lack of precision in the arguments made in several essays. These inaccuracies are especially misleading in a volume such as this precisely because policymakers are more likely to read these papers than articles in economic journals. In a sense, the volume's greatest strength, its accessibility, is also a weakness.

Second, I would have liked to see at least one essay on the strategic use of

antidumping law. Although the strategic implications of antidumping law are mentioned in passing in several chapters, they are not adequately addressed. The fear that antidumping law is being used in ways inconsistent with GATT involves more than the issue of whether the United States or EC are applying the injury standard incorrectly. It also encompasses the possibility that domestic firms manipulate their prices, capacity choices, production decisions, etc. to influence the likelihood of an affirmative dumping determination. Perhaps even more worrisome is the possibility that antidumping law induces collusive pricing behavior between foreign and domestic firms.

Despite these criticisms, this book is clearly written with an eye to the non-technical practitioner. It should also serve as a reminder to both policymakers and academics that designing policy rules without regard to the institutions that implement them will likely lead to outcomes far different from what was originally intended.

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