

Book Review

Peddling Protectionism: Smoot-Hawley and the Great Depression

By Douglas A. Irwin.

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Senator Reed Smoot got his wish. According to his biographer, the hard-working and ambitious Senator wanted his name attached to a significant tariff act, an achievement Smoot thought outdone only by the presidency itself. The Tariff Act of 1930 might not be the presidency, but it did make Smoot's name, and his colleague's, Representative Willis Hawley, synonymous with the most infamous trade legislation in the history of the United States.

Myths surrounding the impact of the Smoot-Hawley Tariff persist to this day and serve as a warning in the face of protectionist temptations. Indeed, in a televised debate over the North American Free Trade Agreement (NAFTA) between Al Gore and Ross Perot, Al Gore showed the cameras a picture of Smoot and Hawley, going so far as to say the tariff "was one of the principle causes, many economists say the principle cause, of the Great Depression in this country and around the world." Quite the zinger. Yet economists have long understood the relatively small role played by Smoot-Hawley in explaining the Great Depression. Until now, however, we have not had a single comprehensive source on the history, passage, and impact of Smoot-Hawley. Douglas A. Irwin has given us such a work in his *Peddling Protectionism: Smoot-Hawley and the Great Depression*, a synthesis of the established literature and the latest research findings on the frontier.

Irwin begins his book by recalling the exchange between Al Gore and Ross Perot, which introduces nicely the main task of the book, namely to demystify the impact of Smoot-Hawley. The book consists of four chapters. The first chapter focuses on the domestic policy arena from which Smoot-Hawley emerged. Discussing the individual players and their deal making, Irwin yields command of the historical and institutional details of his subject few economists possess. The second chapter details the economic consequences of the tariff primarily through a synthesis of the existing literature. The third chapter discusses foreign retaliation against Smoot-Hawley. The chapter is an excellent reminder of how the tariff hurt the reputation of the United States and led to retaliatory tariffs and discrimination against exports. The fourth chapter looks at the aftermath and legacy of Smoot-Hawley.

For those readers, perhaps undergraduate students of economics and history, unfamiliar with the literature on the economic consequences of Smoot-Hawley, Irwin's book clarifies many issues, four of which I think stand out from the rest. First, Smoot-Hawley is not responsible for the collapse in the stock market seen in October 1929. The bill only passed in 1930. It is unlikely news from the tariff deliberations influenced expectations in such a way to cause the market to panic. Irwin shows in detail what exact pieces of information were available based on the tariff discussions taking place at the time, and nothing leads him to believe the news was dire. Second, the tariff rate increases under Smoot-Hawley were not historically extreme, an important clarification given commonly held beliefs surrounding the tariff. But, the increases under Smoot-Hawley did come on top of already high tariff rates established in 1922 in the so-called Fordney-McCumber Tariff. In addition, the combination of specific tariffs and

deflation in import prices in the early 1930s increased tariff rates, something which would have occurred whether or not Smoot-Hawley passed. Third, Smoot-Hawley did not cause the Great Depression, a consensus amongst economists. The magnitude of the shock simply fails to provide much explanatory power, especially in light of shocks like those to the monetary system. Fourth, Smoot-Hawley contributed but was not the sole cause of the rise of global protectionism in the early 1930s. Irwin argues economic and financial chaos in general leads governments towards protection, and this would have occurred whether or not Smoot-Hawley passed. “Buy American” provisions in the Obama stimulus bill of 2009 remind us of this temptation.

Most scholars will value *Peddling Protectionism* for its use in the classroom. Irwin packs a lot of information from a variety of sources into a relatively short book. The prose, however, remains accessible to a large audience. The visuals in the book enhance the overall reading experience. Irwin does not shy away from presenting data in the form of graphs and tables, but he also brings to life the period during which Smoot-Hawley was passed through the use of political cartoons and photographs. These visual aids help to immerse the reader in the debates surrounding the passage and effects of Smoot-Hawley. The political cartoons can serve as starting points for classroom discussion on various aspects of the history and economics of Smoot-Hawley. Another way to introduce students to Irwin’s book is to demystify Smoot-Hawley by discussing the four points previously mentioned, as I recently did for a class of international trade students. Smoot-Hawley remains relevant to our lives, as evidenced in the Gore-Perot debate, and students benefit from a thorough look at the tariff and its subsequent impact.

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