Quantifying U.S. GATT Trade Liberalization

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Overview

- Bullet 1
- Bullet 2
- Bullet 3

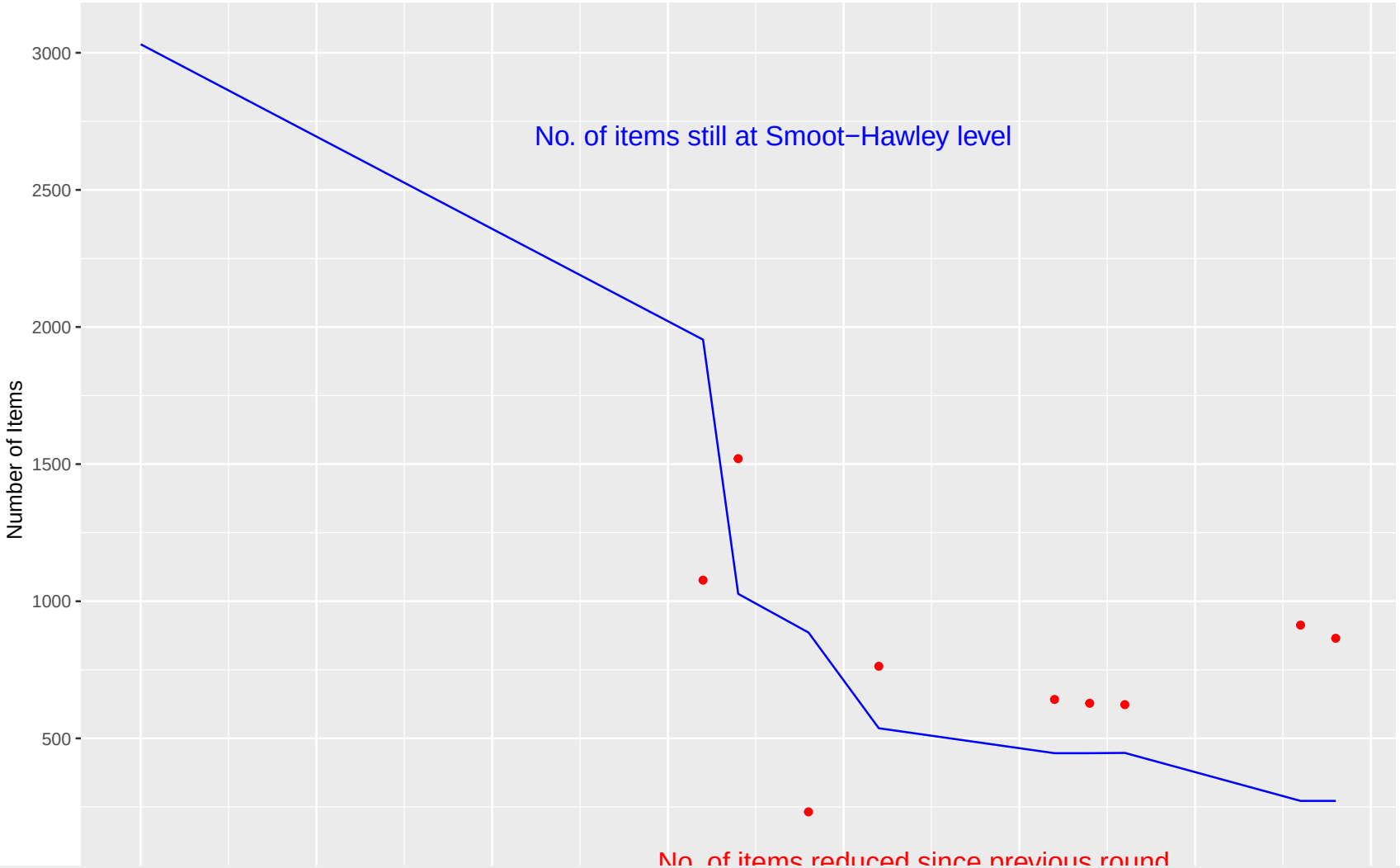
Background

- Bullet 1
- Bullet 2
- Bullet 3

Slide with R Output

Note that summary statistics throughout the paper for specific tariffs are *not* trade weighted; we are in the process of acquiring the trade data required to both trade weight summary statistics and compute *ad valorem* equivalents.

Item level


3000
2500
2000
1500
1000
500
Number of Items
No. of items still at Smoot−Hawley level
No. of items reduced since previous round

Complications

- About 15% of items per round have both *ad valorem* and specific components to their tariff in a given round ("compound", following Teti 2020)
- Roughly 10% of items are "mixed", i.e. have either an *ad valorem* or specific rate, depending on which is higher
- About 2% of the items are "technical", e.g. defined on proportion of content that meets some criteria

All these are included in the following statistics for compound and *ad valorem*

Liberalization from 1930 to 1964

From the Smoot-Hawley tariffs (1930) to the Dillon Round (1964) both *ad valorem* and specific tariffs were cut roughly in half

- mean *ad valorem* tariff binding decreases from 39% to 18.9%
  - medians drop from 35% to 15%
- mean specific tariff binding decreases from 14¢ to 7¢
  - medians are much smaller, dropping from 0.38¢ to 0.21¢

Round-by-Round liberalization

Industry-by-industry liberalization

- Schedule titles
- Reductions by schedule

Importance of pre-GATT negotiations

Some lines see tariff increases

Very few changes between *ad valorem* and specific

What's next?

- Concordances
  - Smoot-Hawley to TSUS
  - TSUS to HS
  - Smoot-Hawley to 1930's import classification system
- Import volume and value data
  - *Ad valorem* equivalents
  - Trade weighting
  - Terms-of-trade analysis