

Quantifying GATT Trade Liberalization

Kristy Buzard, Ross Jestrab and Zeyuan (Victor) Xiong

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1 Introduction

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2 Literature

- There is a large qualitative literature on what happened through the GATT
 - Go back and list some of the books we read on, e.g., each round
 - “Tariff negotiations and renegotiations under the GATT and the WTO”
 - * What is Matt’s status with this?
 - USITC history papers (two of them)
 - Irwin’s big book
 - * 1994 Irwin NBER working paper
 - Petros’ chapter on tariffs
- Three strands of quantitative literature
 - Old stuff
 - * Krause 1962, etc
 - Go through reference list
 - * Dur, Balassa, Kreinin
 - BSY (is there a second one?)
 - Bown and Irwin (2017)
 - But what about “30 years of trade policy”?
- Need to include TOT literature if going to include TOT analysis

3 Institutional Context

- Background, general info on GATT
 - RTAA reductions between Smoot Hawley and 1946
 - * How do the two different documents we have relate to each other

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{r child = 'context.Rmd'} #
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4 Data

- Where we got these files
- How we digitized the data
 - Dealing with paragraph splitting, new lines
 - Dealing with two changes in coding
 - * Historical context on those changes
 - * Addition of new lines round-by-round
- Other issues that arose
 - Specific vs. ad valorem vs. mixed
 - Variation in units for specific tariffs, how we standardized them
 - Tariff intervals
 - Free list
 - Staging (starting with Geneva A/B/C)
 - Ad valorem equivalents (AVE) and trade weighting

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{r child = 'data.Rmd'} #
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5 Results

5.1 Basic Facts

- Total tariff cuts from Smoot Hawley to last round we have
 - Specific vs. ad valorem
 - * Overlap in ad valorem and specific
- Round by round cuts (focus on end of round)
- Magnitude and speed of liberalization across types of products

- Any obvious patterns to which lines have largest/smallest cuts?

5.2 Spotlight on some interesting products

- Round by round graphs for specific, interesting lines
 - To do this the way I want to, need implementation dates
- Which lines from Smoot Hawley don't see any action?
 - Victor says: 1014, 1530e, 1544,1104a, 81, 82,318,412
- Are there differences in which lines get staging once staging starts?
 - Before Kennedy at least, where it was uniform...
 - * Was it *really* uniform?
- Can we quantify which types of products get a lot of splitting of lines?
- Metallic magnesium and metallic magnesium scrap, para 375, swiches from specific to ad valorem in Geneva56C; reduced from 50 to 45% in Dillon
 - 1102b (wools nspf) go from ad valorem in every round to specific in Dillon
 - 202.a swiches from specific in S-H to ad valorem in Geneva
- Need to look into bicycles (para 375)–every other one gets a new specific tariff in Geneva, but was ad valorem in S-H?
- Para 209, item 6 has tariff double in Geneva56A
 - 331 item 10 increases specific tariff from 3 to 4 in Torquay
 - 911
 - 1005.a.3 (something to do with hemp) S-H → Geneva unchanged; then increase
- Para 32, “change of tax formula”? Also 202.a, 232.c,302.d,

5.3 Other things we learned

- How important was RTAA between 1934 and 1946?
- What do Column 2 tariffs really represent (1962)
- Can we test:

- Trade Expansion Act of 1962 provided for removing the duty on articles for which the July 1, 1962, rate was 5 percent ad valorem or less, and reducing the rates on other articles by 50 percent of the July 1, 1962, rate. (Dobson)
 - * **The major trading countries made across-the-board cuts ranging from 36 to 39 percent of previous tariff rate levels on most products**
 - * Trade Act of 1974 grants the President a 5-year negotiating authority, allowing him to reduce by as much as 60 percent any tariff rate over 5 percent in force on January 1, 1975, and also allows him to remove the duty on any article for which the existing rate is 5 percent or less.
- 1945, the executive branch had cut in half the maximum allowable reduction—the rates for about 40 percent of the dutiable imports

5.4 Analysis

- What can we say about which / why lines have ad valorem vs. specific?
 - Is there variation over time?
- Can we posit an explanation for the variation in both the quantity and speed of liberalization across products?
 - Perhaps the number of countries who are negotiating?
 - * Look at correlations between the number of pages for the schedule for each country?

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6 Non-U.S. Contracting Parties

Need table that Matt is creating with number of pages for each schedule for each round

7 Terms of Trade Analysis

At least include our plans, what data we're going to use - proof of concept using modern elasticity data would be great, even in a subset of lines

8 Conclusion

Future plans

- What role did the presence of specific tariffs, combined with inflation, have in reducing the total level of tariff protection?
 - Need trade volume / value / price data

9 References

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{r child = 'references.Rmd'} #
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10 Data Appendix

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- overflow from data section
- include source table
 - Victor is updating to include concordance sources

Where will GATT participants / lengths of schedules go? A separate appendix?