1   Costly state verification

- Have you seen the work that Beshkar and Bond have done on what they call 'contingent protection'? This seems to provide an alternative way of separating genuine shocks from those created by lobby groups. How does your approach relate to costly state verification?

- I say that I'm going to provide a result along the lines of Beshkar 2010b. Same or different from costly state verification? Which is more helpful?

- Need to check this for sure in new section. I don't have cost to verification.

2   Misc.

- Specialize to BS2005 when necessary (tariff cap example)

- They don't like gov't choosing its own preferences. May just need to change wording.

- Define γ before using it

- If add back in assumption 1, add Ethier footnote

- standardize $\gamma(e, s)$, $\gamma(e)$, $\gamma(s)$ throughout the text

- Peter: $\gamma(e)$ and $\gamma(s)$ combination is interesting, so it dynamic choice of protection over time, gov't turnover [add to conclusion, it's in slides]

- Clarify information structure

- Move footnote about TOT externality (fn:tot) into text and make paragraphs flow together

- Add ref to JIE R&R to fn:krw ?

- Expand Proposition 2 (res:repeated) to compare to exogenous case, say what $\tau_{W,e}^{R}$ IS. Perhaps not all of that IN the proposition.

- Need more sign-posting in the three last paragraphs of Section 4.2. Maybe make Section 4.3 a new top-level section.

3   Existence proofs?

Current structure of paper (August 25, 2016)

1. Introduction

2. Model

3. Rigid Tariffs with Endogenous Political Pressure

   3.1 Perfect External Enforcement. Proposition 1: weak bindings and ext. enforcement imply applied tariff = binding and may use binding to encourage or restrain lobbying

   3.2 Self-Enforcing Trade Agreements

      3.2.1 Repeated Game

      3.2.2 Prop 2: No ext enforcement: self enforcing implies $\tau^a \leq$ optimal binding with external enforcement

4. Endogenous Political Pressure and the Escape Clause

   4.1 Strong bindings: no cost when $\gamma(e)$ only

   4.2 Side payments: spirit not upheld, but IC

   4.3 $\gamma(s,e)$, Prop 3: lower binding never used

   4.4 EC for endogenous politics

5. Conclusion

4 Dynamic use constraint

When would lobby exert effort to top up?

- Do I want correlation between endogenous/exogenous parts?

5 Add export lobby

- Extension or appendix b/c want to make comparison to existing literature.

6 Lit review

- Have to make connection to endogenous papers clearer

  - More on Coates & Ludema (2001)
  - Check out Ben and James new paper

- Paola: How do I want to sell the paper?

  - In relation to what literature?
    * What literature does endogenous? Coates-Ludema 2001, MRC, GH
    * What literature *doesn't*?

- Review Bown, Bagwell & Staiger

- Kyle: McLaren in his chapter calls the Grossman and Helpman setup with contributions 'felonious'

- David DeRemer: Safeguards have dropped off in use around the world

  - Look at U.S. vs. ROW (he sent papers)
  - Wouters and Zissimos (2016 WP): Appellate Body failed to give clear direction in cases in early 2000s as to when Safeguards can be applied. See Sykes (2003).

- Read Rosendorff & Milner (2001) [from Cristiane Carneiro at PEIO]

- Find MRC cites (maybe some in Ethier) for why PE shocks can't be addressed

  - Bagwell and Staiger 1999 AER

7 Misc

- Ben: I'm wondering how you view the time-frame over which your model is set. On one hand a specific-factors set-up is normally associated with the short-run. But on the other hand you have an infinite time horizon which suggests very long run.

8 More on escape clause / WEC

- The part I really liked was when you analysed the exogenous and endogenous effects on gamma simultaneously around page 28. In fact I was itching to get to that part right from when you discussed it in the introduction.

  - The paper makes the extremely important point almost in passing. I would be interested to see a more detailed examination of how this works. It's particularly interesting that in the presence of a shock the governments will use the escape clause as intended but without a shock a lobby group would always 'step into the breach' and cause it to be abused. I would like to see the paper devote more attention to the conditions under which this problem arises and when it does not.

- 'Withdrawal of equivalent concessions' (WEC).

  - Zissimos (2007): a government **'chooses the severity of its own punishment'** by the extent of its initial deviation. I'm wondering whether your framework offers an answer for why WEC made sense as an approach to punishment.

  - Under WEC, it is worth deviating from the agreement in proportion to s because your partner deviates to the same extent and that keeps the agreement on track; the point first made by Bagwell and Staiger (1990).

  - But WEC might eliminate the incentive to respond to lobbying pressure e because when your trade partner deviates by WEC this takes away from you exactly (in a symmetrical framework) what you gained from the lobby for implementing a deviation of that size.

    * **Think about how WEC may mitigate LOBBY'S incentives through reaction of gov't**
    * Ben doesn't have any need for escape; have to put WEC into my framework
    * Government feels γ the same whether it's elevated because of s or e
    * What is the neutralizing that happens? Why would the government invoke EC when it knows that WEC is coming anyway? Because it's in another sector where it puts less weight right now?

* WEC should work against TOT, not PE shock?

    – I would find an examination of WEC much more compelling that the approach to punishment that you currently discuss on page 20, whereby two bindings are negotiated.

- Puzzle to explain: WEC has an effect here, and that effect is weakened by the change in EC rules during the Uruguay Round, even though no retaliation for 3 yrs

    – "Why Are Safeguards under the WTO So Unpopular?" (World Trade Review 2002),

    – Need to understand better what changed, both with safeguard and with other policy instruments

    – Note that safeguards agreement states that safeguard can only be at level necessary to remedy injury, and must liberalize as possible

    – **perhaps better able to respond to $\gamma(e)$ before dispute settlement?**

        * Lack of effective enforcement before WTO?

- What does WTO *really* want? To discourage rent-seeking lobbying but allow governments to escape when there's a real shock.

    – There may be legitimate lobbying to communicate about the shock, so can't look at the presence of lobbying as a sufficient statistic

- Does WEC help or hurt vs. grim trigger, T period Nash reversion?