国际经济学
贸易政策的政治经济分析

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提纲

1 Motivation

2 支持自由贸易的观点

3 反对自由贸易的观点

4 贸易政策的政治经济模型
   - Median voter theorem
   - Collective action

5 综合案例：美国的糖配额

1999 中国入世谈判的临门一脚

"龙永图，你不要再递条子了。"
面对中国 WTO 首席谈判代表龙永图递上来的一个又一个条子，朱镕基断喝。1999 年 11 月 15 日，中美谈判最后一天上午，这是中国加入 WTO 双边谈判最困难的时刻。
——摘自《那年入世谈判，我们经历了什么》，瞭望智库

Chapter 10 : Politics and Trade Policy

- Some additional arguments for Free Trade
- Arguments Against Free Trade
    - National Welfare reasons
    - Income Distribution and Trade Policy
- International Negotiations
    - Some theory
    - A short history of International Trade Agreements
    - Preferential Trade Arrangements

Some more arguments for Free Trade

- Chap. 1-8: gains from trade
- What else?
    - Stuff we sort of already talked about
    - The rent seeking distortions
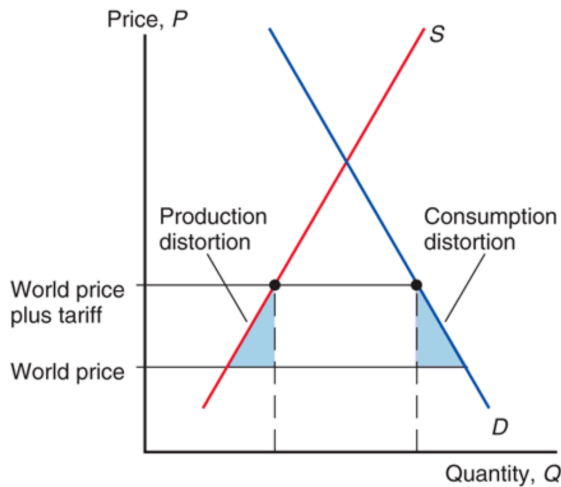   - Politics and corruption

Stuff we already mentioned

- Efficiency losses for small countries making tariffs
- Economies of scale, trade barriers reduce market size
- Innovation, hard to pick winners
- Gains from shifting production to more productive firms

Efficiency losses of tariff

Rent seeking distortions

- Suppose we have import quotas
- How to allocate?
- Allocation system distorts production
  - Example 1: India inport licenses based on capacity, build unneeded capacity
  - Example 2: US Tuna import licenses first come first serve, warehouse in December, big rush on Jan. 1st
- Side note: License Raj in India

Political Process and Corruption

- Trade policy good in theory
- Politics is messy
    - Even good intentioned policies likely to be captured by special interest groups
    - Might cause even bigger distortions
    - Here free trade is a second best
- Similar argument to why one should follow unjust laws

Size of gains from free trade

- Tariffs are already low, further gains small

United States	0.57
European Union	0.61
Japan	0.85
Developing countries	1.4
World	0.93

Source: William Cline, *Trade Policy and Global Poverty* (Washington, D.C.: Institute for International Economics, 2004), p. 180.

Size of gains from trade

- Research frontier: Gains from trade too small!
  - We have arguments that countries gain from trade
  - Recently theory models have been estimable

- Important new paper: Gains from trade in most models are the same
  - Arkolakis, Costinot, Rodriguez, American Economic Review, 2012
  - United States going from autarchy to free trade welfare gains 0.7-1.4%
  - Compare this to estimates of gains from migration...

问题

So far, 我们已经学过三种 stuff 的跨国流动，分别是什么？基于哪种 stuff 的贸易自由化的边际收益最大？

Gains from trade vs migration

Table 1: Efficiency gain from elimination of international barriers (% of world GDP)

All policy barriers to merchandise trade

1.8	Goldin, Knudsen and van der Mensbrugghe (1993)
4.1	Dessus, Fukasaku, and Safadi (1999) [a]
0.9	Anderson, Francois, Hertel, Hoekman and Martin (2000)
1.2	World Bank (2001)
2.8	World Bank (2001) [a]
0.7	Anderson and Martin (2005)
0.3	Hertel and Keeney (2006), Table 2.9

All barriers to capital flows

1.7	Gourinchas and Jeanne (2006) [b]
0.1	Caselli and Feyrer (2007)

All barriers to labor mobility

147.3	Hamilton and Whalley (1984); Table 4, row 2 [c]
96.5	Moses and Letnes (2004); Table 5, row 4 [c]
67	Iregui (2005); Table 10.3 [c,d]
122	Klein and Ventura (2007); Table 3 [e]

Source: Clemens, Michael, "Economics and Emigration: Trillion Dollar Bills on the Sidewalk?", Journal of Economic Perspectives, 2011

小结

- We have seen more arguments for free trade
  - Classical gains from trade
  - Trade policy causes rent seeking distortions
  - Trade policy is often captured by special interests
- **Now we will focus on arguments against free trade**
  - The optimum tariff
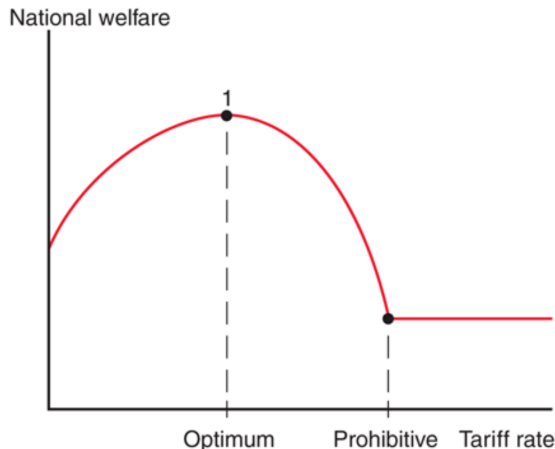 - Domestic market failure and trade policy

The optimum tariff

- We saw that optimum tariff levels are always positive
- Same argument can be used to justify optimum export tax!

The optimum tariff

- Why do we rarely see export taxes?
- Why are tariff levels currently so low?
- Why don't large countries impose tariffs on small countries?

The theory of the second best 次优理论

- Markets are great, but plenty of market failures
  - Traffic is one example of an externality
  - Pollution is another
  - Typically things worse in developing countries
- The best policy is usually to tax the externality
- But if that isn't possible, maybe trade policy can help
  - Suppose corruption makes it hard for new manufacturing firms to enter
  - Too little manufacturing
  - We could use trade policy to encourage entry into manufacturing
- On the other hand
  - It is hard to choose winners
  - Effects of second-best costly and hard to predict

小结

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- We have seen arguments against free trade
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    - Domestic market failure and trade policy
- ***Now we will talk about how trade policy is formed***

Political Models of Trade Policy

Models related to trade policy:

1. Median voter theorem 中点选民模型
2. Collective action 集体行动理论

Outline

Median Voter Theorem

Do you still remember the Hotelling Model in Microeconomics
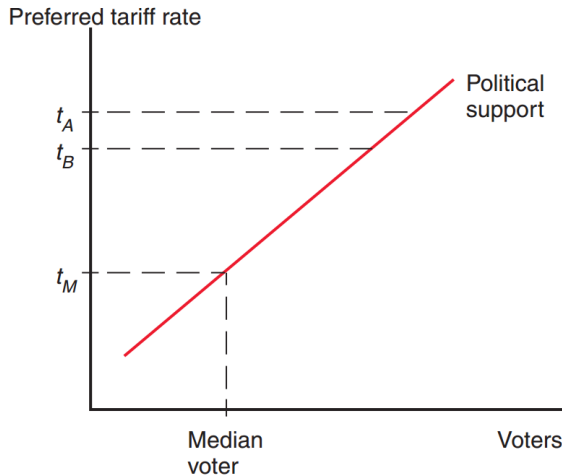Electoral competition can be modeled as:

- Two parties
- Continuum of voters of size N
- Line the voters up by their preferred tariff
- A voter chooses the party closest to her preferred tariff
- Parties take tariff positions to maximize support
- Suppose that voters have a uniform distribution over preferred tariffs between 0 and T

Median Voter Theorem

- Both parties choose the same, median voter supported trade policy
- What if there are three parties?
- Median voter theorem predictions contrast with trade policy
  - Typically trade policy helps one industry a lot
  - Typically trade policy hurts everyone else a little

Outline

Collective Action

- Trade policy is a *public good*
  - That is, it cannot be excluded
- Nearly everyone in China hurt by beef import tariffs(12%)
- Suppose I write a letter to my representative
  - The probability my letter is pivotal is small
  - The benefit I get from removing subsidies is (relatively) small
  - There is a small cost to sending a letter
  - I won't do it
- Suppose I am a Chinese farmer
  - The probability my letter is pivotal is larger (smaller group of potential writers)
  - The benefit I get from keeping tariff is much larger
  - There is a small cost to sending a letter
  - I do it
- Result: All the letters from farmers

Punchline: Collective action

- Policies with large aggregate loss but small individual loss are difficult to change
- Small groups with concentrated losses are more willing to pay effort fixed cost
- 会哭的孩子有奶吃

Real Politics

- Politicians win elections partly because:
    1. they advocate popular policies (median voter theorem)
    2. they have funds to run campaigns (collective action)

- We indeed get the trade policy in well-organized groups with concentrated gains(能够克服集体行动困难)

Which Industries are Protected?

- Agriculture
    - Small but politically vocal labor force in the US
    - Japan has 1000% tariff on rice imports!
- Textiles (USA, about 14 $ billion)
    - Declining in importance thanks to WTO
    - Billions of dollars in US welfare loss due to protection:

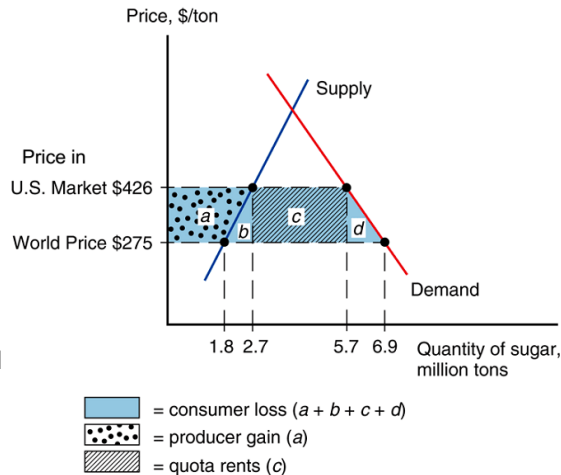|	2002 Estimate	2015 Projected
Total	14.1	2.6
Textiles and apparel	11.8	0.5

Source: U.S. International Trade Commission.

Example: U.S. Sugar Quota

- U.S. guarantees sugar producers a "break even" price on sugar production
- The USDA will buy any amount of sugar at this price
- Even at this relatively high price, domestic demand exceeds domestic supply of sugar, so the US imports sugar
- In order to maintain this higher price, the US imposes a sugar quota and lets foreign governments administer the quota and retain the quota rents
- Over the past 25 years, this higher price has been on average twice the world market price of sugar

Welfare Effects of U.S. Sugar Quota

- CS loss ($a + b + c + d$): \$884M
- PS gain (a): \$272M
- Distortion in:
  - Production (b): \$68M
  - Consumption (d): \$91M
- Quota rents (c): \$453M
- Net surplus loss ($b + c + d$): \$612M

Price, \$/ton

Supply

Price in
U.S. Market \$426

World Price \$275

a b c d

Demand

1.8 2.7   5.7 6.9   Quantity of sugar,
                                  million tons

■ = consumer loss ($a + b + c + d$)
■ = producer gain (a)
■ = quota rents (c)

Winners and Losers

- US sugar industry employs 6,500 workers
    - PS gains represent $42K per worker

- The quota does increase employment in the sugar industry: employment would be 32% lower without quota
    - This represents a cost to U.S. consumers of $432K per job saved!   Considering employment losses from the quota in sugarusing industries, then net employment effect of quota is negative and cost per job saved goes up to $826K

- On average, each US consumer pays an extra $3 (per year) from the higher US sugar price ($11 per family)
- Who do you think benefits?

Winners and Losers (cted.)

- The US sugar industry is very concentrated geographically (in Florida) and very well organized
- US sugar sales represent 1% of US farm receipts and 0.5% of US farm employment
- US sugar lobby contributions represent 17% of campaign contributions from agricultural sector
- The Fanjul brothers who own Flo-Sun (the biggest US sugar cane growing and refining company) gave $1M in political contributions in each of the 2000 and 2004 election cycles

Two Winners

Political Economy of Sugar Quotas

- In 1996, a congressional amendment was introduced to phase out the US sugar quota (and price support program)
- The amendment was defeated by 217-209 in the house of representatives
- Five co-sponsors of the bill switched their support against their own amendment in the final vote
- Within days of the vote, each received an average of $11,000 from the US sugar lobby

总结

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    - Classical gains from trade
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- We have seen arguments against free trade
    - The optimum tariff
    - Domestic market failure and trade policy

- We have talk about how trade policy is formed
    - Median voter
    - Collective action