

# The WTO and the Political Economy of Trade Policy

*Edited by*

**Wilfred J. Ethier**

*Professor of Economics  
University of Pennsylvania, USA*

*and*

**Arye L. Hillman**

*William Gittes Chair  
and Professor of Economics  
Bar-Ilan University, Israel*

CRITICAL PERSPECTIVES ON THE GLOBAL TRADING SYSTEM AND THE WTO

**An Elgar Reference Collection**  
Cheltenham, UK • Northampton, MA, USA

# Contents

---

<i>Acknowledgements</i>	ix
<i>Introduction</i> Wilfred J. Ethier and Arye L. Hillman	xi

## **PART I UNILATERAL TRADE POLICIES**

1. Harry G. Johnson (1953–54), ‘Optimum Tariffs and Retaliation’, <i>Review of Economic Studies</i> , <b>21</b> (2), 142–53	3
2. Richard E. Caves (1976), ‘Economic Models of Political Choice: Canada’s Tariff Structure’, <i>Canadian Journal of Economics</i> , <b>IX</b> (2), May, 278–300	15
3. William A. Brock and Stephen P. Magee (1978), ‘The Economics of Special Interest Politics: The Case of the Tariff’, <i>American Economic Review, Papers and Proceedings</i> , <b>68</b> (2), May, 246–50	38
4. Arye L. Hillman (1982), ‘Declining Industries and Political-Support Protectionist Motives’, <i>American Economic Review</i> , <b>72</b> (5), December, 1180–87	43
5. Wolfgang Mayer (1984), ‘Endogenous Tariff Formation’, <i>American Economic Review</i> , <b>74</b> (5), December, 970–85	51
6. James H. Cassing and Arye L. Hillman (1986), ‘Shifting Comparative Advantage and Senescent Industry Collapse’, <i>American Economic Review</i> , <b>76</b> (3), June, 516–23	67
7. Jonathan Eaton and Gene M. Grossman (1986), ‘Optimal Trade and Industrial Policy Under Oligopoly’, <i>Quarterly Journal of Economics</i> , <b>101</b> (2), May, 383–406	75
8. Arye L. Hillman and Heinrich W. Ursprung (1988), ‘Domestic Politics, Foreign Interests and International Trade Policy’, <i>American Economic Review</i> , <b>78</b> (4), September, 729–45	99
9. Gene M. Grossman and Elhanan Helpman (1994), ‘Protection for Sale’, <i>American Economic Review</i> , <b>84</b> (4), September, 833–50	116
10. James H. Cassing (1996), ‘Protectionist Mutual Funds’, <i>European Journal of Political Economy</i> , <b>12</b> (1), April, 1–18	134
11. Pinelopi Koujianou Goldberg and Giovanni Maggi (1999), ‘Protection for Sale: An Empirical Investigation’, <i>American Economic Review</i> , <b>89</b> (5), December, 1135–55	152
12. JoAnne Feeney and Arye L. Hillman (2004), ‘Trade Liberalization Through Asset Markets’, <i>Journal of International Economics</i> , <b>64</b> , 151–67	173
13. Wilfred J. Ethier (2006), ‘Selling “Protection for Sale”’, <i>Asia-Pacific Journal of Accounting and Economics</i> , <b>13</b> , 153–62	190

**PART II INTERNATIONAL TRADE AGREEMENTS**

14. Wolfgang Mayer (1981), 'Theoretical Considerations on Negotiated Tariff Adjustments', *Oxford Economic Papers, New Series*, **33** (1), March, 135–53 203
15. Avinash Dixit (1987), 'Strategic Aspects of Trade Policy', in Truman F. Bewley (ed.), *Advances in Economic Theory: Fifth World Congress*, Chapter 9, Cambridge: Cambridge University Press, 329–62 222
16. Gene M. Grossman and Elhanan Helpman (1995), 'Trade Wars and Trade Talks', *Journal of Political Economy*, **103** (4), August, 675–708 256
17. Arye L. Hillman and Peter Moser (1996), 'Trade Liberalization as Politically Optimal Exchange of Market Access', in Matthew B. Canzoneri, Wilfred J. Ethier and Vittorio Grilli (eds), *The New Transatlantic Economy*, Chapter 10, Cambridge: Cambridge University Press, 295–312 290
18. Giovanni Maggi and Andrés Rodríguez-Clare (1998), 'The Value of Trade Agreements in the Presence of Political Pressures', *Journal of Political Economy*, **106** (3), June, 574–601 308
19. Kyle Bagwell and Robert W. Staiger (1999), 'An Economic Theory of GATT', *American Economic Review*, **89** (1), March, 215–48 336
20. Wilfred J. Ethier (2004), 'Political Externalities, Nondiscrimination and a Multilateral World', *Review of International Economics*, **12** (3), 303–20 370

**PART III NONDISCRIMINATION IN MULTILATERAL TRADE AGREEMENTS**

21. Warren F. Schwartz and Alan O. Sykes (1996), 'Toward a Positive Theory of the Most Favored Nation Obligation and Its Exceptions in the WTO/GATT System', *International Review of Law and Economics*, **16** (1), March, 27–51 391
22. Henrik Horn and Petros C. Mavroidis (2001), 'Economic and Legal Aspects of the Most-Favored-Nation Clause', *European Journal of Political Economy*, **17**, 233–79 416

**PART IV ADMINISTERED PROTECTION AND MULTILATERAL TRADE AGREEMENTS**

23. J.M. Finger, H. Keith Hall and Douglas R. Nelson (1982), 'The Political Economy of Administered Protection', *American Economic Review*, **72** (3), June, 452–66 465
24. Robert W. Staiger and Guido Tabellini (1987), 'Discretionary Trade Policy and Excessive Protection', *American Economic Review*, **77** (5), December, 823–37 480
25. Kyle Bagwell and Robert W. Staiger (1990), 'A Theory of Managed Trade', *American Economic Review*, **80** (4), September, 779–95 495

- 
26. Wilfred J. Ethier (1991), 'The Economics and Political Economy of Managed Trade', in Arye L. Hillman (ed.), *Markets and Politicians: Politicized Economic Choice*, Chapter 14, Boston: Kluwer Academic Publishers, 283–306 512
  27. Steven Berry, James Levinsohn and Ariel Pakes (1999), 'Voluntary Export Restraints on Automobiles: Evaluating a Trade Policy', *American Economic Review*, **89** (3), June, 400–430 536
  28. Wilfred J. Ethier (2002), 'Unilateralism in a Multilateral World', *Economic Journal*, **112** (479), April, 266–92 567

*Name Index*

595