INTERNATIONAL TRADE POLICY
From Tariffs to the New Protectionism

International Trade Policy

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David Greenaway

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MACMILLAN

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First published 1983 by
THE MACMILLAN PRESS LTD
Houndmills, Basingstoke, Hampshire RG21 2XS
and London
Companies and representatives
throughout the world

Published in the USA 1983 by
St. Martin's Press, New York
under the title 'Trade Policy and the New Protectionism'

ISBN 978-0-333-31253-7 ISBN 978-1-349-17024-1 (eBook)
DOI 10.1007/978-1-349-17024-1

A catalogue record for this book is available
from the British Library.

10 9 8 7 6 5 4 3 2
03 02 01 00 99 98 97 96 95

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To my Mother and Father

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Preface

International Trade Policy grew out of the author's experiences in teaching a final-year undergraduate course in International Economics at the University College at Buckingham; a substantial part of this course is devoted to trade policy, in particular the 'new protectionism'.

The text is written principally for the consumption of undergraduates following courses in International Economics and International Trade. It therefore presumes familiarity with the principles of basic microeconomics and (although mathematical exposition is used sparingly) basic mathematics.

In this text an attempt is made to review and, where possible, synthesise theoretical and empirical aspects of tariff and non-tariff interventions, while emphasising the institutional framework within which tariffs have been gradually replaced by non-tariff instruments as the principal tools of commercial policy. There are therefore chapters which deal with the economic effects of tariff and non-tariff instruments as well as chapters outlining the methodological difficulties of quantifying their effects. In addition, there are chapters dealing with the emergence and operation of GATT and recent threats to the credibility of that organisation. Finally, for completeness, there are chapters which identify the forces which result in international specialisation and exchange, and adjustment difficulties which may be associated with the process.

Deciding how best to organise this material proved a little difficult. The obvious way would perhaps have been to group together theory chapters, empirical chapters and institutional chapters. From the reader's point of view, such an approach would have had advantages in facilitating immediate comparison between tariff and non-tariff instruments. Instead, however, the material has been ordered in such a way that theoretical, empirical and institutional aspects of tariff barriers are grouped together, and similarly with non-tariff barriers. It was felt that not only did this provide the opportunity for the reader to be presented with a fairly complete and integrated review of economic aspects of each type of instrument, but also that it lent some loose chronological ordering to the material.

The text does not cover every aspect of commercial policy, the most obvious exclusion being a consideration of customs-union theory.

The exclusion clauses in the GATT articles dealing with customs unions have undoubtedly influenced economic integration in Western Europe quite significantly. We simply allude to such issues *en passant*, however, in part to give due emphasis to the new protectionism, in part because economic integration is an issue which is already given adequate coverage in the textbook literature.

A great many people have assisted, whether knowingly or otherwise, in the preparation of this volume. Chris Milner (University of Loughborough) read the entire draft manuscript and made a great many helpful suggestions. In addition, one or more chapters were perused by Hugh Corbet (Trade Policy Research Centre), Andrew Mason (University College at Buckingham), David Sapsford (University of East Anglia) and Ron Shone (University of Stirling). All of the chapters in question underwent improvement as a result of comments from these individuals. Some of the policy chapters were prepared while I was a Visiting Scholar at the Graduate Institute of International Studies in Geneva and these benefited from conversations with Gerard Curzon. Despite such extensive advice, errors of commission and omission no doubt remain for which I alone am, of course, responsible.

The draft chapters and subsequent revisions were conscientiously and expeditiously typed by Linda Waterman, who as well as compiling the manuscript drew my attention to many grammatical errors.

Finally, my wife Susan and my children Stuart and Daniel deserve my warmest thanks for their encouragement and forbearance. Much of the time expended on this text should perhaps have been leisure time, a substantial share in which would have been theirs.

Buckingham
April 1982

DAVID GREENAWAY

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