

A brief history of trade policy

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Thumbnail history of trade policy (ideas and reality)

1. Tariffs for revenue
2. Mercantilism/protectionism
3. Comparative advantage
4. Britain: repeal of the Corn Laws (1846), turn to free trade
5. US: Hamilton and manufacturing/ the Republican tariff
6. The interwar trade collapse
7. Post WWII: the GATT and gradual liberalization
8. European integration
9. De-colonization and import-substituting industrialization
10. The Washington Consensus

	Britain	US	Other advanced	Developing
19 th C	Free trade	Manufacturing protection	Manufacturing protection	Colonial
Interwar	Protection	Protection Beginnings of Trade agreements	Protection	Protection
Post WWII	GATT-based liberalization		GATT plus EEC	ISI
Circa 1990s	WTO	WTO	WTO plus 1992	Turn to free trade

Table 5
Percentage distribution of the world's manufacturing production

	United States	United Kingdom	Germany	France	Russia	Other developed	Other
1830	2.4	9.5	3.5	5.2	5.6	13.3	60.5
1860	7.2	19.9	4.9	7.9	7.8	15.7	36.6
1913	32.0	13.6	14.8	6.1	8.2	17.8	7.5

Source: Bairoch (1982).

Table 8.2 *Alternative calculations of the tariff rate, 1841, 1854 and 1881*

<i>The average rate of year:</i>	<i>Weighted by each commodity's share of imports in the year:</i>		
	<i>1841</i>	<i>1854</i>	<i>1881</i>
1841	0.35	0.30	0.27
1854	0.25	0.18	0.16
1881	0.13	0.10	0.06
Total decline, 1841-81	0.22	0.21	0.21

Average tariff rate on dutiable imports

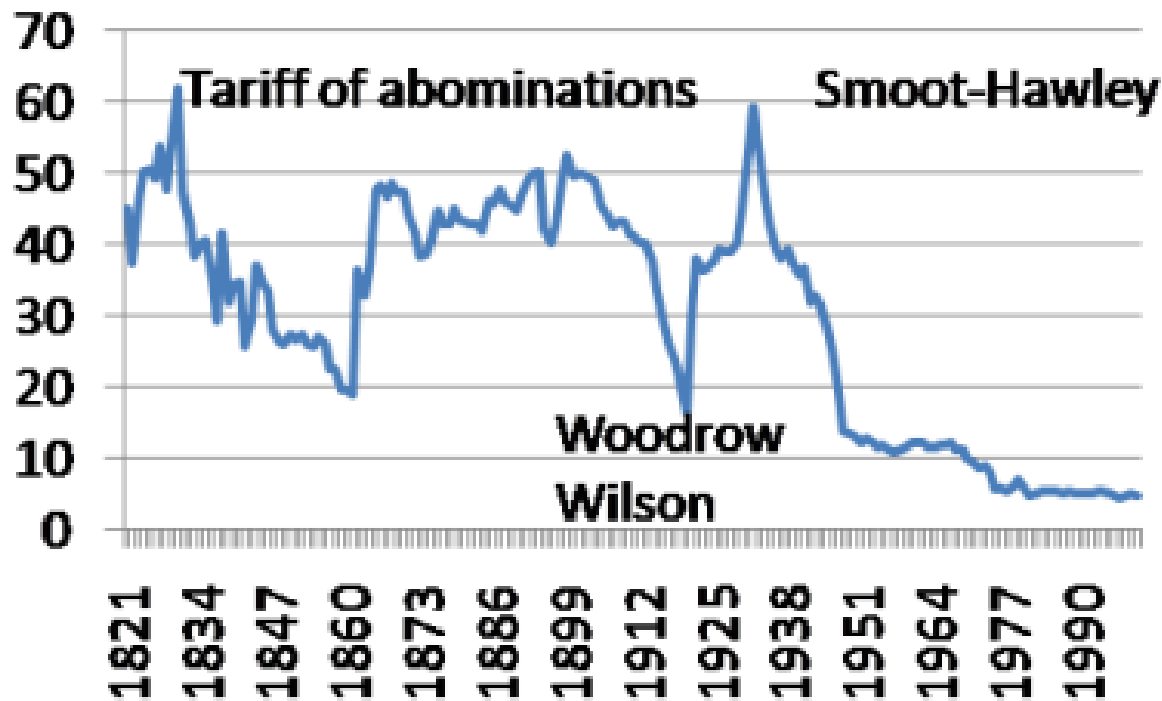


Table 2
Incidence of protection, 1875 and 1913

	Average levels of duties on manufactured goods		All products
	1875	1913	1913
Austria-Hungary	15-20	18-20	18-23
Belgium	9-10	9	6-14
Denmark	15-20	14	9
France	12-15	20-21	18-24
Germany	4-6	13	12-17
Italy	8-10	18-20	17-25
Russia	15-20	84	73
Spain	15-20	34-41	37
Sweden	3-5	20-25	16-28
Switzerland	4-6	8-9	7-11
Netherlands	3-5	4	3
The United Kingdom	0	0	0
The United States	40-50	44 ^a	33 ^b

Source: Bairoch (1993), tables 2.2, 2.3 and 3.2; and Bairoch (1989), pp. 144.

a After 9 October 1913, 25 per cent.

b After 9 October 1913, 16 per cent.

Table 1
Merchandise exports as a percentage of GDP, 1870-1992
(Three year annual average, except for 1950)

	Western developed countries ^a	United States	Western Europe	Japan
1870	...	5.4	13.6	...
1890	11.7	6.7	14.9	5.1
1913	12.9	6.4	18.3	12.5
1929	9.8	5.0	14.5	13.6
1938	6.2	3.7	7.1	13.0
1950	7.8	3.8	13.4	6.8
1970	10.2	4.0	17.4	9.7
1992	14.3	7.5	21.7	8.8

Source: Bairoch (1996a), tables 1 and 4, with additional data for 1870.

a For reasons of statistical consistency, the Western developed countries include the following regions and countries: all Western Europe excluding Yugoslavia, the United States and Canada, Australia, New Zealand and Japan.

FIGURE 3.2 U.S. trade-weighted tariffs on dutiable imports and historical periods, 1930–2008

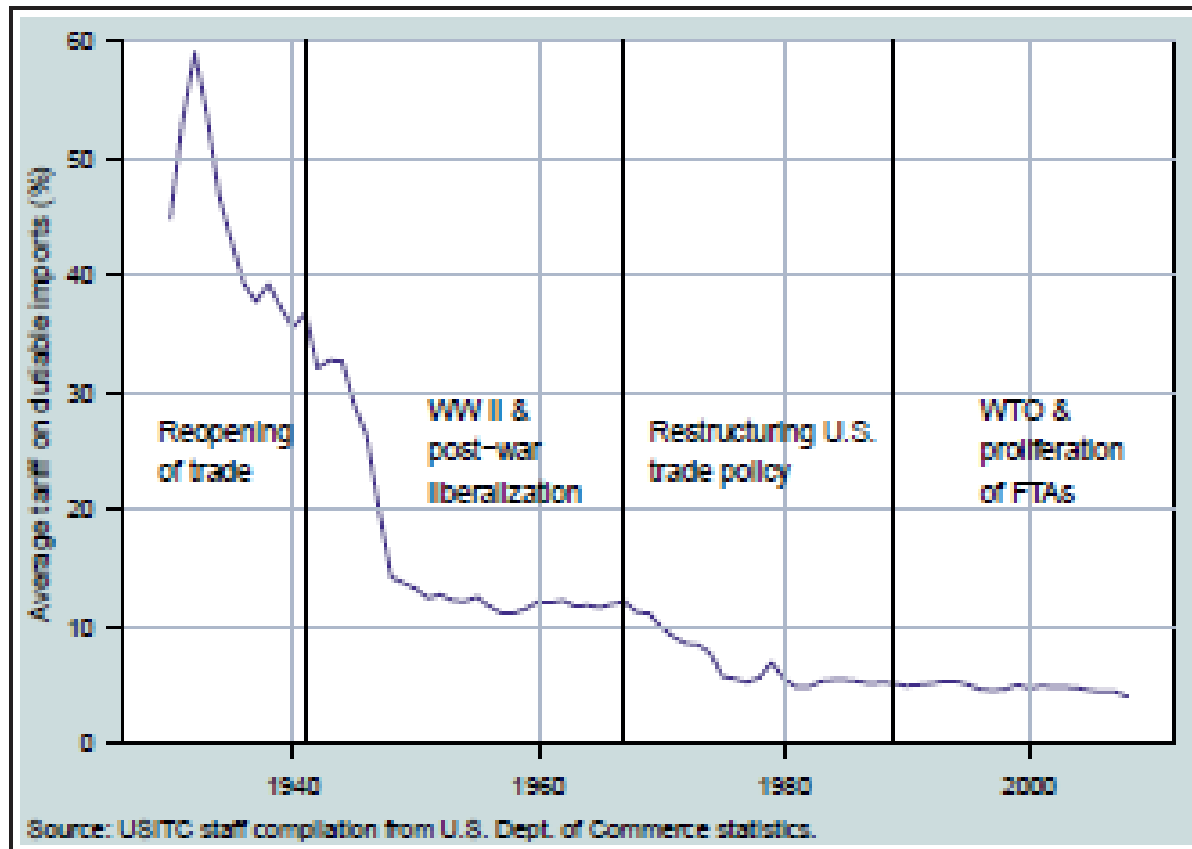


FIGURE 3.3 GATT round summary: number of signatories (left axis) and weighted average tariff reductions (right axis)

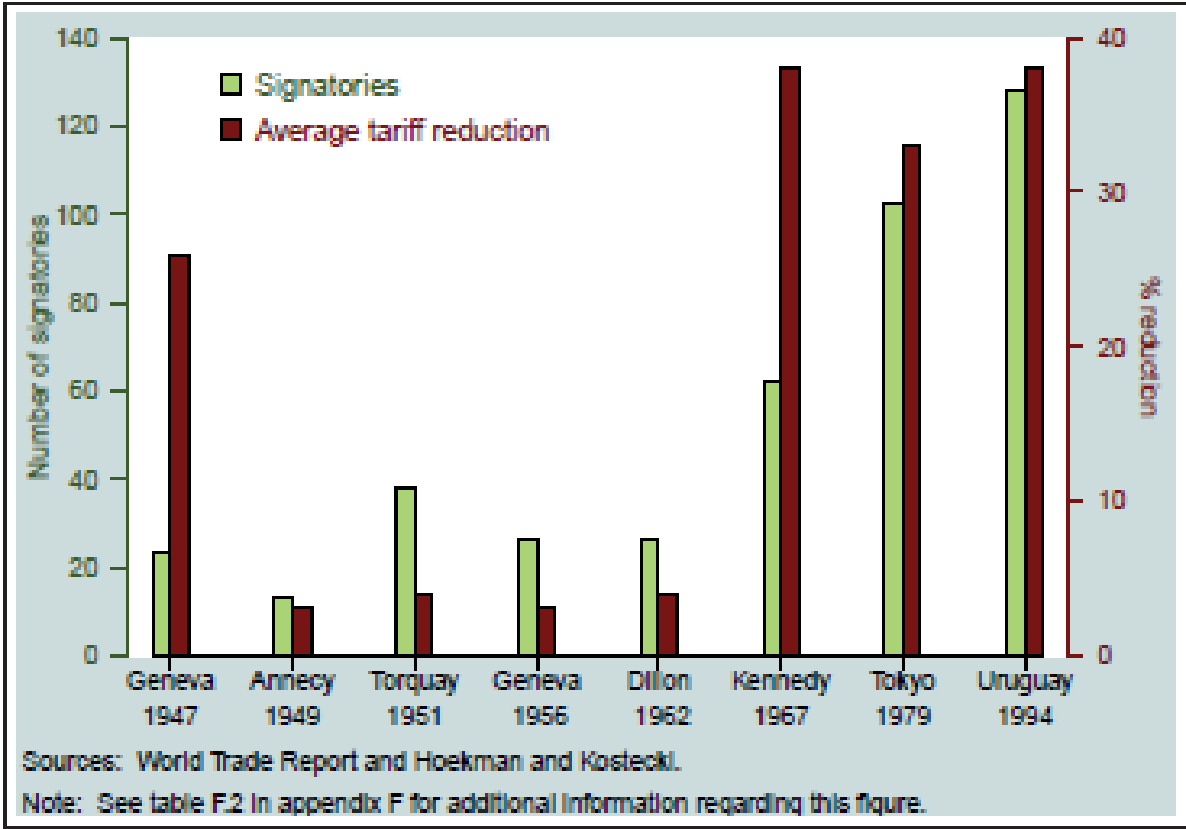


TABLE 3.2 Free trade agreements, proposed and implemented

Entered into Force	Agreement	Status ^a
1985	US-Israel	Implemented
1989	US-Canada	Subsumed into NAFTA
1994	NAFTA (US-Canada-Mexico)	Implemented
2001	US-Jordan	Implemented
2004	US-Singapore	Implemented
2005	US-Chile	Implemented
2005	US-Australia	Implemented
2006	US-Morocco	Implemented
2008	CAFTA-DR (US-Dominican Republic-Central America)	Implemented
n.a.	Free Trade Area of the Americas (Western Hemisphere)	Negotiations (2001)
n.a.	US-South Africa Customs Union (US-South Africa-Namibia-Lesotho-Botswana-Swaziland)	Negotiations (2003)
2008	US-Bahrain	Implemented
n.a.	US-Thailand	Negotiations (2006)
n.a.	US-Colombia	Signed, Pending legislation (2007)
2009	US-Peru	Implemented
n.a.	US-Ecuador	Negotiations (2006)
n.a.	US-Panama	Signed, Pending legislation (2006)
n.a.	US-Republic of Korea	Signed, Pending legislation (2007)
n.a.	US-UAE	Negotiations (2007)
2009	US-Oman	Implemented
n.a.	US-Malaysia	Negotiations ongoing (negotiations begun 2005)
n.a.	Trans-Pacific SEP (US-Singapore-Chile-Brunei-New Zealand)	Negotiations planned

Sources: Washington Trade Daily, "U.S. Certifies Peru FTA," January 19, 2009; U.S. Trade Representative web site. <http://www.ustr.gov> (accessed February 2, 2009).

^aDates refer to date of last negotiation unless otherwise specified

Table 2. Evolution of Trade Protection, 1985–1988

	Number of Tariff Items		Import Permit Coverage ^a	ORP Coverage ^a	Tariffs		
	With Permits	Free			Average	Maximum	Dispersion
June 1985	4,062	3,963	92.2	18.7	23.5	100	25.6
December 1985	907	7,154	47.1	25.4	28.8	100	25.3
June 1986	815	7,293	46.9	19.6	25.6	45	18.1
December 1986	626	7,457	39.8	18.7	24.5	45	17.9
June 1987	499	7,798	35.8	13.4	22.7	40	15.8
December 1987	329	8,117	25.4	0.6	11.8	20	7.8
June 1988	285	8,187	23.2 (May)	0.0	11.0	20	8.0

^aPercentage coverage of production of domestic tradable goods (1986 weights).

Source: Tariff data from Instituto Nacional de Estadística, Geografía, e Informática 1988; World Bank n.d. Permit protection data from Ten Kate and de Mateo 1989. ORP data from World Bank n.d.