

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Issues in US-EC Trade Relations

Volume Author/Editor: Robert E. Baldwin, Carl B. Hamilton and Andre Sapir, editors

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-03608-1

Volume URL: <http://www.nber.org/books/bald88-1>

Publication Date: 1988

Chapter Title: Front matter, preface, table of contents

Chapter Author: Robert E. Baldwin, Carl B. Hamilton, Andre Sapir

Chapter URL: <http://www.nber.org/chapters/c5953>

Chapter pages in book: (p. -11 - 0)

Issues in US-EC Trade Relations



A National Bureau
of Economic Research
Conference Report



Centre
for
European
Policy
Studies

Issues in US-EC Trade Relations

Edited by

Robert E. Baldwin,
Carl B. Hamilton, and
André Sapir



The University of Chicago Press

Chicago and London

ROBERT E. BALDWIN is the Hilldale Professor of Economics at the University of Wisconsin, Madison. CARL B. HAMILTON is with the Institute for International Economic Studies at Stockholm University, Sweden. ANDRÉ SAPIR is professor of economics at the Free University of Brussels, Belgium.

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
© 1988 by The National Bureau of Economic Research
All rights reserved. Published 1988
Printed in the United States of America
97 96 95 94 93 92 91 90 89 88 5 4 3 2 1

Library of Congress Cataloging-in-Publication Data

Issues in US-EC trade relations / edited by Robert E. Baldwin,
Carl B. Hamilton, and André Sapir.

p. cm. — (A National Bureau of Economic Research
conference report)

Proceedings of a conference, June 12–14, 1986, Brussels,
Belgium; sponsored by Centre for European Policy Studies and
National Bureau of Economic Research.

Bibliography: p.

Includes index.

ISBN 0-226-03608-1

1. United States—Foreign economic relations—European
Economic Community countries—Congresses. 2. European
Economic Community countries—Foreign economic relations—
United States—Congresses. I. Baldwin, Robert E. II. Hamilton,
Carl. III. Sapir, André. IV. University of Chicago. Press.
V. Centre for European Policy Studies (Louvain-la-Neuve,
Belgium) VI. National Bureau of Economic Research.
VII. Series: Conference report (National Bureau of Economic
Research)

HF1456.5.E825187 1988

382'.0973'04—dc19

88-1515
CIP

National Bureau of Economic Research

Officers

Richard N. Rosett, *chairman*
George T. Conklin, Jr., *vice-chairman*
Martin Feldstein, *president and chief executive officer*
Geoffrey Carliner, *executive director*
Charles A. Walworth, *treasurer*
Sam Parker, *director of finance and administration*

Directors at Large

Moses Abramovitz	Martin Feldstein	Robert T. Parry
John H. Biggs	Edward L. Ginzton	Peter G. Peterson
Andrew Brimmer	David L. Grove	Robert V. Roosa
Carl F. Christ	George Hatsopoulos	Richard N. Rosett
George T. Conklin, Jr.	Franklin A. Lindsay	Bert Seidman
Kathleen B. Cooper	Paul W. McCracken	Eli Shapiro
Jean A. Crockett	Geoffrey H. Moore	Donald S. Wasserman
George C. Eads	Michael H. Moskow	
Morton Ehrlich	James J. O'Leary	

Directors by University Appointment

Charles H. Berry, <i>Princeton</i>	James L. Pierce, <i>California, Berkeley</i>
James Duesenberry, <i>Harvard</i>	Andrew Postlewaite, <i>Pennsylvania</i>
Ann F. Friedlaender, <i>Massachusetts Institute of Technology</i>	Nathan Rosenberg, <i>Stanford</i>
Jonathan Hughes, <i>Northwestern</i>	Harold Shapiro, <i>Michigan</i>
J. C. LaForce, <i>California, Los Angeles</i>	James Simler, <i>Minnesota</i>
Marjorie McElroy, <i>Duke</i>	William S. Vickrey, <i>Columbia</i>
Merton J. Peck, <i>Yale</i>	Burton A. Weisbrod, <i>Wisconsin</i>
	Arnold Zellner, <i>Chicago</i>

Directors by Appointment of Other Organizations

Richard Easterlin, <i>Economic History Association</i>	Rudolph A. Oswald, <i>American Federation of Labor and Congress of Industrial Organizations</i>
Edgar Fiedler, <i>National Association of Business Economists</i>	Douglas D. Purvis, <i>Canadian Economics Association</i>
Robert S. Hamada, <i>American Finance Association</i>	Albert T. Sommers, <i>The Conference Board</i>
Robert C. Holland, <i>Committee for Economic Development</i>	Dudley Wallace, <i>American Statistical Association</i>
James Houck, <i>American Agricultural Economics Association</i>	Charles A. Walworth, <i>American Institute of Certified Public Accountants</i>
David Kendrick, <i>American Economic Association</i>	

Directors Emeriti

Emilio G. Collado	Thomas D. Flynn	George B. Roberts
Solomon Fabricant	Gottfried Haberler	Willard L. Thorp
Frank W. Fetter		

Since this volume is a record of conference proceedings, it has been exempted from the rules governing critical review of manuscripts by the Board of Directors of the National Bureau (resolution adopted 8 June 1948, as revised 21 November 1949 and 20 April 1968).

Centre for European Policy Studies

Officers

Jean François-Poncet, *chairman*
Theo Peters, *deputy chairman*
Martin Kallen, *chairman of the finance
committee*

Peter Ludlow, *director*
Johannes Krul, *financial director*

Programme Leaders (1986):

Macroeconomic and Monetary Affairs

Lars Calmfors, *Institute of International
Economics, Stockholm* Niels Thygesen, *University of Copenhagen*
Jacques Drèze, *Core, Université
Catholique de Louvain*

Industry and Trade

Henry Ergas, *OECD, Paris* André Sapir, *Université Libre de Bruxelles*
Alexis Jacquemin, *Université Catholique
de Louvain*

Public Finance

Luigi Spaventa, *University of Rome*

Agriculture and Natural Resources

Knud Jørgen Munk, *University of Aarhus*

Euro-South Relations

Christopher Stevens, *CEPS*

Research Advisory Committee (Economic and Social Affairs)

Armin Gutowski, *Chairman, HWWA,
Institut für Wirtschaftsforschung,
Hamburg* Stephen Marris, *Institute for International
Economics, Washington*
Richard Cooper, *Center for International
Affairs, Harvard University* Sylvia Ostry, *Canadian Ambassador for
Multilateral Trade Negotiations*
Paolo Fasella, *Director-General,
Directorate-General for Science,
Research and Development, Commission
of the European Communities* I. G. Patel, *Director, London School of
Economics and Political Science*
Jean Waelbroeck, *Université Libre de
Bruxelles*
Jacques Lesourne, *Conservatoire
Nationale des Arts et Métiers, Paris*

Contents

Preface	xi
1. An Introduction to the Issues and Analyses	1
Robert E. Baldwin	
I. THE LEGAL FRAMEWORK	
2. Legal Issues in US-EC Trade Policy: GATT Litigation 1960-1985	17
Robert E. Hudec	
<i>Comment: Per Magnus Wijkman</i>	
<i>Comment: J. P. Hayes</i>	
II. AGRICULTURE: TRADE AND PROTECTION	
3. The Price and Welfare Implications of Current Conflicts between the Agricultural Policies of the United States and the European Community	67
Dermot Hayes and Andrew Schmitz	
<i>Comment follows chapter 4</i>	
4. EC-US Agricultural Trade Confrontation	101
Alexander H. Sarris	
<i>Comment: Dieter Kirschke</i>	

III. EMBARGOES AND STRATEGIC TRADE ISSUES

- 5. Strategic Trade, Embargoes, and Imperfect Competition** 135
Henryk Kierzkowski
Comment follows chapter 6
- 6. East-West Trade, Embargoes, and Expectations** 153
Alasdair Smith
Comment: L. A. Winters

IV. INDUSTRY: NEW PROTECTIONISM AND NEW COMPETITORS

- 7. The Steel Crisis in the United States and the European Community: Causes and Adjustments** 173
David G. Tarr
Comment follows chapter 8
- 8. Restrictiveness and International Transmission of the “New” Protectionism** 199
Carl B. Hamilton
Comment: Juergen B. Donges

V. TRADE IN SERVICES

- 9. International Trade in Telecommunications Services** 231
André Sapir
Comments follow chapter 10
- 10. International Trade in Banking Services** 245
C. R. Neu
Comment: Frances Ruane
Comment: Gary P. Sampson

VI. TRADE POLICY IN OLIGOPOLISTIC ENVIRONMENTS

- 11. High-Tech Trade Policy** 284
Kala Krishna
Comments follow chapter 12

12. Countervailing Duty Laws and Subsidies to Imperfectly Competitive Industries	313
Barbara J. Spencer	
<i>Comment:</i> Henry Ergas	
<i>Comment:</i> Harry Flam	

VII. INTERACTION BETWEEN THE MACROECONOMIC ENVIRONMENT AND TRADE ISSUES

13. Macroeconomic Policy and Trade Performance: International Implications of U.S. Budget Deficits	349
Rachel McCulloch	
14. Economic Cooperation and Confrontation between Europe and the U.S.A.: A Game-Theoretic Approach to the Analysis of International Monetary and Trade Policies	369
Giorgio Basevi, Paolo Kind, and Giorgio Poli	

List of Contributors	389
Author Index	391
Subject Index	393

This Page Intentionally Left Blank

Preface

This volume is the result of a conference held jointly by the Centre for European Policy Studies (CEPS) and the National Bureau of Economic Research (NBER) in Brussels, Belgium, from 12 June to 14 June 1986. We wish to thank the staff of CEPS for their efforts in helping to make the conference successful.

In presenting papers by North American and European trade specialists with theoretical, empirical, and institutional analyses of some of the major trade issues on which American and European Community officials disagree, the conference aimed to provide a better understanding of the economic causes of the disagreements and to consider various policy options that might assist in resolving these differences. The analyses are also informative for trade policy disputes generally, since many United States–European Community disputes are representative of disagreements within the entire trading system.

We are grateful to the Ford Foundation for providing financial support for the conference, for a preconference authors' meeting, and for the publication of this volume. Sapir was largely responsible for organizing the conference and, together with Hamilton, assumed editorial responsibility for the papers by the European authors and comments on all the papers. Baldwin handled the North American papers. We wish to thank Annie Spillane and Mark Fitz-Patrick of the NBER for their efficient help in preparing the papers and comments for submission to the University of Chicago Press, and Donna Zerwitz of the NBER and Nancy Klatt of the University of Wisconsin for their editorial assistance.

Tom Bayard of the Ford Foundation and Geoffrey Carliner of the NBER deserve special thanks for their valuable advice on the issues that should be analyzed and the format of the conference. We also wish to give particular thanks to Jean Waelbroeck for his support and advice

throughout the project and for his traveling halfway around the world to present an overview of the conference.

Robert E. Baldwin, Carl B. Hamilton, and André Sapir