

American Supremacy: Is Trade Policy Different?

Outline

- US Trade Policy: Recent features.
- “National Interest Explanations”
- “Domestic Interest Explanations”
- Is Trade Policy is Different?

US Unilateralism.

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 - Withdraw from Kyoto
 - Skepticism about International Law.
 - Refuse to Join ICC.
 - Wage War without UN approval.
 - Unilateral Action under Doctrine of Preventative War

US Trade Policy

- Strong Support for Uruguay Round Agreement.
- Leader in Doha Round Negotiations launched Nov 2001.
- Active participation in WTO Dispute Settlement.
- Virtual Abandonment on “Aggressive Unilateralism” Retaliation under Special 301.
- Reversal on Steel Tariffs.
- Revision of FSC and adherence to several other WTO rulings.

Trade Strategies.

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Unilateral Protection. (exert monopoly power)

Unilateral liberalization.

Multilateral Liberalization.

Bi- and Pluri-lateral Liberalization

Trade Strategies

- Unilateral Protection: Smoot-Hawley
 - Problem of Retaliation.
- Unilateral liberalization.
 - Problem of closed foreign markets. US does not follow
- Cooperation in a Prisoner's Dilemma.
 - (Competitive Liberalization)
- Benefits from Multilateral System.
 - Cold War Logic: Allies?
 - Post Cold War: Economic Development?
 - Legitimacy of Rules and System.
 - Global Public Good.

Domestic Considerations.(Two-level Game)

- Trade has winners and losers (or differences in relative gains).
 - USA: Open Trade
 - Winners: Capital, Skilled Labor, Consumers, Technology
 - Losers: Unskilled, Some Farmers, Some Producers.
 - Monopoly Power:
 - Winners: Unskilled, Some Farmers, Some Producers.
 - Losers-Capital, Skilled Labor and Consumers.
 - Implication: Domestic Interests Reinforce International Interests.

Systemic Considerations.

- WTO Agreements Based on Unanimity and Consensus Rule. US Has Agreed to all Rules.
- US and EU: A Relative Balance of Power. Hegemony Impossible?

Is Trade Really Different?

- Military Engagement
- Uni-polar?
- Zero Sum?
- Interest incompatible with rules based system
- Unified National Interests?
- Threats? (Cannot wait for consensus)
- Trade System
- Multi-polar.
- Positive Sum: benefits to all.
- Interests compatible with rules based system
- Divided National Interests?
- Benefits?

Is Trade a Better Model?

- Are these two approaches compatible?