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VOLUNTARY EXPORT RESTRAINTS:

A Suitable Case for

Political Economy Investigation

Roy Trinder
The Plymouth Business School.

VI SIMPOSIO

PLYMOUTH POLYTECHNIC

FACULTAD DE CIENCIAS ECONOMICAS Y EMPRESARIALES - UNIVERSIDAD COMPLUTENSE

FACULTAD DE CIENCIAS ECONOMICAS Y EMPRESARIALES - UNIVERSIDAD COMPLUTENSE

Campus de Somosaguas. 28023 - MADRID

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TABLE I

Korea: restrictive trade measures affecting exports (as of November 1980)

Country	Commodities affected	Main type of measures	Year of introduction
Australia	Textiles	Tariff quota	1974-77
	Footwear	Global quota	1975
	Sheets and plates of iron and steel	Global quota	1975
	Electric refrigerators	Global quota	1975
	Passenger motor vehicles	Global quota	-
	Electric insulators	Tariff quota	-
	Razors and some other metal products	Global and tariff quotas	
	Leather clothing	Tariff quota	-
	Plywood	Tariff quota	1976
	Sleeping bags	Tariff quota	-
	Tire cords and fabrics	Tariff quota	-
Austria	Textiles	Bilateral quota	1974-76
Benelux	Cutlery	Voluntary export restraint	1978
Canada	Textiles	Bilateral quota	1974
	Leather coats	Bilateral quota	1977
	Nonrubber footwear	Global quota	1977
Denmark	Cutlery	Bilateral quota	1974
European Community	Textiles	Bilateral quota	1978
	Steel	Voluntary export restraint and minimum pricing system	1978
	Canned mushrooms	Voluntary export restraint	1978
Finland	Certain textiles	Bilateral quota	1980
	Rubber boots	Import deposit	1977

New Protectionism

Increasingly throughout the 1970's and 80's protectionist external-trade policies have proliferated in both the advanced and developing worlds. This new protectionism has been attributed to a variety of causes: the world recession, intensified by the two oil crises of 1973 and 1979; to the emergence of new economic powers, mainly Japan and other Asian countries; to technological change; and to the introduction of a floating exchange rate regime. More accurately it should be described as renewed protectionism. During the period 1950 to 1970 the most obvious symptoms of protectionism subsided, but by no means disappeared, and the last decade or so has seen a reversal of this trend. Nonetheless, the tariff reductions painfully negotiated under the aegis of the Kennedy and Tokyo Rounds have been retained, so resort to non-tariff barriers has been greater. In particular new devices have been introduced and foremost amongst them have been voluntary export-restraint agreements (VER's).

In this review I intend to look at the nature of the VER arrangements, the economic effects that appear to accompany their introduction and outline the political economy elements that explain their proliferation.

Nature of VER arrangements:
Brief History

The earliest examples of VER's are to be found in the field of textiles and clothing which were introduced in the 1930's especially against Japan by Western European and North American countries. For example, Japan volunteered to restrict its exports to the USA from 1935 onwards. Indeed this restriction still applied until the 1960's when a much more comprehensive regulation of world trade in textiles and clothing was inaugurated under the first Multi-Fibre Agreement (MFA) in 1974. Broadly this agreement was largely protectionist in that it prevented free trade but as has been reported by Wolf (1) for some exporting countries the provisions of the MFA resulted in larger traded volumes than would otherwise have been the case. Since then renegotiated MFA's have seen VER quotas cut back substantially e.g. the USA allows only 0.5 per cent annual increase in textile and clothing imports on two-thirds of the categories and no more than 2 per cent annually on the rest.

Protectionism in the steel trades is more recent. Between 1968 and 1974 VER arrangements applied to European and Japanese exports to the US. In addition a 'trigger price' mechanism was introduced in 1976 to protect the US steel industry further against cheap Japanese imports. This measure helped to reduce Japanese exports considerably and in the 1980's there has been a tacit agreement between the two countries to restrict exports to the US. With a reduction in competition from Japan in the US market the European producers found the North American market attractive. The US steel industry subsequently pressed for VER's on European exports which were eventually agreed in 1982 and still apply. In turn, the EEC has implemented controls, especially of a VER type, on imports of steel from such developing countries as Taiwan, South Korea, Mexico and Brazil.

The most recent major industry to be subjected to protection is automobiles. In 1981 the US and Japan agreed a VER on imports of cars from Japan and this was soon followed by similar arrangements for the German, Italian, French and British auto industries. In the case of the latter this was formalized by a VER negotiated by the Japanese Automobile Manufacturers Association and the British Society of Motor Manufacturers and Traders to limit Japanese imports into the UK to an 11 per cent market share (2). In addition the UK has VER's

Country	Commodities affected	Main type of measures	Year of introduction
France	Radios, sound recorders	Unilateral quota	1971
	Umbrellas and sunshades	Unilateral quota	1971
	Miscellaneous manufactures (toys, carpets, chemical products, yachts)		
	Silk fabrics	Unilateral quota	1974
	Tiles	Administrative guidance and global quota	1978
	Semiconductors	Administrative guidance and global quota	1978
	Newsprint and paper	Global quota	1978
	Precision instruments	Global quota	1978
	Wristwatches	Administrative guidance	1978
Germany, Fed. Rep. of	Cutlery	Voluntary export restraint	1978
Ireland	Footwear	Voluntary export restraint	1979
Japan	Fish, dried fish, and dried seaweed	Import licensing and quota	1960
	Tuna	Voluntary export restraint	1975
	Raw silk, silk yarn, and silk fabrics	Import quota and voluntary export restraint	1974-76
	Baseball gloves	Administrative guidance	1975
	Footwear	Import quota	-
	Cotton thread	Administrative guidance	1976
New Zealand	Nearly all items	Import licensing	1975
Norway	Textiles	Bilateral quota	1974
	Cutlery	Bilateral quota	1974
	Tires and tubes	Bilateral quota	1974
	Tableware of porcelain, china, and pottery		
	Leather clothing	Bilateral quota	1978
	Ski boots	Bilateral quota	1979

Country	Commodities affected	Main type of measures	Year of introduction
Sweden	Footwear	Global quota	1979
	Textiles	Bilateral quota	1976
	Leather clothing	Voluntary export restraint	1977
United Kingdom	Black-and-white television sets	Bilateral quota	1977
	Footwear	Voluntary export restraint	1979
	Cutlery	Voluntary export restraint	1979
United States	Textiles	Bilateral quota	1971
	Canned mushrooms	Voluntary export restraint	1976
	Nonrubber footwear	Bilateral quota	1977
	Ginseng products	Import ban	1977
	Steel products	Trigger price system	1978
	Citizens' band receivers	Increase in duty	1978
	Color television sets	Voluntary export restraint	1979
	Industrial fasteners	Increase in duty	1979
	Porcelain on steel cookware	Special duty	1980
	Some specialty steel products	Administrative surveillance	1981

on footwear (Taiwan, Korea, Poland, Czechoslovakia), colour TV's (Japan), black and white TV's (Korea), cutlery (Korea and Japan), music centres (Korea, Taiwan and Japan) and Christmas cards (USSR) amongst others.

Some indication of the size and scope of the impact of the new protectionism and especially VER's can be seen from TABLE I, obtained from Hamilton (3), which shows restrictions on trade levied against Korean imports (as of November 1980).

1. Characteristics of VER's

There are six essential characteristics possessed by a VER that distinguish it from most other forms of trade restriction:

(1) the importing country imposes an upper limit on foreign supply. Usually these are bi-lateral in nature i.e. agreements between two parties. There are exceptions however, such as the MFA and the EEC restriction on Japanese video recorders;

(2) the imposition is defined by commodity category;

(3) the source of supply is specified clearly;

(4) they are usually defined in volume rather than value terms;

(5) they are negotiated for a specified period and

(6) the exporting country administers the restriction arrangements.

It is of value to compare this list of features with those possessed by the most common restrictive technique i.e. the tariff.

Tariffs are commonly:

(a) defined by commodity group typically more narrowly defined than a VER category

(b) not source specific. Most tariffs fall into the most-favoured-nation (MFN) classification and only preferential tariffs will define the source of supply

(c) defined in value terms e.g. ad valorem tariffs

(d) are normally permanently imposed and

(e) are administered by the importing nation.

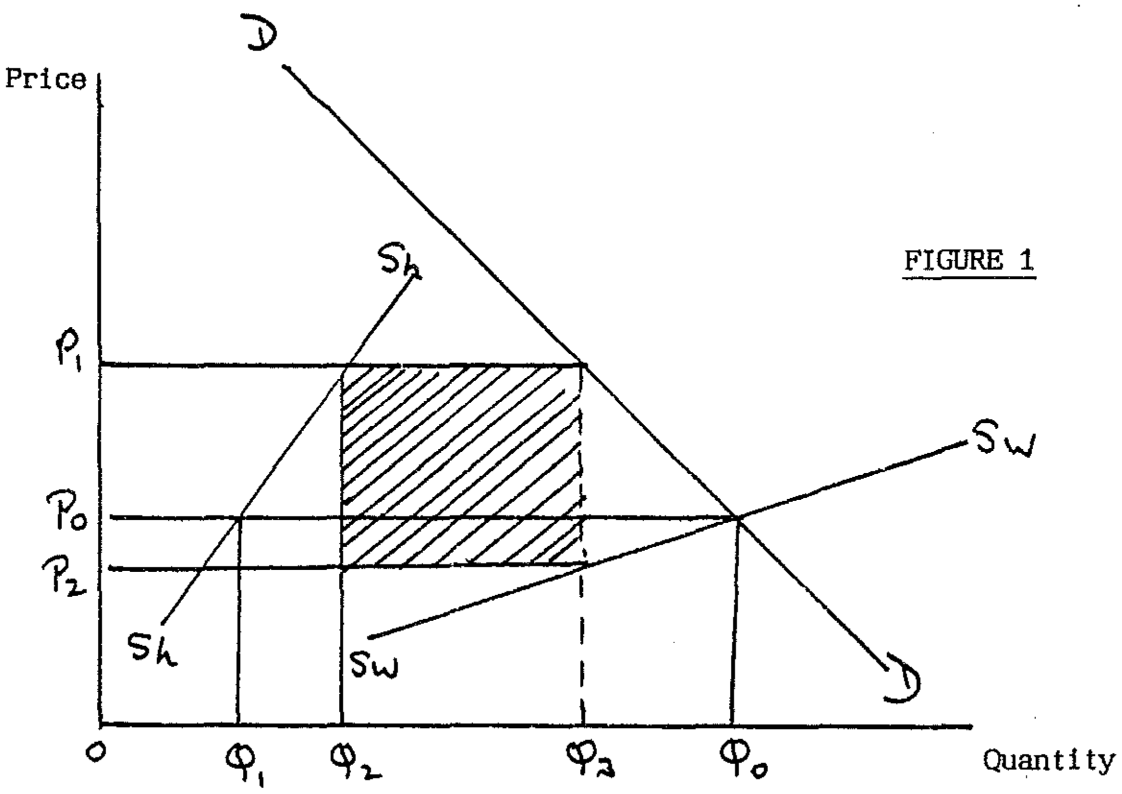
Let us now turn to the impact of VER's on both the importing and exporting countries.

2. Analysis of the effects of VER's

(i) Importing Country

The basic method of investigating VER's is via supply and demand techniques similar to those used in tariff and quota analysis. In FIGURE I the market condition for, say, cutlery is depicted within the importing country. The home country supply curve is S_h-S_h.

For simplicity we will assume all foreign production is aggregated and together with S_h this gives a world supply curve Sw-Sw.



The effects of a VER on the importing country.

With free trade at a single world price of P_0 the total consumption is OQ_0 comprising two elements, OQ_1, produced domestically and Q_1 Q_0, which is imported.

If now a VER is imposed limiting the import volume to Q_2 Q_3 < Q_1 Q_0 the good becomes more scarce and its price rises to P_1 in the home market. In the world as a whole it is reasonable to suggest that as a result there will be excess capacity forcing foreign production to be reduced, with the remaining producers willing to supply at a lower price than beforehand i.e. P_2.

Domestic production will rise from Q_1 to Q_2, which may well have been the main motive for the government introducing the VER. But who captures the difference between the higher domestic price P_1 and the lower world price P_2? Foreign producers observe the rise in price in the home country due to the imposition of the VER. In this simple example producers can be assumed to be ever-interested in selling at the highest possible price and therefore there is no reason to sell to the importing country at any price below P_1. Given that the administration of a VER rests with the exporting country then rent income will accrue to the exporting country. In FIGURE I this rent is indicated by the shaded area.

This fact is one good reason why exporting countries may prefer VER measures rather than alternatives such as tariffs or quotas where gains accrue to home residents (but not necessarily citizens).

However, FIGURE I is a simplification and some complications should be noted:

(1) We have assumed that the domestic and foreign goods are perfect substitutes in consumption. This may not be true, but nonetheless the basic nature of the analysis remains. It is still the case that the price of an imperfect substitute is raised by the imposition of a VER.

(2) It is often the case that VER's are imposed on top of tariffs and therefore the full trade barrier is a combination of tariff and VER. This can be illustrated by taking the case of Hong Kong clothing exports to the UK within the period 1981-3. The tariff rate is fixed by the EEC which was then an ad valorem rate of 17 per cent. On top of this it is possible to estimate the ad valorem tariff equivalent of the VER. This is the gap between the domestic price and the export supply price which can be expressed as

$$\frac{P_1 \; P_2}{P_2}$$

This illustrates the tariff that would have been necessary to curtail domestic demand, imports and increase domestic supply by the amounts determined by the VER. For the UK the tariff rate was 17 per cent and the Import tariff equivalent of VER's was 15 per cent giving a combined barrier rate of 32 per cent. This value is very similar for other EEC members but is higher for EFTA members (approx 40 per cent) and the US (44 per cent).

(3) The world supply curve is assumed upward-sloping. This implies that the home country's decision to restrict trade affects world supply price. If however, the importing country may fall into the small nation situation then its diversion has an insignificant impact on world price (e.g. Luxembourg).

<u>Effects on the trade pattern</u>

A VER is source-specific; rarely does it affect all possible sources of supply. This has important consequences when VER's are imposed by members of a customs union or a free trade area.

We will extend the analysis by assuming that there are three countries in the world:

(a) the importing home country

(b) a partner country. These two are members of the same free trade area, and

(c) an outside country (the rest of the world).

Let us assume that the home country wishes to protect employment and to achieve this target wishes to sustain a given volume of domestic production. Rather than use tariff or quota restrictions or direct subsidy to home production, the government restricts foreign supply in the form of a VER. Being a member of a free trade area the restriction on imports hits the outside country only whilst the partner country maintains its right of access to the home country market. The impact of such measures can be seen in FIGURE 2.

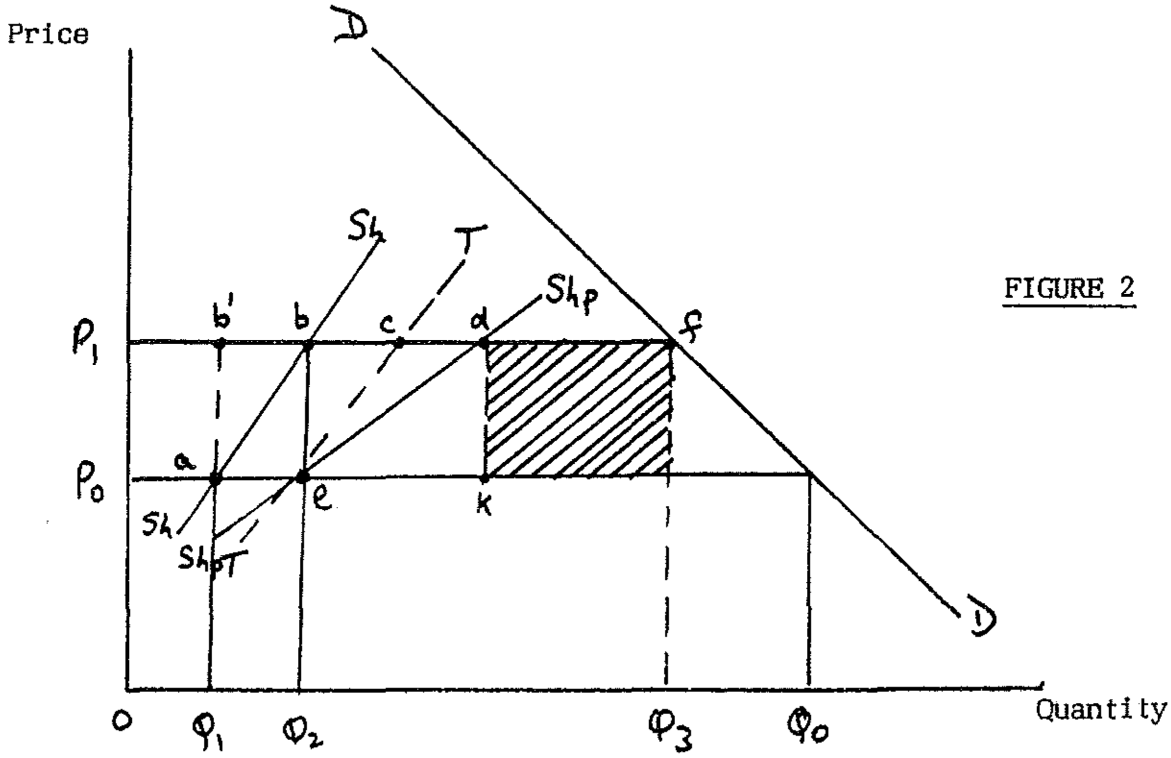


FIGURE 2

The effects of a VER on the trade pattern.

Here the aggregate supply of the home and partner countries is shown by S_{hp} - S_{hp}. In order to simplify analysis assume that the home country is small and that world price remains unchanged. Under free trade OQ_1 is produced domestically. Q_1Q_0 is imported, of which Q_1Q_2 comes from the partner. Assume that the home government wishes to increase domestic production to OQ_2. Imports are therefore restricted to Q_2Q_3 by a VER on the outside country limiting imports from there to df.

Impact on efficiency

(a) Comparison with free trade. Despite the overall reduction of imports the level of imports from the partner country rises both proportionally and absolutely. Imports from the partner equal bd, larger than bc (=ae) the level existing under free trade. The increased imports from the partner = cd and the global efficiency loss of the VER = edk (TT is parallel to S_h-S_h).

(b) Comparison with a global supply restriction. If a global restriction (e.g. tariff or quota) were to be imposed as an alternative then imports from the partner would be to the left of c, assuming a proportional reduction in imports from both sources of supply.

Impact on Economic Rent

Whatever the type of trade barrier the domestic producers increase their economic surplus to P_0 P_1 ba. The partner increases its surplus on existing exports by ab'be (=abce). The partners' surplus on increased exports =cde. The total overall gain to the partner nation is =abde. With a VER limiting exports to df the rent income accruing to outside country exporters is equal to the shaded area. Using the terminology of customs union theory we can see therefore that VER's will tend to enhance trade diversion i.e. the replacement of imports from a low-cost source with imports from a higher-cost source.

Good practical examples of this are to be found in the clothing exports of Italy and Finland to their respective partners which have been stimulated by VER restrictions against outside competitors.

Not all developing countries are subject to export restraints on their newly emergent products. Sometimes they may be the beneficiaries of VER's placed upon more advanced nations goods. For example, actions taken against Japanese exports have had important effects on trade patterns encouraging exports from non-restrained sources. In 1976 the US limited colour TV imports from Japan which gave a strong stimulus to TV exporters from S. Korea and Taiwan and generally enabled these countries to raise their export prices. VER's may therefore be seen in some instances as stimulating industrialization and trade from the newer developing countries and this is often regarded as a favourable effect.

Upgrading

Typically VER's are defined in physical units and within each category there are usually different grades or qualities with accompanying different world prices. Now as the VER is defined in physical units, the price increase due to the VER will be equal for all units within the same commodity category regardless of grade. As a consequence, a high cost or high quality variety within a commodity category will have a lower ad valorem VER tariff equivalent than the low cost grade. The following example illustrates the point:

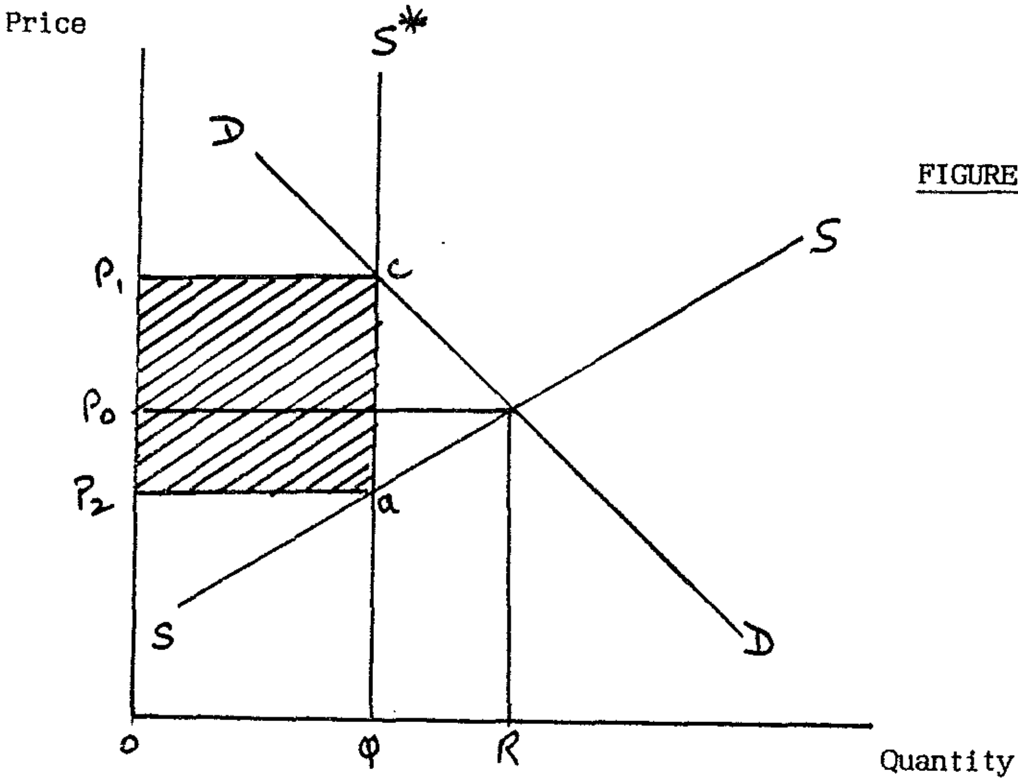
Grade	World Market price per physical unit	VER Rent per physical unit	Ad Valorem tariff equivalent of the VER
High quality grade	£100	£5	$\frac{5}{100}$ or 5 per cent
Low quality grade	£ 50	£5	$\frac{5}{50}$ or 10 per cent

From an exporters point of view it is rational to gear the export mix towards those with lower ad valorem VER tariff equivalents. As a consequence there is a tendency towards higher quality/more sophisticated exports. This effect of VER's has been labelled upgrading or trading-up. Evidence of this process has been demonstrated by Fenstra in his investigation into the impact of US VER's on Japanese automobile exports. With the rise in the price of Japanese cars in the USA, consumers received a quality increase in the product (4).

(ii) Exporting Country

Once again, in the attempt to simplify analysis, we assume that there are only two countries, an exporting and an importing one. The situation is illustrated in FIGURE 3 where D-D is the demand for exports and S-S is the export supply curve.

FIGURE 3



The effects of a VER on the exporting country.

The free trade equilibrium is at quantity OR and price P_o. Now if export volume is restricted to OQ by means of a VER, the export supply curve alters to S-S*. Price rises to P_1 and supply price to P_2. Rent income is shown by the shaded area. This rent income reflects the value of possessing access to the foreign market and P_2P_1 is the scarcity value of an 'entrance ticket' to the export market. Moreover, this accrues to the exporting country. According to Hamilton's calculations (3) of the impact of VER's on Hong Kong's clothing industry the rent income accruing to exporters was equal to 1 per cent of GDP or 16 per cent of the industry's value added.

Allocation of 'entrance tickets'. Given the potential gains to be earned by exporters the mechanism for allocating export licences is crucial. In principle there are two mechanisms:

(a) a price mechanism with market prices for licences (similar to the Australian quota import licensing procedure) and

(b) administrative decision-making process.

\s a second step, trade in export licences could be allowed but typically here is no auctioning and no legally sanctioned trade. The usual process is or governments to hand out licences on some past performance criteria or eave it to an industry cartel to sort out. Whichever is used there are some rious questions of a political economy nature to be addressed, and it is for is whole area that I now turn.

The Political Economy of VER's

On the surface, at the level of conventional economic analysis, it is difficult to see the appeal of VER's compared to the traditional techniques of tariffs and quotas. VER's are selective, do not cover all sources of supply, create rent income for foreign producers and have the standard disadvantages typical of quantitative restrictions compared to ad valorem tariffs. Yet revealed preference by Governments indicates their growing popularity amongst trade administrators. If the justification is not to be found in economic analysis then the wider political economy perspective may be revealing.

At the outset it must be pointed out that such agreements are not strictly 'voluntary', since firms would not willingly restrict supply if profitable market opportunities are to be foregone. A genuinely voluntary agreement would involve individual companies choosing to restrict trade to improve their economic power on international markets and not being involved in negotiated agreements with foreign governments on export limits, usually organized via a cartel operation. Normally, the threat of alternative, more unwelcome, action by the importing country lies behind the VER. The term 'voluntary' is therefore a misnomer but a very convenient misnomer for many of the parties involved. Let us look, therefore, at the various groups and see why they accept and encourage the development of VER's.

(a) Government of the Importing Country

The Governments of importing countries see such techniques as a method of achieving protectionist ends at low political cost. Since the agreement is 'voluntary' and the restriction emanates from the exporting side it does not offend GATT restrictions on quantitative and discriminatory trade barriers (Articles XI, II and XIII). It also avoids the problem associated with raising tariff levels, namely, that such agreements should be GATT-sponsored and general in scope.

Another considerable advantage is the ease of VER negotiation and implementation. In contrast with other forms of restriction a VER can be negotiated in secret, unhindered by public political processes and scrutiny. Given this secrecy it also has the likely additional advantage of being completed in a short period of time. This is, of course, highly attractive to politicians whose time-horizons tend to be short i.e. from election to election, and therefore they may be seen to respond to protectionist demands swiftly. Finally, because of the low profile of VER discussions, political risks are lowered for the Government. Political opponents will be less aware of their nature and if there is some hostile reaction it can always be pointed out that it is the exporting nation that is the source of the restriction.

Lastly, because VER's are targeted on 'disruptive' suppliers, the likelihood of retaliation, with all the costs that may ensue will be reduced.

(b) Producers in the Importing Country

Most of the benefits to import-competing producers are of the traditional protectionist type: the ability to raise prices and increase output. Above all, the most welcome aspect of a VER to this group is that it sets a quantitative limit on imports. This is particularly the case where domestic producers are lagging behind world efficiency standards and are vulnerable to import 'disruption'. Specific producers can be identified as disruptive and blame assigned to them as being the source of unfair or disruptive trade practices. The plight of the domestic industry can be focused on some foreign competitors, thereby heightening protectionist sentiment whilst still declaring unshaken faith in 'genuine' free trade.

Possibly, such domestic industries under threat might prefer more traditional import quotas but the political costs may be too high or risky. Therefore a VER may make an attractive second-best solution for the protectionist pressure groups.

(c) Government and Producers in the Export Restraining Country

Despite the advantages accruing to the importing country and producers it is nonetheless that such measures find favour and acceptance in exporting countries. One situation where this will be understandable is where protectionist measures are seen as inevitable and where trade authorities in the exporting country will be seeking to minimize the impact of restraints: a VER is more attractive than a full-bloodied unilateral import quota. Clearly, it becomes a question of political nerve and judgment as to the likelihood of stronger policies being a genuine threat. For policy-makers in both countries, one of the biggest advantages of a VER is that it reduces the uncertainty of bilateral trade relations.

For companies the advantages accrue from the creation of monopoly rents as a result of reducing export supply. Moreover, in order to implement export restraint, the government must usually establish some form of export cartel (if none exists already). This forum through which export markets are organized will tend to favour firms well established in the industry and will tend to keep out potential newcomers from entering the export market. In addition, the sharing-out of the export market may also lead to a lowering of the variance of profit levels and thereby the overall risks associated with fluctuating market conditions.

(d) Exporters outside the agreement

If a VER creates a shortfall in export supply then exporters not members of the agreement may also benefit. An increase in export price may allow non-restraining exporters to increase supplies to the importing country, thereby expanding their market share. In a sense they are 'free riders' of the increase in export price and whilst they may be excluded from negotiations their interests clearly lie in encouraging export restraint.

It may also be the case that in cartelized or heavily concentrated industries - a trend itself promoted by VER's - there will be a potential for collusion on an international scale to develop. For example, potential VER industries could offer to adjust their supply limits to favour non-participating countries in exchange for market shares elsewhere.

Finally, there is a problem that involves so-called 'rebound' nations. In so far as VER's cause exporters to redirect their supply towards other importing countries where markets are still open then it may result in considerable trade diversion. This outcome will be the direct consequence of the discriminatory nature of VER's and its impact will be felt by producers in the 'rebound' country and by governments that will have to deal with the economic and political fallout.

(e) Import Consumers

As is the case in other trade restrictions, the VER places the greatest burden on consumers in the importing country. This, of course, arises from the higher prices of the goods (both imported and domestically produced) resulting from its continued scarcity. The burden is, however, increased by the fact that whereas in the case of a tariff the domestic government would receive revenues to help compensate, in the case of a VER this tariff revenue is foregone. Hence the double burden.

We can also see that as a VER deliberately sets out to worsen the terms of trade and consumers benefit then its political viability hinges on restricted access and understanding by the public to the negotiating process.

Limitations and difficulties in VER policy

For some economic and many political reasons all of the parties engaged in setting VER export limits stand to gain whilst potential opponents/losers are excluded from the negotiations. Nevertheless, the qualities of VER's that favour political expediency also bear the seeds of its weaknesses as a policy instrument. In particular, there are problems of enforcement and reactions from non-restraining exporters.

Enforcement problems

Carelessness in defining VER coverage can create loopholes for exporters to exploit. It may be that differentiated products can be exported in different categories so that no true restraint is actually practiced. We have also noted that if categories are defined broadly in terms of quality and value then there may be a 'trading-up' of quality goods. Thus, in order to be fully effective, a VER agreement must include detailed product-by-product quotas.

Weaknesses are also likely to be exposed as events put stresses on the export cartel. Analytical and historical evidence suggests that cartels are not long-lasting. For example, it may not succeed in bringing all exporters into the agreement. Even if it is successful, there is always the incentive to cheat on the quota allotment. This suggests that industries already highly concentrated or used to cartel discipline are more likely to be effective; thereby reinforcing their degree of concentration or market-sharing.

Reactions from non-restraining-exporters

It may be that producers in retraining countries break their export quota by exporting via a non-restraining country. This might be especially significant where the goods possess no distinguishable marks of origin. To restrict this development very detailed monitoring and inspection procedures will be needed.

Even if cheating did not exist it may be that the effectiveness of the VER may be eroded by non-restraining exporters increasing their supply into the importing nation. World exports will tend to shift towards the more profitable VER-protected market thereby eroding the advantages of the policy.

Consequences of Failure

Given the various possibilities of 'cheating', leakage and responses from non-restricting exporters the trade authorities may have to decide whether to abandon the VER approach if it is failing or take steps to tighten the mechanism.

One logical response is to extend VER's to cover all exporters supplying the country's import market. This would cut off the possibility of secretive trans-shipments and diverted exports via nations outside the agreement.

Global VER arrangements, however, would only heighten a further problem - that of VER compliance. The threat of more severe sanctions might be effective for some time. However, such threats ultimately depend on the ability of the exporting country's authorities to maintain cartel discipline and monitor total exports. A more effective technique to induce compliance is to establish an automatic 'tripwire' whenever VER's are violated. The EEC, for example, has created a basic price system (BPS) which subjects imports of steel to antidumping investigations if the price falls below an agreed level. This price is calculated on average costs and representing the lowest 'fair' price that an exporter could charge without being considered to be 'dumping' steel. This BPS is suspended for exporters participating in a VER agreement. If, however, VER's are violated the BPS is activated. In this way, of course, the importing authority can artificially establish minimum prices and thereby limit the impact of imported competition. The USA similarly used a system of 'trigger prices' against Japanese steel imports up to 1981.

Conclusions

In a recent review of the impact of VER's on the UK Greenaway and Hindley estimate that VER's cost the British consumer at least £80m per annum on video-cassette recorders, £175m on cars, £52m on textile clothing and £28m on non-leather footwear. Put another way, they imposed a cost of at least £80,000 per job saved in the VCR industry. It clearly imposes considerable burdens on the consumer, as do other more traditional measures. What is the distinguishing feature of VER's is its alignment of interests that rest more upon issues of political economy than of economic analysis.

The rise of the VER has clearly been a response to the problem of import disruption, especially within national industries undergoing structural decline and where foreign competition can be easily cartelized e.g. automobiles, textiles, steel and shipbuilding. Given the institutional and ideological constraints the VER emerges as the most efficacious means of protecting politically sensitive 'crisis' industries.

Ultimately its major significance lies in the impact on the conduct of commercial diplomacy. Not only do VER agreements violate GATT principles but enhance the cause of market cartelization and collusive protectionism. The further spread of VER agreements could undo many of the gains of postwar trade liberalization.

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