he pointed out that Young's method was the same as that used in 1927-29 by a committee of inquiry in Australia (the "Brigden Committee") and that there were a number of theoretical objections to this method. He went on to observe: ". . . the total gains from international trade and the cost of protection are likely to be relatively small in the large advanced industrial countries, owing to their relatively flexible economic structures . . . they are likely to be appreciably larger, relative to maximum potential national income, in the smaller and less developed countries . . ."[4]

Following Young's study, there were a number of studies which tried to measure the impact of tariff reductions on incomes and employment and on imports and exports. A number of these were carried out by American economists, particularly in regard to the Kennedy Round and later the Tokyo Round tariff reductions. Perhaps the most extensive was the study carried out under the auspices of the Brookings Institution during the Tokyo Round.[5] This study attempted to assess adjustment costs related to tariff reductions against the benefits of lower tariffs, in terms of cheaper imports and increased exports; the broad conclusion was that, over time, the benefits of tariff reductions would exceed the costs of adjustment by fifty to one hundred times. This was another way of making clear that protection imposes costs on the protecting country.[6] Cline later summed up his views, formed after an extensive effort at calculating costs and benefits of protection on the basis of all available statistical data:

> The costs of protection are especially high for consumers. In the late 1970s American consumers paid an estimated $58,000 annually per job saved by protection of specialty steel, television sets, and footwear. . . .European (EEC) consumers paid approximately $11 billion yearly for the protection of European farm products . . . and American consumers pay an estimated $12 billion yearly for the protection of textiles and apparel. The 'static' costs of protection to the nation as a whole are lower than these consumer costs because part of the consumer loss is a transfer to domestic producers in the form of higher profits. But the nation's net economic costs from protection are nevertheless substantial, especially when dynamic effects are included.[7]

The methodology of the studies which gave rise to these conclusions is not directly transferrable to the task of assessing the costs of the contingency system, because of the significant operational differences between a tariff system, on the one hand, and special (i.e., anti-dumping or countervailing) duties, undertakings, and the various quota regimes, VER's, OMA's on the other.

In an anti-dumping case, for example, there may be no duty collected; the exporter may adjust to the anti-dumping action by giving an undertaking to raise prices or by adjusting home market prices, or quite likely, by careful re-adjustment of his domestic and export invoicing practices. Depending on the details of how he may choose to adjust to the levying of an anti-dumping duty, or the threat of a duty, and depending too on the price elasticity of the demand for the products at issue, the exporter may be able to impose additional costs on the importing country without there being any increase in governmental revenue. The first order increase in costs is composed of the higher prices for imports and the higher prices which may be charged for like products produced domestically; the second order costs are the decrease in efficiency and the misallocation of resources in the importing country.