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- They reduce real income and cause recessions!
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  • I believe them
A big answer must withstand scrutiny

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  • “…antidumping investigations respond to trade import-injury due to unfair foreign competition, which is less likely to depend on current macroeconomic conditions in the domestic economy.”
    • Aren’t current macroeconomic conditions in the domestic economy correlated with commodity prices and trade-weighted world demand (GDP)?
I believe the VAR story, but the VAR experiment asks us to have too much faith in the exogeneity of a highly political and subjective process—petitioning for trade protections. Petitioning has everything to do with the health of a particular industry, which is likely to depend on macro conditions.
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- The endogeneity issue may be most pronounced for primary goods, could consider just excluding those HS6 categories.
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  • We could really use more elaboration, as well, regarding the negative correlation between the CA (also TB) movement and investment in the model.
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  - We could really use more elaboration, as well, regarding the negative correlation between the CA/TB movement and investment in the model.
    - Is the correlation between the CA/TB and investment negative in response to protectionist measures?
WHY SHY AWAY FROM QUANTIFICATION?

• What percentage across-the-board tariff would it take to reduce the current account deficit by X percent?
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• How conservative are you being by not accounting for the fact (that I learned from another Ghironi paper) that investment is even more import-intensive than consumption and many AD/CVDs are on imported intermediates?
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  • How important is this for the size of the drop in investment, since it comes via the drop in savings that occurs due to higher consumer prices?
  • The paper ignores strategic complementarities (like BEJ K-type Bertrand competition) that may prevent any pass-through for bilateral AD/CVDs in a multi-country world
    • Logan Lewis (2014) finds these are an important source of price rigidity for traded goods
The early Mercantilists felt imports were a drain on the economy because they drained gold from the nation’s coffer (Feenstra & Taylor, Ch. 2).

Ricardo showed us it was all about terms of trade.

This paper deals with the mercantilist side (which was represented in the discussion of protectionism in existing ZLB papers— which REALLY should include Eggertsson, Mehrotra, Singh, and Summers 2016)

- To truly cross-over between trade and macro, we should also be discussing the terms of trade, which is hand-in-hand with your deleterious consumption-side effects from the tariff

- I think this BCG paper, juxtaposed with EMSS, is an interesting rekindling of that debate.
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• One feels that sensible intuition is finally buttressed with rigorous mathematical analysis, kind of like when Eggertsson and Krugman formalized Minsky
• I merely poke at it with the sticks we all have witnessed (or felt) in the roiling debate over globalization