Problem

• Behind-the-border trade barriers and distortions are significant issues in contemporary trade theory
• Failure to deal with these issues could spell catastrophe for the US and global economies
• The threat of market distortions is highlighted in the National Intelligence Council’s 2025 Report
• A metric or model of trade distortions is needed to help resolve the issues
Regulatory Promulgation

• Role of Competition Policy
• Cost Benefit Analysis Models
• Welfare Effects
US Antitrust History

• 1890 – 1911 period
• 1911 – 1960/1970s
• Present Period
• Increasing role of Consumer Welfare
• Efficiency Analysis
• Key indicative cases, Dr. Miles, Von’s Grocery, Alcoa
• Role of Competition Advocacy
Multi-Node Static Market Simulation

Each circle represents a node through which “units” flow in a dynamic simulation.

Changing “Raw Material Costs” within Country 2, affects Domestic Market 2 directly, but also indirectly through the effect on the Import of A & B.
Regulatory Issues in Key Sectors
Global Market Issues

• Discriminatory tax measures
  – alcoholic beverages cases in WTO
• China Steel
• Particular agricultural programs which were implemented in the 1970s, especially by the European Union
• Impact of compulsory licensing regulations in pharma sector
• High Tech – impact of indigenous innovation or trade-related investment type measures
Importance of Market Distortion Theory

Market Distortion theory will implicate the following issues:

- Impact of market distortion on welfare and competitiveness of market, and link between welfare effects and trade effect
- Global impact of potential retaliation against distortions in other countries
- Measurement of distortion in the context of international trade negotiations
- Re-orienting government views of anti-competitive market distortions based on consumer welfare effects