

Title:

“Determinants and effects of mid-nineteenth century bilateralism and why Denmark didn't participate“

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Abstract

The network of bilateral trade treaties that emerged in the aftermath of the Anglo-French Cobden-Chevalier Treaty of 1860 is regarded as the central institutionalisation of international cooperation in commercial policy in the 19th century. It was constituted by more than 50 bilateral agreements of similar type among Western and Central European countries that were interlinked by the unconditional most-favoured nation clause (MFN). The research leading to the present project established that nineteenth-century bilateralism was not guided by the radical free trade doctrine, but by strategic considerations including bilateral welfare gains from trade, but also more ‘mercantilist’ determinants like bringing down high partner tariffs on key domestic export goods and preventing trade diversion resulting from other parties’ collaboration. Gravity model estimates of the effects of the bilateral treaties show that specific liberalizations translated into systematic increases in exports of corresponding items, but not overall trade. Exporters of countries whose governments used bilateralism strategically to bring down partner tariffs benefitted most. Hence, the network in form and outcome is more properly identified with reciprocal liberalization practiced by the French than with British free trade ideology. Despite its relatively high level of development, Denmark did not effectively participate in the Cobden Chevalier network which involved almost all of its neighbours. The current investigation aims to shed light on the effects that non-participation had on Danish foreign trade and probable economic disincentives to take part, accounting for the export and import structure of the Danish economy. The first step is an assessment of the organisation and quality of Danish trade data.