Any student in international trade learns that trade liberalization generates winners and losers. More often than none, winners can compensate losers as trade liberalization increases the size of the `cake'. Usually the argument pretty much stops there. The purpose of the brief is to push this further by expanding on the policies mitigating adjustment costs. The brief makes two main points: (i) the policies are often inadequate; (ii) developing countries often face particularly high adjustment costs. In both cases these adjustment costs are compounded by the fact that factor mobility, which is typically assumed by standard trade models, is low especially for unskilled workers.

The proposed exercise is important but the brief is too short to make justice to this topic; a lot more work and more systematic/detailed analyses are needed. Nonetheless it is very useful in so far as it forces the readers, especially those with an international trade background, to recognize that one needs to go beyond the usual arguments of winners compensating losers. In particular understanding the issues associated with group-specific factor immobility is key.

What I also conclude from the brief is that in order to make progress then the analysis can hardly be done without political economy and public finance tools. For instance, it is interesting to see that the current resistance to international trade is first and foremost coming from large and developed countries. Among developed countries these countries are also those with fewer/weaker policies aimed at mitigating adjustment costs. Why is it that these countries have or choose to have weaker policies? Is it really the case that, in the countries with stronger policies in terms of addressing adjustment costs (say the Nordic countries), the policies are still inadequate, or is it the case that the adjustment costs are a lot smaller? If the latter is true, why?

On can also take issues with what should be included/excluded when dealing with policies mitigating trade shocks. The brief seems to focus its attention on the `direct' policies (specifically, the pacing of trade liberalization, WTO-consistent trade remedies, price-and-income stabilization schemes, and trade adjustment programs), less on the `indirect' ones (retraining, unemployment protection and more generally the `safety net' policies). Why the focus on the direct policies? Is it a useful distinction to make? At the end of the day, policies aiming at smoothing the impacts of disruptions are needed whether the disruptions come from trade liberalization, technological changes, or from other sources. This is surely calling for policies that are squarely focused on workers, at least in countries that can afford such policies.