

Domestic Knowledge Spillovers and Strategic Trade Policy (Preliminary)

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December 2006

Abstract

I show that whether domestic knowledge spillovers are domestic or international in scope is an important determinant of administered protection in the United States. Using data from U.S. patents, I construct, for each industry, a measure of the proportion of cites of patents in that industry, that are made by a U.S. inventor. I use this as a measure of how domestic knowledge spillovers are in each industry. I find that, within the U.S. between 1980 and 2005, whether knowledge flows are domestic or international in scope is an important determinant of the USITC's material injury decision in antidumping investigations. The ITC is more likely to rule affirmative if the petitioner is from an industry where knowledge spillovers tend to be domestic in scope.

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[†]I am grateful to Paul Beaudry, Vinh Dang, Nisha Malholtra, and seminar participants at the Laurier Conference on Empirical International Trade for useful comments and suggestions. I am grateful to Azim Essaji for sharing his data.