

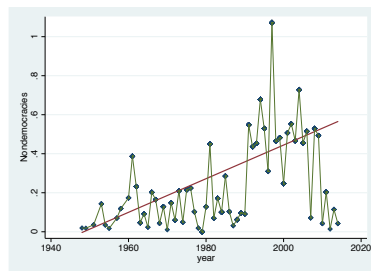
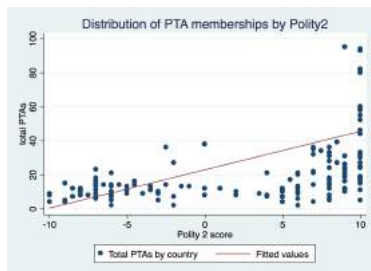
Joining the Global Trade Regime: The Determinants of Autocratic Trade Agreements

Susanne Mueller-Redwood

University of Wisconsin-Madison
mueller6@wisc.edu

IPES Annual Conference
Austin, Texas, 17 November 2017

Motivation & Background



Strong link between regime type and PTA membership: democracies more likely to join (e.g. Mansfield et al. 2000, 2002), less likely to trade (Milner & Kubota 2005, Aidt & Gassebner 2010).

But: nondemocracies now joining at higher rates, nearly all have entered into PTAs.

Research Questions

- 1 What factors drive the increasing demand for PTAs among nondemocracies? Are nondemocracies that join politically different from those that don't?**

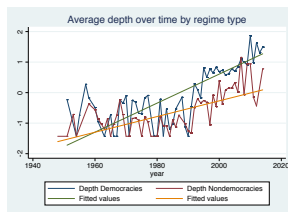
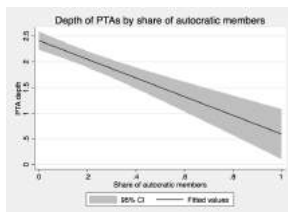
Research Questions

- 1 What factors drive the increasing demand for PTAs among nondemocracies? Are nondemocracies that join politically different from those that don't?**
- 2 As nondemocracies increasingly join trade institutions, should we expect them to enter into agreements that are different in content and design?**

"scholars have yet to develop trade policy models that are uniquely tailored to autocracies" (Kono 2014, 299)



Why Depth?



- Regime type affects depth: democracies enter into deeper PTAs. (e.g. Mansfield & Milner 2012, Baccini & Chow 2017)
- Trade agreement design varies significantly & this affects economic outcomes. (e.g. Allee & Elsig 2017, Gray 2010, Gray & Slapin 2009, etc.)
- Evidence that deeper agreements increase trade more than shallow ones. (e.g. Ahcar & Siroen 2017, Orefice & Rocha 2011)
- But: potential tradeoffs between different design features (e.g. Johns 2014, Baccini & Elsig 2015).

Theory: Institutionalization

Institutionalization: Extent of formal political constraints on the executive. Associated with:

- 1 Size of supporting coalition
- 2 Presence of institutions facilitating voice and redistribution:
 - Parties and legislatures
 - more formal state-business relations
 - higher capacity for policy implementation

Degree of institutionalization affects both PTA entry and depth, but in opposite directions:

- 1 **Fewer PTAs with increasing institutionalization.**
- 2 **Conditional upon entry, greater depth with increasing institutionalization.**

Theory: Institutionalization

Personalized regimes

- narrow interest groups
- primarily personal relationships between elites
- fewer formal constraints on policy-making

→ Less prone to strong protectionist coalitions.

→ But: less effective bargaining between govt. & interest groups.

Institutionalized regimes

- broader interest groups
- more formal state-business interactions
- more formal constraints on policy-making

→ More vulnerable to formation of strong protectionist coalitions.

→ But: more effective bargaining between govt. & interest groups.

Hypotheses

Hypothesis 1: Personalized autocracies are more likely to sign trade agreements than autocracies with higher degrees of institutionalization.

Hypotheses

Hypothesis 1: Personalized autocracies are more likely to sign trade agreements than autocracies with higher degrees of institutionalization.

Hypothesis 2: Personalized autocracies tend to enter into shallower trade agreements than autocracies with higher degrees of institutionalization.

Research Design

- **Universe of cases:** reciprocal PTAs signed by one or more authoritarian states 1948-2014. Data from the DESTA dataset (Duer, Baccini, & Elsig 2014). Nondemocratic states defined as countries with polity2 score <6 at time of signing.
- **Dependent variables and models:**
 - Likelihood of signing PTA with another state in year x (Logit with directed dyads, year fixed effects, clustered standard errors)
 - Depth of PTAs signed (from Desta), conditional on having entered into PTA (OLS)
- **Controls:** Contiguity, Distance, GDP, GATT/WTO membership, Alliances, Military Conflict, Post Cold-War period, Natural Resources
- **Other variables:** Leader transition, length of tenure, coalition changes (Chisols), Opposition presence

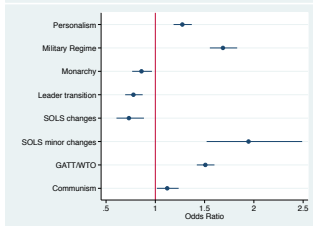
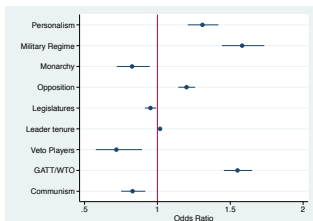
Explanatory Variables

Measures of Institutionalization:

- Personalist, monarchies, military, party-based regimes (Geddes, Wright, Frantz 2014)
- Personalism measure (Magaloni & Min 2013)
- Presence of legislatures (Cheibub, Gandhi, Vreeland 2009)
- Executive constraints measure (Polity IV 2014)
- Veto Players (polconiii from Henisz 2012)

Logit Model: Likelihood of Signing PTAs

	(1)	(2)	(3)
	DESTA PTA Likelihood	DESTA PTA Likelihood	DESTA PTA Likelihood
Personalism	0.201*** (0.036)	0.289*** (0.041)	0.262*** (0.037)
Military	0.289*** (0.043)	0.438*** (0.047)	0.525*** (0.042)
Monarchy	-0.207*** (0.070)	-0.381*** (0.078)	-0.331** (0.088)
Executive Branch	0.055*** (0.001)		
Opposition		0.182*** (0.028)	
Legislature		-0.448*** (0.021)	
Length of Tenure		0.025*** (0.001)	
Veto Players		-0.331*** (0.112)	
Leader Transition			-0.251*** (0.054)
SOLS changes			-0.312*** (0.097)
Minor SOLS changes			0.906** (0.128)
Distance (Log)	-1.169*** (0.098)	-0.803*** (0.042)	-0.912*** (0.041)
Contiguity	-0.212*** (0.052)	-0.064 (0.078)	-0.116 (0.068)
Log GDP _i	0.169*** (0.011)	0.151*** (0.011)	0.028*** (0.011)
Log GDP _j	0.017** (0.007)	0.030 (0.007)	0.006 (0.007)
GATT/WTO	0.422*** (0.022)	0.438*** (0.022)	0.411*** (0.022)
Communism	0.057 (0.052)	-0.287*** (0.051)	0.114* (0.054)
Alliance	0.869*** (0.063)	1.039*** (0.067)	0.790*** (0.062)
Conflict	-0.489 (0.372)	-0.394 (0.366)	-0.853** (0.314)
Post-cold War	-1.430*** (0.413)	-3.768*** (0.414)	0.808*** (0.027)
Constant	4.079*** (0.241)	3.882*** (0.262)	0.971*** (0.251)
Year fixed effects	Yes	Yes	Yes
Observations	428338	231115	831258
Pseudo-R2	0.301 ₁	0.314	0.107

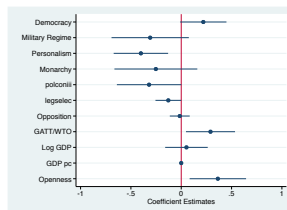
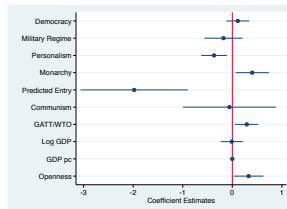


Magaloni Personalism Measure

	(1) DESTA PTA Likelihood	(2) DESTA PTA Likelihood
Magaloni Personalism	0.204*** (0.053)	
Veto points	-0.962*** (0.098)	-1.118*** (0.101)
Distance (Log)	-0.805*** (0.040)	-0.808*** (0.039)
Contiguity	-0.119* (0.067)	-0.122* (0.066)
Log GDP _i	0.011 (0.009)	0.023*** (0.009)
Log GDP _j	-0.002 (0.006)	-0.003 (0.006)
GATT/WTO	0.459*** (0.029)	0.474*** (0.029)
Communism	-0.068 (0.049)	-0.086* (0.049)
Alliance	0.829*** (0.062)	0.848*** (0.060)
Conflict (PRIO)	-0.736** (0.321)	-0.772** (0.327)
Post-cold war	1.011*** (0.026)	0.981*** (0.026)
Exec. Constraints (Polity IV)		-0.028* (0.015)
Exec. Competition (Polity IV)		0.023 (0.016)
Constant	1.141*** (0.353)	1.222*** (0.339)
Observations	589674	624456
Pseudo-R ²	0.106	0.109

Depth of Autocratic Trade Agreements

	(1) OLS Depth_Rasch	(2) OLS Depth_Rasch
<i>Democracy</i>	0.111 (0.117)	0.219* (0.116)
<i>Military</i>	-0.178 (0.195)	-0.309 (0.194)
<i>Personalist</i>	-0.368*** (0.130)	-0.401*** (0.137)
<i>Monarchy</i>	0.402** (0.160)	-0.252 (0.208)
<i>Pr(Entry)</i>	-1.979*** (0.547)	-2.410*** (0.516)
<i>Communism</i>	-0.059 (0.473)	-0.174 (0.403)
<i>GattWTO</i>	0.291** (0.119)	0.291** (0.123)
<i>Regemony</i>	22.91.589** (931.077)	-64.221*** (20.909)
<i>Log GDP</i>	-0.011 (0.113)	0.052 (0.107)
<i>GDP pc</i>	0.000*** (0.000)	0.000*** (0.000)
<i>Openness</i>	0.329** (0.151)	0.364** (0.142)
<i>Veto Players</i>		-0.319* (0.162)
<i>Personalist</i>		-0.128** (0.065)
<i>Opposition Parties</i>		-0.015 (0.050)
<i>Constant</i>	-238.764** (99.101)	5.759** (2.459)
Observations	1251	1179
Country Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Clustered St. Err.	Yes	Yes



Results & Discussion

Some preliminary support for institutionalization hypotheses:

- *Hypothesis 1*: Personalist regimes, which generally have fewer executive constraints, tend to sign more trade agreements than party-based regime. Legislatures associated with fewer PTAs, even controlling for veto players.
- *Hypothesis 2*: Some preliminary evidence that more institutionalized autocracies sign "deeper" PTAs.

Conclusion & Future Research

Unpacking authoritarianism can shed light on autocratic trade cooperation. Analyzing PTA design illustrates divergent effects of authoritarian institutions.

Future research:

- Explore causal mechanisms through case studies
- Other design features
- Choice of PTA partners
- Changing coalitions: analyzing preferences

Conclusion

Thank You!

Appendix

Additional Slides

Geddes, Wright, and Frantz regime types

Figure 2
Autocratic regimes across time

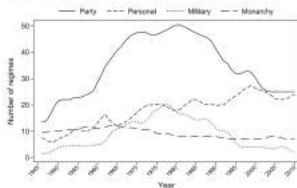


Figure 4
Dictator exit and regime failure rates

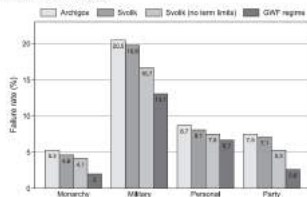
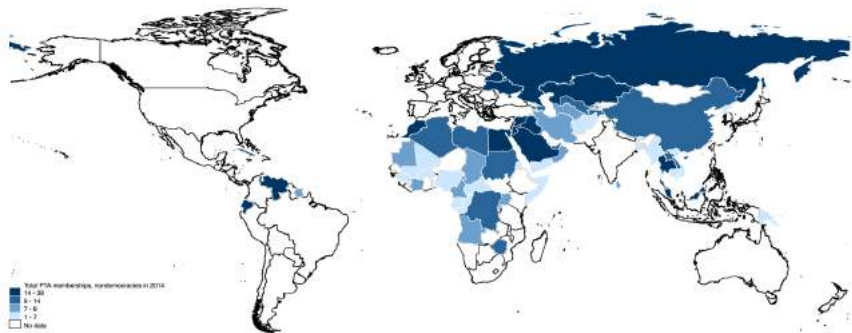
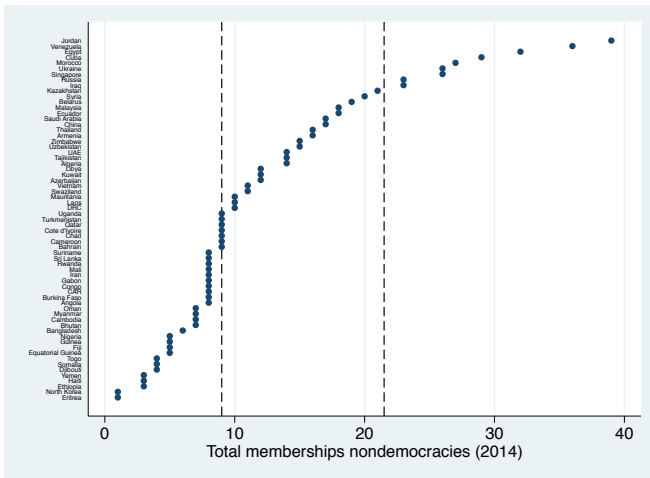


Figure: Graph source: Geddes, Wright, and Frantz 2014

PTA Membership Map, Nondemocracies (2014)



Total PTA memberships nondemocracies (2014)



Descriptive Statistics

	count	mean	sd	min	max
	814643	.0107704			

Explanatory Variables

Determinants of Interest Group influence (H1):

- Existence of Parties outside the regime front (Cheibub et al. 2009)
- Leader turnover (Archigos)
- Change in leader support (CHISOLS 2015)

Measures of Exporter influence (H1): Data from Enterprise Surveys (World Bank)

- More exporters among large firms (>100 employees)
- % government ownership of importers and exporters
- Δ reported electricity access & corruption between exporters and importers (higher value means exporters report more difficulties)

Logit Model: Likelihood of Signing PTAs

	(1)	(2)
	DESTA PTA Likelihood	Existing PTA
Large Firms Exporting	0.031*** (0.006)	0.003** (0.001)
Electricity Access Δ	-0.036*** (0.009)	-0.006*** (0.002)
Corruption Δ	0.055*** (0.009)	-0.021*** (0.003)
% Govt. Ownership Exporters	0.058** (0.027)	0.018*** (0.007)
% Govt. Ownership Importers	-0.043 (0.036)	-0.045*** (0.014)
Distance (logged)	-0.020 (0.108)	-0.331*** (0.034)
Contiguity	2.529*** (0.200)	2.357*** (0.189)
Log GDP _i	0.193*** (0.006)	-0.007 (0.015)
Log GDP _j	0.170*** (0.035)	0.041*** (0.012)
GATT/WTO	-0.177 (0.199)	0.866*** (0.062)
Constant	-11.134*** (1.202)	0.682* (0.364)
Observations	36888	9638
Pseudo-R2	0.123	0.078

Figure: Logit Model; Dependent variable: Likelihood of PTA ratification

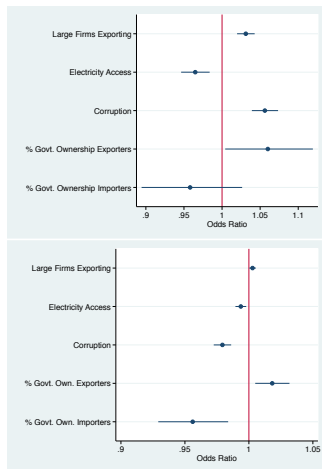


Figure: Odds Ratios, Enterprise

Depth of Autocratic Trade Agreements

	(1) OLS	(2) OLS
	PTA Depth ("Depth Base")	PTA Depth ("Depth Index")
Personalist	-0.070*** (0.020)	-0.083*** (0.025)
Military Regime	-0.305*** (0.027)	-0.080** (0.033)
Monarchy	0.000 (0.038)	-0.292*** (0.047)
Opposition	-0.009 (0.014)	-0.126*** (0.017)
Tenure Length	-0.007*** (0.001)	0.002 (0.001)
Log GDP _t	-0.115*** (0.006)	-0.174*** (0.008)
Log GDP _{t-1}	0.170*** (0.004)	0.017*** (0.005)
Population	0.001*** (0.000)	0.001*** (0.000)
GATT/WTO	0.224*** (0.018)	0.235*** (0.022)
Post-Cold War	0.353*** (0.019)	1.199*** (0.023)
Alliance	-0.209*** (0.024)	-0.284*** (0.030)
Constant	-1.453*** (0.077)	2.379*** (0.095)
Observations	7148	7148
Pseudo-R ²		

Figure: Dyadic OLS model; dependent variable: PTA depth