

Fighting IO Decline: Evidence from Declassified US Cables On Power Shifts and Bargains in the GATT

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IO Decline and Systemic Power Shifts

- How do countries *within* international agreements bargain for change?
 - ▶ Particularly in the face of power shifts and threatened obsolescence of the agreement
 - ▶ What kind of deals do countries get when international arrangements seek to deepen?
 - ★ Renewed interest in change in international agreements, but difficult to observe the *internal* bargains that lead to the deepening of commitments

Example: Tokyo Round of the GATT (1973–1979)

- Seeming shifts in global bargaining power
 - ▶ European Economic Community (EEC) and LDCs via UNCTAD/G77 posed challenges to US hegemony
- After collapse of Bretton Woods exchange rate system, worry that the GATT had also become obsolete
 - ▶ “Growing recognition that the GATT rules were outmoded, ignored, or in need of strengthening ... poor record and results of trade liberalization measures in the 1960s and 1970s and the serious structural maladjustments in the world economy” (Graham 1979)
 - ▶ Demand for measures on subsidies, shoring up of escape-clause invocation, restrictions on exports, formal dispute settlement
 - ▶ LDCs wanted to shift trade negotiations away from GATT framework and move it into UNCTAD
- Reflection of multipolarity and institutional shifts in the 1970s, paralleled today

Measurement challenges in empirical studies of coordination and conflict internal bargains

- We often only observe the final agreement, and assume preferences from state attributes (power, factor endowment, etc)
 - ▶ Internal documents often only reveal *codified* bargaining positions
 - ▶ Important to measure the private leverage that countries exercise in the run-up to formal negotiations
- → Solution: Declassified US diplomatic cables
 - ▶ 24,300 State Department cables about the GATT
 - ▶ USTR managed formal negotiations in Geneva; State communiqués both to Geneva and to embassies in other countries
 - ▶ Particular focus on political dynamics of trade negotiations

Empirical Implications of Power Shifts and Economic Bargains, Within Cables

- Conventional wisdom about power shifts and bargaining leverage predicts *coordination* among new actors:
 - ▶ EEC, UNCTAD pre-game coordination as a bloc
 - ▶ High prevalence of EEC, UNCTAD/G77 topics in those countries' bilateral communications with the US
- But if US still maintained hegemonic power:
 - ▶ UNCTAD and EEC countries defecting from collective bargains
 - ▶ Private coordination with the US in the run-up to announced bargaining positions
 - ▶ High prevalence of EEC/UNCTAD topics in bilateral communications with the US
- → Text-as-data methodologies on declassified State Department cables

Background on GATT's Tokyo Round (1975-1979)

- US had hard deadline of January 1, 1980 (TPA expiration)
- 99 countries in negotiations, but only 23 agreed to full set of agreements
 - ▶ Mainly developed countries along with Argentina, Czechoslovakia, and Hungary
- Another 18 signed partial set of agreements
- Fifty-eight countries who were negotiating didn't sign

Natural-language processing to analyze diplomatic cables

- Declassified communication from (and to) State Dept and embassies
- Traffic Analysis of Geography and Subject (TAGS) categories to identify relevant subset of corpus (GATT, MTN)
- STM on cable texts (removing stopwords, stemming)
 - ▶ 50 topics, some centered on accession of countries, GATT leadership
 - ▶ One topic each for EEC and UNCTAD/G77

Volume of communications, by joiners/nonjoiners/partial joiners

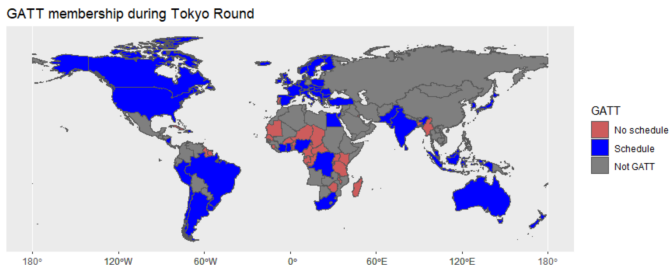
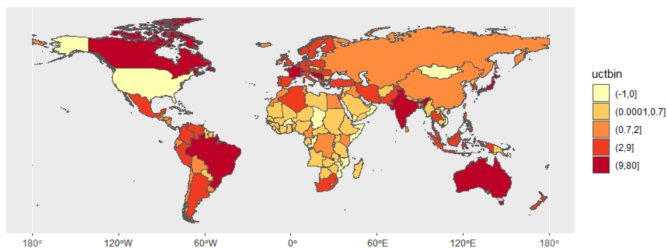
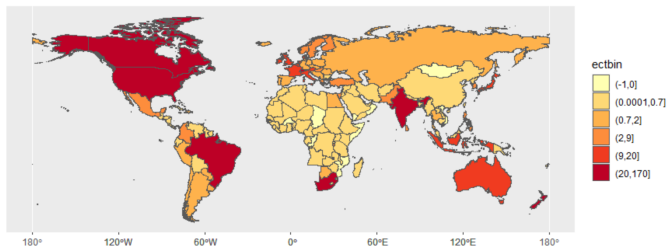


Figure: Cables to and from State Department and country embassies, scaled by population

Minimal prevalence of UNCTAD topic in bilateral negotiations



Minimal prevalence of EEC topic in bilateral negotiations



Private bilateral bargains with Kenya, Sri Lanka, India, Mexico, and “a number of other LDCs”

1. DURING RECENT CONSULTATION IN NAIROBI ON MTN BETWEEN ISIGE OF MINISTRY OF COMMERCE AND INDUSTRY AND D. COOPER OF STR, ISIGE INDICATED WILLINGNESS TO REASSESS KENYAN POSITION ON U.S. "INDICATIONS OF EXPORT INTEREST" (CONTRIBUTION TO TRADE LIBERALIZATION) IF KENYA WAS NOT THE FIRST G-77 MEMBER TO BE IN THE POSITION OF OFFERING CONTRIBUTIONS IN THE MTN. PLEASE INFORM ISIGE THAT INDIA AND SRI LANKA HAVE FORMALLY TABLED OFFERS OF CONTRIBUTIONS IN THE MTN FOR CONFIDENTIAL CIRCULATION TO ALL PARTICIPANTS; THAT A NUMBER OF OTHER LDC'S HAVE DONE SO BILATERALLY WITH US MTN LIMITED OFFICIAL USE

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DEL; AND THAT AGREEMENTS HAVE BEEN REACHED WITH MEXICO AND INDIA IN THE TROPICAL PRODUCTS NEGOTIATIONS.

Kenya negotiated but then didn't sign

ECONOFF PASSED SUBSTANCE OF REFTEL TO ISIGE, GOK
MINISTRY OF COMMERCE AND INDUSTRY. ISIGE SAID, THAT HE
DOUBTED IF KENYA WOULD MAKE ANY FURTHER REQUESTS FOR
TARIFF CONCESSIONS. THE INDUSTRIAL PRODUCT(190.68-
MOUNTED OF STUFFED ANIMALS) IS NO LONGER A SIGNIFICANT
EXPORT ITEM FOR KENYA SINCE HUNTING HAS BEEN BANNED
AND THE SALE OF GAME TROPHIES IS PROHIBITED. OF THE
THREE AGRICULTURAL PRODUCTS, ISIGE SAID THAT THE GOK
DID NOT CONSIDER THEM IMPORTANT ENOUGH TO SEEK CONCESSIONS.
BLANE

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Dominican Republic willing to ditch its “principal supplier” status for tobacco

4. HE ALSO INDICATED THE DR HAD A STRONG INTEREST IN THE EXPORT OF TOBACCO AND TOBACCO PRODUCTS INTO THE US MARKET. THE DR WOULD BE MAKING SIX REQUESTS FOR LOWER US DUTIES ON MANUFACTURED AND SCRAP TOBACCO. GIVEN THE FACT, HOWEVER, THAT MAJOR US FIRMS ARE PRODUCERS IN DR, HE WONDERED WHETHER IT MIGHT NOT BE BETTER TO COORDINATE APPROACHES ON THIRD MARKETS. HARTZELL

Conclusion and Next Steps

- Even in a period of supposed hegemonic decline, US held considerable power
 - ▶ LDCs in particular made private deals with the US in advance of their official GATT negotiating positions
 - ▶ Defected from broader coordination with other developing countries
 - ▶ Evidence that the US dominated *informal* bargaining processes within the GATT even in the run-up to negotiations
 - ★ Steinberg 2002; Barton, Goldstein, Josling, Steinberg 2006
- Next steps: compare with tariff lines to see what products/sectors countries discussed privately vs publicly
- Further investigation of European collective bargaining