

**Parties in Conflict:
Domestic Politics, Dispute Settlement, and International Trade**

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Dissertation Abstract

To what extent do countries cooperate or compete in their relations with one another? This dissertation unpacks key features of domestic politics (party systems) that influence democratic states to engage in strategic trade rather than free trade policies. The dissertation contributes to the literature on international political economy by specifying domestic variables that impact international relations (including partisan variables) as well as international variables that affect domestic and international politics. While advanced industrialized countries vary in political institutions, all democracies have party systems that interact with a limited number of variations in these institutions.

Many have argued that in an age of globalization, capital mobility, and growing economic convergence across countries, the impacts of parties and party systems on policies should be diluted. That is, as countries become more similar in institutions and preferences in the global economy, parties should choose increasingly similar policies rather than different ones. The evidence I marshal on trade dispute initiation, duration, and compliance speaks differently. With data collected on party systems and party politics across twenty-five advanced industrialized countries, including presidential and parliamentary systems, as well as countries within the EU apparatus, the dissertation demonstrates that left and right-wing governments make systematically different dispute settlement decisions in international trade conflict. Right-wing governments initiate a greater number of trade disputes than left governments, and left-wing governments make disputes tougher to resolve.

Variations in compliance are affected by shifts in the government from right to left. Left and right governments diverge in their bargaining preferences, with right-wing governments tending to prefer market liberalization and left governments favoring protectionism.¹ When the preferences of a government (left versus right) and the position in dispute settlement (plaintiff or defendant) interact, different outcomes of trade dispute settlement are observed affecting the propensity to implement international legal agreements. Right-wing plaintiffs and left-wing defendants in trade opening disputes may be expected to bargain hard, while right-wing defendants and left-wing plaintiffs tend to be weaker, since their party preferences do not match their dispute settlement negotiating positions. The data suggest that right-wing plaintiffs may take greater risks and pursue a larger number of and more difficult cases in dispute settlement, potentially encountering greater resistance.

Changes to more stringent international legal mechanisms discourage advanced industrialized countries from using dispute settlement to initiate disputes and encourage circumvention through less stringent unilateral and regional approaches.² More powerful countries may prefer unilateral and bilateral mechanisms, having confidence that they will be able to extract the concessions they desire in a more politicized environment. The evidence suggests that the international trade regime has not succeeded in redirecting and suppressing the degree of trade conflict, since countries may choose to forum shop. Indeed, while advanced industrialized countries have launched more disputes overall, they have been less able to extract concessions and gain compliance in the face of greater legalization. Trade conflict may in fact be exacerbated by the system, which facilitates the submission of disputes and brings to prominence this aspect of foreign policy. The dissertation concludes with a discussion of policy implications that follow from theory and evidence.

¹ Budge, Ian, and Hans-Dieter Klingemann, Andrea Volkens, Judith Bara, and Eric Tanenbaum. *Mapping Policy Preferences: Estimates for Parties, Electors, and Governments, 1945-1998*. Oxford: Oxford University Press, 2001.

² The vast growth in WTO disputes appears to be a function of developing country participation.