The framework of the international trading system is essentially a struggle between: 1) international cooperation substantiated by the dominant economic premises of comparative advantage, which the adherence to which begets more acceptance of freer international trade, and 2) collective group responses to economic impacts of trade within the restraints of respective political institutions of a country. The extent to which interest aggregation or collective groups permeate government trade policy depends on the type of government and the political ideology of representatives and elites in power. At the nexus of international and domestic trade levels, these interests have varying levels of influence on trade policy.

I. INTRODUCTION

This article considers the dynamics of domestic politics, private sector interests, and government institutions as they relate to international trade policy within the context of the GATT/WTO. The context of GATT/WTO applies when tariff bindings are established on import classifications in reduction...
schedules,\(^1\) in negotiations at round discussions and yearly meetings,\(^2\) when domestic government institutions sanction tariff levels or other issues agreed upon at the international level,\(^3\) and when trading partners negotiate to resolve disputes. While all of these situations are important and their dynamics will be conspicuous when reading this article, it is the latter scenario into which this work seeks to ultimately culminate. The argument established assumes that the dominant theory of comparative advantage and international trade cooperation restraints government policy-making because of the existence of long-term commitments to freer trade and on-going mutual economic interests. However, the ways domestic interests are represented to governments, and the ways domestic interests influence government positions on trade issues, depend on the functioning of domestic politics and institutions. Thus, strategic interactions between governments on trade issues can be perceived as a two-level game: domestic politics influence states' actions at the international level,\(^4\) and vice versa.

The argument presented is also based on comparative government. Institutional variations of private sector-government relations will engender different levels of representation from domestic protectionist interests. Institutional variants among statist, corporatist, and pluralist governments will be employed to depict dissimilar levels of private sector influence on government.\(^5\) While the theoretical underpinnings of these three types of states might lead one to rationally presume that one form of government would be more amenable to free trade than others, the dynamics of collective action and relative dependence on international trade threaten the accuracy of any obvious conclusion.

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1. Once agreed upon this initial setting of tariffs is, for countries holding WTO membership or those given MFN status, a multilateral international obligation that has some degree of future binding effect on economic, private sector, and government changes on that country unless an exception is later raised.

2. Trade round negotiations ordinarily tackle diverse issues in a deep fashion and each country inevitably brings domestic political and economic concerns to the negotiating rounds. Similarly, yearly meetings also discuss issues of cooperation but the meetings are limited in duration. One needs to only consider the 1999 Seattle meeting to illustrate collective domestic dissent to the WTO since issues on the discussion agenda were suspended.

3. For example, in the United States, Congress approves international trade agreements and tariff levels on goods.

4. See also Robert D. Putnam, Diplomacy and Domestic Politics: The Logic of Two Level Games, 42 INT'L ORG. 427-60 (Summer 1988) (discussing general international relations as a two level game); ARYE L. HILLMAN & PETER MOSER, Trade Liberalization as Politically Optimal Exchange of Market Access, in THE NEW TRANSATLANTIC ECONOMY (1995) (discussing trade theory as a two level game).

The paper is structured as follows. Section II presents the legal framework and ideology driving the international trade system. It presents the policies and rules supporting higher aggregate economic growth through comparative advantage, as structured in the General Agreement on Tariff and Trade (GATT)/World Trade Organization (WTO) framework. Within this dominant structure for trade, Section III claims that the system of government could make a state more susceptible to domestic positions that undermine higher levels of trade cooperation. Section IV explains that collective action dynamics in the private sector are the primary consideration driving more extreme government positions on tariff binding levels or when a trade dispute erupts that requires negotiation. Section V utilizes the framework established in the aforementioned sections and applies it to theoretical trade negotiations in a two-level game model.

II. IDEOLOGICAL AND INTERNATIONAL RESTRAINTS

Comparative advantage is the dominant economic axiom that underlies and lends credence to increased cooperation in trade. It says that efficiencies in the specialization of production, based on current efficiencies in a country's resource endowments, will provide the highest global aggregate economic prosperity. If higher aggregate prosperity is a global goal and there is a reasonable presumption of spill-over benefit, a benefit that would not exist but for reliance on the benefits of mutual trade relations to domestic economies, cooperation in the international system should logically occasion governments to pro-actively reduce tariff and non-tariff barriers that skew economic efficiencies. While support for comparative advantage and propensity to reduce trade barriers have dominated international economic relations for decades, they have not always been universally accepted. Domestic institutions and influences on policy-makers, as well as policy-makers' interpretations of the future viability and competitiveness of local economic actors, frequently impugn upon the suppositions on which the doctrine depends. Most countries have traversed through protectionist shifts based on economic circumstances and political shifts. Others have embarked on revolutionary change and

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8. Joseph M. Grieco, Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism, 42(3) INT'L ORG. 485, 495 (1988). This assumes there is a desire for mutual cooperation so that states can achieve the highest aggregate gains, rather than adhering to a realist or relative gains premise which assumes that states will only cooperate in international relations when perceived gains derived from consummating an agreement will outweigh gains provided to the other party.
implemented new ideals about the best means of achieving economic prosperity.

For instance, changing global and domestic economic conditions induce governments to restrict trade. An apropos example is the circumstance prior to the Great Depression when many countries inordinately restricted imports to protect domestic markets.  

Conditions were placed on trade to stimulate domestic industry and attain revenue to fund new socioeconomic obligations that were being undertaken by governments. This resulted in trade dwindling to a fraction of previous levels.  

Governments began to regulate economies more, closed doors on open-market principles, and in some cases roused elites to unveil a "statist form" whereby government supervision and management of the economy, markets, and the private sector became customary.  

Despite this and other historical periods of protectionism, there has been a reconfirmation of the economic superiority of comparative advantage since World War II. Barriers to trade have dwindled in the aggregate as a result of international cooperation.  

With this shift in economic ideology and the existence of international agreements supporting freer trade, increasing cooperation has survived even dramatic international economic shocks and domestic political turnovers.  

Even since the Bretton Woods Agreements shortly after World War II (marking the emergence of modern-day trade liberalization) influential examples of closed door policies were important in the countries in which they arose, and also served as examples for many other countries. This was the case in many Latin American countries that shifted economic policies from one extreme to the other during given periods of economic torment.  

The Soviet Union and China, of course, provided the precedential illustrations. Both countries until the 1980s operated on principles of planned economic development. Under planned economic development, opening trade doors to the international system would undermine the agenda of the central government because the government had contrived all production necessary for
society in multiple year plans. Under such a system, permitting imports to freely flow into the country could spawn instability in domestic production by engendering reliance upon, or a demand for, foreign products. The government had already projected what society needed and wanted. In the alternative, authorizing goods to depart from the country as exports because they might fetch higher prices on international markets could eventuate domestic deficits in these goods and halt production for internally projected requirements.

Outside of these circumstances, where large scale agendas to close doors to rectify poor economic conditions caused long-lasting revolutionary shifts in countries, the international trade system since World War II has gradually become more liberalized and freer. However, short-term intermittent political shifts within countries based on political turnover have also been an important consideration in international trade.

In the context of trade, domestic political turnover occurs when differing ideologies and economic programs have been enacted by political shifts in a country's government. Such shifts result in the enactment of new policies that are either more or less open to trade than were the previous policies. However, the decision of a current administration to ratify a trade agreement to reduce trade barriers should bind a successor government, even if that subsequent administration is ideologically more protectionist. This means that without a complete withdrawal from the international trade system, the degree of policy change by a more protectionist regime will be restrained because of the regime's desire to attain the benefits of future international trade. International bindings are never completely resolute, but a protectionist government's full purview of policy-making is somewhat harnessed by obligations made to the international community. Even though protectionist governments may maneuver within treaty obligations, for exceptional circumstances, or stretch international obligations, the global result has been an increasingly institutionalized international framework supporting trade liberalization.

The GATT/WTO is the global international regime/rule structure. Its rules and principles incorporate the dominant economic ideology of comparative advantage by supporting less restricted trade. Although this ideology and framework is accepted, it is not conclusively followed because countries do introduce barriers to trade in order to protect domestic industries. This is

15. To not permit some leniency could impede more countries from joining international regimes or cause more pervasive denouncements of international agreements and regimes, which can undermine the credibility of international law and attenuate the likelihood of future cooperation. The Reservations to the Genocide Convention Case, 1951 I.C.J. 15, 31, available at 1951 WL 3.

16. This is often the case when domestic firms are less efficient than foreign counterparts. Herein, "efficiency" can be described as a per unit cost and will generally vary based on the evolution of an economy because higher costs are expected when producing goods in countries with a higher standard of living, since wages are higher.
often how disputes arise. Therefore, countries that have previously made
binding obligations among themselves to attain reciprocal rights with trading
partners, or that have assented to the general framework of the GATT/WTO,
have to some degree undermined the functioning of or violated that
international framework. In other cases, such countries have strayed too far
from the rules and policies to which they said they would adhere. The GATT's
general mission has always been to reduce trade barriers and eliminate
discrimination against contracting parties\(^{17}\) that have Most Favored Nation
status.\(^{18}\) However, specific GATT rules tend to undermine an unwavering
adherence to its general policies. These rules are needed to provide an
international outlet for domestic economic needs and to protect the agreement's
overall integrity by tempering its flexibility. These outlets might include setting
a tariff binding higher than was originally agreed upon to protect domestic
industries,\(^ {19}\) utilizing safeguards and adjustments assistance authorized in
Article XIX of the GATT 1947,\(^ {20}\) and providing industries with various forms
of subsidies and tax credits to maintain competitive advantages.\(^ {21}\)

For purposes of this article, GATT/WTO provisions will only be
considered from their policy position of supporting freer trade or undermining
freer trade. The paramount concern herein is to generally highlight domestic
actions that stray outside the international trade framework. In other words, the
analysis examines state actions that depart from its previously undertaken
obligations because of domestic influences. The domestic influence that
undermines this general policy can emerge from two primary variables: 1) an
institutional governing structure that might be, by its nature, more amenable to
protectionism, and 2) collective groups that place varying levels of pressure on
policy-makers to modify a trade policy position.

Both of these influences can shift a trade posture from what may be most
economically optimal globally, within general policies and rules of the

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17. The GATT Preamble states that its purpose is for contracting parties "to enter into reciprocal
and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to
trade and to the elimination of discriminatory treatment in international commerce." GATT 1947, supra note
6, at pmbl.
18. Article I of GATT requires that like products of a contracting party be accorded treatment no
less favorable than those of other contracting parties.
19. The Harmonized Tariff Schedule provides categorizations for imports that have assessed duties
by domestic government institutions. The tariff level on products are generally expected to decrease over
time, but a country's choice to set some tariffs high may be perceived as protectionist for certain domestic
industries.
20. This includes establishing higher tariffs and/or quotas on imports when there are "increased
imports causing or threatening to cause serious injury to an identified United States industry." Trade Act
21. While subsidies are for the most part restricted by the GATT/WTO, they will only become
issues when there is a significant change in market share of a product that can be tied to the subsidies.
GATT/WTO, to a short-term policy that might be perceived as serving the interests of representatives in power or domestic interest group structures. This varying level of influence, based on institutional dissimilarities across countries in private-public sector relations, and collective private sector actions, are discussed in the succeeding two sections.

III. GOVERNMENT STRUCTURE AND IDEOLOGY OF ADMINISTRATION

A. Government Structure

Even though dominant economic ideology and international institutionalization support free trade and cooperation, the private sector can influence trade policy at the domestic level based on statist, corporatist, and pluralist government classifications. The private sector’s influence on government trade policy affects the vacillation of policy preferences. It also affects the extent to which the rule framework of liberalizing trade is adhered to by individual countries (including during abrupt shifts via change of political ideology in government), and the dynamics of international trade negotiations.

In a statist government, public and private sector interests are unified. However, the more a government is involved in the economy, the more the country is perceived as straying from free market principles. The country is perceived to be distorting the economically optimal results ordinarily consistent with premises supported by comparative advantage and prescribed and accepted by the international trading system. This may be the case even though statist governments often exist in countries that are resource dependent and not economically dominant. These governments must act within the framework of international trade cooperation, because they cannot control the system. On the other hand, because government and private sector interests are unified, the government’s desires, the calculation of potential economic


24. This is a common characteristic for small developing countries where the government tries to manage the economy to achieve national goals. JOAN M. NELSON, The Political Economy of Stabilization: Commitment, Capacity, and Public Response, 12(10) WORLD. DEV. 983, 988 (1984). A very high degree of cooperation between business and government is found in Japan, Taiwan, South Korea, Singapore, and Malaysia. By contrast, in the United States, a pluralist system (discussed infra), the only sector in which there are close government-business relations is the defense industry because of national security concerns. James Kitfield, The New Partnership, NAT'L J. 1840-44 (1994).

benefits, and policy preferences should be somewhat restrained by the legal framework of international trade and the cognizance of the need for long-term international cooperation. Thus, sporadic domestic collective interests that might otherwise influence government policy-making are unlikely to arise in statist governments. Those interests are already represented by the intimate nexus between the private sector and government, even though the government’s institutional framework rejects market mechanisms and private sector freedoms.

In a corporatist government structure, public policymakers and private interests inhabit the same social and economic agenda. There is still a formal and independent private sector apart from the government. Corporatism is known for its national social partnership between government, business, and labor. A concentrated system of licensed interest coalitions regularly bargains with government, seeking policy positions that appease societal and collective groups in a way that is in the best interest of society. There is less government involvement in the economy than in a statist system. However, government influence on the private sector is still a natural extension of authority. Formal institutions may join the central government with the private sector. Mediating institutions may also provide for periodic negotiations and compromise. A line of demarcation can be drawn between the public (or government’s) role and the role of private sectors (unlike in statist governments), even though the government will favor particular industries or firms based on perceived societal need.

In pluralist government systems, government activities and private sector activities have clearly defined roles. Government has regulatory authority in the economy, but should not unreasonably interfere with the functioning and rights of the private sector. Individual private sector actors operate within the framework of market forces. Individually or collectively, they sporadically advocate trade policy interests to government and representatives through political forces. These unstructured and non-aggregated private sector forces


29. This is analogous to a “reactive state” apparatus whereby the public sector’s obligation is to solely provide a supporting framework within which citizens pursue their own chosen goals. Damaska, supra note 23, at 73. Thus, actors in the private sector compete amongst themselves for a larger share of the societal pie and government plays little role in favoring one party over another. The belief is that this competition will lead to efficient markets through competition.
have the potential to dramatically influence government trade policy. Such influence will arise when the composition of resource endowments and collective advocacy mechanisms is favorable. Thus, despite the pluralist system's institutional propensity to keep government out of efficient markets, the government may taken together be even more prone to be protectionist in pluralist than statist systems. Statist systems lack strong private sectors and often do not treat market mechanisms as sacrosanct. The pluralist government may also be more protectionist than a corporatist system government. In a corporatist government, national collective entities represent private sector interests. Both corporatist and statist governments, however, tend to proactively plan for the economy.

If one conceives of the individual roles of government and the private sector, with the government's defined obligation being to provide for the public good and the private sector's role to stimulate the economy, the following visual depicts the intimate private sector-government nexus that exists in a statist government. Pacification of extreme private sector-government positions through interest negotiations occurs at the national level in a corporatist government. Collective action groups from the private sector directly influence government policy-makers in a pluralist government.

![Diagram of Government and Private Sector Relationships](image)

**Figure 1**

Based on the three forms of government, one would rationally presume that a statist government, because its institutional form normally permits the government to significantly influence markets and the economy, would have attributes most apt to disrupt cooperative trade arrangements or distort global economic production efficiencies. However, even if this was the expectation given the institutional characterization, the political ideology of the current government in power may not be entirely consistent with such institutional

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expectations. This is ordinarily the case with trade dependent countries or when levels of economic development are especially amenable to export dependent interests.

B. Ideology of the Current Government on Trade Issues

While each of these three government constructs of government-private sector relations may comprise an institutional and historical propensity for freer trade or protectionism, the ideology of the government or representatives in power can cause a drift in either direction. For instance, while there is a more natural institutional framework for the operation of market forces in pluralist systems than in corporatist or statist systems, administration changes and economic development adduce policy vacillation over time in all types of governance structures. This was the case with Republican-Democrat policy shifts in the United States.

Trade policy is established by elected representatives in democracies because it can impact the public interest and is a form of taxation. This means that the ideology of those in power should to some extent represent the will or position of the populace and result in temporal shifts in trade policy based on the composition of the economy. For instance, in the United States, up until World War I, firms were labor-intensive, but shifted after World War I because domestic capital-intensive organizations began to dominate world markets. Concomitantly, during this time and up until 1950, the percentage of Republicans in Congress voting for trade liberalization was very low, while Democrats nearly unanimously favored trade liberalization. Since 1950, the percentage of Republicans and Democrats favoring trade liberalization equalized, likely because higher levels of exports from capital-intensive and highly competitive United States firms formed a unified national interest.

Certainly, there is always some degree of amalgamation between popular-based or electoral public choice and private sector influences (that provide funding to support a campaign) on politicians’ trade policy positions. The balance of these will be dependent on the government’s particular electoral institutional framework. Recently, however, it is even more difficult to argue that United

31. Ferguson, supra note 9, at 55-56.
32. The percentage of Republicans favoring trade liberalization was between 0% and 20% from 1913 to 1940 and began to climb thereafter. Democrats favoring trade liberalization hovered around 90% from 1913 to 1962. Michael A. Bailey et. al., The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade, 49 WORLD POLITICS 309, 312 (1997).
33. Id. at 312.
34. Id. at 334.
36. Id. at 105.
States trade policy is being driven by the will or desires of the populace\textsuperscript{37} or clearly defined partisan influences, but instead by factors such as: the level of national income,\textsuperscript{38} segmentation and position of major industries in the world economy, and migration of old firms into new production methods and the emergence of new and more modern industries.\textsuperscript{39}

Placing generalizations regarding political predisposition aside for a moment, even diametrically opposed partisan positions may agree on trade policy as blindly following strict assumptions about comparative advantage and free market principles without utilizing government intervention to promote exports and restrict imports in the short-run. This may not always be in the best interest of the country, because it may be necessary to protect an infant industry from foreign competition that has a first-mover advantage,\textsuperscript{40} or to raise national

\begin{enumerate}
\item On the other hand, at some level, one can claim that the aggregate of voter preferences will have some relation to a country's aggregate position on trade issues and tariff levels. However, the alternative is to claim that it is the sum total and degree of protectionist interests (in the private sector) that influence politicians to hold a particular position on trade. This paper segregates the latter as the independent variable for analysis. While this is an issue that can be tested empirically, measuring cause and effect relations between constituent positions and political positions will be problematic. Logic would posit that there are numerous problems today with claiming that political constituency influences directly drive representative positions or can be utilized as a predictive indicator for expected trade policy positions in democracies. First, it is difficult to segregate voters into their rational choice positions because they may not be concerned with only one factor of production, or simply "free trade." ROBERT E. BALDWIN, The Political Economy of Protectionism, in IMPORT COMPETITION AND RESPONSE 268 (J.N. BHAGWATI & T.N. SRINIVASAN eds., 1982).

\item Voters may be concerned with two or more factors of production, or free trade on some items and protection on others. This results in cross-cutting tariff preferences. WOLFGANG MAYER, Endogenous Tariff Formation, 74(5) AMER. ECON. REV. 970, 983 (1984). Second, even if voters are acting in their rational self-interest and are more apt to vote for a candidate that will best support the economic interests of the voter. \textit{Id.} at 974. Voter interests are often too diverse (outside of favoring protectionist policies if the candidate is directly affiliated with labor or freer trade policies if he/she is more affiliated with capital) to register any changes in tariff policy. \textit{Id.} at 983. Third, to assume voters primarily impact trade preferences suggests that contributions received or a pecuniary interest endowed from interest groups to politicians are not directly translatable into political support, but are made to increase constituent support. When a trade position becomes an election issue in national elections, a politician's position is framed not as industry specific, but as a general position somewhere between the dichotomous classification of free trade and protectionism. This leads to the obvious problem of aggregating individual interests into general policy positions. On the other hand, while constituents are also consumers, they have little ability to influence the political process through campaign contributions. ARYEL HILMAN & HEINRICH W. URSPRUNG, Domestic Politics, Foreign Interests, and International Trade Policy, 78(4) AMER. ECON. REV. 729, 732 (1988), available at http://www.jstor.org/fgci-bin/jstorn/viewitem.fcg/00028282/ di9500295p0008d/0?currentRes. This is due to diffuse interests, the difficulty for consumers to identify economic interests from imperceptible benefits and costs involved in international trade, and the dynamics of the political process.

\item Ferguson, \textit{supra} note 9, at 56.

\item \textit{Id.} at 57.

\item Pankaj Ghemawat, Sustainable Advantage, 64 HARV. BUS. REV. 53 (1986). "First mover advantage" is a business term suggesting that a firm that enters a market first has the ability to attain a larger share of the market because of quick action even though other viable competitors may exist and could garner more market share if action were taken more promptly by these competitors. \textit{Id.}
income by promoting the profitability of firms in imperfect markets. A government may strategically use trade policy to obtain a larger share of domestic and/or international markets and profits for its multinational companies. This is because doing so could be expected to stimulate the domestic economy and increase the tax base. Such a decision must be made while considering international interdependencies, because enacting trade policies that favor nationally-based interests can reverberate with trading partners when a noticeably higher tariff level in one industry or non-tariff protectionist measure is employed to safeguard domestic interests or when a government utilizes subsidies to promote exports. This could legitimately be met with a higher reciprocal tariff level on other important industries.

As a caveat, because this analysis is concerned with domestic interactions between government and the private sector, it downplays the dynamic nature of comparative interactions among other government institutions. For instance, separation of powers between the executive branch and legislature can influence how and where interest groups spend time and resources to influence trade policy. Strategic advocacy and planning by interest groups can probe the dynamics of inter-branch relations to determine how they can best influence policy-making. And perhaps, if the current legislature supports trade liberalization, it could leave a lasting mark on trade policy long after its tenure ends by changing trade policy or rules so that a later executive and legislature, if more protectionist, could be restrained from making abrupt changes in the trade framework since its purview of action might be corralled by the previously established rules. Because of the added complexity, applicability almost solely to governments with strict separation of powers, and frequent policy-preference shifts in the short-term via electoral cycles, government policy-preferences will be treated herein as a unified position at the international level. This means that the private sector influences a “government position” rather than the position of the executive or the legislature. This is

42. Specifically, when the executive branch opens negotiations with the expectation of consummating an agreement with a foreign government over trade, the greater the degree of authority that the legislature has over agenda setting, amending agreements, ratifying proposals, calling referendums, and deploying side payments, the more that there is a relative shift in power to the legislature vis-a-vis the executive. HELEN MILNER, *INTERESTS, INSTITUTIONS AND INFORMATION: DOMESTIC POLITICS AND INTERNATIONAL RELATIONS* 101-12 (1997).
44. Government systems with strict separations of powers are most characteristic of presidential systems that legally and practically have a strong balance of power between the president and legislature, as distinguished from parliamentary systems where elected representatives choose a prime minister as the executive and retains substantial control over that position (i.e., limiting what is perceived as a separation of powers between the policy-making branches of government). Thus, the United States may be one of only a few countries in the world that has such a system.
because the positions of these two institutions may differ based on political affiliation or constituency allegiances.

While differing political positions, sometimes based on party affiliations, can provide a predisposition toward a particular trade policy, private sector collective interests can impact government trade policy in a way that deviates from predispositions. For instance, a recognizable problem occurs in pluralist governments because representatives may neither represent the will of the populace, nor act in a way to protect the long-term viability of the domestic economy. Instead, they act primarily to further their own self-interested re-election concerns by accommodating interest groups.\(^4\)\(^5\) Such actions, even though they result in lower aggregate wealth for the populace in the end, are inherent in democracies.\(^4\)\(^6\) Regional constituency interests can form representatives' trade policy preferences.

To summarize the article to this point, within the institutional variations of statism, corporatism, and pluralism, government interactions with the private sector differ and dissimilarly influence a government's short and long-term position on trade issues. While there is an international ideological and institutionalized propensity to favor policy-positions consistent with the theory of comparative advantage and liberalizing trade, there are short-term benefits of protectionism and transition costs for government on long-term efficient uses of resources. Specifically, the short-term trade position of government will depend on: 1) the degree to which government is sequestered from pressure groups representing the private sector, 2) the economic power of the state, 3) international relations with trading partners and present government dedication to freer trade, and 4) an assessment of the degree of domestic economic harm from given imports. The interaction of these variables will be considered in the successive two sections.

IV. COLLECTIVE ACTION GROUPS AND POLITICAL INFLUENCE ON TRADE POLICY

Interest groups can dynamically influence trade policy, particularly in the context of setting tariff bindings. Interest groups express political support for candidates and party platforms\(^4\)\(^7\) through campaign contributions,\(^4\)\(^8\) in an


\(^{46}\) Bailey, *supra* note 32, at 328.

\(^{47}\) An election between two parties generally consists of a party that represents a more protectionist position and one that advocates more liberalized trade. The two parties commit to their respective policies to garner support in the populace to get elected. Stephen P. Magee et al., *Black Hole Tariffs and Endogenous Policy Theory: Political Economy in General Equilibrium* (1989). However, as mentioned, the degree to which this acts as an essential issue in the mind of voters is questionable.

\(^{48}\) This is the case with political action committees in the United States (PAC contributions). Gene
amount likely correlated to the extent that tariff preferences are provided.\textsuperscript{49} These preferences appear in annually "choosing a vector of trade taxes and subsidies on the various import and export goods."\textsuperscript{50} However, the domestic political influence from these collective action dynamics of interest groups will differ among pluralist, corporatist, and statist governments.

The duty assessed on import classifications of goods will affect domestic factors of production in industries. A computer manufacturer will want to attain imported component parts to assemble its product at a lower cost (i.e. lower tariffs on components), but would not want low tariffs on the import of competing foreign computers. Consumers or other domestic users would desire lower tariffs on imported computers to make them less expensive for purchase.\textsuperscript{51} The result across all sectors and regions in a country\textsuperscript{52} is a competition for resources where the implementation of one tariff policy will have a rippling effect across other sectors of society, granting a larger income share to protected industries than would ordinarily result without the tariffs.\textsuperscript{53}

The winners in this game of competing interests are those groups that can best get their position heard and acted upon by politicians. Tariff policy positions will favor industry groups that are best organized\textsuperscript{54} and have more resources to influence policy-making bodies.\textsuperscript{55} Thus, the general presumption

\begin{thebibliography}{99}
\bibitem{GrossmanHelpman95} The more that it is perceived that a politician, group of politicians and/or party grants preferences to an interest group, the more that it will contribute to those political actors.
\bibitem{GrossmanHelpman95b} A macroeconomic example of the conflicting interests that industrialized countries have faced is the inter-play between generalized interests of agriculture, industry, and consumer preferences. If tariffs on agriculture are high to protect domestically grown foodstuffs from imports, domestic agriculture interests will be appeased, but this high tariff will have a negative impact on consumers (assuming no government subsidization) who will be paying more for food products as well as on industry which will eventually need to increase labor wages based on a higher cost of living. If tariffs on imports that compete with industry are high, industry will be delighted because profitability will be higher and domestic labor will be pleased because protectionism protects labor, while agriculture interests will be distressed because profitability will be lower due to more import competition. Cheryl Schonhardt-Bailey, \textit{Specific Factors, Capital Markets, Portfolio Diversification, and Free Trade: Domestic Determinants of the Repeal of Corn Laws}, in 43(4) \textit{WORLD POLITICS} 545-69 (1991).
\bibitem{Taussig64} F.W. Taussig, \textit{The Tariff History of the United States} 68-108 (1964).
\bibitem{GrossmanHelpman91} Grossman & Helpman, supra note 50, at 705.
\bibitem{GrossmanHelpman91a} More specifically, one could also posit that organization and collective action are most effective with fewer individuals sharing in gains that will be produced by attaining a particular tariff policy. With too many individuals, there will be "free riders" that will not participate in the action because divided gains from a changed tariff policy will be smaller than the effort that must be exerted to attain the policy by any one member. Thus, the optimal time for concerted action or when self-interest will propel action the most is when
\end{thebibliography}
and simplified theoretical framework for purposes of this paper is that relatively more concentrated (and perhaps "scarce") factor endowments will be a unifying collective force attaining more trade protection. However, much explication and many caveats should be added.

As has been previously described, manufacturing firms in the United States in the post war period sought either free trade or protectionism. This has also been the case in foreign countries based on the level of that country's production efficiencies in internationally competing goods. Firms without foreign operations confronting competition from imports would advocate protectionism, while multinational firms and export-dominant corporations would advocate freer trade. A simplified dichotomization of what is really a complicated world of cross-cutting interests, is that firms with a strong position vis-à-vis international competition will advocate for an open economy world with little government intervention to hinder free markets. Firms that have a weak position vis-à-vis foreign rivals will request government protection. Competing interests across these two categorizations can and do exist. For instance, if a government has dedicated itself via international agreement to lowering tariffs in the long-run, there may be an aggregate or threshold level of protection that can be provided by the government before it loses trade policy credibility with trading partners. In that case, affected industries will struggle amongst themselves for tariff levels and/or quota protection from specific import items.

Within this competition among industries, the diversification of that industry will partially determine the potential for aggregation or political power of collective influence groups. If an industry is highly segmented, that industry may take longer to aggregate a common position and/or have a less

\[\text{there is a monopoly or oligopoly in the sector at issue. MANCUR OLSON, THE LOGIC OF COLLECTIVE ACTION: PUBLIC GOODS AND THE THEORY OF GROUPS (1968).}\]

\[\text{56. RONALD ROGOWSKI, COMMERCE AND COALITIONS: HOW TRADE AFFECTS DOMESTIC ALIGNMENTS (1989).}\]

\[\text{57. Milner & Yoffie, supra note 7, at 239.}\]

\[\text{58. Ferguson, supra note 9, at 53.}\]

\[\text{59. Aggregate levels of protectionism could moderately shift over time with changes in the dedication of political representatives to either freer trade or protectionism, and the type of government (statist, corporatist, or pluralist).}\]

\[\text{60. Kazuharu, supra note 53, at 348.}\]

\[\text{61. The Ricardo Viner "specific factors model" is a neoclassical economics trade theory that defines factor inputs as being either industry specific or inter-sectorally mobile. Cheryl Schonhardt-Bailey, Specific Factors, Capital Markets, Portfolio Diversification, and Free Trade: Domestic Determinants of the Repeal of the Corn Laws, in 43(4) WORLD POLITICS 546, 546 (1991), available at http://www.jstor.org/fcgi-bin/jstor/viewitem.fcg/00438871/di971264/97p/0090g/0?currentrest.}\]
intense influence on government when responding to trade concerns. The more specific that a product or factor of production can become to a smaller or more closely knit group of economic actors, the more likely that an interest benefiting that group will get enacted, ceteris paribus. In advanced economies, factors may become more inter-sectorally mobile and thus domestic policy may be less emphatic on tariff level changes. This is because of counteracting interests across sectors, even though several lobbies in a country could pursue a common goal.

This private sector competition to sway trade policy preferences and the extent of influence of these collective action dynamics will be most conspicuous in pluralist systems because of a more direct private sector impact on representatives. Collective action winners in the pluralist system should be more apt to attain amenable tariff bindings or perhaps receive non-tariff barrier assistance. In statist and corporatist governments, labor and capital cooperate on trade policy to fashion a more moderate position that should be based on long-term economic projections and viability of competitive industries, and less on collective action dynamics. This does not mean that when comparing all three forms of government, higher tariffs would be less ardently favored on factors annexed to less identifiable and less aggregated interests or on industries that are not as important to the domestic economy in statist and corporatist systems. It means that the institutional variable of government interference in the market is more dominant in statist and corporatist governments, while the private sector influence is more dominant in pluralist systems.

This is the case since all three forms of government can have less diversified economies and central industries. Those dominant industries will control trade policy on specific goods and have elevated support in government. The premise is most clear, however, in developing countries where industrialization has recently emerged and policy-making deference is given to particular industrialized sectors before agricultural interests. Here, there may be less lobbying by groups in developing countries to influence politicians to decrease trade barriers in prime foreign markets on agricultural products as this might beget a stronger export industry for agricultural products and eventually push up the price of agricultural goods domestically. This is because agricultural exports could fetch higher prices in international markets and drain domestic supply. This could precipitate domestic societal distress and although

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it is globally a less optimal position, it is one which would appease the increasingly commanding position of industry in a developing country.

Using the two polarity classification of market segmentation and the number of firms in an industry (indicating a general propensity for efficacy to attain policy-change), one can also consider an example where an industry may have numerous members with more homogenized interest (low market segmentation) and an industry with a handful of firms with greater diversity of interest (high market segmentation). In this example, the factors work against each other. Despite a large number of actors, thirty firms could unite collectively for an economic interest and advocate for and attain amenable government trade policies. Conversely, a three firm industry may not be able to unite because of competitive agendas or the low unity of factor interests.65 (See Figure 2).

Even with the complexity of existent crosscutting interests, the importance of private sector influences on trade policy is rather straightforward. If collective action dynamics can emerge in a country based on attributes of the economy and industry, that emerging interest should be most influential on

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65. Others have said that in particular instances, such as with the financial community in Britain, "the more dispersed the institutions, the more likely were they to be driven to formal organization." Moran, supra note 28, at 386.
government and lead to more extreme tariff bindings in a pluralist system because of the direct interest that can be placed on government. If politicians choose trade policy preferences on tariff bindings unilaterally, without considering international implications and relations, high tariffs or other protectionist measures could violate the international trade framework. If a trading partner recognizes economic losses to its industries based on a suspected breach of another country's international trade obligations, a trade dispute may arise. For example, when subsidization,66 dumping,67 or discrimination68 is alleged, the allegations could be matched with countervailing69 or antidumping70 duties. It is the dynamics of this domestic variable that will be applied to the model in the next section. Section V describes the influence of the private sector on international negotiations between governments and nexus between the domestic and international levels when a trade dispute erupts.

V. INTERNATIONAL COOPERATION

Many scholars recognize inter-linkages between domestic politics and international relations.71 Many have even suggested that "the main purpose of all strategies of foreign economic policy is to make domestic policies compatible with the international political economy."72 It is also assumed that long-term protectionism is not the optimal strategy for any country and that a government may protect certain industries. Such protection may be desirable to safeguard a national economic policy, even if doing so undermines international commitments, or to appease interest groups that are advocating preferential treatment over other private sector entities73 and thus influencing social and economic policy.74 While the last section explained this theme in relation to tariff bindings, this section offers a theoretical model of private

66. GATT 1947, supra note 6, at art. XVI.
67. Id. at art. VI.
68. This may include discrimination vis-à-vis other foreign competitors (GATT 1947, art. I), or discrimination vis-a-vis domestic goods GATT 1947, art. III).
69. GATT 1947, supra note 6, at art. VI. In United States law, see 19 USC § 1671.
70. Id. at art. VI. In United States law, see 19 USC § 1673.
sector influence when a dispute has arisen. This section will discuss how the private sector influences trade negotiations when a dispute involves both the variables previously discussed—the three forms of government, the importance of the affected industry to its economy, the ability of the interest coalition to influence the government’s position—and the bargaining power of the disputing governments.

A typical scenario that can give rise to a trade dispute and negotiation is a claim of foreign protectionism. The higher the level of protection by a country, the more likely an affected company will seek government assistance, because its market share could drop relative to the level of protection and elasticity of demand for the foreign product. Thus, pressure is placed on the exporting country authorities to complain to the importing country government. For instance, if tariffs are lower domestically than in a protected foreign market, a multinational industry may complain to its home government that such a tariff results in lost market share because competitive imports are less expensive, and/or because the domestic industry’s foreign market share is lower because the industry’s product is more expensive in the foreign market. The multinational industry could also claim some other form of an alleged breach based on an internationally agreed-upon tariff binding or similar non-tariff-based promise by the foreign country to make concessions. Possible steps for the government could include raising tariffs domestically for that industry or claiming a competitive exception. Or, if the government wants to dissent, it could enter into negotiations with the foreign government claiming a violation of GATT/WTO rules.

Three caveats extending the analysis from an initial general policy position of a state on trade to the circumstance which require negotiations to resolve a trade dispute. First, power-based bargaining positions in the negotiations are recognized, whereas it has been articulated that when a dispute is brought

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75. While many have suggested the importance of other concerns such as social and political conflicts in determining tariff levels, which is often claimed to be represented in voting behavior, this article simplifies the analysis by placing primary emphasis on interest groups. KATZENSTEIN, supra note 72, at 333-36.
76. Supra.
77. Supra.
78. This could include numerous claims under provisions of the GATT/WTO framework, such as: Articles I, III, V, X, XI, and XIII, to name a few.
79. Of course, if domestic tariffs are lower, but the belief is that international or domestic market share has not been affected, private sector complaints should not be forthcoming.
80. For example, the “Escape Clause” of Article XIX of the GATT/WTO.
81. Throughout the GATT/WTO agreements are provisions requiring negotiations before a dispute can be brought before a WTO dispute settlement body.
before a more institutionalized body, as would be the case with a WTO dispute settlement panel, influences on the dispute based on power differentials between parties to a dispute are said to be diminished. Thus, the following analyses are based on efforts to resolve trade disputes via negotiations, with the analysis stopping short of submitting a complaint to a formal body, such as the WTO, to resolve the dispute. Thus, power-based relations will play some role in the analysis herein, albeit admittedly an arguable one because both expectations of being haled into a forum that would diminish power-based relations if negotiations fail and an institutionally sanctioned remedial right to apply countervailing duties might in themselves serve as a catalyst that relatively nullifies the influence of those assumptions even in the negotiation stage.

Second, there will be a different degree of influence between the private sector and the executive during the negotiations. As described, initial penetrability will primarily be based on the government type classification. But political allegiance by the interested collective group or industry in the dispute to the political affiliation of the representative and the importance of the result to the economy will increase the level of influence. It is also possible that intergovernment institutional relations would designate or reserve a political check on the negotiating authority. This would be the case if a legislature, in representing an interest of the private sector, is able to place political pressure on the executive branch, which fields the trade negotiating team.

Lastly, during trade dispute negotiations, both countries will have a perceived acceptable range of positions. The parameters representing acceptable agreements, as defined by the domestic influence on negotiations and policy positions of the respective executive on the good in dispute, can be described as a "win-set." A large win-set, often when government positions

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84. The private sector influence was noted in establishing the initial government position for (or the degree of protection) a given product classification or industry type in section: "IV. Collective Action Groups & Political Influence on Trade Policy." Private sector influence on government positions may be the attribute that caused the trade dispute in the first place. For instance, consider the process for assessing countervailing duties on imports in the United States, a pluralist country, when government subsidies are alleged. The International Trade Administration (ITA) is a division of the Commerce Department, which is part of the executive branch but can also be influenced by Congress. Arun Venkataraman, Binational Panels and Multilateral Negotiations: A Two Track Approach to Limiting Contingent Protection, 23 COLUM. J. TRANSNAT'L L. 533, 553 (1999). The ITA makes a determination of whether foreign goods had been sold at less than fair market value in the United States, a pluralist country, when government subsidies are alleged. The ITA makes a determination of whether foreign goods had been sold at less than fair market value in the United States, which, it has found in 97% of the companies the agency investigates Id. at 555. It has also been said that foreign producers lack faith in the objectivity of United States domestic courts when they review Commerce Department findings. Id. at 560. If this is true, an already overly biased and protectionist position is brought by the United States Trade Representative (also a politically susceptible department as part of the executive) into trade dispute negotiations.

85. See generally Putnam, supra note 4, at 435. Note that Putnam uses other domestic government influences, such as the legislature, on a general international negotiating position (i.e., not necessarily trade), rather than the private sector.
are not far apart and/or are more flexible, makes an international agreement more likely.86 The stronger the private sector influence on government87 and the greater the gravity of economic harm at issue, the more that governments will be restrained, making a smaller win-set.88

In the following graphical representations, the governments' initial international negotiating position without any domestic influences would be based on the: 1) assessment of the economic importance of the industry to the economy, as balanced against the 2) current governments' dedication to freer trade. However, when there is a stronger private sector that is able to have its position penetrate government negotiations, the influence from the domestic level on the government's international negotiating position will be dependent on: 1) the respective industry aggregation of interest (based on the collective action principles previously discussed), and 2) the type of government structure.

The first example depicts a pluralist government that is economically more powerful than a rival statist government that complains of the pluralist government's use of protection in a critical industry with strong interest representation in the private sector:

Figure 3

86. Putnam, supra note 4, at 437.
87. The assumption here is that only domestic industries influence their respective governments, but interest groups or coalitions of lobbies need not necessarily be solely of domestic origin. Foreign groups can influence politicians in a trading country to enact voluntary export restraints, HILLMAN & URSPRUNG, supra note 37, at 729, or lessen tariff bindings on imports. T. SCHELLING, THE STRATEGY OF CONFLICT 209-10 (1960). Globalization of business illustrates a dynamic process whereby the private sector has cross-cutting interests that affect trade policy, which makes a simplified domestic analysis seemingly unrealistic.
88. On rare occasion, it is also possible that the populace can influence government trade policy in highly publicized or media-driven disputes, as has intermittently been the case with Japanese car imports.
The relative power of a country, generally based on the size of the economy, can render an important role in bargaining at the international level and the degree to which a trading partner will grant position flexibility with its negotiating counterpart. Without the WTO/GATT rule framework, negotiations between the dominant pluralist government and the weaker statist government should favor the pluralist government. This is because weaker rule frameworks often provide fewer and less objective guiding principles to the negotiating parties and increases the degree to which leverage principles of power play. Thus, if the dominant pluralist government is being accused of protectionism by the statist government, negotiators of the pluralist government will be partially restrained by a dominant ideological framework of freer trade in the international system, thus relatively off-setting power differentials. While the impact may be marginal for less important cases (i.e. giving the dominant state more concessions), for very important circumstances or when there are accumulated victories for the dominant state on results that seem inconsistent with international cooperation, a backlash from other trading states may eventually occur. The international trade framework should partially restrain even more dominant states that might have engaged in protectionist measures.

The more pluralistic the government, the more influence the private sector should be able to place on government trade policy, and the more that trade positions or negotiations should reflect private sector interests and collective action dynamics than on independent government economic or public policy assessments cloistered apart from private sector influences. In the given example, the dominant pluralist country is apt to elevate economic distortions by taking a position farther from the optimal freer trade position and protect the industry with a self-interested but globally sub-optimal negotiating policy position. This is because the powerful pressure group has an extreme protectionist position, moving the pluralist government’s position away from enhanced cooperation with the statist government on the issue to a location that makes a mutually acceptable agreement unlikely. In this scenario, when there is no overlap in the win-set, requesting the assistance of a third-party dispute settlement institution, such as the WTO, is likely.

Domestic actors outside of government should have little influence on the statist government’s trade position, conferring it a unified international and

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89. While policy-makers generally have an incentive to "cheat" on international economic agreements if it is in their own best self-interest or in the interest of their country, a more dominant country should be more able to get away with defecting without being penalized. However, the likelihood of defecting can be reduced by those states that expect to cooperate again in the future. ROBERT AXELROD, THE EVOLUTION OF COOPERATION (1984).

domestic disposition toward the dispute. For instance, if the pluralist government were instead a statist government, the result of negotiations between two statist governments should provide a larger win-set that is influenced primarily by the relative power of the states, by what the negotiators perceive to be in the best public interest of their respective countries, by each country's dedication to international economic cooperation, by future expectations about trade with this party, and by independent calculations of the economic impact of an agreement. Regardless of these considerations, there would only be one level of consideration during the negotiations for which the governments should be concerned— unlike the domestic influence when a pluralist government is involved.

In the example as originally given, because the private sector influence is so substantial and the industry is important to the economy, the dominant pluralist government should make it even less flexible and improbable for the win-set between the countries to overlap. The probable result is that the weaker statist government would grudgingly make more concessions than it would ordinarily make than if the power disparity did not exist. Similarly, because the statist government regularly interferes in the domestic economy and the private and public sectors are often perceived as relatively unified, appeasing an interest outside of government is not of as significant importance as in a pluralist system. Thus, the government can and will make economic adjustments domestically through the regular course of policy-making. In fact, as is often the case in statist governments, economic adjustments will be made by a counteracting domestic subsidization to the impacted industry, especially if it is a moderately important industry to the country.

Taking a minor twist on the previous example, if there is a weak industry representation, or if many overlapping product interests exist, and it is a less critical industry to the domestic economy in the dominant pluralist country, a mutually acceptable agreement is more apt to be concluded because less is at stake for the pluralist government. Therefore, the government's negotiating position is more flexible. (See Figure 4 on next page).

With a weaker interest representation and less important industry, the dominant pluralist government is likely to be more flexible in negotiations. Its range of acceptable results will be larger and a mutually acceptable agreement more likely. Also, when there is an overlapping win-set as depicted, it is less likely that the dispute would be referred to a formal dispute settlement forum. In the obverse, one might also conclude

that this result is transpiring because there is a counter-balancing effect engendered by weakening the domestic influence and strengthening the importance of the ideological preferences or future expectations about pluralist government’s reliance on mutual cooperation. The only variables that have changed are the domestic private sector interest and the importance of that interest to the economy. Thus, the pluralist government’s negotiating executive might be said to be more sequestered from domestic private sector influences as well as those of a larger scale in the economy.

In changing the scenario again, if a weaker statist government enacted a protectionist measure on a product of a less important industry to its economy against a stronger corporatist government with an economically important export product, a depiction follows. (See Figure 5 on next page).

Because statist governments normally have at least a pseudo-control over the domestic economy, it might have a natural institutionally based propensity to be more hostile to opening markets that could undermine its economic plans and programs. While this is theoretically palatable, statist governments have also been known to drastically modify trade policy positions. This is particularly true if the country is less democratic in nature, as disappointing experiences may urge leaders to enact extreme protectionist positions, or even rapidly open markets when assimilating the successes of similarly situated countries.92 This is unlike the situation in consolidated democracies since revolutionary or abrupt change is often quelled by negotiated positions. The

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92. The Asian Tigers are often cited as models of statist governments that opened their doors to freer trade and reaped economic success.
assumption in this example is that the statist government is situated in a protectionist position on this good, despite that the industry is less important to its economy (which may in itself be somewhat philosophical and less pragmatic). Thus, while the corporatist government's position will be influenced by its private sector (but less so then in a similarly situated pluralist government), elites in the statist government will be more apt to make trade policy based on ideology, feasibility and need for cooperating on this good and expectations about future cooperation, and acceptability of possible change within domestic economic programs.

Many corporatist governments have been identified as being very successful at flexibly adapting to open market principles through sagacious long-term horizons. This is because they have tended to accept open-market principles and adhered best to the ever-increasingly freer trade system because domestic interest group structures have been pacified with joint policy-setting between government and the private sector. In the aforementioned example,

93. KATZENSTEIN, supra note 27, at 205.

94. The Western European countries are the best example of corporatist structures. This institutional structure of government was employed to react to the catastrophic economic changes of the 1930s and 1940s by enhanced domestic cooperation between the private sector and government. Business, unions, and government realized that limiting domestic quarrels were necessary so to better cooperate and adapt to changing economic conditions in the world within the system of freer trade because the European states were dependent on international trade and were not powerful enough to control the system. Id. at 30-38.

95. Probably one of the best examples of this close corporatist relationship between government and business can be found in the European consortium Airbus, a relationship which resulted in a trade dispute in the early 1990s with the United States claiming subsidization when Airbus significantly increased global market share. Artemis March, The Future of the U.S. Aircraft Industry, TECH. REV. 26-36 (1990).
the corporatist government has a moderately freer ideological position on trade. Further, this particular good is an important export product. Private sector pressure is diluted because the corporatist government’s general policy melds with the government’s long-term economic programs, making a mutually acceptable trade negotiating result with the statist government more likely. On the other hand, because the industry product is not as important to the statist government, its original protectionist position will be more flexible toward accepting an agreement with the stronger corporatist state. This is especially true when the product is an important export product to the corporatist state.

For a final hypothetical scenario, consider a dominant corporatist state with a critical industry to its economy, and a much weaker pluralist government that has a minimal interest representation on the good at issue with a less important export industry to its economy. The corporatist government has enacted protectionist measures on the import of the pluralist country’s good:

The weaker pluralist government will likely make extensive concessions because of the negligible domestic interest influence on the international bargaining position and the less important export industry to its economy. In fact, given this scenario, the pluralist country would be unlikely to even complain about the dominant corporatist’s protectionist measure, unless other goods have been debated and disputes have been on-going between the two countries, such that the current dispute is just more fuel for a recurring fire.

96. This “long-term” program does not have the rigidity of a statist government.
As is evident when considering these conjectural examples, within all three government constructs, the states' positions in negotiations will be dependent on a dedication to freer trade, private sector influence on the states' position, and also the necessity of relying on trade to support their economies. Two governments that are more dedicated to freer trade and rely more on trade as a percentage of gross domestic product (GDP) will be more prone to conclude dispute negotiations in a more mutually satisfactory manner because of the fear of reciprocal sanctions. The extent to which a government will be flexible is influenced by the private sector and the severity of harm to the domestic economy. The more severe the need to protect the domestic economy, the more likely that a government will submit to protecting its domestic economy and risk deeper trade cooperation.

VI. CONCLUSION

This paper has described the dynamics of private sector-government relations in statist, corporatist, and pluralist governments within the context of domestic influences on international trade policy preferences. While it is clear that the international trading system, as framed in the GATT/WTO, has structured restraints within which states will act, leaders/politicians have positions and personal ideological and self-interested preferences on trade issues that are influenced by the private sector and the domestic economy.

Statist governments have unification between the private and public sectors on economic issues and a propensity to interfere more with market mechanisms than other government forms. These aspects facially undermine the GATT/WTO trade system and its premises regarding comparative advantage because they are endemic institutional government attributes that could tend to favor protectionism. However, this is not always the case because of the oftentimes dependency on external resources and ideological shifts in statist governments. The other extreme, pluralist governments tend to refrain from enacting domestic economic regulations that undermines market mechanisms. However, these governments are also often more susceptible to protecting industry and sectors of the economy at the behest of private sector lobbying, with the degree of protection correlated with power bases and collective action dynamics. Lastly, corporatist systems, in having a pseudo-unification between the private and public sectors (but still having a defined private sector), have been said to have more stable, foresighted, and planned trade policy preferences, generally of a liberalized nature. This is attributable


98. See generally Katzenstein, supra note 27.
to the aggregation of interests and negotiations between major economic actors at the national level that would otherwise contend amongst themselves for trade and tariff preferences. A policy supporting freer trade is generally incorporated into these domestic level negotiations.

The government forms and subsequent influences by the private sector precipitate complexities for national representatives negotiating over trade disputes. When a trade dispute arises, nationally-oriented representatives will have a policy position dependent on ideology, the states' relative dedication to the international system of free trade and cooperation (often to the extent that it has been "locked in" to international agreements by previous governments), and the importance of the industry to the domestic economy. The collective action influence from the private sector on the states' trade policy positions should be influenced most in pluralist systems, depicting when domestic politics have the most prominent impact on international economic relations. The impact will be greater when the interest group aggregation is stronger. Corporatist systems would be expected on average to have less extreme positions being asserted by the private sector at the domestic level because of aggregated collective bargaining at an earlier period. Therefore, the negotiators' position is more flexible and more apt to result in a mutually acceptable agreement. A statist government would be expected to witness very little private sector influence on international negotiations because the private sector position is conceptually unified in the government's long-term economic strategy for the country. Thus, the position of these economic production entities in the economy should be the same as the government's position.

With all of these dynamics, obvious conclusions or generalizations cannot be drawn about the position of particular governments on trade issues for the future. The likely trend seems to be that the international trade framework (and other international law economic agreements) will continue to pressure domestic government institutions to more fully support market and trade liberalization principles. Government interests may be privatized, especially to the extent that intricate relations between government and internationally competitive production entities may be under constant scrutiny of subsidization claims by trading partners.

This would make countries with statist tendencies gradually have more domestic private sector influence on government trade agreements, such as the North American Free Trade Agreement and the Uruguay round of the General Agreement on Tariff and Trade. Grossman & Helpman, supra note 50, at 675.

While this is the trend—removing government from production and subsidization of private sector production so that market competition consistent with the international trade system will be fostered—even in countries that have not previously played an intricate role in their economies, they have over time become more deeply involved in regulating their economies. LAIRSON & SKIDMORE, supra note 82, at 6.
policies because there would be a loss of control over a portion of the economy. Those influences may still exist but be derived now, at least legally, from outside the government, and within a trade framework that is continually becoming more liberalized by agreements that establish precedence and bind future governments from straying too far from previously agreed upon principles. As has been described throughout this paper, this does not mean that any particular type of state should necessarily be more prone to favor freer trade or protectionism, but that government institutions that have had a natural prejudice to support freer trade could be influenced more by ad hoc and sporadically arising protectionist positions from the private sector (as is more common in pluralist governments). Given a dispute might result in a similar trade position that would have existed even without any institutional conversion but with less government dominance or encompassing economic planning over that trade policy.