

THE IMPACT OF LEADER TURNOVER ON
THE ONSET AND THE RESOLUTION OF WTO
DISPUTES

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- Obama helps
 - cars worker
 - teachers
 - alternative energy



- Romney helps
 - bankers
 - oil industry
 - big pharm

SHIFTING PREFERENCES AND THE WTO

Leader Change \implies Different Preferences

- Protection
 - t_i helps industry i
 - t_i harms other industries
- Institutions Matter
 - Selectorate Politics, W
 - democracy, W large
 - autocracy, W small

	t_1	t_2	t_3	t_4	t_5	t_6	t_7	t_8	t_9
Democrat 1:	1/5	1/5	1/5	1/5	1/5	0	0	0	0
Democrat 2:	0	0	0	1/5	1/5	1/5	1/5	0	1/5
Autocrat 1:	1	0	0	0	0	0	0	0	0
Autocrat 2:	0	0	0	0	0	1	0	0	0
Autocrat 3:	0	0	0	1	0	0	0	0	0

WTO

- WTO
 - Negotiate Trade Agreements
 - Dispute Settlement Body
 - ① Consultation
 - ② Panel
 - ③ Appeal
 - ④ Compliance
 - ⑤ Retaliatory sanctions
- Bargaining Not Enforcement
 - Costs
 - Want to assist?

PREDICTIONS: ONSET

Onset: A (plaintiff) vs. B (defendant)

- LC: $A1 \rightarrow A2$
 - ① B's policy harm A2's supporters
 - ② A2 protests
- LC: $B1 \rightarrow B2$
 - ① B2 protects new supporters
 - ② A protests
- LC increase $\Pr(\text{Onset})$
- Institutions reduce impact

PREDICTIONS: RESOLUTION

Resolution: A (plaintiff) vs. B (defendant)

- LC: $A1 \rightarrow A2$
 - ① A2: less effort
 - ② fewer concessions by B
- LC: $B1 \rightarrow B2$
 - ① B2 likely acquiesces
 - ② more concessions by B
- Large Coalitions reduce impact

DATA

- WTO disputes
 - ① 325 cases: 1995-2009
 - ② Extension of Busch and Reinhardt 2003
- Leader Data (Archigos)
- Winning Coalition (Bdm)
- 218,826 WTO dyads (Eugene)

ONSET OF WTO DISPUTES

- Large Economies
- Democracies
- New Leaders

Leader Change A	1.950 (0.672)**	2.089 (0.600)**
WA* Leader Change A	-2.517 (0.783)**	-2.686 (0.709)**
Leader Change B	1.091 (0.516)*	1.131 (0.514)*
WB* Leader Change B	-1.196 (0.570)*	-1.239 (0.578)*

RESOLUTION OF WTO DISPUTES

Defendant Leader Change and Concessions

**Table 2: Concessions, Institutions and Leader Change in the Defendant Nation
(Leader change at any time during the crisis)**

Concession Size and Leader Change in Defendant	Non-Democratic Defendant (WB<1)		Democratic Defendant (WB=1)	
	No Leader Change	Leader Change	No Leader Change	Leader Change
No Concessions	40 (54%)	9 (19%)	53 (34%)	5 (10%)
Partial Concessions	13 (17%)	4 (9%)	25 (16%)	9 (18%)
Substantial Concessions	22 (29%)	33 (72%)	79 (50%)	35 (72%)
	75	46	157	49

RESOLUTION OF WTO DISPUTES

Plaintiff Changes

Table 3: Concessions, Institutions and Leader Change in the Plaintiff Nation
(Leader change at any time during the dispute)

Concession Size and Leader Change in Plaintiff	Non-Democratic Plaintiff WA<1		Democratic Plaintiff (WA=1)	
	No Leader Change	Leader Change	No Leader Change	Leader Change
No Concessions	50 (59%)	5 (9%)	45 (31%)	7 (17%)
Partial Concessions	13 (15%)	16 (29%)	16 (11%)	6 (15%)
Substantial Concessions	22 (26%)	34 (62%)	86 (58%)	27 (68%)
	85	55	146	41

RESOLUTION OF WTO DISPUTES

Leader Turnover

Ordered Probit.	
Model	5
Democracy A (WA=1)	0.373 (0.257)
Leader Change A	0.773 (0.243)**
Leader Change A* (WA=1)	-0.788 (0.321)*
Democracy B (WB=1)	0.707 (0.278)*
Leader Change B	1.010 (0.261)**
Leader Change B*(WB=1)	-0.459 (0.328)

CONCLUSIONS

- Onset likely
 - ① Large WA, WB
 - ② New Plaintiff Leader
 - ③ New Defendant Leader
 - ④ Large W reduces LC effect
- Concessions
 - ① Large WA, WB
 - ② New Plaintiff Leader(?)
 - ③ New Defendant Leader
 - ④ Large W reduces LC effect