

Does the Rule of Law Matter? The WTO and US Antidumping Investigations

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Abstract

Are states constrained by international law? Recent studies suggest that the legal regime of the World Trade Organization (WTO), in particular, has no independent effect on members' trade policies. We argue, in contrast, that the WTO's "rule of law" is likely to deter protectionist practices against other members, including those lacking the ability to retaliate. This is because members have recourse to dispute settlement, which helps publicize transgressions and attracts third parties, thereby raising the costs of protectionist practices. We test these competing hypotheses using a dataset of 984 US antidumping (AD) investigations and 2,748 potential cases which were never initiated, from 1978 through 2002. Our results make clear that the US is less likely to investigate and impose AD duties against countries that are members of the WTO. This suggests that the WTO legal regime deters protectionist practices against fellow members, even against those unable to credibly threaten retaliation.

I. Introduction

Are states constrained by international law? The skeptical answer is that, absent a central authority to enforce it, international law is merely a guise for the strong to have their way.

Looking at the global trade regime, in particular, recent studies seem to lend some weight to this view, suggesting that the World Trade Organization (WTO) is of little consequence (Rose 2003, 2004), or that its effectiveness depends on member countries having sufficient market power to retaliate for transgressions (Bown 2004a; Blonigen and Bown 2003; Bagwell and Staiger 2002; Mavroidis 2000). This “power-oriented” perspective implies that the institution matters only if backed by the interests of powerful states. We dissent from this view, arguing that the WTO’s “rule of law” is likely to deter protectionism against other members, including those lacking the ability to retaliate. This is because members have recourse to the institution’s dispute settlement system, which can hand down legal rulings that impact future cases, and complicate negotiations over current ones by attracting third parties, thereby raising the costs of protectionism. We test these competing hypotheses using a dataset of 984 US antidumping (AD) investigations, supplemented by 2,748 potential cases never initiated, from 1978 through 2002. Our results make clear that the US is less likely to investigate and impose new AD duties against members of the WTO. This suggests that the institution matters directly by deterring protectionism, even when the targets are unable to credibly threaten retaliation.

While countless studies side with either the power- or rules-oriented perspective, little statistical evidence has been offered in this debate. Moreover, with few exceptions (e.g., Bown 2004b), the empirical studies that do exist are subject to problems of selection bias. For this reason, Simmons (1998, 89) cautions that, while it can be shown “that much international behavior is *consistent with* international law” (italics added), “it has been far more difficult,

however, to show any causal link between legal commitments and behavior.” This paper seeks to overcome this hurdle in the literature on international law, focusing on the political economy of US antidumping (AD) policy. Our study is novel in two regards. First, we look at a broad pool of comparable *opportunities* for the US to impose new protectionism against other countries, including cases in which the government decided *not* to impose AD duties. Taking this analysis one step farther back, we also incorporate evidence on similar cases of potential protectionism which the petitioning industry, itself, declined to bring before the government in the first place. We thus avoid overstating the effects of international law—and sidestep the concern for selection bias—by scrutinizing the “dogs that don’t bark” as well as those that do.

Second, we disentangle the effect of market power from that of membership in the WTO legal regime, a conflation that hinders the ability of prior work to speak to this debate. We also offer a more direct angle on the rules-oriented perspective by assessing whether a country’s experience in dispute settlement lowers the odds of being targeted by new US AD duties. Evidence of this sort would be a ringing endorsement of the rule of law, suggesting that the legal experience of WTO members is a deterrent to protectionism, which would bear out the importance of dispute settlement in particular.

To preview our results, we find that the US is deterred from both investigating and imposing new AD duties against countries that are members of the WTO, especially those with greater experience using the dispute settlement system. This relationship is particularly strong if the target has little market power with which to credibly threaten retaliation. Specifically, we find that the probabilities of being named in a US antidumping petition, and of having duties imposed, are about 40 percent lower for an average member of the WTO (or its predecessor, the General Agreement on Tariffs and Trade, GATT) than for a non-member, where both lack

market power in relation to US exports. The implication, of course, is that international law has a concrete and independent effect on states' trade policies. Those countries that are unable to "hit back" with trade sanctions can still effectively use the law to guard against adverse behavior by the strongest state in the trading system. This paper provides some of the first direct evidence of this point, lending clear support to the rules-oriented perspective.

The paper proceeds in five sections. Section II sets out the rules-oriented perspective on international law and motivates this empirical project against the backdrop of the literature on the subject. Section III lays out some testable hypotheses following from the rules-oriented perspective, as applied to the domain of US antidumping decisions. Section IV describes our empirical research design. Section V reports our results. Section VI concludes by considering some of the more salient implications of these results.

II. The Literature

The rules-oriented perspective on international law enjoys a long theoretical tradition. What ties this perspective together is the argument that codified rules constrain state behavior. For example, some argue that international law helps governments "tie hands" vis-à-vis their domestic constituents. In the trade domain, this would mean resisting protectionist demands at home by citing WTO obligations. These obligations may weigh heavily due to reputational harm ensuing from noncompliance (Abbott 2000; Finlayson and Zacher 1981, 600; Simmons 2000). To varying degrees, different types of dispute settlement provisions, in particular, can make noncompliance costly (Keohane, Moravcsik, and Slaughter 2000). Others contend that international law's effects are due chiefly to the transparency that institutions provide, which makes it easier to monitor the actions of others and detect defections when they occur (Keohane

1984). Still others contend that the law derives its potency from normative agreement among the community of nations and their citizens that compliance is desirable even when costly.¹ What these views have in common is their claim that adherence to the law is not merely a function of coincidence of interests or of market power relationships among states. Our argument focuses more narrowly on how the potential for WTO litigation deters protectionist practices against its members, and while this conjecture accords with some of these other views, this paper's main contribution is empirical rather than theoretical.

The motivation is simple: the view that law matters has long been taken as an article of faith. Only recently have scholars begun to subject this article of faith to empirical scrutiny, with as-yet inconclusive results. For example, Simmons (2000) looks at why governments commit to, and comply with, monetary rules set out by the International Monetary Fund. She finds that states generally do comply, and concludes that "legalization strengthens commitment." In a similar vein, Davis (2004) examines whether trade negotiations under the GATT/WTO enable governments to credibly link issues, which enables them to influence which constituents politically mobilize and, in turn, to roll back agricultural protection. She concludes that, in the case of Japanese and European negotiations with the US, the answer is yes.

But, using comparable methods, others have found largely negative results. For instance, Hathaway (2002) asks whether treaties are simply "window-dressing" in the area of human rights law. Her results suggest that those countries which ratify treaties are no more likely to uphold human rights than those which do not ratify. Likewise, Rose (2003, 2004) turns to the GATT/WTO and argues that, while members of the multilateral regime have witnessed an increase in trade, this is not attributable to the institution itself.

¹ Hudec (1987, 214) attributes the impact of GATT dispute settlement to this source, writing, "The basic force of the procedure [comes] from the normative force of the decisions themselves and from community pressure to observe

Putting aside their differing conclusions on the influence of international law, studies of this sort are open to criticisms of selection bias, which as Simmons (1998, 89-90) explains is the single biggest hurdle for studies of international institutions. The concern, as explained by Downs, Rocke and Barsoom (1996, 380), is that compliant behavior might be traceable to a harmony of interests in the first place, as opposed to the independent constraints levied by international law. This presents an almost insurmountable problem for empirical research because individual opportunities for compliance or noncompliance are hard to observe.² Hence few studies are able to define an appropriate and comparable population of *potential* cases of noncompliance, from which all *actual* cases of defection are selected. Work on GATT/WTO dispute settlement has sought to come to grips with this problem, comparing cases of compliance and noncompliance against rulings and, similarly, cases of concessions and non-concessions in all disputes (e.g., Reinhardt 2001; Busch and Reinhardt 2003a; Bown 2004a). These studies, however, are limited insofar as they can only deal with formal complaints that are filed in Geneva.³ As Hudec (1993, 360) rightly points out, however, the law should deter violations from happening in the first place, and thus only a small subsample of cases are likely to be brought for adjudication.

In an important study, Blonigen and Bown (2003) provide a research design structured to get at these limitations. In particular, they examine US antidumping suits in a two-stage model: the first stage explains which countries a petitioning industry names in its suit, while the second explains which of these petitions the government rules favorably upon. However, their study does not seek to distinguish the independent effects of the legal regime from those of members'

them."

² For a recent study that attempts to correct for this problem explicitly in its estimation strategy, see Ringquist and Kostadinova's (2005) examination of the impact of the 1985 Helsinki Protocol on pollution emissions.

retaliatory capacity. Rather, it seeks to show whether these factors, working together, matter at all. Hence Blonigen and Bown only include the *interaction* of WTO membership with a market power variable in their model, making it impossible to assess these variables' separate contributions. We thus augment their design to get at our question of interest: namely, are states constrained by international law?

US Antidumping Procedures

The process by which AD duties are awarded is important in framing the paper's empirical research design. Antidumping cases are initiated by a domestic producer(s) who alleges that a foreign producer(s) is selling at "less-than-fair-value" (usually below the cost of production) in the US market. The goal is to obtain a duty that offsets the margin of "dumping," or the difference between a fair price and the one being charged. For our purposes, the key is how petitions of this sort are vetted by the two US agencies charged with overseeing US AD decisions.

First, a domestic producer(s) decides whether to file a petition with the International Trade Administration in the Department of Commerce (DOC). Second, if there is a filing, the US International Trade Commission (USITC) can either reject the petition (given insufficient evidence, for example), in which case it issues a negative preliminary ruling, or send the case on to the Department of Commerce (DOC) after rendering a positive preliminary ruling. Third, the DOC then investigates, issues a preliminary ruling of its own as to whether dumping is occurring, which if positive will then activate provisional antidumping duties. Finally, the USITC must decide whether the dumping (as decided by the DOC) is causing "material injury"

³ Bown (2005b) overcomes this limitation by examining why some US trade remedies actions go unchallenged while others are the subject of WTO complaints.

to the domestic producer(s). If so, it issues a positive final decision, and the DOC imposes a final antidumping duty order based on the assessed dumping margin (see USITC 2005, II-23).

Given the relative ease of obtaining AD protection in the US (as elsewhere), the puzzle is why so few investigations occur. Specifically, out of the many foreign countries supplying a significant share of the imports of a typical product, why are only a small number ever named in petitions? Scholars agree that the answer cannot be that the economic merits of antidumping enforcement differ across potential cases. Such merits are scarce in general, and US legal standards are so permissive that high duties can be imposed even on foreign firms making a profit on exports—indeed, even on those selling abroad for higher prices than at home (Blonigen and Prusa 2003).⁴ Instead, the literature argues that the decision is affected by political context⁵: specifically, the threat of retaliation, backed by sufficient market power in relation to US exporters (Blonigen and Bown 2003, Bagwell and Staiger 2002). For this threat to be credible, though, US industry must export a sizable amount to the target country. If not, such threats are likely to be seen as superfluous. In this light, Blonigen and Bown (2003) interact GATT/WTO membership with market power to test if this capacity for retaliation deters US AD determinations. They focus, in particular, on the product of US export exposure and a variable indicating the target country's access to or experience with the GATT/WTO dispute settlement mechanism. They hypothesize that “US petitioning industries are less likely to name foreign countries in an AD petition for which there is higher exposure (in terms of US exports to countries with AD laws) to retaliation,” and that “the US government agencies are more likely to

⁴ In practice, as several former Commerce Department employees attest, the US authorities engage in “margin shopping,” or “looking at different ways to calculate an importer’s costs or prices and choosing the one that helps fatten the prospective [dumping] margin to a desirably high level” (*Washington Post*, July 13, 2003, F1).

⁵ The literature exhibits a remarkable degree of consensus on the general point that political economy considerations, rather than purely legal criteria, shape US AD decision-making (Hansen 1990; Moore 1992; Hansen and Park 1995; Rosendorff 1996).

rule affirmatively when the named foreign country has a lower capacity to retaliate through the GATT/WTO dispute settlement process” (Blonigen and Bown 2003, 252-3).

The problem with this interaction term, however, is that targeted countries which are *not* GATT/WTO members can also threaten to retaliate. In fact, it might be easier for them to do so, given that the GATT/WTO requires members to exhaust dispute settlement before seeking authorization to suspend concessions (retaliate), a process that can take several years. Focusing on this interaction term alone is also problematic in the sense that, if the rule of law matters, it should matter for the GATT/WTO membership as a whole, not just those members with sufficient market power to credibly threaten retaliation. This issue thus begs a second look.

III. The Argument

Implicit in Blonigen and Bown (2003) and other writings on AD duties is the argument that WTO membership gives states access to dispute settlement, which, by subjecting these to judicial review, and potentially granting the target country authorization to retaliate, raises the costs of protectionism. We make this argument explicit, and offer a more direct test. First, an adverse ruling at the WTO can hurt the defendant (here, the US) even if the complainant lacks the ability to retaliate. This is because such a verdict has the effect of setting an unfavorable—if *informal*—precedent that can hurt the defendant’s prospects as a complainant later on, or leave it vulnerable to similar suits by others. Indeed, rulings add to the *acquis* of case law at the WTO (Palmer and Mavroidis 2004, 56), such that the question of whether the complainant will (can) retaliate is doubtful to be the defendant’s main concern, given the “sticky” nature of verdicts.

Second, dispute settlement provides a highly visible venue in which cases—especially those that are filed against larger defendants (Bown 2005a; Busch and Reinhardt 2005)—tend to

attract the participation of third parties⁶, who, by joining in the process, raise the *audience* and *transaction* costs of a negotiated solution. The first concern is that, as David Stasavage (2004, 682) explains, audiences—like third parties—increase transparency and may prompt negotiators to posture, making them “more reluctant to retreat from initially stated positions....” The second concern is that, as James Sebenius (1983, 308) insists, “[i]t is almost axiomatic that the more parties (and issues), the higher the costs, the longer the time, and the greater the informational requirements for negotiated settlement.” In line with these concerns, Busch and Reinhardt (2005) find that third parties undermine the prospects for a negotiated settlement among the main parties, increase the odds that cases end in rulings, and, depending on how they line up for or against the defendant, can sway verdicts. Given this, it is highly unlikely that complainant’s retaliatory capacity would be the only—or even the main—consideration in the defendant’s calculus of protectionism.

We thus expect that WTO membership, and dispute settlement experience, will deter US AD investigations and duties, even on the part of those countries lacking the market power to retaliate. This, we contend, is a more direct test of the efficacy of law than what the literature has offered to date, both because we are able to get around the selection bias critique, and because we give full voice to both the power- and rules-oriented perspectives. How so?

Hypotheses

The implication of the rule-oriented perspective is clear enough with respect to the decision by the US authorities, who can expect WTO members to potentially invoke dispute settlement procedures against an AD order. The petitioning industry’s decision about which

⁶ By third parties, we mean member governments reserving rights in a dispute. This term does not include non-governmental organizations submitting *amicus* briefs. Third parties are also to be distinguished from co-

countries to name, however, is not directly tied to consequences flowing from WTO dispute proceedings.⁷ Nevertheless, as the economic literature on antidumping agrees (e.g., Blonigen and Prusa 2003), there are nontrivial costs to filing a petition which can in some cases outweigh the benefits of doing so. Hence, by simple backward induction, the industry should build its government's anticipated response to the target's WTO membership into its petitioning decision. If the legal regime deters an affirmative finding, it should thus deter the naming of a member country in the petition in the first place.

To test for the independent impact of law, we focus on two variables: GATT/WTO membership alone,⁸ and a country's dispute settlement experience. Our hypotheses, tailored to our empirical focus on US AD policies, are thus as follows:

Hypothesis 1 If a country is a GATT/WTO member, it is less likely to be targeted in US AD investigations and duty orders, controlling for its market power.

Hypothesis 2 If a country is experienced as a complainant in dispute settlement, it is less likely to be targeted in US AD investigations and duty orders, controlling for its market power.

IV. Research design

With a nod to Hansen (1990) as well, we adopt Blonigen and Bown's (2003) research strategy, modeling both the demand for as well as the supply of antidumping protection. Specifically, we examine how GATT/WTO membership affects two dependent variables: (a) whether a given supplier country is named by private industry in a US AD petition and (b) whether the US authorities issue an affirmative decision on that petition, ending in the imposition

complainants. See Busch and Reinhardt (2005).

⁷ One study, though, has found that the filing of a WTO complaint significantly reduces the stock market value of firms benefiting from the protectionist measure being challenged (Desai and Hines 2004).

⁸ In the regression, we also include market power as well as its interaction with GATT/WTO membership status .

of AD duties. We conduct this test with some very simple twists on Blonigen and Bown's (2003) multivariate, two-equation method, which are nonetheless critical for our current purposes. First, we include a GATT/WTO membership dummy by itself, along with an indicator of the target's market power vis-à-vis US exports, in addition to the interaction of the two, whereas Blonigen and Bown (2003) use just the latter of these. Second, we make another innovation by incorporating these three variables in the first stage, thereby allowing for an *anticipatory* effect of GATT/WTO on the industry's petitioning calculus.

The Dataset

We start with a list of all US AD investigations begun from 1978 through 2002, generously provided by Blonigen and Bown.⁹ This initial list has 984 observations, one per country named in each petition.¹⁰ We group related investigations into families prompted by the same petition; they share the same date and products. For example, a pair of November 26, 2001 investigations against China and South Africa over ferrovanadium imports fits into one family, constituting two observations. The average petition has 2.3 country targets and, thus, investigations. For each petition, we then construct a list of control observations, one for every *non*-named country supplying three percent or more of US imports of any one of the products named in that petition in the year it was filed.¹¹ Because Canada, Belgium, Austria, and the

⁹ We also would like to thank Tom Prusa, who provided the product codes addressed in all of the pre-1994 cases. We ourselves updated case outcomes and the products petitioned in a number of the more recent cases in the list, following Blonigen and Bown's (2003) sources. Identification of products relies upon 5- or 7-digit TSUSA codes for the 1978-1988 period; 8-digit Harmonized System codes for the 1989-1993 period; and 4-, 5-, 6-, 8-, and 10-digit codes in the 1994-2002 period, as they are named in the petition. This paper's data on product- and country-level import and export volumes by year is from Feenstra, Romalis, and Schott (2002) for 1978-1988 and the USITC (<http://dataweb.usitc.gov>) for 1989-2002.

¹⁰ From a complete set of 1,075 investigations we omit 91 due to missing data on one or more of the covariates used in our analysis.

¹¹ In the preliminary determination phase of a US AD investigation, the Department of Commerce terminates cases in which the targeted country supplies less than 3 percent of total US imports of that product, though there are

Czech Republic all supplied sufficient amounts of ferrovanadium to the US, in the case mentioned above, they enter our dataset as this petition's controls. The file has 2,748 controls, or about 2.8 per case. The result is a complete dataset totaling 3,732 cases and controls.

Remarkably, 44 percent of the controls actually exported more (to the US) of the product in question than at least one of the countries named in the associated petition; 23 percent exported more than the *largest* supplier named. Thus, the decision over which countries to name in a petition is not solely determined by how severely their imports threaten US competitors.

Dependent Variables

Our first dependent variable, *Petition*, is 1 if the country was named in that petition, 0 otherwise. In effect, it classifies observations as "cases" or "controls." Our second dependent variable, *Affirmative*, is 1 if the US authorities ultimately imposed AD duties on the target country. *Affirmative* is zero for all other types of case outcomes, including negative determinations as well as withdrawn or terminated investigations. Of course, we do not observe the investigation's outcome if no petition was ever filed. *Affirmative* is one in 43 percent of the 984 decisions.

Two features of the dependent variables are worth highlighting. First, the economic literature on antidumping emphasizes the fact that the *investigation*, particularly when it results in a positive preliminary determination, imposes costs on the foreign supplier (Staiger and Wolak 1994). This is true even if the final determination is negative. Hence, if we only looked at final decisions, we would miss a crucial domain of effect for the contemplated protection. Moreover, the legal teams conducting domestic AD litigation are certainly sophisticated enough to induce

exceptions (USITC 2005, II-39). Such potential cases are thus unlikely to be filed in the first place, so we apply this sampling cutoff following Blonigen and Bown (2003, 260-1, 265). There would be about 8400 more controls if we

the likely impact of GATT/WTO law on the final decisions of US authorities. They should accordingly factor this into the decision over whether to bring the case in the first place. If so, only looking at final AD actions would fail to reveal any anticipatory effect that GATT/WTO might have on the petition choice itself. Doing so might also cause selection bias for inferences about the role of GATT/WTO in decisions themselves. The dependent variable at this stage is thus at least as important as the final decision.

Second, our coding of *Affirmative* does not distinguish among the various alternative ways an investigation may end, following the general approach adopted by Blonigen and Bown (2003). For our purposes, the key issue is how different outcomes affect the foreign supplier's welfare. As Prusa (1992) demonstrates, AD investigations that are withdrawn or terminated early are certainly trade-restricting, but they tend to reflect collusive settlements among the petitioning and targeted firms. Such settlements may be profitable to the targets, just as foreign firms prefer voluntary quota restrictions over tariffs. Hence, given that an investigation is underway and has proceeded past a positive preliminary determination (a key point, as noted above), from the targeted country's perspective, the only substantially negative outcome of a case is when duties are imposed, or *Affirmative* equals one.

Independent Variables

Regime Membership. Our chief explanatory variable is a dummy, *GATT/WTO*, coded 1 if the potential target country was a member of the trade regime in the year of the petition, and 0 otherwise. Out of the 91 countries in our dataset, 25 were non-members at some point in the file. Non-members include China, Taiwan, Mexico, Russia, Vietnam, Venezuela, Ukraine, Saudi Arabia, El Salvador, Panama, Ecuador, and Kazakhstan, among others. 467 observations (12.5

did not apply the three percent cutoff.

percent) are of non-members, though a disproportionate 19.4 percent of the filed cases were against non-WTO targets. We expect *GATT/WTO* to have a negative coefficient in both dependent variables' equations.

Dispute Experience. Not all WTO members are alike. Whether a country is able to use the regime's dispute settlement system effectively depends on its legal capacity and experience with the system's complicated procedures and jurisprudence, as Busch and Reinhardt (2003a), Shaffer (2003), and others have shown. WTO members with greater dispute settlement experience may thus deter petitions and affirmative decisions more successfully than those lacking such experience or capacity. Like Blonigen and Bown (2003), we control for this possibility using the target country's past dispute settlement record. Specifically, the variable *Dispute Experience* averages the annual number of formal GATT or WTO complaints filed by the subject country in the 5 year window preceding the petition date.¹² The median observation's country had filed less than one complaint per year. Note that *Dispute Experience*, in effect, interacts with *GATT/WTO*, since the target cannot file disputes if it is not a regime member. Hence, by including this variable separately, we allow that GATT/WTO membership may help by itself, but litigious members may get additional benefits by further discouraging AD investigations against them.

Market Power. The target country's credible capacity to retaliate in the form of some kind of trade sanctions is derived from importing large amounts from the United States. Such consumption increases the target's price-setting market power, such that its actions can lower the world price of overall US exports. We measure this capacity in the variable *US Export Dependence*, which is the volume of total US exports to the target country, in the petition year,

¹² For the purposes of this variable, GATT/WTO complaints made by the European Community count for each one of its members in the year in question.

as a percent of US gross domestic product.¹³ The median observation's country imported about 0.15 percent of US GDP annually, a figure which is the same for both cases and controls in our sample. US bilateral exports exceeded 0.5 percent of US GDP at some point for only 3 of the 91 countries in our dataset (Canada, Japan, and Mexico). They exceeded 0.25 percent of US GDP for only 9 of the 91 countries, constituting one-third of the observations. *US Export Dependence* should have a negative association with the filing of AD petitions and affirmative AD decisions.

GATT/WTO × US Export Dependence. We include this following Blonigen and Bown (2003), for whom it is the main variable of interest. In their study, without the component terms included as well, this interaction term served as the embodiment of retaliatory capacity: it decreased AD petitions and positive findings. In our study, accompanied by the separate components, this variable (if its coefficient is positive) will tell us whether the target country's GATT/WTO membership attenuates the significance of its market power, for better or worse, in US AD filings and decisions.

Several other attributes of a potential case are also important. For instance, prior studies demonstrate that AD duties are more likely when the imports in question are larger. Therefore, we include the variable *Log Product Imports*, or US imports of the affected product(s) in the year of the petition, expressed in logged constant 1995 US dollars. For the purposes of explaining which countries get named in the petition, this variable counts all products ultimately addressed in any of the investigations resulting from that petition. For our analysis of the outcomes of cases once filed, *Log Product Imports* counts only those particular products named in the investigation against the specific target country. There is little difference, in practice, however.

¹³ We emphasize that, should the target choose to retaliate, it has the practical freedom to do so on any product, not simply the products the US is considering imposing a duty on. The relevant numerator here is thus total US exports to the target country. Further, note that Blonigen and Bown (2003) choose to normalize this concept by US exports

The median investigation concerned \$16 million (1995 prices) of imports, though that figure varies widely depending on the product at issue.

Our analysis also takes account of the overall amount of US imports from the potential target country in the year of the petition, as a percentage of US GDP, in the variable *US Import Penetration*. This has little bearing on the legal features of US antidumping proceedings. However, high levels of imports may make *any* US protectionist pressures against the source country more politically salient in that year, regardless of the value of imports of the product in question (e.g., Irwin 2005, 9-10). Total imports from the potentially targeted country are just over one-fifth of a percent of US GDP in the median observation.

The Department of Commerce designates certain countries as “Non-Market Economies” (NMEs) for the purposes of its assessment of “less-than-fair-value” pricing. In such cases, the DoC bases its “normal value” figure on the cost of the relevant factor inputs in market economies of comparable levels of development, which also produce the goods in question. This use of substitute data tends to make the case easier to prove. We accordingly add a dichotomous control variable, *Non-Market Economy*, to flag such country targets.¹⁴ 13 countries are NMEs at some point in our dataset, constituting 4 of the control observations and 16 percent of the investigations. It is important to note that the terms of China’s WTO accession agreement allow the US to continue treating it as an NME, for AD purposes, for 15 years afterwards. That means China counts as an NME in all cases and controls in our dataset. If there is any change over time in petitioning and affirmative rates in US AD cases against China, it is not because of a change in NME status.

to the world, rather than US GDP. The two versions are virtually identical, however, with a 0.89 correlation. Not surprisingly, our findings are the same regardless of which formulation of *US Export Dependence* is used.

¹⁴ We thank Tim Truman of the US International Trade Administration at the Department of Commerce for providing a list of countries so designated over time.

Another idiosyncratic, yet widely appreciated, feature of US antidumping politics is that the steel industry files a disproportionately large number of cases. If, following Blonigen and Bown (2003, 259), we use Standard Industrial Classification (revision 3, 1987) code 3312 to mark the steel observations, 29 percent of our dataset as a whole, and 35 percent of the investigations themselves, address steel products. We use the dichotomous variable *Steel* to identify such observations.

We also control for the logged per capita real GDP of the potential target country, in *Log Income*. This control speaks to the competitive threat posed to import-competing US firms from labor- (rather than capital-) abundant countries (i.e., those with low per capita incomes). If this simple extrapolation from the Heckscher-Ohlin trade model is correct, then higher per capita income should decrease the probability of US AD duties. Finally, our analysis controls for four variables capturing the closeness of the US foreign policy relationship with the potential target country. It is hypothetically possible, though by no means a feature of US AD law, that government responsiveness to petitions would be lower if the US were concurrently seeking to support or avoid alienating foreign governments deemed important for national security reasons. The reinstatement of US nonreciprocal trade preferences for Pakistani exports at the time of the invasion of Afghanistan illustrates this potential dynamic. In any case, we simply wish to control for this possibility. We do so using dichotomous variables flagging countries fighting alongside the US in an armed conflict (*Conflict Coalition Member*, 1 in 7 % of the observations), countries in a formal alliance with the US (*Ally*, 1 in 70 %), and countries with whom the US maintains a free trade agreement (*PTA*, 1 in 6 %), all measured in the year of the petition. We also add the Polity IV score measuring how democratic the target country is in that year, to

ensure that any GATT/WTO effect is not merely an artifact of the prevalence of democracies in its membership.¹⁵

The Statistical Model

We jointly estimate two equations, one for each of our dichotomous dependent variables, *Petition* and *Affirmative*, using a Heckman-like probit selection model. The model corrects for the failure to observe values of *Affirmative* in the unfiled observations. The equations are:

$$\Pr(\textit{Petition}_i = 1) = F \left(\begin{array}{l} \beta_{P_0} + \beta_{P_1} (\textit{GATT / WTO}_i) + \beta_{P_2} (\textit{US Export Dependence}_i) \\ + \beta_{P_3} (\textit{GATT / WTO}_i \times \textit{US Export Dependence}_i) + \beta_{P_4} (\textit{Dispute Experience}_i) \\ + \kappa_i \lambda_P + e_i \end{array} \right)$$

and

$$\Pr(\textit{Affirmative}_i = 1) = F \left(\begin{array}{l} \beta_{A_0} + \beta_{A_1} (\textit{GATT / WTO}_i) + \beta_{A_2} (\textit{US Export Dependence}_i) \\ + \beta_{A_3} (\textit{GATT / WTO}_i \times \textit{US Export Dependence}_i) + \beta_{A_4} (\textit{Dispute Experience}_i) \\ + \kappa_i \lambda_A + u_i \end{array} \right)$$

where κ_i is a vector of the all the above control variables for observation i ; λ_A and λ_P are vectors of equation-specific coefficients for those variables; and F is the standard normal cumulative density function. The estimation allows $\rho = \textit{Corr}(e_i, u_i) \neq 0$.

V. Results

Before turning to the multivariate analysis, consider some simple but revealing patterns in the data. Figure 1 displays the average petition and affirmative decision rates for all

¹⁵ Sources: PRIO's Armed Conflict Dataset, version 3.0 (Gleditsch et al. 2002); Mansfield and Reinhardt (2003);

observations and all filed cases, respectively, broken down by the target country's GATT/WTO membership status. The record here shows that GATT/WTO members have a much more favorable experience in both domains. Only 25 percent of GATT/WTO members supplying sufficiently large amounts of the product in question are ultimately named in the petition, whereas 41 percent of non-members are named. Antidumping duties are imposed in only 41 percent of the cases against GATT/WTO members, but they are imposed in 53 percent of the cases against non-members.¹⁶ This is a striking pattern, even if only suggestive.

The case of China is especially telling. China is second only to Japan in the number of AD cases investigated in our dataset (92). China accounts for more new AD duty orders in the past 12 months (11) than all other countries combined (10).¹⁷ However, it is an appealing case because it acceded to the WTO in 2001. 67 percent (of 78) of our sample's AD investigations initiated prior to 2001 against China ended affirmatively in duties, but only 57 percent (of 14) initiated in 2001 or 2002 ended similarly. This is despite the fact that the flood of imports into the US from China in the past few years has made it the most salient target for US firms seeking import relief, and the hands-down favorite "unfair trade" whipping boy for members of the US Congress. Certainly the shift is not due to any other obvious factor: recall that the US treatment of China as a non-market economy, for LTFV calculation purposes, remains constant in this period. And in the AD investigations against China, the average affected imports are literally 6 times larger (in real terms) in the WTO period than before, so these are not merely "easy" negative cases. Rather, it appears that China's WTO membership has indeed helped shield it from the worst excesses of US antidumping protectionism in the past few years.

Jagers and Gurr (1995).

¹⁶ These differences are both significant at $p < 0.01$ in chi-squared tests.

Multivariate Analysis

Table 2 shows the results of our regression analysis. The model fit is sufficient. The fact that the correlation of errors across the two equations, ρ , is significantly different from zero reaffirms our decision to estimate the two equations jointly. Estimating the equations separately would thus yield selection bias, minimizing the GATT/WTO's true effect. Diagnostics reveal relatively high bivariate correlations among a small handful of variables (especially the interaction term and its component *US Export Dependence*), but most exhibit small-to-moderate correlations.¹⁸ This complication only makes our positive inferences all the more conservative.¹⁹ We report heteroskedasticity-consistent standard errors.²⁰

The results forcefully uphold our hypotheses. The coefficient of *GATT/WTO* is negative and statistically significant at $p < 0.001$ in the selection equation and $p < 0.02$ in the outcome equation. *Dispute Experience* also has a statistically significant negative effect on whether a country is named in a petition ($p < 0.001$), though it has apparently zero effect on the antidumping determination by US authorities. The legal regime, and a country's experience in navigating it, deter US AD petitions. This effect does not derive from the country's retaliatory market power, but from the rule of law itself, as reflected in these two variables. That is not to say that market power is irrelevant. Indeed, the share of US GDP tied to exports to the target country is a statistically significant, and negative, predictor of AD petitioning and affirmative

¹⁷ Source: www.usitc.gov.

¹⁸ For example, *US Import Penetration* and *US Export Dependence* are correlated at 0.91; but *GATT/WTO* is correlated with *Non-Market Economy* and *Democracy* at only -0.44 and 0.52, respectively; likewise, *Log Income* scores at -0.53 and 0.64 with *Non-Market Economy* and *Democracy* ($N=3723$); *PTA* is correlated at 0.62 with *US Export Dependence*; the other correlations are notably lower.

¹⁹ Furthermore, if we re-estimate the model without the interaction term in either equation, the remaining coefficients all retain their original signs, testifying to the stability of our estimates despite the high collinearity between the interaction term and its components.

²⁰ Results are the same if we cluster the SEs by petition, by year, or by country target.

outcomes. The point is that, as the results show, *GATT/WTO* and *Dispute Experience* tangibly benefit even those countries that have little—if any—market power.

The findings for the interaction term *GATT/WTO* × *US Export Dependence* illuminate nuances in this result, but do not overturn it. The interaction term is positive in both equations, albeit statistically significant only in the petitioning stage. Hence the marginal impact of the target's market power is smaller if the country is a WTO member. To be sure, the sum of the coefficients of the interaction term and *US Export Dependence* by itself is still significantly negative in both equations with $p < 0.01$. That is, market power remains a significant determinant of AD petitioning and investigation outcomes even when the potential target is a GATT/WTO member. However, the key point is that regime membership *attenuates* the impact of market power: it partially levels the playing field for weak and powerful target markets.

The best way to see these results working together is in Figures 2 and 3, which display the predicted probabilities of being named in a petition (the first equation) and of an affirmative decision (the second equation), respectively. These figures are based on the estimates in Table 2, setting all variables but *US Export Dependence* and *GATT/WTO* to their sample means.²¹ Consider the hypothetical case of a country supplying at least 3 percent of US imports of a product named in an AD petition; this otherwise-average country, however, imports nothing from the US itself (i.e., has zero market power). If it is not a GATT/WTO member, it has a 53 [46,61] percent chance of being named in the AD petition; in contrast, if it is a member, it has just a 30 [27,34] percent chance. (Figures in brackets are simulation-generated 95 percent confidence interval bounds.) Similarly, the marginal chance of a positive AD duty is 30 [18,43] percent if the country is not in GATT/WTO, and only 18 [11,26] percent if it is. Membership in

²¹ GATT/WTO members in the figures also have the member-mean value of *Dispute Experience*; for non-members, *Dispute Experience* is set to zero.

the trade law regime thus produces roughly a 40 percent cut²² in the baseline probability of each AD outcome: this is a hefty difference indeed.

Given the positive coefficient on the interaction term in both equations, at higher values of *US Export Dependence* the net impact of GATT/WTO membership decreases, as the figures testify. This is the inevitable corollary to the finding that *GATT/WTO* flattens the slope of the predicted probability curve plotted against market power. Hence, at the sample's median level of *US Export Dependence*, GATT/WTO membership reduces the chance of being named in the petition from 37 [32,42] down to 27 [25,29] percent; it cuts the marginal chance of an affirmative decision from 19 [12,27] down to 14 [9,21] percent. These are still substantial cuts, amounting to about 25 percent of the baseline odds.²³ To put it another way, at these values, a WTO member needs to export \$102 (\$141) million more of the named product(s) to match the non-member's chances of provoking an investigation (or AD duties, respectively). When we recall that the median case involves just \$16 million of affected imports, the substantive hurdle that membership raises to antidumping becomes very clear. The domestic political stakes must be very high for US industry and the US authorities to consider it worthwhile to target a WTO member; for non-members, the bar is much lower.

At the highest levels of market power, however, *GATT/WTO* makes no statistically discernible difference in the marginal probability of an affirmative AD result, reflecting the lack of statistical significance for the interaction term in the second equation (Figure 3). At these maximum levels, it even appears to increase the prospects of being named in an AD petition in the first equation (Figure 2). As we emphasized earlier, however, those maximum values of *US*

²² To be exact, the probabilities of a petition and of an affirmative duty drop by 43 [34,51] and 39 [7,61] percent, respectively.

²³ Specifically, the probabilities of a petition and of an affirmative duty drop by 26 [15,36] and 23 [-7,46] percent, respectively.

Export Dependence derive from just three very special cases (Canada, Japan, and Mexico); they do not even apply to other advanced industrial democracies. So it is not clear whether the negative effect of GATT/WTO on petition rates at those (relative) heights of market power is generalizable.²⁴ The more important message from these figures is that *GATT/WTO* matters *most* for countries lacking market power, in that membership provides insulation from US AD investigations and duties. More powerful economies already achieve a relatively high level of insulation by virtue of their market leverage. Thus, the legal regime ensures that weaker countries get something closer to the more powerful countries' degree of security from AD suits.

We hasten to emphasize that this result would not be possible without including the interaction term's components. Blonigen and Bown (2003) find a negative coefficient for their comparable interaction term, suggesting that the WTO is the chief vehicle enabling credible retaliatory threats to deter US AD investigations and duties. Our results point to a quite different view of the trade regime's functions: namely, that it *diminishes* the political salience of market power in favor of adherence to international law.

The substantive impact of *Dispute Experience* in our estimates also testifies to the importance of the legal regime per se. Contrast a pair of hypothetical WTO members (held at sample averages for all other variables), one with no past dispute experience, like Sri Lanka or Tanzania, and the other with past complaint counts at the level of members of the European Community (about 7 per year in the WTO era). The predicted probability of being named in a petition drops by a third, from 0.26 [0.25,0.28] to 0.17 [0.13,0.21]. Even if it has no effect on

²⁴ However, if it were to hold up more generally, this finding could lend some weight to the argument of Rosendorff (2005) and others, that one function of WTO dispute settlement is to *reduce* retaliation against the defecting state (i.e., the one imposing AD duties). Such an argument can, of course, only apply to partners with significant market power, since those without such power cannot be expected to retaliate in the first place. This interpretation thus suggests that the WTO may indeed be tying the hands of large targets, who might otherwise consider unilateral retaliation, and who are by virtue of their membership constrained from exercising vigilante justice. Perhaps the rule of law trumps market power in this way as well.

investigation outcomes, the compounded benefits of deterring investigations are enormous, because investigations themselves have as deleterious an effect on trade as AD duties themselves, and because fewer investigations also means fewer duties in the end.

The estimates allow us to make some counterfactual comparisons. How many additional AD investigations might the US have conducted if *no* country had been a member of GATT or WTO in this period? We can generate predictions by zeroing out all variables derived from GATT/WTO membership, leaving the others at their observed sample values. There are 3265 potential investigations in our sample; of these, 793 were actually investigated. The model predicts that 277 [98,528] *more* of these would have been investigated if there had been no multilateral trade regime. Conversely, if all 467 potential non-member targets had been members for the whole sample period, our estimates tell us that they would have faced 114 [57, 156] fewer AD investigations, whereas the actual number of investigations was 191. That is nearly a 60 percent reduction. Since, as is widely recognized, the AD investigation itself, as apart from any resulting duty order, has significant trade and welfare costs, this is indeed a sizable effect. Furthermore, because the investigations prevented would have necessarily reduced the number of duties ordered, and because such duties normally persist for years, the gains from membership accumulate over time.

Sensitivity Tests

Our results are robust to a wide variety of statistical challenges. The signs, statistical significance, and net substantive impact of *GATT/WTO* and *Dispute Experience* remain the same in both equations if we add (1) a dummy for China or for EC members²⁵; or (2) dichotomous

²⁵ Moreover, neither dummy proves to be statistically significant in either equation.

variables denoting that the target has conducted an AD investigation of its own in the past 5 years (against any target) and that it has an AD measure in force against the US that same year.²⁶

The findings are likewise robust to alternative formulations of the dependent variable, such as coding late withdrawn cases (Blonigen and Bown's particular definition) or even all withdrawn/suspended/terminated cases as *Affirmative* = 1.²⁷ What is more, if we substitute the AD duty ordered (which averages 50 percent when imposed) in place of our dichotomous variable *Affirmative* and re-estimate the model using Heckman's two-step procedure, we get virtually identical results. Indeed, if the target country has zero market leverage over US exports, GATT/WTO membership cuts its expected ad valorem percentage duty by 52 [8,96]. The GATT/WTO regime therefore reduces the *level of duty imposed* just as it decreases the probability of an AD action in the first place.

One final question concerns the potential difference between the GATT and WTO regimes. If we break *GATT/WTO* into two separate variables, each with its own interaction with *US Export Dependence*, tests of equality of each pair of coefficients fail to reject the null, in both the *Petition* and *Affirmative* equations. Consequently, there is no statistically discernible difference between GATT's and the WTO's ability to deter US AD investigations and duty orders. This fits with prior observations and evidence about the relative vitality of the widely-underappreciated GATT dispute settlement regime (e.g., Busch and Reinhardt 2003b; Hudec 1999).

²⁶ Source: Zanardi (2004); Congressional Budget Office (2001, 116-125).

²⁷ If we run the model with a broader sample including all suppliers of the petitioned products, not just those above the three percent cutoff, the results are largely similar. In particular, *GATT/WTO* and *Dispute Experience* retain their signs and statistical significance in the *Petition* equation, and *GATT/WTO* keeps its negative sign but loses its statistical significance in the *Affirmative* equation.

Control Variables

Our confidence in the results is greater because the effects of the control variables accord with intuition as well. Not surprisingly, the greater the bilateral imports—of the affected product(s) in particular (*Log Product Imports*) and of all goods (*US Import Penetration*)—the greater the chances of an investigation and a positive AD duty order. Both have a sizable substantive impact: for example, moving *Log Product Imports* from its sample minimum to its maximum value, with other variables at their means, increases the predicted probability that *Petition* equals one from 0.07 to 0.49. Potential cases involving the steel industry and non-market economies are significantly more likely to be petitioned. And, for a given level of threat to US producers, wealthy countries are less likely to be named in a petition and to be the subject of an AD order, if investigated. It is, however, somewhat unexpected that allies and democracies, *ceteris paribus*, are more frequently named in petitions, though the foreign policy variables are not collectively significant in the *Affirmative* equation.²⁸

VI. Discussion and Implications

This paper weighs in on the debate between the power- and rules-oriented perspectives on international law. It asks whether a country's membership in the GATT/WTO and dispute settlement experience deter US AD investigations and duty orders against it. Our results clearly show that they do, strongly endorsing the rules-oriented perspective.

How generalizable are our findings? By far the world's biggest importer, the US has more market leverage over its partners than any other country. If a potential case fails to be investigated, or fails to end in duties, it is not because the US is inclined to "go easy" on selected

²⁸ The logged value of that year's total US foreign aid to the potential target country, in constant 1995 dollars (USAID 2003), is not significant if added to both equations (and does not alter our main results).

friends or strategic partners. After all, this paper controls for a wide variety of such factors,²⁹ which turn out to be either irrelevant, or counterproductive, in deterring US AD duties. Our findings should thus be highly generalizable, for if the legal regime deters US antidumping actions, it should deter those of other countries as well. In fact, our findings accord nicely with those reported in Francois and Niels (2004) on Mexican AD decisions.

This study makes three main contributions. First, the paper provides one of the only direct empirical tests of the *deterrent* effect of international law by itself, as apart from state power. Prior studies attempting to associate regime membership with compliance have often confronted vexing concerns about selection bias. For instance, in asking whether WTO members maintain lower average trade barriers than non-members, Rose (2004) is not able to make any direct observation of the reference point, the essential variation across countries in the initial frequency and intensity of protectionist temptations. This basic problem has led Finlayson and Zacher (1981, 599), among others, to conclude that “[i]t is impossible to know how many protectionist actions have *not* been undertaken because of the existence of GATT obligations.” Consequently, scholars of international institutions have been forced to seek only indirect, not direct, evidence about the central question in the field: what difference do institutions make?

This paper’s test, we argue, unequivocally resolves this analytical quandary. In contrast to most of the existing literature, we directly observe micro-level “non-cases” as well as “cases” in which a state considers whether to introduce new protectionist measures. In fact, using Blonigen and Bown’s (2003) approach, we take that selection process back one additional step to the articulation of protectionist demands by import-competing industry groups. The upshot is that we are able to show that the global trade regime prevents individual protectionist policies,

²⁹ Recall that these included alliance status, participation alongside US in an ongoing armed conflict, democracy level, partnership with the US in a free trade agreement, and (c.f. note 28) US foreign military and economic aid.

compared to an identified reference population. In this sense, international law shapes the slate of protectionist demands that governments must entertain in the first place.

That said, our results bear out the conclusions of studies that jump into the process later on. Specifically, they confirm existing evidence that defendants frequently settle early to avoid legal penalties, independently of the anticipation of trade sanctions by plaintiffs (e.g., Reinhardt 2001; Busch and Reinhardt 2003a). In other words, the paper makes clear that the “shadow of the law” weighs heavily on states as they contemplate new protectionist measures, just as it does once those measures are later brought to court.

Second, besides speaking to the general literature on international institutions, this paper’s findings weigh in on the particular debate regarding the influence of the GATT/WTO regime on trade. Rose (2003, 2004) sparked this debate with some provocative evidence showing that the multilateral trade regime is not associated with greater bilateral trade flows among members, nor with overall trade liberalization by members. Other studies have produced the opposite finding (Tomz, Goldstein, and Rivers 2005; Özden and Reinhardt 2005). No entry in this debate, however, has examined the kind of micro-level decisions over trade protection that this paper brings to bear. With such data we are able to endogenize the demand for protection in the first place, and we find a substantively strong, deterrent effect of the legal regime on protection among its members. Our results thus further challenge Rose’s negative conclusions about the WTO.

Third, the paper shows that international law can be especially valuable to those states lacking the capacity to retaliate. In other words, far from being a guise for the most powerful to get what they can, international law actually helps level the playing field for states less capable of throwing their weight around in the global economy. But there is a wrinkle in the story. We

find that a state's dispute settlement experience further deters US AD suits, but the distribution of dispute settlement experience is as uneven as the distribution of power, and not favorable to the vast majority of developing countries. This accords with work showing that legal capacity is a prerequisite for countries taking full advantage of the WTO's many improvements (Busch and Reinhardt 2003a), and similarly undercuts the view that greater legalization, per se, will improve the fate of developing countries (Kuruwila 1997; Lacarte-Muró and Gappah 2000). In truth, such a system is likely to bear witness to other asymmetries, like that of dispute settlement experience. For poorer states, in particular, this presents a "pick your poison" dilemma: a weakness in power or a weakness in legal capacity. Our results imply that that inequity in legal capacity can result in trade policy outcomes which are systematically biased against poorer members of the regime. This, in turn, may undermine the legitimacy of the legal regime, and impair the push toward free trade on the part of developed and developing countries alike. This dilemma, of course, plagues domestic legal systems (Galanter 1974), just as it does international ones. The point on which to move forward is that international law, like its domestic counterpart, does help level the playing field, a finding that should help boost confidence in the returns on investing in legal capacity.

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Table 1: Descriptive Statistics

Variable	Cases (<i>N</i> = 984)				Controls (<i>N</i> = 2748)				Entire Sample (<i>N</i> = 3732)			
	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max
Petition	1	0	1	1	0	0	0	0	0.264	0.441	0	1
Affirmative	0.434	0.496	0	1	—	—	—	—	—	—	—	—
GATT/WTO	0.806	0.396	0	1	0.900	0.301	0	1	0.875	0.331	0	1
US Export Dependence	0.262	0.321	0	1.808	0.313	0.398	0	1.808	0.300	0.380	0	1.808
GATT/WTO× US Export Dependence	0.239	0.333	0	1.808	0.295	0.406	0	1.808	0.280	0.389	0	1.808
Dispute Experience	1.119	2.024	0	10.6	1.627	2.301	0	10.6	1.493	2.242	0	10.6
Non-Market Economy	0.158	0.364	0	1	0.043	0.202	0	1	0.073	0.260	0	1
PTA	0.036	0.185	0	1	0.075	0.263	0	1	0.064	0.245	0	1
Conflict Coalition Member	0.053	0.224	0	1	0.072	0.259	0	1	0.067	0.250	0	1
Democracy	5.510	6.369	-10	10	6.847	5.423	-10	10	6.494	5.717	-10	10
Ally	0.648	0.478	0	1	0.718	0.450	0	1	0.700	0.458	0	1
Log Income	8.742	1.335	5.586	10.650	9.169	1.078	4.167	10.684	9.057	1.166	4.167	10.684
US Import Penetration	0.445	0.533	0	2.335	0.447	0.559	0	2.335	0.447	0.553	0	2.335
Log Product Imports	16.569	2.036	6.322	23.883	16.011	2.130	7.752	23.834	16.166	2.115	6.322	23.883
Steel	0.349	0.477	0	1	0.273	0.446	0	1	0.293	0.455	0	1

Table 2: Probit Selection Model of US Antidumping Petitions and Decisions, 1978-2002

Dependent Variable:	Petition		Affirmative	
	Coeff.	SE	Coeff.	SE
Constant	-0.704**	(0.270)	-0.879	(0.483)
GATT/WTO	-0.526**	(0.092)	-0.396*	(.168)
US Export Dependence	-2.736**	(0.519)	-2.261*	(1.111)
GATT/WTO × US Export Dependence	2.098**	(0.496)	1.394	(1.066)
Dispute Experience	-0.044**	(0.013)	0.000	(0.024)
Non-Market Economy	0.575**	(0.087)	0.276	(0.156)
PTA	-0.258*	(0.130)	-0.222	(0.213)
Conflict Coalition Member	-0.022	(0.094)	-0.284	(0.183)
Democracy	0.015**	(0.005)	0.003	(0.008)
Ally	0.148**	(0.055)	0.108	(0.097)
Log Income	-0.117**	(0.025)	-0.158**	(0.039)
US Import Penetration	0.418**	(0.088)	0.767**	(0.136)
Log Product Imports	0.085**	(0.010)	0.078**	(0.016)
Steel	0.204**	(0.041)	0.125	(0.077)
<i>N</i>	3,732		984	
Model χ^2	186.35** (13 d.o.f.)			
ρ	0.840 (0.165)			
χ^2 for ρ	4.78* (1 d.o.f.)			

Notes: * denotes two-tailed $p < 0.05$; ** $p < 0.01$. Robust standard errors in parentheses.

Figure 1. Proportion of Eligible Countries Named in a Petition and Proportion of Cases Ending in Affirmative Decision, by GATT/WTO Status, 1978-2002

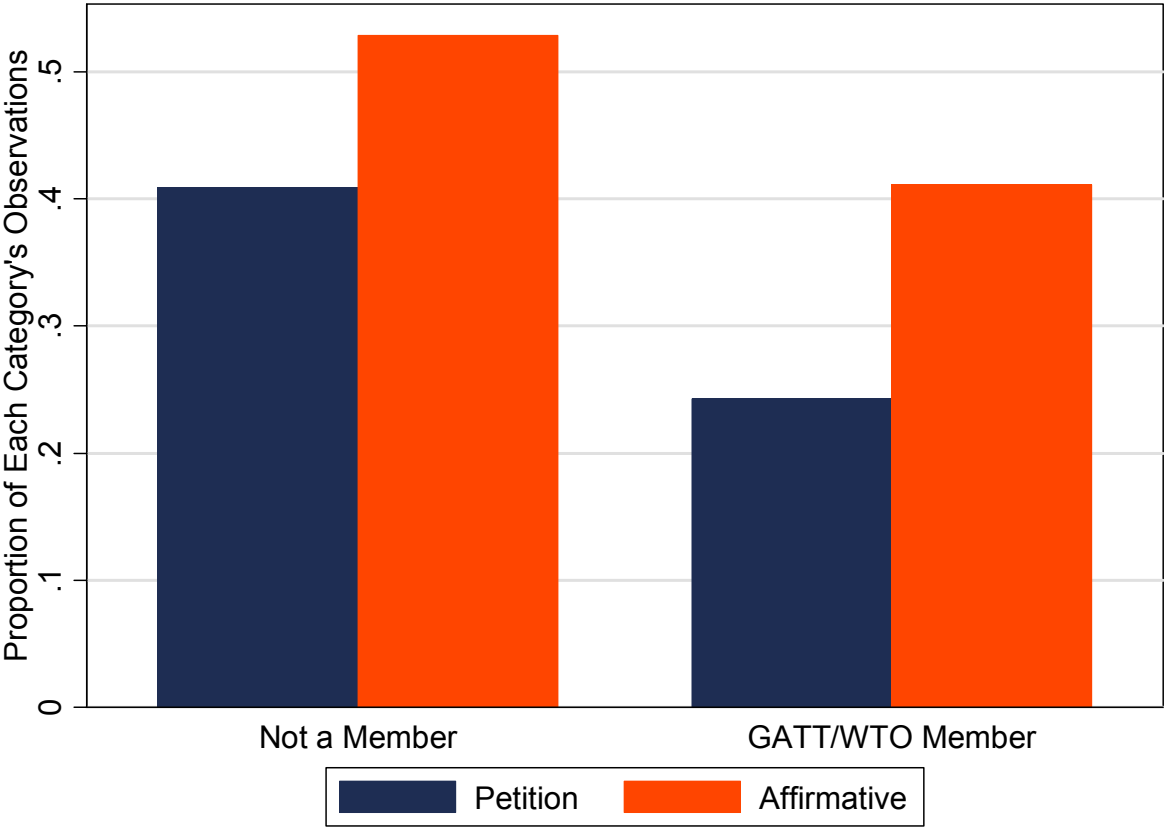


Figure 2. Predicted Probability of an AD Petition as a Function of Target's Market Power and GATT/WTO Membership

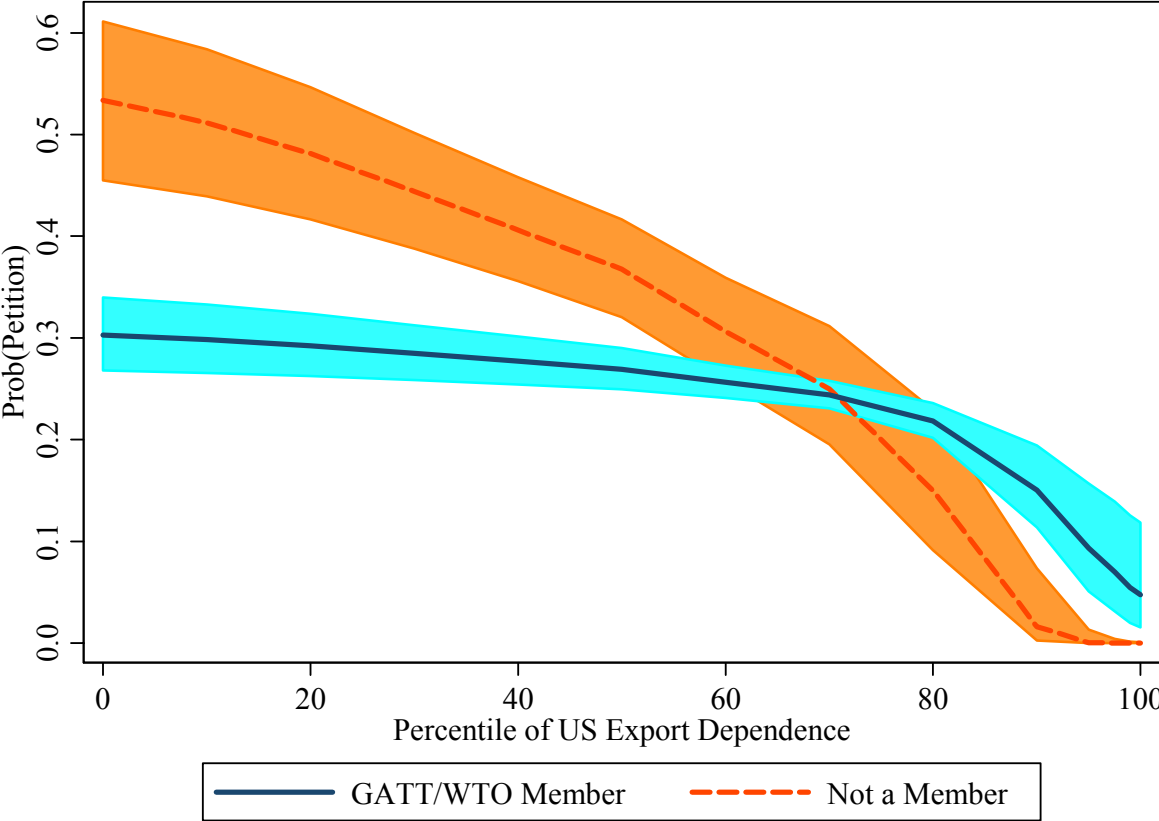


Figure 3. Predicted Probability of an Affirmative AD Decision as a Function of Target's Market Power and GATT/WTO Membership

