Joining the Club:

Accession to the GATT/WTO *

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Abstract

In order to understand how international institutions influence state behavior, we must first examine the selection process that brings states into an institution. What accounts for the variation in when states choose to apply for membership? This paper looks at the growth of membership in the trade regime from a small club of 23 founding countries in 1948 to an organization of nearly universal membership with 153 member countries today. We argue that both economic interests and geopolitics have formed the basis for expanding membership in the trade regime. In statistical analysis, we estimate a duration model of time to application for all potential members and also look at the length of accession negotiations after countries have applied. We assess the role of trade dependence, domestic institutions, and foreign policy. Our findings challenge the view that states liberalize first in order to join the regime. Democracy and foreign policy similarity with members are important conditions that encourage states to join. In case studies we examine the accession decisions of Japan, Korea, Mexico, and a group of East European states during the Cold War. States seek market access, but also want to protect their own markets. Common interests with current members help to push forward applicants who are not yet committed free traders.

The politics of membership differ widely across international organizations. The European Union stands out as an example of cooperation that began among a small group and expanded as more states met the criteria to join. Strict conditions for accession support harmonization of both economic and political systems among members. In contrast, states are not expected to change policies in order to join universal membership organizations such as United Nations. The trade regime occupies a middle ground for institutional design on the dimension of membership. It espouses universal principles and in its first forty-eight years imposed only moderate conditions for membership as many states gained the full benefits of membership in exchange for minimal concessions. Nevertheless, the expansion of members has taken place quite gradually since 23 states signed the General Agreement on Tariffs and Trade on October 30, 1947.[1] Some countries were quick to apply to join while others waited until much later, and some did not try to join until after 1995 when the establishment of the WTO increased the demands placed on applicants. This gives rise to two puzzles. First, why do members offer flexible conditions for member expansion? Second, what accounts for the decision to apply for membership? Finally, one must consider whether the dynamics for both questions have changed with the shift from GATT to WTO.

Institutional theories have long grappled with the problem of selection. Functional theories imply all with potential for mutual gains will join an organization. Domestic political conditions may further increase incentives to join as leaders seek to lock in their own commitments to bind future governments or to signal their commitment to reform. Critics counter that because only those states that want to reform their policies to comply with the regime choose to join, then the regime itself has little impact beyond screening for cooperative states. This paper contributes to the debate by analyzing the conditions that lead states to join organizations with a focus on the experience of the trade regime.

We show that trade openness itself has little connection with the decision to join the trade regime. Far from membership screening for those states with open policies, the trade regime has drawn its membership from states with a wide range of economic interests and policies. Our theory presents the trade regime as a like-minded club that brings together states and engages them in a process of trade liberalization after they have joined. The common interests that form the basis for entry into the club are not limited to the trade dimension. The regime has held the greatest attraction for democratic states and allies of current members.

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[1]Since the GATT was a provisional agreement without treaty status, officially signatories were known as "contracting parties." Only with establishment of WTO can one technically refer to signatories as "members," but for convenience we will refer to "members" for those who have become GATT Contracting Party or WTO member.

We argue that non-trade interests impact both the supply and demand side of member expansion. Geopolitical goals provide incentives for members to offer moderate accession conditions that tolerate free-riding when doing so supports allies and builds influence. These moderate accession conditions in turn make it easier for applicant states to seek admission to the club at the encouragement of current members. This logic underlies the vague provisions on membership conditions and a pattern of states that apply and join before having embarked on liberalization of their home markets. We test the effect of foreign policy orientation and democratic regime on both the time to apply for membership and the duration of accession negotiations. We find inconclusive evidence for the claim that trade liberalization occurs prior to application. In contrast there is a strong positive relationship between measures of foreign policy orientation and regime type. We find these are important predictors for when states choose to apply and whether they are likely to quickly gain admission.

Section 1 will develop our argument about how non-trade interests influence membership. Section 2 provides an overview of accession to the GATT and WTO including a description of the process and how the core group of states initially expanded. Statistical analysis of time to application and length of accession negotiations is presented in section 3. The experience of Japan, Korea, Mexico, and a group of East European states that join at the height of the Cold War are examined in section 4. A final section concludes.

1   Expanding Cooperation Through Membership

The Rationale for Limiting Membership

Group size and degree of exclusivity lie at the core of theories about collective action and the provision of public goods (e.g. Olson, 1965; Buchanan, 1965). Nonrivalry in consumption and nonexcludability generate incentives to free ride that may hinder cooperation and lead to suboptimal provision of public goods. Most problems, however, can be transformed through selective incentives that encourage joint production or exclusion mechanisms that limit benefits to those who contribute to production. The specific nature of the issue shapes options for what combination of issues and group size will be optimal for cooperation.

These questions frame debates about the design of international institutions, where expansion of membership presents a similar trade-off. States must choose whether to design a universal membership organization for broader cooperation or to focus on a small self-selected group that

can more easily negotiate and comply with an agreement. The literature has focused on how the structure of preferences and strategic interaction within the issue area shapes the decision. Martin (1992) explains how collaboration problems for which states have incentives to free ride require an organization with the capacity to exclude states and to monitor the behavior of members. Organizations may exclude states by conditioning membership on specific reforms and may strengthen enforcements of commitments through centralization of dispute resolution (Martin, 1992, p. 775). The rational design project extends on these insights to suggest that severity of enforcement problems and uncertainty about preferences will lead to restrictive membership, while distributional conflict could encourage inclusive membership. Koremenos, Lipson and Snidal (2001, p.784) write, "Ideally, a state that values the goals of an organization will want to join, whereas one that wants a free ride will find it too costly to join a regime they intend to violate." The empirical studies in the rational design project offer less consistent support of the conjectures regarding membership.[2] Moreover, the tension remains that many issues will face both distribution and enforcement problems, which offer conflicting expectations for membership.

When examining the evolution of international cooperation, Downs, Rocke and Barsoom (1998) posit that the optimal response for states will be to pursue *sequential liberalization.* In this model, a core group of states with liberal economic policies initiates cooperation and extends membership to other states only when they adopt more liberal economic policies. They demonstrate that sequential liberalization would achieve greater cooperation than starting out with inclusive membership. Their model assumes that there is an external process of liberalization bringing convergence among states. Non-member states would only choose to join when their interests have converged so that compliance will be easy (Downs, Rocke and Barsoom, 1996). The former argument implies one would observe a supply side selection process that imposes strict conditions for membership expansion. The latter argument focuses on the demand side whereby states self-select into the agreement. Both dynamics would contribute to a membership limited to those states that favor deeper cooperation relative to the full set of countries.

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[2]None of the studies in the volume support the conjecture that membership conditionality arises when states face severe enforcement problems, and few directly test the membership propositions. For example, Pahre (2001, p. 878) provides detailed analysis of how distributional stakes shaped the clustering pattern of nineteenth century trade agreements and argues that membership increases under these circumstances, but notes "The reasons for joining the regime vary and lie outside the theory here." Kydd (2001) demonstrates how preference uncertainty accounts for the limited membership expansion of NATO, but the role of trust within context of security dilemma between members and non-members has less applicability to trade.

Gilligan (2004) notes that states can get around the depth-breadth tradeoff when excludability allows an organization to accept members with different levels of policy commitment. This is a useful distinction, but does not itself alter the expectation that on average members would be more liberal than non-members. Gilligan's model applies more to original negotiation decision on membership size than the question of membership expansion. His modeling assumption for unanimity describes a bargaining context in which treaties are not implemented when an invited state rejects the agreement, but this would not hold for the subsequent negotiations over who joins existing agreement. When he does turn to consider the question of evolution beyond original set of members, Gilligan suggests that the regime would offer more flexible accession terms as membership grows.

A key point is that each of these approaches emphasizes a single policy dimension. The rational design approach focuses on the distributional and information characteristics within the issue area whether it is trade or alliances but not across both. Sequential liberalization posits that the key determinant is the movement of countries toward more liberal policies compliant with the regime, which in case of trade would mean liberal economic policies. It would hold no expectations that the regime would attract states because of their liberal political institutions.

The Pattern of Member Expansion in GATT/WTO

The expansion of membership within the trade regime challenges these theories in the literature about membership. Trade is typically portrayed as the classic prisoners' dilemma where fear of cheating would impede cooperation, and this generates expectations for membership being conditional on commitments and enforcement. The current WTO accession process is cited by Koremenos, Lipson and Snidal (2001) as evidence in support of the conjecture that enforcement fears and uncertainty over preferences would lead to strong conditionality over membership in trade institutions as witnessed by the arduous negotiations and deep reforms undertaken by countries such as China to gain admission to WTO. This neglects the early years of GATT, however, when membership came with very few strings attached and countries could join with modest concessions and in some cases none (former colonies benefited from special provisions under Article XXVI that allowed them to claim membership on basis of having been colony of GATT member). Supply-side conditionality began only late in the development of the regime. Contrary to the expectations of Gilligan (2004), the evolution of the trade regime represents movement toward less flexibility for the level of liberalization as the regime has larger membership.

One might argue that the early regime was so shallow that members saw little need to fear cheating and keep out states with lower commitment to free trade. Similar to new applicants to the EU, states trying to join the trade regime now face a larger range of policy reforms to meet commitments undertaken already by current members over the past decades.[3] Nonetheless, the first decade of GATT witnessed deep liberalization as states brought down high protection measures. The first trade round among the 23 original founders negotiated a "package of trade rules and 45,000 tariff concessions affecting $10 billion of trade, about one fifth of the world's total."[4] In their research on the effect of GATT on trade flows, Goldstein, Rivers and Tomz (2007, p. 56) find that participation had the largest effect on trade during the early years when it brought a 136 percent increase of bilateral trade between participants during the first two years of the organization and a 93 percent increase during the early 1950s with the gains gradually falling over time. The most dramatic liberalization of trade overseen by the trade regime took place well before establishment of the WTO. Membership also allowed states to participate in WTO decision-making to shape the rules in each negotiation round and have access to dispute settlement procedures. Absent membership, small states have little recourse to challenge policies of larger states excluding their products.

Yet despite major trade gains on the table and low price of admission, not all countries chose to join right away. Figure 1 shows the pattern of membership expansion. The entry of newly independent states during the period of decolonization and introduction of differential treatment for developing countries within the trade regime led to a surge of new members in the mid-1960s, while the shift to WTO rules led many to apply in 1993 and 1994 prior to onset of new WTO rules in 1995.[5] Membership has grown to encompass an increasingly large share of all countries, but expansion has been gradual. Even as Brazil joined to become founding member in 1948, Mexico did not apply until 1979 and did not join until 1986. Among the East European communist countries, Poland joined in 1967 soon to be followed by Hungary and Romania, but Bulgaria did not apply for membership until 1986 and joined a decade later.

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[3] The trade regime has evolved from liberalizing border measures for manufactured goods to reaching deeper into controversial policies such as subsidies, non-tariff barriers, and regulations on technical barriers and intellectual property rights.

[4] http://www.wto.org/English/thewto_e/whatis_e/tif_e/fact4_e.htm.

[5] The mid-1960s period corresponds to establishment of UNCTAD and Group of 77 in 1964. Responding to demands from developing countries, in 1965 GATT Contracting Members adopted new provisions to show that developing countries would receive special treatment. Article XXXVI establishes that developing countries were not expected to provide reciprocity in exchange for tariff reductions by developed countries.
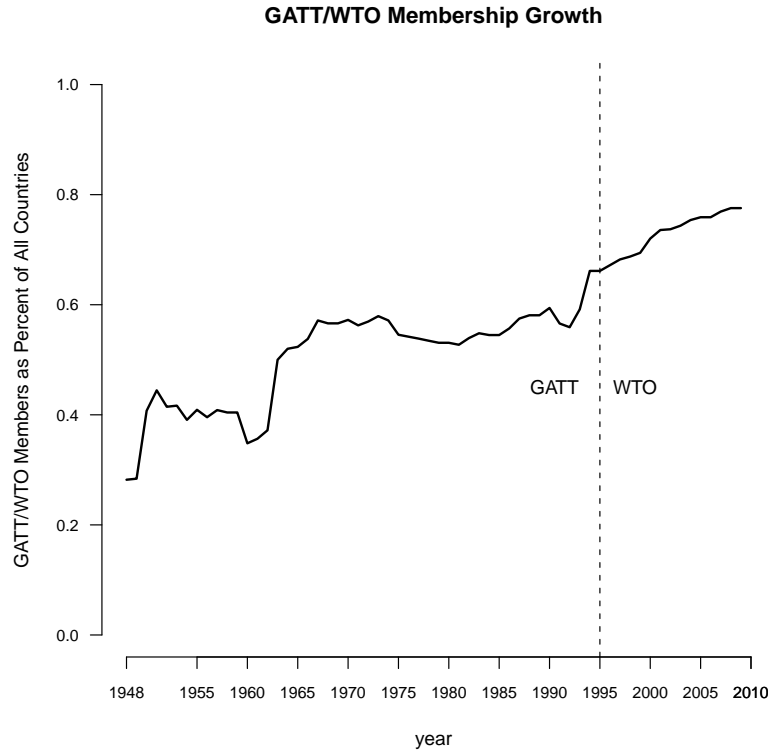
GATT/WTO Membership Growth

Figure 1: *Expanding Membership of Trade Regime*: The shows the growing share of countries who have become members. Membership is defined as any state that has completed accession to GATT/WTO.

Are the laggards explained by reluctance to embrace market-oriented policies? The argument of Downs, Rocke and Barsoom (1998) suggests clear differentiation in which members would be more liberal than non-members. Trade openness, defined as trade share of GDP, represents a common indicator of liberal orientation. In Figure 2, the graph on the left side shows that non-members at times have higher levels of trade openness. Smaller countries will generally have higher levels of trade in GDP, however, so the simple cross-section comparison here in part reflects the fact that advanced industrial economies were among first to join. The structure of trade may matter in terms of which states trade with each other. Copelovitch and Ohls (forthcoming) emphasize that non-member trade dependence on current members helps determine demand for membership.[6] In Figure 2, the graph to the right shows that a clear separation of member versus non-member structure of trade dependence occurs only after 1990 when membership had already expanded to encompass most countries (the drop for non-members is skewed by a few countries such as Syria).

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[6]Their empirical analysis focuses on the subset of former colonies to explain the variation in application decisions. The argument, however, has more general implications for why countries seek membership.

Openness

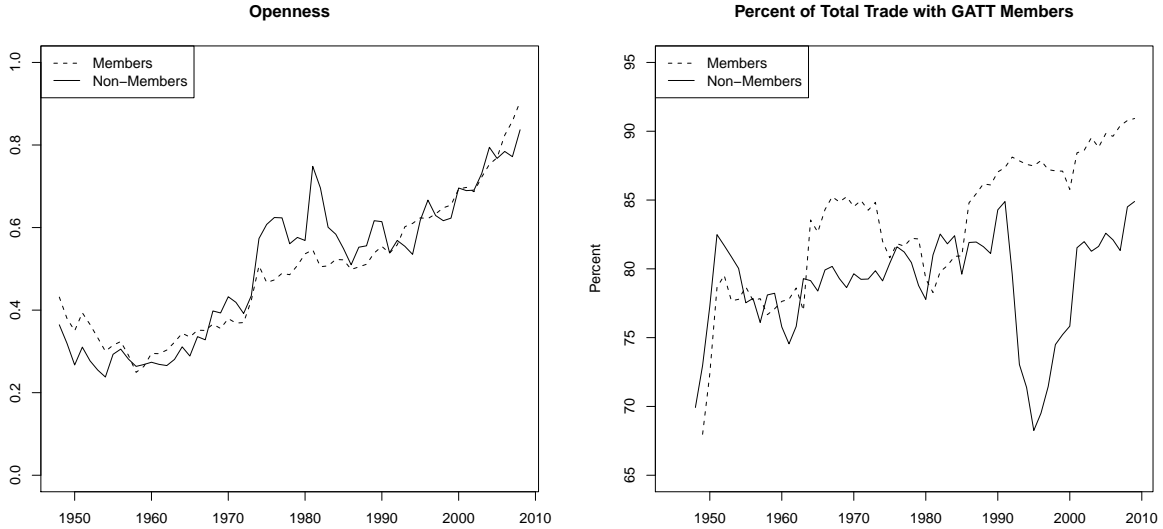**Percent of Total Trade with GATT Members**

Figure 2: *Trade Dependence and Membership*: Figure to left displays the mean value of trade (imports plus exports) as percent of GDP with comparison GATT/WTO members and all other countries. Figure to right displays the mean value of trade with GATT/WTO members as percent of total trade. Membership is defined as any state that has completed formal accession to GATT/WTO.

Whether looking at trade openness or trade with members, it is difficult to identify empirical patterns of sequential liberalization in which members are more liberal than non-members.

States may defer membership because they anticipate possible circumstances that would make protectionist policies necessary. Such uncertainty over the future state of the world can reduce cooperation. Theories suggest, however, that flexibility measures within an international institution can overcome this obstacle to cooperation (Rosendorff and Milner, 2001; Rosendorff, 2005). Kucik and Reinhardt (2008) find that states were more likely to join the trade regime and agree to deeper commitments when they have established domestic law for use of anti-dumping duties, which represent the most common form of escape clause used as a remedy for import-competing industries that suffer injury from liberal trade commitments. This highlights further that states did not need to fully embrace free trade policies in order to join the regime.

Favorable terms for market access outside of the multilateral trade regime may slow the rush to membership. In the early years of GATT countries such as Japan faced clear discrimination as non-members and applied for membership to gain MFN treatment. But other countries have gained market access through bilateral agreements, which could substitute for demand to join the multilateral trade regime. Murray Gibbs, a senior advisor at UNCTAD, notes that "most acceding

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countries are already receiving most-favoured-nation treatment from the major trading entities and many even benefit from preferential treatment under the Lome Convention or Generalized System of Preferences (GSP) schemes (Murray, 2001, p. 168)." Statistical analysis of the effect of membership on trade has led to conflicting results. Rose (2004) contends that there is no consistent evidence that membership has a significant impact on trade flows and Gowa and Kim (2005) show the trade gains occur largely for the small core members of advanced industrial democracies. Goldstein, Rivers and Tomz (2007) find broader gains from membership with large positive effects that are shared by both developed and developing country members.[7] Moreover, Goldstein, Rivers and Tomz (2007, p. 61) find that the trade gains from membership in preferential trading agreements or non-reciprocal agreements (e.g. GSP) do not themselves reduce the trade gains from membership in GATT.

In sum, the trade regime has imposed few conditions on applicants but has been slow to reach universal membership. This paper contends that members tolerated free-riding by allowing accession for states with low commitment to open markets. Yet not all countries wanted the free lunch. Only by looking beyond the interests in trade liberalization can one account for this pattern.

Argument

We argue that the trade regime must be viewed as both a political club and as an organization for the regulation of trade policies. The two functions merge together to the extent that Cold War divisions among states fell along political and economic dimensions. The Western states that took the lead role in GATT were democracies committed to open markets. The organization represents a like-minded group on the basis of economic principles, but has also brought together states with similar political systems and foreign policy orientations.

The institution offers a tool to build up allies and cope with the risk of asymmetric interdependence. Gowa (1994) and Gowa and Mansfield (2004) explain a logic by which states would favor trading with allies over enemies as a way to address security externalities that arise when gains from trade could be used to increase military spending. On the incumbent member side, inclusive membership conditions represented a way to build up the economies of allies. This was especially important in the Cold War era where rivals advocated different economic models. Western states

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[7]The different findings are due to several points: Goldstein, Rivers and Tomz use a longer time period than Rose, capturing the effect of the trade regime on original members. They also assess the effect for wider definition of participation that includes non-members with de facto membership status, and use different estimation procedures.

had a strong interest to show that market policies could bring income gains. On the applicant side, the multilateral organization represented diversification of market access and a guarantee against arbitrary linkage policies. Entry into the multilateral regime could lock in the gains from the positive security-trade linkage and protect members from ad hoc sanctions. Gowa (2010) explains the logic of smaller states using the trade regime as insurance and presents evidence that membership brought larger trade gains to states with an alliance. Yet the linkage to foreign policy goes beyond the logic of security externalities. Rather than favoring reciprocal free trade with allies, states tolerated free-riding by allies. They also used trade benefits as a carrot to win over states that were not yet allies. States without an alliance may have gained relatively less in terms of trade flows and yet benefited from the greater autonomy to reduce reliance on any one state. In particular, those dependent on the Soviet Union for security saw entry into the organization as a way to reduce asymmetric dependence.

Offering membership without strict reciprocity, as observed in the early years of GATT, provided asymmetrical benefits to applicants at the expense of domestic interests of existing members. New members that joined without full reciprocity reduced the overall level of liberalization. Export industry interests within member countries stood to gain more from using strict conditions to pursue higher levels of liberalization. Japan's accession in the early 1950s is a case of a non-member acceding without full reciprocity. Japan's high industrial capacity to produce and export created immediate import competition for existing member states while the lack of Japanese import liberalization added limited export market increases for existing members. The accession of small developing states posed little imminent threat to domestic industries and little prospect of being a major export market to existing members, but a long-sighted strategy would suggest that existing members of the regime should use accession leverage to lock in an applicant's policy environment consistent with regime objectives given that the state could become a future competitor and market. Korea, for example, joined the trade regime without rigorous negotiations in the early 1960s and later became an internationally competitve exporter with a large domestic import market.

Such deals were possible because existing members also valued foreign policy benefits. The willingness of members to maximize utility across economic and foreign policy dimensions was made easier by the lead role of the United States within the trade regime. The United States enjoyed economic strength as a hegemon that could afford to allow some free-riding, and its government developed the practice during the Cold War of using economic policy as a tool of foreign policy. Whether supporting European integration, allocating foreign aid to critical regions, or sponsor-

ing GATT accession for countries like Japan, key economic policy positions in the United States reflected a broad calculation of national interest.

If an applicant country accepts an orientation toward market policies and dependence on Western markets as consistent with its national interest, it stands to benefit from membership on economic grounds. The main source of domestic resistance will be narrow, import-competing groups. For democratic leaders, joining the institution offers a source of leverage in domestic politics to lock in free trade policies against erosion by these narrow groups. Therefore, the appeal of membership in the trade regime for democratic leaders is three-fold. In terms of preferences, democratic leaders are more likely to support free trade (Bueno de Mesquita et al., 2003; Milner and Kubota, 2005). Institutional constraints also encourage membership by democratic leaders who fear back-tracking by future regimes (Mansfield, Milner and Rosendorff, 2000; Mansfield and Pevehouse, 2006). Finally, membership was a symbol of unity with Western democracies in their commitment to both economic and political freedom. Rule-oriented negotiations and adjudication of disputes come more naturally to democracies (Dixon, 1994; Gaubatz, 1996). A country like Costa Rica explained its application to GATT in terms of joining other democracies and demonstrating that its commitment to rule of law as a 'true democracy' would extend to transparency in trade policy (Busch, 2000, p. 430).

The GATT expansion process has not pursued strict conditionality to link issues. There are no provisions during GATT accession that include political regime or foreign policy, and membership continues to include non-democracies and states with varying security interests. Although the demand for market reform as a condition for membership has increased with the transition from GATT to WTO, neither regime requires political conditions or foreign policy orientations as preconditions for membership. This stands in sharp contrast to European integration and NATO expansion which impose explicit provisions on political reforms in the former and security commitments for the latter as conditions for membership. The absence of explicit conditions allows flexibility for existing members to make exceptions on one dimension for gains on another. For example, Japan's potential to flood markets with imports and its reluctance to open its own markets represented a threat to lower the level of commitments within the regime. The sequential liberalization model would expect exclusion of Japan until after the country committed to liberalize its own markets.[8] In 1967 Poland remained a non-market economy and authoritarian state and it would

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[8]Indeed, as will be discussed later in the case section, some countries did exclude MFN treatment for Japan for another decade after granting membership.

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have been unthinkable at the time for it to have joined the European Common Market, but it was welcomed into GATT with special exceptions. Entry for Japan in 1955 strengthened a Cold War ally while entry for Poland in 1967 eased its dependence on Soviet Bloc trade. In making a move toward membership, both applicants and current members assess multi-dimensional benefits such that an applicant with lower commitment to free trade might still apply to join – if, for instance, a foreign policy spillover compensated for taking on more or less liberalization than either side would have favored.

As a result, diverse criterion determine the pattern of accession. Democracies and those with similar foreign policy positions are the most likely to join. Some countries such as Mexico join as part of economic reforms and a shift toward open policies, but their entry into the organization may come at the start rather than the end of the reform process. For others, such as Poland or Yugoslavia, a foreign policy shift (the end of de facto Soviet occupation) accounts largely for the decision to apply and for the willingness of members to accept non-market economies. China's decision to apply in 1986 reflects both a step toward economic reforms and a move to integrate more fully in the international system. Clientelist politics influence joining the trade regime as one sees active sponsorship by the United States pushing through accession, whether it is Japan's accession in 1955 or the application of Iraq in 2004 under tutelage of United States. Former colonies of members were offered an accelerated accession process as much because they were guaranteed to have a "sponsor" in the club as because of any distinct features of their trade policies.

Our argument supports the proposition that foreign policy affinity and democratic regime will influence accession. In contrast, the existing literature on regime design points to trade openness and dependence on GATT member trade as determinants of membership. The importance of non-trade concerns in selection actually magnifies the potential role of the institution itself to shape trade policies. The sequential liberalization model implies that a state's decision to join is endogenous with its decision to open markets, such that the institution itself has little influence on trade policy outcomes. This is a common critique of institutional theories (e.g. Von Stein, 2005; Mearsheimer, 1994/5). By showing that selection is not based exclusively on expected cooperation outcomes within the regime on trade, our argument allows for more possibility that membership will exert independent leverage on trade policy outcomes after states join. While this paper will focus on the first question of selection, our findings hold important implications for how we think about the effectiveness of the regime.

Hypotheses

We develop two hypotheses for the determinants of joining the GATT/WTO that will be evaluated as explanations for time to application and length of accession process. First, we argue that nonmembers who are more closely tied to the major powers of the institution may enjoy the opportunity to free-ride or to obtain otherwise favorable terms during negotiation because of geopolitical alignment. We conceive of geopolitical alignment broadly in terms of common foreign policy objectives. Military allies would be the most obvious countries to fall within this category. The shift of a country from isolation to engagement with a rule-based order, however, would also represent a move toward closer alignment. Democratic regime falls within this broad conception of geopolitical alignment. During the Cold War, alliance structures closely followed regime type and following end of Cold War democracy promotion stands out as foreign policy objective of many leading democratic states. Therefore in our analysis we will examine several proxies to measure the concept of *geopolitical alignment.* From the perspective of existing members, supporting economic opportunities for states that share similar geopolitical alignment offers both a reward for cooperation and further encouragement to induce cooperation in future foreign policy issues. The accession process will proceed more quickly as current members refrain from the kind of excessive demands or stalling actions that contribute to long accession negotiations. From the perspective of an applicant, economic interdependence will appear less risky when states share common interests. Non-member states that share geopolitical alignment with members will apply more quickly because encouragement from current members leads them to expect to be granted admission to the club. They also gain foreign policy benefits as additional incentive for membership on top of economic gains.

Hypothesis 1: *Geopolitical alignment with GATT/WTO members increases the speed of application and accession.*

Our second hypothesis is grounded in the expectation in the literature that economic interests determine membership decisions. Although economic and geopolitical interdependence may be correlated, our analysis compares the relative contributions of each explanatory factor. The major expectation of sequential liberalization is that as a non-member country's preferences become aligned with the objectives of an existing regime, both the non-member country will seek membership and existing members will want to include the non-member country to increase aggregate

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benefits of cooperation. In the context of the trade regime, this suggests that states with open trade policies will seek membership because the costs of meeting regime commitments to reduce trade barriers will be small and the gains from additional market access will be large. Existing members would likewise anticipate fewer compliance failures and greater market gains from granting entry to a liberal trading state. In addition, the trade structure of a non-member state's export sector and pattern of trade flows with trade partners influences their economic interest in joining the regime. For example, countries with high share of exports in manufactured goods or those who export to regime members will have a greater opportunity cost from remaining outside the regime than countries that export products not addressed by the trade regime (e.g. oil) or whose trade is largely with non-members. Our analysis will use several variables to assess the economic interests of states to join the regime. As with geopolitical alignment, the expectation is that *economic alignment* encourages both quick application and more rapid negotiation for accession.

Hypothesis 2: *Economic alignment with GATT/WTO members increases the speed of application and accession.*

2   Accession to the Trade Regime

Forming a "Nuclear Group" to Start Cooperation

The United States and United Kingdom began planning for a free trade regime during the final years of World War II. As has been well documented elsewhere, the GATT was adopted as a provisional agreement in expectation that it would later be subsumed within the International Trade Organization (ITO) (e.g. Irwin, Mavroidis and Sykes, 2008). The ITO negotiations had encompassed broad issues including foreign investment, import quotas, and commodity pricing where there were sharp disagreements between countries. The ITO failed as political circumstances in the United States shifted, making the proposed regime less attractive and other states failed to reach agreement. The GATT represented a narrower tariff-cutting agreement that also had the advantage in the United States of not requiring Congressional approval (Odell and Eichengreen, 1998, p. 186). As a consequence, the GATT remained the main framework for regulating trade on a multilateral basis from 1947 until establishment of the WTO in 1995. Although narrow in regulatory scope with its focus on lowering tariffs on industrial goods and limited in membership to

23 participating countries, the first trade round held in Geneva in 1947 lowered tariffs by 35 percent and the participants' trade constituted half of world trade at the time (ibid., p. 187). This was not the ambitious ITO, but the GATT initiated a process of trade liberalization that would continue steadily over the post-war period. Each successive trade round would reduce tariffs further and expand the scope of rules. The reach of the GATT also grew as its membership expanded.

The negotiations to form GATT began in 1945 when Canada suggested agreement on trade liberalization among a "nuclear group" of states (Irwin, Mavroidis and Sykes, 2008, p. 63). The US State Department drew up an original proposal for twelve countries to comprise the nuclear group in August 1945, and seven additional countries were invited at request of other states and the United Nations.[9] All but the Soviet Union accepted the invitation to attend the first meeting to negotiate tariff reductions.

During the 1947 UN-sponsored meeting in Geneva, the nuclear group of 16 states signed off on the GATT even as a larger group of 56 countries continued to negotiate over the ITO charter in Havana. When GATT negotiations were concluded, 23 countries were participating, becoming formal contracting parties in 1948.[10] The founding states are remarkably diverse, ranging from strong free trade preferences in Canada to protectionism in India, and including large and rich states as well as small and poor states. Different political regime types and foreign policy orientations further marked the group, although many countries were relatively democratic at time of application.[11] Nevertheless, the large rich Western states dominated negotiations to create the perception that the GATT was a trader's club supporting the interests of a few.

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[9]The twelve countries suggested by United States included Australia, Belgium, Brazil, Canada, China, France, the Netherlands, New Zealand, South Africa, the Soviet Union, the United Kingdom, and the United States. The UK requested the inclusion of India in October 1945, the UN requested the inclusion of Chile, Lebanon, and Norway in August 1946, and Cuba, Czechoslovakia, and Luxembourg also received invitations. See Irwin, Mavroidis and Sykes (2008, p.64-73) for detailed discussion of this history.

[10]The 23 original contracting parties included Australia, Belgium, Brazil, Burma (today's Myanmar), Canada, Ceylon (Sri Lanka), Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia (Zimbabwe), Syria, South Africa, United Kingdom and the United States. Burma, Ceylon, Pakistan, Southern Rhodesia, and Syria joined after the original invitations. The term contracting party was the euphemism for member that reflects the odd status of GATT as provisional agreement rather than an organization with treaty members. Chile is considered a founding contracting member of the GATT although it did not formally accede until 1949.

[11]Communist domination of founding members such as Czechoslovakia, Cuba, and China occurred after the founding of the GATT.

Accession process

The founding GATT Charter states that "relations in the field of trade and economic endeavor should be conducted with a view to ... developing the full use of *the resources of the world* and expanding the production and exchange of goods."[12] Contracting parties intended for the organization to maintain a worldwide, open trading system. Organizational rules supported this inclusive mandate to achieve broad membership. A country or territory only needed to have autonomous control over its trade policy to be eligible to join the organization. Few direct, upfront costs existed for non-member countries to join. Negotiation rounds throughout the 1950s and 1960s focused on lowering tariffs on traded goods, and acceding members only had to negotiate tariff rates with existing members.

Under the GATT, two different accession processes existed. The standard accession process, outlined in GATT Article XXXIII (GATT Article 33), was decentralized with most details of accession delegated to the Working Party, a group of existing contracting parties that opted-in to oversee the accession process for a given applicant. The Working Party and applicant country held consultations and bargained over an initial tariff schedule that was then presented to the General Council. GATT Article 33 formally required a two-thirds majority vote of the General Council in order to adopt the Working Party arrangement, although in practice few votes occurred. Non-member countries meeting certain criteria, mostly former colonies, were eligible to join the GATT under a simpler accession process, outlined in GATT Article XXVI:5(c) (GATT Article 26). A country acceding under the GATT Article 26 process simply had to demonstrate that it had received the sponsorship (i.e. the written support) of its former colonial power and provide written intention to the GATT of its interest to join the regime. Upon receipt of these notices, the GATT granted immediate membership, bypassing the negotiations required under GATT Article 33. This lowered the entry cost for countries eligible to accede under GATT Article 26 as compared to most countries that acceded under GATT Article 33.[13]

Upon establishment of the WTO in 1995, a single process has governed accession. The WTO

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[12]General Agreement on Tariffs and Trade 1947, emphasis added.

[13]At the beginning of a wave of decolonization, in 1960, the GATT determined that each territory eligible to become a contracting party to GATT under the GATT Article 26 accession process would gain 'de facto' status within the GATT while the territory deliberated about whether or not to accede to the regime. Goldstein, Rivers and Tomz (2007, 42) treat these non-member states as participants because de facto participants received MFN treatment and could observe GATT proceedings. These states, however, could not participate in decision-making or dispute settlement and lacked status as formal members.

Article 12 process is formally the same as the GATT Article 33 accession process, but non-member countries acceding through the WTO Article 12 have a longer list of required agreements to negotiate (including GATS, TRIMS, and TRIPS) before gaining WTO membership. Further, trade rounds under the WTO are no longer associated with negotiating entry of applicants, which means that there are few opportunities for reciprocity during WTO Article 12 negotiations. Pelc (2011) highlights how this asymmetric bargaining structure shapes WTO accession negotiations as applicants are forced to make concessions while members do not change their commitments concurrently. The process from application through formal accession of countries under the WTO Article 12 is long and involves comprehensive assessment of every aspect of trade policy. All applicant countries that were not contracting parties upon transition from the GATT to the WTO in 1995 must complete the WTO Article 12 accession process. Least developed countries have complained that the administrative burden of negotiating is impractical for LDCs.[14] Observers have noted the prevalence of WTO-plus commitments whereby applicant countries agree to undertake liberalization, administrative, and other commitments that go beyond the obligations of WTO member countries. Although the rules for accession have not changed greatly between GATT and WTO, there is a widespread perception that the WTO accession process is more demanding than under the GATT.

3 Analysis of Time to Apply

In order to test more general patterns of how geopolitical alignment and economic alignment influence accession, we introduce statistical analysis of time to application.[15] The step to formally request membership is the most relevant indicator that a non-member state wants to join. We believe this is more informative for testing our theory than accession date because bargaining over terms and reforms undertaken during the accession process could introduce endogeneity. For example, in an extreme case like China its level of openness grew significantly during the fifteen years of accession negotiations (from 25 percent of GDP when it applied in 1986 to 43 percent upon accession in 2001) with some part of this openness taking place as a result of the accession

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[14]A WTO decision in December 2002 formally announced that the WTO will negotiate accession with LDCs "through a simplified and streamlined accession procedure" (WT/L/508). Among other things, acceding LDCs will be provided technical assistance, the convenience of holding bilateral accession negotiations in their own country, and will be granted special and differential treatment upon accession. Nonetheless, there is no difference in the formal rules that guide the negotiation process for LDC applicants.

[15]We coded application dates using the Stanford digital archive records on GATT accession.

process itself. In order to fully test why states self-select into the institution, we first look at their own expression of preference through formal application.

Tables 1 and 2 list the countries application to join respectively GATT and the WTO for the countries in our data sample. Of 201 independent countries identified between 1948 and 2008, data availability allows us to fit a base model of analysis spanning the years 1948-2008 with 144 countries.[16]

Data

Figure 3 shows the variation in time to apply, defined as the number of years between country independence and formal application to the GATT/WTO from 1948 through 2008.[17] It refers to a country's independence since the only criterion for eligibility to join is autonomous control over trade policy. This allows us to account for the growth of regime members due to the increasing absolute number of states in the system. This figure demonstrates that while almost 25% of all countries apply the first year they are eligible, and 45% of all countries apply within the first five years of eligibility, others substantially delay their applications.

Our explanatory variables of interest include proxies for geopolitical alignment and economic alignment. Here we will examine UN voting and trade openness, and other measures will be introduced later. Similarity of voting in the UN with the United States captures the possibility that a non-member country holds non-democratic political institutions but similar foreign policy interests as the hegemon.[18] Trade openness (imports plus exports as percent of GDP) offers the

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[16]Countries not included in regression models because of data limitations include: Andorra, Antigua and Barbuda, Bahamas, Bangladesh, Barbados, Belize, Bhutan, Botswana, Brunei Darussalam, Burundi, Cape Verde, Chinese Taipei, Czech Republic, Dominica, East Germany, Eritrea, Federated States of Micronesia, Ghana, Grenada, Hong Kong, Iceland, India, Kiribati, Kosovo, Kuwait, Lesotho, Liechtenstein, Luxembourg, Macao, Maldives, Malta, Marshall Islands, Monaco, Montenegro, Namibia, Nauru, Pakistan, Palau, Saint Kits and Nevis, Saint Lucia, Saint Vincent, Samoa, San Marino, Sao Tome, Serbia, Seychelles, Slovak Republic, Slovenia, South Africa, Suriname, Swaziland, Timor Leste, Tonga, Tuvalu, Vanuatu, Vietnam (Republic of), Yemen (South Yemen / Yemen People's Republic), and Zimbabwe.

[17]For countries that never apply, time to apply reflects time between country year of independence and the earlier of year of country dissolution or the end of the dataset, 2008. In the early years of the GATT, four countries become contracting members and then withdraw membership (China (1948-1950), Lebanon (1948-1951), Liberia (1950-1953) and Syria (1948-1951)). Time to apply for these countries reflects time from GATT withdrawal to reapplication.

[18] UN voting similarity is Affinity I variable from Erik Gartzke's The Affinity of Nations Dataset, available at http://dss.ucsd.edu/~egartzke/htmlpages/data.html, and is rescaled to between -100 (country voting is least similar to US voting in UN) and 100 (country voting is most similar to US voting in UN).

GATT applicants, nonfounders:

Country	Time to Apply	Application Year	Accession Year	Country	Time to Apply	Application Year	Accession Year
Albania (ALB)	45	1992	2000	Lithuania (LTU)	4	1994	2001
Algeria (DZA)	26	1987	-	Macedonia / FYROM (MKD)	2	1994	2003
Angola (AGO)	20	1994	1994	**Madagascar** (MDG)	4	1963	1963
Argentina (ARG)	13	1960	1967	**Malawi** (MWI)	1	1964	1964
Armenia (ARM)	3	1993	2003	**Malaysia** (MYS)	1	1957	1957
Austria (AUT)	1	1948	1951	**Mali** (MLI)	34	1993	1993
Bahrain (BHR)	23	1993	1993	**Mauritania** (MRT)	4	1963	1963
Belarus (BLR)	3	1993	-	**Mauritius** (MUS)	3	1970	1970
Benin (BEN)	4	1963	1963	Mexico (MEX)	32	1979	1986
Bolivia (BOL)	40	1987	1990	Moldova (MDA)	3	1993	2001
Bulgaria (BGR)	39	1986	1996	Mongolia (MNG)	44	1991	1997
Burkina Faso (BFA)	4	1963	1963	Morocco (MAR)	30	1985	1987
Cambodia (KHM)	42	1994	2004	**Mozambique** (MOZ)	18	1992	1992
Cameroon (CMR)	4	1963	1963	Nepal (NPL)	42	1989	2004
Central African Republic (CAF)	4	1963	1963	Nicaragua (NIC)	1	1948	1950
Chad (TCD)	4	1963	1963	**Niger** (NER)	4	1963	1963
China* (CHN)	36	1986	2001	**Nigeria** (NGA)	1	1960	1960
Colombia (COL)	21	1968	1981	Panama (PAN)	44	1991	1997
Congo (COG)	4	1963	1963	**Papau New Guinea** (PNG)	20	1994	1994
Costa Rica (CRI)	40	1987	1990	Paraguay (PRY)	27	1974	1994
Cote d'Ivoire (CIV)	4	1963	1963	Peru (PER)	1	1948	1951
Croatia (HRV)	2	1993	2000	Philippines (PHL)	31	1978	1979
Cyprus (CYP)	4	1963	1963	Poland (POL)	12	1959	1967
Democratic Rep of Congo (DOM)	12	1971	1971	Portugal (PRT)	13	1960	1962
Denmark (DNK)	1	1948	1950	**Qatar** (QAT)	24	1994	1994
Djibouti (DJI)	18	1994	1994	Romania (ROU)	21	1968	1971
Dominican Republic (DOM)	1	1948	1950	Russian Federation (RUS)	46	1993	-
Ecuador (ECU)	45	1992	1996	**Rwanda** (RWA)	5	1966	1966
Egypt (EGY)	15	1962	1970	Saudi Arabia (SAU)	46	1993	2005
El Salvador (SLV)	40	1987	1991	**Senegal** (SEN)	4	1963	1963
Estonia (EST)	4	1994	1999	Sierra Leone (SLE)	1	1961	1961
Fiji (FJI)	24	1993	1993	**Singapore** (SGP)	9	1973	1973
Finland (FIN)	1	1948	1950	**Solomon Islands** (SLB)	17	1994	1994
Gabon (GAB)	4	1963	1963	South Korea (KOR)	18	1966	1967
Gambia (GMB)	1	1965	1965	Spain (ESP)	13	1960	1963
Germany (DEU)	1	1948	1951	Sudan (SDN)	39	1994	-
Greece (GRC)	1	1948	1950	Sweden (SWE)	1	1948	1950
Guatemala (GTM)	43	1990	1991	Switzerland (CHE)	9	1956	1966
Guinea (GIN)	37	1994	1994	**Tanzania** (TZA)	1	1961	1961
Guinea-Bissau (GNB)	21	1994	1994	Thailand (THA)	35	1982	1982
Guyana (GUY)	1	1966	1966	**Togo** (TGO)	5	1964	1964
Haiti (GTI)	1	1948	1950	**Trinidad and Tobago** (TTO)	1	1962	1962
Honduras (HND)	43	1990	1994	Tunisia (TUN)	4	1959	1990
Hungary (HUN)	22	1969	1973	Turkey (TUR)	1	1948	1951
Indonesia (IDN)	2	1950	1950	**Uganda** (UGA)	1	1962	1962
Ireland (IRL)	13	1960	1967	Ukraine (UKR)	3	1993	2008
Israel (ISR)	12	1959	1962	**United Arab Emirates** (ARE)	24	1994	1994
Italy (ITA)	1	1948	1950	Uruguay (URY)	1	1948	1953
Jamaica (JAM)	2	1963	1963	Uzbekistan (UZB)	4	1994	-
Japan (JPN)	1	1952	1955	Venezuela (VEN)	42	1989	1990
Jordan (JOR)	47	1994	2000	Yugoslavia (YUG)	15	1965	1966
Kenya (KEN)	2	1964	1964	**Zambia** (ZMB)	19	1982	1982
Latvia (LVA)	3	1993	1999				

Founding members included in sample: Australia, Belgium, Brazil, Canada, Chile, Cuba, Czechoslovakia, France, Myanmar, Netherlands, New Zealand, Norway, Sri Lanka, United Kingdom, United States.

Table 1: *GATT Applicants*: Time to Apply indicates the number of years from independence to GATT application. Countries in bold were eligible for accession through GATT Article 26 procedures. *China's time to apply reflects time between leaving the GATT in 1950 and reapplication.

WTO Applicants:

Country	Time to Apply	Application Year	Accession Year		Country	Time to Apply	Application Year	Accession Year
Afghanistan (AFG)	57	2004	-		Kyrgyz Republic (KGZ)	6	1996	1998
Azerbaijan (AZE)	7	1997	-		Laos (LAO)	45	1997	-
Bosnia and Herzegovina (BIH)	8	1999	-		Lebanon* (LBN)	48	1999	-
Comoros (COM)	33	2007	-		Liberia* (LBR)	54	2007	-
Equatorial Guinea (GNQ)	40	2007	-		Libya (LBY)	57	2004	-
Ethiopia (ETH)	56	2003	-		Oman (OMN)	26	1996	2000
Georgia (GEO)	6	1996	2000		Syria* (SYR)	50	2001	-
Iran (IRN)	49	1996	-		Tajikistan (TJK)	11	2001	-
Iraq (IRQ)	57	2004	-		Viet Nam (VNM)	42	1995	2007
Kazakhstan (KAZ)	6	1996	-		Yemen (YEM)	11	2000	-

Countries that never apply:

Country	Time to Apply	Application Year	Accession Year		Country	Time to Apply	Application Year	Accession Year
North Korea	62	-	-		Turkmenistan	19	-	-
Somalia	50	-	-		Yemen Arab Republic	43	-	-

Table 2: *WTO Applicants and Countries that Never Apply*: Time to Apply indicates the number of years from independence to WTO application. *Country joined early, withdrew from the GATT and subsequently reapplied. Time to apply measures time between leaving the GATT and reapplication. Initial contracting party years include Liberia (1950-1953), Lebanon (1948-1951), and Syria (1948-1951).
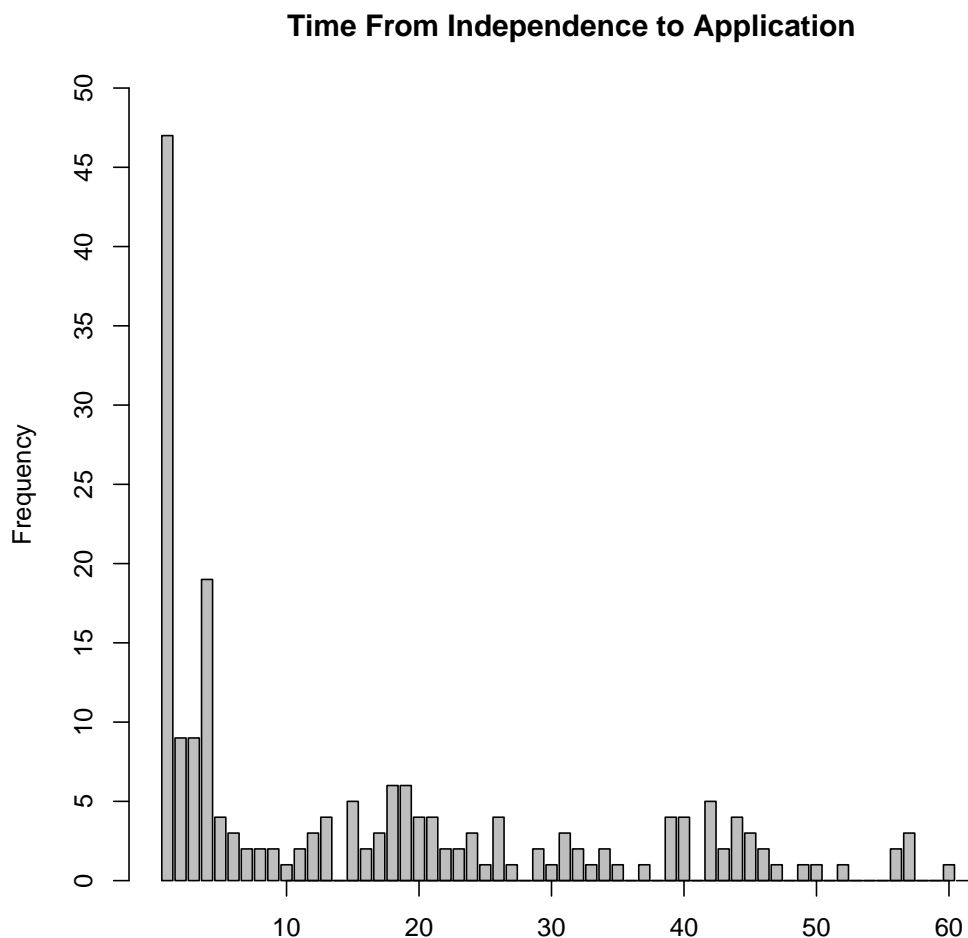
Time From Independence to Application

Figure 3: *Time to Apply*: The figure presents distribution of countries by the number of years between 1948 (or year of independence for colonies) and application to join GATT/WTO.

most general measure for *economic alignment* with the trade regime. States with high levels of trade openness are more likely to expect gains from the trade regime and find compliance with liberalization congruent with economic interest.

As a first look at the pattern in the data for the two hypotheses, we split the sample on the basis of time to apply and examine whether systematic patterns appear among early applicants relative to those who have longer period lapse before application. Figure 4 shows UN voting similarity and openness levels for countries at the year of application to the regime.[19] Countries with high geopolitical alignment will be in the right boxes, while countries with high economic alignment will be in the top boxes. Both hypotheses would expect countries in the bottom-left box to be the

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[19]Figure excludes GATT Founders.

1 – 2 Yr Applicants

Openness

UN Voting Similarity to US

TTO
GUY
BRB
MKD HRV GMB
PER DOM
SLE GHA CUB JAM ANG LD
URY ANO RNIC
CZL DNKR WE
UGA TZA IDN MMR GTI BRA GRC
IND TUR L
MYS

3 – 11 Yr Applicants

Openness

UN Voting Similarity to US

BRN
BLZ SUR
GAB
KGZ EST BIH CYP
MUS COG
CIV
AZE TUN KAM DA
ALB LVA MRT
BLR GEO CMR SEN
RWA MDG
UKR BEN
BRA
NER

12 – 26 Yr Applicants

Openness

UN Voting Similarity to US

MDV
BHR
ARE
AGO DJI SLB
LCA PNG
VCT MNA
QAT MA
HUN
MOZ GRD IRL ISL
ZMB GRD
CPV
YUG UG
DZA EGY
PRT
COL SR
ARG
ESP
POL COD

27+ Yr Applicants

Openness

UN Voting Similarity to US

ALB
LBY BHS
GNQ
STP NAM
SWM
HND CRI
KHM
VEN ARCU
COM ETGIN PHL
AFG BOL CRN PAN PRY
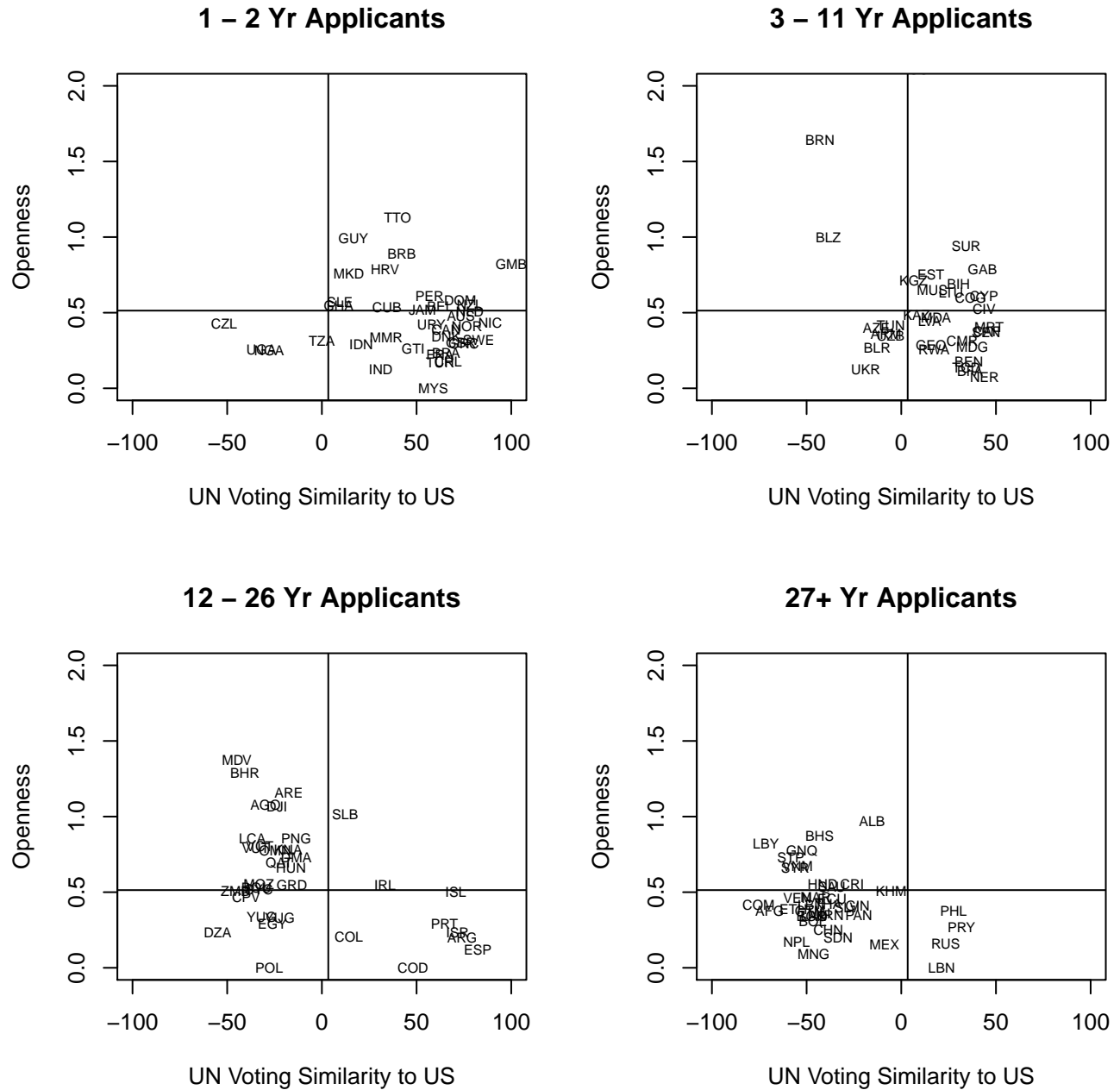CHN RUS
NPL SDN MEX
MNG LBN

Figure 4: *Geopolitical Alignment at Application Year*: The four figures divide the sample into four quartiles based on time to apply (excluding those who never apply). Each figure plots the level of UN Voting Similarity to the US and trade openness level for the applicant country in the year of application. Solid lines mark average of UN Voting Similarity and Openness for the full sample.

Estimated Time To Apply
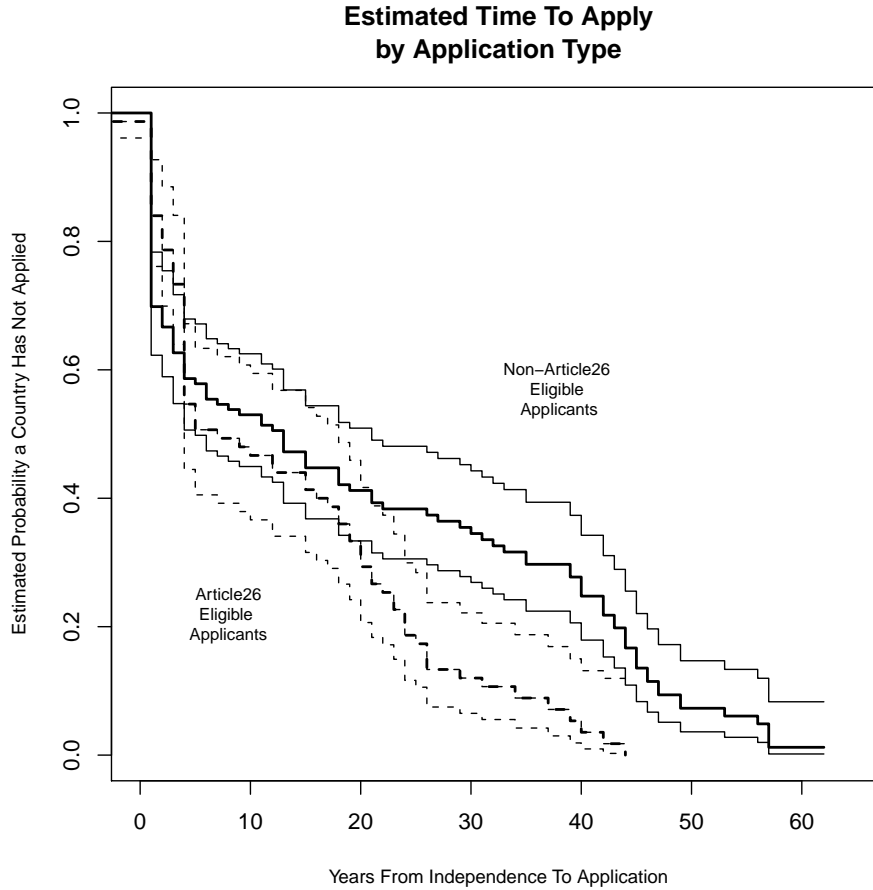**by Application Type**

Figure 5: *Estimated Survival Curves by Application Type*: Using Kaplan-Meier estimates of survival, the figure shows the estimated probability for a country to remain a nonapplicant to the trade regime in a given year from independence. The set of GATT Article 26 eligible countries are indicated in dashed lines, and others in solid lines. Bold lines indicate the estimated probability of survival in given year with 95 percent confidence intervals in lighter lines.

slowest to apply, which is readily evident in comparison of the plots. The early applicant group shows more support for the role of geopolitical alignment than for economic alignment, which can be seen by the fact that these countries clearly cluster above the sample average for voting similarity to the United States and tend to be below the sample average for levels of openness.

Now we conduct more systematic test with regression analysis. We use the Cox proportional hazards regression with Efron method of ties to model the "risk" that a country will apply to join the institution in a given year. A country is "at risk" to join GATT once the institution is established and once the country has achieved independence (i.e. Australia was independent upon the establishment of the regime, and it's 'independence' and first year of data is in 1948 while Vietnam becomes independent and enters the analysis for the first time in 1956). Using country-

year observations, the event status is coded one for the year the country applies for membership, and each observation is dropped for years subsequent to its application. Countries that never apply for GATT/WTO membership are coded as censored in the year they cease to exist, or at the end of the dataset, 2008. Figure 5 graphs estimated survival curves of time to apply by application type using Kaplan-Meier estimates. The downward slope reflects the decreasing probability for remaining in non-applicant status for each year from independence – with each year a country has greater odds to have applied for membership.

Countries eligible to apply under GATT Article 26 (former colonies of members) faced a streamlined accession process without formal negotiations, and undertook substantially no concessions and no additional liberalization through the accession process (Allee and Scalera, forthcoming). Figure 5 clearly shows that non-eligible countries have a lower probability to apply in any given year than countries eligible to accede under GATT Article 26.[20] To account for this systematic difference, we stratify the sample by Article 26 eligibility.[21] Our regression estimates assume that each strata has a distinct baseline hazard, but that covariates affect the differing baseline hazards in the same proportion. We estimate robust standard errors clustered on country given that country is level of treatment for analysis and we need to to take into account possible correlation of error terms across years within the same country. This model assumes the effect of a covariate upon likelihood of application is constant across countries from their year of independence. We test each model to ensure it meets the proportional hazard assumption. Where a covariate does not meet this assumption, it is interacted with the country year since independence and re-tested, consistent with Box-Steffensmeier and Zorn (2001) and Fox (2002).[22]

Our base-line model estimates time to application for the period 1948-2008 including the 144 countries listed in Tables 1 and 2. The original contracting members to join GATT in 1948 are included in the regression analysis as having failed (applied to GATT) in year one.[23] Data limitations require shorter time period and smaller number of countries for additional models.

We examine several measures of a country's geopolitical alignment with the GATT/WTO's

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[20]The difference in estimated survival rates between Article 26 eligible and non-eligible countries is confirmed by a log-rank test.

[21]This is done instead of using control variable for Article26 Eligibility, although results are generally robust to using a non-stratified model with a control for Article 26 Eligibility, as can be seen in the robustness checks.

[22]Unless otherwise noted, in all models presented, we interact trade round dummy, former colony dummy and GATT/WTO membership percent with country year from independence. This allows all variables to meet the proportional hazard assumption with greater than 10% confidence.

[23]Poor data availability for 1948 prevents including 8 of the founding members (i.e. India).

member states. Democratic regime type represents one basis for shared interests with existing members given that the majority of early founders were democracies. During the Cold War, accepting democratic governance principles immediately aligned a country with the West against the Soviet Union. Yet democracy brings many potential incentives for accession including both geopolitical alignment as well as economic interests and views of market economy. Therefore it is important to include additional measures. To assess foreign policy orientation, we rely on the UN voting measure mentioned previously. The most direct proxy for geopolitical alignment, however, is alliance composition. We include a variable for the number of all alliance partners that are members of the trade regime. As states have a stronger base of common security ties with current members, they will embrace greater dependence through applying for membership. We also consider foreign aid dependence, where we expect higher levels of foreign aid as a percent of gross domestic product (GDP) will be associated with advocates for membership within the regime and a higher likelihood of application.[24]

We use trade openness as our primary measure for economic alignment with the trade regime. We also introduce a wider set of variables to assess economic interests relevant for the decision to join the regime. _Trade partner structure_ will determine the opportunity cost of remaining outside of the regime. Percent of total trade with GATT/WTO members captures existing trade dependence with member states, a measure that Copelovitch and Ohls (forthcoming) contend indicates potential benefits from membership and increases the likelihood of application. Percent of total trade with preferential trade agreement (PTA) partners captures the degree to which a non-member country receives preferential trade terms outside of the multilateral trade regime. We expect higher levels of PTA trade indicate more private benefits for the country outside of the regime and thus fewer incentives to apply to join the multilateral trade regime.[25]

The structure of traded goods determines how closely a country's export profile matches the scope of liberalization in the trade regime. Goods such as agriculture and textiles have experienced lower levels of liberalization within the trade regime agreements, and oil lies outside the regime. Given that membership does not significantly increase market access for exports of these goods,

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[24]Alliance variables are coded from the ATOP dataset with the criterion that alliance must include active offensive or defensive commitment (e.g. neutrality pacts are not included as alliances). Foreign aid data is from the OECD's QWIDS database. Foreign aid over the period of analysis is dominated by donor countries that are members of the trade regime. Checks using aid dependence of a country from the US as donor and France as donor are statistically significant and do not alter other quantity of interest signs or significance.

[25]Trade volumes and bilateral trade data are from IMF Direction of Trade database.

non-member countries that specialize in the production and exportation of oil, agriculture, or textile products may be less likely to apply for membership. In contrast, liberalization of the manufacturing sector has been at the core of the liberalization agenda, and non-member countries that export manufactured goods may expect greater economic benefits from membership and should be more likely to apply for membership. Four variables describe trade profile in terms of percentage of total exports from oil, agriculture, textiles, and manufactured goods.[26]

Economic theories of trade emphasize the importance of country size, and in all specifications we control for market size (log of GDP) and wealth (log of per capita GDP). Large states benefit from joining the regime to escape from the prisoners' dilemma that originates in their capacity to set world prices and seek to improve their terms of trade through raising tariffs (Bagwell and Staiger, 2002). Small industrial states have unilateral incentives to pursue free trade.[27] Oil exporters have less economic interest in the regime since their main exports are not regulated by trade rules, and so models 1-3 include an indicator for oil exporter status.[28] To incorporate some of the dynamic changes across the trade regime, we also include an indicator variable for whether a GATT/WTO trade round is occurring in a given year since these rounds were often used as a time to expand membership with accession negotiations that occurred alongside the trade round. A measure of percent of all countries in the world that are members of the GATT/WTO controls for diffusion of membership that increased potential market access from joining the expanding club. We control for whether the country is a former colony of a trade regime member.[29] Finally we include an indicator for the Cold War period (1948 to 1991). This variable overlaps closely with the regime shift of trade rules that occurs with establishment of the WTO in 1995.[30]

Results

Our results are presented in Table 3. Model estimates are displayed as the estimated exponential of the coefficient, which represents the proportional effect of the covariate on the hazard relative

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[26]Commodity trade volumes from UN Comtrade.

[27]GDP and per capita GDP data are from World Bank and Goldstein, Rivers and Tomz (2007).

[28]We code a country as an Oil Exporter if UN Comtrade oil exports in a given country-year country are 50 percent or more of total exports. Since coverage of this variable begins in 1962, the 5-year average oil export level from 1962 through 1966 is used to code Oil Exporter status from 1948 through 1961.

[29]Colony data from Gowa (2010). We thank Joanne Gowa for sharing colony data.

[30]Indicators for Cold War and WTO period are almost the inverse, with correlation 0.81. The intervening years 1992-1994 could skew results if including both variables, and most likely the surge of states applying in these years reflects both the new independence of transition economies of Eastern Europe and the incentives for states to apply before scope of rules expanded with establishment of WTO.

to baseline hazard. An estimated coefficient less than 0 will have an exponential value less than 1, which corresponds to a decreasing risk of failure where failure means applying for membership. In other words, the exponential coefficient (hazard) below 1 in the table indicates increased time to apply. An estimated coefficient greater than 0 will have an exponential value greater than 1, which corresponds to increasing risk of failure and decreased time to apply. The conditions that lead to early application can be seen where the exponential coefficient value is above 1.

Model 1 presents our base specification with a smaller set of variables to maximize sample size in an initial test of our hypotheses. We find evidence for hypothesis 1, with higher levels of democracy associated with quicker time to apply. The finding for democracy is consistent when using a dichotomous measure of democracy from Cheibub, Ghandi, and Vreeland, or the Freedom House index of democracy.[31] In contrast, there is no significant association between openness and time to apply.

Model 2 presents key geopolitical and trade variables of interest for full dataset covering the years 1948 through 2008 and sample of 119 countries. It shows strong support for hypothesis 1, as all of the variables used to measure geopolitical alignment with the regime increase the hazard. Those states with a greater percent of allies that are GATT/WTO members and those with similarity in UN voting with the US are more likely to apply quickly. Democracy level remains an important factor.

In contrast, we do not find strong evidence that economic alignment leads to faster application. We cannot reject hypothesis 2, but evidence does not support the hypothesis that greater economic alignment increases the hazard of non-member countries. Higher levels of openness are again associated with high variation and no systematic relationship with time to apply, and trade dependence upon GATT/WTO members and percent trade with PTA partners also have no systematic relationship with time to apply.

A survival curve and first difference curve are presented in Figure 6 to show the estimated substantive effect of UN voting similarity increasing from the lower (1st) quartile to the higher (3rd) quartile values, holding all other variables from Model 2 at their mean. A country with greater UN voting similarity is associated with much lower rates of survival, and therefore faster time to apply, in all years. The first difference curve illustrates the large substantive effects of higher UN voting similarity in determining time to apply. By increasing the variable from 1st

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[31]Cheibub, Ghandi, and Vreeland dataset available at `https://netfiles.uiuc.edu/cheibub/www/DD_page.html`. Freedom House measure is the average of the Political Rights and Civil Liberties score in a given year, scaled to make higher numbers associated with higher levels of democracy.

Variable	Model 1	Model 2	Model 3	Model 4
Geopolitical Alignment				
Polity score	1.095 * **	1.059 * **	1.073 * **	1.002 * **
	(0.091)	(0.058)	(0.070)	(0.002)
	[0.015]	[0.018]	[0.019]	[0.001]
UN voting similarity		1.014 * **	1.020 * *	
		(0.013)	(0.020)	
		[0.005]	[0.008]	
Ally member count		1.065 * **	1.094 * **	
		(0.063)	(0.090)	
		[0.024]	[0.030]	
Aid dependence			1.008 * *	
			(0.008)	
			[0.003]	
Economic Alignment				
Openness	1.402	1.337	1.218	0.722
	(0.338)	(0.290)	(0.197)	(-0.326)
	[0.230]	[0.293]	[0.338]	[0.259]
GATT/WTO mbr trade %		0.994	1.012	
		(-0.006)	(0.012)	
		[0.007]	[0.011]	
PTA trade %		1.006	1.018*	
		(0.006)	(0.018)	
		[0.008]	[0.009]	
Oil % exports				0.969 * **
				(-0.032)
				[0.007]
Agriculture % exports				0.985 * *
				(-0.015)
				[0.008]
Textile % exports				1.027*
				(0.027)
				[0.015]
Manufacturing % exports				0.987
				(-0.013)
				[0.011]
country-year observations	2035	1562	1222	845
countries at risk	144	119	85	75
country failures	132	103	71	52
year coverage	1948-2008	1948-2008	1960-2008	1962-2007

Table 3: *Cox Proportional Hazards Estimates For Time to Application*: All models control for size (log GDP), wealth (log per capital GDP), and Cold War Period, Former Colony (interacted with time), Trade Round (interacted with time), and GATT/WTO Member percent (interacted with time). Models 1-3 have an additional Oil Exporter dummy control. Model 4 Cold War and Polity variables are additionally interacted with time to meet the proportional hazard assumption. For each variable, the first estimate displayed is the hazard ratio, the second estimate in parentheses is the coefficient, and the third estimate in brackets is the robust standard error. All models include stratification by Article 26 eligibility and attain robust logrank p-values of <0.01. *** significant at 1%; ** significant at 5%; * significant at 10%.
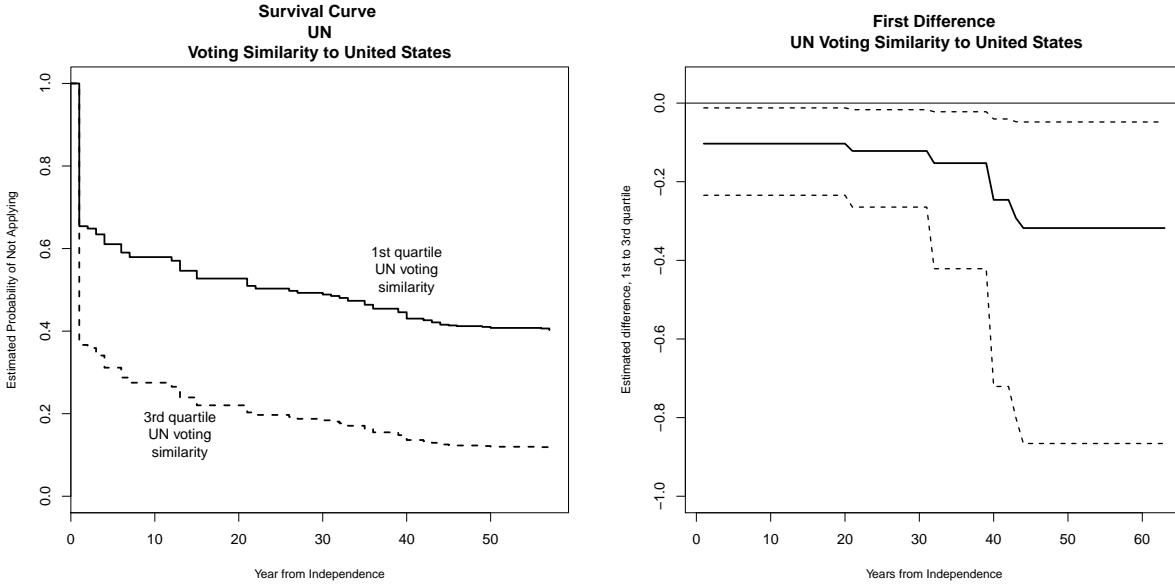
Figure 6: *Substantive Effect of UN Voting Similarity*: Figure to left shows estimated survival curve when moving from 1st quartile values (solid line) to 3rd quartile values (dashed line) of UN voting similarity with the US. Figure to right shows estimated first difference when moving from 1st to 3rd quartile values of UN voting similarity with 95% confidence intervals.

quartile value of -42.59 (approximately the annual average of Bulgaria between 1981 and 1986 and Hungary between 1955 and 1969) to 3rd quartile value of 29.7 (approximately the average of Honduras between 1948 and 1990 and El Salvador between 1949 and 1987), we estimate the difference in survival probabilities holding all other variables at their mean values.[32] We estimate that a country with high (3rd quartile) UN voting similarity will have a 10.3% decrease in survival probability in year 1 compared to a similar country with low (1st quartile) UN voting similarity, which means a higher probability of application that year. This difference increases gradually to more than 31% estimated decrease in survival each year in year 44 and beyond.

Model 3 adds the measure for aid dependence, allowing us to test an additional measure of geopolitical ties. Data limitations reduce the scope of the data to cover the years 1960 through 2008 for 85 countries. We find that states dependent on foreign aid are likely to apply more quickly than those who do not receive such aid, and more allies that are members quickens time to apply. Higher levels of democracy and UN voting similarity with the US are also associated with faster time to apply, all evidence in support of hypothesis 1. We find little evidence for

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[32]Using the Model 2 sample, we create bootstrap simulations in R to replicate survival rate estimates at 1st and 3rd quartile values of each quantity of interest, holding all other variables at their means. Point estimates are the average of the simulation at each year from independence, given 100 sample replications, and confidence intervals are the 2.5% and 97.5% observations for each year.

hypothesis 2 expectations, as openness and percent trade with the GATT/WTO are insignificant. Surprisingly, greater PTA trade dependence is associated with faster time to application, contrary to expectations that better outside options would slow application.

In Model 4, we test the effect of a country's traded goods profile, which represents another measure of economic alignment. The limited availability of data on commodity trade truncates the sample in terms of both years and number of countries. Our specification here returns to the base-specification of control variables included in model 1 in order to maximize sample and focus on performance of the variables for industry share of exports. The democracy measure is no longer significant in this model, largely as a function of the change in sample.[33] We find a consistent effect that greater oil exports are associated with slower time to apply.[34] Agriculture and textiles represent two industries that experience high levels of protection within the core GATT members and have exceptions built into the rules that reduced scope for liberalization. While agriculture exporters are slower to apply, textile exports appear to be associated with earlier application. At the same time, manufacturing export share does not have significant relationship with time to apply despite the fact that the bulk of liberalization focused on these goods. Overall our test of trade profile effect on application presents mixed support for the role of economic interests.

Our findings challenge current expectations for which countries will be most attracted to the trade regime. Existing theories and empirical studies suggest countries that gain immediate benefit from joining (such as those with high trade dependence and larger share of manufacturing exports) would apply quickly, and those that have more trade options outside of the multilateral trade regime (such as a high PTA trade) would be more likely to delay or forgo application. Instead we find that greater openness is not systematically associated with shorter time between independence and application, and that PTA trade is associated with shorter time to apply.[35] One must acknowledge that openness as a measure is endogenous to many other features of economic development, so that it offers a weak test of sequential liberalization. It is also possible to interpret

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[33]The correlation of polity measure with industry exports is respectively 0.23 for agriculture, -0.18 for oil, and -0.05 for manufacturing. When we re-run model 4 dropping the industry controls but using the same sample, polity remains insignificant.

[34]Models 1-3 include an indicator for status as oil exporter, which we replace here with the continous measure of oil share in exports.

[35]Our findings lie in contrast to Copelovitch and Ohls, who find that former colonial states with higher percent of trade under PTAs will take longer to apply and join the trade regime than those with lower PTA trade. The difference could be due to different samples and year coverage. The PTA trade variable is highly skewed toward later years in the data set.

PTA trade dependence as movement toward more liberal economic policies. Negotiating the PTA and undergoing economic restructuring builds state capacity to continue with further commitments to free trade. Nevertheless, given the discriminatory and partial nature of PTAs, we hesitate to attribute PTA trade as positive economic alignment with GATT/WTO. Overall, there is an absence of consistent support that more liberal states join earlier once we control for economic size and geopolitical alignment.

The evidence is much more clear about the positive relationship between geopolitical alignment and reduced time to apply. Across several different proxies for the foreign policy alignment with the Western club that dominated the regime, all have significant effect on the tendency for a country to apply early. This supports our argument that geopolitical alignment with the trade regime is as important or more so than trade interests.

Robustness of Time to Apply

We conduct multiple robustness checks, available for Model 2 in the Appendix Tables 5, 6, 7, and 8 to ensure that results are not due to specific model specifications, variable definitions, or omitted control variables. Sign and significance of all key variables remains generally the same when we change the method of ties from Efron to Breslow, as well as when we add a control for Article 26 Eligibility instead of stratifying by this variable. Results are robust to changing the dependent variable from time to apply (independence to application date) to time to join (independence to accession date). Constraining the sample to the GATT period only, and excluding founding members, excluding early joining members, and excluding OPEC countries all retain the same general results.

To ensure openness and GATT/WTO trade dependence results are not driven by contrasting export and import effects, we disaggregate openness into export openness (exports as percent of GDP) and import openness (imports as percent of GDP), and disaggregate GATT/WTO trade dependence as exports to GATT/WTO members as percent of trade and imports from GATT/WTO members as percent of trade. We might expect that export openness would be associated with faster time to apply if exporting countries have higher demand for access to markets. The weak correlation between openness and application remains puzzling. Only in a small base model that controls for country size, wealth, and regime type does the openness variable achieve statistical significance.

Since a strong general finding in the international organization literature is that democracies

form and join international organizations at higher rates than nondemocracies and that democratizing countries apply more quickly to international organizations to lock in reforms and signal intent (Mansfield and Pevehouse, 2006), we test whether our results of polity are instead conflated by democratization and not level of polity. We find that transition towards democracy, measured by (Mansfield and Pevehouse, 2006) democratization dummy, has no significant relationship with time to apply and relationship between level of democracy and time to apply remains strong. In a second check, to ensure that application to the trade regime is not driven by a country democratizing and joining many international organizations simultaneously, we add a control for the number of international organizations joined in the previous year by a given country. We find that democracy retains independent significance in driving time to application.

Consistent with Kucik and Reinhardt (2008), the presence of domestic anti-dumping legislation, which is one form of flexibility to modify liberalization commitments, has a positive effect on application.[36] As an additional proxy for trade dependence, we examine a measure for the percent of exports to GATT/WTO members who provide GSP benefits to the country. The variable is not significant when added as control in model 1 or as replacement for PTA trade variable in model 2. The small sample size for the period with this variable (1971 - 2005, 71 countries) prevents making strong inferences about this particular feature of trade, but we find no support that preferential access to markets through either PTA or GSP reduces the time to apply to GATT/WTO. In addition, all specifications are robust to controlling for levels of conflict (intrastate and interstate) that could interfere with attention to trade issues.

Negotiation Analysis

We next address trends in *negotiation time*, the time from application to formal membership. Unlike time to apply, negotiation time is highly contingent upon both the applicant state and the Working Party member states that negotiate the detailed terms of accession. Applicant characteristics may affect negotiation time, with countries more dedicated to liberalization placing a priority on fast negotiations. Pelc (2011) demonstrates that the rigor of accession negotiations and subsequent depth of commitments may be affected by country wealth and the value of the applicant's country as a potential export market. On the member side, Working Party members can unilaterally decide

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[36]Kucik and Reinhardt (2008) find that presence of AD law increases the likelihood of accession to trade regime. This variable is available beginning only in 1959, which truncates the time period. Therefore we do not include the variable in our main results. We thank Jeffrey Kucik and Eric Reinhardt for sharing their data on AD law.

to suspend negotiations, such as occurred at times during accession negotiations for China and Russia. On the other hand, third party members may expedite controversial negotiation processes, such as in the accession of Japan, where the US acted as an advocate of Japan's accession.

We test whether the same variables associated with time to application are also correlated with negotiation time as expected in our argument. Further, we seek to quantify differences between GATT and WTO. The WTO Article 12 accession process is known to be more rigorous than GATT Article 33 accession process, despite very similar formal rules governing both accession processes. Figure 7 shows the longer average length of WTO accessions compared to GATT Article 33 accessions, although some GATT outliers have negotiations that last for multiple decades. For this section we exclude founding member countries because negotiating membership expansion is different from negotiating regime establishment and we exclude the Article 26 countries because they join in the same year as application and are not relevant for the study of negotiations for accession.[37]

Given the smaller sample, we first look at descriptive statistics, separating countries into "high" (above the median) and "low" (below the median) types for each key variable at year of application. Figure 8 shows the estimated survival curves using Kaplan-Meier estimates of high and low openness and UN voting similarity. We find that relatively high levels of openness at year of application are not significantly associated with shorter negotiation times, while relatively high similarity in UN voting with the US is associated with faster rates of completed application when negotiations last more than 3 years.[38] Thus, consistent with our first hypothesis we have initial reason to expect that geopolitical alignment may be associated with shorter negotiation times while economic alignment does not seem to have a consistent effect upon negotiation time.

Multivariate regression will control for factors that could have different effects on negotiation time. We employ a Cox proportional hazards model using time invariant covariates to understand patterns of negotiation time in more detail. The dependent variable is negotiation years, the total years from application to membership, given formal application. Of 201 countries in the sample, 183 countries apply to the GATT or WTO during 1948 through 2008, and, excluding founders and GATT Article 26 applicants, 99 countries apply to the regime through GATT Article 33 or WTO

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[37]Cambodia is the one exception where it applied in 1994 under Article 26 but had to wait to undergo WTO accession process and did not conclude these negotiations until 2004.

[38]Statistically we cannot confirm that the two openness groups have different survival rates, while the UN voting groups have different survival rates at the 10 percent confidence level.
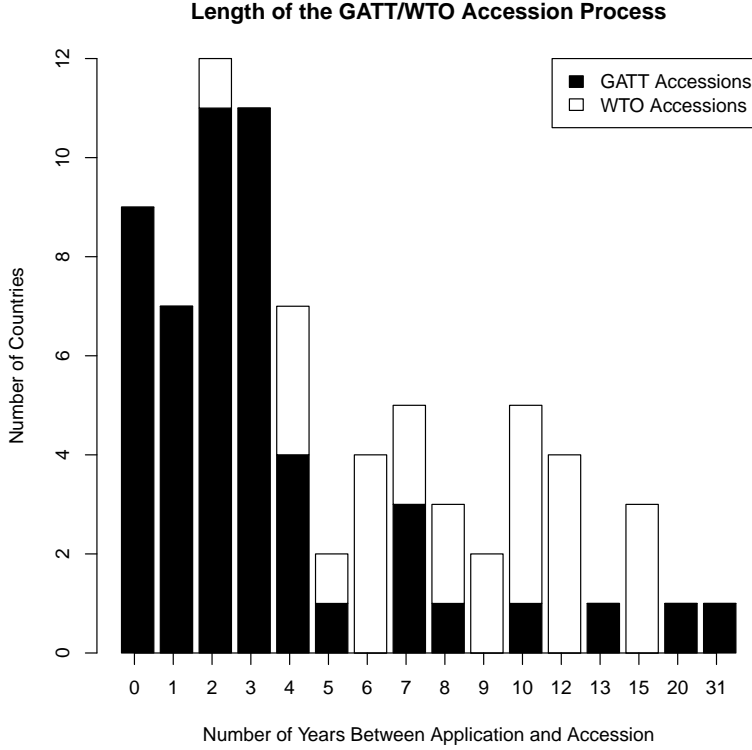
Length of the GATT/WTO Accession Process

Figure 7: *Negotiation Time*: The figure shows the length of accession negotiations measured from application to formal accession for countries that join through GATT Article 33 or WTO Article 12 accession process.

Article 12. Data limitations allow us to analyze the experience of 76 countries.[39]

Results for negotiation analysis are tentative, as there is more endogeneity built into this specification and small sample size limits the analyses that we can run on this group.[40] Table 4 shows the estimates for length of accession negotiation.

We first estimate the independent effects of our variables upon negotiation time in Models 1 through 3 in Table 4. Given the small sample, these regressions control for only the most basic country characteristics including country wealth (log GDP per capita) and country size (log GDP).

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[39]Negotiation analysis sample includes: Albania, Algeria, Argentina, Armenia, Austria, Azerbaijan, Belarus, Bolivia, Bulgaria, Cambodia, Chile, China, Colombia, Comoros, Congo, Costa Rica, Croatia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Estonia, Ethiopia, Finland, Georgia, Germany, Greece, Guatemala, Haiti, Honduras, Hungary, Iran, Ireland, Israel, Italy, Japan, Kazakhstan, Kyrgyz Republic, Laos, Latvia, Libya, Lithuania, Macedonia, Mexico, Moldova, Mongolia, Morocco, Nepal, Nicaragua, Oman, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russian Federation, Saudi Arabia, South Korea, Spain, Sudan, Sweden, Switzerland, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, Uruguay, Uzbekistan, Venezuela, Yemen, and Yugoslavia.

[40]Although, results are robust to running negotiation analysis using time varying covariates.

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
Geopolitical Alignment					
Polity score	1.045 ∗∗	1.032	0.999	1.031	1.032
	(0.044)	(0.032)	(-0.001)	(0.031)	(0.032)
	[0.020]	[0.020]	[0.026]	[0.020]	[0.020]
Polity x WTO pd				1.058	
				(0.056)	
				[0.120]	
UN voting similiarity			1.013 ∗∗∗		
			(0.013)		
			[0.005]		
Ally member count			1.063 ∗∗		
			(0.061)		
			[0.029]		
Economic Alignment					
Openness	0.702	1.126	2.168	1.153	1.095
	(-0.354)	(0.118)	(0.774)	(0.142)	(0.091)
	[0.714]	[0.750]	[0.942]	[0.748]	[0.792]
Openness x WTO pd					1.259
					(0.023)
					[2.136]
GATT/WTO trade %			0.987		
			(-0.013)		
			[0.011]		
PTA trade %			0.968 ∗∗∗		
			(-0.033)		
			[0.013]		
Control					
WTO pd		0.270 ∗∗	1.025	0.312∗	0.237
		(-1.309)	(0.025)	(-1.149)	(-1.438)
		[0.623]	[0.727]	[0.677]	[1.361]
countries in sample	76	76	59	76	76
country failures	61	61	46	61	61
year coverage	1948-2007	1948-2007	1948-2007	1948-2007	1948-2007
logrank p	0.0249	0.0094	0.0030	0.0185	0.0183

Table 4: *Cox Proportional Hazards Estimates For Negotiation Time*: Results of a Cox Proportional Hazards Model estimating the time from application to formal membership for countries that apply under GATT Article 33 and WTO Article 12 accession processes. All models control for country wealth (log of GDP per capita) and country size (log of GDP). For each variable, the first estimate displayed is the hazard ratio, the second estimate in parentheses is the coefficient, and the third estimate in brackets is the standard error. *** significant at 1%; ** significant at 5%; * significant at 10%.

Estimated Negotiation Time by Economic Alignment

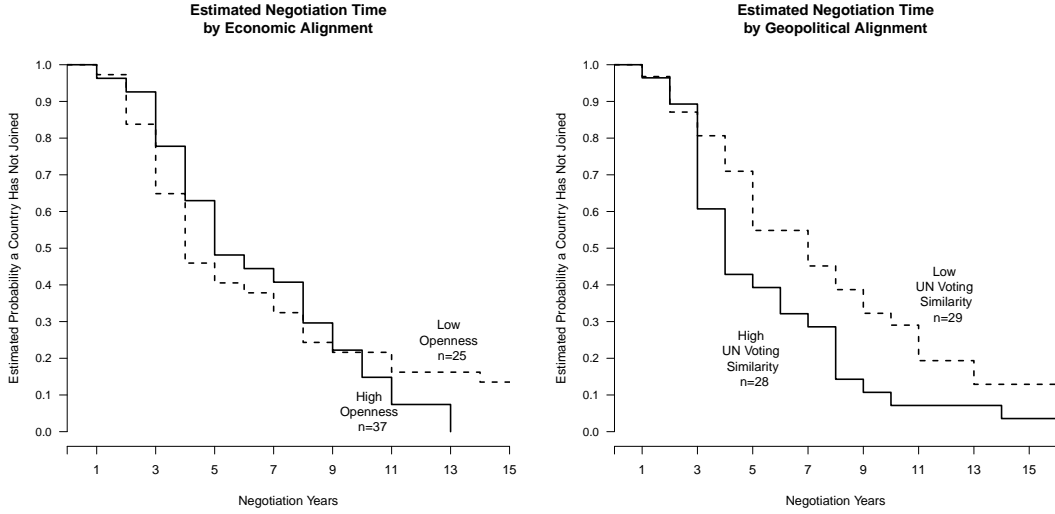**Estimated Negotiation Time by Geopolitical Alignment**

Figure 8: *Estimated Negotiation Survival Curves*: Using Kaplan-Meier estimates of survival, the figure shows the estimated probability for a country to remain a non-member applicant to the trade regime in a given year from application. "High" (above the median) values of each variable are indicated by solid lines and "low" (below the median) values of each variable are indicated by dashed lines. High and low values are determined by the full sample of countries at year of application. The estimated sample includes all countries that formally applied for membership under GATT Article 33 or WTO Article 12 (that is, it excludes founding members and GATT Article 26 applicants).

The application of a large country may increase negotiation time given that its size will pose an immediate economic threat to existing members. As large industrial economies, the applications of Japan, China, and Russia, among others, are of special interest to all members. A larger economy might also be more diversified and have more complex and expansive tariff negotiations, increasing negotiation time. It is important to control for income levels both because of negotiation capacity and because existing members have formally pledged to negotiate accession with least developed country applicants in a streamlined fashion since 2002.[41]

Model 1 includes the maximum sample of 76 countries that applied to complete GATT Article 33 or WTO Article 12 accession processes. Results indicate that higher levels of democracy are associated with faster negotiation time, but this effect loses significance once a control is added for the WTO period in Model 2. In both Models 1 and 2, openness level does not have a systematic effect on the length of the accession process. Model 3 adds the measures of geopolitical alignment and additional measures of economic alignment, which reduces the sample size further. We find evidence that UN voting similarity to the US and greater numbers of allies that are GATT/WTO

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[41]WTO document WT/L/508. Pelc (2011) finds curvilinear effects of country wealth (log of GDP per capita) upon accession terms.

members are associated with faster negotiation times, consistent with hypothesis 1 that geopolitical alignment speeds application and negotiation time. PTA trade dependence is associated with longer negotiation times.

In Models 4 and 5 we test whether our variables of interest affect negotiation time conditional upon GATT or WTO period. Given that accession under WTO Article 12 requires more obligations as compared to accession under the GATT Article 33, we might expect geopolitical alignment to become less important and economic alignment to become more important during the WTO period. In Models 4 and 5, the coefficient on our variables of interest (Polity and Openness, respectively) estimates the effect of that variable when the WTO period variable equals "0" (that is, during GATT years). The interaction term in each model indicates whether the variable of interest has a marginal effect upon negotiation time in each period. The interactions terms are all insignificant, indicating that we cannot distinguish whether or not the WTO period has a moderating effect upon our variables of interest.[42] Thus, we cannot conclude that our variables have different effects under the GATT and WTO periods.

We find some evidence for geopolitical alignment speeding accession, although the results are mixed on role for democracy at this stage. We find no evidence that higher levels of openness are associated with faster negotiation times, even controlling for country size and country wealth. Surprisingly, even as the absolute effect of WTO period was to lengthen accession process, we do not find evidence of relationship between our variables of interest and negotiation time as accession processes change from GATT to WTO period.[43] We now turn to looking at the role of geopolitical alignment and economic alignment in specific cases of application and accession.

4   Case Studies of Expanding Membership

We focus on trade policy preferences and foreign policy orientation in case studies. Here we can examine the encouragement from members as well as the cost-benefit analysis of the candidate.

This section will examine Japan as a country that threatened industries of current members and Korea as one that was too small at the time to be of any concern. Both of these states were turning toward export orientation as a pillar of their growth policies but were reluctant to open their own

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[42]In results not shown here, we find the same insignificant interaction results for other variables of interest (UN voting similarity, ally member count, GATT/WTO member trade dependency, and PTA member trade).

[43]It is possible that the consistency of a WTO effect is underestimated because the sample is dominated by GATT accessions and has a high amount of right-censored WTO accessions that remain in progress.

markets. At the same time both are important allies of the United States in a critical region. These conditions support different expectations for selection decisions based on the geopolitical and economic alignment hypotheses. We expect that both would join because they sought export markets and shared a common purpose with existing members on security issues even if they had not chosen to embrace liberalizing their own economy. In contrast, sequential liberalization would dictate that these states would not gain membership until after they had undertaken more economic reforms to assure that their entry would raise the overall level of liberalization preferences within the membership. The case study of Mexico examines the decision *not to join* as well as the later decision to join. This case exhibits some aspects of the sequential liberalization model where a state waits until it is ready to open its markets before joining, but we also observe influence of foreign policy. Finally, the East European countries in the Cold War period offer an opportunity to examine the decisions of states that were least likely to join as they were neither allies nor market economies.

Geopolitics versus Protectionism: Japan

The accession of Japan to the GATT represented the first major test of the principle of open membership. As a state with industrial capacity and the historical memory of harm to Western markets during the 1930s, Japan was viewed with fear among industrial circles in the United States and Europe following World War II. Low cost wages would mean that Japan represented a competitive threat, while fears of cheating loomed large on a range of issues from brand-copying to dumping below price. On the Japanese side there was a strong interest to gain access to export markets but little willingness to open its own markets to free trade and investment. In short, the sequential liberalization model would suggest that Japan in the 1950s would not join the regime. Its critical role as a U.S. ally on the front lines of Cold War containment strategies in East Asia, however, added an argument in favor of its membership, and this would determine the outcome.

Japan's accession was discussed by members as problematic even before Japan's application in 1952. An original suggestion in 1949 by the United States, speaking on behalf of Occupied Japan that it should be allowed to join GATT was rebuffed as the GATT Contracting Parties declined to invite Japanese participation in tariff negotiations. The United States representative said "The inclusion of Japan in the framework of the General Agreement on Tariffs and Trade would contribute to the political stability of the Pacific area and of the world . . . The contrary course with all its

implications may breed serious resentment and political dissatisfactions."[44] Opposition, led by the UK, was motivated by fears that Japan would harm industries and not comply with trade rules. Similar concerns were heard from groups in the United States, especially the textile industry and nationalist leaning Republican Senators in Congress, but the executive branch, under leadership of the State Department and with support of the president, emerged as leading advocate for Japan's accession (Forsberg, 2000).

In the end Japan would have to wait - having achieved autonomy with conclusion of the San Francisco Peace Treaty in September 1951, it applied for GATT membership 18 July 1952 and gained provisional membership over a year later and full membership on 10 September 1955. Yet even upon formal accession, Japan's membership was in reality only partial since nearly half of the existing members chose to exercise their right under GATT Article XXXV to refuse MFN treatment to a new member. Fourteen governments, including the UK and France which comprised forty percent of Japanese trade, did not confer GATT member status to Japan. This outcome presented the United States with a double burden - not only had it accepted Japan's accession with limited reciprocity for market access in Japan, but it would face the large share of Japanese exports as they remained excluded from European markets. It also presented Japan with the unsatisfactory outcome of providing MFN treatment to states that did not reciprocate. The security interests of the United States and Japan's interest to rejoin international community through membership in organizations explain the willingness of both countries to go forward under these conditions (Akaneya, 1992).

The turn of events in East Asia and poor performance of Japan's economy convinced the United States that integration of Japan into the Western trading bloc was a foreign policy priority. First with the victory of Communists in the Chinese civil war and then the outbreak of war in Korea, East Asia took on new importance in the battle against communism. As the base for U.S. troops in a strategic perimeter and a democratic protege emerging from occupation with a constitution largely written by the United States, the United States had a strong interest in Japan's success. Yet occupation reforms had opened the way for liberal sentiment and organized labor that could turn radical in face of continued poverty. Socialist victory in elections in 1948 made real the possibility that Japan would turn to embrace neutrality in the Cold War, and the problem of political and economic stability in Japan took on heightened importance at the highest levels of U.S. leadership.

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[44]Records from Stanford digital archive of GATT documents, GATT/CP3/WP10/2/3; GATT/CP3/WP10/2/9.REV.1.

Forsberg (2000) contends that Cold War strategy played major role to shape U.S. foreign economic policy toward Japan. George Kennan's visit to Tokyo in March 1948 convinced him that economic failure posed greater risk of communist subversion from within than any risk of Russian invasion or future Japanese return to aggression (Forsberg, 2000, p. 62). He led in urging the new approach to Japan that would soon be codified in NSC 13/2, which called for the U.S. to focus on economic recovery in Japan and make "a vigorous and concerted effort . . . to cut away existing obstacles to the revival of Japanese foreign trade."[45] Continued U.S. aid was expensive, and exports offered one route to economic recovery in the devastated nation. The need to gain Japan's cooperation with trade sanctions against China also made it essential for the United States to provide Japan with alternative markets as the United States compelled a reluctant Japanese government to restrict trade with its most natural regional trade partner (Forsberg, 2000, p. 112).

Within the U.S. government, the State Department took the lead to advocate for Japan's rapid accession to GATT. Republican refusal to renew the RTAA complicated hopes to negotiate lower tariffs with Japan. The 1953 Treaty of Friendship, Commerce, and Navigation restored trade relations with Japan, but the tariffs were high at levels set by Tariff Act of 1930 (Forsberg, 2000, pp. 78, 124). Lowering these tariffs threatened textile industries in the United States. The U.S. officials entered negotiations with modest offers to lower tariffs on Japanese goods (and no concessions on textiles where Japan had major export interest) and demanded concessions from Japan on politically important products such as automobiles. The Japanese side resisted making any major tariff reductions while the US added some concessions on textiles, such that the final agreement was criticized in the United States. Japan would be allowed to continue import quotas that were justified as necessary for balance of payments but also protected domestic industries. Nevertheless, the bilateral agreement concluded finally in May 1955 was a good outcome for the United States when viewed from the larger perspective that the U.S. government saw Japanese economic growth as a vital national interest (Forsberg, 2000, p. 156). Based on this calculation the administration expended considerable capital at home to accept the agreement and then abroad in negotiations with other GATT members to encourage their approval of Japan's GATT accession. In an extreme gesture of support for Japan, the United States was reported to have offered tariff concessions for improved access to U.S. markets to those GATT members that gave tariff concessions to Japan (Komatsu, 1963, p. 161).

Faced with the same trade-off between foreign policy goals encouraging support of Japan's

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[45]NSC13/3 6 May 1949 cited in Forsberg (2000, p. 64).

accession and trade interests threatened by its emergence as competitor, Britain made a different choice. The Foreign Office recognized the foreign policy reasons to favor accession for Japan but could not win the internal debate. Opposition from Lancashire textile interests was strong and the Board of Trade urged the need for Britain to be able to discriminate against imports from Japan (Forsberg, 2000, p. 126). A frequent complaint was that Japan engaged in unfair trade dumping its products and stealing designs and would not open its own markets. A government report carefully laid out the risk that rejecting Japan's GATT membership would destabilize Japan just as the new Prime Minister Ichiro Hatoyama was wavering in support for the Western alliance and thereby also anger the United States, and on trade noted that while some British industries could gain from exports to Japan others faced potential for serious injury (Yokoi, 2003, p. 111). In the end the government decided to exercise the escape clause in GATT Article 35 by which existing members could deny MFN privileges to new members on a selective basis. In an odd compromise, even while it announced it would not offer MFN trade relations to Japan, the government voted in favor of Japan's GATT accession at insistence of Foreign Office after arguments that Britain would be blamed if the members rejected Japan and this led Japan to ally with Soviet Union (Yokoi, 2003, p. 114). For the United States the question represented whether to continue paying for aid to Japan or to encourage trade and U.S. economic strength generated confidence in face of new competition, but for most in Britain, Japan's entry was viewed primarily through prism of economic competition. The UK was not alone, as fourteen of the thirty-four GATT members would invoke Article 35, which was unprecedented in the past or subsequent history of the trade regime.[46] As a result, Japanese exports grew rapidly in markets like the United States and Canada who conferred full GATT status but remained stagnant with those refusing to provide MFN tariff treatment to Japan (Uchida, 1959, p. 170). Only after a decade of negotiations and discriminatory trade status within the regime did Japan gain full GATT relations as these countries agreed to extend regular GATT terms to Japan.

The difference between the UK and other European states highlights the generosity by the United States. Japan had not convinced states that it was embracing liberal market reforms. Allowing Japan to enter would place new pressures on the regime, and the sequential liberalization approach would have urged members to all follow the skeptical British approach to wait. Instead, the United States agreed to assume the burden of absorbing Japanese exports. Nineteen other

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[46]British and French colonies would also invoke Article 35 against Japan to increase by an additional eighteen the total number of members that refused to provide full GATT status to Japan.

members also agreed to open their markets to Japan as they conferred MFN treatment to Japan at time of membership. Even Britain could not deny membership to Japan, and instead chose to approve membership as a way to affirm Japan's position in the Western club of nations while continuing to exclude its trade.

On the Path to Reform: Korea

The Republic of Korea raised less fears among current members as a poor country emerging from years of oppression under Japanese colonial rule. It first participated in the trade regime as part of Torquay round GATT negotiations on 9 Feb 1950 and anticipated acceding upon completion of the trade round.[47] Kim (2005, p. 185) notes that since the country had little trade at this time, participation in the 1950 trade round was largely a symbolic statement about joining the international community rather than a move to expand market access. Politically motivated to begin with, plans to accede would be cut short by outside events. The outbreak of the Korean war in June 1950, the middle of the Torquay round, prevented ratification by the Korean legislature upon the completion of the round in April 1951. The matter was set aside as the government grappled with more immediate problems.

Not for another fifteen years would Korea again consider membership. In November 1965, President Park Chung-Hee urged that the government should apply and established a research team to assess the benefits of GATT membership.[48] The committee report emphasized benefits of market access but also highlighted the potential downside if accession forced the government to withdraw support for domestic industries provided by high tariffs and export subsidies.[49] The addition of special and differential treatment for developing countries (GATT Chapter IV), which had been added in 1963, convinced the government that it could gain the benefits of market access from joining the regime without having to constrain its own trade policy significantly (Kim, 2005, p. 186). The desire to promote exports was central to government decision to join, but it had not embraced restructuring of the domestic trade policy regime.

The government made its formal application for accession in May 1966. A GATT working party was formed to assess its application in June 1966, and after three meetings, accession for Korea was approved in March 1967. Korea joined under the terms of GATT Article 33 accession, and its experience illustrates that even this procedure could be relatively quick. In the negotiations

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[47]Stanford digital GATT archives, C/M/36, GATT/CP.5/46/Add.1, BUDGET/6.

[48]16 November 1965, *The Chosun Ilbo.*

[49]12 December 1965, *The Chosun Ilbo.*

members expressed concerns about active state intervention in the economy, and Korea promised that its export promotion measures would conform with GATT rules and it would lift the trade restrictions imposed for balance of payments reasons as soon as there was improvement in its balance of payments situation.[50] Kim (2005, p. 186) describes the Korean offer as merely binding existing tariffs and notes that the items scheduled to have reduction of tariffs represented less than 0.2 percent of Korean imports that year. Members made little effort, however, in pushing Korea to make more concessions as the United States withdrew its demands for more on auto concessions upon resistance from Korea (Ibid.). The Korean Cabinet and Assembly quickly approved the accession protocol so that Korea became official contracting party in April 1967 and would benefit from the round of 30-35 percent tariff cuts being concluded at this time in the Kennedy Round negotiations. Media coverage was favorable with comments that while Korea had to give foreign countries tariff concession on 18 imported industrial products it would receive extensive tariff concessions from developed countries on about 60,000 items.[51]

None of the available records indicate that there was explicit consideration of foreign policy considerations on either side of the accession negotiations. The only indicator of foreign policy salience was the statement by the government of Cuba condemning participation in GATT by Korea.[52] The leniency of members to allow Korea to join with few concessions of its own could have simply been that they saw little threat from Korean exports. The government had agreed to bilateral restraints on its textile exports prior to joining the regime, and even when it tried to reduce protectionist barriers against its leading textile exports in subsequent negotiations, it was forced to go along with the Multifiber arrangement that entrenched the quota system for restricting textile trade (Kim, 2005, p. 187). At the same time, it was clear that Korea was gaining considerable market access gains at little price. Alliance ties may have helped states to look with greater tolerance to allow free-riding. Korea had begun some liberalizing political reforms in the 1960s, but it was not a democracy at the time. It had turned toward export orientation, but not embraced liberal trade. Letting Korea join the club marks the inclusiveness of the organization and hopes that new members would continue to reform after accession.

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[50]Stanford digital GATT archives, L/2720 and L/2704.

[51]3 May 1967, *The Chosun ilbo.*

[52]GATT Digital Archive `http://gatt.stanford.edu`. 3 October 1966 L/2695.

To apply or not to apply? Mexico's two step

The decision of Mexico to apply for membership to GATT in 1979 was reversed when the government announced it would postpone its application. Five years later, Mexico renewed its application and rapidly concluded the accession process to join in 1986 as a contracting party. The case offers an opportunity to look more closely at what changed to convince Mexico that membership was in its best interest.

Reluctance to embrace free trade stands out as the most obvious reason for delayed application and accession by Mexico. The first rejection of membership occurred in 1947 when the Mexican Finance Minister announced that the country would not ratify the Havana Charter to establish the International Trade Organization or participate in GATT because the organization would ruin national industries (Ortiz Mena, 2005, p. 217). As can be readily seen in Figure 9, the country's pursuit of import substitution policies led to declining shares of trade as percent of GDP over the 1950s and 1960s. These policies at first delivered strong economic growth. With economic downturn in the 1970s, however, the government began to experiment with different economic policies. Under pressure from the IMF after receiving funds to help address the 1976 balance of payments crisis, the government launched a series of reforms including steps to liberalize trade policies (Ortiz Mena, 2005, p. 219). Participating in UNCTAD and the Tokyo Round negotiations brought Mexico into the center of negotiations over international trade rules and made the application for GATT membership a natural next step. It appeared that Mexico was turning from import substitution to export promotion, and this shift in policy orientation explained the move to apply for GATT membership in 1979. The working group on accession met five times to produce an accession protocol that was seen as very lenient to allow Mexico wide latitude to pursue its development strategies (Story, 1982, p. 772-773).

At this point, President Lopez Portillo engaged in a remarkably open domestic debate on the merits of GATT accession. The deliberation process with input from economic analysts and consultation with industry and labor groups was covered in front-page media commentary. Ortiz Mena (2005, p. 221-222) notes the irony that this debate went forward entirely separate from the accession offer that was negotiated with extremely favorable terms for Mexico. Rather than specific industries lobbying against measures that could threaten to increase competition with imports, attention focused on economic sovereignty and the development model writ large. The final vote of the Cabinet in March 1980 opposed accession, and the government informed GATT it would postpone its application. Mexico had decided to remain committed to state intervention and reliance
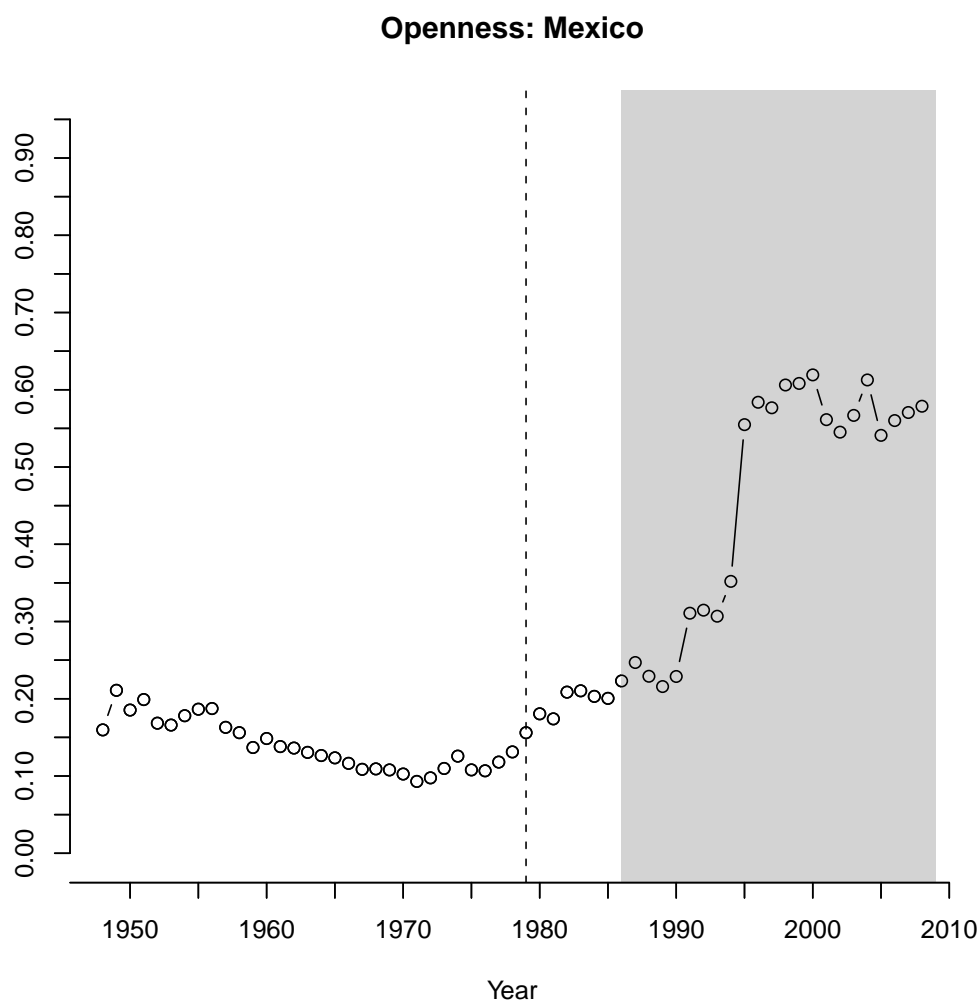
Openness: Mexico

Figure 9: *Trade Openness and the Accession of Mexico*: The figure shows the share of trade as percent of GDP for Mexico. Mexico applied in 1979 and shaded portion of the graph reflects openness following membership in 1986.

on oil exports. The push for economic reform was set aside as rising oil prices raised the prospect for a return to high growth.

The United States had actively lobbied Mexico on the need for it to join GATT. Story (1982) contends that the independent streak in Mexican foreign policy and desire to show independence from the United States perversely pushed Portillo to decline joining. Relations with the Carter administration were poor at this time. Opponents portrayed GATT accession as a move towards dependence on the United States even though it would actually open more markets for diversification of exports that at the time were overwhelmingly directed to the United States. When Portillo announced the postponement of GATT accession on the 42nd anniversary of Mexico's expropri-

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ation of U.S. oil companies, it framed the act in terms of nationalism and anti-American policy (Story, 1982, p. 775).

Caught by surprise when Mexico postponed its application in 1980, the United States began to impose higher countervailing duties against imports from Mexico (Lara-Fernandez, 1987, p.20). Export subsidies used as part of Mexican sectoral promotion strategies were seen as inimical to U.S. interests. The friction between the countries was resolved under desperate circumstances. When the collapse of oil prices and spiraling cost of servicing debt obligations threw the Mexican economy into turmoil in the early 1980s, the United States used the Baker plan as additional leverage to encourage broad economic reforms in Mexico including trade liberalization. The 1982 National Development Plan launched structural reforms to restore stable growth and improve the competitiveness of industries. From a foreign policy perspective, efforts to assert independence from the United States were no longer so appealing.

When Mexico renewed its application to GATT in 1985, it listed as its motive the desire to improve market access and reduce its reliance on petroleum exports.[53] This time the government undertook hearings within the Senate, which recommended accession. As domestic reforms had begun a process to liberalize its own markets, many noted it should try to bargain for access rather than simply adopt unilateral liberalization (Ortiz Mena, 2005, p. 225). Yet the government had not made a complete reverse course. It only agreed to the accession protocol when assured that it would be allowed to continue sectoral promotion policies, exclude sensitive agricultural products, and retain some aspects of import permits and official pricing system, which were clearly a GATT violation.[54] The European negotiators who had agreed in advance that they would accept the accession terms negotiated between Mexico and the United States later complained that the United States had given too favorable a deal to Mexico (Ortiz Mena, 2005, p. 226). So one can conclude that while a shift of domestic policy to favor liberalization was a necessary condition for Mexico to apply to GATT, its negotiation did not extract deep concessions.

Mexico applied as its economic and geopolitical alignment became more similar to those of the trade regime members, but its negotiations reflect the willingness of member states to let Mexico in with low conditionality in anticipation of long-term movement toward liberalization following membership in the regime. Mexico's original application in 1979 reflects a trade policy turning toward openness and greater engagement with member states politically and economically. The

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[53]GATT Digital Archive `http://gatt.stanford.edu`. L/5919 27 November 1985

[54]Members allowed the pricing system to continue since GATT provisions would only apply if not inconsistent with existing law. Mexico abolished the pricing system on its own in 1987. See Vernon (1992/93, p. 725).

conclusion of its negotiation process reflects third party pressure from members to join the trade regime and negotiated terms included relatively low levels of conditionality.

Seemingly Deviant Cases: Soviet Bloc Applicants in the 1960s

Given the focus of the GATT regime on liberalizing trade through reciprocal tariff reductions, there are considerable technical barriers to ensuring "reciprocity" between a market economy and a non-market economy. Many of these countries lacked tariff rates and controlled trade through quasi-state entities. From an economic perspective we expect that a non-market economy that desired membership would face high conditionalities to join. However a number of East European, non-market economies joined the GATT during the height of the Cold War and without undergoing substantial domestic reforms. Poland applied in 1959 (and joined in 1967), Yugoslavia in 1965 (1966), Romania in 1968 (1971) and Hungary in 1969 (1973). These accession cases highlight the extreme flexibility in practice for members to allow entry by governments well before they had adopted liberal economic policies for open trade. Their willingness to do so for this set of countries arose from an influence attempt with strategically important countries.

Yugoslavia was the earliest non-member Communist state to formally engage with the GATT. High tensions between its Prime Minister, Josif Tito, and the USSR's Joseph Stalin led to Yugoslavia's expulsion from the Cominform in 1948 and to exclusion as a full member in the Council for Mutual Economic Assistance (CMEA), the Soviet equivalent of the GATT, upon its establishment in 1949. Yugoslavia's stark political and economic break from the USSR led to its participation in the GATT in a host of capacities throughout the 1950s. Beginning in 1952 Yugoslavia established a unique economic model that lay between a market economy and a planned economy (Estrin, 1991, 188). Intending to maintain this middle ground, it worked with the GATT throughout the 1950s to make its changing trade processes compatible with market economy trade, finally requesting formal GATT membership in 1965 when it could formally negotiate tariff rates (Lanoszka, 2001, 597).[55] Yugoslavia's persistent engagement with the GATT paved the way for GATT members to accommodate a non-market economy and for Soviet Bloc non-members to view how they would be received by the organization.

Of states allied with the USSR, the death of Stalin in 1953 and the USSR leadership transition to Krushchev led to greater, if still limited, autonomy from the USSR. In October 1956, Polish

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[55]Yugoslavia requested associate membership in 1958 (GATT document L/870), provisional accession in 1962 (L/1868), and full accession in 1965 concurrent with Kennedy Round participation (L/2350).

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nationalist leader Wladyslaw Gomulka was elected as First secretary to the Polish United Workers' Party (PZPR), replacing the Soviet-appointed Polish political leaders. Gomulka remained in the Warsaw Pact but enjoyed more autonomy from the USSR, allowing for Poland-specific priorities instead of USSR priorities (Kaplan, 1975, 148-149). The US viewed Poland as having the potential to break alignment with the USSR and it engaged Poland with foreign aid beginning in 1957 (Kaplan, 1975, 153).[56] Poland used its autonomy to diversify its economy, increasing its imports from the West from an average of 20 percent in 1954 and 1955 to an average of 30 percent from 1957 through 1967 (Hughes and Volgy, 1970, 464). Poland applied for GATT membership in 1959 seeking additional export markets generally and the elimination of high quantitative restrictions from West European states specifically (Haus, 1992, 26). Existing members did not act on the membership request at the time.[57] Throughout the late 1950s and early 1960s, Poland continued to seek greater Western economic engagement, while maintaining formal solidarity with foreign policy stances of the USSR.[58]

Among existing members in the late 1950s, GATT executive secretary Eric Wyndham White actively supported entry into GATT by Yugoslavia and Poland, and he received some support from the United States. White was concerned with establishing the GATT as an international organization and expanding its membership broadly (McKenzie, 2008, 100). The United States was motivated by its domestic policy of "differentiation," whereby it sought to create distinct foreign policies toward Soviet Bloc states depending upon their degree of alignment with the USSR. Under this policy, the US identified Poland in the late 1950s as a Soviet Bloc country with which to expand relations (Haus, 1992, 15). It extended MFN status to Poland in 1960 (Kaplan, 1975, 160).[59] Against these interests in favor of Poland's accession, the UK and France were concerned

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[56]Importantly, foreign aid to Poland was not provided in grant form, but instead in the sale of specific commodity and manufactured goods from the US to Poland. Foreign aid to Poland became a contentious US legislative issue throughout the early 1960s (Kaplan, 1975).

[57]GATT document L/967. A working party was formed and a declaration made in November 1959 aiming for closer associations between Poland and contracting parties. Negotiations toward membership did not proceed at the time (L/1037/Rev.1).

[58]These include criticizing nationalist Hungarian revolutionary leader Imre Nagy, formally supporting the USSR in the 1958-59 Berlin crisis, and participating in the Moscow Conference Declaration in November 1960. (Kaplan, 1975, 155-157).

[59]Kaplan (1975) emphasizes the MFN decision is partially due to Polish balance of payment problems as a result of the high amount of foreign aid in the form of sales provided to Poland by the US. Sales of US goods to Poland (Polish imports) led to the US accumulation of Polish zlotys that faced high restrictions on reinvestment into Poland. Providing Poland export markets was one way that Poland could regain zlotys.

that any one Communist country's membership in the GATT would set an unwanted precedent for other Communist and non-market economies to seek membership. In the late 1950s, these countries opposed Poland's application with the immediate view toward keeping Yugoslavia from obtaining full membership (McKenzie, 2008, 101).

During the early 1960s, the Kennedy Trade Round reopened the question of Poland and Yugoslavia's membership status. Yugoslavia submitted an application for full membership in 1965 and Poland re-applied in 1966. This time their applications were accepted and members promptly formed working parties. Again, it would have been possible for the existing members to create stringent conditionalities guiding terms of membership, but this did not occur. Yugoslavia's long-engagement with the regime put it in the position to negotiate MFN tariff rates agreed upon between application in January 1965 and protocol completion in July 1966. Poland won approval for its accession without any formal tariff negotiations under an 8-page agreement negotiated between January and September 1967.[60]

Poland 's non-market trading practices were incompatible with tariff negotiations and Poland was not willing to change its practices (Grzybowski, 1980, 547). Thus, the main condition for Poland's accession was an obligation that Poland increase its imports from GATT members by no less than 7 percent per year for the period 1968 through 1971, and it agreed to undergo an annual review process.[61] Nonetheless, the accession protocol fully satisfied Polish demands for reduction of quantitative restrictions on its exports to Western Europe. Existing restrictions were frozen and a phase-out of these practices would be decided upon Poland's third annual review process. Overall, Poland's terms of accession required Poland to make no changes to its domestic trade policies.

Following Poland, Romania and Hungary applied for full membership in 1968 and 1969, respectively. Romania was admitted by committing to minimum levels of import increases and annual reviews.[62] Romania received the same phase-out date as Poland upon which contracting parties were obligated to remove quantitative restrictions on Romania's exports.[63] In contrast to the ap-

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[60]Poland's working party included Australia, Austria, Belgium, France, Germany, Italy, Luxembourg, Netherlands, Canada, Czechoslovakia, India, Israel, Japan, Nigeria, Norway, Pakistan, Sweden, the United Kingdom and the United States (GATT document L/2736).

[61]GATT document L/2851. It was highly unusual for a country to be granted full membership under terms that would require future renegotiations specific to the acceding country.

[62]GATT L/3601, Annex B Schedule LXIX. Romania's terms were slightly different in that import increases should be "at a rate not smaller than the growth of total Romanian imports provided for in its Five-Year Plans."

[63]GATT L/3475. Poland and contracting members agreed in December 1970 that the transitional period would end December 31, 1974.

proach taken for Poland and Romania, Hungary underwent full tariff negotiations as part of its accession negotiation.

The case study has shown how shifts in both the demand and supply of membership was necessary for GATT to incorporate non-market economies of Eastern Europe. First, the need to broaden their economic opportunities and diversify trade away from dependence on the Soviet Union contributed to several communist countries applying for GATT membership. There is no evidence that they intended to reverse their domestic economic system of state control over markets and embrace open market capitalism. And they did not have to make such changes. Instead, existing members agreed to admit these countries without demanding substantial reforms because they perceived beneficial geopolitical linkages. An important condition under which this trade-off was made was the small size of the countries seeking accession (Damrosch, 1992, 29). Given the negligible economic impact and potential positive geopolitical benefits, linkages enabled existing members to accept these countries with limited conditions and concessions. Because existing members hold a variety of interests, they have incentives to offer easy accession to some countries as part of a larger strategy.

The application of China and the Soviet Union in 1986 would present a far greater challenge and opportunity. Economic size increased the potential threat to domestic industries from granting them membership, and there was considerable uncertainty over the direction of their foreign policy that also raised the stakes of any linkage policy. These important cases would require more space than possible in this article and so we will simply note that foreign policy concerns have played a prominent role in the process alongside bargaining for economic reforms. The full test of our argument applied to these case studies lies for future research.

5   Conclusion

Although the GATT/WTO is known as an economic organization, there are strong political factors at work that attract some countries toward the trade regime while making others hesitant to join. The emergence of the trade regime as a political club explains both puzzles introduced in the beginning of the paper. Existing members allowed open entry even for those who did not have high levels of trade openness and rejected the option of strong formal conditionality because they saw value in the organization as a carrot for gaining new supporters. Outsiders applied as a way to affirm their position within the Western bloc with all of the benefits that came with it including market access. Common foreign policy orientation formed conditions favorable for applying to join

and to complete timely accession negotiations.

Placing the trade regime within a geopolitical context also helps to explain the shift towards more demanding expectations for applicants to the WTO. The GATT was established in 1947 as the Cold War began and the rules were transformed in 1995 with establishment of WTO as the Cold War had come to an end. This foreign policy context has greatly shaped the evolution of the institution. The leading economic organization extended an open welcome to new members when engaged in rivalry with Soviet bloc, and only began to impose strict conditions when the end of Cold War reduced the salience of foreign policy in the domain of economic decision-making. Unfortunately, there are only a small number of applicants to the WTO and they represent an extreme sample of the laggard countries who did not join GATT, so we cannot directly compare the two regimes.

The trade regime appears to follow sequential liberalization because it has experienced gradual membership expansion and deepening levels of commitments. A closer look, however, reveals that there has been very little selection based on levels of trade openness. Statistical analysis of both time to apply and negotiation length fail to show consistent effect of openness on outcomes for membership. Case studies also show that states seek membership with expectation to receive free ride rather than from a turn towards embracing liberal trade policies and opening home markets. Nevertheless, by forming a group of like-minded states with common interests, the institution could then embark on continued liberalization that would raise their level of commitments from within as well as through additional member expansion.

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	Breslow Ties	No Strat& Art 26 Control	DV = time to join
Polity	$1.051 * **$	$1.044 * *$	$1.080 * **$
Ally Member Count	$1.050 * *$	$1.094 * **$	$1.092 * **$
UN Voting Similarity	$1.010 * *$	$1.011 * *$	$1.013 * *$
Openness	1.428	$2.226 * **$	1.838
GATT/WTO Member Trade	0.998	1.001	1.002
PTA Trade	1.007	0.997	$1.011*$
Art 26 Eligibility		$1.120 * **$	
country-year observations	1562	1562	1973
countries at risk	119	119	122
country failures	103	103	93
year coverage	1948-2008	1948-2008	1948-2008

Table 5: *Appendix Ia*: Additional robustness checks using different model specifications and alternative dependent variable. Cox proportional hazards models where dependent variable is time to apply unless otherwise noted. All specifications control for Trade Round, Oil Exporter, Percent world regime membership, former colony, and Cold War. All models include robust standard errors, stratification by Article 26 eligibility, and attain robust logrank p values of ¡0.0001. Estimates shown are exponential values of coefficients. *** significant at 1%; ** significant at 5%; * significant at 10%.

	GATT Pd Only	Exclude Founders	Exclude Early Joiners	Exclude OPEC countries
Polity	$1.054 * **$	$1.058 * **$	$1.058 * **$	$1.059 * **$
Ally Member Count	$1.066 * *$	$1.071 * **$	$1.078 * **$	$1.058*$
UN Voting Similarity	$1.014 * *$	$1.015 * **$	$1.011*$	$1.011*$
Openness	1.603	1.324	1.286	1.128
GATT/WTO Member Trade	0.996	0.994	0.999	0.996
PTA Trade	1.000	1.007	1.008	1.002
country-year observations	1458	1551	1442	1234
countries at risk	119	108	99	107
country failures	91	92	83	92
year coverage	1948-1994	1948-2008	1954-2008	1948-2008

Table 6: *Appendix Ib*: Additional robustness checks using various subsamples of the data. Cox proportional hazards models where dependent variable is time to apply. All specifications control for Trade Round, Oil Exporter, Percent world regime membership, former colony, and Cold War. Estimates shown are exponential values of coefficients. All models include robust standard errors, stratification by Article 26 eligibility, and attain robust logrank p values of ¡0.0001. *** significant at 1%; ** significant at 5%; * significant at 10%.

	Export Openness	Import Openness	GATT/WTO Import Reliance	GATT/WTO Export Dependence	5-year Moving Averages
Polity	1.060 ***	1.057 ***	1.059 ***	1.058 ***	1.110 ***
Ally Member Count	1.062 ***	1.068 ***	1.066 ***	1.063 **	1.024
UN Voting Similarity	1.013 ***	1.013 **	1.013 **	1.013 ***	1.013 **
Openness	1.149	2.232	1.312	1.298	0.876
Export Openness					
Import Openness					
GATT/WTO Member Trade	0.993	0.995			0.974 ***
Gatt Import Trade Reliance			0.994		
Gatt Export Trade Dependence				0.996	
PTA Trade	1.006	1.006	1.006	1.006	1.005
country-year observations	1562	1562	1554	1520	1597
countries at risk	119	119	119	119	89
country failures	103	103	103	103	81
year coverage	1948-2008	1948-2008	1948-2008	1948-2008	1950-2009

Table 7: *Appendix 2*: Additional robustness checks using different explanatory variable specifications. Cox proportional hazards models where dependent variable is time to apply. All specifications control for Trade Round, Oil Exporter, Percent world regime membership, former colony, and Cold War. Estimates shown are exponential values of coefficients. All models include robust standard errors, stratification by Article 26 eligibility, and attain robust logrank p values of ¡0.0001. *** significant at 1%; ** significant at 5%; * significant at 10%.

	Democratization	IOsJoined	AD Law	WTO Pd	Internal Conflict
Polity	1.059 * **	1.058 * **	1.051 * *	1.060 * **	1.056 * **
Democratization	0.998				
IOs # Change		1.013			
Ally Member Count	1.065 * **	1.063 * *	1.075 * **	1.066 * **	1.065 * *
UN Voting Similarity	1.014 * **	1.016 * **	1.013 * *	1.014 * *	1.014 * *
Openness	1.337	1.315	1.267	1.322	1.164
GATT/WTO Member Trade	0.994	0.997	0.998	0.994	0.997
PTA Trade	1.006	1.016*	1.006	1.005	1.007
AD Law			1.413		
WTO Period				2.38	
Ln(Internal Conflict)					0.938 * *
country-year observations	1562	1544	1302	1562	1522
countries at risk	119	112	98	119	109
country failures	103	97	81	103	94
year coverage	1948-2008	1948-2008	1959-2005	1948-2008	1948-2008

Table 8: *Appendix 3*: Additional robustness checks using additional controls. Cox proportional hazards models where dependent variable is time to apply. All specifications control for Trade Round, Oil Exporter, Percent world regime membership, former colony, and Cold War. Estimates shown are exponential values of coefficients. All models include robust standard errors, stratification by Article 26 eligibility, and attain robust logrank p values of ¡0.0001. *** significant at 1%; ** significant at 5%; * significant at 10%.