

Picking Treaties, Picking Winners: International Treaty Negotiations and the Strategic Mobilization of Domestic Interests

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Abstract

International treaty negotiations and domestic politics are interrelated. We show that negotiators can strategically select treaties to mobilize domestic interest groups and support particular candidates for office. Interest groups will support (oppose) political parties that will ratify treaties benefiting (harming) them. By designing treaties that mobilize these “swing” groups, negotiators can affect different parties’ chances of assuming power. Our model produces specific predictions for treaty design, contingent on the preferences of negotiators, parties, and interest groups. With conservative and moderate interest groups, the results may be counterintuitive—for instance, foreign governments pushing liberal treaties on liberal incumbents they dislike, intentionally mobilizing interest groups against the treaty and in favor of conservative challengers. Highly competitive systems, particularly those where moderate interest groups’ support is in play, give treaty negotiators leeway to shape political outcomes. Powerful interest groups may exert strong influence or no influence, depending on the cost of appeasing them and whether domestic and foreign negotiators are willing to gamble the incumbent’s political future for the achievement of their policy ideals.

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International relations scholars have devoted considerable attention to the influence of domestic politics on treaty negotiations (Milner 1997; Putnam 1988; Tarar 2001). According to this body of research, domestic ratification constraints may prevent executives from pursuing their ideal treaties or assist them by committing the country to negotiating positions that both the ratifying body and the executive support. Domestic interest groups also come into play, lobbying against some agreements and facilitating others when negotiators find “allies” on the other country’s side of the table (Schoppa 1993). There are compelling reasons to believe that time and the looming possibility of government turnover also affect treaty negotiations in ways not appreciated in the existing literature. First, a future government may have preferences that differ from those of the current government. Second, domestic interest groups’ preferences on a treaty may influence their willingness to support particular parties in political contests that determine who will rule. Negotiators can adjust treaty provisions to mobilize interest groups for their favored candidates, encouraging ratification and implementation of their preferred policies.

For example, political competition has played a major role in the domestic politics of trade cooperation, including Mexico’s membership in the North American Free Trade Agreement (NAFTA). Although there was stiff opposition to the agreement in the United States (Cameron and Tomlin 2000) and the traditional support base of Mexico’s president Salinas—rural constituencies and small business—vehemently opposed liberalization (Pastor and Wise 1994; Fairbrother 2007), Salinas and U.S. president Bill Clinton remained firm in their commitment to aggressive liberalization. What accounts for this joint commitment to a deep treaty under difficult domestic conditions? We propose that Mexico’s interest group politics—in particular, Salinas’s strategic shift toward policies preferred by Mexican big business—and President Clinton’s interest in supporting Salinas account for the surprisingly deep liberalization commitments under NAFTA. To understand such outcomes, scholars require a rigorous model that incorporates domestic competition, interest group mobilization, and the strategic design of treaties by politically savvy negotiators.

We present such a model. We examine a situation in which two countries negotiate a treaty. In one country, the future leadership is uncertain due to the approach of an election or other political contest. The probable outcome of the contest depends on a domestic interest group’s decision to mobilize for or against the competing political parties, one “liberal” (very supportive of international cooperation) and the other “conservative” (less supportive of international cooperation). After the contest, the victorious party ratifies or does not ratify the treaty.

Our results show how the necessity of ratification influences treaty design and creates opportunities for treaty negotiators to shape domestic political outcomes.

Incumbent governments and their foreign negotiating partners can strategically select treaties to leverage the political competitiveness of domestic parties. A party's preference for or against ratification influences domestic interest groups' expected payoffs under that party's rule. By selecting a treaty that different parties will support or oppose, negotiators influence interest groups' decisions to support or oppose those parties.

We show that treaty design is not simply a matter of international bargaining and reconciling negotiators' preferences with those of constituents. It cannot be explained merely by analyzing ratification constraints and bargaining leverage, as emphasized in much of the current literature (Putnam 1988; Mo 1995; Iida 1996; Milner 1997; Pahre 1997; Tarar 2001). International agreements are strongly influenced by negotiators' ex ante calculations on how to mobilize interest groups for their political advantage. We provide specific predictions for treaty design based on this logic. Such predictions are possible only with a model that treats political competition explicitly, allowing for variation in the preferences and political power of negotiators, parties, and interest groups.

We also improve upon the current understanding of interest group mobilization. Conventional writing on "two-level games" stresses the influence of domestic interests on treaty design (Putnam 1988; Milner 1997). These models assume that interests will mobilize in their own issue area and will tend to pull policies in the direction of their ideal points. Our model paints a more nuanced picture. By allowing for variation in interest groups' regulatory preferences and degree of political power, we show that interest groups may exert substantial influence or zero influence. A failure to influence may occur even in cases where interest groups have enough power to swing ratification votes or remove incumbents, if negotiators value their preferred treaty enough to gamble on their own political survival.

Our model's most novel predictions pertain to the manipulation of moderate and conservative interest groups. With moderate or conservative interest groups, negotiators with strong preferences *against the liberal party* may select a *liberal treaty* that mobilizes interest groups *for the conservatives* (who will not ratify the treaty). With strong preferences *for the liberal party*, negotiators may select a *conservative treaty* that renders conservative groups *indifferent* and prevents them from mobilizing at all. With moderate interest groups, negotiators have additional flexibility. With strong preferences *for the liberal party*, they can bargain for a *moderate treaty* that induces active interest group mobilization *for the liberals*.

These findings have important implications for the relationship between international treaties and domestic, especially democratic, politics. Scholars of democratic politics have praised the virtues of political competition (Besley, Persson, and Sturm 2010; Stigler 1972; Wittman 1989). Scholars of two-level games have shown that domestic politics can influence treaty negotiations (Milner 1997; Putnam 1988). By allowing for these effects as well as causation in the reverse direction (Gourevitch 1978), we show that intense competition, particularly with moderate "swing" interest

groups present, creates more opportunities for foreign governments to influence domestic political outcomes.

Our article offers another broad contribution by shedding light on a new dimension of rational treaty design (Koremenos, Lipson, and Snidal 2001). Traditional approaches emphasize international cooperation problems. Putnam (1988) discusses the potential for “synergistic linkages” that alleviate such problems—albeit in general terms. We provide a detailed theoretical account of when we are likely to see synergistic linkages and how a rational negotiator might leverage them to achieve desired outcomes in a country’s domestic politics and ratification decision. As we show throughout our analysis, a treaty is both a policy instrument and an instrument to shape a country’s internal political affairs.

Treaties, Domestic Interest Groups, and Political Competition

Our goal is to understand the relationship between treaty formation, domestic interest groups, and competition for office. We discuss the relevant literature on each subject in turn.

Treaty Formation and Two-level Games

Beginning with Putnam’s (1988) pioneering analysis, models of “two-level games” have shed light on how domestic veto players’ preferences influence international negotiations (Milner 1997; Tarar 2001). According to these models, governments try to negotiate treaties that fall within their domestic “win set” for ratification. Negotiators concern themselves not only with the preferences of those across the international bargaining table but also with the preferences of domestic actors such as legislators, electorates, and corporations. Although domestic concerns restrict the freedom of treaty negotiators, “synergistic linkage” strategies may also allow leaders to reach across borders, using de facto allies on the other side to bring both ratification and previously unachievable domestic policy goals within reach.

Although insightful, this literature has shortcomings. Putnam’s (1988) formative work and much of the subsequent qualitative literature, such as Evans, Jacobson, and Putnam (1993), focus heavily on the concept of win sets. Lost in this discussion are the strategic aspects of the relationship between treaty design and domestic politics. Our model allows negotiators to use treaty design to mobilize interest groups in politics. For example, a liberal government could settle for a moderate treaty to ensure that moderate domestic interest groups support it in upcoming elections. Beyond recognizing the possibility of synergistic linkage, we derive empirical predictions for when and between whom such linkages will be formed.

When the literature does address treaty design, it does so incompletely. The best qualitative studies—for instance, Schoppa’s (1993) discussion of synergy in the Japanese-American trade negotiations—address the issue in depth in one particular

case, without generalizable theories for application to other cases. The formal literature promises generalizable results but focuses narrowly on “leverage”—whether a negotiator can pull the treaty toward her ideal point on a contract curve. Morrow (1991) and Iida (1993) consider whether incomplete information about ratification constraints provides leverage to one country or the other. Mo (1994), Milner and Rosendorff (1997), and Pahre (1997) consider whether tighter domestic constraints give leverage. Mo (1995), Iida (1996), and Tarar (2001) consider both incomplete information and the degree of domestic constraint. These models share a problematic assumption that treaty design does not itself shape domestic political outcomes. Political uncertainty, when modeled at all, is represented as stochastic deviation of the median voter point at regular intervals (Milner and Rosendorff 1997). Yet as Eichenberg (1993) notes, elections can become “ratification events.” Treaties become politically salient issues in elections and other political competitions, uniting a country’s political factions in support or dividing them and potentially influencing the political outcome.

Political Competition

Our model builds on the assumption that governments are concerned about political survival, the maintenance of at least the minimum winning coalition to stay in office. Depending on the political system, winning coalitions may be electoral majorities or pluralities, or the “selectorate” coalitions discussed by Bueno de Mesquita et al. (2003). Governments must negotiate treaties mindful of their effects on domestic political outcomes. Taking up this issue, Smith and Hayes (1997) construct a model of international negotiations in the shadow of electoral competition, finding that voters may select leaders in view of their ability to secure concessions in another round of negotiations. Smith (2009) addresses the strategic behavior of the “foreign” side, finding incentives for major powers to allow their preferred leaders in other countries to free ride when the leaders’ political survival is particularly valuable to the major power.

These authors are right to emphasize the electoral incentives of treaty negotiators on both sides of the international table. However, they do not consider the role of interest groups in creating those incentives. This omission is significant. Interest groups exert powerful influence on political competition. Treaties, with their high issue specificity, are likely to mobilize interest groups whose economic or social sectors will be impacted by the treaty, if ratified. A two-level model of treaty formation should therefore include both political competition and interest group mobilization, which negotiators anticipate when designing agreements for policy and political effect.

Interest Groups

Political scientists and economists have examined the role of interest groups in international cooperation. Maggi and Rodríguez-Clare (1998) and Staiger and Tabellini

(1987) note that trade agreements allow governments to tie their hands vis-à-vis domestic interest groups, solving time-inconsistency problems (Kydland and Prescott 1977) and improving the chances of their own political survival. Raustiala (1997) claims that NGOs can campaign to help governments in the ratification of environmental agreements. McGillivray (1997, 2004) looks at the reverse phenomenon, when industries attempt to prevent free trade agreements from affecting their sectors. The uneven distribution of protectionism across sectors depends on interest groups' varying influence, based on geographic concentration, institutional features of the electoral rule, and the strength of political parties.

This literature examines the effect of interest groups for or against ratification in their particular sector. But treaty formation is much more complex. Putnam's "synergy," for instance, is the art of finding allies on the other side of the table. Ours is the first model capable of predicting when negotiators will realize synergistic links and with whom. By adjusting the degree of regulation, negotiators induce interest groups to support or oppose a particular party, or to support no one at all. The latter possibility is often overlooked, but crucial to explaining consensus treaties that all parties support, in which the interest group's specific policy ideal is ignored. Even in seemingly straightforward cases—McGillivray's concentrated, empowered protectionist lobbies, for instance—our model can account for negotiators bowing to interest group pressure or intentionally provoking opposition to mobilize these powerful interests for the conservative party.

In sum, our two-level theoretical model improves the state of the art in two ways. First, we offer a fully strategic account of the consequences of treaty negotiations and design for domestic interest groups, political competition, and the probability of ratification. Political outcomes and ratification probabilities are, as we show, endogenous to strategic treaty design. Second, we provide a new way of examining the strategic design of treaties in light of their domestic political consequences. Treaty design is fully explicable only when one accounts for negotiators' anticipation of endogenous political outcomes—most important, interest group mobilization and their own political survival.

Formal Analysis

We characterize the relationships between international agreements, political competition, and the mobilization of domestic interest groups. Given the strategic nature of the problem, we apply game-theoretic methods. In this section, we present our model and describe the essentially unique equilibrium of the game.

We build our model assuming three scope conditions that warrant a brief discussion. First, we focus on situations in which interest groups are capable of influencing different political parties' marginal probabilities of assuming power. This condition obtains most clearly in democracies, but it also obtains in autocracies when the ruler's power is not absolute (Bueno de Mesquita et al. 2003; Wintrobe 1998).

Second, we focus on treaties that are sufficiently important for interest groups to condition, at least in part, their support for a party on the party's willingness to ratify the treaty. This condition obtains broadly. Exporting and import-competing industries share a keen interest in trade agreements (Milner 1988); environmentalists and polluting industries are similarly sensitive to environmental agreements (Aidt 1998); a country's military and its arms industry have large stakes in the country's alliances (Morrow 1993); labor unions and employer organizations have strong interests in a nation's labor conventions (Lee 1997).

As a third scope condition, we focus on situations in which an interest group's support is truly in play. Some interest groups predictably support one party (e.g., labor unions and Democrats in the United States) due to historical links between the group and the party, or due to expectations that maintaining a working relationship is more important than supporting the candidate with the best position on a specific issue now. We model a situation in which the current treaty is sufficiently important that the interest group is willing to consider supporting either party, depending on how that party is expected to vote on ratification. Granting that some groups' loyalties are essentially static parts of the political landscape, we focus on the dynamic swing groups, whose support depends on the details of the treaty and whether each party will ratify a treaty with those provisions.

Model

We assume that two countries attempt to negotiate a treaty. The "domestic" country has a government with two political parties, denoted by *A* and *B*, as well as a single interest group, *G*, which can support party *A* or party *B* in an upcoming political contest. The interest group could be an industry lobby, an environmental group, or a religious organization. The interest group has an interest in the treaty being negotiated, and strategically conditions its support for the parties on their expected ratification behavior. For example, an exporter lobby could consider trade liberalization its primary political goal (Milner 1988).¹ To simplify, we model the "foreign" country as a unitary actor.

The sequence of moves is as follows:

1. The governments of the foreign and domestic countries negotiate an optimal treaty. To allow both governments to exert influence on the content of the treaty, we model the treaty selection stage as if a single "dealmaker" chooses a treaty that represents both governments' interests, adjusted for their relative bargaining power.
2. The interest group *G* chooses to support party *A*, support party *B*, or support neither party in the upcoming political contest.
3. Nature determines in a political contest whether party *A* or *B* will be in power.
4. The winner of the election ratifies or does not ratify the treaty.

We assume that the domestic country holds a vote on whether to ratify the treaty. This vote occurs after the political contest, the outcome of which depends in part upon group G 's decision to support one of the two parties, or to support neither party. We do not model the contest or ratification process explicitly. Instead, we incorporate the anticipated results of the contest and ratification process into the payoff structure for the foreign country and domestic incumbent government.

We include a dealmaker in our model as a theoretical convenience, not as a representation of any actor or type of actor one would encounter in actual treaty negotiations. The dealmaker allows us to account for the preferences of the foreign and domestic countries, as well as their respective bargaining power, and combine this information into a single ideal point representing the balance of interests and power between the foreign and domestic countries. The dealmaker's treaty choice represents the bargaining outcome, an optimal solution given the countries' preferences and their ability to leverage the negotiations in their favor. By including the dealmaker, we capture a wide range of efficient bargaining outcomes without introducing unnecessary complexity in the form of an explicit bargaining model.

We assume complete information. Each player, including the dealmaker, knows the value of every other player's ideal point, the value of the treaty proposal T , and the conditional probability of either party remaining in office given group G 's decision to support one of the parties, or to support neither party. For simplicity, we assume a unidimensional policy space on the real line. Point 0 represents the status quo, the policy that prevails in the absence of ratification. Party A , party B , the foreign country F , and the domestic interest group G have their own ideal points—denoted by A , B , F , and G —representing their preferred amount of cooperative regulation under the new treaty. Given that one of the domestic country's parties will be in power at the time of the treaty negotiation, we refer to an ideal point I , representing the incumbent party's ideal point. In practice, I will be equal to A or to B .

We assume that all ideal points are to the right of 0, so that gains from cooperation are possible (Keohane 1984). Without loss of generality, we let A denote the party with more conservative preferences on regulation, while B denotes the party with preferences for more regulation, such that $0 < A < B$. For example, on the issue of climate change mitigation, party B could have a strong environmentalist wing. We make no additional assumptions about the locations of F and G relative to A and B , and we provide a full analysis for every possible ordering of ideal points.²

Whether or not the treaty T is ratified, each player receives utility equal to the negative of the absolute value of the difference between the player's ideal point and the new policy point. This is a conventional spatial representation of preferences (Milner 1997; Putnam 1988). Thus, for the group G , a ratified treaty gives $U_G(T) = -|G - T|$. If the treaty is not ratified, the same formula gives group G 's status quo utility as $U_G(0) = -|G|$. Electoral outcomes aside, the new treaty regulation gives player i greater utility than the status quo when the treaty point T is closer to the player's ideal point than the ideal point is to zero. Following

convention, we maintain the internal consistency of equilibria by specifying behaviors for players when they are made indifferent by a treaty at twice their ideal point. These tie-breaker assumptions are innocuous and imply no loss of generality. Unless otherwise noted, the assumption used to present our results is that indifferent players support the treaty.

The foreign country F and domestic incumbent I also derive utility depending on whether party A or party B wins the domestic country's election. We denote country F 's utilities for having each party in power as $V_F(A)$ and $V_F(B)$, and the domestic incumbent's utilities for having each party in power as $V_I(A)$ and $V_I(B)$. Without loss of generality, we normalize $V_F(A) = 0$ to reduce notation. Thus, if $V_F(B) > 0$, the foreign country prefers party B , and if $V_F(B) < 0$, the foreign country prefers party A . These preferences can be thought of as derivative of policy agreement in other issue areas. For example, even if the federal government of the United States disagrees with the government of Saudi Arabia on human rights issues, the United States may support the incumbent Saudi regime because it agrees with the regime on energy and security issues. With regard to the domestic incumbent's preferences, $V_I(B) > 0$ indicates that the domestic incumbent party prefers Party B .³

Because the treaty ratification vote is held after the political contest, country F 's and domestic incumbent I 's total expected utilities depend not only on the treaty and their respective valuations on each party winning the election but also on the probability of party A or party B winning, given the group G 's decision to support one of the parties (or neither) in the election. Thus, in a case where party B would support treaty T , but party A and group G would both oppose the treaty, the total expected utility of treaty T for foreign country F would be

$$U_F(T) = p(B|s_G = A) \times [U_F(T) + V_F(B)] + [1 - p(B|s_G = A)] \times [U_F(0) + V_F(A)],$$

where $V_F(A)$ will be normalized to 0. Here, $p(B|s_G = A)$ denotes the probability of party B winning the political contest, given that group G is supporting party A . Terms in the left summand express the foreign country's utility if party B wins the political contest and ratifies the treaty. Terms in the right summand express the foreign country's utility if party A wins the political contest and rejects the treaty.

We use $P(B|s_G = \emptyset)$ to denote party B 's probability of winning the political contest if the interest group does not mobilize to support either party. We assume $P(B|s_G = B) > P(B|s_G = \emptyset) > P(B|s_G = A)$, so that the interest group's support is valuable. The interest group's political clout determines the marginal value of its support. If the interest group is powerful, then $P(B|s_G = B) - P(B|s_G = \emptyset)$ and $P(B|s_G = \emptyset) - P(B|s_G = A)$ are large. Otherwise, they are small. An interest group's ability to influence outcomes could depend, for example, on the number of institutional "access points" to policy makers (Ehrlich 2007). We do not assume that $P(B|s_G = B) - P(B|s_G = \emptyset) = P(B|s_G = \emptyset) - P(B|s_G = A)$. Thus, we allow for the possibility that an interest group's support could be more valuable to party A than to party B , or vice versa.

Given these primitives, we can now discuss the dealmaker's selection of an optimal treaty. Although constructing an explicit bargaining model is difficult given the complexity of the election subgame, we can consider the implications of various negotiation outcomes by introducing a new player, the dealmaker, who selects the outcome of negotiations between the two countries. The dealmaker aggregates the interests of the foreign country and the incumbent into an induced ideal point, $\lambda = \sigma F + (1 - \sigma)I$. In this expression, $\sigma \in [0, 1]$ denotes the bargaining power of the foreign country relative to the domestic country. A discussion of the sources of bargaining power is outside the scope of this article, but we assume that bargaining power exists and it allows some countries to get more of what they want out of treaty negotiations. As σ increases, the dealmaker's ideal point shifts toward F and the dealmaker increasingly pursues the interests of the foreign country.

Similarly, we can form the parameter $\gamma = \sigma \times V_F(B) + (1 - \sigma) \times V_I(B)$, representing the foreign country's and the incumbent's valuations of party B 's electoral victory, weighted by the two countries' relative bargaining powers. As σ increases, γ changes such that the foreign country's valuation on Party B 's electoral victory is more important to the dealmaker, and the incumbent's own valuation on Party B 's victory is less important to the dealmaker. The equilibrium treaty T^* must maximize

$$p(B|S_G) \times [U_D(T|R_B) + \gamma] + (1 - p(B|S_G)) \times [U_D(T|R_A)],$$

where $R_B \in \{0, 1\}$ and $R_A \in \{0, 1\}$ denote the ratification decisions of party B and party A ; $U_D(T|1) = -|\lambda - T|$; and $U_D(T|0) = -|\lambda|$. Because the dealmaker's preferences aggregate the policy ideal points, electoral interests, and bargaining power of the foreign country F and the incumbent I , T^* represents the efficient bargaining outcome, given any distribution of bargaining power and national level preferences.

Equilibrium

This is a sequential game played under complete information, except for a random draw of the electoral outcome, so the appropriate solution concept is the subgame-perfect Nash equilibrium, as extended to allow probabilistic events. A solution consists of the following:

1. The dealmaker's selection of its optimal treaty, T^*
2. The interest group's decision to support one or neither party. This decision must be optimal, given the parties' preferences for or against ratification of the treaty, T^* .
3. Each party's postelection decision to ratify or not to ratify the treaty, T^* . This decision must maximize the party's payoff.

The game can be solved through backward induction. We present a summary here, with the full equilibrium analysis in the mathematical appendix (see online).

The solution at the ratification stage is straightforward: Party A supports the treaty whenever $U_A(T^*) \geq U_A(0)$, and party B supports the treaty whenever $U_B(T^*) \geq U_B(0)$. Given our formulation for each party's utilities, party i supports treaties whenever $-|i - T| \geq -|i - 0|$. In other words, party A 's ideal point must be at least as close to the treaty point as it is to the status quo, or the party will not ratify the treaty. By implication, party A has an indifference point at $2A$. Any treaty $T^* \leq 2A$ gives party A greater than or equal to the status quo utility of $-|A|$, and party A will ratify the treaty. Any treaty $T^* > 2A$ gives the party less than the status quo utility and the party will not ratify the treaty. Note that we must have $2A < 2B$, given that party A is assumed to have less desire for cooperative regulation.

Consider now the actions of the interest group. If both parties ratify or reject the treaty, then the interest group is indifferent between them. We assume, realistically, that the interest group supports neither party in this case. If party i supports the treaty while party $j \neq i$ opposes it, then the interest group applies the following calculus:

1. If $U_G(T^*) \geq U_G(0)$, the interest group supports party i ;
2. If $U_G(T^*) < U_G(0)$, the interest group supports party j .

Logically, the interest group conditions its support for a party on the party's expected decision on the treaty. If the interest group wants the treaty, as G is closer to T^* than G is to 0, then the group supports the party that favors the treaty. If the interest group prefers the status quo, it supports a party that rejects the treaty.

Finally, consider the dealmaker's equilibrium choice of T^* . The dealmaker selects a treaty to maximize $U_D(T) = p(B|S_G) \times [U_D(T|R_B) + \gamma] + (1 - p(B|S_G)) \times [U_D(T|R_A)]$, given the other players' equilibrium strategies. We show in the mathematical appendix that an essentially unique equilibrium exists when the dealmaker maximizes $U_D(T)$ for each possible ordering of ideal points F , A , B , and G .

Empirical Implications

Here we describe the empirical implications of our model. The model provides a rich variety of predictions about the effects of international treaties on domestic politics and the strategically prior choice of such treaties. Following the logic of backward induction, we begin with treaty effects and then work our way backward to the strategic choice of treaty conditions.

International Treaties, Domestic Mobilization

How do treaties influence domestic politics? Recall that party A is assumed to be less interested in cooperative regulation than is party B . Given this assumption, the first

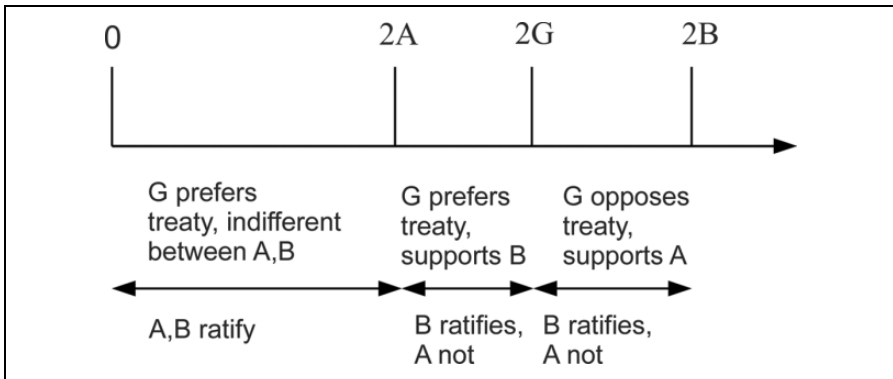


Figure 1. Treaty preferences and interest group mobilization.

Note: All treaties $T < 0$ and $T > 2B$ are rejected by both parties, and the interest group is therefore indifferent between the two parties.

question to ask is, For any given treaty, which of the following outcomes can be expected?

1. Neither party supports the treaty.
2. Only party *B* supports it.
3. Both parties support it.

All treaties $T < 0$ are unambiguously worse than the status quo for both parties. These treaties stand no chance of ratification. Similarly, treaties $T > 2B$ are never viable because even the liberal party *B* finds them too extreme. The interesting range of potential treaties is that from 0 to $2B$. Consider first the subrange $(0, 2A]$. These treaties are acceptable to the more conservative party *A* and will definitely be ratified regardless of which party wins the election. Consider now the range $(2A, 2B]$. These treaties are too liberal for party *A* and will only be ratified if party *B* wins the election.

The story does not end there, however. Because the parties' electoral prospects depend on support from interest groups, the choice of treaties also influences the electoral outcome. We can immediately infer that if neither party supports the treaty ($T < 0$ or $T > 2B$), the interest group is indifferent between the two parties and it does not mobilize. Similarly, if both parties support the treaty ($0 < T \leq 2A$), the interest group will not mobilize. The most interesting interval of treaties is $(2A, 2B]$. Any treaty that falls on this interval will only be ratified by Party *B*. How, then, should the interest group act? If $2A < T \leq 2G$, the interest group will desire ratification and will mobilize in support of Party *B*. But if $2A < 2G < T$, the interest group will prefer the status quo and mobilize in support of Party *A*. We illustrate these outcomes in Figure 1.

The outcome in cases of unanimous treaty support by both parties is rather obvious, so our empirical illustrations focus on the other possibilities. Consider Canada's 1988

free trade agreement with the United States. This treaty exemplifies the case of a partisan split: the Liberal Party opposed the treaty, but Brian Mulroney's Progressive Conservative Party supported it (Gruber 2000, 155). In our model, A would represent the Liberal Party, B would represent the Conservative Party, and the negotiated deal T^* would fall on the $(2A, 2B)$ range. After the conclusion of negotiations in 1987, Prime Minister Mulroney called an election. The trade agreement was so important an issue that this election is often called the "Free Trade Election" (Ayes 1998).

Both exporter groups and import competitors mobilized in support of the party that represented their interests. For the first time in Canadian history, these groups bought television advertisements to support their preferred candidates. Throughout the negotiation process, "[l]arge internationally competitive Canadian corporations . . . wanted the new government to move rapidly ahead with the free trade initiatives" (Gruber 2000, 103). In contrast, Liberals tried to use the free trade agreement to undermine Mulroney's popularity among ambivalent segments of the electorate. As party leader John Turner told Prime Minister Mulroney in a highly publicized debate: "I happen to believe that you've sold us out . . . [W]ith one signature of a pen, you've . . . thrown us into the north-south of the United States and will reduce us, I'm sure, to a colony of the United States" (Gruber 2000, 155). In the end, however, the incumbent Mulroney carried the day and parliament ratified the treaty.

Costa Rica's ratification of the Dominican Republic–Central American Free Trade Agreement (DR-CAFTA) offers a similar illustration. In other Central American states, political opposition to the treaty was weaker than in Costa Rica, and parliaments ratified the treaty soon after the negotiations concluded in 2005 (Sánchez-Ancochea 2008).⁴ In Costa Rica, however, DR-CAFTA became a central electoral issue. In 2006, with the DR-CAFTA negotiations already concluded, Óscar Arias, Costa Rica's former president (1986 to 1990) and the 1987 recipient of the Nobel Peace Prize, was the National Liberation Party's presidential candidate. Prior to the election, Arias announced his support for the ratification of DR-CAFTA and his center-left opponent, Ottón Solís, promised not to ratify DR-CAFTA. Arias won by a very narrow margin and created a legislative coalition that had the minimum of thirty-eight votes required for legislative ratification. However, ratification was delayed because the Supreme Electoral Court approved a referendum on the issue. In October 2007, the pro-CAFTA camp won the referendum and Costa Rica subsequently ratified the treaty.

Choice of Treaty Conditions without Interest Groups

We now consider the dealmaker's choice of an optimal treaty, T^* . We first do so under the assumption that the interest group G is passive. This baseline condition allows us to build intuition concerning the strategic logic of treaty ratification. In the following sections, we consider active interest groups.

When the dealmaker selects a treaty T , it understands that this proposal will not have any effect on the political contest. It selects a treaty solely on the basis of the

expected payoff from the treaty itself. If it proposes a treaty in the $(0, 2A]$ range, the treaty will be ratified with certainty. To maximize its utility from a safe treaty, the dealmaker proposes a treaty at its ideal point (for $\lambda < 2A$) or a treaty at $2A$ (for $\lambda \geq 2A$). Thus, the safe treaty payoff is $U_D(\min\{\lambda, 2A\}) + p(B|s_G = \emptyset) \times \gamma$. If the dealmaker proposes a treaty in the $(2A, 2B]$ range, it is ratified only if party B wins the political contest. Thus, the dealmaker's payoff is $p(B|s_G = \emptyset) \times [U_D(\hat{T}) + \gamma] + [1 - p(B|s_G = \emptyset)] \times U_D(0)$, where \hat{T} is the treaty point in $(2A, 2B]$ closest to λ .

Intuitively, the choice between the safe treaty and the risky treaty is the following: a sure payoff from a conservative treaty in the $(0, 2A]$ range, or a gamble to obtain a payoff from a liberal treaty in the $(2A, 2B]$ range with probability $P(B|S_G = \emptyset)$.⁵ The relative value of γ does not affect the dealmaker's decision because there is no interest group mobilization and the choice of treaties does not affect the parties' respective probabilities of winning the political contest.

Choice of Treaty Conditions with Conservative Interest Groups

If the interest group actively influences political competition to promote its desired outcome on treaty ratification, outcomes depend on the interest group's preferences. We begin with the conservative case, $G < A$.

The interest group G supports Party A whenever the treaty T is such that Party A would not ratify it and interest group G does not prefer the treaty. Thus, interest group G supports party A whenever $T > 2A$. How does this influence the dealmaker's choice of T^* ? Choosing $\min\{\lambda, 2A\}$ produces a payoff of $U_D(\min\{\lambda, 2A\}) + p(B|S_G = \emptyset) \times \gamma$. Choosing a more liberal treaty produces $p(B|s_G = A) \times [U_D(\hat{T}) + \gamma] + [1 - p(B|s_G = A)] \times U_D(0)$, where \hat{T} is the treaty point in $(2A, 2B]$ closest to λ .

The key difference is that party B 's probability of winning is *lower* when the interest group opposes the treaty and supports party A . By proposing a treaty on the $(2A, 2B]$ interval, so that only party B is liberal enough to support ratification, the dealmaker can increase the probability of party A winning the political contest and assuming power. Thus, the dealmaker proposes a treaty on the $(2A, 2B]$ when it places a high value on party A 's political survival and is not too heavily invested in the treaty's ratification. For example, we might see such a result if party B is the incumbent, the foreign country strongly prefers party A , and the foreign country uses superior bargaining leverage to force a politically disadvantageous liberal treaty on the incumbent.

In cases where $G < A$, the following proposition holds:⁶

Proposition 1 (conservative interest group): Fix the dealmaker's *ideal point $\lambda = \sigma F + (1 - \sigma)I$. If the interest group is conservative, the range of parameter values such that the dealmaker proposes a safe treaty in the $(0, 2A)$ interval:

Decreases as the dealmaker's valuation of party B 's political survival, γ , decreases;

Decreases (increases) as $p(B|s_G = A)$ decreases whenever $\gamma < 0$ ($\gamma > 0$).

The first part of Proposition 1 indicates that as the foreign country and the domestic incumbent's combined preference for the liberal party, B , decreases, the dealmaker's willingness to choose a safe treaty in the $(0, 2A)$ range decreases. The foreign country and domestic incumbent are less opposed to seeing party A in power, so they can accept a more liberal treaty that mobilizes the conservative interest group for party A . Notably, if the foreign country and domestic incumbent have a joint preference for the conservative party A , they can (i.e., the dealmaker can) strategically select a liberal treaty to support party A .

The second part of the proposition indicates that whenever the foreign country and domestic government jointly oppose party B , the dealmaker is less willing to offer a safe, conservative treaty as the interest group's political clout increases. Again, this somewhat surprising observation follows from the fact that by proposing a liberal treaty, the dealmaker can mobilize the interest group to support party A . In contrast, if the dealmaker prefers the liberal party B , it can neutralize the interest group by offering a conservative treaty that both parties support. Even under the safe treaty scenario, the interest group fails to get a treaty it can support. The dealmaker wants only to induce interest group *inaction*, and so tailors the treaty to party A 's indifference point. Given $G < A$, even the most powerful interest group will get a too-liberal treaty, leaving the group worse off than it was under the status quo.

To understand the importance of a conservative group G , suppose that the dealmaker has little interest in cooperation, so that $\lambda \rightarrow 0$. For example, both the foreign country and a conservative incumbent could have ideal points (F and $I = A$) close to zero. If γ is a negative number with a large absolute value, the dealmaker may strategically propose a treaty $T^* = 2A$ (assuming that party A opposes a treaty at its indifference point) to increase the probability of party A assuming power. Although the foreign country and domestic incumbent do not favor such a liberal policy and Party A will not ratify it, they jointly prefer party A so much that the dealmaker selects the liberal treaty, mobilizing the conservative interest group in support of party A .

We give a graphical representation in Figure 2. The figure shows the surface *above* which the dealmaker proposes a safe treaty in the interval $(0, 2A)$, despite the fact that $\lambda > 2A$. In the figure, it is assumed that the dealmaker prefers party B (formally $\gamma > 0$) and that $\lambda > 2A$, so that the dealmaker is potentially interested in the risky choice of $T > 2A$.⁷

The figure shows that with $\gamma > 0$, an increase in γ or a decrease in $p(B|s_G = A)$ increases the range of conditions under which the dealmaker proposes a safe treaty above the surface. When γ is high, it is more appealing to choose a safe treaty that does not increase the chance of party A assuming power. When $p(B|s_G = A)$ is low, interest group opposition has a very large negative effect on the probability of party B assuming power. Finally, an increase in λ reduces the dealmaker's incentive

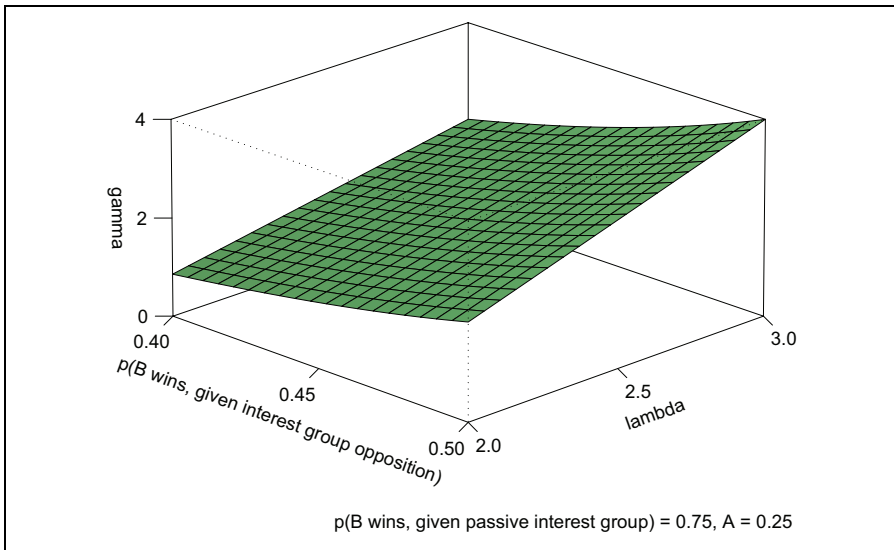


Figure 2. Treaty choice with conservative interest groups.

Note: In the figure, $A = .25$ and $p(B|s_G = \emptyset) = 0.75$. The surface comprises all points such that the dealmaker is exactly indifferent between playing the safe and risky strategy. All points above the surface imply reliance on a safe strategy, $T^* < 2A$. All points below it result in a risky proposal, $T^* = \lambda > 2A$.

to choose a safe treaty. The cost of choosing the safe treaty goes up, as the dealmaker's ideal point becomes more liberal.

Two attempts at a negotiated settlement to the 1969 to 1998 Northern Ireland conflict show how negotiators may sign a treaty despite the threat of ratification failure by the less interested party *A*. The Northern Ireland conflict saw three decades of violence between Irish Republican Army (IRA) paramilitaries, who sought to join Northern Ireland with the Republic of Ireland to the south, and United Kingdom forces who sought to preserve Northern Ireland's union with Great Britain. "Loyalist" paramilitary groups also participated on the pro-British side.

Politicians in Northern Ireland, the Republic of Ireland, and Great Britain sought a power-sharing agreement and some degree of north-south cooperation to end the conflict. In terms of our model, the Ulster Unionist Party (UUP), which led the Northern Ireland negotiators and favored power-sharing, would be represented by party *B*. The Democratic Unionist Party (DUP) would be represented by party *A*, opposing power-sharing as a blunder that would lead to Northern Ireland's absorption by the larger, more populous south. Ultraconservative unionist social organizations and paramilitary groups formed a hard core of opposition to power-sharing and would be represented by the conservative interest group *G*.

UUP-led Northern Ireland delegations negotiated two peace agreements with Irish and UK representatives—the 1973 Sunningdale Agreement and the 1998 Good Friday Agreement. The terms of these agreements were substantially the same, with $2A < T^* < 2B$ and $2G < T^*$. Both agreements mobilized ultraconservative unionists against the UUP leadership, decreasing its probability of retaining power. UUP negotiators' defiance of the "ultras" illustrates an important prediction of our model: sometimes countries will negotiate a treaty over the opposition of an interest group that is too extreme or too weak to effect substantial change in the incumbent's probability of reelection. The different ratification results followed from variation in the strength of the ultraconservatives, who managed to thwart power sharing in 1973-74 but could not stop it in 1998.

In March 1973, the British government proposed a power-sharing agreement with a Northern Ireland Assembly to manage local issues and a second representative institution (the specifics of which would be hammered out later) to manage issues of north-south cooperation. The UUP supported the proposal, carrying June 1973 elections and forming a majority coalition with pro-Ireland nationalists in the new northern assembly. But the peace process began to derail in December 1973 when British, Irish, and Northern Irish negotiators announced the "Irish Dimension" of the deal: a Council of Ireland with equal representation for the north and south.⁸

UUP leader and negotiator Brian Faulkner signed onto this "Sunningdale Agreement" in the belief that it could survive the opposition of ultraconservative unionists who would mobilize for the DUP and against ratification. In the terms of our model, Faulkner judged that $p(B|S_G = \emptyset) - p(B|S_G = A)$ was not prohibitively high. At any rate, $2G$ was so far toward the conservative end of the policy spectrum that appeasing ultraconservatives would mean abandoning power sharing altogether. Faulkner took a calculated risk.

After the announcement of the Sunningdale Agreement, paramilitary "loyalist" factions who previously fought the IRA announced their intention to fight the peace process itself. The DUP made common cause with anti-Sunningdale elements of the UUP, forcing Faulkner to resign his chairmanship (though not his leadership of the Northern Ireland Assembly) and winning a symbolic anti-Sunningdale majority of Northern Ireland's Westminster parliament seats in the February 1974 UK elections. Emboldened, the conservative Ulster Workers' Council (UWC) demanded new elections for the Northern Ireland Assembly, hoping to fill it with anti-Sunningdale members and vote down the agreement. The UK government opposed new elections, so UWC members initiated a massive strike across Northern Ireland, stopping work, blocking roads, and even ceasing electric power generation. After two weeks of disorder, Unionist legislators resigned from the Northern Ireland Assembly en masse, dissolving the assembly, wrecking the Sunningdale Agreement, and returning Northern Ireland to conflict.

In the mid-1990s, negotiators of the UK government, Irish government, and Northern Ireland parties began a second attempt at negotiated peace and power sharing. A substantially similar proposal, described by one Northern Irish politician as

"Sunningdale for slow learners," succeeded because holdout ultraconservatives were far weaker.⁹ In June 1996, the British government announced its proposal for power sharing and the decommissioning of paramilitary groups. The British and Irish governments along with nationalist parties in Northern Ireland issued joint statements endorsing the peace process. The IRA declared a ceasefire in July 1997, and Sinn Féin, the IRA's political wing, joined the talks. The British and Irish governments, Sinn Féin, the UUP, and other moderate parties announced a final agreement on Good Friday, April 10, 1998.¹⁰

The Democratic Unionist Party again opposed power sharing, organizing rallies to generate "no" votes in the upcoming popular referendum on the agreement. Interest group opposition included the Orange Order, a staunchly conservative social organization whose provocative street parades often instigated violence between Northern Ireland nationalists and unionists. A paramilitary faction, the Loyalist Volunteer Force (LVF), vowed to fight the Good Friday Agreement as well. But the opposition was a shadow of the anti-treaty bloc that defeated the Sunningdale Agreement. The DUP failed to siphon away a large number of UUP supporters. The Orange Order lacked the UWC's ability to organize workers' strikes, and with an estimated 60,000 to 80,000 members lacked the votes to derail the Good Friday Agreement in the referendum. Unlike in 1974 when anti-treaty paramilitaries stood united against an agreement, most armed loyalists held to a ceasefire, leaving the rump LVF too short of members and weapons to mount a spoiling campaign. The May 22, 1998, referendum was decisive: 71.12 percent of Northern Ireland voters in favor and 28.88 percent against. Peace and power sharing were upheld.¹¹

This analysis demonstrates our model's improvement over existing two-level games literature such as Putnam (1988) and Milner (1997). Conventional treatments predict that vehement opposition should produce changes in treaty design. Yet in the Northern Ireland case, UUP peace negotiators ignored the staunch and even violent opposition of ultraconservative interest groups. Our model provides an explanation for such gambles: governments ascribing a high value to cooperation will defy domestic opposition if the cost of concessions is too great and the domestic opposition's influence is not prohibitively high. In cases like Northern Ireland, we should see ambitious, risky treaties identical to what negotiators would choose if conservative interest groups had no power at all.

Choice of Treaty Conditions with Liberal Interest Groups

We now consider the implications of having a liberal interest group, such that $G > B$. In this case, the interest group G prefers more regulation than either party, but its preferences are closer to those of party B than to those of party A . Group G will never support party A in the political contest, but it will support Party B whenever the treaty T is such that party A would not ratify it and party B would. Thus, interest group G supports Party B whenever $2B \geq T > 2A$. How does this influence the dealmaker's choice of T ? Choosing $\min\{\lambda, 2A\}$ produces a payoff of

$U_D(\min\{\lambda, 2A\}) + p(B|S_G = \emptyset) \times \gamma$. Choosing a more liberal treaty produces $p(B|S_G = B) \cdot ([U_D(\hat{T}) + \gamma] + [1 - p(B|S_G = B)] \cdot U_D(0))$, where \hat{T} is the treaty point in $(2A, 2B]$ closest to λ . The probability that party B wins is *higher* because the interest group supports the treaty and therefore supports party B . By proposing a treaty in the $(2A, 2B]$ region, which only party B will support, the dealmaker increases the probability that party B assumes power. This can be expected if party B 's political survival is a priority for the dealmaker, for instance, if the foreign country has a great deal of power and considers the liberal party B 's political survival to be a strategic priority.

In cases where $G > B$, the following proposition holds:¹²

Proposition 2 (liberal interest group): Fix the dealmaker's ideal point $\lambda = \sigma F + (1 - \sigma)I$. If the interest group is liberal, the range of parameter values such that the dealmaker proposes a safe treaty in the $(0, 2A)$ interval:

Decreases as the dealmaker's valuation of party B 's political survival, γ , increases;

Decreases (increases) as $p(B|S_G = B)$ increases, whenever $\gamma > 0$ ($\gamma < 0$).

When the interest group is liberal, the range of parameter values such that the dealmaker selects a safe treaty decreases as the dealmaker's interest in the liberal party B increases. By proposing a liberal treaty, the dealmaker can mobilize the interest group to support party B . An increase in the interest group's political clout also encourages the dealmaker to propose a liberal treaty, as long as the dealmaker prefers party B to party A , because the increasingly powerful interest group will mobilize.

To illustrate, suppose the dealmaker has little interest in cooperation and λ approaches zero. If γ is a large positive number, the dealmaker nonetheless proposes $T^* = 2A$ (assuming party A opposes a treaty at its indifference point) to ensure that the liberal interest group G supports party B . Although the dealmaker would prefer less cooperation for policy reasons, in equilibrium it proposes a liberal treaty to manipulate domestic political outcomes in favor of party B .

A graphical illustration is given in Figure 3. The figure shows the surface *below* which the dealmaker proposes a safe treaty in the interval $(0, 2A)$ despite the assumption that $\lambda > 2A$. By selecting a safe treaty, the dealmaker strategically proposes less regulation than it prefers on policy grounds. For comparability with the figure for conservative interest groups, we again assume $\gamma > 0$. With liberal interest groups, the figure shows that an increase in γ or $p(B|S_G = B)$ results in a *lower* incentive to choose a safe treaty. When γ and $p(B|S_G = B)$ are high, the dealmaker values party B 's rule *and* interest group support can greatly enhance the probability that party B rules. Unsurprisingly, the same holds when the dealmaker's ideal point λ becomes more liberal.

The NAFTA negotiations over foreign direct investment provisions—the key innovation of this trade treaty—illustrate the importance of liberal interest groups.

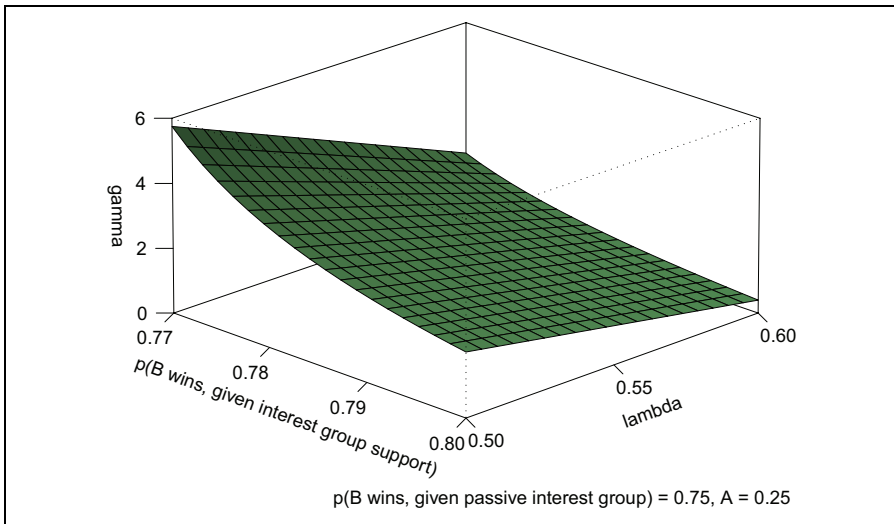


Figure 3. Treaty choice with liberal interest groups.

Note: In the figure, $A = 25$ and $p(B|s_G = \emptyset) = 0.75$. The surface comprises all points such that the dealmaker is exactly indifferent between playing the safe and risky strategies. All points below the surface imply reliance on a safe strategy, $T^* = 2A$. All points above the surface result in a risky proposal, $T^* = \lambda > 2A$.

As Pastor and Wise (1994) write, a key reason for Mexican president Carlos Salinas de Gortari's prioritization of investment liberalization, both prior to and during the NAFTA negotiations, was the PRI's shift from corporatist ideology and reliance on rural constituencies, labor unions, and small entrepreneurs to a more neoliberal economic approach and a strategy that relies on big business for political support (Fairbrother 2007; Thacker 1999).

By the time of the NAFTA negotiations, PRI's ideal point can be characterized as relatively liberal, B . By first liberalizing unilaterally, and then agreeing on investment liberalization under NAFTA, Salinas was able to consolidate the political support of the even more liberal big business. The big business was represented, first and foremost, by Mexico's Business Coordinating Council, an employer lobby with a considerable interest in capital from and market access to the United States. For this interest group, then, we would have $G > B$. The negotiated NAFTA commitments to continued investment liberalization and market access to the United States gave Salinas powerful political allies at a time when the Mexican economy was performing poorly and the 1993 presidential elections were rapidly approaching (Cameron 1997).

The United States had an interest in keeping Salinas in power in order to ensure Mexico's development toward democracy and a liberal market economy. As Krugman (1993, 18) wrote at the time of the negotiations, for the United States "Carlos

Salinas de Gortari's government... is the best Mexican government in either nation's history." In the vocabulary of our model, γ was high. The Clinton administration was willing to push hard to conclude the negotiations in spite of widespread domestic opposition to NAFTA. Krugman (1993, 19) conjectures that the foreign policy benefits of supporting Salinas mattered a great deal to the Clinton government:

For the United States, this agreement is not about jobs. It is not even about economic efficiency and growth. It is about doing what we can to help a friendly government succeed.

Our model highlights the importance of two key features: the increased political clout of big business in Mexico and Salinas's positive value to the American policy community, which explain several puzzling aspects of this case. In particular, it seems counterintuitive that Mexico would engage in controversial treaty negotiations, given that the PRI's historical support base had not expressed interest in liberalization. Our model suggests that had Salinas not chosen to build his electoral coalition around the increasingly influential Business Coordinating Council, he would have had weaker incentives to engage in treaty negotiations. At the very least, the United States would have had to make more concessions. In turn, this might have prevented the ratification of NAFTA in Congress. By highlighting these political processes, our model helps to explain why an ambitious NAFTA was possible at the critical 1992 to 1994 juncture.

Choice of Treaty Conditions with Moderate Interest Groups

We now consider the implications of having a moderate interest group, such that $A < G < B$. In this case, the interest group G prefers more regulation than party A would support and less regulation than party B would support. If the dealmaker proposes a treaty such that $2A < T \leq 2G$, the interest group will support the treaty and will support party B in the upcoming political contest, because only party B will ratify the treaty. If the dealmaker proposes a treaty such that $2G < T \leq 2B$, the interest group will oppose the treaty and will support party A , because party A will not ratify the treaty. If the dealmaker proposes $T \leq 2A$, the interest group will support neither party, because both parties will ratify the treaty.

We consider the implications for the dealmaker's choice of T^* . Choosing $\min\{\lambda, 2A\}$ produces a payoff of $U_D(\min\{\lambda, 2A\}) + p(B|S_G = \emptyset) \times \gamma$. Choosing a treaty \hat{T} , where \hat{T} is the the treaty point in $(2A, 2G]$ closest to λ , produces $p(B|S_G = B) \times [U_D(\hat{T}) + \gamma] + [1 - p(B|S_G = B)] \times U_D(0)$. Choosing a treaty \bar{T} , where \bar{T} is the the treaty point in $(2G, 2B]$ closest to λ , produces $p(B|S_G = A) \times [U_D(\bar{T}) + \gamma] + [1 - p(B|S_G = A)] \times U_D(0)$. The probability that party B wins the political contest is, again, unaffected if the dealmaker chooses $T \in (0, 2A]$. The probability that party B wins is *higher* if the dealmaker chooses

$\hat{T} \in (2A, 2G]$, because the interest group wants the treaty to be ratified. The probability that party B wins is *lower* if the dealmaker chooses $\hat{T} \in (2G, 2B]$, because the interest group prefers non-ratification.

The case of moderate interest groups is more complex than that of conservative or liberal interest groups, because the interest group could support *either* party, A or B . To summarize equilibrium play in these circumstances, we provide a simplified proposition that focuses on limit values. The following proposition characterizes the outcome with moderate interest groups:¹³

Proposition 3 (moderate interest group): When the interest group is moderate, the following hold:

- If γ is close enough to zero and A is large enough, the dealmaker proposes a treaty in the $(0, 2A]$ interval;
- If $[p(B|s_G = B) - p(B|s_G = \emptyset)] \times \gamma$ is high enough, the dealmaker proposes a treaty in the $(2A, 2G]$ interval;
- If $[p(B|s_G = A) - p(B|s_G = \emptyset)] \times \gamma$ is high enough, the dealmaker proposes a treaty in the $(2G, 2B]$ interval.

This proposition shows how moderate interest groups can be used to boost either party's electoral prospects. According to the first part of the proposition, if the foreign country and domestic incumbent do not share a strong preference for one party, and if party A can be appeased without conceding too much cooperative regulation, the negotiators decide on a conservative treaty in the $(0, 2A]$ interval, which will be ratified regardless of the electoral outcome. Empirically, we might see this outcome in cases where the foreign and domestic negotiators prefer different parties, neither country has a large bargaining advantage, and the status quo policy is relatively costly to domestic conservatives.

The second part of the proposition indicates that if strong players at the negotiating table prefer party B and the interest group has a substantial ability to assist party B , the negotiators will decide on a treaty in the $(2A, 2G]$ interval, inducing interest group support for party B . Empirically, we might see this outcome if the foreign country wants to assist a party B incumbent, or if an incumbent party B has substantially more bargaining leverage than a foreign country that prefers party A , or if a party A incumbent is "rolled over" by strong foreign negotiators who want to assist party B in taking power.

The third part of the proposition indicates that when strong players at the negotiating table prefer party A and the interest group has a substantial ability to assist party A , the negotiators will decide on a treaty in the $(2G, 2B]$ interval, inducing interest group support for party A . Empirically, we might see this outcome if the foreign country wants to assist a party A incumbent, or if an incumbent party A has substantially more bargaining leverage than a foreign country that prefers party B , or

if a party B incumbent is rolled over by strong foreign negotiators who want to assist party A in taking power.

While NAFTA's investment provisions illustrate the case of liberal Mexican interest groups strongly in favor of a deal, the treaty's environmental provisions illustrate the role of moderate interest groups in the United States. The relationship between trade and the environment had been a key concern for American environmental groups for years. In their view, NAFTA threatened to undermine environmental sustainability, especially if American businesses relocated to Mexico, a country with less stringent environmental regulations. This did not imply that the environmental groups categorically opposed NAFTA, though, as many of them regarded green growth as a legitimate policy goal (Audley 1997). In view of these groups' influence in the US Congress, Mexico offered the North American Agreement on Environmental Cooperation as a "side agreement" that would appease domestic political concerns in the United States (Mall 1998). In terms of our model, the side agreement would have fallen in the $(0, 2A]$ range and thus created increased support for cooperation. By alleviating environmentalists' concerns about NAFTA, Mexico's offer was able to neutralize opposition to NAFTA and even secure many groups' explicit support for NAFTA, as it allowed them to achieve more stringent environmental regulations in Mexico (Raustiala 1997). Thus, Mexico strategically increased the probability of successful NAFTA ratification by neutralizing environmentalist opposition to NAFTA in the US Congress through the formation of a side agreement.

We see these dynamics playing out in a Cold War context as well, in the efforts by West German chancellor Willy Brandt to advance key elements of his *Neue Ostpolitik*. In early 1972, Brandt's Social Democratic Party (SPD) and the Free Democratic Party (FDP) held a narrow majority in the West German parliament. Brandt's coalition favored a package of new treaties—the Warsaw Treaty, the Moscow Treaty, and the Transit Treaty—that would finalize West Germany's post-1945 borders with Poland and the Soviet Union, acknowledge the separation of West Germany and East Germany, and allow West Germans to travel to West Berlin, an enclave surrounded by East German territory. The treaties would come up for a ratification vote in May 1972, but first Brandt's coalition had to survive a local election in the province of Baden-Württemberg, where the opposition Christian Democratic Union (CDU) was likely to gain seats. If Brandt's party lost enough seats, a swing group of FDP moderates would leave the coalition and vote with the CDU/CSU (Christian Democratic Union/Christian Social Union) coalition to replace Brandt and abandon his liberal policies.

The treaties themselves were negotiated and signed in 1971, making it impossible for the Eastern Bloc countries to adjust the treaty language to help Brandt in the 1972 Baden-Württemberg election. However, the Soviet and East German governments made public pronouncements to explain their interpretation of the treaty language and offer additional concessions that would appeal to West German moderates. These pronouncements effectively moved the treaty point T toward the conservative side of the

West German political spectrum and into the $(2A, 2G]$ range, inducing moderate voters and moderate FDP legislators to support Brandt's pro-treaty coalition.

In one example of these ex post pronouncements, the Soviet ambassador to West Germany touted a *Pravda* article explaining the Soviet interpretation of the Moscow Treaty language: the language on "inviolable" frontiers was at least as definitive in Russian as it was in German, and the Soviet Union understood West Germany's posttreaty borders to be nonnegotiable (US Department of State 2007, 979-80, 1005-9). In another example, Soviet premier Leonid Brezhnev gave public assurances that the Soviet Union respected "the actually existing situation in Western Europe," including the existence of West Germany and of the European Economic Community (EEC). This was a departure from Brezhnev's previous position on the EEC, which he had denounced as a "closed economic grouping" which "limits international trade" and "increases tension in Europe."

Brezhnev also intervened in the West German election, attempting to shore up Brandt's pro-treaty coalition. The Soviet premier secretly requested that US president Richard Nixon "say a still more weighty word in favor of ratification . . . at this decisive stage for Chancellor Brandt." When the Nixon administration demurred, Brezhnev made his own opinions on Brandt and *Ostpolitik* very clear to West German voters and to moderate members of Brandt's coalition. Brezhnev condemned the Christian Democrats' effort to unseat Brandt as "a crucial choice . . . between confrontation and cooperation, between détente and the aggravation of tensions, and . . . between a policy of peace and a policy of war" (US Department of State 2007, 979-80, 1005-9). In the terms of our model, Brezhnev's willingness to risk provoking the United States and the West with such language demonstrated a high value of $V_F(B)$. Combined with Brandt's own high value on reelection, $V_R(B)$, Brezhnev's preferences made for a high value of γ in this case.

In his own effort to move T into the $(2A, 2G]$ range and save Brandt, East German general secretary Erich Honecker took the remarkable step of discussing "co-existence" with West Germany. Honecker's government also added unilateral concessions on the issues governed by the Transit Treaty, promising to issue passes for West Berliners to visit relatives in East Berlin during the Eastertide and Whitsun holidays, with expedited processing of Autobahn traffic to Berlin during those times.

When, despite East German and Soviet efforts, it became clear the the CDU/CSU opposition would still win a no-confidence vote, the Eastern bloc countries resorted to more sinister manipulations. The East German secret service offered money and other inducements two CDU/CSU deputies to vote against their own candidate, giving Brandt the narrow, two-vote margin with which he survived the no-confidence vote. Victorious, Brandt secured the ratification of the Warsaw, Moscow, and Transit Treaties, and rode this momentum through a nationwide election victory in November 1972. The West German parliament subsequently ratified Brandt's Basic Treaty, a more ambitious agreement that established normal relations between West Germany and East Germany and set the stage for the admission of both states to the United Nations (Haftendorn 2006).

This case shows how treaties, and public discussions of them, can be used to court the political support of moderate swing groups. The Soviet and East German pronouncements on West Germany's sovereignty and territorial integrity, the EEC, and the risk of war if the CDU/CSU took power cannot be explained outside of the context of West German elections. The statements were not intended for Brandt, who had already signed the treaties in question. The Soviet and East German statements were instead directed at swing groups of West German moderates, in an attempt to make Brandt's treaties and his governing coalition acceptable to those groups. The Soviet and East German statements were not sufficient to save Brandt's coalition, but they did keep Brandt's margin in parliament close enough for the East German vote-buying scheme to do the rest of the work. As such, our model shows how moving the treaty point is possible and potentially useful if an election is expected to be close and a moderate interest group is available to be mobilized.

Model Extensions

We now discuss plausible extensions and variants of our model and explain how they might modify our hypotheses, if at all. We focus here on seven issues: interest groups operating within government, endogenous institutions and coalitions, ratification in the foreign country, agenda setting, renegotiation, domestic side payments, and costly mobilization by interest groups.

To begin, we note that in many cases, a cohesive bloc exists within one or more of the major parties or coalitions in government. Examples might include US senators from coal-producing states, Liberal Democrat MPs within Conservative UK prime minister David Cameron's governing coalition, or the ultranationalist Yisrael Beiteinu party within Israeli prime minister Benjamin Netanyahu's Likud-led coalition. Blocs organized around economic, ideological, or identity issues may function as interest groups on treaties that impact them disproportionately or on which their preferences differ from those of other coalition members. Our model can be applied to these situations without any modification of our hypotheses. India's 2008 nuclear agreement with the United States provides an example: after years of negotiation, India agreed to refrain from nuclear testing and allowed more intrusive inspections in exchange for the ability to purchase American-made nuclear electricity generation equipment. Prime Minister Manmohan Singh's Congress Party (*B*) supported the treaty, but the opposition (*A*) argued that the treaty would harm Indian sovereignty and its ability to conduct independent energy policy. The Communist-led Left Front within Singh's ruling coalition functioned as a conservative interest group (*G*), opposing any treaty that allowed the George W. Bush government to meet its geopolitical goals in South Asia. The Left Front was too conservative to appease and too weak to make a substantial difference in Singh's reelection prospects. As such, our model correctly predicts an outcome analogous to that of the 1998 Northern Ireland peace negotiations

discussed previously: Singh made no changes to the treaty on conservatives' account and won reelection in spite of the Left Front's defection to the opposition.

Next we consider the extension of our model to complex situations of endogenous coalition formation and institutional design. Mo (1994) explores the implications of domestic institutions that require the legislature's support to make the initial treaty proposal. If several potential coalition partners are available, treaty design will depend both on international bargaining and on domestic bargaining between the chief negotiator and domestic factions who know they may be passed over if they bargain too aggressively for their preferred policies. Pahre (1997) shows that the ability to alter domestic institutions—to allow treaty implementation without ratification or to allow amendments by the ratifier—allow international negotiators to bargain more aggressively by tying their hands domestically. Our model makes simpler assumptions: no constraints at the treaty proposal stage, a single interest group or swing constituency, and simple up-or-down ratification votes. We also assume a unidimensional policy space, abstracting away the possibility of side payments to maintain domestic coalition members' support. Endogenizing coalitions and institution design to account for the Mo (1994) and Pahre (1997) findings would produce additional insights, as would the introduction of additional policy dimensions and side payments. For example, multiple policy dimensions and side payments could facilitate coalition formation and give negotiators even more leeway in strategic manipulation through treaties.

Next, suppose the foreign country F also has to ratify the treaty. In this case, the only difference from the main model would be that treaties such that $T > 2F$ would be inadmissible. Thus, if F were large enough, then equilibrium behavior would remain unchanged. But if F were relatively small, then the foreign country could only propose a relatively conservative treaty. This constraint notwithstanding, the payoffs from different treaties would remain unchanged.

Next, it is plausible that treaty proposals could be renegotiated after the initial proposal (Smith and Hayes 1997). To capture this, our model could be modified so that the initial offer T sets a benchmark for renegotiation. Although the resulting bargaining dynamics could be complex, it is plausible that if renegotiation became easier, both the foreign country's and the incumbent's ability to shape domestic political outcomes through treaty proposals would decrease. After all, renegotiation means that the initial offer is not necessarily the final outcome, regardless of whether party A or Party B gains power.

Our model excludes side payments from the competing parties to the interest group. This is plausible because a party's promise for side payments in exchange for political support could be time-inconsistent. The party would not prefer to implement the income transfer once it has actually gained power. If credible promises of side payments were allowed, though, it would be more difficult for foreign countries to manipulate domestic political outcomes because parties on the losing side would use side payments to undermine these foreign manipulation efforts.

Finally, one may criticize our assumption that the interest group G can mobilize without incurring a cost. Conventional models of lobbying emphasize the cost of mobilization and the difficulty of collective action (Keohane, Revesz, and Stavins 1998; Mitra 1999). Thus, one may suppose instead that, if group G is to support one of the parties instead of remaining inactive, it must pay some transaction cost $c > 0$. In this case, the insights from the main model remain unchanged except that a treaty T will only mobilize the interest group for or against a party ready to ratify the treaty when the difference between the distances $|T - G|$ and $|T - 0|$ exceeds c . This implies that, as c increases, the foreign country's ability to use group G to affect domestic political outcomes decreases. But unless the cost c is prohibitive, this possibility remains. An interesting empirical implication is that if the cost c increases slightly, either the foreign country no longer attempts to mobilize G or alternatively it must move closer to the ideal point G . Groups with high collective action costs can credibly commit to remaining passive unless they secure a very lucrative treaty T , while groups with low collective action costs cannot do so.

Conclusion

Any political party's fortunes depend on its ability to secure domestic constituencies' support. In this article, we have examined the role that treaty ratification plays in political competition. Building on the literature on domestic–international linkages, we have examined the possibility that the existence of a treaty that is yet to be ratified influences a party's chances of assuming power.

We find that domestic interest groups' preferences are central to understanding this strategic problem. Conservative (liberal) interest groups can only be mobilized to oppose a party that would ratify (not ratify) an ambitious treaty. But if the interest groups are moderate, their political support is more flexible, and thus easier for treaty negotiators to manipulate.

These results have important theoretical and empirical implications. For one, they illuminate the complex relationship between domestic politics and international negotiations. Far from creating a simple constraint on the executive, ratification politics can be exploited by foreign and domestic negotiators to influence different parties' electoral fortunes. Empirically, the model can help political scientists develop better explanations for treaty design, success and failure in ratification and implementation, and domestic constituencies' positions vis-à-vis different treaty provisions. Organized interests play a major role in politics. Our model informs empirical scholarship on the effects of interest group politics on treaty outcomes.

Our findings also shed light on foreign countries' ability to influence domestic politics. A negotiator's ability to shape political outcomes in another country depends in large part on the targeted country's domestic interest group politics. If interest groups in a country hold relatively moderate preferences, they can be mobilized to support different parties. Such malleability creates opportunities for foreign influence, because negotiators can mobilize interest groups to conjure a variety of

political outcomes. More intense domestic political competition creates more opportunities for foreign influence.

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Notes

1. For simplicity, we do not consider situations with multiple interest groups. The single interest group's influence could, however, be interpreted as the balance of competing interests (Grossman and Helpman 1994; Keohane, Revesz, and Stavins 1998). Within the scope of this article, we do not endogenize the "common agency" problem.
2. For reasons of exposition, we assume $F \neq G \neq A \neq B$.
3. We expect that in the vast majority of empirical cases, $V_f(B) > 0$ will imply that party B is the incumbent in power at the time of negotiations. We do not make this assumption, however, and our model is flexible enough to allow for the opposite possibility.
4. El Salvador, Honduras, Nicaragua, and Guatemala ratified by May 2006; the Dominican Republic ratified the treaty in March 2007.
5. It is possible for the dealmaker to select a risky treaty even in cases where the incumbent government is conservative and will not support the treaty. Substantively, we interpret this outcome as the foreign government making a public "take it or leave it" offer of T^* , which the incumbent will not ratify but the liberal challenger will ratify if it wins the election.
6. To ensure that our propositions apply to all relevant preference orderings, we present them with no particular assumption about players' ratification behavior when indifferent.
7. Assuming $\gamma > 0$ and $\lambda \leq 2A$ would give the dealmaker a dominant strategy of proposing a treaty at $T^* = \lambda$; any treaty $T \neq \lambda$ would give the dealmaker suboptimal utility from the treaty regulation itself, and a treaty $T > 2A$ would only decrease the chance of the dealmaker's favored party, B , being elected.
8. Text of the original announcement may be found at <http://cain.ulst.ac.uk/events/sunningdale/agreement.htm>. Accessed August 26, 2013.
9. The quote is from Seamus Mallon, a Social Democratic and Labor Party MP representing Newry and Armagh. See "A State Apart—The Agreement." BBC Northern Ireland, May 2006. Available at <http://www.bbc.co.uk/northernireland/learning/history/stateapart/agreement/agreement/agreement3.shtml>. Accessed August 27, 2013.

10. The Irish Peace Process—Chronology of Key Events (April 1993 to 1998), CAIN Web Service (University of Ulster) research document. Available at <http://cain.ulst.ac.uk/events/peace/pp9398.htm>. Accessed August 27, 2013.
11. The Irish Peace Process—Chronology of Key Events (April 1998 to December 1999), CAIN Web Service (University of Ulster) research document. Available at <http://cain.ulst.ac.uk/events/peace/pp9899.htm>. Accessed August 27, 2013.
12. Here we make no particular assumption about players' behavior when indifferent.
13. Here we make no assumption about players' behavior when indifferent.

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