

Quick Summary:

Goldstein uses the logic of two level games to look at the way in which structural changes in international institutions (in this case GATT and the WTO) can effect their effectiveness. Specifically, she is interested in if increasing legalization and transparency within such regimes are likely to make them better able to effect better trade ties between the signatories to them. Goldstein notes that, as predicted by prior neoliberal scholars (e.g. Keohane 1984), increasing legalization reduces the opportunities for *ex post* renegeing and thus, *in one looks at states from the perspective of unitary actors*, increases legalization should have salutary effects—increasing trust and trade between signatory countries. On the other hand, *in the realm of domestic politics*, Goldstein argues that increased legalization (removal of loopholes and side-payments) and increased transparency (clearer distinction between winners and losers) can split domestic coalitions for free trade. Since domestic coalitions, Goldstein believes are responsible for instituting free trade policies, a failure at this level can more than outweigh gains at the IR systems level with regard to increasing the likelihood of free trade.

The primary, and counter-intuitive result of Goldstein's study is that actions taken to ameliorate extant problems at one level of the game, can have the effect of *exacerbating* difficulties in the other.

Outline:

I. If, because of collective action problems, protectionist interests are over represented in domestic politics, how do international institutions aid pro-free trade interests in maintaining an open international economy?

A. International Relations (pp. 134-6)

International organizations help countries to overcome PD game through iteration and lengthening the “shadow of the future” (see Axelrod 1981; Keohane 1984).

* Goldstein is less concerned with the effects of International regimes on state to state relations, however—focusing instead on the effects of international regimes on domestic politics.

B. Domestic Politics

1. They serve as “agenda setters” which constrain the issues that can be introduced by protectionist interests. (p. 141)
2. They “bundle/link” issues across issue areas; and create new vested interests in favor of free trade that help maintain free trade coalitions (pp. 142-4)
3. They can shift domestic political normative discourse
 - through international epistemic communities (which either do or do not favor free trade) (p. 146)
 - goals of stability, wealth, etc. become “embedded” in international institutions and instrumental beliefs on how to achieve said goals (e.g. embedded liberalism) shape actors' strategic preferences/expectations (pp. 147-8)

II. How does the WTO and increasing specificity/legalization therein shape the free trade/protection debate?

A. Process

1. Legalization decreases uncertainty (of free trade's likely effects)
2. Dispute adjudication has moved to International Body and away from constituent states (p 149)

B. Results of Increasing Certainty

Although greater specificity (II. A1) help resolve International Relations PD games (I. A), it exacerbates domestic politics problems (I. B) because as free trade "losers" are increasingly sure of who they are, their mobilization will be increased (pp. 149-50)

C. Results of Increasing (thickening) Legalization

More legalization removes, by making illegal, certain loopholes (e.g. voluntary export restraints [VERs]) that were necessary to maintain a domestic free trade equilibrium. Such formalism is not necessarily helpful in achieving free trade. (pp. 150-1)