POLITICAL ECONOMY OF MULTILATERAL COMMITMENTS ON TRADE IN SERVICES

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Abstract

Research on the relationship between democracy and trade has so far neglected multilateral negotiations and more generally the content of trade agreements, in particular the market access bindings undertaken by countries. In addition, in spite of their growing importance in international trade as well as in bilateral and multilateral trade negotiations, services have only attracted limited attention from researchers interested in determinants of trade policies and trade cooperation. This paper seeks to further explore these areas. I argue that more democratic polities and countries better endowed in human capital undertake greater market access commitments under the multilateral General Agreement on Trade in Services (GATS). In contrast to the body of research focusing on the effect of regime type on trade barriers, I do not see that the impact of democracy depends on endowments or levels of development. Endowments also have a direct impact on commitments, with greater human capital endowments translating into greater pressures from domestic interest groups for international commitments. The empirical analysis provides support for these propositions. Results also suggests that relative size, as well as regulatory capacity, are positively linked to GATS commitments.

- DRAFT: Not for quotation -

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I. INTRODUCTION

Much headway has been achieved recently by scholars studying the relationship between democracy and trade. However, these studies have often sought to explain different phenomenon, and have deployed different lines of argument.

On the one hand, some have concentrated on the impact of regime type on the level of trade restrictions. For example, Milner and Kubota (2005) find that democratization is associated with lower tariffs in developing countries between 1970 and 1999. Their argument follows the Stolper-Samuelson theorem, noting that trade liberalization in developing countries benefits those well endowed with labour, the relatively abundant factor. Since the median voter is well endowed with labour, democratization leads governments to lower barriers so as to seek support from new groups of voters. In similar fashion, O'Rourke and Taylor (2007) and Tavares (2008) show that the impact of democracy on trade protection varies depending on the country's factor endowment: democratization leads to freer trade in labour-abundant countries, where workers stand to gain from less protectionist policies.[2]

On the other hand, another stream of studies focuses on democracy's impact on trade cooperation, rather than on levels of trade protection. In particular, Mansfield, Milner and Rosendorff (2002) find that since World War II, democracies have been about twice as likely

[2] See also Kono (2008).

as autocracies to enter in preferential trade agreements. They emphasize the role of trade agreements in enhancing policy credibility and improving election prospects. Leaders in democracies can increase their political support by concluding such agreements, while leaders in autocracies cannot.[3]

Despite these significant forays, certain research areas important for trade policy have not been unexplored by scholars focusing on the impact of regime type and, to a good extent, by IPE researchers more generally. First, scholars have long sought to explain levels of trade barriers across countries, but rarely examined trade policy bindings or, in other words, international trade commitments.[4] Researchers focusing on the impact of democracy have not examined such aspect of trade policy.[5] This is in spite of the role of trade policy bindings in reducing risk from increased protectionism that exporters face in foreign markets. Such reduced risk is known to have substantial effects on trade and investment (Francois 2001; Francois and Martin 2004; Sala, Schröeder and Yalcin 2010). This is also despite the fact that trade policy bindings are the prime subject – and outcome – of international trade negotiations.

Second, a related gap is that only a limited number of studies have aimed to account for varying levels of commitments undertaken by governments at the multilateral level, and none of these studies have investigated the influence of regime type. This is despite the role of multilateral commitments in helping governments resist protectionism in times of economic downturns.

[3] See also Milner, Rosendorff and Mansfield (2003) and Mansfield, Milner and Pevehouse (2008).
[4] We use the terms "bindings" and "commitments" interchangeably" in the text.
[5] Instead, researchers focusing on the influence of democracy have focused on motivations for entering into regional trade arrangements. Mansfield, Milner and Pevehouse (2008) look at the impact of regime type on

Third, trade in services is an area that has so far been underexplored in the IPE literature. As a result of technological advances as well as more liberal investment policies, trade in services has expanded rapidly over the last 20 years. Services now represent an important share of world trade as well as the greater share of world FDI flows, and figure prominently in multilateral, regional and bilateral trade negotiations. In spite of this, services trade has drawn only limited interest from IPE researchers.

In this paper, I investigate these less explored areas and aim to add to the existing body of research on the impact of regime type by examining market access commitments under the General Agreement on Trade in Services (GATS). Why did WTO Members undertake varying levels of commitments? I posit that governments are motivated by their desire to stay and power, and that they need both popular, or voter, support and support from specific groups. I argue, first, that a government's decision to undertake market access bindings in services depends on interest group demands for securing greater guarantees of access abroad. Such interest group preferences depend on endowments. Countries that are relatively more abundant in human capital tend to take more GATS commitments: services firms will pressure their governments to participate actively in negotiations and to undertake commitments so as to ensure that they benefit from more predictable market access conditions abroad. Second, governments also seek to ensure popular support, although this depends on regime type. I argue that democracies take more commitments on services because leaders in such countries 1) are less inclined to resort to increased protectionism and therefore see bindings as less costly, and 2) value trade commitments as a way to signal good

levels of integration, which is measured by ranking agreements according to their type (e.g., customs union, economic union, etc.), but they do not analyse levels of openness bound.

economic policy-making. The model is tested empirically in a cross-section analysis of WTO Members' levels of commitments under the GATS.

There is a number of reasons why regime type and other state-centred explanations of trade policy should be more important in the realm of services. For one, barriers to services trade are inside-the-border measures that are embedded in the regulatory frameworks of a whole array of government ministries. Accordingly, greater coordination or leadership within the government is necessary in taking decisions on whether to undertake market access bindings in relevant services sectors. Also, the value of multilateral bindings in reducing risk for exporters seems more important for services than for goods because services trade includes supply through establishments abroad, which involves greater exposure to policy reversals. Finally, bindings can be expected to have greater value because they constrain the use of a greater variety of restrictions – and of more economically damaging ones – than tariff bindings. For example, while quantitative restrictions are banned under the GATT 1947, such restrictions can be imposed in services trade, unless negotiated bindings provide otherwise.

The following section of this paper briefly reviews the GATS and discusses key features of services commitments undertaken under this multilateral agreement. Section III puts forward theoretical propositions to account for differing levels of services commitments. Section IV then introduces the methods used to test the predictions and presents the results. The remaining section concludes.

II. MULTILATERAL MARKET ACCESS COMMITMENTS ON SERVICES

The entry into force of the GATS in 1995 constituted a major achievement because more than 120 GATT Parties agreed to establish a comprehensive set of rules on global trade in services. The Agreement's first novelty rests in its definition of "trade in services". The Agreement covers all measures affecting four modes of supplying services internationally. The modes cover not only trade in the traditional sense (mode 1: cross-border supply), but also involve movement of labour (mode 4), capital (mode 3) and consumers (mode 2):

- Mode 1 or cross-border trade: the supply from a service provider in one country to a service consumer in another country;
- Mode 2 or consumption abroad: the consumer from one country goes to another country to consume the service there;
- Mode 3 or commercial presence: the supply abroad through the establishment of a business entity, such as a subsidiary or branch, in another country;
- Mode 4 or the supply through the temporary presence of natural persons, e.g., a lawyer going abroad to provide legal advice.[6]

The two key obligations of the Agreement are those of market access and national treatment, which determine a country's degree of exposure to foreign competition. National treatment (Article XVII) is about non-discrimination between domestic and foreign services and service suppliers, while the market access obligation (Article XVI) prohibits 6 types of restrictions, essentially quantitative limitations.

[6] The scope of this mode is limited to those natural persons that are service suppliers or that work for a service supplier of a Member other than the country that temporarily hosts these natural persons.

The GATS has the particularity that these two obligations are negotiable and therefore apply differently to different WTO Members. Indeed, the two obligations only apply to the sectors that each Member has inscribed in its schedule of commitments. This means that for sectors not committed, Members are left with full discretion to impose any type of restrictions at any time, across any mode, and at any level. An uncommitted sector is one where economic operators have no security of access. This is an important contrast with the GATT, where Members cannot similarly opt out of liberalization obligations for a range of sectors. In the GATT 1947, the only negotiable obligation concerns tariff levels. Inside-the-border discriminatory measures and quantitative restrictions, which can be permitted in the GATS, are prohibited.

GATS commitments represent legal guarantees of a minimum level of access for foreign suppliers. Like for goods, governments in the WTO do not negotiate applied tariffs or applied services restrictions *per se*, but rather bound ones. The value of commitments rests in that they provide a legal guarantee of a minimum level of access, which is not to be reversed in the future, and which is subject to independent dispute settlement.

Under the approach adopted in GATS, no sector is a priori committed; the inclusion of sectors in each schedule has to be negotiated. Further, for the sectors that are scheduled, Members can attach conditions and limitations, thereby specifying the national treatment or market access-inconsistent measures that they wish to reserve the right to use.

Given these negotiating modalities, commitments under the GATS vary significantly from one Member to the other. The main feature of schedules concerns the extent to which Members have decided to bind a given level of access for certain sectors, or not. Sector

coverage represents the most striking difference between schedules of commitments of WTO Members. On average, Members have made commitments in about a third of all services sub-sectors of the GATS classification system, ranging from commitments on more than 120 services sub-sectors – out of a total of 160 – for such countries as Moldova or Ukraine, to less than 10 for such others as Mali or Fiji. For scheduled sectors, the level of treatment bound is roughly comparable across WTO Members overall, although the precise degree of restrictiveness/openness of commitments is difficult to quantify given the wide variety of restrictions that can be scheduled, the lack of uniformity – and often clarity – in the way governments describe the restrictions, as well as the fact that some limitations are sector-specific while others apply to all sectors committed.

Despite the importance of services bindings for both trade and international negotiations, research on this topic has been limited. To explain the overall level of commitments under GATS, Egger and Lanz (2008) assume that governments are motivated by welfare gains, and argue that countries that would benefit most from trade and investment liberalization in services (countries that are small and abundant in unskilled labour) undertake greater commitments. However, the explanatory variables do not have the effect predicted by the theory.[7]

[7] Two other studies have investigated the determinants of GATS commitments on financial services: Harms, Mattoo and Schuknecht (2003) and Valckx (2004).

III. DEMOCRACY, ENDOWMENTS, AND SERVICES COMMITMENTS

In accounting for levels of services commitments under GATS, I draw from two streams of research in international political economy, one focusing on endogenous protection and factor endowments, and the other on the impact of democracy on trade policy. While these two sets of factors are often dealt with in isolation, I combined them here within a perspective that focuses on governments' need for political support.

I assume that governments are motivated by the desire to stay in power, and therefore need political support. Such political support takes two forms: support from specific groups and popular, or public, support. Public support translates into the capacity of leaders to gain voters' support for re-election, which by definition varies across regime types. Support from specific groups takes the form of political contributions, for example financial contributions.

Governments maximize the following utility function:

$$G_{(c)} = I_{(c)} + DV_{(c)} \qquad \text{where } DV_{(c)} \geq 0 \text{ and } I_{(c)} \geq 0 \qquad (1)$$

where G is the benefit for the government of taking commitments, I represents the support from domestic interest groups, D is the country's level of democracy, V is voter support, and c is the country's degree of multilateral commitments on services. D ranges from 0 to 1, where 1 indicates perfect democracy and 0 absence of democracy.

The government maximizes the sum of voter support and interest group support. Like in Kono (2006), and in contrast with "protection for sale" models, the weight attached to voter support naturally increases with democracy. In this model, different governments value voter pressures differently, but they all value interest group pressures the same.

Interest Group Preferences

The approach set out here is straightforward. I posit that the stance of political authorities *vis-à-vis* liberalization commitments on services is influenced by the views of producer groups, which, in turn, are determined by countries' relative endowments, in this case abundance of human capital.

This is simply summarized as follows:

$$\boldsymbol{I_{(c)} = H_{(c)}} \qquad \textbf{(2)}$$

where interest group support for the undertaking of commitments by their government is proportional to human capital endowments (*H*). Higher values of *H* represent greater human capital endowments.

Like interest group approaches along the lines of "protection-for-sale", inspired by the specific-factors model, I assume that factors of production are not fully mobile across sectors. Rather than examine how trade policy is shaped as a result of returns to (and preferences of)

owners of factors as per the Stolper-Samuelson theorem, I derive from endowments the preferences of particular industries rather than those of factor owners.[8]

According to standard trade theory, countries will have a comparative advantage in the production of goods that use the inputs that are relatively abundant within the country. Countries have an interest to specialize where they have a comparative advantage and will export the goods that use the inputs that are relatively abundant. Like Hindley and Smith (1984), Feketekuty (1988) or Sapir and Winter (1994), I consider that the principle of comparative advantage generally applies to services trade, despite certain differences between the international exchange of goods and services.[9]

Many services tend to be capital intensive, as opposed to labour intensive. Services also tend to be intensive in skilled-labour, and therefore human capital is a critical source of comparative advantage (Hoekman and Mattoo 2008, 44-46; Markusen, Rutherford and Tarr 2005; Markusen and Strand 2006; Dash 2006). For example, Hoekman and Mattoo (2008) find that, across Indian states, services output per capita is strongly associated with the proportion of tertiary educated.

[8] Those assuming specific factors believe it is quite costly to move factors of production across industries, as certain types of land, capital equipment or skills have fairly specific types of uses. In practice, factors are neither perfectly mobile nor immobile. I take it that the increase in real returns due to trade will be, at least partly, industry-specific and that the lobbying of interest groups will therefore have influence.

[9] See also Deardorff 1985, Bhagwati, Panagariya and Srinivasan 2004, Hoekman 2006. The fact that certain modes of supply imply some factor movement does not mean that the determination of comparative advantage based on relative endowments is no more relevant. The supply of services through a commercial presence abroad (mode 3) or through the movement of persons (mode 4) can be seen as a substitute to providing a service cross-border, including because, in most services sectors, proximity to consumers is determinant for market share. Further, FDI in services predominantly takes place as a way to access foreign markets, rather than a way to take advantage of differences in production costs (Brainard 1997; Yeaple 2003)). Lipsey (2000) suggests that the industry distribution outward FDI reflects the comparative advantage of the investing country rather than that of the host country, arguably because it is incorporated into the technological advantages of its multinationals. Under such perspective, direct investment is not acting principally as a way of transferring

I consider that countries relatively abundant in human capital will be more supportive of services negotiations. Trade theory predicts that they would have comparative advantage in services and export interests in this area. I posit that these countries' services firms – with high intensity of the abundant factor – get a real increase in returns due to open trade. Wishing to expand their production and maximize their profits by taking advantage of opportunities abroad, these services firms lobby governments to get predictable and secure conditions of access in foreign markets, which reduces risk. As noted above and in *(1)*, such preferences for commitments are conveyed through policy-makers, and reflected in their decisions: policy-makers need the support of interest groups to obtain political contributions and ensure their political survival.

Governments will favour international negotiations on services because these benefit companies active in sectors where the country has comparative advantage. These governments will be willing to undertake more commitments in the sector because undertaking commitments incites other trading partners to do the same. Countries richest in human capital are expected to be more enthusiastic about services agreements and to undertake more commitments. Under the same logic, those countries relatively scarce in human capital are expected to be less forthcoming on services commitments. Fewer companies in these countries pressure the government into securing binding commitments from other countries, and therefore the government has less interest in the negotiations, and in undertaking commitments itself.

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capital from one country to the other, but rather represents a shift in the ownership of particular assets within an

Democracy and Voter Support

As set out in *(1)*, governments' decision concerning the undertaking of international commitments on services are also motivated by the desire to maximize voter support. The impact of voter support hinges on a country's regime type. In democracies, governments depend to a greater extent on popular support. They need to obtain voters' support to be re-elected.

I assume that voters' preferences as regards commitments do not vary across countries (e.g., on the basis of endowments or levels of development), that voters generally prefer openness to protectionism, and that their approval of leaders depends largely on the economic situation.[10]

I see the type of regime affecting the propensity to undertake international commitments in two ways. I argue that the more democratic countries will undertake more commitments principally (1) because their governments are less inclined to resort to more protectionism, which reduces the cost of undertaking binding international trade commitments, (2) and because of the importance attached by democratic governments to sending signals about good economic policy-making. For governments, the latter represents benefits of commitments, while the former corresponds to the costs of commitments.

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economy to foreign firms that possess particular skills or other productive assets (Lipsey 2000).

[10] These assumptions are reasonable given that economic theory suggests that liberalization enhances general welfare. Experts sometimes disagree about such generalization, but there is a consensual view that protectionism does not promote economic growth. Since services trade involves supply through foreign investment (re: production takes place in the "importing" country), I expect openness to be valued more than in the context of goods trade. In addition, there is support for the view that consumers in both developed and developing countries generally prefer liberal trade policies to protectionist ones (Baker 2003; Herrmann, Tetlock and Diasero 2001).

Looking at $DV_{(c)}$ from *(1)* in more detail to reflect these elements, we have:

$$D\,V_{(c)} = D\,S_{(c)} - (((1-D)-1))P_{(c)} \qquad (3)$$

where *S* represents the benefits that governments attach to international commitments as a device to signal to voters good economic policy-making, and *P* is the cost of commitments in terms of limiting governments discretion in granting protection to certain interest groups. The level of democracy, *D*, will affect each component: the greater *D*, the greater the benefits of commitments (*S*) and the lesser the cost of commitments (*P*). We examine the argument underlying each of these relationships in turn.

A first factor linking democracy to multilateral commitments through election prospects relates to the cost of undertaking commitments (*P*). Such cost comes in the form of lost discretionary capacity to provide future rents to specific groups to gather their support, and lost capacity to increase protectionist barriers. The greater the level of democracy, the lesser these costs.

Because leaders in democracies have to pay attention to concerns of voters in order to be re-elected, they will refrain to a greater extent than non-democracies from increasing levels of protectionism so as not to dampen economic growth. Since the most obvious consequence of multilateral commitments is to prevent the introduction of new market access restrictions, democracies more easily accept to undertake commitments.

Leaders in non-democracies, in contrast, are not concerned with re-election and, therefore, less preoccupied about the impact that increased protectionism may have on

economic welfare and voters' attitudes. The lesser the level of democracy, the more leaders rely on support from certain small groups (e.g., specific industries), and leaders in such regimes are more interested in maintaining capacity to put in place rent producing policies. Their political survival depends to a greater extent on capacity to keep support of specific groups. Groups needed for support may change in the future, and leaders in non-democracies will therefore attach greater value to keeping discretion to use trade policy to grant rents to elicit support of small groups whenever that may be needed.

A second factor linking democracy to multilateral commitments through the prism of voter support relates to benefits of commitments in signalling to voters the governments' good economic policy-making (*S*).

Despite their general preference for openness rather than for protectionism, voters suspect that leaders may use trade policy to grant protection to groups so as to obtain political support. Granting too much protection has a negative effect on the economy as a whole. To obtain popular support, leaders must manage perceptions of their economic policies, which is a key determinant of voters' attitudes. However, voters do not have sufficient information to distinguish between adverse economic shocks, on the one hand, and discretionary and protectionist policies of leaders, on the other hand. Because of such lack of information, voters may decide not to re-elect a leader during economic downturns even if that leader has not engaged in the granting of protectionist rents to the detriment of the economy (Milner, Rosendorff and Mansfield 2003).

Trade agreements assist leaders in overcoming this problem because they help convey the message that economic downturns are not a consequence of protectionist policies. They

convey to voters information on how their leaders behave as regards trade policy, and provide a credible commitment in that regard, which voters can believe. This is because trade agreements comprise a dispute settlement mechanism that serves to ensure durable compliance with obligations and bring to light any cheating (Milner et al. 2003; Mansfield et al. 2002). Trade agreements therefore help chances of re-election. This provides an incentive for leaders to engage in trade deals. Since leaders in non-democracies do not have similar concerns about voters and their view of the governments' management of the economy, they do not attach the same value to the signalling value of trade agreements (Mansfield, Milner and Pevehouse 2008).

While researchers working under such approaches have focused on the propensity to conclude preferential trade agreements, the same motivations are relevant for decisions about multilateral commitments. The need to credibly inform voters that negative economic situations are not due to governmental mismanagement through protectionist rent-seeking provides incentives to engage more actively in negotiations. Leaders do not want to be perceived as reluctant trade cooperators, too amenable to specific interests that are not in line with general welfare. Positive participation in negotiations, translating in greater commitments, sends a signal that the discretionary granting of welfare-reducing rents is durably constrained and that economic downturns are not attributable to bad economic and trade policy, which would otherwise be sanctioned at the polls. In sum, because of electoral pressure, democratic regimes will have greater interest in taking commitments to signal they are not turning to protectionism.

Finally, it can also be observed that an important feature of – and motivation for – trade agreements, especially the GATS, is to consolidate trade reforms undertaken or

underway. Commitments ensure that such reforms will not be overturned in the future.[11] Undertaking commitments that consolidate these reforms takes such trade policies out of the political arena, ensuring that these are not an issue in future elections campaigns or are not reversed by the next government. Such considerations are less relevant for autocracies because decisions to initiate reforms, carry them through, and subsequently stick to them, essentially rests with the same centre of power.[12]

IV. EMPIRICAL ANALYSIS AND DISCUSSION

In light of the above, combining (1), (2), and (3), I hypothesize that the more democratic countries, as well as those better endowed with human capital, take more services commitments.

$$G_{(c)} = H_{(c)} + (D\,S_{(c)} - (((1-D)-1)P_{(c)})) \qquad (4)$$

It can be noted that the level of democratization and human capital endowments are conceived here as having separate, additive, effects, rather than depending on each other. In other words, I expect a positive relationship between human capital endowments and WTO commitments on services, notwithstanding the level of democratization at issue, and similarly expect a positive link between the level of democratization and commitments, irrespective of endowments.[13]

[11] Mansfield and Pevehouse (2006, 2008) underscore that democratizing countries are more likely to join international organizations because these limit policy discretion and help leaders credibly commit to reforms.

[12] Another factor that may lead non-democracies to undertake less commitments is the fact these are legally binding and subject to dispute resolution (see Sherman 2001; Busch 2000).

[13] For example, in democratic countries that are poor in human capital, I do not see interest groups lobbying against the undertaking of commitments. There would rather be an absence of lobbying for

I test the impact of democracy and endowments on the GATS commitments of WTO Members.[14] Since GATS commitments have been undertaken by WTO Members once so far, the analysis is cross-sectional. Using ordinary least squares (OLS), the basic equation is the following:

$$\text{Logit } GATSCOM = \beta_1 + \beta_2 \, log\ HUMANCAPITAL + \beta_3 \, DEM + \beta_4 \, Accession + \beta_5 \, GDPShare + e$$

The dependent variable, *GATSCOM*, represents the proportion of services sectors that is committed in each Members' schedule of specific commitments under the GATS.[15] As indicated in the first Section, the breadth of sectoral coverage is the key characteristic of GATS commitments, as it is where divergences are greatest between Members. It is also highly relevant since the lack of a binding commitment means that any type of restriction can be imposed at any given time. Like in Egger and Lanz (2008), the dependent variable, bounded by 0 and 1, appears in a logistically transformed way so as to ensure that its predicted value lies within that interval.

Unlike Egger and Lanz, I look not only at the commitments emerging from the Uruguay Round, but also those resulting from the extended negotiations – on telecommunications and financial services in particular – between 1995 and 1997.[16] That

commitments and for greater participation in services negotiations. A reasons for this is that governments' initial commitments in the GATS have been more about providing legal guarantees that existing openness would not be reversed rather than dismantling prevailing restrictions.

[14] This amounts to 141 Members when counting as 1 the original commitments of the European Union. I also test the predictions with another dataset that includes observations for 153 Members, including each EU Member State separately.

[15] Out of a total of 160 sub-sectors.

[16] The decision to undertake the extended negotiations arose from discussions during the Uruguay Round. These extended negotiations can be seen as a continuation of negotiations that had started – and ended provisionally – during the Uruguay Round.

said, the propositions are also tested against commitments taken by original WTO Members, excluding the results of extended negotiations. Details about variable definitions and data sources are found in Table 1 and summary statistics are contained in Table 2.

As regards human capital endowments, I here use the (log of) human capital index (*HUMANCAPITAL*) from the Human Development Reports, which measure per capita human capital stock. This is a good proxy for endowments in human capital, which is available for a large number of countries and has been used in other studies.[17]

To test propositions in relation to democracy, I rely on the indicator most widely used, the democracy index from Polity III and Polity IV, constructed by Gurr et al. (1990) and Jaggers and Gurr (1995). This index, ranging from 0 to 10 (the higher, the more democratic), captures such institutional features of political regimes as the presence of a process through which citizens can express preferences about alternative policies and leaders, the existence of constraints on the exercise of power by the executive, and the guarantee of civil liberties. I therefore evaluate whether this variable (*DEM*) has an independent, positive, impact on the level of GATS commitments. Since what matters is the level of democracy at the time the negotiations are substantively underway – and not simply the level at the tail-end of the negotiations –, the variable *DEM* consists in the average of the Polity scores for 1990 and 1994 in the case of original WTO Members.[18]

[17] See, for example, Globerman and Shapiro's (2002; 2003) studies on determinants of FDI.

[18] Services were included on the agenda of the Round launched in 1986, and negotiations about the content, structure and liberalization modalities of the agreement were intensive from then on and in the following years. In 1990, the Chair of the Negotiating Group on Services sent to Trade Ministers meeting

********** **TABLES 1 and 2 about here** **********

I also include in the basic specification a number of basic control variables.

Accession: Various experts have noted that governments that have acceded to the WTO after the Uruguay Round generally undertook more significant commitments than other WTO Members. Such results can be traced to the different negotiating process in which accessions take place (Jones 2009). To accede, support from each WTO Member is needed, and the acceding Member cannot seek any concessions from others, but only negotiate the "price" of its entry ticket. Governments having gone through the WTO accessions process are therefore expected to undertake greater GATS commitments. I include a dummy variable, which has a value of 1 if the government went through the accession process, and 0 if not. That said, the model is also later tested solely on original WTO Members.

GDP Share: Relative power or economic size can be expected to affect countries' trade policies for a number of reasons. A large branch of research in International Relations highlights the role that the distribution of power in the international system plays on state behaviour, including as regards trade. However, predictions on how relative size may affect state behaviour in international organizations, and more specifically the undertaking of multilateral commitments, are scarce.

Brussels his proposed text of a Services Agreement. The text contained all the elements that would eventually become the GATS. See Singh 2008, 95-116.

Nevertheless, relative power or economic size can be expected to impact on trade commitments for a number of reasons. One view, emphasizing that regimes reflect the relative power of states, suggests that the larger states use their power to extract greater concessions from smaller ones (Krasner 1991). Another view is that for cooperation between countries to take place, there must be a balanced distribution of gains which roughly maintains the pre-cooperation distribution of capabilities (Grieco 1990). This suggests that concessions given in trade fora would instead be reciprocated by proportionate concessions from other countries. To control for this, I thus include the log of a Member's share of the total GDP of all WTO Members (*GDPshare*). GDP is a crude measure of power, and it has been used in various other studies (Mansfield and Pevehouse 2006: 148; Steinberg 2002: 347-348).

Additional Controls: first, I include (the log of) total trade (exports + imports) to GDP as a proxy for a country's openness to international trade (*Trade/GDP*). Countries that are more open, or more dependent on trade, are expected to be more inclined to take commitments. I also include the Chinn-Ito index (*KAOPEN*), which measures the restrictiveness of capital account, expecting that the more a country imposes such restrictions, the lesser the propensity to take commitments. Generally, in the absence of more precise assessments, the inclusion of these two variables permits controlling for openness to services trade, and for the alternative argument that countries with less restrictions take more commitments. A variable capturing the macroeconomic environment is also included. *Ecogrowth* represents the real growth of GDP over the 5 years previous to undertaking commitments.

Another element that can impact upon decisions about trade commitments is, in contrast to the type of political regime, whether the country has experienced change in its degree of democracy/autocracy during the negotiations. Rodrik (1994) has suggested that trade policy reforms were preceded by changes in political regimes, in whatever direction. Further, change in political regimes may heighten interest in communicating stability through binding international commitments. To account for this, the variable *ChangeDEMAUT* measures the absolute difference in the values on the Polity's combined autocracy/democracy index between 1994 and 1990.[19]

To cover trade policy considerations, I include a measure of a countries' participation in bilateral or regional trade agreements. *RTA* is a dummy variable coded 1 if a country was engaged in a bilateral or other free trade agreement. This variable is expected to be positively related to the level of GATS commitments since experience with preferential agreements may predispose towards multilateral commitments. Membership in negotiating coalitions can also be determinant. At the multilateral level, the main coalition is the Cairns group of agricultural exporters, which seeks greater access abroad. Harms et al. (2003) hypothesized that membership in the Cairns Group would be associated with less commitments (for the financial services sector), not more, because they considered that these countries would refrain from committing on financial services so as to keep leverage for future negotiations on agriculture. A dummy variable (*CAIRNS*), with a value of 1 for members of the coalition, is therefore included.

[19] See Milner and Kubota (2005). The type of political change that matters in this context is change in fundamental aspects of a regime (change towards greater autocratic or democratic aspects), rather than a mere change in the political leadership.

Main Results

Table 3 includes regression results for the model, in parsimonious (1) and less parsimonious (2) specifications. These provide good support for the predictions. The key variables, *DEMOCRACY* and *HUMANCAPITAL* are systematically significant, and have the expected sign, which provides strong support for the predictions. *GDPshare* and *Acceding* are positively and significantly linked to the level of GATS commitments, but the other control variables generally do not exert influence. Similar results occur when acceding Members are excluded from the sample (columns (3) and (4)): again, *DEMOCRACY* and *HUMANCAPITAL* remain significant, as does *GDPshare*.[20] Overall, the explanatory power is relatively high.

To see whether the results were due to omitting per capita income from independent variables, I conducted the regressions with the log of GDP per capita as an additional variable (columns (5) and (6)). In all cases, the key variables remained significant and with proper signs, while GDP per capita did not prove statistically significant. Further, the same variables also remained significant when the sample was limited to developing countries (column 6).

Since the Human Development Index used as a proxy for *HUMANCAPITAL* is a composite index combining indices of per capita income, education outcome and health status, I also run the regressions with a different measure of human capital (*HUMANCAPITAL2*), which excludes the GDP per capita element of the index. Results,

[20] It can be noted that the regression results are not subject to multicollinearity problems, as the variance inflation factor is well within acceptable levels. None of the variables has a value of variance inflation factor greater than 10, nor than 5, which has been used as a more stringent requirement.

which are found in Table 4 (columns (1) and (3)), show that this different measure of human capital is significant despite the reduced number of observations – like *DEMOCRACY*.

********** TABLE 3 here **********

As noted at the outset, a number of scholars have agued that democracy affects trade protection via the preferences of the median voter, which, being capital poor, prefers trade openness in labour abundant countries and protection in capital abundant countries. To test this claim, I interact democracy with factor endowments to see whether democracy leads to more commitments in countries poor in human capital than in those rich in human capital (*INT*). Similarly, I also interact democracy with GDP per capita (*INT2*). Neither proves statistically significant (not in Table).

This provides further support for our argument, which does not conceive the impact of democracy on countries' commitments as varying according to voters' preferences, which in turn would vary according to factor proportions. The results indeed point toward a more direct effect of regime type, which is in line with the argument emphasizing the benefits (signalling device) and cost (limiting future discretion and rent-granting) of commitments for leaders. While each of these aspects has grounding in theory, empirical tests cannot determine the relative importance of each in assessing the impact of democracy on governments' decision to undertake commitments. Conducting comprehensive qualitative analysis of decision-making processes would allow shedding further light on these aspects.

The fact that democracy and endowments have independent effects on commitments similarly suggests that endowments' impact on government decisions to commit does not operate through preferences of voters or the mass public, which can be expected to vary along with levels of democracy. Since interest groups and public preferences are the two main channels through which economic preferences are transmitted to the political system, results highlighting the influence of endowments give further support to our line of argument, which emphasizes the relationship between the strength of interest group preferences for commitments, their impact on governments of all regime type, and endowments. This is consistent with the negotiating history of the GATS negotiations by Singh (2008), which highlights the important role of coalitions of services companies in many developed countries in pushing for an agreement, particularly in the United States.

The consistently strong and positive effect of the variable measuring countries' share of world GDP may go against some of the perspectives highlighted earlier, but it may reflect strategic interactions in the course of negotiations. The larger states may be less able to free ride than smaller states: the greater the size of country, the more other Members react collectively to ensure that consequent commitments are undertaken. The smaller countries may provoke less of a reaction from the rest of Members. In the case of services at least, the negotiating process produced an outcome where general reciprocity is limited, as concessions are not spread evenly across members. Another possible explanation for the observed relationship between relative size and commitments relates to the role of the more powerful in bringing about the regime.[21] Since the more powerful Members exerted greater influence in defining the key obligations of the Agreement, these are expected to better reflect their

offensive and defensive interests, as well as the then prevailing domestic regimes of these states, which makes it easier for them to undertake more comprehensive commitments.

Such other factors change in political regimes, the level of openness of the capital account, recent economic performance, or membership in such negotiating coalition as the Cairns Group did not prove influential, while general openness to trade (ratio of exports and imports to GDP) and prior experience with RTAs only reached (modest) statistical significance in a few specifications (Tables 4 and 5).

Further robustness tests

In columns (2), (3) and (4) of Table 4, I use a different dataset, where each of the 12 original Member States of the European Union are counted separately.[22] The results show strong support for the main hypotheses: the coefficients of the key explanatory variables are significant and have the expected sign, including when acceding countries are excluded from the sample (4).[23]

********** TABLE 4 here **********

[21] Historical evidence suggests that the United States was the key *demandeur* for an agreement, along with such other economic powers as Japan and the European Union. See Steinberg 2002; Crystal 2003.

[22] The first 12 EU Member States negotiated jointly during the Uruguay Round and their commitments were contained in a single schedule of commitments. However, the commitments of these Member States sometimes differ as their services regime are not identical. When this alternative dataset is used, the variable (*EU*) was introduced to control for the possibility that being part of the European Union induced greater commitments than would otherwise have been the case.

[23] Similar results were obtained when a dependent variable capturing solely the level of GATS commitments at the end of the Uruguay Round was used, excluding therefore commitments resulting from the extended negotiations as well as accessions.

While the focus of this study is to account for the propensity of states to undertake specific commitments in service sectors, I also test the predictions against a dependent variable that gives greater weight to the type of specific commitments undertaken under the GATS. In doing so, I follow the approach developed by Hoekman (1996), who assessed the content of GATS market access schedules by attaching a value to commitments mode by mode and sector by sector. Full commitments (meaning without limitations) were given a score of 1, partial commitments (with some limitation(s)) a score of 0.5 , and the lack of commitment for a given mode of supply (an unbound entry) was attributed 0. While such exercise has limitations, in particular the fact that it cannot fully capture the relative quality or restrictiveness of commitments, it nevertheless provides a basic measure of the depth of commitments.

Columns (5), (6) and (7) of Table 4 present regressions results with a dependent variable (*GATSCOM2*) that weighs the sectoral coverage of schedules by the level of market access treatment bound under each mode of supply for each sub-sector committed. For each sub-sector a maximum score of 4 can therefore be obtained, reflecting full commitments under modes 1 through 4. Results provide support for the predictions, namely that democracy and human capital endowments are positively linked to levels of GATS commitments. Results to not vary when the dataset detailing commitments of individual EU countries is used (7).

Alternative Explanations

Regulatory capacity

Some researchers have suggested that concerns about regulatory capacity may incite governments to refrain from undertaking services commitments. Hoekman, Mattoo and Sapir (2007) consider that regulatory concerns help explain the modest levels of commitments under the GATS, where the reciprocal exchange of concessions has been limited, unlike in other areas of the WTO. Noting the greater regulatory-intensity of services, they point to regulators' concerns about commitments' potentially excessive intrusiveness, unpredictability as regards the implications of commitments, and worries regarding the capacity to put in place effective regulations to complement market openings.

To our knowledge, there has been no attempt to measure regulatory capacity *per se*, nor to test its impact on trade or trade commitments. In the context of services, regulatory capacity means (i) better ability to assess the impact and implications of services commitments and (ii) greater capacity to assess regulatory responses that may arise as a result of trade and to implement and enforce complementary measures. To best capture this notion, I use the International Country Risk Guide's index of bureaucracy quality, which measures the extent to which bureaucracies have the strength and expertise to formulate and administer policies effectively. I expect it to be positively related to GATS commitments.

********** TABLE 5 here **********

Results in Table 5 provide initial support for the predicted impact of bureaucracy quality (*BURQUAL*), as it proves statistically significant under the main specification, as well as when acceding countries are excluded (columns 1 and 2). The other variables retain statistical significance, even though the introduction of *BURQUAL* reduces the number of observations. However, the statistically significant impact of *BURQUAL* disappears when developed countries are excluded from the sample (column 3). Despite the caveats, these results go some way in supporting the calls of Hoekman et al. for international organizations to provide regulatory assistance to governments so as to support market access commitments.[24]

Veto Players

Another strand of trade research in political economy puts emphasis on institutional structures for sharing decision-making power within countries, which yield varying numbers of veto players. Veto players are institutional and partisan actors whose assent is necessary to change existing policies. An alternative argument would be that a greater number of veto players leads to less GATS commitments; indeed, the greater the number of veto players, the more likely it is that some players reflect the views of those not wishing to enter into trade obligations (Mansfield, Milner and Pevehouse 2008; Henisz and Mansfield 2007). To control for this, I use Henisz's measure of political constraints (*VETOPLAYERS*), which evaluates the number of independent veto points in the political system as well as the distribution of political preferences across and within these branches (Henisz 2000). Results in Table 5 (column (4)) show that the inclusion of a measure of political constraints does not

[24] Similar results were obtained by using a different measure of the quality of bureaucracy, namely the index of "government effectiveness" developed by Kaufmann et al. (not in Table). While the Kaufmann index captures information on a wide variety of components of effectiveness (*GOVEFFECT*) from a greater number of sources, it is, however, only available from 1996, that is after most of Members' commitments were contracted.

significantly modify the results, with key variables maintaining statistical significance, while *VETOPLAYERS* is insignificant.[25] In sum, when such other factors as endowments, relative size and democracy are taken into account, political constraints do not have a significant impact on the breadth of GATS commitments.

V. CONCLUSION

While various studies show that democracy promotes trade openness, the impact of regime type on negotiating outcomes and trade bindings had not been explored. Neither had research provided an understanding for variations in WTO Members' international commitments on trade in services.

I argue that democracy and human capital endowments positively affect WTO Members' GATS commitments. Governments want to stay in power and need support from both the public and interest groups. The public prefers trade openness. Democracies take more GATS commitments because their governments, which are more responsive to preferences of the public, have less interest in increasing protectionism and therefore do not suffer costs from commitments that prevent the introduction of new barriers. Democratic leaders also use trade commitments to improve their chances of re-election by signalling to voters that any economic downturn is not the result of a turn towards greater protectionist policies by the government. The impact of democracy on international commitments in services is direct, and not contingent on levels of development or on endowments.

[25] A variable capturing the interaction between democracy and veto players did not prove statistically significant either.

Governments in all regime types need the support of interest groups. Preferences of these groups depend on endowments. Countries well-endowed in human capital will have a comparative advantage in services, and services firms will lobby the government and favour the undertaking of commitments because they have interest in more predictable market access conditions abroad.

It is conceivable that the impact of regime type on international bindings is stronger, and more direct, than its impact on trade barriers. The influence of democracy on trade negotiating outcomes, in particular levels of bindings, may also be more forceful in services than in goods trade. Indeed, the nature of services trade and its negotiating modalities likely means that bindings have greater relevance, as the lack of commitments in a given sector carries greater risk: a much greater array of, restrictions, and more economically disruptive ones, can be used across four modes of supply. Nevertheless, further research may focus on the determinants of cooperation and international commitments, as opposed to solely applied levels of protection. Similar approaches could be used for other areas of international trade negotiations, be it goods trade, procurement, or intellectual property rights.

Still, the political economy of trade in services remains an underexplored matter. While not the focus of this paper, additional research can try to account for countries' selection of services sectors where commitments are made, as well as on the precise degree of restrictions bound. However, determinants of these second-stage policy decisions are likely to be rooted in sector-specific considerations given the heterogeneity of considerations across different service sectors, for example as regards degree of tradability, regulatory intensity, or trade restrictions), which makes this an ambitious work programme. In addition, the determinants of applied restrictions in services, should be further investigated, even though

explanatory factors would likely be different from those accounting for the propensity to undertake international commitments, and scholars would face challenges related to the current information deficit in this area.

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APPENDIX

Table 1: Variable Definitions and Data Sources

GATSCOM	Proportion of sub-sectors committed in Members' schedules of commitments under the GATS. Source: author.
GATSCOM2	Measure of GATS commitments weighed according to level of treatment bound under market access for each mode of supply (full, partial, unbound). Source: author.
DEM	Scores on the Polity III index for democracy for which ranges from 0 to 10 (the higher being the more democratic). For WTO Members, average of scores for 1990 and 1994. For acceding countries, average of the score for the year of accession and that 4 years prior.
GDPshare	Represents a Member's share of the total GDP of all WTO Members. Source: *World Development Indicators*. Base year is 1993 for original WTO Members (both for the numerator and denominator). For acceding countries, the base year is one year prior to date of accession.
ChangeDEMAUT	Measures the absolute change in the level of democracy/autocracy. Combination of scores on the Polity III index for democracy and autocracy (ranging from -10 to 10), the lowest being most autocratic and 10 being the most democratic. Change is measured between 1994 and 1990 for original WTO Members. For acceding countries, change is measured between the date of accession and 4 years prior.
HUMANCAPITAL	Represents a Member's score on the Human Development Index (the higher the score, the greater the per capita stock of human capital). Source: UNDP (http://hdr.undp.org/en/). For original WTO Members, *HUMANCAPITAL* is the average of the scores for 1990 and 1995. For acceding countries, the base year is 1995, 2000, or 2005, depending which is closest to the date of accession to the WTO. According to UNDP, data on such five-year spans are most comparable.
Cairns	Dummy variable coded as 1 if the Member is part of the Cairns group of agricultural exporters, and 0 if not. Source: WTO.
RTA	Dummy variable coded as 1 if the Member had been party to a bilateral or regional trade agreement notified to the WTO or GATT prior to GATS commitments entering into force.
Trade/GDP	Ratio of total trade (exports+imports of goods and services) to GDP. Source: *World Development Indicators*. Base year is 1995 for original WTO Members and year of accession for other WTO Members.

KAOPEN	Chinn-Ito (2002)'s index to measure a country's degree of capital account openness (the higher the number, the greater the degree of openness of the capital account). Base year is 1993 for original WTO Members and 1 year prior to accession for those Members having gone through the accession process (2006 being the latest entry).
Ecogrowth	% change in real GDP from 95 to 89. Source: *World Development Indicators*. For acceding Members, the % change is calculated from 6 years before accession to the year of accession.
HUMANCAPITAL2	Represents Members' combined score on the sub-indices of life expectancy and education of the Human Development Index. Source: UNDP.
BURQUAL	Bureaucracy quality index of the International Country Risk Guide, 1994. For acceding Members, the value is for the year before accession.
GDPpercap	GDP per capita in constant US dollars, 1995, from World Bank's World Development Indicators.
VETOPLAYERS	Henisz's (2000) measure of political constraints, which measures the number of independent veto points in the political system as well as the distribution of political preferences across and within these branches.

Table 2: Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
log *HUMANCAPITAL*	128	-0.445	0.294	-1.246	-0.069
logit *GATSCOM*	141	-1.102	1.617	-5.069	2.425
logit *GATSCOM2*	141	-1.902	1.489	-5.899	0.803
Ecogrowth	153	18.324	27.580	-86.312	124.975
Accession	137 5	0.175	0.382	0	1
KAOpen	146	0.0232	1.413	-1.798	2.540
log *Trade/GDP*	159	4.281	0.583	1.146	5.673
Change*DEMAUT*	150	2.667	4.894	0	17
RTA	139	0.849	0.359	0	1
Cairns	141	0.128	0.335	0	1
ACCEDING	137	0.175	0.382	0	1
log *GDPshare*	131	-3.218	2.250	-7.286	3.455
DEM	146	4.296	3.900	0	10
log HUMANCAPITAL2	111	-0.407	0.311	-1.528	-0.066
log *GDPpercap*	159	7.290	1.522	4.035	10.473
BURQUAL	122	2.047	1.116	0	4
VETOPLAYERS	152	0.367	0.335	0	0.890

Table 3: Regression Results for Determinants of GATS Commitments

Dependent variable: *GATSCOM*							
Member sample:	(1) all	(2) all	(3) without acceding Members	(4) without acceding Members	(5) all	(6) without acceding Members	(7) without developed Members
Log *GDPshare*	0.202***	0.262***	0.240***	0.325***	0.286***	0.333***	0.265***
	(0.051)	(0.064)	(0.056)	(0.073)	(0.070)	(0.077)	(0.081)
Log *Humancapital*	2.160***	1.880***	2.05***	1.586**	2.439***	1.872**	1.602**
	(0.411)	(0.596)	(0.426)	(0.646)	(0.825)	(0.909)	(0.630)
DEM	0.057**	0.071***	0.055**	0.070***	0.076***	0.075***	0.066**
	(0.024)	(0.024)	(0.025)	(0.024)	(0.023)	(0.023)	(0.028)
Accession	1.651***	1.908***			1.773***		2.049***
	(0.256)	(0.293)			(0.291)		(0.356)
Cairns		-0.201		-0.226	-0.259	-0.262	-0.171
		(0.232)		(0.224)	(0.233)	(0.235)	(0.277)
ChangeDEMAUT		0.025		0.028	0.026	0.028	0.022
		(0.024)		(0.028)	(0.024)	(0.028)	(0.027)
RTA		0.541		0.509	0.541	0.51	0.562
		(0.334)		(0.365)	(0.335)	(0.367)	(0.392)
Log *Trade/GDP*		0.216		0.304	0.238	0.307	0.306
		(0.225)		(0.233)	(0.229)	(0.234)	(0.257)
Ecogrowth		-0.006		-0.005	-0.007	-0.006	-0.003
		(0.005)		(0.004)	(0.005)	(0.004)	(0.006)
KAOpen		0.002		0.032	0.038	0.052	-0.044
		(0.072)		(0.065)	(0.074)	(0.079)	(0.085)
Log *GDPpc*					-0.152	-0.081	
					(0.148)	(0.174)	
Constant	-0.096	-1.456	-0.039	-1.773*	-0.089	-1.04	-2.075
	(0.246)	(1.047)	(0.240)	(1.041)	(1.595)	(1.87)	(1.247)
Observations	104	94	87	79	94	79	78
R^2	0.71	0.736	0.692	0.699	0.739	0.699	0.669

Notes: Robust standard errors in parentheses; *** significant at 1% level; ** significant at 5% level; * significant at 10% level.

Table 4: Regression Results for Determinants of GATS Commitments: Further Tests

Dependent variable: *GATSCOM*					Dependent variable: *GATSCOM2*		
Member sample:	(1) all	(2) all (with each EU member)	(3) all (with each EU member)	(4) without acceding (with each EU Member)	(5) all	(6) without acceding	(7) all (with each EU member)
Log *GDPshare*	0.296***	0.260***	0.281***	0.331***	0.209***	0.268***	0.265***
	(0.059)	(0.067)	(0.063)	(0.076)	(0.064)	(0.072)	(0.068)
Log *Humancapital*		1.874***		1.626**	1.579**	1.344**	1.751***
		(0.593)		(0.622)	(0.620)	(0.672)	(0.606)
Log *Humancapital2*	1.199**		1.203**				
	(0.524)		(0.526)				
DEM	0.086***	0.064***	0.076***	0.073***	0.063**	0.063**	0.056**
	(0.025)	(0.024)	(0.028)	(0.024)	(0.025)	(0.028)	(0.027)
Accession	1.834***	1.812***	1.711***		1.792***		1.894***
	(0.306)	(0.271)	(0.288)		(0.226)		(0.279)
Cairns	-0.296	-0.168	-0.230	-0.254	-0.149	-0.148	-0.140
	(0.220)	(0.244)	(0.241)	(0.240)	(0.230)	(0.231)	(0.263)
ChangeDEMAUT	0.016	0.024	0.012	0.028	0.024	0.027	0.024
	(0.024)	(0.024)	(0.023)	(0.028)	(0.025)	(0.029)	(0.024)
RTA	0.520	0.500	0.425	0.533	0.531	0.586	0.647*
	(0.452)	(0.333)	(0.451)	(0.366)	(0.343)	(0.381)	(0.337)
Log *Trade/GDP*	0.276	0.211	0.239	0.335	0.278	0.404*	0.296
	(0.206)	(0.211)	(0.197)	(0.221)	(0.220)	(0.233)	(0.216)
Ecogrowth	-0.007	-0.005	-0.006	-0.006	-0.006	-0.008	-0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
KAOpen	0.081	-0.001	0.073	0.018	0.036	0.046	0.013
	(0.073)	(0.068)	(0.068)	(0.065)	(0.066)	(0.071)	(0.073)
EU		0.405	0.423	0.155			0.433
		(0.253)	(0.268)	(0.251)			(0.270)
Constant	-1.943**	-1.401	-1.735	-1.868*	-2.748**	-3.248***	-2.133*
	(0.959)	(0.974)	(0.908)	(0.962)	(1.075)	(1.100)	(1.039)
Observations	82	103	91	88	94	79	103
R^2	0.738	0.769	0.774	0.758	0.677	0.596	0.757

Notes: As for Table 3.

Table 5: Regression Results for Determinants of GATS Commitments: Alternative Explanations

Dependent variable: *GATSCOM*				
Member sample:	(1) all	(2) without acceding	(3) without developed Members	(4) all
Log *GDPshare*	0.213***	0.296***	0.237**	0.268***
	(0.073)	(0.082)	(0.090)	(0.065)
Log *Humancapital*	1.675***	1.367**	1.539**	1.928***
	(0.581)	(0.621)	(0.650)	(0.627)
DEM	0.056*	0.055**	0.064**	0.081**
	(0.029)	(0.028)	(0.031)	(0.035)
Accession	2.057***		2.087***	1.901***
	(0.348)		(0.452)	(0.301)
Cairns	-0.098	-0.132	-0.133	-0.209
	(0.214)	(0.212)	(0.270)	(0.232)
ChangeDEMAUT	0.017	0.017	0.016	0.025
	(0.025)	(0.029)	(0.031)	(0.024)
RTA	0.417	0.419	0.459	0.554*
	(0.363)	(0.412)	(0.462)	(0.330)
Log *Trade/GDP*	0.180	0.284	0.250	0.236
	(0.240)	(0.241)	(0.292)	(0.215)
Ecogrowth	-0.004	-0.003	-0.004	-0.006
	(0.005)	(0.005)	(0.007)	(0.005)
KAOpen	0.010	0.027	0.004	-0.004
	(0.072)	(0.061)	(0.101)	(0.072)
BURQUAL	0.277**	0.236**	0.253	
	(0.106)	(0.113)	(0.163)	
VETOPLAYERS				-0.217
				(0.525)
Constant	-2.005*	-2.300**	-2.327	-1.458
	(1.118)	(1.071)	(1.413)	(1.051)
Observations	82	70	67	94
R^2	0.756	0.736	0.685	0.737

Notes: As for Table 3.