A Deepening/Widening Tradeoff?
Evidence from the GATT/WTO

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Questions

Is there a deepening/widening tradeoff within international organizations?

Do IOs become less effective as they acquire more members?

As more countries joined the GATT and WTO, did these institutions become *less* trade effective?

Argument

The GATT and WTO both became less trade effective with more members due to their consensus practice.

1. The consensus practice in bargaining limited their *de jure* depth, allowing members to shift from prohibited tariffs to other non-prohibited forms of trade protection.
2. The consensus practice hindered enforcement as any member could block a panel report under the GATT and appointments to the Appellate Body under the WTO.

Model

We estimate gravity models of bilateral trade interacting GATT and WTO joint membership with their width.

$$Imports_{ijt} = B_1 * Joint\ Membership_{ijt} + B_2 * (Joint\ Membership_{ijt} * Width_{ijt}) + B_3 * Width_{ijt} + Controls_{ijt} + e_{ijt}$$
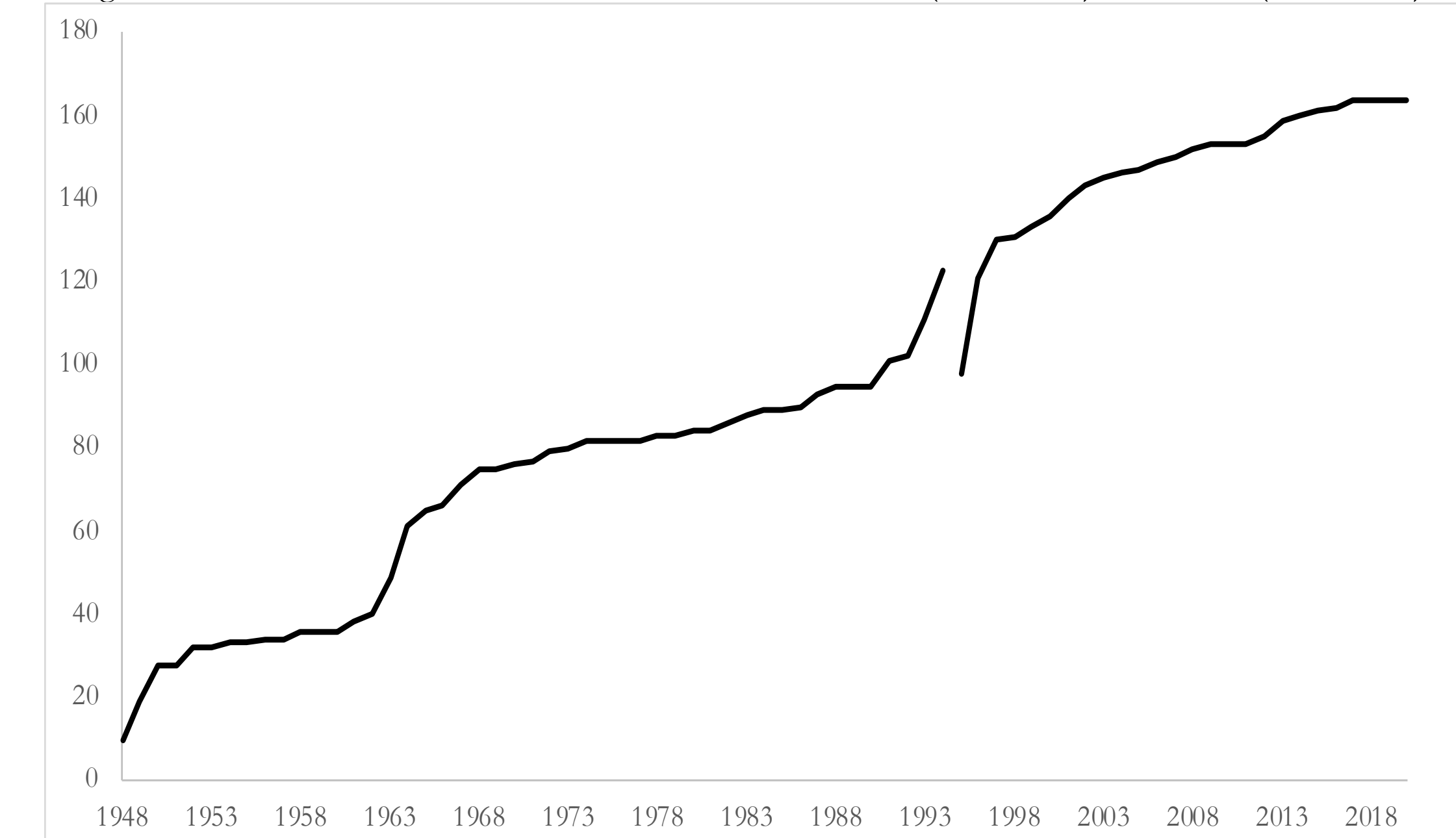
Hypothesis: $B_1 > 0$ and $B_2 < 0$

Results

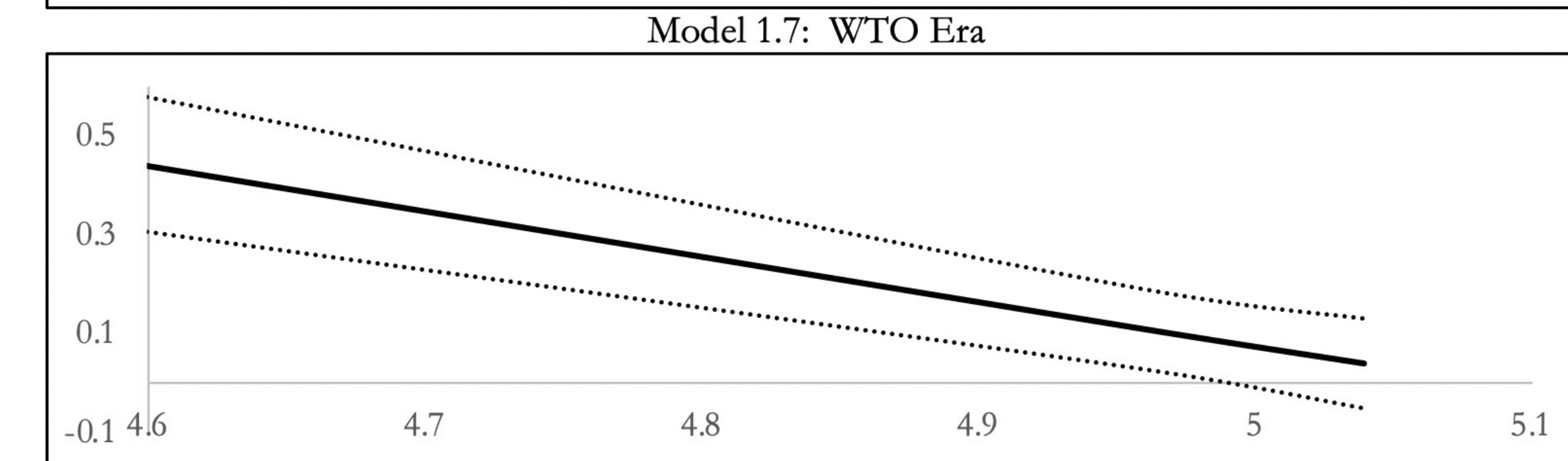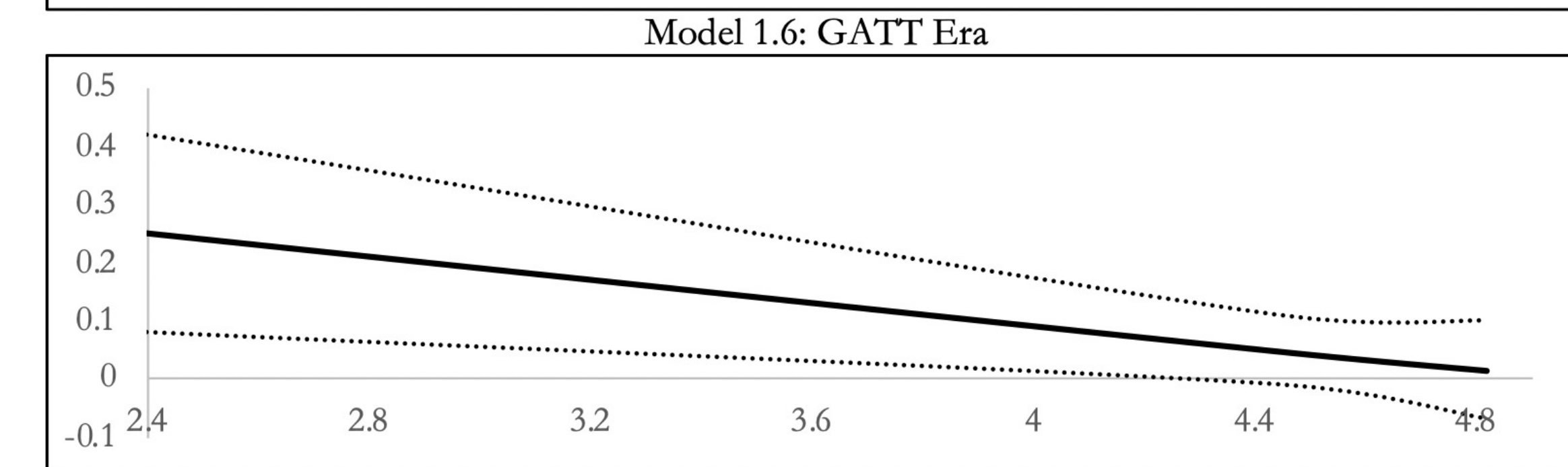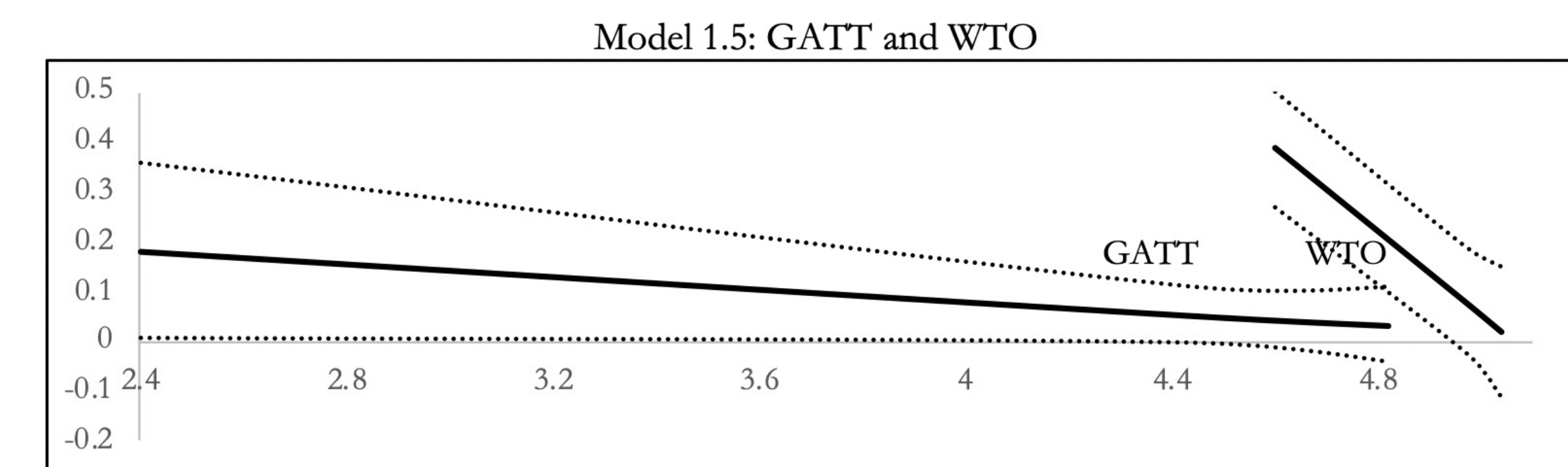| Model:	1.1	1.2	1.3	1.4	1.5	1.6	1.7
GATTWTO	0.08 (0.02)						
GATT		0.07 (0.03)	0.09 (0.03)		0.33 (0.19)	0.48 (0.19)	
*GATT*GATT Members* (logged)					-0.06 (0.05)	-0.10 (0.05)	
WTO		0.14 (0.05)		0.19 (0.04)	7.50 (2.34)		7.27 (2.10)
*WTO*WTO Members* (logged)					-1.49 (0.48)		-1.44 (0.43)
PTA	0.41 (0.02)	0.41 (0.02)	0.28 (0.03)	0.22 (0.02)	0.41 (0.02)	0.28 (0.03)	0.23 (0.02)
Constant	16.65 (0.01)	16.64 (0.01)	16.48 (0.01)	16.88 (0.03)	16.66 (0.02)	16.49 (0.01)	16.93 (0.03)
Directed Dyad Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Importer/Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Exporter/Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.87	0.87	0.87	0.92	0.87	0.87	0.92
N	681,086	681,086	399,946	279,380	681,086	399,946	279,380

Unit of analysis is the directed dyad/year.
OLS coefficients with robust standard errors clustered on the directed dyad in parentheses.
GATT Members and *WTO Members* constitutive variables drop due to collinearity with their respective interaction variables.

GATT and WTO Width

Figure 1: Effective Number of Member-States in the GATT (1948-1994) and WTO (1995-2020).

Marginal Effects

Model 1.5: GATT and WTO

Model 1.6: GATT Era

Model 1.7: WTO Era

The x-axis provides the marginal effect, and the y-axis provides the number of _Members_ (logged). The solid line indicates the point estimate with the dashed lines indicating 95 percent confidence intervals.