

# Bringing Democracy to the Bargaining Table: An Analysis of Preferential Trade Agreements' Design

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## Abstract

The idea that democracies can use trade as a means to export their model of democracy has been around for a long time. Yet, little is known about their actual ability to diffuse democratic norms in the realm of trade policy negotiations. This question is of particular importance in a context where democracies' trade policy is increasingly challenged by the rise of powerful autocratic trade powers. This paper investigates countries' preferences for democracy promotion and under which conditions democracies might influence the design of democracy-related provisions. I argue that ambitious clauses are a result of the negotiation power differential in favour of democracies. Using a novel measurement of democracy-related provisions using text-as-data methods, this paper employs a sample selection model of over 300 bilateral preferential trade agreements since 1948 to evaluate the impact of regime type and bargaining power on democracy-related provisions. I show that democracies are more likely to diffuse democratic norms through establishing templates with like-minded countries at first and exporting their PTA template when signing agreements with democratising or autocratic countries thereafter. I also demonstrate that autocracies are more likely to sign democracy-related provisions with leading world trade powers, whereas democratising are more likely to sign such provisions when the democratic party represents a large share of its exports. Overall, this paper demonstrates that democratic power can be at play, but path dependencies and economic interests are also strong determinants of countries' influence on democracy-related provisions.

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# 1 Introduction

The question of whether trade can impact democracy attracts lots of attention but remains inconclusive. The last two decades demonstrated trade and democracy do not necessarily go hand in hand. To general surprise, some autocratic countries successfully integrated the liberal trading system and did not show signs of democratisation thereafter. Most recently, long-established democratic countries such as the US and EU member states have also shown signs of backsliding. This contradicts a substantial body of existing literature investigating the positive correlation between trade and democracy.

An important body of the literature has indeed investigated the extent to which countries integrating the liberal trading system are more likely to democratize. Some studies, for example, argued that countries signing trade agreements are more likely to democratise (Collins, 2010; Mansfield and Milner, 2018) or consolidate their democratisation efforts (Pevehouse, 2002; Ulfelder, 2008; Liu and Ornelas, 2014). Manger and Pickup (2016) also suggested that trade and democracy can co-evolve. In short, democracies are more likely to sign trade agreements promoting further democratisation. Yet, this positive relationship between free trade and democracy seems to be increasingly questioned.

One important missing piece of this puzzle is the design of preferential trade agreements (PTAs). The type of provisions countries sign can to some extent condition their democratisation efforts, and PTAs can vary substantially in scope (Dür et al., 2014). The extent to which PTAs include non-trade issues (NTIs), an umbrella term referring to all provisions that do not directly relate to trade, has only been recently addressed in the literature (Lechner, 2016; Milewicz et al., 2018). It has also become central to trade policy-making. For example, in September 2022, WTO members launched a new policy agenda on trade and gender<sup>1</sup>. At the same time, the EU commission launched a proposal for a forced labour ban<sup>2</sup>. A couple of months later, the EU Parliament agreed on a new law to ban deforestation-related products which also includes further requirements on protection of human rights and indigenous rights<sup>3</sup>. And the list goes on, signalling a shift in trade policy increasingly putting more focus on NTIs.

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<sup>1</sup>[https://www.wto.org/english/news\\_e/news22\\_e/women\\_22sep22\\_e.htm](https://www.wto.org/english/news_e/news22_e/women_22sep22_e.htm)

<sup>2</sup>[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_5415](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5415)

<sup>3</sup><https://www.europarl.europa.eu/news/en/press-room/20221205IPR60607/deal-on-new-law-to-ensure-products-causing-deforestation-are-not-sold-in-the-eu>

Although the proportion of NTIs in trade agreements is much greater nowadays, countries included provisions on civil and political rights, economic and social rights and environmental protection in their trade agreements as early as the 1950s and the trend accelerated in the 1990s and 2000s (Lechner, 2016; Milewicz et al., 2018). The EU and the US have long been seen as the pioneers of this trend, signing the first agreements including respectively human rights (Lome IV, 1989) and labour rights (NAFTA, 1994). The further increase in NTI provisions in trade agreements have so far mainly been explained by competing domestic preferences and diffusion effects. A few large N studies have also looked at competing interests at the domestic and international level simultaneously (Lechner, 2016; Milewicz et al., 2018; Raess et al., 2018). However, they have not accounted for countries' regime type and therefore do not explain what can lead autocracies to sign such provisions. Yet, this question is of increasing importance given the rise of authoritarianism in the world and especially among the most powerful trading countries. The literature on NTIs also generally does not directly investigate the extent to which these provisions relate to democracy. Although some aspects of NTIs include democracy-related issues, such as civil and political rights, others do not, such as Co2 emission reduction targets. Lastly, scholars have mainly focused on the domestic determinants of the EU and US preferences to include such issues (Hafner-Burton, 2009; Postnikov, 2020).

To fill these gaps, I use newly gathered data on democracy-related provisions in over 300 bilateral PTAs. I argue that countries have different preferences towards democracy-related provisions, and in case of conflicting preferences between negotiating parties, countries will bargain political concessions against market access. To test my hypotheses, I use an ordered probit sample selection model to estimate the likelihood of country pairs signing democracy-related provisions in PTAs. I find that democracies are more likely to sign democracy-related provisions with like-minded democratic partners than with democratising or autocratic countries. Democracy-Autocracy pairs are, however, more likely to sign democracy-related provisions when the democratic party is a large trade power. This effect seems to be largely driven by the EU. While I find no evidence of exchange of democracy provisions against market access concessions, there is significant evidence for diffusion effects for both democratic and autocratic countries. Democracy-autocracy pairs are more likely to sign democracy-related provisions when either the democratic or autocratic party has already signed such provisions in the past. Lastly, I find that democracy-democratising countries are more likely to sign democracy-

related provisions when the democratic party represents a large share of the democratising party's exports.

This paper yields significant contributions to three aspects of the existing literature on regime type and international treaty making. First, the findings suggest that democracies establish PTA templates by signing democracy-related provisions with like-minded countries at first and diffusing their PTA model thereafter with autocracies and democratising states. This speaks to the recent literature on diffusion of treaty templates and strategic sequencing (see for example [Allee et al., 2017](#); [Castle, 2023](#)). Second, autocracies' willingness to integrate the liberal trading system increases their likelihood to sign democracy-related provisions with democracies, and this is further reinforced once the costs of signing the first PTA with such provisions are already paid. This is in line with recent literature investigating the motivations behind autocrats' willingness to sign trade agreements (see for example [Baccini and Chow, 2018](#)). Third, these results suggest that democratising countries prioritize direct market access and are more likely to sign democracy-related provisions when the democratic party represents a large share of their exports. This contradicts expectations that democratising countries would be willing to lock-in democratic reform ([Mansfield and Pevehouse, 2008](#); [Milewicz and Elsig, 2014](#)), but in line with most recent literature suggesting new democracies might not be willing to pay the associated high costs ([Dai and Tokhi, 2023](#)). Further disentangling autocratic and democratising countries' behaviour is a promising avenue for future research.

## 2 Literature

### 2.1 To the origins of the Non-Trade Issues agenda in trade agreements

Although trade agreements have similar broad content, they differ substantially in the different types of provisions included and the level of commitment associated to these provisions ([Dür et al., 2014](#)). There are, however, no studies specifically isolating the democracy-related content of trade agreements. The closest literature analyses the design of NTIs including aspects related to democracy (e.g. civil and political rights), but not only (e.g. environmental provisions such as CO2 emissions reductions). Previous research has identified a number of domestic and international factors that potentially explain its variation.

First, domestic groups can influence trade negotiations. NTIs have been considered by some as a form of “hidden protectionism”, increasing barriers to trade (Krugman, 1997; Hafner-Burton, 2009). Import-competing industries are therefore more likely to be in favour of including such provisions, contrarily to export-competing and import-dependent industries (Lechner, 2016; Morin et al., 2018). Non-Governmental Organisations (NGOs) and trade unions are likely to lobby in favour of the inclusion of NTIs in order to avoid a “race to the bottom” (Hafner-Burton, 2009; Lechner, 2016; Raess et al., 2018). Interest groups also respond differently depending on the potential trade partner. Lechner (2016) analyses how import-competing (export-competing) groups will lobby more intensively when the potential trade partner is likely to compete relatively more with the country’s imports (exports). Trade unions will also tend to lobby more intensively the higher is the gap in labour standards with the partner country. Raess et al. (2018) find that stronger domestic trade unions are associated with deeper labour rights provisions whereas a higher ratio of skilled workers to unskilled workers is associated with shallower labour provisions. Preferences of domestic policymakers can also shape the extent to which NTIs are scrutinized in the trade policy process. For example, Democrats leveraged their majority in the US Congress to push the labour agenda in the NAFTA negotiations (Hafner-Burton, 2009). In contrast, the lack of politicization of the EU-Singapore negotiations led to a relatively small engagement of the European Parliament and therefore to less far-reaching provisions on human rights compared to the highly political CETA negotiations with Canada (McKenzie and Meissner, 2017; Meissner and McKenzie, 2019).

Second, the increasing inclusion of NTIs provisions in trade agreements may also be due to international diffusion effects. Milewicz et al. (2018) argue that NTI provisions entail high costs when signed for the first time, as the country will have to significantly adapt its institutions and/or laws. The marginal cost of signing NTI provisions subsequently with another trade partner is relatively small. PTA agreements are therefore also more likely to be converted into NTI agreements. Diffusion can also occur through copying other agreements’ templates (Allee and Elsig, 2019) or copying standards set at the World Trade Organisation (Aaronson and Zimmerman, 2007; Vogel, 2013; Allee et al., 2017). Another growing, and more recent, literature analyses the tension between the political and economic ambitions of the EU with given trade partners. Scholars demonstrated that the EU may water down its political ambitions in trade agreements when negotiating with larger (non-democratic) economic powers

(Meissner and McKenzie, 2019; Poletti et al., 2020; Borchert et al., 2021).

The interaction of domestic and international factors, often at play in trade negotiations, has been studied to some extent but without systematically accounting for countries' regime type and their relative bargaining power (Hafner-Burton, 2009; Lechner, 2016; Milewicz et al., 2018). Further, these studies do not focus on democracy as such, as they either analyse human rights or labour rights provisions, or a broader set of NTIs provisions. Lastly, systematic evidence outside the scope of EU and US agreements is scarce. Although the EU and US are two of the major economic powers advocating for the inclusion of NTIs, other countries have increasingly followed this trend. For example, Indonesia and Malaysia pushed to include human rights provisions as part of ASEAN. This led to the creation in 2009 of the ASEAN Intergovernmental Commission on Human Rights (AICHR), which although limited in scope sets the ground for current and future discussions within the community (Chow, 2013). The Andean Community (1987) and Mercosur (1991) also include suspension clauses in the event of coup d'états (Johnstone and Snyder, 2016). Mercosur's members have even activated this clause in 2012 following a coup d'état in Paraguay and suspended Venezuela's membership in 2016 following human rights violations. Another striking example is Chile, first country in the world to include a stand-alone chapter on gender in a trade agreement in 2016<sup>4</sup>.

The literature therefore does not explain how countries' foreign policy preferences might influence the inclusion of democracy-related provisions in trade agreements. This paper attempts to fill this gap analysing the linkages between, on the one hand, PTA members' polity and relative bargaining power and, on the other hand, the design of democracy-related provisions.

## 2.2 Democracy-related provisions in trade agreements

Elsig et al. (forthcoming) define democracy-related provisions as all clauses in a trade agreement that are directly or indirectly related to democracy. In this conceptualisation, we include first any provisions that promote directly democracy. These provisions typically require members of the agreement to be democratic or provide technical assistance to promote democratisation or democracy consolidation. These clauses tend to be rare as they go beyond the purpose of the trade agreement only. They actually often appear in agreements that are not only com-

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<sup>4</sup>Chile-Uruguay Trade Agreement, Chapter 14

mercial but which are also of political nature to some extent (for example the Pacific Alliance, MERCOSUR). We therefore also consider aspects that relate to both trade policy and democracy. These aspects are much more likely to be included in trade agreements as they directly serve the purpose of trade policy. They also indirectly relate to democracy in the sense that they contribute to the country's institution (-building) and promote fundamental rights.

We identify six different broad categories of democracy-related provisions that are then further detailed into 89 specific aspects of trade agreements (for a detailed account of them, please find the detailed codebook in Appendix A.1). I detail these categories providing as well for each one example of an agreement including some type of clauses belonging to this category. The PTAs given as examples are only one example of an agreement including such a clause but not represent a "model" in the area, and they can also include more than one type of democracy-related provisions. This only gives a snapshot of the variation in democracy-related provisions across years and regions. The first category *General objectives* captures whether democratic principles such as democracy, transparency, rule of law, individual rights are mentioned in the preamble or general objectives clause of the agreement. The second category *Democracy promotion* represents the highest level of ambition for democracy promotion. This includes provisions that require PTA members to be democratic (e.g. Pacific Alliance, 2012) or conditionality mechanisms (e.g. EU-Serbia, 2008). The third category *Individual rights* captures whether the trade agreement has a stand-alone chapter or clause on individual rights, including civil and political rights (e.g. Chile-EC, 2002), labour rights (e.g. Korea-Peru, 2011), consumer rights (e.g. TPP, 2015), minorities' rights (e.g. USMCA, 2018) or women's rights (e.g. Chile-Uruguay, 2016). The fourth category *Stakeholder participation* captures the extent to which there are mechanisms promoting the inclusion of businesses, civil society or independent experts in trade policy formulation and/or the agreement's implementation, whether independently or as part of a joint stakeholder group (e.g. CETA, 2014). The fifth category *Transparency* captures obligations in the agreement for parties to publish laws and the right of stakeholder to access information (e.g. ECOWAS, 1993). The sixth category *Policy space* captures clauses on the Parties' right to regulate (e.g. UK-Canada, 2020), general exemptions and general exemptions for public policy purposes (e.g. Australia-Singapore, 2003).

These categories can be combined in an additive index (0-6) for each of the 792 PTAs included in the analysis. Figure 1 shows the distribution of democracy-related provisions

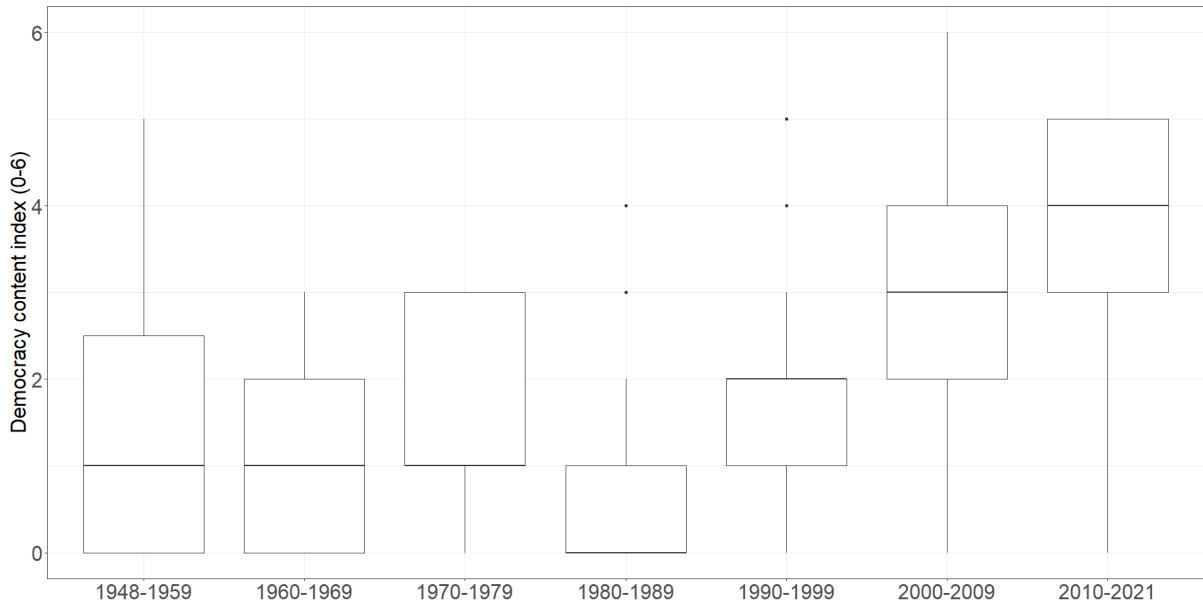


Figure 1: Democracy content index by decade

Source: Own calculations based on [Elsig et al., forthcoming](#)

across decades. The distribution of democracy-related provisions follows a similar pattern to the one of NTIs, which is expected. Democracy-related provisions are not new and have been to some extent included since the 1950s. However, the trend accelerated substantially and subsequently in the 1990s, 2000s and 2010s. The boxplots also show that there is also high variation of PTAs including various levels of ambition of democracy-related provisions within a decade.

The distribution of the average democracy-related provisions across regions follows also an expected pattern. On figure 2, intercontinental agreements includes, on average, the most ambitious level of democracy-related clauses, followed closely by the European region. Again, it should be noted how much variation there is within region as well, the most striking examples being in the American and Asian regions.



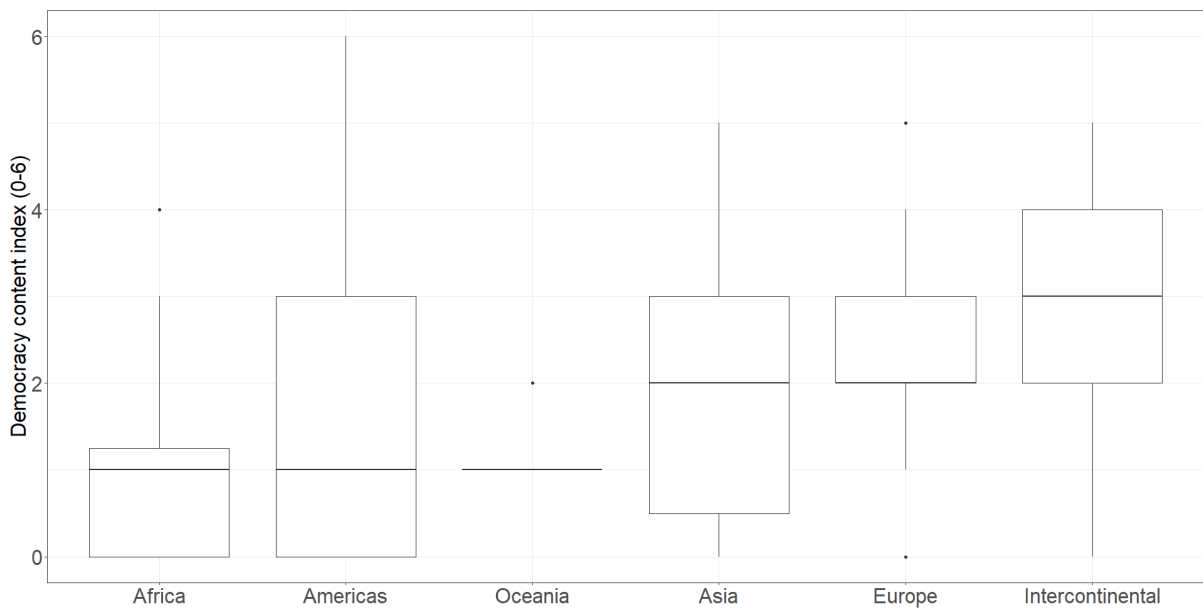


Figure 2: Democracy content index by region

Source: Own calculations based on [Elsig et al., forthcoming](#)

### 3 Argument

Countries come to the negotiation table with some expectations in line with their own domestic political agenda, meaning concessions they would like to get from the other parties and the domestic interests they want to protect. This domestic political agenda is largely shaped by leaders' strategies to stay in office, and thus indirectly by interest groups' and the electorate's preferences. When two or more countries negotiate the terms of an agreement, some of the individual countries' preferences are likely to conflict, necessarily leading them to making concessions to reach an agreement. [Putnam \(1988\)](#) describes this idea in his two-level framework. Negotiators would try to represent the interests of the domestic level as well as try to find an agreement at the international level with the other negotiating parties. To understand the variation in the inclusion of democracy-related provisions in trade agreements, the question is then two-fold. First, what are countries preferences in terms of democracy promotion. Second, which country will make more concessions and especially which country will make which concessions.

#### 3.1 Countries' preferences for democracy promotion

In order to identify which countries would intrinsically want to sign democracy-related provisions and which would not, I would need very detailed data at the domestic level on each agreement (e.g. negotiation preparation talks within the government, between governments and interest groups etc). To my knowledge, this data is not consistently available across the breadth of countries and agreements included in this analysis. Based on the literature and data available, I therefore make an assumption based on countries' regime type. I assume broadly three types of regime types: democracies, democratizing countries and autocratic countries and argue they have different preferences towards democracy promotion as part of their trade policy. I expect democracies to be typically pushing for the inclusion of democracy-related provisions, while autocracies would be more reluctant and would only show some level of willingness to include such provisions. Democratizing countries are likely to be willing to include democracy-related provisions but may lack capacity to do so.

I expect democracies to be more likely to push for the inclusion of democracy-related provisions for two reasons. First, democracy promotion has been a key component of democ-

racies' foreign policy for a while, with the United States and European Union member states being the most prominent examples (Light, 2001; Huber, 2015; Milewicz, 2020). This trend has mainly been explained by democracies' willingness to protect their own political and economic security interests. Democratic counterparts are seen as more peaceful and more likely to provide more reliable market access as they are governed by the rule of law (Huber, 2015; Light, 2001; Chen et al., 2023). Another aspect of democracy promotion as part of foreign policy is the idea of forging a democratic "identity" and creating a network of like-minded states (Huber, 2015; Milewicz, 2020). Active democracy promotion can enable countries to signal to domestic and international audiences their commitment to this democratic identity.

Second, democratic leaders are also held accountable by their constituents and might be challenged when ratifying the treaty. Recent trade negotiations showed that civil society backlashes can influence the direction of the negotiations. Interest groups may also influence the ratification of the treaty indirectly through lobbying members of parliament or the government. Recent studies on public opinion have shown that citizens tend to favour the inclusion of labour and environmental provisions (Spilker et al., 2016) and that public opinion can, to some extent, influence foreign policy leaders' opinions (Chu and Recchia, 2022). A real-world example of this is the Switzerland-China trade agreement. The draft deal received significant pushback from civil society and parliament in Switzerland who were concerned about human and labour rights violations. This led to the creation of a human rights committee still active today.

On the contrary, autocratic leaders are less likely to be willing to sign democracy-related provisions as this could represent a democratisation threat. Citizens are not particularly less likely to be in favour of democracy-related provisions (see for example on sustainable trade Spilker et al., 2016; Morin et al., 2018). However, autocrats are not held accountable by their constituencies and have a smaller electorate than democracies (Siverson and Mesquita, 2017). When negotiating agreements, leaders are, therefore, more likely to target specific interest groups to establish their credibility and avoid coup attempts or a democratisation threat. Various studies have shown that signing trade agreements can enable autocratic leaders to generate economic gains at large and/or to specific interest groups deterring them from attempting to remove the current leader from office (Arias et al., 2018; Wu and Ye, 2020; Debre, 2022). Moreover, democracy-related provisions are not compatible with their own rules system and

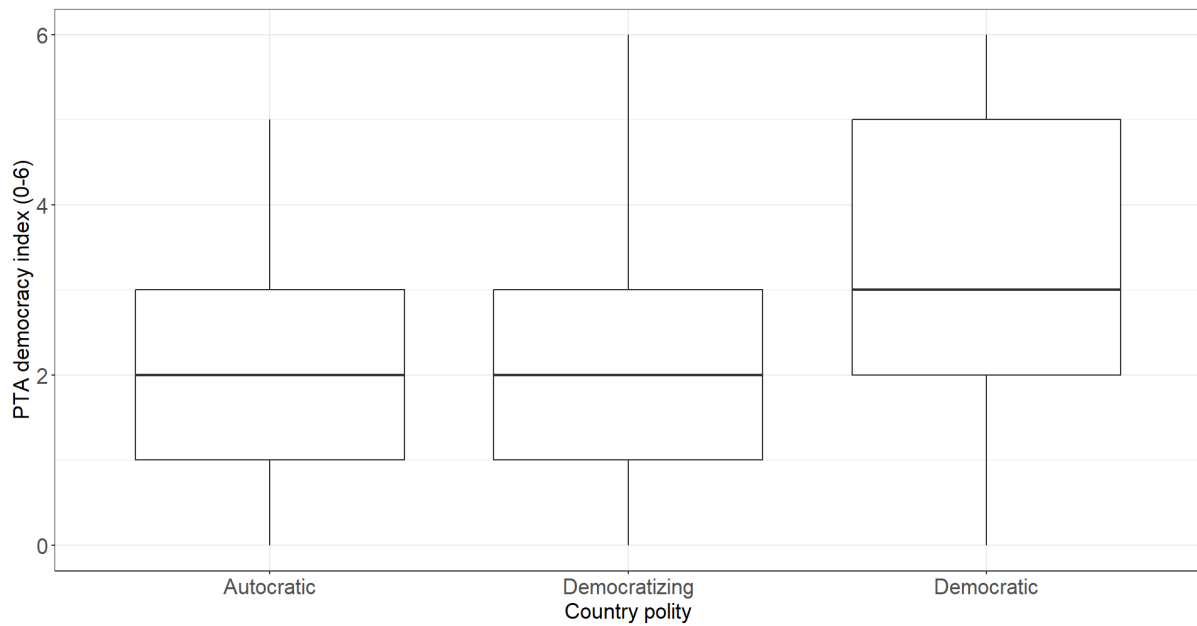


Figure 3: Democracy content index and PTA members' polity

Source: Own calculations based on [Elsig et al., forthcoming](#)

would therefore require higher adjustment costs which reduces the likelihood of signing such provisions ([Milewicz, 2020](#)). One can therefore expect that autocrat leaders would primarily want to sign provisions enabling to promote growth and/or those sectors that benefit the most powerful interest groups in order to maximise their chances to stay in office.

Lastly, democratising countries are expected to be somehow in-between these two categories. They are likely to be willing to include democracy-related provisions to lock-in democratic reform and signal their desire to join the like-minded democracies network (see for example [Mansfield and Pevehouse, 2008](#)). However, they might lack capacity to implement some of these democracy-related provisions which can entail high adaptation costs ([Milewicz et al., 2018](#)). Moreover, they would also tend to have less power and thus not in a favourable position to bargain for this type of provision when signing an agreement with an autocratic counterpart ([Milewicz, 2020](#)).

These assumptions seem to be supported empirically as shown in Figure 3. Democracies tend on average to include more democracy-related provisions than autocratic and democratising countries.

### 3.2 Bargaining power in trade negotiations

As described by Putnam's two-level framework (Putnam, 1988), in the presence of diverging interests, an agreement is found where the preferences of all parties overlap. Other scholars have also shown that when countries' interests conflict, the countries with higher bargaining power would typically make fewer concessions. For instance, Dür (2008) shows how the creation of the EEC customs union led to an increase in EEC members' bargaining power and how they could bargain more favourable agreements thereafter. Lewis (2011) also shows that countries with higher bargaining power can exert pressure on weaker countries when signing bilateral or plurilateral agreements, and more so than under the multilateral system. This bargaining power argument has been tested (and confirmed) on specific settings such as the inclusion of dispute resolution provisions in investment treaties (Allee and Peinhardt, 2010) or the renegotiation of bilateral investment treaties (Huikuri, 2022). I argue that a similar effect can be found for the inclusion of democracy-related provisions in trade agreements when the relative bargaining power is in favour of the democratic party.

### 3.3 Regime type and bargaining power combined

I argue that the extent to which democracy-related clauses are included depend simultaneously on countries' regime type and their relative level of bargaining power compared to their counterpart(s). Milewicz (2020) has already investigated the combined effect of these two factors (power and regime type) on states' willingness to promote international cooperation through international treaty making. The results show that democracies are more likely to be willing to cooperate through international treaty making than autocracies. Additionally, *powerful* democratic states have the material capability to cooperate and promote international cooperation. Powerful democratic states are therefore more likely to influence international treaty-making as they are relatively more willing and capable to do so.

I develop here a similar argument in the framework of trade agreements negotiations adding a dynamic component to the discussion. While the incentives for democracy promotion for different regime types are well documented in the literature, little is known about the extent to which powerful democracies are really successful in diffusing democratic norms in the realm of trade policy negotiations. I argue that democracies' ability to influence the design

of democracy-related provisions in trade agreements is conditional on their relative level of bargaining power.

Given countries' preferences discussed in the section above, I expect democracies to be more likely, in the first place, to sign democracy-related provisions with *like-minded* democratic partners than with democratising or autocratic partners. For democracy-autocracy pairs, I expect this effect to be simply driven by their divergence in preferences. For democracy-democratising countries, I suspect the main driving effect to be a lack of capacity for democratising countries to undertake the high adaptation costs to these new norms. When signing an agreement with autocratic or democratising countries, democracies are likely to influence the treaty's democracy-related design only if the bargaining power is in their favour. This means, countries initially reluctant to sign such provisions are more likely to sign democracy-related provisions with democratic counterparts if the latter can offer significant side-payments in exchange. Again, the underlying effect at play is likely to differ between democratising and autocratic countries. Democratising countries are more likely to sign democracy-related provisions with *powerful* democratic states as they may receive additional side payments to implement the required changes. Autocratic countries are less likely to be so keen to implement democracy-related provisions. However, signing trade agreements with *powerful* states may enable them to obtain greater market access and thus derive greater economic gains from signing the PTA. Autocrats can use these additional economic gains to distribute rents to their selectorate and increase their likelihood to stay in power.

***Hypothesis 1a:*** Heterogeneous PTAs, composed of democracy-democratizing and democracy-autocracy pairs, are less likely to include democracy-related provisions than like-minded PTAs, composed only of democratic countries.

***Hypothesis 1b:*** Heterogeneous PTAs are relatively more likely to include such provisions if the bargaining power differential is in favour of the democratic party.

There are two caveats to this reasoning. First, two countries' level of relative bargaining power may not tell us much about the ability of one of them to influence the treaty design if both are "middle" powers. To address this issue, I restrict my second hypothesis to the largest democratic trade partners (top 5), following the argument of [Milewicz \(2020\)](#) stating that only

*powerful* democratic countries have the ability to influence norms in treaty making. I expect that heterogeneous dyads are relatively more likely to sign democracy-related provisions when the democratic party is one of 5 countries representing the largest share of world trade.

**Hypothesis 2:** Democracy-Democratising or Democracy-Autocracy dyads are more likely to include democracy-related provisions when the democratic partner is one of the world's largest trade power.

A second caveat relates to countries' preferences and leads to my third hypothesis. Although democratic countries are more likely to sign democracy-related provisions *in theory*, they may behave differently in practice. Australia is one example studied by [Postnikov and McKenzie \(2022\)](#). Their research shows that Australia has not promoted NTIs in its trade agreements, unlike many of its democratic counterparts. I expect that the European Union (EU) and the United States (US) would have both the capacity and the clear willingness to promote democracy through trade agreements. The EU and the US have represented a large share of world trade, between 16% and 26%<sup>5</sup>, since respectively the 1960s and the 1980s. Their appetite for democracy promotion as part of foreign policy but also through trade has already been well established by the literature (see for example: [Light, 2001](#); [Hafner-Burton, 2009](#); [Huber, 2015](#); [Postnikov, 2020](#)). Thus, I expect heterogeneous dyads to be more likely to include democracy-related provisions when the democratic partner is either the EU or the US.

**Hypothesis 3:** Democracy-Democratising or Democracy-Autocracy dyads are more likely to include democracy-related provisions when the democratic partner is the EU or the US.

### 3.4 Other potential determinants

#### *Issue linkage*

Another potential effect at play is issue linkage. As agreements become increasingly horizontally deep including a wide range of different issues ([Dür et al., 2014](#)), countries typically negotiate different issues at the same time. This can particularly be beneficial when countries have different interests in different areas. One country can therefore give in concessions on

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<sup>5</sup>Exact share varies across years between these two bounds. Own calculations by the author based on the World Development Indicators Database (World Bank).

area X, while the other would on area Y. [Wagner \(1988\)](#) argues countries can obtain political concessions using their economic power only when i) all parties involved derive some benefits from this exchange and ii) when we assume that governments' priority is to maximise the gains from trade. I argue that both conditions are met in the framework of this analysis. Countries would indeed exchange concessions as long as the overall benefits outweigh the overall costs (i.e. they are ready to suffer some costs on one area, as long as they will benefit in another area). One can assume that governments' priority is to maximize trade gains as well when they engage into trade negotiations to sign preferential agreements as they voluntarily start engaging in these (as opposed to for instance trade sanctions, which can be implemented with a different aim than trade gains). [Davis \(2004\)](#) has for instance shown that linking issues can enable more successful negotiation outcomes on controversial issues such as agricultural trade liberalisation. [Limão \(2007\)](#) also found that a large country can offer tariff reductions in exchange of concessions from the smaller country on non-trade issues, where this smaller countries would have no tariff concessions to offer to the other country. Democracies may also bargain democracy-related provisions against other types of provisions. I therefore expect that democratising and autocratic countries may be relatively more likely to sign democracy-related provisions with democracies when the agreement is deep.

***Hypothesis 4:*** Democratising and autocratic countries are relatively more likely to sign democracy-related provisions with democracies when the agreement is deep.

#### *Diffusion effects*

Countries' negotiations of democracy-related provisions are likely to be influenced by diffusion effects as well. Signing democracy-related provisions may entail high costs for the first time but subsequent costs of signing similar provisions in the future are relatively low. This hypothesis speaks to a broader literature on diffusion effects in treaty-making as already discussed above. Authors have shown that the design of PTAs can be influenced by standards set at the WTO ([Aaronson and Zimmerman, 2007](#); [Vogel, 2013](#); [Allee et al., 2017](#)) or in previous PTAs ([Milewicz et al., 2018](#); [Allee and Elsig, 2019](#)). I expect this diffusion effect to be of more importance for the democratising and autocratic parties as the implementation costs of democracy-related provisions are likely to be higher for them compared to democracies.



*Hypothesis 5:* Democratic-Democratising and Democratic-Autocratic pairs are more likely to sign democracy-related provisions when the democratising/autocratic country has already signed such provisions in the past.

### *Bilateral exports dependency*

Countries' preferences may not be shaped *only* by their regime type, nor their relative bargaining power in negotiations would necessarily depend *only* on their positioning among the world's trade powers. The literature has shown that different types of interest groups would have different preferences towards NTIs (see for example [Hafner-Burton, 2009](#); [Lechner, 2016](#); [Raess et al., 2018](#)). Export-competing businesses are less likely to be in favour of them, unlike import-competing businesses. Furthermore, it may be more crucial to negotiate with a very close trading partner rather than one of the top trade power. I argue that these preferences would interact differently for democracies and autocracies. Democracies highly dependent on the exports of their counterpart might water down their democracy promotion ambitions as the stakes are higher economically and the negotiator might favour export-competing preferences to import-competing preferences. On the contrary, autocracies highly dependent on their counterpart's exports might increase their willingness to include democracy-related provisions as the economic stakes are higher. They are therefore more likely to accept a trade-off of higher economic benefits against democracy-promoting clauses.

*Hypothesis 6:* Democratic-Democratising and Democratic-Autocratic pairs are more likely to sign democracy-related provisions when the democratising/autocratic country's share of exports to the democratic party is high.

## **4 Data**

### **4.1 Democracy content index**

The main dependent variable is the "democracy content index" capturing two different dimensions: i) the extent to which trade agreements contain democracy-related provisions and ii) how stringent these are. [Elsig et al. \(forthcoming\)](#) compile this index for 792 trade agreements across the world using supervised machine learning. This method enables to manually annotate only a sub-sample of the full text corpus, reducing the costs of the highly resource-

intensive process of manual coding. Based on these manual annotations, the content of the PTA documents is then predicted for the whole corpus using a machine learning algorithm.<sup>6</sup>

The **Democracy content index** is an additive index (0-6) which captures the extent to which the following 6 aspects are included in the PTA. (For a detailed description of these aspects, please see appendix A.1. )

#### **Democracy-related provisions**

- (a) *General objectives* - mentions of democratic principles in the preamble or general objectives chapter.
- (b) *Democracy promotion* - mechanisms of direct democracy promotion
- (c) *Individual rights* - clauses on the promotion or protection of individual rights (labor rights, consumer rights, gender rights etc).
- (d) *Stakeholders' participation* - clauses on stakeholders' participation in trade policy formulation.
- (e) *Transparency* - clauses on information publication and notification as well as access to information.
- (f) *Policy space* - clauses on the Parties' right to regulate and general exemptions.

## **4.2 Democratic power asymmetry**

I operationalise countries' relative bargaining power with their relative share of world trade. I focus on this specific type of economic power as these trade agreements are primarily economic agreements designed to facilitate the exchange of goods and services between signatories. The negotiations of such agreements can of course still be influenced by other geopolitical aspects. I, however, argue that these influences would be marginal compared to the economic stakes being at the core of these negotiations. I choose to identify *trade* here as imports. Imports data tends to be of better quality than exports data<sup>7</sup>. Moreover countries' imports can also be interpreted as the size of market access for partner countries. Lastly, the countries' share of world trade (or imports) enables to also capture - to some extent - how these countries are integrated in world trade and supply chains more generally.

I measure power asymmetry by comparing PTA members' share of world imports (SWM).

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<sup>6</sup>Details on the methodology can be found in the appendix A.1

<sup>7</sup>Imports data are collected directly at customs, whereas exports data are self-declared by each respective country. For this reason, it is generally considered that imports data are more reliable

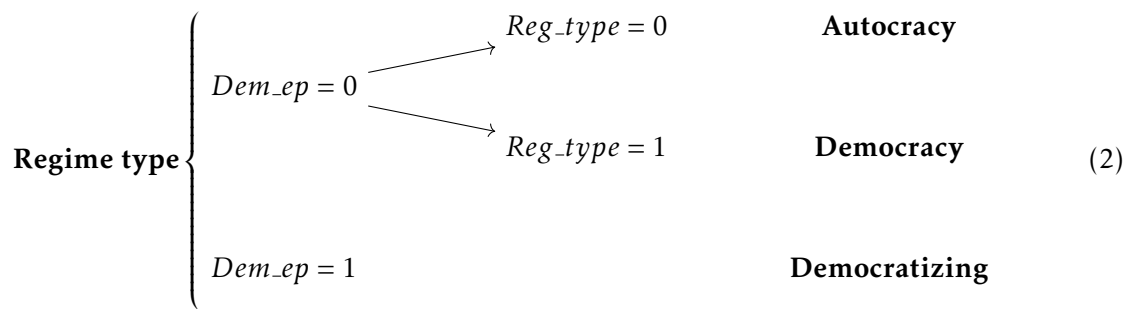
I divide the PTA democratic member's SWM by the sum of all PTA members SWM. If this ratio is very high this means there is high power asymmetry in favour of the democratic party within the PTA. For like-minded PTAs composed of only democracies, I simply divide the PTA member's highest SWM by the sum of all PTA members SWM. This measure of power asymmetry calculated as a ratio of the power of the most powerful member divided by the sum of the powers of all members has been used in different studies evaluating power asymmetry (see for example [Morin et al. \(2022\)](#)).

To address potential endogeneity concerns, instead of taking PTA members' share of world imports at the year of signature, I take the average over the last 5 years.

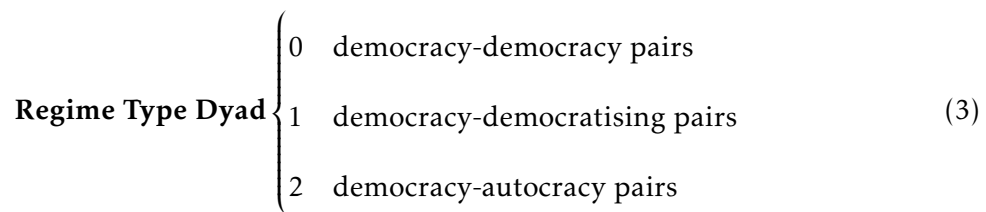
$$\text{Democratic power asymmetry} \left\{ \begin{array}{l} \frac{\text{Mean}(\text{Share world imports}_{\text{democracy}})_{t=1,5}}{\sum_{a,b} \text{Mean}(\text{Share world imports})_{t=1,5}} \text{ Heterogenous PTAs} \\ \frac{\max_{a,b} \{\text{Mean}(\text{Share world imports})_{t=1,5}\}}{\sum_{a,b} \text{Mean}(\text{Share world imports})_{t=1,5}} \text{ Democratic-only PTAs} \end{array} \right. \quad (1)$$

### 4.3 Regime type

The exact definition of democracy and its measurement can vary considerably across sources and the literature has debated for many years what is the best way to measure democracy. I use the Episodes of Regime Transformation dataset from the VDEM project ([Edgell and Lindberg, 2020](#)). This dataset enables me to capture - to some extent - the dynamics of regime type changes over time. To identify whether a country is democratic, democratizing or autocratic, I combine two variables of the ERT dataset. *Reg\_type* captures whether a country can be considered as autocratic or democratic, not only based on its regime at a given point of time but across a given span of years. It would therefore not re-classify a country from one category to another, only based on temporary political condition changes in a given year. *Dem\_ep* captures whether a country undertakes a democratisation episode across a given span of years. As these variables take into account changes over time and across regimes, they can overlap. To address this problem I consider that a given country on a given year is democratising if it undertakes a democratisation episode. Otherwise, the country is considered as autocratic or democratic.



To test my hypotheses, I look at three different types of dyads: democracy-democracy, democracy-democratising, democracy-autocracy. I create a categorical variable taking "0" for democracy-democracy dyads, "1" for democracy-democratising dyads and "2" for democracy-autocracy dyads.



#### 4.4 Top 5 largest democratic trade powers

To account for the top 5 largest democratic trade powers, I compare democracies' share of world imports for each year, following the same line of thought as for the main democratic power variable. I select for each year the 5 democratic countries representing the largest share of world imports. In theory, this means the top 5 democratic powers may differ across years. In reality, some countries are long-standing "members" of this selected group, namely: Canada (since 1948), the EU (since 1962), Japan (since 1973) and the US (since 1982). Again, to address potential endogeneity concerns, I consider the average share of world imports for each country over the last 5 years.

#### 4.5 Alternative hypotheses: Depth index, diffusion and bilateral export dependency

To test the issue linkage hypothesis (H4), I include the *Depth index* from the DESTA database (Dür et al., 2014) as one of the main independent variable. The depth index is an additive

index (0-7) capturing the following PTA characteristics: the PTA scope (customs unions, full FTA etc), whether the agreement includes provisions on standards (TBT and SPS), a specific investment chapter (outside services) and references to Bilateral Investment Treaties (BIT), a competition chapter, substantive provisions on procurement and on intellectual property rights.

To test the diffusion hypothesis (H5), I calculate the weighted cumulative average of democracy-related clauses previously signed for each country. This means, for each country, I divide the cumulative sum of the democracy content index by the cumulative sum of PTAs signed up to time  $t$ . This enables me to capture simultaneously whether countries have already signed democracy-related provisions in the past and the extent to which these provisions were ambitious. In my estimations, I further disaggregate this variable into diffusion for democratic countries and diffusion for democratising/autocratic countries to disentangle the effects of each.

To test the bilateral export dependency, I calculate for each pair (a,b) the share of bilateral exports out of total exports for each country. To address endogeneity concerns, I take the average over the last 5 years for each observation instead of time  $t$ . Similarly to the diffusion variable, I further disaggregate this variable into export dependency for democratic countries and for democratising/autocratic countries to analyse the differing effects.

## 4.6 Controls

In order to control for other factors that could affect the relative level of bargaining power among members and the design of democracy-related provisions, I add a series of control variables. First, I control for the depth of the agreement in specifications where it is not the main independent variable. Second, I include a dummy identifying whether the autocratic or democratising country is a bigger fuel exporter than the democratic country in any given dyad. For each dyad, I compare each dyad member's share of fuel exports as a percentage of total merchandise exports and determine for which country the share is higher. I then combine this data with the countries' regime type. This way, I obtain whether in a given dyad the democratising party has relatively more fuel exports power (*Fuel exports power (Democratising)*) over the democratic party, or the autocratic party over the democratic party (*Fuel exports power (Autocracy)*) Third, I control for GATT and WTO membership *WTO/GATT* as WTO

members can potentially leverage their membership in the negotiations. PTAs can also use similar templates to the WTO agreements (Allee et al., 2017). This can be particularly important for aspects such as transparency, an area that the WTO developed a lot. Fourth, the EU and US signed the first agreements explicitly including respectively human rights (Lome IV, 1990) and labour rights (NAFTA, 1994), setting the ground for future agreements (Hafner-Burton, 2009). When not included as main variables of interest, I control for the presence of the *EU* and *US* as one of the country dyad. Fifth, I control for further diffusion effects as democracy-related provisions might have increasingly become standard provisions in trade agreements through the use of trade agreement templates (Allee and Elsig, 2019). *Diffusion democracy provisions* captures the cumulative number of past PTAs including democracy-related provisions signed by the actual PTA members. Sixth, I include whether the PTA members share the same legal system (*Common legal system*), had (or have) a colonial tie (*Colony*), and are close to one another in distance (*Distance*). All control variables are original data, except for the three last gravity variables taken from the CEPII gravity dataset, and the fuel exports as percentage of total merchandise exports from the WDI Database.

## 5 Empirical strategy

To test my hypotheses, I estimate an ordered probit model, as the main outcome variable - the democracy content index - is an ordered categorical variable (0-6). This allows to predict the probability that a PTA includes some or all of the democracy-related provisions aspects. I estimate the probability that country pairs sign democracy-related provisions using a sample of 307 bilateral PTAs signed between 1948 and 2019 across the world. The sample including all country pairs that have signed trade agreements is truncated. This means one can only observe the design of agreements that have been signed and not the counterfactual (i.e. the design of agreements that have not been signed).

$$\text{Design PTA} \begin{cases} \text{Design PTA*} & \text{if Sign PTA*} > 0 \\ \text{Unobserved} & \text{if Sign PTA*} \leq 0 \end{cases} \quad (4)$$

To address this issue, I use Heckman's sample selection model Heckman (1979) which consists of two steps. First, I create a panel including all possible combination of country-

year pairs, including those that have signed an agreement and those that have not. Using this extrapolated sample, I calculate the probability of countries signing an agreement.

$$\mathbb{P}(\text{Sign } PTA_{i,j}) = \theta X_{1,i,j} + \epsilon_{i,j} \quad (5)$$

where  $X_{1,i,j}$  is a vector of variables including the main determinants of signing an agreement. I also include variables that are likely to affect the probability of signing a PTA but not the probability of signing democracy-related provisions so that the exclusion restriction holds. I argue that the distance between main cities, contiguity and the number of PTAs signed in the world can be used as "weak" instruments for this purpose<sup>8</sup>. As well-established by the trade literature, these three variables are likely to affect the likelihood of two countries to sign an agreement. I argue that these variables are, however, not likely to affect the extent to which two countries would sign democracy-related provisions. As previously illustrated, not only democracy-related provisions are signed both regionally and across regions but also one can observe a high level of variation within region, leaving doubt that distance or contiguity would play an important role (see Figure 2). The important diffusion of PTAs across regions and the world did also not lead to the systematic inclusion of democracy-related provisions as one can still observe important variation in not only the inclusion of these provisions but also its design across years (see Figure 1).

The probability of signing an agreement (estimated in Equation 5 is then integrated into a second equation that estimates the determinants of the agreements' design (in our case the democracy-related provisions) through the inverse Mill's ratio.

$$\text{Design } PTA_i = \theta X_{2,i} + \rho \sigma \lambda_i + \epsilon_i \quad (6)$$

where  $X_{2,i,j}$  is a vector of variables including the main determinants of the inclusion of democracy-related provisions in trade agreements. The main explanatory variables (democratic bargaining power) as well as control variables.  $\lambda_{i,j}$  is the inverse Mill's ratio capturing the sample selection bias.

To test my hypotheses, I estimate equation 6 using different main independent variables.

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<sup>8</sup>Formal testing of this assumption following Huber and Mellace (2014) in progress

To test H1, I estimate the following equation:

$$\begin{aligned}
 \text{Democracy\_content\_index}_p = & \alpha + \beta_1 \text{Democratic\_power\_asymmetry}_{i,j} + \beta_2 \text{Regime\_Type\_Dyad}_{i,j} + \\
 & \beta_3 \text{Democratic\_power\_asymmetry}_{i,j} * \text{Regime\_Type\_Dyad}_{i,j} + \theta X_{i,j,p} + \rho \sigma \lambda_p + \epsilon_p
 \end{aligned}
 \tag{7}$$

where *Democratic\\_power\\_asymmetry<sub>i,j</sub>* is the power asymmetry between democracies and non-democracies measured by their share of world imports; *Regime\\_Type\\_Dyad<sub>i,j</sub>* captures whether the PTA has only democratic members (0) or democratic and democratizing members (1), or democratic and autocratic members (2);  $X_{i,j}$  is a vector of control variables and  $\lambda_p$  the Inverse Mills ratio.

To test H2, H3 and H4, I estimate the same model as for H1 but including the following variables instead of the democratic power asymmetry as the interaction term: top 5 democratic world trade powers (H2), the EU/US dummy (H3), the depth of the agreement (H4), the diffusion of democracy-related provisions (H5) and bilateral export dependencies (H6).

All the results are estimated with an ordered probit sample selection model to account for the fact that the main outcome variable (democracy-related provisions) is an ordered categorical variable.

## 6 Results

### 6.1 Democratic power

Table 1 shows the results for the first hypothesis investigating the main democratic power argument. Columns 1 and 2 show the results for the ordered probit model without accounting for the selection issue. Columns 3 and 4 display the results of the second stage of Heckman's model, i.e. the probability of signing democracy-related provisions. Results for the first stages can be found in the appendix A.2. Across the four specifications, I find partial support for H1a, namely that democracies are less likely to sign democracy-related provisions with democratising countries than with like-minded countries (baseline of the results is Democracy-Democracy). I find full support for H1a only in one specification (column 3), where democracies are less likely to sign democracy-related provisions with democratising



*and* autocratic countries compared to democratic countries. The results displayed in the last two columns of Table 1 are the most robust as they are estimated with the sample selection model. The difference in results for the likelihood of signing democracy-related provisions for democracy-autocracy pairs across the two columns can be explained by the presence in the last column of the fuel exports autocratic power control.

I find no evidence for the "democratic power effect" in Table 1. The two interaction variables are positive as expected but non-significant. However, I find this effect in Table 2 for democracy-autocracy pairs. Democracy-Autocracy pairs are relatively more likely to sign such provisions when the democratic party is one of the leading 5 countries representing the largest share of world trade. This seems to lend support to my hypothesis that the *relative* democratic power effect is difficult to establish given country preferences but also if they have relatively equal power in terms of their share of world trade. Interestingly, I do not find a democratic power effect for democracy-democratising pairs, including in this setting of most powerful democratic states. This suggests that the extent to which democracy-democratising pairs sign democracy-related provisions is not driven by the level of relative power in the dyad nor by the fact that the democratic party is one of the leading trade powers.

Table 1: Ordered probit and sample selection - Democratic power (H1)

Model	Ordered probit	Ordered probit	Sample selection	Sample selection
<b>Democratic power asymmetry (lag)</b>	<b>-1.328*</b>	<b>-1.353*</b>	<b>-1.484**</b>	<b>-1.658**</b>
	-0.73	-0.779	-0.739	-0.789
<b>Democracy-Democratizing</b>	<b>-1.108*</b>	<b>-1.420*</b>	<b>-1.236*</b>	<b>-1.798**</b>
	-0.665	-0.757	-0.67	-0.768
<b>Democracy-Autocracy</b>	<b>-0.967</b>	<b>-0.6</b>	<b>-1.332**</b>	<b>-1.104</b>
	-0.644	-0.684	-0.667	-0.705
<b>Democratic PA*Democracy-Democratizing</b>	<b>1.055</b>	<b>1.071</b>	<b>1.197</b>	<b>1.371</b>
	-0.796	-0.881	-0.805	-0.892
<b>Democratic PA*Democracy-Autocracy</b>	<b>0.906</b>	<b>0.845</b>	<b>1.11</b>	<b>1.146</b>
	-0.767	-0.816	-0.778	-0.827
<b>Controls</b>				
Fuel exports power (Autocracy)		-0.674***		-0.828***
		-0.239		-0.245
Fuel exports power (Democratizing)		0.297		0.522
		-0.323		-0.331
Depth index	0.432***	0.476***	0.430***	0.478***
	-0.0397	-0.0455	-0.0403	-0.0469
Diffusion democracy provisions	0.0311***	0.0265***	0.0339***	0.0292***
	-0.00704	-0.00763	-0.00725	-0.00777
EU	1.008***	1.320***	1.012***	1.570***
	-0.294	-0.342	-0.306	-0.356
US	1.819***	1.934***	1.890***	2.072***
	-0.346	-0.399	-0.348	-0.403
WTO/GATT	0.0184	-0.00414	-0.136	-0.214
	-0.131	-0.166	-0.144	-0.176
Common legal system	-0.424***	-0.534***	-0.306**	-0.376**
	-0.137	-0.156	-0.142	-0.161
Colony	0.199	0.154	0.184	0.118
	-0.25	-0.292	-0.253	-0.295
<b>Inverse Mills Ratio</b>			<b>0.574***</b>	<b>1.037***</b>
			-0.206	-0.274
Observations	307	256	300	253

\*\*\*p &lt; 0.01; \*\*p &lt; 0.05; \*p &lt; 0.1

Table 2: Sample selection ordered probit model - Main democratic powers (H2a)

Democratic power asymmetry (lag)	-0.688**	-1.006***
	-0.267	-0.326
<b>Top 5 powers</b>	<b>0.771***</b>	<b>0.702***</b>
	-0.182	-0.198
<b>Democracy-Democratising</b>	<b>-0.187</b>	<b>-0.783***</b>
	-0.197	-0.284
<b>Democracy-Autocracy</b>	<b>-0.665***</b>	<b>-0.623**</b>
	-0.232	-0.288
<b>Top 5 powers*Democracy-Democratising</b>	<b>0.00244</b>	<b>0.585</b>
	<b>-0.368</b>	<b>-0.433</b>
<b>Top 5 powers*Democracy-Autocracy</b>	<b>0.903***</b>	<b>1.506***</b>
	<b>-0.311</b>	<b>-0.366</b>
<b>Controls</b>		
Fuel exports power (Autocracy)		-0.919***
		-0.25
Fuel exports power (Democratising)		0.448
		-0.324
Depth index	0.407***	0.456***
	-0.0412	-0.0473
Diffusion democracy provisions	0.0345***	0.0322***
	-0.0066	-0.00713
WTO/GATT	-0.095	-0.244
	-0.129	-0.161
Common legal system	-0.206	-0.156
	-0.14	-0.163
Colony	0.142	0.208
	-0.243	-0.281
<b>Inverse Mills Ratio</b>	<b>0.498**</b>	<b>0.996***</b>
	-0.203	-0.275
Observations	300	253

\*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.1

I now turn to a deeper analysis of the “democratic trade power” effect found in Table 2, disaggregating the effect across two of the main democratic trade powers. Table 3 shows that the effect differs between the two superpowers. Democracy-Autocracy dyads are more likely to sign democracy-related provisions when the democratic party is the EU. However, no such effect is found for the US. The presence of the EU or the US as one member of the dyad does increase the likelihood of signing democracy-related provisions (see single estimates for *EU* and *US*). However, it does not increase the likelihood of a democracy-autocracy dyad to sign such provisions in the case of the US. Moreover, no such effect is found neither with the EU nor with the US for democracy-democratising dyads. This suggests again that this democratic

power effect is not at play (or not under this form) for democracy-democratizing pairs.

Table 3: Sample selection ordered probit model - EU and US (H2b)

Democratic power asymmetry (lag)	-0.102	-0.173	-0.242	-0.256
	-0.24	-0.276	-0.238	-0.276
<b>EU</b>	<b>0.805**</b>	<b>1.097**</b>		
	-0.406	-0.429		
<b>US</b>			<b>2.028***</b>	<b>1.615***</b>
			-0.553	-0.612
Democracy-Democratizing	-0.0685	-0.573**	-0.263	-0.735***
	-0.182	-0.276	-0.171	-0.264
Democracy-Autocracy	-0.511***	-0.351	-0.356*	-0.173
	-0.197	-0.251	-0.188	-0.24
<b>EU*Democracy-Democratizing</b>	<b>-0.623</b>	<b>-0.272</b>		
	-0.483	-0.536		
<b>EU*Democracy-Autocracy</b>	<b>0.795*</b>	<b>1.184**</b>		
	-0.436	-0.465		
<b>US*Democracy-Democratizing</b>			<b>0.784</b>	<b>1.083</b>
			-0.948	-1.006
<b>US*Democracy-Autocracy</b>			<b>-0.61</b>	<b>0.339</b>
			-0.713	-0.802
<b>Controls</b>				
Fuel exports power (Autocracy)		-0.765***		-0.732***
		-0.243		-0.244
Fuel exports power (Democratizing)		0.601*		0.532*
		-0.319		-0.323
Depth index	0.466***	0.512***	0.427***	0.470***
	-0.0401	-0.0462	-0.0397	-0.0458
Diffusion democracy provisions	0.0297***	0.0261***	0.0418***	0.0387***
	-0.00712	-0.00771	-0.0068	-0.00727
WTO/GATT	-0.0895	-0.194	-0.348***	-0.577***
	-0.142	-0.174	-0.125	-0.151
Common legal system	-0.306**	-0.406**	-0.208	-0.245
	-0.141	-0.16	-0.14	-0.161
Colony	0.0834	-0.00709	0.526**	0.717**
	-0.25	-0.291	-0.246	-0.288
<b>Inverse Mills Ratio</b>	<b>0.719***</b>	<b>1.264***</b>	<b>0.675***</b>	<b>1.174***</b>
	-0.205	-0.276	-0.207	-0.275
Observations	300	253	300	253

\*\*\* p < 0.01; \*\* p < 0.05; \* p < 0.1

## 6.2 Other potential determinants

Turning now to other potential determinants of the design of democracy-related provisions, I find no evidence of issue linkages (see Table 4). Democracy-Democratising and Democracy-Autocracy dyads are not more likely to sign democracy-related provisions when signing a deeper agreement. Contrary to my expectations, there is no evidence that democracies exchange market access concessions against democracy-related provisions.

Table 4: Sample selection ordered probit model - Issue linkage (H3)

Democratic power asymmetry (lag)	-0.394	-0.505*
	-0.249	-0.29
<b>Depth index</b>	<b>0.397***</b>	<b>0.423***</b>
	-0.051	-0.0572
Democracy-Democratising	-0.336	-0.952***
	-0.292	-0.367
Democracy-Autocracy	-0.645**	-0.529
	-0.294	-0.35
<b>Depth*Democracy-Democratising</b>	<b>0.0183</b>	<b>0.0758</b>
	-0.0752	-0.0954
<b>Depth*Democracy-Autocracy</b>	<b>0.0654</b>	<b>0.0952</b>
	-0.0627	-0.0691
<b>Controls</b>		
Fuel exports power (Autocracy)		-0.836***
		-0.245
Fuel exports power (Democratising)		0.437
		-0.351
Diffusion democracy provisions	0.0345***	0.0294***
	-0.00725	-0.00778
EU	1.031***	1.587***
	-0.308	-0.357
US	1.862***	2.029***
	-0.348	-0.402
WTO/GATT	-0.117	-0.19
	-0.143	-0.175
Common legal system	-0.294**	-0.358**
	-0.142	-0.162
Colony	0.16	0.138
	-0.252	-0.295
<b>Inverse Mills Ratio</b>	<b>0.563***</b>	<b>1.055***</b>
	-0.206	-0.274
Observations	300	253

\*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.1

Another mechanism at play may be the diffusion of democratic norms across PTAs. The diffusion variable is positive and significant across all results as a control variable. I further

disaggregate this effect whether the democratic party has already signed democracy-related provisions in the past, or whether the democratising or autocratic party has. These variables are weighted, taking into account the extent to which the clauses signed by either party were ambitious. I find overall a positive and significant effect of the number of ambitious clauses signed in the past on the likelihood of signing democracy-related provisions (see single estimates). I find three interesting patterns with respect to H4. First, democracy-autocracy pairs are relatively more likely to sign democracy-related provisions when the autocratic party has already signed democracy-related provisions in the past. Second, I find also evidence of path dependencies when considering the democratic party. Results in column (2) suggest that *both* democracy-democratising pairs and democracy-autocracy pairs are relatively more likely to sign democracy-related provisions when the democratic party has already signed ambitious democracy-related provisions in the past. This result speaks to literature on strategic sequencing (see for example [Castle, 2023](#)) showing how countries create a precedent influencing the design of future treaty-making. In the framework of my analysis, this may suggest that democracies sign first democracy-related provisions with like-minded partners and use this "template" to negotiate with other countries. Third, I do not find evidence of the impact of diffusion for democratising countries. This may be due to the fact that democratising states might have not signed as many agreements in the past, and least of all democracy-related provisions, if they were previously autocracies or ongoing a transition period.

Table 5: Sample selection ordered probit model - Diffusion (H4)

Diffusion variable	Democracy	Democracy	Demz/Auto	Demz/Auto
Democratic power asymmetry (lag)	-0.683***	-0.975***	-0.305	-0.0978
	-0.252	-0.304	-0.257	-0.306
<b>Diffusion democracy provisions</b>	<b>0.656***</b>	<b>0.577***</b>	<b>0.432***</b>	<b>0.363***</b>
	-0.143	-0.166	-0.115	-0.13
Democracy-Democratising	-0.887**	-1.813***	-0.296	0.00976
	-0.405	-0.537	-0.429	-0.542
Democracy-Autocracy	-1.384***	-1.525***	-0.609*	-0.554
	-0.409	-0.501	-0.334	-0.388
<b>Diffusion*Democracy-Democratising</b>	<b>0.223</b>	<b>0.515**</b>	<b>0.0763</b>	<b>-0.411</b>
	-0.199	-0.257	-0.226	-0.289
<b>Diffusion*Democracy-Autocracy</b>	<b>0.275</b>	<b>0.432**</b>	<b>0.134</b>	<b>0.370**</b>
	-0.178	-0.206	-0.137	-0.158
<b>Controls</b>				
Fuel exports power (Autocracy)		-0.925***		-1.127***
		-0.251		-0.255
Fuel exports power (Democratising)		0.221		0.663**
		-0.339		-0.33
Depth index	0.355***	0.411***	0.369***	0.415***
	-0.0415	-0.0476	-0.0426	-0.0495
EU	1.437***	2.031***	1.551***	2.096***
	-0.293	-0.349	-0.288	-0.34
US	1.240***	1.432***	1.567***	1.730***
	-0.337	-0.384	-0.343	-0.402
WTO/GATT	-0.0444	-0.112	-0.00233	0.0116
	-0.144	-0.177	-0.143	-0.177
Common legal system	-0.0132	-0.00704	-0.0984	-0.2
	-0.148	-0.171	-0.147	-0.169
Colony	0.0973	0.115	0.216	0.0587
	-0.254	-0.295	-0.25	-0.293
<b>Inverse Mills Ratio</b>	<b>0.628***</b>	<b>1.246***</b>	<b>0.457**</b>	<b>0.702**</b>
	-0.207	-0.281	-0.215	-0.286
Observations	300	253	300	253

\*\*\* p &lt; 0.01; \*\* p &lt; 0.05; \* p &lt; 0.1

I also disaggregate bilateral export dependencies across the democratic party and the democratising or autocratic party when analysing the extent to which bilateral export dependencies influence the design of democracy-related provisions. Caution should be given when interpreting these results given the high level of attrition - the number of observations decrease substantially given limited data coverage of bilateral exports dependency for each pair. In particular, I cannot conclude for the effect of bilateral export dependency for the democratic party (columns 1 and 2, Table 6). The first column shows no evidence of an impact of the democratic party's export dependency to its counterpart on the level of democracy-related provisions signed. The second column including the fuel power controls displays a positive and significant result but with a non-reasonable magnitude which may suggest that the estimates are not valid. On the side of the democratising or autocratic party (columns 3 and 4, Table 6, I only find evidence that democracy-democratising pairs are relatively more likely to sign democracy-related provisions when the democratising party's exports to the democratic counterpart represents a large share of its total exports. Across all hypotheses and determinants considered in this paper, this is the only significant result for democracy-democratising pairs. This may suggest that one of the most influential factor for democratising countries to sign democracy-related provisions is direct market access. However, further investigation has to be carried out to conclude and identify the underlying mechanisms of these effects.



Table 6: Sample selection ordered probit model - Export dependency (H5)

Export dependency variable	Democracy	Democracy	Demz/Auto	Demz/Auto
Democratic power asymmetry (lag)	-0.48	-0.428	-0.365	-0.829**
	-0.356	-0.391	-0.319	-0.363
<b>Export dependency</b>	<b>2.305</b>	<b>-27.70*</b>	<b>-1.069</b>	<b>-6.339***</b>
	-4.593	-15.23	-1.241	-1.95
Democracy-Democratising	-0.219	-1.196***	-0.289	-1.352***
	-0.25	-0.386	-0.247	-0.389
Democracy-Autocracy	-0.698**	-0.452	-0.497*	-0.676**
	-0.3	-0.399	-0.272	-0.315
<b>Export dependency*Democracy-Democratising</b>	<b>0.0132</b>	<b>33.42*</b>	<b>3.521*</b>	<b>9.446***</b>
	-7.892	-18.45	-1.928	-2.568
<b>Export dependency*Democracy-Autocracy</b>	<b>2.862</b>	<b>33.90**</b>	<b>-1.543</b>	<b>5.238</b>
	-5.222	-15.5	-2.859	-3.293
<b>Controls</b>				
Fuel exports power (Autocracy)		-0.941***		-0.935***
		-0.331		-0.299
Fuel exports power (Democratising)		1.126***		0.869**
		-0.419		-0.423
Depth index	0.457***	0.521***	0.478***	0.557***
	-0.0508	-0.0591	-0.0478	-0.0565
Diffusion democracy provisions	0.0374***	0.0309***	0.0325***	0.0290***
	-0.0103	-0.0108	-0.0098	-0.0106
EU	1.003	2.096**	1.143	2.684**
	-0.809	-0.874	-1.017	-1.168
US	1.841***	1.878***	1.711***	2.256***
	-0.451	-0.463	-0.4	-0.452
WTO/GATT	-0.105	-0.0574	0.0277	0.121
	-0.203	-0.247	-0.207	-0.243
Common legal system	-0.288	-0.283	-0.368**	-0.419**
	-0.195	-0.212	-0.185	-0.203
Colony	-0.00972	-0.823	-0.286	-0.386
	-0.461	-0.541	-0.458	-0.544
<b>Inverse Mills Ratio</b>	<b>1.057**</b>	<b>1.507***</b>	<b>0.562</b>	<b>1.392***</b>
	-0.462	-0.524	-0.414	-0.495
Observations	186	168	209	183

\*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.1

### 6.3 Control variables

Depth is a consistent predictor of democracy-related provisions in trade agreements. This is in line with expectations. Agreements including a wider array of trade issues are also more likely to include other types of issues. It is interesting however to note that this does not necessarily imply issue linkage for heterogeneous dyads. Autocracies' higher share of fuel exports (over democracies' share) has a negative and significant impact on the inclusion of democracy-related provisions across all models and hypotheses. This may signal autocracies' reluctance to sign democracy-related provisions and ability to influence the design of democracy-related provisions. On the contrary, this effect is positive and significant for democratising higher share of fuel exports (over democracies' share), which could suggest that autocracies and democratising countries have different preferences in terms of democracy-related provisions design.

The effect of the remaining control variables tend overall to be consistent across the different estimations and hypotheses tested. The EU and USA coefficients are positive and significant for both the selection and outcome estimations. This is expected as they have signed a large number of agreements and have both promoted a number of democracy-related clauses in various agreements since the 1990s. The variable capturing whether PTA members are also members of the GATT/WTO is never significant for the outcome equation, and sometimes only in the selection equation. This means GATT/WTO members are not necessarily more likely to sign democracy-related provisions and no established effect can be found on their likelihood to sign PTAs. Although the organisation played an important role in promoting transparent trade policy, it has not been a fierce promoter of democracy-related provisions beyond transparency. It is therefore not surprising that I do not find a significant effect in the outcome equation. Results for the selection equation are also not particularly surprising given the high variation in number of PTAs signed by different members of the GATT/WTO.

I also control for the diffusion of democracy-related provisions, taking into account whether PTA members have already signed such provisions in the past. The variable is positive and significant. This is expected for two reasons. First, it is less costly to negotiate and implement clauses that have already been ratified and implemented in the past. Second, as discussed there is a "template" effect where countries use their previous PTA templates as models for subsequent negotiations. Although the coefficients of an ordered probit model cannot be directly

interpreted, it is noticeable that the magnitude of this coefficient is much smaller compared to others. This is due to the way the variable is defined (i.e. for each country the cumulative number of past PTAs signed including democracy-related provisions).

Lastly, the "gravity" controls included in the selection equation also show overall expected patterns. The only surprising result is that the contiguity and colony variables are not significant across all regressions, contrary to what the literature suggests. Countries sharing a common legal system and closer to each other are more likely to sign PTAs which is in line with expectations. This also shows that two out of the three variables used as exclusion restriction are systematically significant in the selection equation which is reassuring. In the outcome equation, common legal system and colony are not always significant. Common legal system tends to decrease the probability of signing democracy-related provisions. Colony is only significant in the EU and US specifications. All together these results seem to suggest that the common determinants of PTA formation are not good predictors of the probability of signing democracy-related provisions.

## 7 Robustness checks

I also conduct a series of robustness checks. First, I use alternative proxies for countries' level of bargaining power. I re-estimate power asymmetry using countries' Gross Domestic Product (GDP) and Gross Domestic Product Per Capita (GDPPC) instead of the share of world trade. Results are displayed in appendix . Using GDPPC as a measure of power, I do not find evidence of a democratic power effect, in line with my results in table 1. Using GDP as a measure of power, I find a significant and positive effect, meaning that democracies are relatively more likely to sign democracy-related provisions with democratising/autocratic countries when the relative level of bargaining power is in their favour. These results should be interpreted with caution as they are more likely to suffer from endogeneity. GDP can be correlated with many other countries' characteristics.

Second, the cut-off of "5" leading democratic trade powers in table 2 is arbitrary. I therefore test again these results using different cut-offs, considering the top 10, 20 and 30 democratic trade powers. Results are displayed in appendix A.3.2. I find similar results as in the main specification when considering the top 10 or top 20 powers. This suggests that democracy-autocracy pairs are relatively more likely to sign democracy-related provisions when the democratic party is one of the top 5, 10 or 20 trade powers (measured as the country's share of world trade). I find no such effect when taking into account the top 30 trade powers. This makes sense as this cut-off starts including "middle" powers and the direction of influence between middle powers is much more difficult to assess.

## 8 Conclusion

Democracy promotion as part of international agreements has been an important component of democratic countries' foreign policy for a while, especially for the United States and the European Union. The last twenty years have seen a myriad of new patterns emerging in this area. Demand has increased for more sustainable growth and trade, democracy has backslided across the globe, and autocracies have increasingly integrated the liberal trading system. In this context, the democracy promotion through trade policy is questioned more than ever. The literature has investigated both the extent to which trade and democracy are related (at the macroeconomic level) and the evolution of non-trade issues in trade agreements. However, these studies do not investigate whether countries sign onto democracy promotion clauses as part of trade agreements and why.

This paper fills this gap by estimating the combined impact of PTA members' regime type and their level of bargaining power on the extent to which they sign democracy-related provisions. Overall, I find that democracies are more likely to sign democracy-related provisions with like-minded trade partners compared with democratising or autocratic countries. Democracy-autocracy pairs are, however, more likely to sign democracy-related provisions when the democratic party is one of the world's leading trade powers (top world trade powers). This effect seems to be largely driven by the EU. Beyond this democratic "top" trade power effect, I do not find a "relative" democratic power effect, comparing for any two given countries their relative bargaining power. This may be due to the difficulty of establishing the direction of influence among two "middle" powers.

The findings also suggest that there are strong diffusion and bilateral export dependencies effects at play. Democratic countries are more likely to sign democracy-related provisions with democratising and autocratic states when they have themselves already signed such provisions in the past. Diffusion effects are also significant for the autocratic party, but not for the democratising party. The most relevant effect for democracy-democratising dyads seems to lie in the democratising party's share of exports to its counterpart, suggesting that direct market access is the main determinant to signing democracy-related provisions for this type of dyad.

Overall, this paper contributes to the literature in three important ways. First, the results suggest that democracies sign democracy-related provisions with like-minded partners

at first and export their established PTA model in subsequent negotiations with democratising and autocratic countries. Contrarily to my expectations, democracies are more likely to diffuse democratic norms this way, through PTA templates, than through leveraging their bargaining power, to the exception of the most influential democratic trade powers - like the EU for example. Second, autocracies are more likely to sign democracy-related provisions with democracies when the democratic party is one of the leading trade power, but not necessarily when they are highly dependent on the democratic party's market. This suggests that autocracies' willingness to integrate the liberal trading system is a better indicator of its likelihood to sign democracy-related provisions than their direct dependence on market access. Third, democratising countries seem to be more likely to sign democracy-related provisions only when their share of exports to the democratic party is large. These results are in opposite direction with what I observe for autocracies. The potential for direct market access seems to be more crucial than the integration in the liberal trading system for democratising countries. I also find little evidence of democratising countries' willingness to lock-in democratic reform through the signing of trade agreements. These main conclusions leave promising avenues for future research to further disentangle the different mechanisms underlying these differing effects.

## 9 Next steps

The analysis carried out in this paper is still at an early stage. Next steps include the following aspects.

First, I would like to link this data to aid data, to further disentangle potential endogeneity concerns.

Second, I would like to disentangle further the different regime types and their preferences. In particular I am investigating what exactly is driving democracies and autocracies to have different preferences. I would also like to understand better different preferences democracies may have, instead of considering them as one homogeneous group.

Third, I would like to further disentangle the different types of democracy-related provisions. I would like to further analyse the extent to which different regime types have more or less appetite for different types of provisions (e.g. transparency vs individual rights etc.).

Fourth, I would like to investigate the potential underlying mechanisms. As alluded in the paper, I suspect that some of the mechanisms at play relate to side-payments in the form of technical assistance or market access. I would like to test formally these hypotheses.

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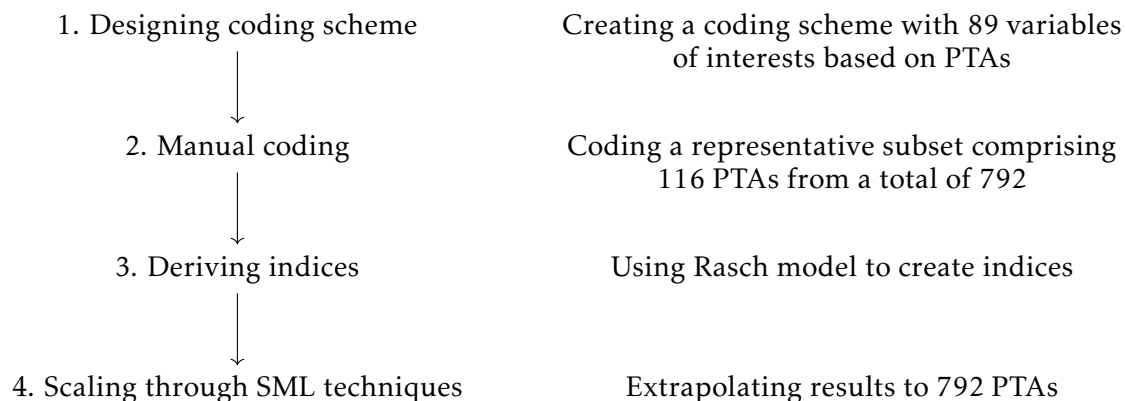
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## A Appendices

### A.1 Democracy content indices - (Elsig et al., forthcoming)

#### A.1.1 Methodology summary

*Summary of the methodology steps:*



*Further details on each step*

The construction of the democracy-related content index is operated in a total of four steps. **First**, based on the taxonomy of democracy-related provisions, we develop a codebook of democracy related provisions in PTAs. We further inspected carefully an initial sample of PTAs to fine-tune and complement our codebook. This ensures that we have a high degree of construct validity. **Second**, using the codebook, we train human coders to manually code a random sample of approximately 116 PTAs or approximately 15 percent of all 792 signed post-WWII. During this process we are careful to assess inter-coder reliability in line with the gold-standard approach. **Third**, we use the Rasch model to create 6 main indices based on the 89 detailed variables from our manual coding. **Fourth**, armed with this manually coded sample, we employ contemporary text-as-data approaches to measure democracy related provisions in all the remaining PTAs. In short, our approach for the data collection is a supervised machine learning approach that essentially consists of two main steps: First, to manually code a representative sub-sample of PTAs and second, to extrapolate the reference scores from this manual coding exercise to the rest of the PTAs using the most suitable machine learning model.

For the manual coding, we developed a codebook of 89 features organized around our

taxonomy of 6 democracy related domains. This codebook then served as the basis for manual coding (see below for the full details of each feature). The coding scheme consists of a series of yes or no questions, where yes equals 1 and no equals 0. We opted for a binary coding scheme due to its simplicity, given the complexities in both structure and language of PTAs. However, to account for more nuances and stringency, we arranged questions in succession as follow-up on previous questions. We then manually annotated 116 PTAs. For selection of our sub-sample of PTAs, we utilized the DESTA database (Dür et al., 2014) which is the largest database of legal texts of PTAs. Both rounds involved three primary coders and three secondary coders for double coding to ensure consistency among the coders. The average Krippendorff's Alpha<sup>9</sup> inter-coder reliability (ICR) score for both rounds of coding was 0.77, indicating a high level of confidence in the accuracy of the coding and minimal discrepancies between coders, especially given the high complexity involved in this manual coding task.

To predict the democracy content of other PTAs, we first reduce the information collected across 116 PTAs and 89 variables into 6 indices (for each category - general objectives, democracy promotion, individual rights, stakeholders' participation, transparency and policy space). To do so, we opted for the Rasch method in order to capture the "difficulty" of observing each of the single variables (Andrich, 2010). Some of the variables are very likely to be included in almost all PTAs (e.g., "Does the PTA have a general exemptions chapter or clause?"), while others are rarely included ("Does the PTA have a capacity building mechanism that is conditional on sustaining or strengthening democracy principles in a member country?"). A higher difficulty leads to an over-representation of null variables relatively to other variables included in the coding. The Rasch model has the advantage of adjusting the composite score taking into account this difficulty parameter and has already been used in the context of trade agreements coding in the past (Dür et al., 2014; Lechner, 2016).

We then use a Random Forest model to predict whether each PTA include a certain extent of democracy-related provisions according to each category. Due to model constraints<sup>10</sup>, we split each of the Rasch normalized indices into a dummy variable (0 when the index ranges be-

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<sup>9</sup>We opted for the Krippendorff's Alpha as a measure for assessing inter-coder reliability in our coding exercise due to its wide acceptance and suitability. This measure is particularly well-suited for our study because it can effectively handle scenarios involving multiple coders and multiple categories, allowing us to accurately evaluate agreement among the coders involved.

<sup>10</sup>The Random Forests model is in theory suitable to continuous data. It requires however a high number of data points across the range of continuous values. The scope of the data (here at the PTA level) does not allow for such amount of data points.

tween 0 and 0.5; 1 when the index ranges between 0.5 and 1). In terms of interpretation, as the Rasch score is weighted, this means a “1” corresponds to PTAs that score “1” according to most of the variables within a given category. This method is particularly helpful when dealing with high-dimensional data which is particularly relevant to our case as our sample includes over 700 agreements which can include up to thousands of pages. Random Forests basically consist of a succession of decision trees to classify whether a given text falls into a category (Breiman, 2001). Many other SML methods (e.g. WordScores, Logistic Regression, Naïve Bayes) rely on the distribution of words within the text and directly infer whether this distribution corresponds to a given category (based on its training on the manually coded subsample). Random Forests also include the distribution of words but breaks down this decision into a succession of smaller-scale decisions through splitting randomly the text features multiple times. Statistically, it has been shown to lead to high levels of prediction accuracy (Breiman, 2001). It has also been used for different international relations and political science applications (see for example: Muchlinski et al., 2016). The suitability of a SML model, however, is ultimately case-dependent and relies on the data and classification problem to be solved. In our case, we have tested different models including Logistic Regression, Support Vector Machines, Naïve Bayes and Random Forests, where the latter provided the least errors. Lastly, Random Forests have the advantage of supporting imbalanced data through under-sampling the majority class (Chen et al., 2004). This is particularly important as we have imbalanced categories (with either more zeros or ones) and this can create a bias in the algorithm prediction towards the over-represented category. We therefore re-weight the data at the level of each decision tree<sup>11</sup>.

As a result of this process, we obtain for the 792 PTAs 6 dummy variables to indicate the extent to which the PTAs include (relatively more) stringent provisions across the different categories - general objectives, democracy promotion, individual rights, stakeholders’ participation, transparency and policy space. These are then compiled into an additive index (0 to 6) summarising the extent to which a PTA includes none of these aspects (0), all of them (6) or some of them (1-5).

### A.1.2 Codebook

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<sup>11</sup>See “class\_weight” parameter in the “RandomForestClassifier” function of the sklearn package (Python)

# Democracy Enhancing Provisions in PTAs

## *Coding Scheme*

January 2023

### **Introduction**

The Trade and Democracy (TRADEM) research project aims to examine the relationship between preferential trade agreements (PTAs) and democracy. This coding scheme is designed to develop a fine-grained taxonomy to discern the levels of variation and extent which PTAs contain provisions that relate to democracy and to what extent do these provisions enhance or hinder domestic democratic processes in member countries. The wider project aims to use mixed-methods approach to investigate if democracy-related provisions in trade treaties between countries enhance or hinder democracy-related policies at the domestic level. This coding exercise is only limited to the main text of PTAs, as well as any annexes attached to the main text. It does not include or take into account the side letters.

### *Democracy-related provisions in PTAs*

This coding scheme is to be utilised for manual coding a subset of PTAs, based on six main categories of democracy-related provisions in PTAs (Elsig et al, forthcoming). An excerpt of what the six categories aim to capture is denoted below:

- 1. General Objectives** This section captures whether the Preamble, objectives chapter/clause of the PTA includes provisions on democratic principles (please see definitions section below for further details).
- 2. Democracy Promotion** This section captures whether the PTA includes any mechanism that are specific to the promotion of democracy among its members. Mechanisms include capacity building, technical assistance or joint bodies specifically aimed at democratic consolidation or promotion, suspension or retaliation in case of coup d'état, or a conditionality mechanism before signing the agreement.
- 3. Individual rights** This section captures whether the PTA includes separate chapters, articles or clauses dedicated to individual rights provisions, and to what level of stringency are these provisions enforced through the PTA. Individual rights include civil and political rights, minorities' rights, women's rights, labour rights and consumer rights.
- 4. Inclusiveness** This section captures whether the PTA refers to stakeholder participation and stakeholders' equal access to bureaucratic procedures throughout the trade policy cycle (trade policy formulation and implementation).



**5. Transparency** This section captures whether the PTA includes mechanisms for information exchange, publication of information and stakeholders equal access to information.

**6. Policy space** This section captures whether the PTA includes the right to regulate, general exemptions or general exemptions specifically related to public policy or democratic principles.

*Specific coding questions:*

## **General objectives**

### *Principles*

1. *[general\_preamble\_democracy]* Does the Preamble and/or objectives chapter or clause mention democracy?
2. *[general\_preamble\_inclusiveness]* Does the Preamble and/or objectives chapter or clause mention inclusiveness principles?
3. *[general\_preamble\_ruleoflaw]* Does the Preamble and/or objectives chapter or clause mention rule of law principles?
4. *[general\_preamble\_transparency]* Does the Preamble and/or objectives chapter or clause mention transparency principles?

### *Individual rights*

5. *[general\_preamble\_cpr]* Does the Preamble or objectives chapter or clause mention civil and political rights?
6. *[general\_preamble\_cpr\_inttreaty]* Does the Preamble or objectives chapter or clause refer to international treaties for civil and political rights?
7. *[general\_preamble\_labourrights]* Does the Preamble or objectives chapter or clause mention labour rights?
8. *[general\_preamble\_labourrights\_inttreaty]* Does the Preamble or objectives chapter or clause refer to international treaties for labour rights?
9. *[general\_preamble\_consumerrights]* Does the Preamble or objectives chapter or clause mention consumer rights?
10. *[general\_preamble\_consumerrights\_inttreaty]* Does the Preamble or objectives chapter or clause refer to international treaties for consumer rights?
11. *[general\_preamble\_minoritiesrights]* Does the Preamble or objectives chapter or clause mention minorities' rights?
12. *[general\_preamble\_minoritiesrights\_inttreaty]* Does the Preamble or objectives chapter or clause refer to international treaties for minorities rights?

13. *[general\_preamble\_womensrights]* Does the Preamble or objectives chapter or clause mention women's rights?
14. *[general\_preamble\_womensrights\_inttreaty]* Does the Preamble or objectives chapter or clause refer to international treaties for women's rights?

#### Democracy promotion

15. *[demprom\_cbm\_conditional\_democracy]* Does the PTA have a capacity building mechanism that is conditional on sustaining or strengthening democratic principles in a member country?
16. *[demprom\_cbm\_democracy]* Does the PTA have a mechanism for capacity building to sustain or strengthen democracy in a member country?
17. *[demprom\_jointbody\_democracy]* Does the PTA include joint body specific to democracy promotion?
18. *[demprom\_trade\_remedies\_coup]* Does the PTA include trade remedies or the possibility of retaliations in the case of a coup d'état?
19. *[demprom\_pre\_conditionality\_democracy]* Does the PTA include any pre-ratification conditionalities on democratic principles that must be met by signatory parties before the ratification of the agreement?

#### Individual Rights

##### *Civil and Political Rights*

20. *[individualrights\_cpr]* Does the PTA refer to civil and political rights in a separate chapter or article or clause?
  21. *[individualrights\_cpr\_inttreaty]* Do the civil and political rights provisions refer to international treaties?
  22. *[individualrights\_cpr\_ds]* Are the civil and political rights provisions also covered by the general dispute settlement mechanism of the PTA?
- 0 = No  
1 = Yes
23. *[individualrights\_cpr\_committee]* Do the civil and political rights provisions include the convening of a committee?
  24. *[individualrights\_cpr\_panel\_experts]* Do the civil and political rights provisions include a mechanism where a panel of experts can be convened if contracting parties are suspected to be in violation of the provisions?
  25. *[individualrights\_cpr\_retaliation]* Do the civil and political rights provisions include a retaliation mechanism that can be enacted if contracting parties are found to be in violation of provisions?

### *Labour rights*

26. *[individualrights\_labourrights]* Does the PTA refer to labour rights in a separate chapter or article or clause?
27. *[individualrights\_labourrights\_inttreaty]* Do the labour rights provisions refer to the adherence of international norms?
28. *[individualrights\_labourrights\_ds]* Are the labour rights provisions also covered by the general dispute settlement mechanism of the PTA?
29. *[individualrights\_labourrights\_committee]* Do the labour rights provisions include the convening of a committee?
30. *[individualrights\_labourrights\_panel\_experts]* Do the labour rights provisions include a mechanism where a panel of experts can be convened if contracting parties are suspected to be in violation of the provisions?
31. *[individualrights\_labourrights\_retaliation]* Do the labour rights provisions include a retaliation mechanism that can be enacted if contracting parties are found to be in violation of provisions?

### *Consumer rights*

32. *[individualrights\_consumerrights]* Does the PTA refer to consumer rights and/or protection?
33. *[individualrights\_consumerrights\_inttreaty]* Do the consumer rights provisions refer to international treaties?
34. *[individualrights\_consumerrights\_ds]* Are the consumer rights provisions also covered by the general dispute settlement mechanism of the PTA?
35. *[individualrights\_consumerrights\_committee]* Do the provisions include the convening of a committee?
36. *[individualrights\_consumerrights\_panel\_experts]* Do the consumer rights provisions include a mechanism where a panel of experts can be convened if contracting parties are suspected to be in violation of the provisions?
37. *[individualrights\_consumerrights\_retaliation]* Do the consumer rights provisions include a retaliation mechanism that can be enacted if contracting parties are found to be in violation of provisions?

### *Minorities rights*

38. *[individualrights\_minoritiesrights]* Does the PTA refer to minorities' rights in a separate chapter or article or clauses?
39. *[individualrights\_minoritiesrights\_inttreaty]* Do the minorities' rights provisions refer to international treaties?

40. *[individualrights\_minoritiesrights\_ds]* Are the minorities' rights provisions also covered by the general dispute settlement mechanism of the PTA?
41. *[individualrights\_minoritiesrights\_committee]* Do the minorities' rights provisions include the convening of a committee?
42. *[individualrights\_minoritiesrights\_panel\_experts]* Do the minorities' provisions include a mechanism where a panel of experts can be convened if contracting parties are suspected to be in violation of the provisions?
43. *[individualrights\_minoritiesrights\_retaliation]* Do the minorities' rights provisions include a retaliation mechanism that can be enacted if contracting parties are found to be in violation of provisions?

#### *Women's rights*

44. *[individualrights\_womensrights]* Does the PTA refer to women's rights in a separate chapter or article or clause?
45. *[individualrights\_womensrights\_inttreaty]* Do the women's rights provisions refer to international treaties?
46. *[individualrights\_womensrights\_ds]* Are the women's rights provisions also covered by the general dispute settlement mechanism of the PTA?
47. *[individualrights\_womensrights\_committee]* Do the women's rights provisions include the convening of a committee?
48. *[individualrights\_womensrights\_panel\_experts]* Do the women's rights provisions include a mechanism where a panel of experts can be convened if contracting parties are suspected to be in violation of the provisions?
49. *[individualrights\_womensrights\_retaliation]* Do the women's rights provisions include a retaliation mechanism that can be enacted if contracting parties are found to be in violation of provisions?

#### **Inclusiveness**

##### *Trade policy formulation*

50. *[inclusiveness\_trade\_policy\_cbm]* Does the PTA have a capacity building mechanism to promote inclusiveness in trade policy formulation?
51. *[inclusiveness\_trade\_policy\_cs]* Does the PTA have a mechanism to include civil society in trade policy formulation?
52. *[inclusiveness\_trade\_policy\_business]* Does the PTA have a mechanism to include businesses in trade policy formulation?
53. *[inclusiveness\_trade\_policy\_academics]* Does the PTA have a mechanism to include
54. *[inclusiveness\_trade\_policy\_public\_consultation]* Does the PTA have a mechanism for general public consultations in trade policy formulation?

## *Implementation*

55. *[inclusiveness\_implementation\_cbm]* Does the PTA have a capacity building mechanism to promote inclusiveness in the implementation?
56. *[inclusiveness\_implementation\_cs]* Does the PTA have a mechanism to include civil society in the implementation?
57. *[inclusiveness\_implementation\_business]* Does the PTA have a mechanism to include businesses in the implementation?
58. *[inclusiveness\_implementation\_academics]* Does the PTA have a mechanism to include academics and independent trade experts in the implementation?
  
59. *[inclusiveness\_implementation\_joint\_stakeholder]* Does the PTA have a mechanism for joint stakeholder consultation in the implementation?
60. *[inclusiveness\_implementation\_public\_consultation]* Does the PTA have a mechanism for general public consultations in the implementation?
61. *[inclusiveness\_implementation\_access\_admin\_decisions]* Does the PTA include chapter(s) or clause(s) on access to administrative decisions?
62. *[inclusiveness\_implementation\_access\_admin\_decisions\_specific]* Does the chapter(s) or clause(s) on access to administrative decisions include specific rules or timelines?
63. *[inclusiveness\_implementation\_access\_courts]* Does the PTA include rules on access to courts for reviewing or appealing administrative rulings?

## **Transparency**

64. *[transparency\_chapter]* Does the PTA refer to transparency in a separate chapter or article or clause?
  
65. *[transparency\_publication\_laws]* Do the transparency provisions refer to the publication of new (or changes to an existing) law, regulation, decree etc?
66. *[transparency\_notification\_laws]* Do the transparency provisions refer to notification requirements (i.e. the obligation to notify before the introduction of a new (or changes to an existing) law, regulation, decree etc)?
67. *[transparency\_right\_access\_information]* Does the PTA establish stakeholders' rights to access information?
68. *[transparency\_contact\_points]* Does the transparency chapter or clause establish contact points for information exchange between contracting parties?
69. *[transparency\_customs]* Is there a transparency clause in the customs chapter or clause?
70. *[transparency\_customs\_contact\_points]* Does the transparency clause in the customs chapter or clause establish contact points for information exchange between contracting parties?

71. *[transparency\_trade\_remedies]* Is there a transparency clause in the trade remedies chapter or clause?
72. *[transparency\_trade\_remedies\_contact\_points]* Does the transparency clause in the trade remedies chapter or clause establish contact points for information exchange between contracting parties?
73. *[transparency\_sps]* Is there a transparency clause in the Sanitary and Phytosanitary (SPS) chapter or clause?
74. *[transparency\_sps\_contact\_points]* Does the transparency clause in the SPS chapter or clause establish contact points for information exchange between contracting parties?
75. *[transparency\_tbt]* Is there a transparency clause in the Technical Barriers to Trade (TBT) chapter or clause?
76. *[transparency\_tbt\_contact\_points]* Does the transparency clause in the TBT chapter or clause establish contact points for information exchange between contracting parties?
77. *[transparency\_ipr]* Is there a transparency clause in the Intellectual Property Rights (IPR) chapter or clause?
78. *[transparency\_ipr\_contact\_points]* Does the transparency clause in the IPR chapter or clause establish contact points for information exchange between contracting parties?
79. *[transparency\_public\_procurement]* Is there a transparency clause in the public procurement chapter or clause?
80. *[transparency\_public\_procurement\_contact\_points]* Does the transparency clause in the public procurement chapter or clause establish contact points for information exchange between contracting parties?
81. *[transparency\_regulatory\_cooperation]* Is there a transparency clause in the regulatory cooperation chapter or clause?
82. *[transparency\_regulatory\_cooperation\_contact\_points]* Does the transparency clause in the regulatory cooperation chapter or clause establish contact points for information exchange between contracting parties?
83. *[transparency\_ex\_ante\_assessments\_impact]* Does the PTA refer to the publication of ex-ante assessments of the impact of the agreement?
84. *[transparency\_ex\_post\_assessments\_implementation]* Does the PTA refer to the publication of ex-post assessments of the implementation of the agreement?

## **Policy Space**

85. *[policyspace\_right\_regulate]* Does the PTA include a right to regulate chapter or clause?
86. *[policyspace\_exemptions\_general]* Does the PTA have a general exemptions chapter or clause?
87. *[policyspace\_exemptions\_GATTart20]* Does the PTA, at any point, refer to article 20 of the GATT ?
88. *[policyspace\_exemptions\_public\_policy]* Do the general exemptions provisions refer to public policy?

89. *[policyspace\_exemptions\_democracy]* Do the general exemptions provisions refer to democratic principles?

## A.2 Main specification: full tables with sample equation

Table 7: Sample selection ordered probit model - Democratic power (H1) - Full results

Equation stage Dependent variable	Outcome Democracy content	Selection Sign PTA	Outcome Democracy content	Selection Sign PTA
<b>Democratic power asymmetry (lag)</b>	<b>-1.484**</b>	<b>-0.309</b>	<b>-1.658**</b>	<b>-0.297</b>
	-0.739	-0.206	-0.789	-0.222
<b>Democracy-Democratizing</b>	<b>-1.236*</b>	<b>-0.376**</b>	<b>-1.798**</b>	<b>-0.392*</b>
	-0.67	-0.189	-0.768	-0.216
<b>Democracy-Autocracy</b>	<b>-1.332**</b>	<b>-0.423**</b>	<b>-1.104</b>	<b>-0.27</b>
	-0.667	-0.183	-0.705	-0.2
<b>Democratic PA*Democracy-Democratizing</b>	<b>1.197</b>	<b>0.233</b>	<b>1.371</b>	<b>0.245</b>
	-0.805	-0.227	-0.892	-0.254
<b>Democratic PA*Democracy-Autocracy</b>	<b>1.11</b>	<b>0.0816</b>	<b>1.146</b>	<b>0.0489</b>
	-0.778	-0.217	-0.827	-0.237
<b>Controls</b>				
Fuel exports power (Autocracy)			-0.828***	-0.120*
			-0.245	-0.0682
Fuel exports power (Democratizing)			0.522	0.0571
			-0.331	-0.089
Depth index	0.430***		0.478***	
	-0.0403		-0.0469	
Diffusion democracy provisions	0.0339***		0.0292***	
	-0.00725		-0.00777	
EU	1.012***	0.594***	1.570***	0.560***
	-0.306	-0.0887	-0.356	-0.101
US	1.890***	0.353***	2.072***	0.332***
	-0.348	-0.0904	-0.403	-0.0985
WTO/GATT	-0.136	0.0902**	-0.214	0.0242
	-0.144	-0.0366	-0.176	-0.0451
Common legal system	-0.306**	0.137***	-0.376**	0.148***
	-0.142	-0.0394	-0.161	-0.0442
Colony	0.184	-0.00382	0.118	-0.0121
	-0.253	-0.0923	-0.295	-0.104
Distance (log)		-0.341***		-0.299***
		-0.0205		-0.0234
Contiguity		0.00043		-0.0769
		-0.0716		-0.0843
Diffusion PTAs		0.0126***		0.0129***
		-0.002		-0.00232
<b>Inverse Mills Ratio</b>	<b>0.574***</b>		<b>1.037***</b>	
	-0.206		-0.274	
Observations	300	256,357	253	147,301

\*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.1



Table 8: Sample selection ordered probit model - Main democratic powers (H2) - Full results

Equation stage Dependent variable	Outcome Democracy content	Selection Sign PTA	Outcome Democracy content	Selection Sign PTA
Democratic power asymmetry (lag)	-0.688** -0.267	-0.266*** -0.0656	-1.006*** -0.326	-0.333*** -0.0857
<b>Top 5 powers</b>	<b>0.771***</b> -0.182	<b>0.300***</b> -0.0552	<b>0.702***</b> -0.198	<b>0.299***</b> -0.0577
Democracy-Democratising	-0.187 -0.197	-0.213*** -0.0582	-0.783*** -0.284	-0.213*** -0.0815
Democracy-Autocracy	-0.665*** -0.232	-0.413*** -0.0553	-0.623** -0.288	-0.308*** -0.0728
<b>Top 5 powers*Democracy-Democratising</b>	<b>0.00244</b> -0.368	<b>0.0426</b> -0.11	<b>0.585</b> -0.433	<b>0.0552</b> -0.125
<b>Top 5 powers*Democracy-Autocracy</b>	<b>0.903***</b> -0.311	<b>0.245***</b> -0.0863	<b>1.506***</b> -0.366	<b>0.293***</b> -0.0957
<b>Controls</b>				
Fuel exports power (Autocracy)			-0.919*** -0.25	-0.125* -0.0678
Fuel exports power (Democratising)			0.448 -0.324	0.00357 -0.0871
Depth index	0.407*** -0.0412		0.456*** -0.0473	
Diffusion democracy provisions	0.0345*** -0.0066		0.0322*** -0.00713	
WTO/GATT	-0.095 -0.129	0.0439 -0.0332	-0.244 -0.161	-0.0251 -0.0401
Common legal system	-0.206 -0.14	0.189*** -0.039	-0.156 -0.163	0.200*** -0.0439
Colony	0.142 -0.243	0.114 -0.0783	0.208 -0.281	0.0984 -0.0881
Distance (log)		-0.343*** -0.0204		-0.302*** -0.0234
Contiguity		0.0286 -0.0716		-0.0471 -0.0842
Diffusion PTAs		0.0135*** -0.002		0.0141*** -0.00232
<b>Inverse Mills Ratio</b>	<b>0.498**</b> -0.203		<b>0.996***</b> -0.275	
Observations	300	256,357	253	147,301

\*\*\* p < 0.01; \*\* p < 0.05; \* p < 0.1

Table 9: Sample selection ordered probit model - EU and US (H3) - Full results

Equation stage Dependent variable	Outcome Democracy content	Selection Sign PTA	Outcome Democracy content	Selection Sign PTA	Outcome Democracy content	Selection Sign PTA	Outcome Democracy content	Selection Sign PTA
Democratic power asymmetry (lag)	-0.102	-0.187***	-0.173	-0.207***	-0.242	-0.132**	-0.256	-0.125
	-0.24	-0.0622	-0.276	-0.0796	-0.238	-0.0601	-0.276	-0.0764
<b>EU</b>	<b>0.805**</b>	<b>0.320***</b>	<b>1.097**</b>	<b>0.284**</b>				
	-0.406	-0.123	-0.429	-0.131				
<b>US</b>					<b>2.028***</b>	<b>0.222</b>	<b>1.615***</b>	<b>0.183</b>
					-0.553	-0.135	-0.612	-0.144
Democracy-Democratising	-0.0685	-0.255***	-0.573**	-0.268***	-0.263	-0.216***	-0.735***	-0.222***
	-0.182	-0.0528	-0.276	-0.077	-0.171	-0.0505	-0.264	-0.0734
Democracy-Autocracy	-0.511***	-0.405***	-0.351	-0.299***	-0.356*	-0.386***	-0.173	-0.258***
	-0.197	-0.0482	-0.251	-0.0646	-0.188	-0.046	-0.24	-0.0614
<b>EU*Democracy-Democratising</b>	<b>-0.623</b>	<b>0.431***</b>	<b>-0.272</b>	<b>0.432**</b>				
	-0.483	-0.157	-0.536	-0.173				
<b>EU*Democracy-Autocracy</b>	<b>0.795*</b>	<b>0.420***</b>	<b>1.184**</b>	<b>0.462***</b>				
	-0.436	-0.136	-0.465	-0.143				
<b>US*Democracy-Democratising</b>					<b>0.784</b>	<b>-0.105</b>	<b>1.083</b>	<b>-0.0224</b>
					-0.948	-0.261	-1.006	-0.272
<b>US*Democracy-Autocracy</b>					<b>-0.61</b>	<b>0.376**</b>	<b>0.339</b>	<b>0.398*</b>
					-0.713	-0.191	-0.802	-0.21
<b>Controls</b>								
Fuel exports power (Autocracy)			-0.765***	-0.105			-0.732***	-0.112*
			-0.243	-0.0678			-0.244	-0.0669
Fuel exports power (Democratising)			0.601*	0.038			0.532*	0.037
			-0.319	-0.0875			-0.323	-0.0867
Depth index	0.466***		0.512***		0.427***		0.470***	
	-0.0401		-0.0462		-0.0397		-0.0458	
Diffusion democracy clauses	0.0297***		0.0261***		0.0418***		0.0387***	
	-0.00712		-0.00771		-0.0068		-0.00727	
WTO/GATT	-0.0895	0.0988***	-0.194	0.0321	-0.348***	0.0131	-0.577***	-0.0664*
	-0.142	-0.0366	-0.174	-0.0453	-0.125	-0.0326	-0.151	-0.0391
Common legal system	-0.306**	0.131***	-0.406**	0.141***	-0.208	0.178***	-0.245	0.185***
	-0.141	-0.0394	-0.16	-0.0443	-0.14	-0.0382	-0.161	-0.043
Colony	0.0834	-0.0125	-0.00709	-0.0109	0.526**	0.354***	0.717**	0.335***
	-0.25	-0.092	-0.291	-0.104	-0.246	-0.0746	-0.288	-0.0844
Distance (log)		-0.335***		-0.291***		-0.329***		-0.288***
		-0.0203		-0.0232		-0.0199		-0.0229
Contiguity		0.0289		-0.0409		0.0515		-0.0179
		-0.0716		-0.0843		-0.0708		-0.0832
Diffusion PTAs		0.0127***		0.0130***		0.0117***		0.0121***
		-0.002		-0.00232		-0.00199		-0.00231
<b>Inverse Mills Ratio</b>	<b>0.719***</b>		<b>1.264***</b>		<b>0.675***</b>		<b>1.174***</b>	
	-0.205		-0.276		-0.207		-0.275	
Observations	300	256,357	253	147,301	300	256,357	253	147,301

\*\*\*p &lt; 0.01; \*\*p &lt; 0.05; \*p &lt; 0.1

Table 10: Sample selection ordered probit model - Issue linkage (H4) - Full results

Equation stage	Outcome	Selection	Outcome	Selection
Dependent variable	Democracy content	Sign PTA	Democracy content	Sign PTA
Democratic power asymmetry (lag)	-0.394	-0.180***	-0.505*	-0.190**
	-0.249	-0.0611	-0.29	-0.0775
<b>Depth index</b>	<b>0.397***</b>		<b>0.423***</b>	
	-0.051		-0.0572	
Democracy-Democratising	-0.336	-0.201***	-0.952***	-0.205***
	-0.292	-0.0498	-0.367	-0.0728
Democracy-Autocracy	-0.645**	-0.345***	-0.529	-0.222***
	-0.294	-0.0453	-0.35	-0.0607
<b>Depth*Democracy-Democratising</b>	<b>0.0183</b>		<b>0.0758</b>	
	-0.0752		-0.0954	
<b>Depth*Democracy-Autocracy</b>	<b>0.0654</b>		<b>0.0952</b>	
	-0.0627		-0.0691	
<b>Controls</b>				
Fuel exports power (Autocracy)			-0.836***	-0.111
			-0.245	-0.0673
Fuel exports power (Democratising)			0.437	0.0317
			-0.351	-0.0869
Diffusion democracy provisions	0.0345***		0.0294***	
	-0.00725		-0.00778	
EU	1.031***	0.591***	1.587***	0.554***
	-0.308	-0.0885	-0.357	-0.101
US	1.862***	0.345***	2.029***	0.323***
	-0.348	-0.0899	-0.402	-0.0979
WTO/GATT	-0.117	0.0927**	-0.19	0.0258
	-0.143	-0.0365	-0.175	-0.0451
Common legal system	-0.294**	0.137***	-0.358**	0.148***
	-0.142	-0.0394	-0.162	-0.0441
Colony	0.16	-0.0053	0.138	-0.0108
	-0.252	-0.0922	-0.295	-0.104
Distance (log)		-0.342***		-0.299***
		-0.0203		-0.0232
Contiguity		0.00137		-0.0747
		-0.0716		-0.0843
Diffusion PTAs		0.0126***		0.0129***
		-0.002		-0.00232
<b>Inverse Mills Ratio</b>	<b>0.563***</b>		<b>1.055***</b>	
	-0.206		-0.274	
Observations	300	256,357	253	147,301

\*\*\* p &lt; 0.01; \*\* p &lt; 0.05; \* p &lt; 0.1

Table 11: Sample selection ordered probit model - Diffusion (H5) - Full results

Equation stage	Outcome	Selection	Outcome	Selection	Outcome	Selection	Outcome	Selection
Dependent variable	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA
Diffusion variable	Democracy	Democracy	Democracy	Democracy	Demz/Auto	Demz/Auto	Demz/Auto	Demz/Auto
Democratic power asymmetry (lag)	-0.683***	-0.180***	-0.975***	-0.190**	-0.305	-0.180***	-0.0978	-0.190**
	-0.252	-0.0611	-0.304	-0.0775	-0.257	-0.0611	-0.306	-0.0775
<b>Diffusion democracy provisions</b>	<b>0.656***</b>		<b>0.577***</b>		<b>0.432***</b>		<b>0.363***</b>	
	-0.143		-0.166		-0.115		-0.13	
Democracy-Democratising	-0.887**	-0.201***	-1.813***	-0.205***	-0.296	-0.201***	0.00976	-0.205***
	-0.405	-0.0498	-0.537	-0.0728	-0.429	-0.0498	-0.542	-0.0728
Democracy-Autocracy	-1.384***	-0.345***	-1.525***	-0.222***	-0.609*	-0.345***	-0.554	-0.222***
	-0.409	-0.0453	-0.501	-0.0607	-0.334	-0.0453	-0.388	-0.0607
<b>Diffusion*Democracy-Democratising</b>	<b>0.223</b>		<b>0.515**</b>		<b>0.0763</b>		<b>-0.411</b>	
	-0.199		-0.257		-0.226		-0.289	
<b>Diffusion*Democracy-Autocracy</b>	<b>0.275</b>		<b>0.432**</b>		<b>0.134</b>		<b>0.370**</b>	
	-0.178		-0.206		-0.137		-0.158	
<b>Controls</b>								
Fuel exports power (Autocracy)			-0.925***	-0.111			-1.127***	-0.111
			-0.251	-0.0673			-0.255	-0.0673
Fuel exports power (Democratising)			0.221	0.0317			0.663**	0.0317
			-0.339	-0.0869			-0.33	-0.0869
Depth index	0.355***		0.411***		0.369***		0.415***	
	-0.0415		-0.0476		-0.0426		-0.0495	
EU	1.437***	0.591***	2.031***	0.554***	1.551***	0.591***	2.096***	0.554***
	-0.293	-0.0885	-0.349	-0.101	-0.288	-0.0885	-0.34	-0.101
US	1.240***	0.345***	1.432***	0.323***	1.567***	0.345***	1.730***	0.323***
	-0.337	-0.0899	-0.384	-0.0979	-0.343	-0.0899	-0.402	-0.0979
WTO/GATT	-0.0444	0.0927**	-0.112	0.0258	-0.00233	0.0927**	0.0116	0.0258
	-0.144	-0.0365	-0.177	-0.0451	-0.143	-0.0365	-0.177	-0.0451
Common legal system	-0.0132	0.137***	-0.00704	0.148***	-0.0984	0.137***	-0.2	0.148***
	-0.148	-0.0394	-0.171	-0.0441	-0.147	-0.0394	-0.169	-0.0441
Colony	0.0973	-0.0053	0.115	-0.0108	0.216	-0.0053	0.0587	-0.0108
	-0.254	-0.0922	-0.295	-0.104	-0.25	-0.0922	-0.293	-0.104
Distance (log)		-0.342***		-0.299***		-0.342***		-0.299***
		-0.0203		-0.0232		-0.0203		-0.0232
Contiguity		0.00137		-0.0747		0.00137		-0.0747
		-0.0716		-0.0843		-0.0716		-0.0843
Diffusion PTAs		0.0126***		0.0129***		0.0126***		0.0129***
		-0.002		-0.00232		-0.002		-0.00232
<b>Inverse Mills Ratio</b>	<b>0.628***</b>		<b>1.246***</b>		<b>0.457**</b>		<b>0.702**</b>	
	-0.207		-0.281		-0.215		-0.286	
Observations	300	256,357	253	147,301	300	256,357	253	147,301

\*\*\*p &lt; 0.01; \*\*p &lt; 0.05; \*p &lt; 0.1

Table 12: Sample selection ordered probit model - Export dependency (H6) - Full results

Equation stage	Outcome	Selection	Outcome	Selection	Outcome	Selection	Outcome	Selection
Dependent variable	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA
Export dependency variable	Democracy	Democracy	Democracy	Democracy	Demz/Auto	Demz/Auto	Demz/Auto	Demz/Auto
Democratic power asymmetry (lag)	-0.48	-0.362***	-0.428	-0.409***	-0.365	-0.354***	-0.829**	-0.353***
	-0.356	-0.087	-0.391	-0.0956	-0.319	-0.0772	-0.363	-0.0884
<b>Export dependency</b>	<b>2.305</b>	<b>-1.107</b>	<b>-27.70*</b>	<b>-2.929</b>	<b>-1.069</b>	<b>-0.0789</b>	<b>-6.339***</b>	<b>-0.0625</b>
	-4.593	-1.691	-15.23	-2.265	-1.241	-0.357	-1.95	-0.397
Democracy-Democratising	-0.219	-0.190***	-1.196***	-0.234**	-0.289	-0.301***	-1.352***	-0.318***
	-0.25	-0.0675	-0.386	-0.0917	-0.247	-0.0662	-0.389	-0.094
Democracy-Autocracy	-0.698**	-0.376***	-0.452	-0.346***	-0.497*	-0.360***	-0.676**	-0.261***
	-0.3	-0.0652	-0.399	-0.0826	-0.272	-0.0572	-0.315	-0.0733
<b>Export dependency*Democracy-Democratising</b>	<b>0.0132</b>	<b>-0.324</b>	<b>33.42*</b>	<b>-0.0773</b>	<b>3.521*</b>	<b>0.916*</b>	<b>9.446***</b>	<b>1.067**</b>
	-7.892	-2.035	-18.45	-3.16	-1.928	-0.487	-2.568	-0.542
<b>Export dependency*Democracy-Autocracy</b>	<b>2.862</b>	<b>2.564</b>	<b>33.90**</b>	<b>4.809**</b>	<b>-1.543</b>	<b>0.635</b>	<b>5.238</b>	<b>1.013*</b>
	-5.222	-1.713	-15.5	-2.28	-2.859	-0.479	-3.293	-0.522
<b>Controls</b>								
Fuel exports power (Autocracy)			-0.941***	-0.0592			-0.935***	-0.134*
			-0.331	-0.0866			-0.299	-0.0776
Fuel exports power (Democratising)			1.126***	0.0628			0.869**	0.0206
			-0.419	-0.104			-0.423	-0.107
Depth index	0.457***		0.521***		0.478***		0.557***	
	-0.0508		-0.0591		-0.0478		-0.0565	
Diffusion democracy provisions	0.0374***		0.0309***		0.0325***		0.0290***	
	-0.0103		-0.0108		-0.0098		-0.0106	
EU	1.003	0.553***	2.096**	0.626***	1.143	0.217	2.684**	0.137
	-0.809	-0.166	-0.874	-0.171	-1.017	-0.225	-1.168	-0.242
US	1.841***	0.283***	1.878***	0.327***	1.711***	0.178*	2.256***	0.177
	-0.451	-0.11	-0.463	-0.113	-0.4	-0.108	-0.452	-0.118
WTO/GATT	-0.105	0.0775	-0.0574	0.0607	0.0277	0.111**	0.121	0.0794
	-0.203	-0.0586	-0.247	-0.065	-0.207	-0.0544	-0.243	-0.0628
Common legal system	-0.288	0.158***	-0.283	0.168***	-0.368**	0.181***	-0.419**	0.178***
	-0.195	-0.0497	-0.212	-0.052	-0.185	-0.0458	-0.203	-0.0493
Colony	-0.00972	-0.0738	-0.823	-0.166	-0.286	0.0471	-0.386	0.0491
	-0.461	-0.175	-0.541	-0.19	-0.458	-0.167	-0.544	-0.192
Distance (log)		-0.187***		-0.189***		-0.203***		-0.198***
		-0.0271		-0.0287		-0.0251		-0.0271
Contiguity		0.128		0.0655		0.0893		-0.0194
		-0.098		-0.107		-0.0918		-0.104
Diffusion PTAs		0.00828***		0.00871***		0.0112***		0.0113***
		-0.00286		-0.00304		-0.00258		-0.00284
<b>Inverse Mills Ratio</b>	<b>1.057**</b>		<b>1.507***</b>		<b>0.562</b>		<b>1.392***</b>	
	-0.462		-0.524		-0.414		-0.495	
Observations	186	89,938	168	79,877	209	118,216	183	87,013

\*\*\* p < 0.01; \*\* p < 0.05; \* p < 0.1

### **A.3 Robustness checks**

#### **A.3.1 Alternative measure of power: GDP and GDPPC**

Table 13: Robustness checks - Sample selection ordered probit model - GDP and GDPPC - Full results

Equation stage	Outcome	Selection	Outcome	Selection	Outcome	Selection	Outcome	Selection
Dependent variable	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA
Power variable	GDP	GDP	GDP	GDP	GDPPC	GDPPC	GDPPC	GDPPC
<b>Democratic power asymmetry (lag)</b>	<b>-2.468**</b>	<b>-0.267</b>	<b>-2.765***</b>	<b>-0.276</b>	<b>-0.53</b>	<b>-0.39</b>	<b>-0.571</b>	<b>-0.433*</b>
	-1.014	-0.246	-1.056	-0.255	-0.921	-0.241	-0.974	-0.253
Democracy-Democratising	-2.005**	-0.22	-2.849***	-0.348	-0.617	-0.222	-0.987	-0.368
	-0.885	-0.22	-0.987	-0.247	-0.762	-0.205	-0.835	-0.228
Democracy-Autocracy	-2.274**	-0.360*	-2.158**	-0.285	-1.228	-0.428**	-0.856	-0.408*
	-0.886	-0.214	-0.92	-0.229	-0.752	-0.194	-0.797	-0.214
<b>Democratic PA*Democracy-Democratising</b>	<b>2.229**</b>	<b>0.0664</b>	<b>2.690**</b>	<b>0.147</b>	<b>0.513</b>	<b>0.141</b>	<b>0.39</b>	<b>0.307</b>
	-1.103	-0.272	-1.181	-0.291	-1.085	-0.279	-1.157	-0.3
<b>Democratic PA*Democracy-Autocracy</b>	<b>2.291**</b>	<b>0.163</b>	<b>2.591**</b>	<b>0.169</b>	<b>1.125</b>	<b>0.265</b>	<b>1.042</b>	<b>0.358</b>
	-1.069	-0.259	-1.114	-0.272	-1.012	-0.261	-1.064	-0.278
<b>Controls</b>								
Fuel exports power (Autocracy)			-0.699***	-0.0252			-0.698***	-0.0393
			-0.266	-0.0727			-0.25	-0.0695
Fuel exports power (Democratising)			0.674	0.171			0.591*	0.108
			-0.413	-0.105			-0.349	-0.0908
Depth index	0.455***		0.471***		0.463***		0.472***	
	-0.0487		-0.053		-0.0457		-0.0498	
Diffusion democracy provisions	0.0291***		0.0266***		0.0272***		0.0266***	
	-0.00824		-0.00859		-0.00779		-0.00808	
EU	1.275***	0.545***	2.014***	0.626***	0.894**	0.496***	1.372***	0.506***
	-0.412	-0.107	-0.498	-0.12	-0.378	-0.0994	-0.429	-0.108
US	1.774***	0.377***	2.175***	0.352***	1.450***	0.359***	1.713***	0.316***
	-0.394	-0.0969	-0.438	-0.104	-0.355	-0.0907	-0.398	-0.0978
WTO/GATT	0.012	0.166***	0.122	0.204***	-0.167	0.112***	-0.182	0.106**
	-0.19	-0.0479	-0.267	-0.0641	-0.162	-0.0423	-0.206	-0.0531
Common legal system	-0.416**	0.147***	-0.399**	0.119**	-0.450**	0.179***	-0.414**	0.164***
	-0.188	-0.0451	-0.198	-0.0491	-0.186	-0.0433	-0.202	-0.0472
Colony	0.151	0.0754	-0.0965	0.0664	0.294	0.0491	0.159	0.0526
	-0.301	-0.108	-0.357	-0.117	-0.28	-0.102	-0.311	-0.11
Distance (log)		-0.271***		-0.245***		-0.278***		-0.245***
		-0.0248		-0.0273		-0.0236		-0.026
Contiguity		0.132		0.0551		0.121		0.0457
		-0.0827		-0.0951		-0.0778		-0.0894
Diffusion PTAs		0.00839***		0.00828***		0.00792***		0.00722***
		-0.00242		-0.00275		-0.00226		-0.00258
<b>Inverse Mills Ratio</b>	<b>0.809**</b>		<b>1.244***</b>		<b>0.724**</b>		<b>1.205***</b>	
	-0.333		-0.398		-0.298		-0.376	
Observations	212	199,866	192	128,766	237	219,933	213	138,046

\*\*\*p &lt; 0.01; \*\*p &lt; 0.05; \*p &lt; 0.1

### **A.3.2 Alternative cut-off for top powers: top 10, 20, 30**



Table 14: Robustness checks - Sample selection ordered probit model - Top democratic powers - Full results

Equation stage	Outcome	Selection	Outcome	Selection	Outcome	Selection	Outcome	Selection	Outcome	Selection	Outcome	Selection
Dependent variable	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA	Democracy content	Sign PTA
Top powers variable	Top 10	Top 10	Top 10	Top 10	Top 20	Top 20	Top 20	Top 20	Top 30	Top 30	Top 30	Top 30
Democratic power asymmetry (lag)	-0.703**	-0.322***	-0.907***	-0.345***	-0.317	-0.455***	-0.602*	-0.428***	0.0477	-0.321***	-0.0216	-0.322***
	-0.291	-0.0695	-0.334	-0.0885	-0.271	-0.0735	-0.314	-0.0879	-0.257	-0.0665	-0.287	-0.0829
<b>Top powers</b>	<b>0.424***</b>	<b>0.287***</b>	<b>0.475***</b>	<b>0.268***</b>	<b>0.0674</b>	<b>0.329***</b>	<b>0.135</b>	<b>0.308***</b>	<b>0.531**</b>	<b>0.510***</b>	<b>0.972***</b>	<b>0.530***</b>
	-0.154	-0.0441	-0.165	-0.0467	-0.155	-0.0441	-0.166	-0.0469	-0.25	-0.0678	-0.304	-0.0772
Democracy-Democratising	-0.226	-0.195***	-0.749**	-0.190**	-0.244	-0.220**	-1.026**	-0.198	0.777	0.189	0.649	0.204
	-0.229	-0.0671	-0.309	-0.0898	-0.331	-0.0972	-0.42	-0.121	-0.579	-0.156	-0.731	-0.194
Democracy-Autocracy	-0.859***	-0.397***	-0.807**	-0.283***	-1.115***	-0.426***	-1.261***	-0.289***	0.436	-0.119	1.162	0.0852
	-0.273	-0.0644	-0.318	-0.0814	-0.386	-0.0945	-0.442	-0.111	-0.619	-0.159	-0.707	-0.185
<b>Top powers*Democracy-Democratising</b>	<b>0.0927</b>	<b>0.0533</b>	<b>0.166</b>	<b>0.0352</b>	<b>0.0299</b>	<b>0.172*</b>	<b>0.431</b>	<b>0.132</b>	<b>-0.605</b>	<b>-0.0478</b>	<b>-0.59</b>	<b>-0.0434</b>
	-0.318	-0.0934	-0.381	-0.109	-0.319	-0.0948	-0.367	-0.108	-0.442	-0.122	-0.526	-0.146
<b>Top powers*Democracy-Autocracy</b>	<b>1.005***</b>	<b>0.178**</b>	<b>1.442***</b>	<b>0.188**</b>	<b>0.947***</b>	<b>0.253***</b>	<b>1.386***</b>	<b>0.225**</b>	<b>-0.368</b>	<b>0.14</b>	<b>-0.531</b>	<b>0.0739</b>
	-0.301	-0.0788	-0.337	-0.0888	-0.342	-0.0873	-0.375	-0.0958	-0.483	-0.123	-0.52	-0.137
<b>Controls</b>												
Fuel exports power (Autocracy)			-0.766***	-0.112*			-0.677***	-0.103			-0.631***	-0.0969
			-0.245	-0.0675			-0.241	-0.0677			-0.24	-0.0674
Fuel exports power (Democratising)			0.617*	0.0172			0.675**	0.0427			0.721**	0.0576
			-0.318	-0.0873			-0.318	-0.0881			-0.329	-0.088
Depth index	0.420***		0.471***		0.448***		0.494***		0.447***		0.491***	
	-0.0407		-0.0469		-0.0391		-0.0455		-0.039		-0.0451	
Diffusion democracy provisions	0.0370***		0.0355***		0.0350***		0.0334***		0.0335***		0.0313***	
	-0.00661		-0.00714		-0.00651		-0.00702		-0.00646		-0.00694	
WTO/GATT	-0.243*	0.022	-0.468***	-0.0479	-0.299**	0.00611	-0.542***	-0.0527	-0.286**	0.0236	-0.554***	-0.0441
	-0.125	-0.0332	-0.152	-0.0397	-0.125	-0.0336	-0.15	-0.0398	-0.125	-0.0331	-0.149	-0.0398
Common legal system	-0.101	0.216***	-0.172	0.217***	-0.181	0.219***	-0.277*	0.221***	-0.163	0.201***	-0.248	0.209***
	-0.141	-0.0394	-0.163	-0.044	-0.14	-0.0394	-0.162	-0.0441	-0.141	-0.0392	-0.162	-0.0441
Colony	0.195	0.162**	0.265	0.171**	0.457*	0.230***	0.617**	0.244***	0.447*	0.286***	0.553*	0.288***
	-0.247	-0.077	-0.29	-0.0865	-0.241	-0.0756	-0.285	-0.0852	-0.241	-0.0755	-0.283	-0.0854
Distance (log)		-0.338***		-0.298***		-0.343***		-0.302***		-0.332***		-0.290***
		-0.0203		-0.0232		-0.0202		-0.023		-0.0201		-0.0228
Contiguity		0.0149		-0.063		-0.0271		-0.0994		0.0135		-0.0567
		-0.0716		-0.0842		-0.0718		-0.0842		-0.0719		-0.0842
Diffusion PTAs		0.0142***		0.0145***		0.0163***		0.0159***		0.0152***		0.0143***
		-0.00199		-0.0023		-0.00198		-0.00229		-0.00198		-0.00228
<b>Inverse Mills Ratio</b>	<b>0.682***</b>		<b>1.207***</b>		<b>0.781***</b>		<b>1.301***</b>		<b>0.759***</b>		<b>1.253***</b>	
	-0.201		-0.269		-0.201		-0.269		-0.202		-0.274	
Observations	300	256,357	253	147,301	300	256,357	253	147,301	300	256,357	253	147,301

\*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.1