Divided We Fall, United We Prosper? Partisan Dynamics in the Negotiation of Bilateral Investment Treaties

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Abstract

How does domestic partisanship affect international cooperation? We evaluate the success of international cooperation outcomes in terms of formation and durability by investigating the international investment regime. Democracies—when acting as host states for FDI—form BITs to generate a credible commitment against future regulation of foreign investment. But the success of this commitment is conditioned by the partisanship of the leading executive. Left-wing executives form BITs to tie their own party's hands and signal a refrain from future regulation. Right-wing executives, in contrast, form BITs to tie the hands of future, non-right parties. To tie the hands of another party, a right-wing executive requires full control over the legislative branch of government. Left-wing executives, meanwhile, require bipartisan support to overcome opposition within their own party. Using data on BIT formation and termination from the International Investment Agreements (IIAs) dataset, we find that different partisan alignments in the ruling government generate different domestic winset sizes that influence the likelihood of BIT formation and the length of an agreement's duration. The argument and findings add to our understanding of the domestic politics of international cooperation and how variation within democracies can affect international relations.

1 Introduction

How does domestic partisanship and coalition-building affect international cooperation? International agreements help some constituencies while harming others, and the field has long recognized that heterogeneity of domestic preferences should influence international negotiations (Putnam 1988). Indeed, studies find that partisanship influences foreign policy more broadly (Fordham 1998; Souva and Rohde 2007; Koch 2009; Koch and Sullivan 2010; McCormick and Wittkopf 1990; Levendusky and Horowitz 2012; Bertoli, Dafoe, and Trager 2018). But despite a burgeoning literature on the domestic politics of international cooperation, few studies within this frame have explicitly analyzed partisanship. This omission excludes a significant complicating factor toward international cooperation. Schneider and Urpelainen (2014) find that partisan heterogeneity increases the costs of cooperation. Meanwhile, Brutger (2021) finds that certain partisans may have an advantage in international negotiation. By taking partisanship seriously, these studies add an important feature to the classic two-level games negotiation framework.

But partisanship should also influence the broader conditions under which a state enters into and exists within an international regime. Which partisan coalitions are most likely to enter into agreements? And which lead to the most lasting agreements? In this paper, we focus on democratic domestic contexts at the onset of negotiations and examine how they condition the likelihood of cooperation and the subsequent trajectory of an international agreement. Specifically, we contextualize partisanship toward international cooperation within the international investment regime. Bilateral investment treaties (BITs) constitute an important international outcome that must pass a formal ratification process in democratic legislatures. And as formal institutions, BITs afford an investigation into the durability of international cooperation and the termination of prior agreements. Moreover, BITs present a "hard case" for the influence of domestic partisanship. As Figure 1 shows, states formed a majority of BITs in the 1990s, seemingly following a diffusion process that leaves little room for variation in domestic conditions.

Figure 1: BIT Formation Over Time (1981-2018)

To explain the desire for host states to form BITs, scholars have highlighted the power of multinational firms (Allee and Peinhardt 2010, 2013), competition for FDI (Elkins, Guzman, and Simmons 2006), and the diffusion of international institutions (Jandhyala, Henisz, and Mansfield 2011). But few studies emphasize the role of domestic politics, particularly within democracies. BITs, like all treaties, must go through domestic deliberations to be signed and ratified, a process that has received much attention in the literature on preferential trade agreements (Mansfield, Milner, and Rosendorff 2003; Mansfield, Milner, and Pevehouse 2007; Mansfield and Milner 2012; Baccini and Urpelainen 2014). Do domestic politics—specifically partisanship—play a similar role in the international investment regime?

This question also speaks to the puzzle of why democracies form BITs in the first place. BITs regulate foreign direct investment (FDI) by setting legal conditions on host states' ability to expropriate commercial property. Democracies, however, already maintain strong property rights to protect against direct expropriation, providing democracies with a distinct advantage in attracting FDI (Jensen 2003).[1] And the near universal in-

1. Indeed, the need to credibly commit against direct expropriation causes autocracies to form more BITs by comparison (Rosendorff and Shin 2015)

clusion of investor-state dispute settlement (ISDS) provisions imposes significant costs upon host states, the majority of which are developing economies (Simmons 2014). Said sovereignty costs are clear at the time of signing; included regulatory provisions and ISDS mechanisms provide explicit means by which investors can challenge states in both international and domestic courts. Why do democracies accept and continue to maintain these sovereignty costs?

We contend that the democratic relationship with BIT formation and its longevity rests in domestic partisan differences. Democracies—when acting as host states for FDI—form BITs to generate a credible commitment against future regulation of foreign investment. But the success of this commitment is conditioned by the partisanship of the leading executive. Left-wing executives form BITs to tie their own party's hands and signal a refrain from future regulation. Right-wing executives, in contrast, form BITs to tie the hands of future, non-right parties. This difference in partisan preferences leads to different domestic win-set configurations. To tie the hands of another party, a right-wing executive's largest win-set entails full control over the legislative branch of government. Left-wing executives, meanwhile, require bipartisan support to overcome opposition within their own party. The difference in win-set size presents a trade-off between an agreement's formation and its durability: larger partisan win-sets are associated with more agreements forming, but these agreements are more likely to be replaced later on.

This study adds to our understanding of democracy and international cooperation. Many studies examine differences in regime type and stress a democratic advantage in cooperation (Gaubatz 2009; Leeds 1999; Martin 2000; Mansfield, Milner, and Rosendorff 2003; McGillivray 2008; Mattes and Rodriguez 2014). By further unpacking democratic governance, we extend this literature to investigate how international agreements can serve the interests of certain domestic actors within democracies. Here, the timing and utility of democratic cooperation may depend on the partisan alignment of domestic actors. And while some identify such transfers of governance to be a detriment to cooperation (Remmer 1998; Lai and Reiter 2000), we find that international agreements provide a possible solution to the variability of democratic preferences. By restricting state sovereignty, international institutions can allow democratic governments to make credible commitments, but this outcome depends on the domestic context. Notably, executives of different partisanships must engage in separate strategies to achieve similar outcomes in international cooperation.

This paper proceeds as follows. First, we detail the theory of partisan strategies toward BITs and outline our empirical expectations. Second, we conduct a quantitative analysis to evaluate evidence for the argument. Our evidence consists of separate tests on the formation and durability of BITs. While right-wing executives are more likely to form BITs during periods of unified government, left-wing executives draw from bipartisan coalitions. These formation conditions influence the agreement's durability: BITs formed under larger win-sets are terminated earlier than those formed under smaller win-sets.

2 Theoretical Argument

We argue that executives in developing, democratic host states for FDI form BITs to lock in regulatory policies and subsequently create a credible commitment against the indirect expropriation of vertical FDI in the future. The credible commitment depends on partisan differences and the alignment of domestic political power. Left-wing executives form BITs to tie their own party's hands and signal a refrain from future regulation. Right-wing executives, in contrast, form BITs to tie the hands of a future, presumably leftist party. However, the conditions under which these credible commitments are likely to form varies. To tie the hands of another party, a right-wing executive requires full control over the legislative branch of government. Left-wing executives, meanwhile, require bipartisan support to overcome opposition in their own party. The varying feasibility of

BIT formation holds implications for agreement durability. While a larger win-set may allow for more agreements to form, agreements formed under more restrictive conditions last last longer due to the negotiating leverage they grant to the executive.

2.1 Partisan Preferences on FDI Regulation

We expect a partisan distinction regarding how democratic policymakers view FDI and related regulation. Pinto (2013) divides partisanship into pro-labor and pro-capital positions, arguing that the former promotes FDI to provide jobs while the latter contests FDI to insulate domestic producers. However, the benefits provided to labor should depend on FDI's relative mobility (Mosley 2010). Here, vertical FDI—which occurs when product supply-chains are split across countries to maximize efficiency—should prove more mobile than horizontal FDI, where firms replicate production facilities in multiple countries (Blonigen 2005; Yeaple 2003). And in developing economies, most inflows can be classified as vertical FDI (Büthe and Milner 2008).

We expect a partisan division toward vertical FDI and related regulation, as attracting vertical FDI may result in negative externalities, particularly surrounding labor rights and regulations. Host states may engage in a "race to the bottom" in labor, keeping wages and standards low to attract investment (Blanton and Blanton 2012a, 2012b; Davies and Vadlamannati 2013; Javorcik and Spatareanu 2005; Olney 2013; Payton and Woo 2014). We assume that left-wing parties, which draw their support from a pro-labor constituency, will be more reluctant to relax labor regulations to attract FDI. Pro-capital right-wing parties, in contrast, will support deregulation to bring in vertical FDI that supports domestic producers. These preferences toward regulation should vary across legislators. Some constituencies will be more sensitive to labor regulations on both the left and the right. But overall, left-wing legislators will be more likely to oppose deregulation.

Executives, meanwhile, maintain broader interests and seek to grow the country's economy as a whole. Whereas certain left-wing legislators may be more opposed to regulatory rollback than other left-wing legislators, left-wing executives should prove more centrist in their desire to promote FDI for the overall sake of the economy. And even if we expect left-wing executives to be more reticent toward regulatory rollback than their right-wing counterparts, they are still subjected to a broader range of constituency interests—relative to left-wing legislators—that should privilege the general effects of FDI, like bringing additional jobs for their pro-labor constituency. We therefore assume that while a general partisan divide toward FDI-related regulation exists, executives on both the left and the right should seek out vertical FDI.

2.2 FDI Regulation and the Obsolescing Bargain in Democracies

This difference in partisan preferences regarding investment regulation holds large implications for investor preferences toward democracies. Whereas investors fear infringement on property rights (i.e. direct expropriation) when investing in autocracies (Kobrin 1980, 1984; Minor 1994; Li 2009), we assume they fear the less emphasized, but far more common act of indirect expropriation when investing in democracies (Esberg and Perlman 2023). Common examples of indirect expropriation include taxation, performance requisites, standard-setting, prudential carve-outs and more. Democratic institutions often limit monopolistic behavior of powerful MNCs and limit the government's ability to provide lavish financial incentives (e.g. tax breaks) to foreign investors (Li and Resnick 2003). Greater electoral competition can lead to higher taxes on MNCs (Jensen 2013). Indeed, indirect expropriation claims constitute a majority of ISDS suits lodged against democracies (Pelc 2017, 575). Overall, investors fear "regulatory risk" in democracies, a concern that is generally not emphasized with autocratic investment (Kim 2017).

While direct expropriation entails a one-time seizure of property, indirect expropriation can emerge in stages, as new regulations are rolled out. This exacerbates the conundrum facing MNCs and host state governments in Vernon's (1971) classic "obsolescing bargain." As investors continue to sink costs into FDIs, the threat of exit becomes less acute for the foreign government, as leaving would entail a high financial loss for the MNC. And since regulations need not be enacted at once, the MNC cannot be sure when to cut its losses and leave the country. The government can then impose new regulations and be confident that the MNC will continue to invest. Thus, an executive may fail to attract FDI, even alongside a favorable regulatory environment for investors.

Beyond democracy's general tendency to regulate relative to autocracies, electoral competition keeps investors from predicting the regulatory preferences of future administrations. A conservative administration may be able to credibly commit to not indirectly expropriate at time *T*, given its clear preferences toward investment and deregulation. But it cannot credibly commit to not indirectly expropriate at time *T+1*, when a different administration could be in office. While the regulatory environment may be favorable to FDI in one administration, investors cannot be sure of these policies years after making their investment.

This time-inconsistency problem that results from electoral turnover is particularly acute for right-wing executives in democratic, developing economies.[2] As Figure 2 shows, they hold power over the executive branch relatively infrequently when compared to left-wing and centrist parties. Investors may see right-wing preferences toward FDI, and the resulting policy changes, as particularly capricious given the likelihood of a change in power. In Bolivia, the consecutive Sánchez de Lozada and Banzer administrations implemented substantial privatizations throughout the 1990s, but the left-wing Morales administration immediately began a series of contrasting nationalizations after coming to power in 2003. While international firms may perceive an increase in property rights under a right-wing administration (Weymouth and Broz 2013), they cannot be sure of how long such protections will last.

In contrast, a left-wing executive, who may favor FDI to provide additional jobs,

2. Developing economies are emphasized due to their near ubiquitous status as the host state for FDI when negotiating investment agreements.

stands on more secure electoral footing. However, she still faces a time-inconsistency problem resulting from regulation. If investors assume a left-wing party will remain in power, they can expect additional regulations related to labor, the environment and human rights to be rolled out. Thus, no matter what the executive promises at time T, she cannot promise her party will refrain from increased regulation at time T+1. The African National Congress (ANC) has dominated South African politics since the end of Apartheid, but it still must meet the demands of its labor-centric constituency. In 2012, mass protests put pressure on the ANC to reform labor laws, particularly raising the minimum wage, a cost to foreign investors.

In short, the obsolescing bargain presents a time-inconsistency problem for both left- and right-wing executives. A right-wing executive can promise a favorable regulatory environment during their tenure, but investors cannot assume said policy will carry over to the next administration. Meanwhile, the left-wing executive cannot promise that her own party will not roll out new regulatory laws after the investment is made. Without a credible commitment, executives of either partisanship may be unable to attract FDI during their tenure.

2.3 BITs as a Partisan Commitment Against the Obsolescing Bargain

How can democratic executives solve the above time-inconsistency problem with regard to regulation? We propose that executives, in order to attract FDI, form BITs to serve as a credible commitment against future regulation. Similar to how democratic leaders used human rights treaties to lock in commitments against prospective authoritarians (Moravcsik 2000), both right and left-wing executives can use BITs to lock in regulatory policies. However, the circumstances under which the credible commitment can be formed varies across partisan lines. Left-wing executives form BITs to hold their own party accountable, whereas right-wing executives form BITs to tie the hands of future administrations.

BITs provide a ready solution to leaders hoping to overcome investor hesitance related to future indirect expropriation. When negotiating BITs, countries can specify the level of regulatory autonomy they retain (Montal, Potz-Nielsen, and Sumner 2020). After ratification, indirect expropriation can invite investor litigation. This consequence can create a "chill" over new regulations, particularly in developing economies (Moehlecke 2020). And many BIT provisions remain in place for years, even if a BIT is terminated. When Bolivia prematurely terminated its BIT with the United States in 2012, the treaty's provisions remained legally binding for an additional 10 years "to all covered investments existing at the time of termination." (State Department and the Trade Representative, Office of United States 2012). That BIT, which entered into force in 2001, set Bolivia's standard for FDI regulation for over 20 years.

The target of the credible commitment depends on the executive's partisanship. A right-wing executive can credibly commit to not indirectly expropriate during their term, given their party's clear preferences against regulation that would normally hamper vertical FDI. But the obsolescing bargain forces investors to speculate on the political situation years into the future. To attract FDI in their present term, the right-wing executive must credibly commit future administrations from indirectly expropriating. Thus, right-wing executives should seek to form BITs during their tenure that lock-in regulation after they are out of office. Argentina signed and ratified a majority of its BITs between 1989-1999, during its Mehemist decade when President Carlos Mehem oversaw vast privatization and adhered closely to the Washington Consensus.

Left-wing executives share similar incentives to their right-wing counterparts, but face a different partisan context. Here, investors fear the regulations that the executive's own party may introduce in the coming years. Similar to how left-wing parties commit to a fixed exchange rate to provide a credible commitment to capital and guard against speculative currency attacks (Leblang 2003), left-wing executives should seek to form BITs to commit to certain regulatory standards and attract FDI during their leadership tenure. The left-wing ANC has remained in power since 1994, but Nelson Mandela and Thabo Mbeki formed the majority of South Africa's BITs in the party's first ten years in power. At the time, the chances of a new administration taking executive control were slim, and the ANC needed to reassure investors that it would not expropriate years after initial investments were made.

We assume that the executive's preference to attract FDI is constant, but her ability to form the necessary credible commitment should prove highly variable. While executives can negotiate and sign a BIT without legislative approval, ratification ensures that the agreement cannot simply be rolled back by the next executive, an important feature of any credible commitment.[3] Given that the right-wing executive is hoping to tie the hands of a future progressive party, she is unlikely to find wide support from the opposition. Brazil signed multiple BITs under President Cardoso from 1993-2002, but did not maintain a fully unified legislature. None of the agreements were ratified and all new signatures ended with the election of the leftist Luiz Inácio Lula da Silva. In contrast, neighboring Argentina experienced a spark in BIT formation in the 1990s when right-wing control was consolidated in both the executive and legislature.

Meanwhile, the left-wing executive's strategy of tying her party's own hands encounters the inverse problem; she is unlikely to find a willing coalition solely from her own party. Beyond curbing future regulatory autonomy, the legal consequences of BITs can lead to increased human rights violations and diminish collective labor rights (Bodea and Ye 2020; Ye 2020). Given the policy preferences of progressive parties, left-wing parties and coalitions are unlikely to accept these negative externalities if they maintain control over the legislature, even if they share partisanship with the present executive. The ANC formed all of its BITs when it maintained an uneasy coalition with the National Party and Inkatha Freedom Party. But South Africa's BIT formation abruptly stopped once the ANC won enough votes to ensure the necessary two-thirds majority. In short, we expect

3. Moreover, ratification significantly improves the flow of FDI into a country, compared to simply signing an agreement (Egger and Pfaffermayr 2004). Haftel 2010.

right-wing executives to form the most BITs when their party controls the legislature, whereas left-wing executives should have more success under divided government.

This logic leads to the following hypotheses:

Hypothesis 1: Right-wing executives form BITs more frequently under periods of unified government.

Hypothesis 2: Left-wing executives form BITs more frequently under periods of divided government.

2.4 BIT Durability of the Credible Commitment

International cooperation can operate in two stages. The first, formation, entails the bargaining in which the involved states specify an agreement. The second, enforcement, concerns the fulfillment of the prior agreement. In our context, enforcement refers to the host state's continuous choice of whether to create new regulations that infringe upon the relevant investment agreement that formed previously. These two stages are often linked (Fearon 1998). Thus, beyond affecting the likelihood for formation, we also argue that domestic partisanship influences an agreement's durability. In fact, the we expect an implicit trade-off to occur in the two stages of cooperation; conditions that increase the likelihood of forming an agreement diminish the agreement's utility for the host states and by extension, its longevity.

This trade-off holds implications for the efficacy of the desired credible commitment. Ratification insulates agreements from a change in executive, but a legislative majority can still unilaterally terminate a ratified agreement. A credible commitment against the regulatory preferences of the left means little if a unified progressive legislature can simply end the agreement. Sunset clauses provide some protection, but such provisions simply keep the legal terms in force; they do not prevent the host state from enacting legislation that may invite arbitration. This caveat is crucial, as ISDS arbitration itself severely weakens the credible commitment BITs provide and, by extension, the FDI they may attract (Allee and Peinhardt 2011).[4]

Host state governments can learn and update their preferences toward the costs of BITs (Poulsen and Aisbett 2013). Indeed, investment treaty revisions most often occur after repeated ISDS suits (Yoram Z. Haftel and Thompson 2018; Thompson, Broude, and Haftel 2019). Executives, when faced with an eroding credible commitment caused by increased ISDS arbitration, should seek to amend the original agreement to bring the host state's legal responsibilities closer in line with its capabilities. This matches trends in BIT design: recent BITs include far more provisions that insulate a host state's regulatory capacity (Montal, Potz-Nielsen, and Sumner 2020). Such a reform maintains the original credible commitment while avoiding the negative externalities that arise from frequent arbitration.[5]

Here, the classic two-level games literature and its emphasis on legislative win-sets aids our logic on the durability of BITs (i.e. the time from formation to termination). Given the left-wing legislature's general opposition to anti-regulation, unified left-wing and divided right-wing governments present smaller win-sets for agreement. In contrast, unified right-wing and divided-left wing governments present the larger win-sets. As a reminder, we expect the executive's desire to form a credible commitment to be a

4. In addition, governments often break investment contracts with firms of the same nationality (Wellhausen 2014). The efficacy of individual BITs, by setting the terms of investment for one particular state-dyad, may thus be particularly susceptible to investment breaches.

5. We expect unilateral termination without replacement to be a relatively rare event. Given executive preferences toward FDI, repealing ratified agreements without replacement should be difficult. A unified leftist legislature may be reluctant to form new BITs while simultaneously lacking the unilateral power to exit an agreement. Executives and right-wing legislatures, meanwhile, should generally oppose termination without replacement. Instead, we propose that partisan strategy toward BIT termination most commonly involves a re-commitment to the original credible commitment. The recent backlash toward the IIA in Ecuador and Indonesia should be seen as an exception to the norm. We expect BIT termination to more frequently occur in the context of reform, rather than rejection. However, our theoretical propositions are only concerned with the termination of a previous agreement, whether said agreement is replaced or terminated without replacement.

constant, no matter the partisan makeup of the legislature; what varies is her ability to successfully form said commitment.

Yet the feasibility of forming an agreement may not directly match its durability. While larger win-sets may increase the likelihood of reaching an agreement, they may also harm the executive's negotiating strength (Putnam 1988, 440). A large win-set grants foreign states more leeway in agreement design. In contrast, a smaller domestic win-set, by granting more negotiating power to the executive, should lead to a more favorable agreement.

Left-wing legislators should refuse to accept an agreement without the desired regulatory carve-outs, which minimizes the executive's win-set. A left-wing executive ruling over a unified government must make a plethora of domestic concessions to satisfy its own party's legislators. A right-wing executive ruling over a divided legislature must similarly accede to theses left-wing demands. These conditions allow for a more narrow, yet also more favorable win-set to emerge. A more favorable agreement for the host state should limit the number of ISDS claims and subsequently diminish the need to re-negotiate the agreement later on.

This logic leads to the following hypotheses:

Hypothesis 3: BITs formed by right-wing executives under divided governments will last longer than agreements formed by right-wing executives under unified governments.

Hypothesis 4: BITs formed by left-wing executives under unified governments will last longer than agreements formed by left-wing executives under divided governments.

Table 1: Domestic Politics of BIT Formation and Duration

Executive Partisanship	Executive Control	Winset Size	Formation	Duration
Right	Divided	Narrow	-	+
	Unified	Wide	+	-
Left	Divided	Wide	+	-
	Unified	Narrow	-	+

3 Data, measurement and research design

We employ a quantitative research design to gather evidence for our theoretical hypotheses. We test our hypotheses in the context of developing democratic economies. We measure democracies as countries with a Polity score of 6 or above. Following the World Bank's classification, we measure developing economies as countries with a per capita GDP less than $12,000. These two measures together constitute our primary sample, but we also conduct analyses on countries with a GDP per capita of less than $25,000 to include a broader measure of economic strength. Taken together, our sample covers 54 countries from 1975 to 2020. Our theory posits separate, but related predictions on the formation and duration of agreements. Our unit of analysis is the country-year for the former and the dyad-year for the latter.

3.1 Dependent variable

We operationalize two dependent variables from our theory. For Hypothesis 1 and Hypothesis 2, our dependent variable is the number of BITs signed by country i at time t. We employ the most centralized dataset on International Investment Agreements (IIAs) compiled by the United Nations Conference on Trade and Development (UNCTAD). UNCTAD collects information on two types of investment agreements, i.e. Bilateral Investment Treaties (BITs) and Treaties with Investment Provisions (TIPs). Our analysis focuses on 2,898 signed Bilateral Investment Treaties (BITs), of which 2,343 are currently in force. Using the UNCTAD (2021) data, we create our own variable that counts the number of BITs signed by a host state in each country-year. [6]

We use time-to-event data for our second dependent variable to operationalize the duration of agreements predicted by Hypotheses 3 and 4. The variable counts the number of years from time of signature to termination. A low score indicates shorter duration of BIT survival and conversely, a high score indicates longer duration for BITs.

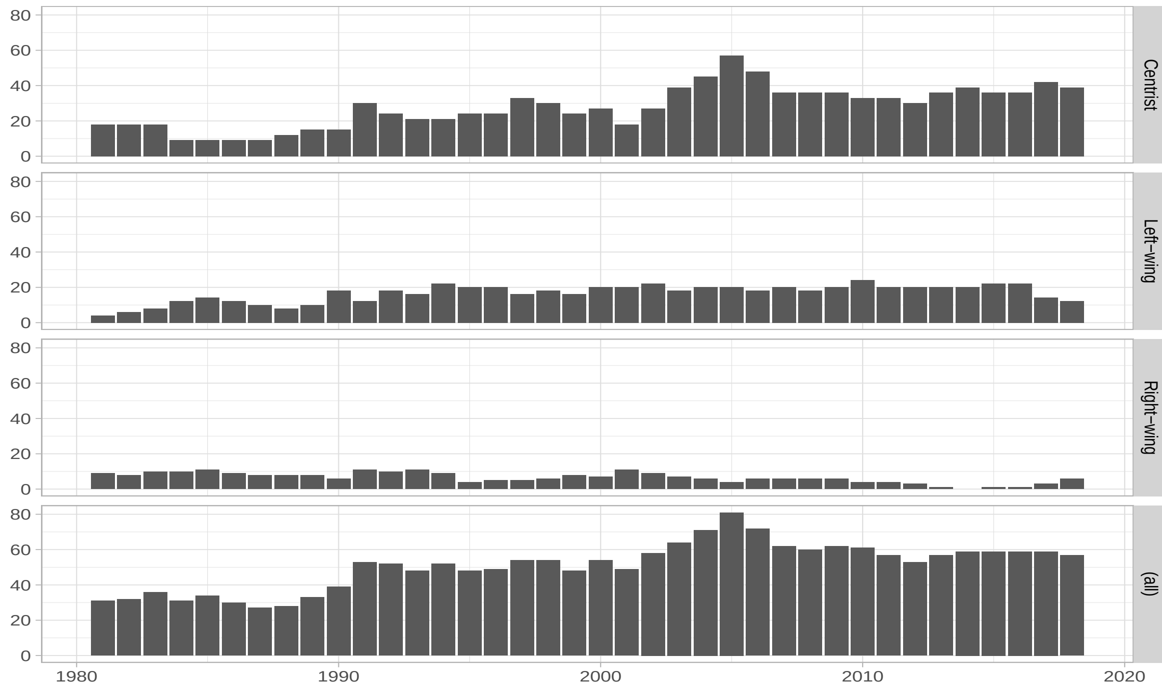
3.2 Independent variables

Our theory expects an interaction between partisanship and the ruling coalition to influence the formation and duration of agreements. We use the most widely used data on party orientation, the Database of Political Institutions (DPI) compiled by Scartascini, Cruz, and Keefer (2017), to construct both variables. In line with our theoretical conceptualization, the DPI codes partisanship along economic policy lines. We re-create three binary variables from the DPI data that corresponds to right-wing, left-wing control and centrist-party control of the executive branch of government. Figure 2 illustrates variations in party control in our sample countries over time.

We also use the DPI to create a measure of divided government. This is a binary variable which is coded 1 if the party that controls the executive branch *does not* hold an absolute majority in all relevant houses. This variable is coded 0 if the party of the executive controls all relevant houses in the legislature. Legislative control is broadly defined; a party controls the legislature if it directly controls a majority of seats *or* if it can successfully craft a majority governing coalition of multiple parties.

6. Since signature does not guarantee ratification, we also create a variable that counts the number of BITs ratified in a given country-year. As our robustness check, Table 8 in the Appendix displays the comparison between BIT signature and ratification.

Figure 2: Party Control Over Time



3.3 Control variables

We include a set of standard economic controls that may confound our relationship of interest. The size of a country's economy may affect the likelihood of a conservative government gaining control while also increasing the number of BITs the country signs, given the amount of potential international investment opportunities. We control for overall (logged) GDP using the World Bank's data on development indicators. We also use the World Bank's data to control for economic growth, as a positive change in a country's economy could spur a change in government and/or an increased interest in forming BITs. In addition, the presence of conflict may impact investment opportunities while also prompting the necessity for a more conservative, hawkish, government. To control for this possibility, we use the Militarized Interstate Disputes (MID) data to create a binary dummy variable that indicates the presence of conflict in a host country for a given year. Finally, a perceived dearth in the rule of law in the host state is frequently given as a reason for BIT formation. This could serve as a common cause confounder since right-wing executives may be elected to improve the rule of law in a country.

4 Results

4.1 BIT Formation

To test for our first and second hypotheses on BIT formation, we apply the negative binomial regression model. For Hypothesis 1, we test the impact of the interaction effect of *Divided Government* and *Right-wing Executive* on the number of BIT formation. For Hypothesis 2, we test the impact of the interaction effect of the *Divided Government* and the *Left-wing Executive* on the number of BIT formation. We include the OLS estimation results in the Appendix for further interpretation of the results.

Models 1 and 2 in Table 2 test our model for Hypothesis 1 where we regress the number of signed treaties on the interaction of *Divided Government* and *Right-wing Executive*, and the control variables. The right-wing executive has a positive and highly significant effect on BIT formation. The results are consistent even when adjusting for year fixed-effects, country fixed effects and clustered standard errors on the host state. Notably, the interaction with *Divided Government* is negatively significant. Thus, as our theory expects, right-wing executives form BITs more frequently only when they maintain a unified coalition in their respective legislature.

In short, right-wing parties are more likely to form BITs, but only when they maintain effective control over all branches of government. A unified right-wing party enables a larger homogeneous winset giving foreign states more leeway in agreement design, hence more likelihood of BIT formation. During periods of divided government, right-wing executives are actually less likely to form BITs compared to their centrist or left-wing counterparts. A divided right-wing executive narrows the winset of the host government during negotiations, making it less likely for an agreement to be formed between the host government and the foreign state over the design of BITs. This provides strong evidence for our first hypothesis that right-wing parties form BITs to provide a credible commitment against the regulatory power of future administrations. Rather than holding a simple preference toward BIT formation, right-wing parties likely form BITs strategically. As specified in our theory, two complementary mechanisms underpin this finding. First, right-wing executives form BITs to lock in domestic regulation, which opposition parties oppose. Thus, formation only occurs when right-wing parties have full control over the government. Second, right-wing parties have particular preferences over the design of BITs they form, and thus can only realize these design preferences during times of full control. Our tests of hypothesis 3 explicitly address this second mechanism.

Models 3 and 4 in Table 2 test our model for Hypothesis 2 where we regress the number of signed treaties on the interaction of *Divided Government* and the *Left-wing Executive*. For models 3 and 4, the left-wing executive has a negative and highly significant effect on BIT formation. The results are consistent even when adjusting for year fixed-effects, country fixed effects and clustered standard errors on the host state. Notably, the interaction with *Divided Government* is positively significant. Thus, as our theory expects, left-wing executives form more BITs only when they maintain a divided coalition in their respective legislature. This is consistent with the logic of our argument that a left-wing executive ruling over a divided government makes plethora of domestic concessions to satisfy divergent preferences, leading to a more narrow winset, decreasing the probability of BIT formation. Reversely, a left-wing executive ruling over a unified government enjoys a wider winset during BIT negotiations which would increase the possibility of BIT formation.

In short, the left-wing parties are likely to form BITs, although less frequently so than unified right government, when they hold control of the executive but the government remains divided. When the left party controls over all branches of the government, they are the least likely to form BITs. This provides strong evidence for our second hypothesis that left-wing parties form BITs to tie her party's own hands. Given the preference of the left-wing parties to protect labor, the left-wing executive seeks for strategic time windows –government coalition with the right– to garner support for formation of BITs.

Table 2: Effect of Partisanship on BIT Formation

	Negative Binomial Regression			
	(1)	(2)	(3)	(4)
Right-wing Executive	0.517^{**}	1.611^{***}		
	(0.231)	(0.438)		
Left-wing Executive			-0.932^{***}	-1.813^{***}
			(0.214)	(0.380)
Divded Government	0.278	0.676^{*}	0.249	-0.088
	(0.339)	(0.345)	(0.341)	(0.326)
logGDP	1.095^{**}	1.378^{***}	1.141^{**}	1.236^{***}
	(0.478)	(0.392)	(0.468)	(0.421)
GDP Growth	0.038	0.033	0.037	0.040
	(0.025)	(0.026)	(0.025)	(0.025)
Conflict	-0.257	-0.270	-0.217	-0.198
	(0.190)	(0.187)	(0.195)	(0.187)
Rule of Law	0.637	1.038	0.253	-0.633
	(1.572)	(1.495)	(1.435)	(1.438)
Right-wing X Divided		-1.413^{***}		
		(0.514)		
Left-wing X Divided				1.239^{***}
				(0.413)
Year fixed-effects?	Yes	Yes	Yes	Yes
Country fixed-effects?	Yes	Yes	Yes	Yes
Clustered standard errors	Yes	Yes	Yes	Yes
Note:		*p<0.1; **p<0.05; ***p<0.01		

4.2 BIT Duration

So far we have shown that domestic political alignment matter for the formation of BITs. Different parties form BITs under diverging conditions: right-wing politicians are more likely to form BITs during times of a unified government and left-wing politicians are more likely to form BITs during times of a divided government. Our empirical test for Hypotheses 3 and 4 shows that such political alignment also affect the duration of these BITs. We estimate the Cox proportional hazard regression to test whether that BITs formed under smaller partisan win-sets are more durable than BITs formed under larger partisan win-sets. As a reminder, we theorize that smaller win-sets for left-wing executives entail a unified ruling coalition, while right-wing win-sets are smaller under periods divided government.[7]

The results from Table 3 provide empirical support for hypotheses 3 and 4. In Models 5 and 6 we find strong support that divided governments take longer to terminate (higher number means quicker termination). Absent any partisan distinctions, this provide initial evidence that smaller win-sets lead to more durable agreements, matching the classic proposition from the two-level games literature. However, when we interact divided government with the party of the executive, we find that BITs formed by divided right-wing government (-0.417), lasts longer than divided left-wing government (0.564), as higher numbers indicate higher rate to termination. Such differences is consistent with our theory that a larger domestic win-set (divided left), leads to a more favorable agreement than a smaller win-set (divided right).

7. Our data satisfies the key assumption for the Cox model that the hazard rate for the independent variables are proportional (constant) over time. Using the Schoenfeld residual for each independent variable, we show that there is no statistically significant correlation between the residual and failure time for any of the independent variables.

Table 3: BIT Duration

	Cox Proportional Hazard Models			
	Time from signing to termination			
	(5)	(6)	(7)	(8)
Divided Government	-0.110^{***}	-0.112^{***}	0.010	-0.287^{***}
	(0.028)	(0.029)	(0.035)	(0.039)
Right-wing Executive			0.229^{***}	
			(0.061)	
Left-wing Executive				-0.248^{***}
				(0.051)
logGDP		-0.173^{***}	-0.186^{***}	-0.194^{***}
		(0.007)	(0.008)	(0.008)
GDP growth		0.018^{***}	0.016^{***}	0.013^{***}
		(0.004)	(0.004)	(0.004)
Rule of Law		-0.133^{***}	-0.140^{***}	-0.048
		(0.046)	(0.047)	(0.048)
Conflict		0.504^{***}	0.496^{***}	0.460^{***}
		(0.040)	(0.040)	(0.040)
Divided X Right-wing			-0.417^{***}	
			(0.071)	
Divided X Left-wing				0.564^{***}
				(0.068)
Observations	6,210	5,744	5,744	5,744
R^2	0.002	0.120	0.127	0.131
Max. Possible R^2	1.000	1.000	1.000	1.000
Log Likelihood	$-48,025.180$	$-43,613.530$	$-43,591.290$	$-43,576.060$
Wald Test	15.680^{***} (df = 1)	804.780^{***} (df = 5)	856.150^{***} (df = 7)	887.710^{***} (df = 7)
LR Test	15.448^{***} (df = 1)	734.539^{***} (df = 5)	779.031^{***} (df = 7)	809.478^{***} (df = 7)
Score (Logrank) Test	15.698^{***} (df = 1)	813.343^{***} (df = 5)	861.839^{***} (df = 7)	902.161^{***} (df = 7)

Note: $^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

4.3 Robustness checks

We also include a series of robustness checks to further test our primary empirical results on BIT formation. All results can be found in the Appendix. We test our theory of BIT formation with logit regressions on a binary variable that measures whether *any* BITs were signed in a given year. This allows us to examine whether right-wing executives hold the same strategic preferences regarding BIT formation throughout their entire tenure and do not simply sign a substantial number of BITs at one time. Our theory on BIT formation still holds for the logit regressions.[8] We also examine the relationship as it relates to agreement ratification. The ratification results are similar to the findings on signature, although they are not robust to the most stringent econometric specifications. While we intend to further examine this particular relationship, this provides an initial indication that the ratification process may extend beyond the executive's control.

We also use the cox proportional hazard model to test for the duration from signing to ratification. Our first and second hypothesis showed that party alignment matters for signing of BITs, but one could argue that when it comes to BIT formation, the ratification stage matters more so than signing. The time to ratification may also be subject to significant variation due to domestic-level constraints (Yoram Z Haftel and Thompson 2013). We find that the ratification process or the speed of ratification is affected by the conditions in our theory: BITs are ratified the fastest when they are formed by a divided right-wing executive, and slower when formed under a divided left-wing executive.

Finally, we expand the data sample to estimate a series of regressions on non-democratic countries with developing economies. Authoritarian executives can vary in terms of economic preferences, too. It is possible that right-wing leaders of all stripes simply hold favorable preferences toward BITs, regardless of regime type. If true, this would suggest that democratic partisanship is not the distinguishing feature in our empirical results and BITs subsequently do not serve as a credible commitment for right-wing democratic

8. Table 5 in the Appendix shows the results for our logit regression.

leaders. We measure non-democracies as any country-year with a Polity score lower than 6. Table 7 in the Appendix displays the results. Despite the increased sample size, we find no evidence that right-wing leadership (i.e. leaders that pursue conservative economic policies) affects BIT formation in non-democracies. Thus, the economic leanings of an executive only seem to matter in the democratic context, thus supporting our theory that BITs can serve as a credible commitment against the preferences of future, elected administrations.

5 Conclusion

In our paper, we have highlighted democratic-host-specific mechanisms for BIT formation and duration. Specifically, we argue that executives draw from different sources of support depending on their partisanship. Left-wing executives sign BITs to provide a credible commitment against future regulation stemming from their own party. This incentive generates opposition within their own party, leading to a smaller negotiating win-set during periods of unified government. In contrast, right-wing executives use BITs to provide a credible commitment against regulation from a different party taking control later on. Opposition parties, hesitant to curb their future regulatory power, contest BIT formation. A right-wing executive's smallest win-sets thus occur during periods of divided government.

These theoretical assumptions lead to several empirical predictions. In line with the two-level games literature, we expect smaller win-sets provide executives with more negotiating power to reach a favorable agreement for their country while simultaneously making it more difficult to reach an agreement at all. In line with our predictions, we find that right-wing executives form more BITs during periods of unified government, but these agreements are terminated earlier than agreements formed during periods of divided government. Left-wing executives, in contrast, form more BITs during periods of divided government, but these agreements do not last as long as those formed under unified governments.

This paper makes several important contributions. First, we extend the literature on BITs by focusing on indirect expropriation. While a rich literature on ISDS mechanisms of BITs addresses investor protections with regard to direct expropriation, less attention has been made on the indirect expropriation stemming from the more subtle regulatory provisions included in BITs that shape the scope and depth of host government's regulatory autonomy. Because such regulatory provisions associated with indirect expropriation touch on sensitive and domestically politicized topics such as labor rights, subsidies and more, it enriches our discussion in exploring how domestic political interests interact and form coalitions to aggregate a collective preference for BITs.

In doing so, we bring attention to the political incentives democratic host-states have to form BITs. Given the near-ubiquitous inclusion of ISDS mechanisms, BITs arguably infringe upon sovereignty to a greater extent than the average international legal agreement. Scholars have highlighted the power of Western investors (Allee and Peinhardt 2010), institutional diffusion and the rush to attract FDI (Elkins, Guzman, and Simmons 2006; Jandhyala, Henisz, and Mansfield 2011), and autocratic incentives to remain in power (Arias, Hollyer, and Rosendorff 2018). But few have adequately explained why democracies, given their transparency and strong property rights, would willingly sign onto harsh investment agreements as host-states. The present literature thus sees democratic host-states as powerless entities clamoring for FDI and ignorant to the costs of international arbitration. Instead, by delving into the partisan preferences among domestic actors, we identify a rational reason for why democracies form BITs at certain times, even if this creates high costs later on.

More broadly, this project adds to our understanding of domestic politics of international cooperation. While existing work shows that cooperation is more likely for democracies, there is little explanation for where democratic preferences for cooperation come from and how they are shaped. In our paper, we address this gap by focusing on a specific type of international cooperation—the international investment regime—to show that democratic preferences for international cooperation are shaped via partisan politics. This "unpacking" of democracy invites us to think critically about when and why democracies have incentives to cooperate. In particular, the assumed democratic primacy regarding international cooperation may be more capricious than previously thought.

Fruitful avenues for research on this topic remain. Our robustness checks probed the potential partisan bargaining situations during the ratification process. Our initial findings suggest that different coalition strategies may also impact the ratification process. However, further research is needed to thoroughly examine how partisanship influences this critical stage of agreement formation. Another promising line of inquiry is to examine whether terminated treaties result in subsequent re-signing of those treaties by the same executive that terminated them. Although our current analysis centers on the international investment regime, it is worth considering the broader implications of partisan politics in democracies for international cooperation across multiple domains.

A Appendix

Figure 3: Formation and Design Histogram

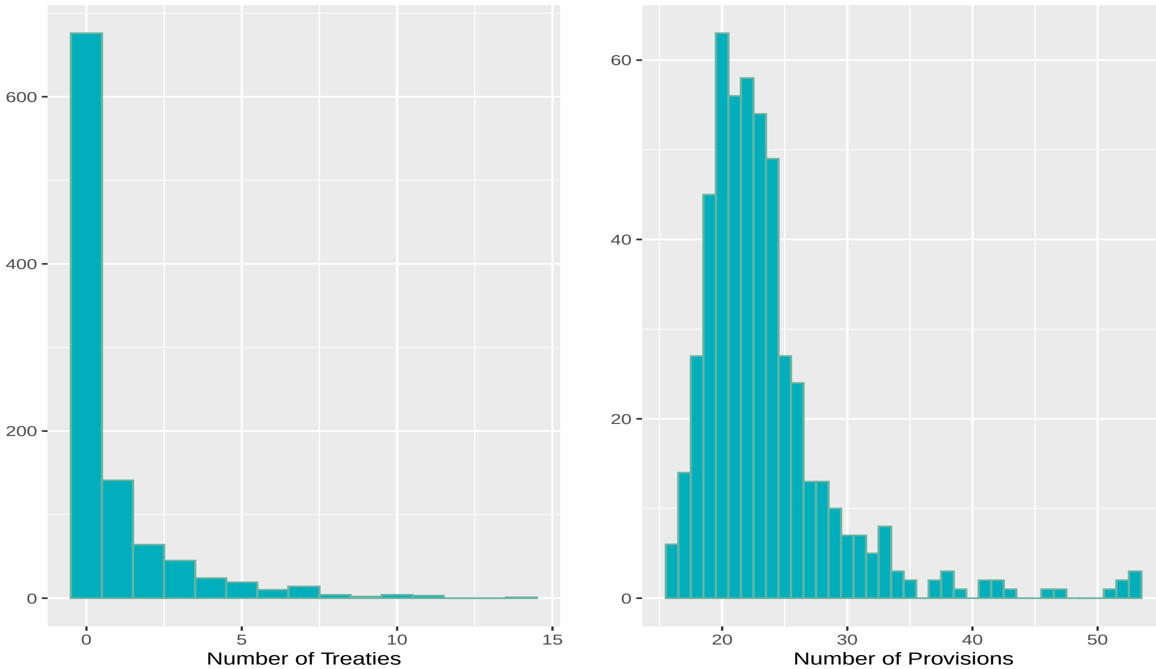


Figure 4: Formation and Ratification (Binary)

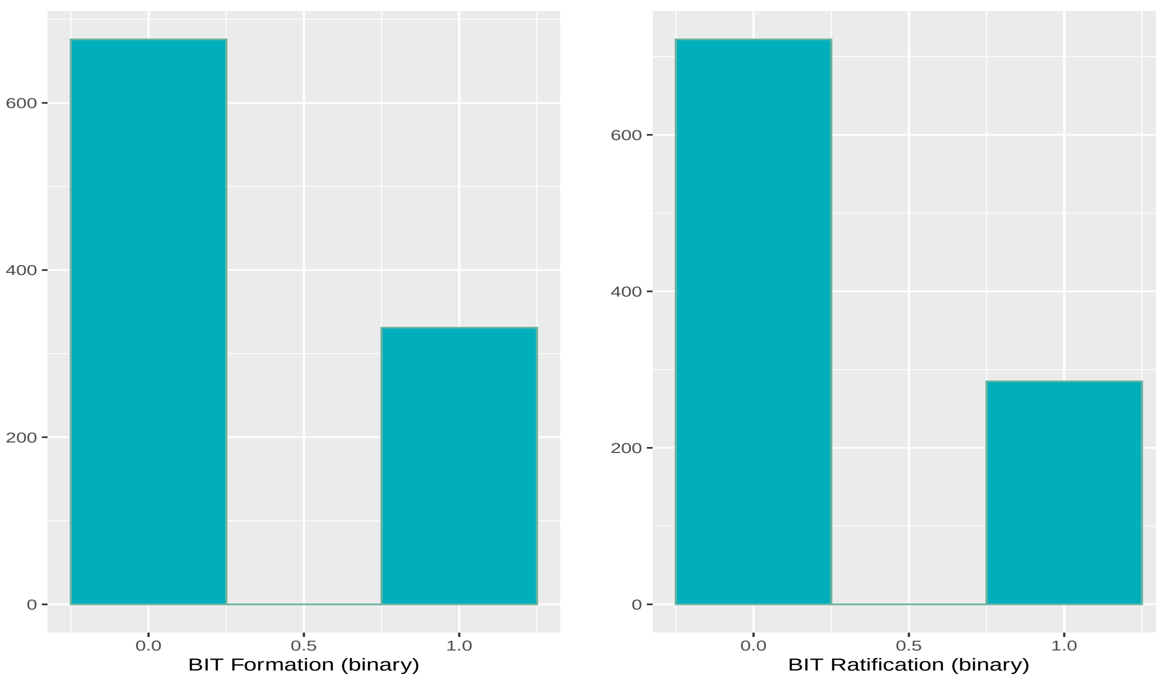


Table 4: Hurdle Model for BIT Formation

	Hurdle Models	
	Number of Signed BITs	
	(1)	(2)
Divided	0.417^{***}	-0.134^{***}
	(0.024)	(0.020)
Right-wing Executive	0.686^{***}	
	(0.028)	
Left-wing Executive		-0.691^{***}
		(0.034)
GDP Growth	-0.022^{***}	-0.017^{***}
	(0.002)	(0.001)
Rule of Law	0.734^{***}	0.807^{***}
	(0.038)	(0.039)
Conflict	0.128^{***}	0.064^{***}
	(0.019)	(0.020)
Divided X Right-wing	-0.710^{***}	
	(0.036)	
Divided X Left-wing		0.833^{***}
		(0.040)
Constant	3.180^{***}	3.626^{***}
	(0.033)	(0.030)
Observations	765	765
Log Likelihood	−7,067.596	−7,103.593
Note:	*p<0.1; **p<0.05; ***p<0.01	

Table 5: Logit Regression: Effect of Partisanship on BIT Formation

	Logit Models				
	Formation	Formation	Formation	Formation	Formation
	(1)	(2)	(3)	(4)	(5)
Right-wing Executive	0.807^{***}	1.080^{***}	1.080^{*}	1.092^{**}	1.092^{*}
	(0.280)	(0.319)	(0.574)	(0.473)	(0.574)
Divided Government	0.434^{**}	0.370^{*}	0.370	0.643^{*}	0.643^{*}
	(0.195)	(0.219)	(0.340)	(0.354)	(0.340)
logGDP	0.114^{***}	0.172^{***}	0.172^{**}	1.330^{***}	1.330^{***}
	(0.042)	(0.051)	(0.075)	(0.498)	(0.075)
GDP Growth	−0.003	−0.002	−0.002	0.029	0.029
	(0.018)	(0.021)	(0.023)	(0.031)	(0.023)
Conflict	0.386^{*}	0.405^{*}	0.405	−0.218	−0.218
	(0.208)	(0.245)	(0.398)	(0.389)	(0.398)
Rule of Law	0.018	0.088	0.088	2.203	2.203^{***}
	(0.354)	(0.419)	(0.532)	(1.974)	(0.532)
Right-wing X Divided	-0.697^{**}	-0.939^{**}	−0.939	-1.216^{**}	-1.216^{*}
	(0.348)	(0.400)	(0.664)	(0.577)	(0.664)
Constant	-3.701^{***}				
	(0.971)				
Year fixed-effects?	No	Yes	Yes	Yes	Yes
Country fixed-effects?	No	No	No	Yes	Yes
Clustered standard errors	No	No	Yes	No	Yes
Observations	765	765		765	
Log Likelihood	−489.279	−418.985		−328.657	
Akaike Inf. Crit.	994.559	927.969		839.314	
Note:			$^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$		

Table 6: Effect of Partisanship on BIT Formation

	OLS Models				
	Formation	Formation	Formation	Formation	Formation
	(1)	(2)	(3)	(4)	(5)
Right-wing Executive	0.772***	0.799***	0.799**	0.666***	0.666
	(0.236)	(0.214)	(0.381)	(0.255)	(0.487)
Divided Government	0.327**	0.177	0.177	0.375**	0.375
	(0.158)	(0.143)	(0.180)	(0.189)	(0.237)
logGDP	0.169***	0.234***	0.234***	0.522**	0.522
	(0.035)	(0.033)	(0.054)	(0.257)	(0.500)
GDP Growth	−0.017	−0.005	−0.005	−0.0001	−0.0001
	(0.015)	(0.014)	(0.015)	(0.016)	(0.014)
Conflict	0.296*	0.154	0.154	−0.661***	−0.661***
	(0.179)	(0.165)	(0.369)	(0.206)	(0.248)
Rule of Law	0.089	−0.263	−0.263	−1.707*	−1.707
	(0.293)	(0.278)	(0.456)	(0.886)	(1.044)
Right-wing X Divided	−0.822***	−0.931***	−0.931**	−0.749**	−0.749
	(0.295)	(0.268)	(0.471)	(0.303)	(0.581)
Constant	−3.391***				
	(0.796)				
Year fixed-effects?	No	Yes	Yes	Yes	Yes
Country fixed-effects?	No	No	No	Yes	Yes
Clustered standard errors	No	No	Yes	No	Yes
Observations	765	765		765	
R^2	0.071	0.461		0.564	
Adjusted R^2	0.063	0.428		0.505	
Residual Std. Error	1.750 (df = 757)	1.555 (df = 720)		1.446 (df = 674)	
F Statistic	8.321*** (df = 7; 757)	13.696*** (df = 45; 720)		9.576*** (df = 91; 674)	

Note: *p<0.1; **p<0.05; ***p<0.01

Table 7: Effect of Partisanship on BIT Formation

	OLS Models				
	Formation	Formation	Formation	Formation	Formation
	(1)	(2)	(3)	(4)	(5)
Right-wing Executive	0.270*	0.252*	0.252	0.109	0.109
	(0.144)	(0.135)	(0.208)	(0.156)	(0.200)
Divided Government	0.181	0.005	0.005	0.136	0.136
	(0.142)	(0.131)	(0.223)	(0.175)	(0.290)
logGDP	0.199***	0.254***	0.254***	0.436*	0.436
	(0.037)	(0.034)	(0.053)	(0.258)	(0.506)
GDP Growth	−0.012	−0.001	−0.001	0.001	0.001
	(0.015)	(0.014)	(0.016)	(0.016)	(0.014)
Conflict	0.299*	0.182	0.182	−0.705***	−0.705***
	(0.180)	(0.167)	(0.367)	(0.207)	(0.242)
Rule of Law	−1.206	−1.310*	−1.310	0.959	0.959
	(0.757)	(0.683)	(1.003)	(1.495)	(1.127)
Corruption	−1.431**	−1.273*	−1.273	4.766**	4.766**
	(0.720)	(0.667)	(1.009)	(2.154)	(2.272)
Constant	−2.555***				
	(0.925)				
Year fixed-effects?	No	Yes	Yes	Yes	Yes
Country fixed-effects?	No	No	No	Yes	Yes
Clustered standard errors	No	No	Yes	No	Yes
Observations	765	765		765	
R^2	0.067	0.455		0.563	
Adjusted R^2	0.058	0.421		0.504	
Residual Std. Error	1.754 (df = 757)	1.564 (df = 720)		1.448 (df = 674)	
F Statistic	7.741*** (df = 7; 757)	13.354*** (df = 45; 720)		9.545*** (df = 91; 674)	

Note: $^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

Table 8: Negative Binomial Regression: Effect of Partisanship on BIT Ratification

	Negative Binomial Regression				
	Ratification	Ratification	Ratification	Ratification	Ratification
	(1)	(2)	(3)	(4)	(5)
Right-wing Executive	0.621^{***}	0.535^{***}	0.535^{***}	0.281	0.281
	(0.176)	(0.168)	(0.102)	(0.415)	(0.203)
Divided Government	0.404^{***}	0.373^{***}	0.373^{***}	0.198	0.198
	(0.138)	(0.128)	(0.123)	(0.205)	(0.238)
logGDP	0.079^{***}	0.157^{***}	0.157^{***}	0.433	0.433^{***}
	(0.028)	(0.028)	(0.021)	(0.292)	(0.099)
GDP Growth	-0.023^{**}	-0.018^{*}	-0.018^{**}	-0.009	-0.009
	(0.010)	(0.010)	(0.008)	(0.012)	(0.009)
Conflict	0.397^{***}	0.311^{***}	0.311^{**}	0.320^{**}	0.320^{**}
	(0.111)	(0.101)	(0.122)	(0.139)	(0.145)
Rule of Law	0.405^{*}	0.186	0.186	-1.372	-1.372
	(0.212)	(0.198)	(0.236)	(1.313)	(0.874)
Right-wing X Divided	-0.718^{***}	-0.694^{***}	-0.694^{***}	-0.170	-0.170
	(0.214)	(0.203)	(0.177)	(0.444)	(0.314)
Constant	-1.618^{**}				
	(0.683)				
Year fixed-effects?	No	Yes	Yes	Yes	Yes
Country fixed-effects?	No	No	No	Yes	Yes
Clustered standard errors	No	No	Yes	No	Yes
Observations	243	243		243	
Log Likelihood	-450.467	-403.408		-381.552	
θ	8.368^{***} (2.795)	27,738.510 (417,477.800)		72,390.690 (745,511.800)	
Akaike Inf. Crit.	916.934	892.816		923.104	
Note:					$^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

Table 9: Partisan Effect on BIT Formation in Non-Democracies (OLS)

	OLS Models				
	Formation	Formation	Formation	Formation	Formation
	(1)	(2)	(3)	(4)	(5)
Right-wing Executive	−0.194	−0.071	−0.071	0.504	0.504
	(0.228)	(0.211)	(0.338)	(0.329)	(0.496)
logGDP	0.228***	0.269***	0.269***	0.152	0.152
	(0.024)	(0.024)	(0.072)	(0.149)	(0.265)
GDP Growth	0.018**	0.015**	0.015	0.008	0.008
	(0.007)	(0.007)	(0.012)	(0.007)	(0.008)
Conflict	0.003	−0.030***	−0.030	−0.038**	−0.038
	(0.011)	(0.011)	(0.021)	(0.017)	(0.026)
Constant	−4.428***				
	(0.562)				
Year fixed-effects?	No	Yes	Yes	Yes	Yes
Country fixed-effects?	No	No	No	Yes	Yes
Clustered standard errors	No	No	Yes	No	Yes
Observations	1,227	1,227		1,227	
R^2	0.076	0.446		0.540	
Adjusted R^2	0.073	0.424		0.500	
Residual Std. Error	1.779 (df = 1222)	1.565 (df = 1180)		1.459 (df = 1128)	
F Statistic	25.212*** (df = 4; 1222)	20.251*** (df = 47; 1180)		13.393*** (df = 99; 1128)	
Note:					*p<0.1; **p<0.05; ***p<0.01

Table 10: Duration from BIT Formation to Ratification

	Cox Proportional Hazard Models					
	Duration	Duration	Duration	Duration	Duration	Duration
	(1)	(2)	(3)	(4)	(5)	(6)
Divided	0.235***	0.225***	0.125**	0.097*	0.153***	0.125**
	(0.028)	(0.029)	(0.059)	(0.052)	(0.056)	(0.059)
Right-wing Executive			0.100			0.100
			(0.067)			(0.067)
logGDP		0.051***	−0.136***		−0.137***	−0.136***
		(0.007)	(0.015)		(0.015)	(0.015)
GDP Growth		−0.005	0.021**		0.020**	0.021**
		(0.004)	(0.010)		(0.010)	(0.010)
Rule of Law		−0.169***	−0.042		−0.085	−0.042
		(0.047)	(0.097)		(0.092)	(0.097)
Conflict		0.177***	0.621***		0.636***	0.621***
		(0.039)	(0.084)		(0.083)	(0.084)
Right-censored?	No	No	No	Yes	Yes	Yes
Observations	6,210	5,744	5,744	6,210	5,744	5,744
R^2	0.012	0.027	0.030	0.001	0.030	0.030
Max. Possible R^2	1.000	1.000	0.960	0.961	0.960	0.960
Log Likelihood	−47,996.370	−43,903.430	−9,145.060	−10,045.070	−9,146.146	−9,145.060
Wald Test	70.930***	154.190***	202.450***	3.540*	201.290***	202.450***
(df = 1)	(df = 5)	(df = 6)	(df = 1)	(df = 5)	(df = 6)	
LR Test	73.066***	154.738***	176.730***	3.566*	174.557***	176.730***
(df = 1)	(df = 5)	(df = 6)	(df = 1)	(df = 5)	(df = 6)	
Score (Logrank) Test	71.253***	154.938***	209.845***	3.546*	208.558***	209.845***
(df = 1)	(df = 5)	(df = 6)	(df = 1)	(df = 5)	(df = 6)	

Note: *p<0.1; **p<0.05; ***p<0.01

Table 11: Duration from BIT Formation to Ratification

	Cox Proportional Hazard Models		
	Time to Ratification		
	(1)	(2)	(3)
Divided	0.235***	0.225***	0.191***
	(0.028)	(0.029)	(0.030)
Right-wing Executive			0.181***
			(0.029)
logGDP		0.051***	0.054***
		(0.007)	(0.007)
GDP Growth		−0.005	−0.003
		(0.004)	(0.004)
Rule of Law		−0.169***	−0.141***
		(0.047)	(0.047)
Conflict		0.177***	0.160***
		(0.039)	(0.039)
Observations	6,210	5,744	5,744
R^2	0.012	0.027	0.033
Max. Possible R^2	1.000	1.000	1.000
Log Likelihood	−47,996.370	−43,903.430	−43,884.480
Wald Test	70.930*** (df = 1)	154.190*** (df = 5)	191.160*** (df = 6)
LR Test	73.066*** (df = 1)	154.738*** (df = 5)	192.636*** (df = 6)
Score (Logrank) Test	71.253*** (df = 1)	154.938*** (df = 5)	192.284*** (df = 6)

Note: *p<0.1; **p<0.05; ***p<0.01

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