

# Protecting Workers Abroad and Industries at Home: Rights-based Conditionality in Trade Preference Programs

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Journal of Conflict Resolution

1-30

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DOI: 10.1177/0022002718783236

journals.sagepub.com/home/jcr



## Abstract

A growing number of developed country governments link good governance, including human rights, to developing countries' access to aid, trade, and investment. We consider whether governments enforce these conditions sincerely, in response to rights violations, or whether such conditions might instead be used as a veil for protectionist policies, motivated by domestic concerns about import competition. We do so via an examination of the world's most important unilateral trade preference program, the US Generalized System of Preferences (GSP), which includes worker rights as one criterion for program access. We argue that the two-tiered structure of the GSP privileges some domestic interests at one level, while disadvantaging them at the other. Using a new data set on all US GSP beneficiary countries and sanctioning measures from 1986 to 2013, we demonstrate that labor rights outcomes play a role in the maintenance of country-level trade benefits and

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\*The views expressed in the article are the author's, and do not necessarily represent the views of the International Trade Administration or the U.S. Government.

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that import competition does not condition the application of rights-based criteria at this level. At the same, however, the US government does not consider worker rights in the elements (at the country-product level) of the program that have the greatest material impact. The result is a situation in which the US government talks somewhat sincerely at the country level in its rights-based conditionality, but its behavior at the country-product level cheapens this talk.

**Keywords**

trade, human rights, domestic politics, political economy, worker rights, issue linkage

In recent decades, developed country governments have linked market access, as well as flows of foreign aid, investment capital, and weapons, to rights-related outcomes in the developing world.<sup>1</sup> Proponents of linkage strategies argue that they forestall races to the bottom and create incentives for developing country governments and firms to pursue policies amenable to broad-based and sustainable development. But, while such conditionality could affect target governments' behaviors, it also might be captured by interest groups in the developed world that desire to limit access to their markets. Indeed, developing countries have frequently used this argument to forestall the inclusion of the so-called social clauses into trade agreements. Economic policies that seemingly aim to foster rights improvements would then do so in highly biased ways, reflecting domestic interest group competition in wealthy countries that could ultimately harm developing economies.

Do developed country governments implement good governance conditions to protect developing country workers? Are these conditions an excuse for protecting their own import-competing firms and industries, allowing powerful governments to target countries that also represent competitive threats (Bhagwati 1995; Rodrik 1997)? We explore these questions in the context of the Generalized System of Preferences (GSP), the unilateral preference program created under General Agreement on Tariffs and Trade (GATT). The US GSP program is arguably the most important of these programs, and the United States was an early adopter of rights-based linkages. In 1984, Congress directed the executive branch to consider countries' protections of internationally recognized worker rights when determining whether to offer the program to new beneficiaries and whether to continue benefits to existing participants (Jones 2014; Tsogas 2000). The program thus creates opportunities both for the sincere implementation of human rights conditions in the developing world and for the disguised protectionism that worries critics. It also offers an important window into the more general linkages between market access and labor rights, which are increasingly a feature of preferential trade agreements (PTAs) as well as bilateral investment treaties (BITs; Lechner 2016).

We examine the influence of domestic political interests in the executive branch's application of US program's labor-related provisions. We argue that the two-tiered

structure of the program privileges some domestic interests at one level, while disadvantaging them at the other. Using a new data set on all beneficiary countries and sanctioning measures from 1986 to 2012, we demonstrate that labor rights outcomes play a significant role in the maintenance of country-level trade benefits, as rights advocates would hope. Import competition does *not* condition the application of rights-based criteria at this level, as some fear. At the same, however, the US government does not consider worker rights at the country-product level of the GSP program; there, the specific interests of firms and industry overshadow those of civil society organizations. Because the material value of GSP program decisions at the country-product level is vastly greater than that taken at the country level, the result is that the US government acts somewhat sincerely in its country-level rights-based conditionality, but its behavior at the country-product level limits the importance of country-level actions.

### **GSP Programs and Rights-based Conditionality**

GSP arrangements are unilateral (rather than reciprocal) trade programs. GATT first authorized GSP programs in 1965; the Tokyo Round's 1979 "Enabling Clause" made them permanent. Donor countries use GSP to provide developing country beneficiaries additional market access, going beyond most favored nation treatment. Beyond the requirement to exclude high-income countries from eligibility and to respect the nondiscrimination principle (but see Tobin and Busch 2018), GATT allows each developed nation to set its program's rules. GSP programs are "general" in that donors are supposed to provide the same access for the same products to all recipient nations, with an allowance for multiple program tiers.<sup>2</sup> At present, twelve countries plus the European Union (EU) offer such programs.<sup>3</sup>

Like its counterparts, the US GSP program facilitates developing country access to US markets by creating material incentives for US firms to import from beneficiaries. The program currently covers over twenty billion dollars in imports of 3,566 products<sup>4</sup> from 120 "beneficiary developing countries" (BDCs) as well as an additional 1,491 products from 44 "least developed beneficiary developing countries" (LDBDCs). In 2016, GSP-covered imports were valued at US\$18.95 billion, accounting for approximately 6 percent of all imports from GSP beneficiary countries and about 1 percent of total US imports. The program substantially affects beneficiaries' export volumes (Blanchard and Hakobyan 2015; Gil-Pareja, Llorca-Vivero, and Martínez-Serrano 2014); provides "trade as aid," rewards allies with expanded US market access (Özden and Reinhardt 2005); and offers American consumers and firms lower prices for intermediate and final goods (Chamber of Commerce 2016; Jones 2014). At the beginning of this decade, 86 percent of Armenia's total exports to the United States were covered by GSP, as were 65 percent of Paraguay's. GSP privileges also applied to nearly half of Lebanon and Macedonia's exports, approximately one-third of Malawi and Somalia's, and one-quarter of Argentina, Tunisia, and Zambia's. GSP programs allow low- and

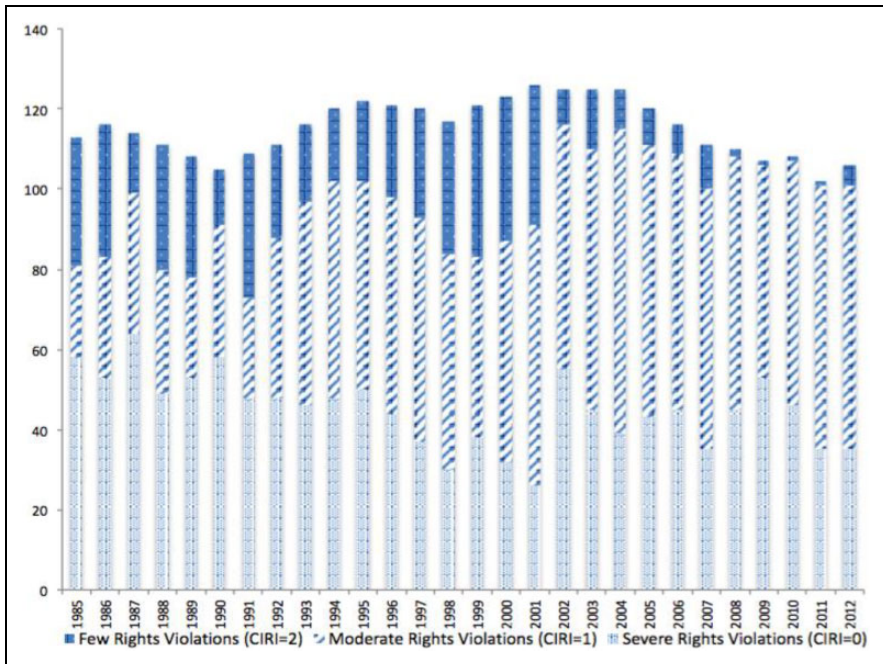
middle-income countries to better compete with China, which is not a GSP beneficiary.<sup>5</sup>

In recent decades, developed nations often have linked GSP market access to good governance, including human and labor rights. The United States was an early adopter of linkages, including worker rights, beginning in the mid-1980s. Hence, examining the process by which the United States implements the rights-based elements of GSP offers an important window not only into unilateral preference programs but also into the broader category of attempts, via PTAs and BITs, to link market access with human and labor rights (Lechner 2016). While GSP programs have specific institutional structures, the insights gained from them are likely to apply as well to other forms of rights-based conditionality.

Additionally, analyzing GSP programs offers inferential advantages. In negotiating other North–South economic agreements, such as PTAs and BITs, governments sometimes resist the inclusion of rights-based conditions. Such agreements therefore may not occur or may ultimately not include rights-based conditions. The most potential difficult instances for rights-based linkages are therefore excluded from analyses of PTA or BIT operation. Moreover, among ratified PTAs or BITs, the ways in which rights-based linkages are included and implemented vary significantly. This renders comparisons of effectiveness across beneficiaries difficult.

GSP programs typically avoid these problems: they apply to all countries meeting broad (income) thresholds. There is little evidence that rights considerations play a role in selection into the US program, as we note below. Additionally, GSP programs have a single set of institutional rules, for all participants, regarding rights linkages. Analyzing the US GSP program therefore allows us to hold the scheme’s provisions constant and to ask what drives variation in how the same set of rules is applied, across beneficiary countries and over time.

More specifically, we can consider the conditions under which violations of labor rights generate penalties for US GSP participants. It is clear that rights violations remain a persistent feature of the contemporary global economy. Figure 1 summarizes the three-point Cingranelli–Richards (CIRI) measure of worker rights for sovereign US GSP beneficiaries. In 2011, CIRI rated 35 (of 106 that were rated) beneficiaries as having severe worker rights violations; an additional 66 beneficiaries were deemed to have moderate violations. Given that the US government is unlikely to review or suspend trade privileges for such a large group of countries, we can expect the United States Trade Representative (USTR) to respond selectively to rights violations. Critics of rights conditionality claim that material pressures—especially import competition—motivate this selectivity. Advocates of labor rights conditionality, on the other hand, hope that the severity of violations will be the primary determinant of US actions. In the next section, we develop our central expectation: both material and rights concerns shape the implementation of the US GSP program, and they do so at different levels of the program.



**Figure I.** Labor rights scores, US Generalized System of Preferences beneficiaries, 1985–2012.

## US GSP Structure and Actors

The 1974 US Trade Act, which established the US GSP scheme, sets broad parameters for the program’s operation but also leaves significant discretion for the executive branch. The program operates at three levels—country, country product, and product. Country-level eligibility represents the most general level. Statutorily, any country classified as “high income” by the World Bank becomes ineligible (is “graduated”); the 1974 Act also excludes Communist countries.<sup>6</sup> And the legislation instructs the executive branch to exclude—with discretion in practice—members of an international commodity cartel (e.g., Organization of Petroleum Exporting Countries); countries that have nationalized or expropriated property owned by Americans; and governments that fail to support US antiterrorism efforts. Moreover, country-level status may be revoked for failure to provide “adequate and effective protection of intellectual property rights.”<sup>7</sup>

Another country-level criterion concerns human rights; it was added to the program via the 1984 GSP Renewal Act (see Public Law No.98-573, 98 Stat.3019, 1984). This Act requires that all beneficiary countries (117 at the time of the legislation) “take steps” toward the protection of worker rights. While the Act does not

define “taking steps,” it specifies “internationally recognized worker rights” as the right to free association, the right to organize and bargain collectively, prohibition of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

These rights-related conditions are evaluated via the USTR’s GSP subcommittee, which also makes decisions at the country-product and product levels (see below). The GSP subcommittee usually includes representatives from the Departments of Commerce, Labor, Agriculture, State and Customs and Border Protection. The US International Trade Commission also participates in an advisory capacity. The bulk of the subcommittee’s decisions are taken as part of its annual review process. Although the GSP subcommittee has the statutory right to initiate reviews of any beneficiary (and it reviewed all beneficiaries in 1985), it assesses country-level status almost entirely on the basis of petitions from interested parties (which could include foreign governments, foreign firms, US firms, or labor and human rights groups). Since 1984, US-based interest groups have filed most country-level petitions, 180 of which pertain to labor rights (other petitions relate to issues such as intellectual property) involving allegations against fifty-six beneficiary nations. The American Federation of Labor and Congress of Industrial Organization (AFL-CIO) and the International Labor Rights Forum (ILRF), a human rights non-governmental organization dedicated to promoting worker rights, have filed—solely or in conjunction with other groups—over three-quarters of such petitions (Mosley and Tello 2015; Nolan Garcia 2011).

In response to a petition, the GSP subcommittee first decides whether to accept the filing for further review. For accepted petitions, the subcommittee solicits additional comments from interested parties, and it conducts hearings. The subcommittee then decides whether to suspend a country’s status for a period of time,<sup>8</sup> permanently remove a country from eligibility, continue a country’s review in subsequent years (without removing its current status), or determine that a government is taking steps to improve labor rights. While actual suspensions are rare, the threat of such action is both common and serious: in addition to reducing trade flows, the loss of GSP beneficiary status for rights violations can trigger reductions in US foreign aid, military assistance, and investment guarantees.

A second level of the US GSP program is the country-product (Whang 2011). Although doing so contradicts the general nature of GSP, the USTR GSP subcommittee also can reduce the scope of a country’s GSP benefits by striking specific GSP-eligible products from its benefits (e.g., canned pineapple from the Philippines). Some country-product modifications occur via the Competitive Needs Limitation (CNL) provisions of the 1974 Trade Act. CNL rules allow the USTR to suspend eligibility for certain (otherwise eligible) products from specific (otherwise eligible) countries. When a country’s product exports to the United States exceed either more than 50 percent of total US imports of that product or a value threshold (US\$175 million in 2016), eligibility may be suspended. The rationale is that export

success indicates that GSP benefits are unnecessary.<sup>9</sup> A beneficiary that is subject to a CNL suspension may apply for a waiver, on various grounds, including a claim that US domestic industries will be harmed or that total US imports of a given product fall below a value threshold (a *de minimus* waiver). The GSP subcommittee evaluates these waiver applications as part of its annual review process. In the 2000s, over one-fifth of GSP imports represented country products that entered on country-product waivers from CNL (Blanchard and Hakobyan 2015).

The GSP subcommittee also can grant country-product exclusions in response to petitions from groups that have some material stake in the product, as also occurs in other trade policy contexts (e.g., unfair trading practices under Section 301 of 1974 Trade Act). Such exclusions, which are less common than those related to CNLs, may occur because a specific country is found to be sufficiently competitive with US firms (even without exceeding the CNL threshold); because the imported product failed to meet the GSP's requirements, including rules of origin and local content; or because the imported product violates other US agency requirements, such as the use of forced or child labor.<sup>10</sup> Hence, the country-product level also offers opportunities, via petitions as well as comment submissions and hearing testimony, for interested parties to lobby the executive branch on the basis of competitive or rights-related concerns.

A third and final level at which the US GSP program operates is the product level. While GSP covers several thousand product lines, the 1974 Trade Act statutorily exempts many products that would have represented a threat to comparatively disadvantaged industries such as apparel, footwear, and textiles. The legislation also allows the USTR to exclude, at a future date, "any other articles which the President determines to be import-sensitive in the context of the Generalized System of Preferences" (Blanchard and Hakobyan 2015). Alternatively, the USTR may add new products to GSP eligibility. Again, these decisions are made by the GSP subcommittee; they also attract petitions and hearing testimony from interest groups.

The US GSP program, and its annual review process, therefore offers a direct linkage between trade benefits and labor rights. The executive branch has considerable discretion—at multiple levels—in whether and how it implements the congressional mandate to condition trade access on labor rights. The process also provides significant possibilities for domestic interest groups, which act as filers of petitions, participants in hearings, and sources of written testimony.

## Expectations

Our central claim, based on the structure of the GSP process and the resulting incentives for interest group activity, is that the US government acts somewhat sincerely at the country level in its rights-based conditionality, but that outcomes at the country-product level limit the effect of this sincerity. The executive branch does *not* systematically use rights-based trade conditions to justify removing trade benefits from beneficiaries representing competitive threats. Rather, the United

States takes country-level actions against GSP beneficiaries that most severely violate labor rights, over and above whether those countries generate import competition for US firms and workers (Hypothesis 1). But, at the same time, the US government does not take worker rights systematically into consideration at the country-product level, where GSP decisions have significantly greater material value (Hypothesis 2). This outcome is the result of the structure of the program as well as of the related strategic choices interest groups make when determining how best to influence GSP outcomes.

When determining whether to take GSP action in response to allegations of labor violations, the US executive branch must balance the concerns and interests of different domestic groups. Rights-linked economic policies, including the granting and withdrawal of GSP status as well as threats of reviews and suspensions, have strong support from some American human rights organizations and especially from labor unions and a number of Congresspersons, mainly Democrats. The actions of US labor federations (especially the AFL-CIO) toward GSP typically occur less in response to particular competitive threats and more as a desire to prevent races to the bottom. These groups worry that systematic violations of worker rights in one country may well spur violations in other nations. Indeed, the AFL-CIO has come to view labor unions in developing countries more as allies than as competitors, often working with them to engage various legal processes.<sup>11</sup> Union membership is low in the United States, and many unionized workers are employed in the public sector. Unions do have a presence in some import-exposed industries such as steel and automobiles. And some union groups have used their political voice to oppose trade liberalization generally or PTAs specifically (Baldwin and Magee 2000; Matschke and Sherlund 2006). But firms and industries typically respond to competitive threats at the product level (see below), leaving union federations to take more general positions on labor issues at the country level (Grossman and Helpman 1994; Grossman, Helpman, and Kircher 2017).

The ILRF, the other major filer of country-level petitions, is not directly linked to US labor unions but similarly views the GSP process as a means of drawing attention to rights-based claims, consistent with its focus on broad-based economic and social development in low- and middle-income countries. Like the AFL-CIO, the ILRF's legal division treats the GSP's rights-based process as one tool among many, useful in conjunction with other forms of material (investment and aid) and moral pressure from a range of actors (i.e., the United States, the EU, and the Organization for Economic Cooperation and Development).<sup>12</sup>

Labor-focused groups prefer to press the US government to use the country-level—as opposed to the country-product level—process for several reasons. First, GSP legislation treats all violations of internationally recognized worker rights—regardless of the sector in which they occur—as actionable. Country-level petitions can therefore highlight the most egregious violations, regardless of whether they happen in the context of GSP-eligible production, in the public sector, or in the apparel and footwear industries. Second, US petition filers typically rely on detailed

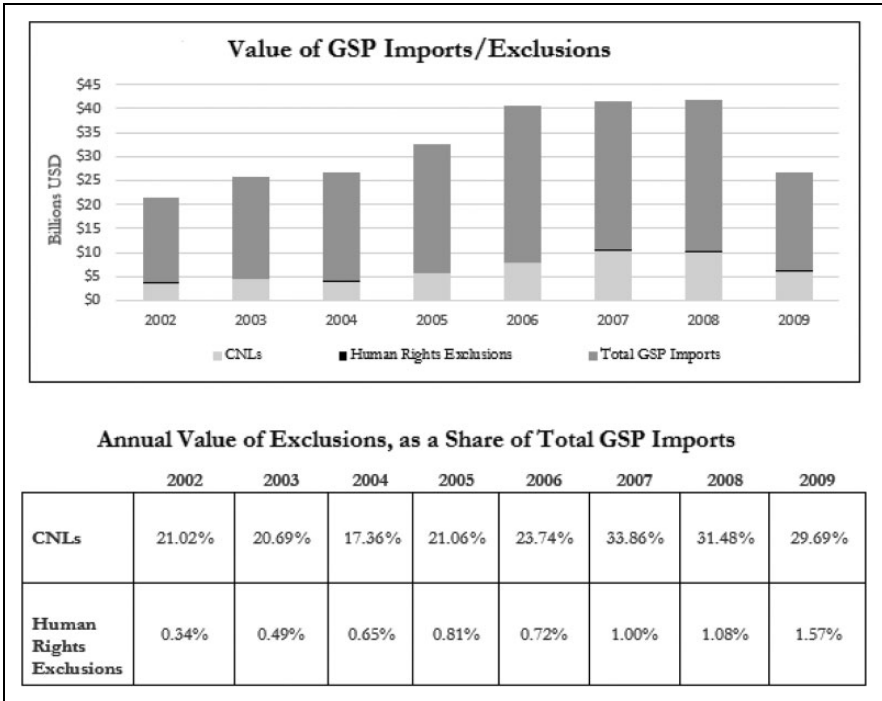


information about violations provided by local workers and unions. A country-level process allows activists to hide, to an extent, the identity of their beneficiary-country confederates. Third, labor-focused groups often assume that linkages are more effective when the material stakes are higher; this might mean targeting countries with higher levels of GSP-eligible exports, but it also means focusing on threats to remove all—rather than only one or more products—of a country’s GSP benefits.<sup>13</sup>

The activism of rights-focused groups at the country level contrasts with the product, and especially country-product, levels, where such groups play a smaller role than their corporate counterparts. This contrast is partly structural: only actors with a direct material stake—producer firms in the beneficiary country, workers and unions in the industry in the beneficiary country, US firms that use the imported product, or US firms and workers that produce directly competing products—can file country-product petitions. And even when activist groups might claim standing, they often lack the financial resources to effectively participate. They perceive that successful country-product claims require briefs written and presented by “revolving door” Washington law firms with connections to the US trade bureaucracy. And there is a general assumption—whether correct or not—among many activist groups that petition success is easier to achieve at the country level. Relatedly, activists view the application of rights-related criteria at the country-product level as more discretionary than mandatory (the legislation allows some room for interpretation on this point).<sup>14</sup>

These concerns notwithstanding, any individual or group—including civil society organizations—may respond to filed country-product (or product) petitions via written comments or testimony. Alongside firms, beneficiary governments, and industry groups, labor activists (i.e. the ILRF) as well as union federations (i.e. the ALF-CIO) sometimes participate in these GSP subcommittee hearings. They are aware that, especially in recent years, members of the GSP subcommittee—which includes representation from the Department of Labor—may ask questions about the labor-related implications of adding products to GSP or about working conditions in a specific industry.

Most businesses, by contrast, express little interest in the country-level GSP worker rights provisions. Firms and industries are materially affected by access to and competition from specific products from particular beneficiaries rather than by all GSP imports from a given country.<sup>15</sup> Moreover, given the contemporary specialization of production and the prevalence of product-specific global supply chains, US firms often are deeply interested in specific tariff lines but indifferent even to policies affecting similar tariff lines (Goldstein and Gulotty 2014; Kim 2017; Manger 2012; Manger and Shadlen 2014; Plouffe 2015). Along these lines, former legal counsels of US industry-based unions report devoting significant time to country-product petitions as a means to influence executive branch policy.<sup>16</sup> While firms also have the statutory right to file country-level petitions, none have initiated a petition to review a beneficiary country’s worker rights practices.



**Figure 2.** Trade value of various Generalized System of Preferences exclusions.

Thus, the USTR GSP decision-making process features a contest among domestic interests, some focused on the domestic material consequences of trade policy alongside others focused on labor conditions abroad. These interests participate differently at varying levels of the program, affecting US government decisions about how to implement the program’s statutory requirements regarding worker rights. Central to these decisions is the fact that country-level GSP suspensions are relatively inexpensive, in terms of foregone US imports.

Figure 2 illustrates this fact, summarizing in the upper panel the total annual value of US GSP imports from 2002 to 2009 as well as (lower panel) the value of exclusions from GSP status. The exclusions displayed are of two types—country level (rights-based withdrawals) and country-product level (CNLs).<sup>17</sup> What is striking about this figure is just how small, in absolute as well as relative terms, the country-level worker rights-related exclusions are. Between 2002 and 2009, the average annual value of goods excluded based on rights grounds (US \$216 million) paled in comparison to the total value of goods that entered the United States under the GSP program (US\$25 billion).<sup>18</sup> Rights-based suspensions amounted to only around 3 percent of total GSP exclusions and less than 1 percent of the total value of GSP imports. Country-level petitions typically do not result in full suspensions;

hearings, comment solicitations, and continuing review of labor practices are more frequent outcomes. These outcomes produce limited material effects, but they raise awareness of worker rights and thus benefit groups seeking to draw attention to rights violations. They are also consistent with US law. By contrast, country-product exclusions, via CNLs, amount to an annual average of approximately US \$6.5 billion. The relative value of exclusions at the country product level underscores firm-level incentives for political efforts and for US executive branch responses at the country-product and product level.

We therefore expect (Hypothesis 1) that, at the country level, the US government will punish actual and potential beneficiaries for severe labor rights violations. At the same time, facing very little domestic pressure to do so, the US government will not limit country-level GSP access as a means of protecting import-competing firms and industries. At the country-product level, by contrast, we expect (Hypothesis 2) no serious consideration of labor rights. There, the interests of firms and industries dominate. In the next section, we evaluate empirically whether rights-based concerns inform the executive branch's GSP decisions at the country level and whether rights violations are invoked as a tool to target import competition. We then assess whether worker rights considerations enter into country-product level actions.

## Country-level Actions against Beneficiaries

In 1976, as the US program was activated, ninety-seven independent developing countries were designated as eligible and were granted access in the very first year of the program.<sup>19</sup> Only four of the countries initially deemed eligible were not immediately granted beneficiary status. By 1985, when worker rights considerations were first enacted, the program already included 117 beneficiary countries,<sup>20</sup> the vast share of which had been granted beneficiary status as soon as they were deemed eligible.<sup>21</sup> Worker rights thus did not formally factor into the initial granting of status for a great majority of beneficiaries. Because most GSP beneficiary countries received status prior to 1985, we focus our first set of empirical analyses mainly on the other side of the country-level process: for those nations that already hold beneficiary status, do allegations of labor violations explain when such status is reviewed or suspended and are those determinations also affected by import competition? We also return to (and model) the question of onset—given that selection into the program is a precondition for suspension—below.<sup>22</sup>

There is significant variation in the extent to which GSP beneficiaries face threats to their status, including petitions and USTR reviews, as well as actual removal. Not all labor-related petitions are accepted for formal review; indeed, many petitions against countries with severe reported violations are dismissed without review or action. Additionally, about 50 percent of the petitions filed against countries with modest or minimal reports of labor problems (on the basis of country-level CIRI scores) are nonetheless accepted for additional review and possible action.

We examine annual data for all GSP beneficiary countries, covering 1986 to 2012. We examine a country's status in two distinct ways, highlighting different stages of the country-level review process.<sup>23</sup> The first dependent variable, REVIEW, indicates whether a beneficiary country is subject to a GSP review. We code it as "1" in the year in which a petition is filed *and* the USTR accepts the petition; this variable also is coded as "1" when USTR review continues in subsequent years. Otherwise, it is coded "0." Our second dependent variable, SUSPENDED, takes on a value of "1" for those countries that have their beneficiary status revoked in a given year; when a suspension extends into subsequent years, the value of SUSPENDED remains "1." Otherwise, this variable is coded as "0." Because these actions are strictly cumulative, in that being reviewed is less severe than being suspended, we also create an alternative, ordered dependent variable. ORDINAL SANCTION is "0" if the GSP subcommittee takes no action in a given country-year, "1" if a petition is accepted for review or an existing review continues, and "2" if status is, or remains, suspended.

Our first independent variable of interest, WORKER RIGHTS VIOLATIONS, gauges the extent to which workers in the beneficiary country enjoy freedom of association in the workplace and the right to bargain collectively with their employers, as well as freedom from the use of forced or child labor, and acceptable conditions related to working hours, occupational safety and health, and minimum wages (Cingraneli, Richards, and Clay 2014). This measure, from the CIRI database, draws information from the US State Department's *Country Reports on Human Rights Practices*, which include a dedicated section on worker rights. A value of "0" indicates well-protected worker rights, while "2" represents severe restrictions and/or violations.<sup>24</sup> We expect that countries with worse worker rights protections are more likely, all else equal, to face GSP review and country-level sanctioning.

Our next set of variables assesses the effect of material considerations. If material concerns play a role, then those countries that export more to the United States should be more likely to face sanctioning. We are most concerned with sensitive (rather than all) imports, defined as those products that most directly threaten comparatively disadvantaged US industries. We measure IMPORT SENSITIVE PRODUCTS as the (logged) dollar value of US imports from each beneficiary country of import sensitive products at the two-digit Standard International Trade Classification category level.<sup>25</sup> We also include US UNEMPLOYMENT to account for the possibility that downturns in the US business cycle increase domestic demands for trade protection.

Strategic motives, which affect the formation of PTAs, the allocation of foreign aid, and the imposition of economic sanctions, also may play a role in the GSP's administration (Bearce and Tirone 2010; Peksen, Peterson, and Drury 2014). For instance, the United States removed many of Pakistan's key exports from GSP eligibility in response to its nuclear tests in the 1990s but reinstated these when Pakistan became an important "war on terror" ally (Lederman and Özden 2007; also see, Nolan Garcia 2011). Our models thus include UN IDEAL POINT DIFFERENCE, the

gap between the United States and each trade partner's UN Ideal Point, as per Bailey, Strezhnev, and Voeten's (2017) UN Affinity scores. This measure, based on key votes in the UN General Assembly, captures US foreign policy considerations vis-à-vis beneficiaries.

We also anticipate that Democratic presidential administrations are more likely to take actions in response to rights violations; certainly, Democrats have been more likely to support the inclusion of human rights conditions into US economic law. We therefore include a measure of the incumbent president's ideology (PRES PARTY). We also include a dichotomous variable denoting the partisan composition of Congress, coded "1" when Democrats control both the House and Senate.<sup>26</sup> Lastly, our core models include logged measures of the level of development (gross domestic product [GDP] PER CAPITA) and POPULATION (See Mosley 2011). Online Supplemental Table A provides a full summary of the variables and descriptive statistics.

We report estimates at the country-year level in Table 1. Models 1 and 2 are logit models in which we treat each status-related action—REVIEW (model 1) and SUSPENDED (model 2)—separately. Model 3 is an ordered logit model that treats the status-related outcomes on an increasing scale. We calculate robust standard errors clustered on beneficiary country.<sup>27</sup>

The estimates reported in Table 1 demonstrate the importance of rights in the country-level implementation of GSP. Across all models, countries experiencing higher WORKER RIGHTS VIOLATIONS are significantly more likely to experience review and suspension. WORKER RIGHTS VIOLATIONS is positive and significantly associated with placing a beneficiary country under country-level review (model 1) and with actual suspension from the GSP program (model 2).<sup>28</sup> A beneficiary country with a score one standard deviation above the mean for WORKER RIGHTS VIOLATIONS is approximately twice as likely to be under review (probabilities based on model 1) and over four times as likely to be suspended (probabilities based on model 2) as a beneficiary country with a WORKER RIGHTS VIOLATIONS score one standard deviation below the mean. Consistent with US law, and alongside material considerations, beneficiary countries' worker rights practices appear to inform the executive branch's use of country-level GSP penalties.<sup>29</sup>

Our results with respect to import competition also are informative. IMPORT SENSITIVE PRODUCTS is positive and statistically significant at conventional levels in model 1 but not in models 2 and 3. We find mixed effects for UNEMPLOYMENT, which is positive and statistically significant in our model of GSP review but negative and statistically significant in our model of suspensions. This finding is consistent with our results concerning import sensitive products, where domestic political economy factors were positively associated with GSP petitioning and review but not with suspension.

Figure 3 displays predicted probabilities (and 95 percent confidence intervals), estimating the effect of changes in WORKER RIGHTS VIOLATIONS, IMPORT SENSITIVE PRODUCTS, and UNEMPLOYMENT on our outcomes of interest, holding the other variables at their means. The upper plot is based on model 1 (REVIEW), while the lower

**Table 1.** Models of Country-level Reviews and Suspensions.

Dependent variable	Model 1	Model 2	Model 3
	Logit	Logit	Ordered Logit
	Review	Suspend	Ordinal
Variable name			
Worker rights violations	0.506** (0.20)	1.081** (0.47)	0.777*** (0.24)
Import sensitive products	0.613*** (0.21)	(0.17) (0.11)	0.03 (0.16)
Unemployment	0.313*** (0.09)	-0.189*** (0.06)	0.04 (0.07)
UN ideal point difference	0.16 (0.26)	1.533*** (0.54)	0.839** (0.38)
Pres party	-0.650** (0.32)	0.329* (0.18)	(0.06) (0.19)
Democratic congress	0.968*** (0.23)	(0.11) (0.23)	0.378** (0.18)
GDP per capita	-0.355* (0.18)	0.12 (0.26)	0.03 (0.17)
Population	-0.037 (0.12)	0.25 (0.17)	0.24 (0.15)
Intercept	-6.445*** (2.36)	-10.180*** (3.82)	
Pseudo R <sup>2</sup>	.13	.19	.12
Probability > $\chi^2$	.00	.00	.00
Log pseudolikelihood	-583.44	-463.03	-1,097.6
N	2,902	3,030	3,030
Countries in analysis	150	150	150

Note: The table contains coefficients and standard errors in parentheses.

\* $p < .1$ .

\*\* $p < .05$ .

\*\*\* $p < .01$ .

plot is based on model 2 (SUSPENSION). As the first plot demonstrates, when REVIEW is the outcome of interest, both variables have large substantive effects.<sup>30</sup> However, when modeling SUSPEND—the costliest of country-level actions—WORKER RIGHTS VIOLATIONS has a large substantive impact, but IMPORT SENSITIVE PRODUCTS has no discernable impact at all. Thus, country-level actions may be influenced at earlier stages by economic and rights considerations (and economic ties also may increase the targeting by activists of certain beneficiaries), but this effect of import competition is no longer discernable with respect to actual suspension.

Turning to other control variables, DEMOCRATIC CONGRESS positively and statistically significantly predicts GSP action in models 1 and 3. Consistent with our

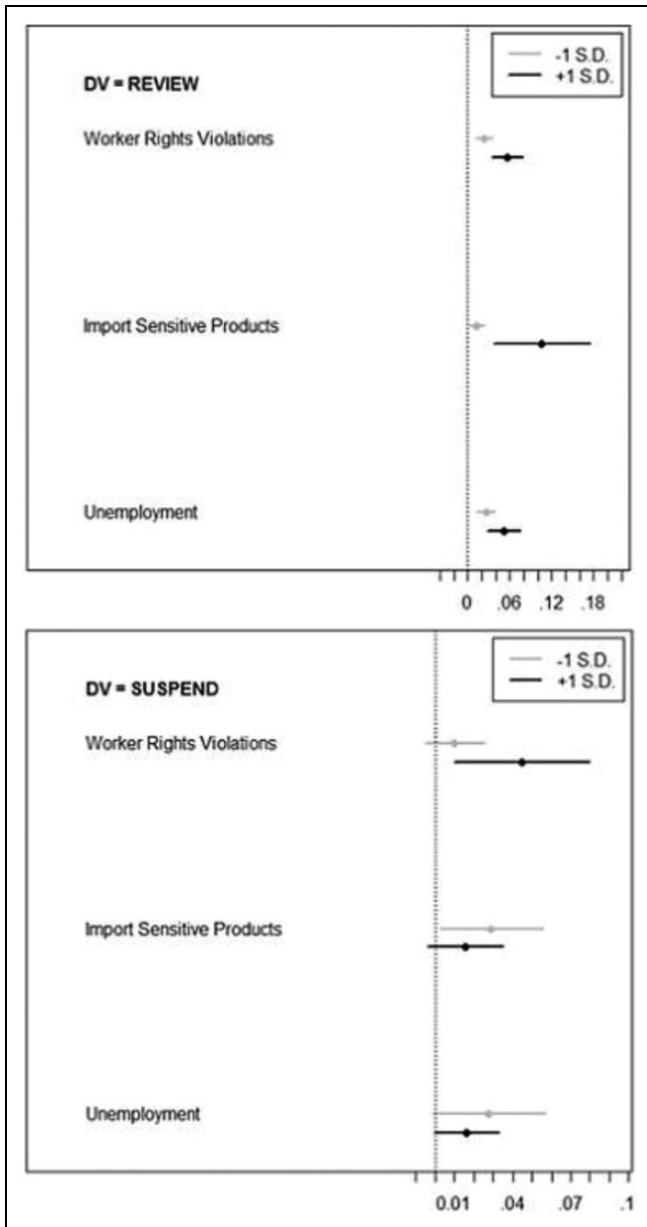


Figure 3. Worker rights violations and sanctioning measures—predicted probabilities.

expectations, GSP reviews are more likely when Democrats control the Congress. Presidential ideology had a less consistent relationship with GSP decisions; having a democratic president was negatively associated with review but positively associated with suspension.

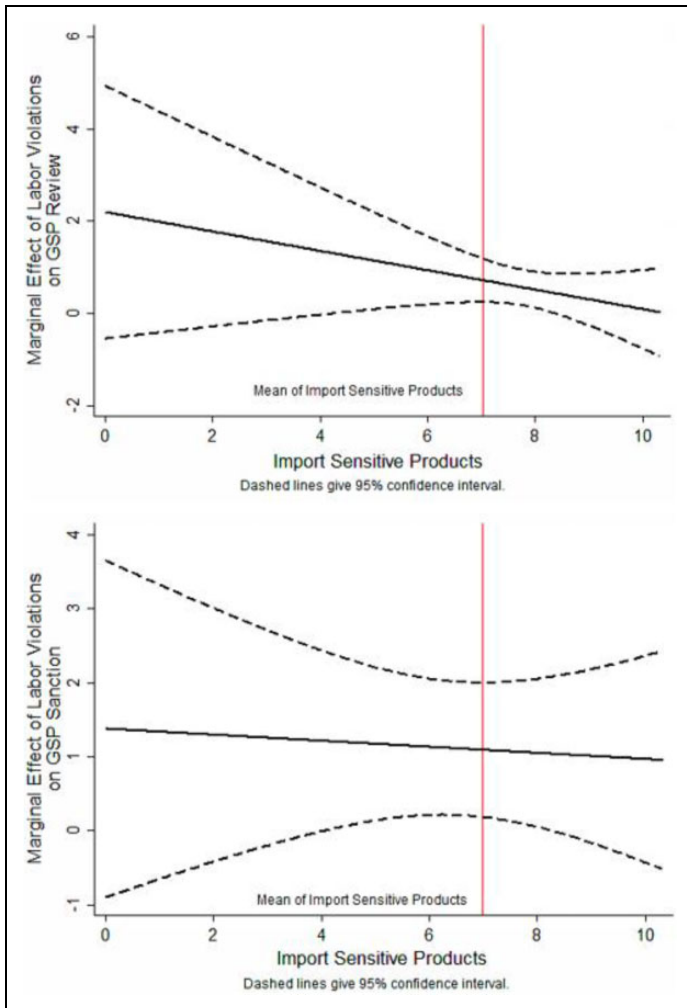
We also find evidence that political and strategic relationships systematically affect country-level GSP access. Countries with foreign policy preferences (UN Ideal Point Difference) that diverge more from the United States were more likely to experience GSP suspensions. This finding is consistent with the notion that severe GSP penalties are affected by the overall bilateral relationship between the United States and potential beneficiary countries. Furthermore, neither POPULATION nor GDP PER CAPITA is significantly associated with country-level outcomes on a consistent basis; however, GDP PER CAPITA reaches significance in our models of REVIEW. Overall, concerns over worker rights—alongside material considerations—consistently shape the US government’s use of punitive actions against GSP beneficiaries. While our hypotheses focus on the direct role of rights-related considerations at the country versus country-product levels, we also explore whether “disguised protectionism” is at work in the operation of country-level sanctioning. We do so by testing whether the US government’s responses to WORKER RIGHTS VIOLATIONS (the “disguise”) are conditional on the level of the beneficiary’s IMPORT SENSITIVE PRODUCTS (the “protection”). We reestimate models 1 and 2, including an interaction term between WORKER RIGHTS VIOLATIONS and IMPORT SENSITIVE PRODUCTS (see, e.g., Brambor, Clark, and Golder 2006). These analyses offer no support for the disguised protectionism mechanism. We graph the marginal effects of these interactions in Figure 4.<sup>31</sup> While the US government is more likely to take punitive measures against a GSP beneficiary with more severe worker rights violations, it is *not* more likely to invoke these charges against market competitors.

Taken together, these findings are consistent with our expectation that the US government is inclined, given the legal parameters of GSP as well as pressures from rights-focused groups, to take worker rights into consideration when considering country-level GSP actions. Although economic interests are also at play, concerns for worker rights appear to matter above and beyond economic concerns. And economic competition does not increase the likelihood of a change in GSP status in the presence of worker rights violations. It thus appears that the country-level GSP review process has not been systematically used to target import competition.

### **Robustness Checks**

To establish the robustness of these results, we estimate a series of additional models, reported in Online Supplemental Materials. First, because country-level actions are relatively rare—approximately 5 percent of beneficiaries are under review, with less than 1 percent fully sanctioned—we reestimate our models as rare events logits (Online Supplemental Table B); we find consistent results. Second, we account for the possibility that the beneficiary’s overall trade relationship with the





**Figure 4.** Interaction between worker rights violations and import sensitive products.

United States affects the perceived utility of sanctions and, therefore, the willingness to threaten or suspend GSP benefits. We replace (Online Supplemental Table C) IMPORT SENSITIVE PRODUCTS with TOTAL IMPORTS (logged). The TOTAL IMPORTS variable is positive and statistically significant in the model of GSP review.<sup>32</sup> A GSP beneficiary with greater (latent) export capacity, rather than simply a country that exports extensively in import sensitive products, may be more likely to face review. In the models that examine the most severe GSP sanctioning (i.e., suspension/revocation of beneficiary status), though, the overall imports variable was negative and

reached statistical significance in only one model. This again suggests that import competition plays a role only at earlier stages of the GSP country-level process, consistent with our findings above,<sup>33</sup> but not in the most severe sanctioning instances.

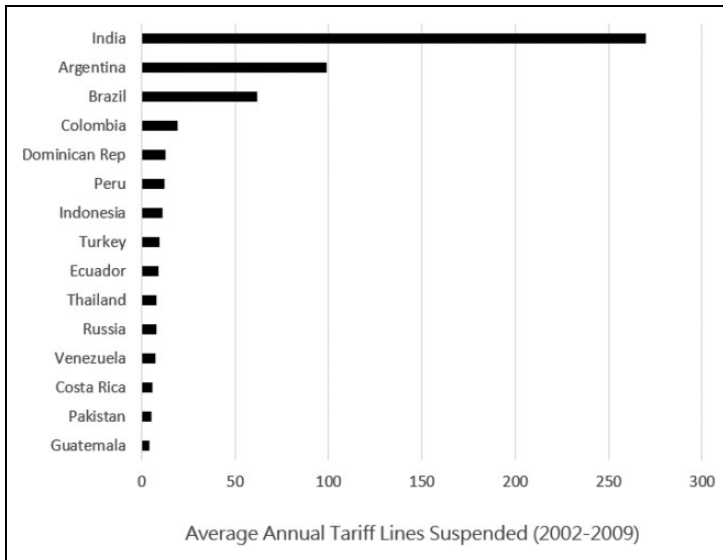
Third, we model country-level GSP status, petitioning, and outcomes (e.g., review, suspension) as multiple stages in a single estimation. Countries must receive status before they can be sanctioned and, while status was granted almost reflexively in the program's early years, more space for rights-related considerations has existed since 1985. Similarly, given the reliance of the USTR on private party petition filing, we model the determinants of petition filing alongside the correlates of petition outcomes. We estimate Heckman probit models to explore both possibilities. These models suggest that, indeed, our decision to model petition outcomes as a single-stage process is a reasonable one.

In the first set of these models (Online Supplemental Table E), we examine beneficiary status. We employ GDP PER CAPITA as the instrument, assuming (to satisfy the exclusion restriction) that income affects the onset of status but not its review or suspension. We find that WORKER RIGHTS VIOLATIONS has a negative, but not statistically significant, relationship in the selection model and has a positive and significant relationship in the sanctioning equation.<sup>34</sup> These models offer mixed evidence of a relationship between the two stages, as indicated by the  $\rho$  parameter estimate.

In another robustness check (Online Supplemental Table F), we treat petition filing and petition outcomes as the selection and outcome stages. For this analysis, it is difficult to identify an appropriate instrument. We might expect that the same factors motivating petition filing also affect the disposition of petitions, although Mosley and Tello (2015) conclude that the process that generates the filing of petitions is quite distinct from the process by which the GSP subcommittee evaluates them. We follow Garcia (2011) and use a Latin American dummy variable to instrument. Because rights-focused groups used the GSP mechanism to address human rights issues in Latin America, but less so elsewhere in the world, some amount of filing can be explained by geography. Region should not systematically affect how petitions are evaluated. Here, only one model (of suspension) offers evidence of a systematic relationship between the stages; the others do not.

Online Supplemental Table G reports results using alternative measures to capture the overall human rights climate in the potential beneficiary country. These models rely on (1) Mosley and Uno's labor rights scores, (2) a measure of political terror, Political Terror Scale (PTS), collected by the PTS project, and (3) POLITY, a measure of a country's degree of democracy. Regardless of the proxy relied upon, the results are consistent with those using the CIRI measure and reported above.

Finally, in order to account for the possibility that the assumption of observational independence is violated or that we have omitted some important variables, we specify our core models using random effects, mixed effects, and fixed effects. The results (Online Supplemental Table H, Review; Online Supplemental Table I,



**Figure 5.** Average annual tariff line suspensions, 2002–2009 (Top fifteen countries).

Suspend; and Online Supplemental Table J, Ordinal) are consistent with those reported in Table 1.<sup>35</sup> We also bootstrap the standard errors on country clusters, again with consistent results.

## Country-product Actions

We also hypothesize that rights-related considerations will be less important at the country-product level of the GSP program. To assess this expectation, we consider the total value, as well as the overall number, of individual products excluded from GSP eligibility for beneficiary countries.<sup>36</sup> Our first dependent variable is the annual dollar amount (logged) of goods excluded from GSP, based on competitive need limitations (CNL VALUE). This variable represents the import value of goods that would theoretically be eligible for GSP treatment but were nonetheless excluded because the beneficiary in question was deemed sufficiently competitive in exporting the product. The CNL VALUE variable captures not only the statutory thresholds but also the impact of petitioning for exceptions from those thresholds; as we note above, many country products that enter under GSP have been exempted from the CNL rules.

As an alternative dependent variable, we employ the total number of tariff lines suspended during the year in question (LINES SUSPENDED). This variable focuses on the extent of *de facto* product eligibility rather than the realized value of a country's (in)eligibility. Figure 5 shows the average annual number of tariff lines suspended

between 2002 and 2009 (the years for which these data have been collected, by Blanchard and Hakobyan [2015]) for the fifteen beneficiaries with the largest number of suspensions.

In order to assess the extent to which labor rights outcomes as well as import competition concerns affect country-product GSP eligibility, we estimate models with both of the country-product dependent variables. Because LDBDCs are not subject to CNL rules, our models employ data for GSP BDCs, but not for LDBDCs, from 2002 to 2009. We estimate ordinary least squares regressions for models of CNL VALUE, a continuous variable. Given that LINES SUSPENDED is a count, we estimate negative binomial models for this dependent variable.<sup>37</sup>

To account for material concerns as motivators of US trade policy, we again include IMPORT SENSITIVE PRODUCTS to measure the beneficiary country's imports that are most likely to create concerns for competitively disadvantaged US producers. To assess whether worker rights matter for country-product level outcomes, we include WORKER RIGHTS VIOLATIONS. We also include UNEMPLOYMENT to account for the business cycle in the United States, as well as UN IDEAL POINT DIFFERENCE, which captures the potential impact of foreign policy considerations on aggregate product-level suspensions. And we again account for each beneficiary country's level of economic development by including (logged) GDP PER CAPITA. We also control for (logged) POPULATION.

Table 2 reports these estimates. The most important drivers of tariff line suspensions relate to a beneficiary country's economic relationship with the United States. In all four models, IMPORT SENSITIVE PRODUCTS is statistically significant, at either the .05 or .01 threshold. There is a clear relationship between actual or potential import competition and tariff line suspensions. POPULATION and the country's GDP PER CAPITA are also positively correlated with CNL VALUE (models 7, 8, and 9). This is consistent with the logic that, among GSP beneficiaries, larger countries with higher levels of economic development represent the greatest competitive threats. Critics of the GSP program have regularly targeted such countries as unjustifiable beneficiaries; this was particularly true for exporters such as South Korea (in the late 1980s) and Malaysia (in the 1990s), and it continues to be true for Brazil and others today.

By contrast, and as we predict in Hypothesis 2, WORKER RIGHTS VIOLATIONS is not significantly associated with the total value of suspensions (models 7 and 9). While there is a statistically significant relationship between worker rights and the number of tariff lines suspended (models 8 and 10), the negative sign suggests that countries with worse worker rights are *less*, rather than more, likely to experience tariff line suspensions. This result is consistent with the notion that GSP beneficiaries facing country-product level limitations are altogether more likely to be relatively developed (compared with GSP beneficiaries overall) rather than to be countries with weak labor standards. These patterns also are consistent with the US executive branch choosing not to implement labor-related conditionality at the country-product level, in part because of very limited labor-related activism at that level.

**Table 2.** Models of Product-level Suspensions.

Dependent Variable	Model 7	Model 8	Model 9	Model 10
	OLS	Negative Binomial	OLS	Negative Binomial
Variable name	CNL \$ Value	Tariff Lines Suspended	CNL \$ Value	Tariff Lines Suspended
Worker rights violations	-0.008 (0.31)	-0.827*** (0.29)	-0.063 (0.30)	-1.035*** (0.30)
Import sensitive products	0.465*** (0.15)	1.273*** (0.24)		
Total imports			0.809** (0.36)	2.613*** (0.42)
Unemployment	-0.204 (0.13)	0.220** (0.11)	-0.151 (0.13)	0.196 (0.13)
GDP per capita	0.992*** (0.29)	0.852*** (0.32)	0.780** (0.34)	0.055 (0.35)
Population	0.593*** (0.14)	0.541*** (0.18)	0.483** (0.19)	0.13 (0.21)
UN ideal point difference	-0.009 (0.30)	0.556 (0.44)	-0.144 (0.27)	-0.255 (0.37)
Intercept	-17.856*** (3.71)	-29.485*** (4.62)	-17.605*** (3.64)	-26.791*** (4.42)
In alpha		1.304*** (0.24)		1.165*** (0.25)
N	675	675	675	675
AIC	3,253.17	1,758.59	3,241.95	1,713.16
R <sup>2</sup> /Pseudo R <sup>2</sup>	.34	.17	.36	.19
Countries in analysis	102	102	102	102

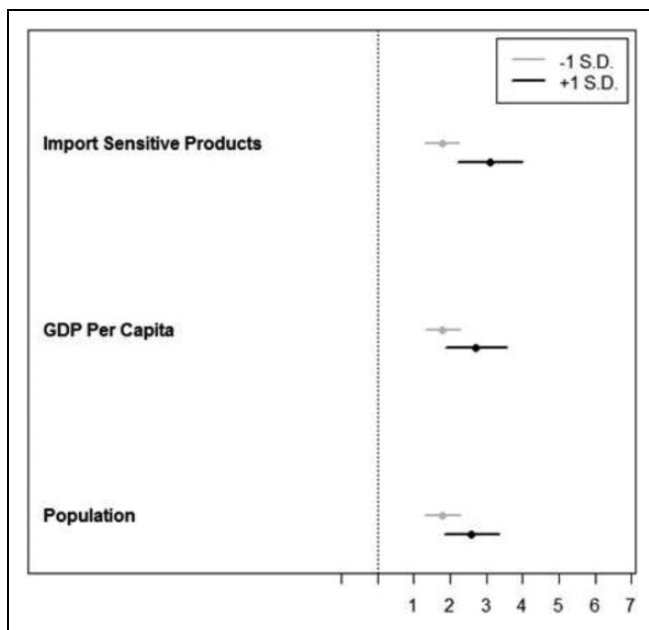
Note: Models 7 and 9 are OLS models; the dependent variable is the log of the total value of goods excluded based on competitive needs limitations. Models 8 and 10 are negative binomial models; the dependent variable is a count and is coded as the annual number of tariff lines suspended from GSP eligibility for the country in question. The table contains coefficients and standard errors in parentheses. AIC = Akaike information criterion; CNL = Competitive Needs Limitation; GDP = gross domestic product; OLS = ordinary least squares.

\* $p < .1$ .

\*\* $p < .05$ .

\*\*\* $p < .01$ .

To illustrate the substantive importance of our findings, we calculate predicted values of the CNL VALUE dependent variable. As Figure 6 illustrates, the predicted value of CNLs triples as we move from one standard deviation below the mean for IMPORT SENSITIVE PRODUCTS to one standard deviation above the mean. A shift of similar magnitude in the level of economic development (GDP PER CAPITA) or in country size (POPULATION) also generates large predicted increases in CNL VALUE.



**Figure 6.** Determinants of country-product suspensions: Predicted values.<sup>38</sup>

This finding illustrates the importance of economic competitiveness in CNL decisions—wealthier and larger GSP beneficiaries pose a greater threat to economic interests in the United States and thus predict significantly higher levels of country-product suspensions.

It is important to note that tariff line suspensions also can result from violations of property rights (expropriations) as well as from intellectual property rights claims. Given that the USTR took action throughout the period of our data (2002–2009) to limit Argentina’s GSP product eligibility, on the basis of its nonpayment of arbitral awards to foreign investors and for India during 2002–2004, based on concerns about intellectual property rights protections, we also estimate models that exclude these countries. Our results remain consistent when we do so; full results are included in Online Supplemental Table K. Moreover, we again take care to account for time trends and omitted variables. In Online Supplemental Table L, we reestimate the models of CNL VALUE using random and fixed effects, and we again bootstrap the standard errors. The results of these models are largely consistent with those reported in Table 2.

As we anticipate, the empirical patterns at the country-product level are quite different from those at the country level. Decisions regarding limitations on specific products from GSP beneficiaries appear to be driven far more by economic and competitiveness concerns than by rights-related outcomes. To the extent that rights-

related outcomes play some role at the country-product level, greater rights violations predict fewer—not more—limitations on program access.

## Conclusion

The US GSP program offers significant market access to exports from low- and middle-income countries, with the claim that this additional access facilitates growth and development. This program, like many contemporary trade arrangements, also mandates the consideration of good governance standards specifically focused on workers. GSP legislation directs the US government to consider worker rights in its granting of initial beneficiary status as well as in its subsequent reviews of status. The consideration of worker rights is permitted at all levels—country, country product, and product—of the program. For civil society activists, these linkages offer the possibility of deepening the incentives for developing country governments to protect the rights of their workers.

Yet, when considering linkage as a foreign economic policy tool, many observers suggest that rights conditionality has not realized its promise. Critics worry that rights conditions are cheap talk, intended to mollify constituents at home, but rarely enforced in practice (e.g., Giumelli and van Roozendaal 2017; Kamata 2016). Others suggest that, even more perniciously, rights provisions are captured by materially focused interest groups seeking to use rights as a vehicle for disguised protectionism (e.g., Tobin and Busch 2014). These concerns were voiced by developing country governments, for instance, in the debate regarding the Trans-Pacific Trade Partnership.

Our analysis suggests that these concerns have some merit and that they stem from the specific structures of trade preference programs and trade agreements. These structures condition the strategic choices made by interest groups. In the US GSP program, where rights-focused groups are much more active at the country level, we find that rights considerations do play a role at that stage. Rights matter in a way that is distinct from material concerns.

But country-level access is only part of the story. Country-product exclusions, by contrast, are largely the result of material considerations over import competition. While they could, in principle, reflect concerns over worker rights, in practice they do not. And country-product limitations on GSP are far larger, in terms of the dollar-value reductions in program benefits, than country-level, rights-related exclusions. Hence, while the US government is able to keep its stated commitment to consider rights at the country-level of GSP at little material cost—and there is no evidence to suggest that it uses rights to disguise protection for exposed industries—it also is able to serve the narrower interests of US firms and industries at the product and country-product levels. At those levels, where the more substantial material impact of the GSP program occurs, rights appear to make little difference in the application of US trade policy.

The US GSP program's general nature—applied to a wide set of beneficiaries—allows us to gauge its impact with fewer worries regarding the selection-stage dynamics that characterize many other analyses of rights-related conditionality. That said, the US GSP program is but one case of a larger phenomenon of conditionality. Twelve other countries, as well as the EU, also offer unilateral trade preference schemes. More broadly, a significant number of PTAs, including all US agreements concluded since 1985, formally link human rights with trade benefits. These linkages also have become more common in the disbursement of foreign aid, the provision of investment insurance and guarantees, and access to development project financing and even arms. As we consider the lessons of our analysis for other linkage efforts, it is worth noting that domestic interests and institutions are likely to affect not only the operation of rights conditionality but also the creation and features of such conditions. We might expect, for instance, that the balance of lobbying between corporate and civil society groups will vary. Some advocates that are present in the trade area (e.g., US labor unions) are absent from the aid or investment areas, possibly creating fewer demands for rights-related accountability—but also fewer worries about veiled protectionism. And the specific nature of rights-based linkages also will affect the way in which civil society groups affect outcomes (e.g., Postnikov and Bastiens 2014).

The implications of this research program are important both theoretically and politically. Scholars, alongside government decision makers, have long debated how to simultaneously reduce trade protectionism and encourage development, while also instilling the rule of law, democracy, and the protection of human rights. Tying protections for human rights to trade, aid, and investment can sometimes motivate governments to promote these rights. Yet the very same mechanism that can motivate reforms in the developing world also may allow organized interest groups in the developed world to advance their own interests in ways that could harm developing economies.

### **Acknowledgments**

We presented previous versions of this research at the American Political Science Association meetings, San Francisco, CA, September 3–6, 2015, and Philadelphia, PA, September 1–4, 2016, and at the International Political Economy Society meeting, Palo Alto, CA, November 13–14, 2015. The authors would like to thank participants in those meetings as well as Sarah Brooks, Christina Davis, Kimberly Ann Elliott, Judith Goldstein, and Jennifer Tobin and two anonymous reviewers for comments and suggestions. Kevin Middlebrook and Kimberly Nolan-Garcia provided information regarding various GSP petitions and petition outcomes. Staff members at the AFL-CIO and International Labor Rights Forum provided key insights into the US GSP process. Replication data and code are available at <http://www.laynamosley.unc.edu/research>.

### **Declaration of Conflicting Interests**

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.



## Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

## Supplemental Material

Supplementary material for this article is available online.

## Notes

1. Compa (1993); Compa and Vogt (2005); Hafner-Burton (2005, 2009); Kim (2012); Postnikov and Bastiaens (2014); Spilker and Böhmelt (2013); Giumelli and van Roozendaal (2017); and Kamata's (2016) empirical analyses suggest more limited effectiveness.
2. The General Agreement on Tariffs and Trade requires Generalized System of Preferences programs to be generalized, nonreciprocal, and nondiscriminatory.
3. Details on each of these programs are at <http://unctad.org/en/Pages/DITC/GSP/Handbooks-on-the-GSP-schemes.aspx>. The United States also offers three additional, regionally focused preference programs: the Africa Growth and Opportunity Act, the Caribbean Basin Initiative, and the Andean Trade Preference Act.
4. Based on eight-digit Harmonized Tariff Schedule lines.
5. <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2009/december/gsp-critical-united-states-and-developing-countries>; <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2011/gsp-and-atpa-critical-united-states>
6. The most recent "graduations," effective January 2017, were Seychelles, Uruguay, and Venezuela.
7. Additionally, preferential trade agreement (PTA) partners are typically excluded from GSP once the agreement takes effect.
8. The United States Trade Representative (USTR) may implement a suspension of status in various ways such as removing access for some versus all of a country's GSP-eligible exports (Blanchard and Hakobyan 2015; USTR 2013). For instance, the 1996 suspension of Pakistan's privileges affected only certain goods such as hand-woven rugs and surgical instruments.
9. Devault's (1996) Competitive Needs Limitations (CNL) apply statutorily to beneficiary developing countries but not to lower-income least developed beneficiary developing countries. The latter rarely exceeds the CNL thresholds in practice, in any case.
10. The relevant legislation is summarized at [https://ustr.gov/sites/default/files/USTR-Regulations-Pertaining-Eligibility-GSP-Program-15-CFR-Part-2007\\_0.pdf](https://ustr.gov/sites/default/files/USTR-Regulations-Pertaining-Eligibility-GSP-Program-15-CFR-Part-2007_0.pdf).
11. Anner (2011) and Kay (2011); Interview: AFL-CIO international legal experts, May 2013.
12. Interviews: International Labor Rights Forum (ILRF) staff and former staff, May 2013 and August 2016.
13. Frundt (1998); Mosley and Tello 2015; interviews: AFL-CIO and ILRF staff, May 2013.
14. Interview: former ILRF staff, August 2016.

15. For example, when Vietnam applied for country-level GSP status in 2008, a group of US plastic bag producers expressed concerns to the USTR committee about damage to their industry. They requested that, were Vietnam granted status, it be “precluded from seeking GSP treatment” for polyethylene carrier bags (Martin 2014; Martin and Jones 2008).
16. Personal communication with authors, February 19, 2016.
17. These numbers represent actual exclusions; they do not account for threats of exclusions nor for applicable but waived CNL limitations.
18. The total value of goods excluded on other country-level grounds, typically intellectual property rights or expropriation violations, was also relatively small compared to CNL-based exclusions (Blanchard and Hakobyan 2015).
19. Exec. Order 11844, March 24, 1975.
20. 50 FR 36220, September 5, 1985.
21. Through 1984, the median time from the declaration of eligibility to the extension of beneficiary status was zero years, with an average of just 0.15 years.
22. Online Supplemental Table E reports Heckman probit models of beneficiary status (selection stage) and sanctioning (outcome stage).
23. We use Federal Register notices related to the GSP program, as well as documents obtained through a Freedom of Information Act request, to code these variables.
24. The Cingranelli–Richards (CIRI) data runs through 2011. We lag worker rights by one year, so our analyses end in 2012. We have inverted the CIRI coding, for ease of interpretation. While other measures of worker rights provided more detailed coverage (e.g., Mosley 2011), their time coverage is less extensive.
25. See Online Supplemental Materials for further detail. The COMTRADE data, from which this measure is drawn, provide the most complete coverage in terms of both countries and years.
26. We also estimated a model instead including Democratic control of only the US House; the results were similar.
27. The sample for model 1 (Review) includes all current beneficiaries; the sample for models 2 and 3 (Sanction/Ordinal) includes all countries that are current beneficiaries as well as countries that previously obtained beneficiary status but faced suspension of GSP privileges.
28. While the composition of GSP beneficiary countries changes over time—as some countries sign PTAs with the United States, while others graduate—the mean worker rights score of beneficiaries does not change markedly over the period of our analysis (see Online Supplemental Figure A1).
29. Another dependent variable, measuring only whether the USTR GSP subcommittee accepted a petition for review, offers similar results. We code PETITION ACCEPTED as “1” if an interest group filed a petition *and* the USTR accepted the petition for review. This variable resets annually, capturing only the year in which a petition is accepted for review. The executive branch accepts roughly half of the filed petitions for review. Using this dependent variable, WORKER RIGHTS was again positive and statistically significant. In substantive terms, a country was approximately twice as likely to have a petition against it accepted when the value of the worker rights variable increased from one

- standard deviation below to one standard deviation above the mean. See Online Supplemental Table D.
30. Results are similar when this variable is operationalized as Import Sensitive Products as a share of Total Imports. This alternative specification captures the target country's vulnerability to GSP sanctions; it suggests that countries that export in import sensitive categories (and thus are more vulnerable to sanctioning) are more likely to be reviewed.
  31. We include the interaction plot for ease of interpretation. Note, however, that the interaction term does not reach statistical significance in the estimated models.
  32. While GSP imports to the United States also would be a good measure of the material consequences of a GSP suspension, that measure is not available for our full period.
  33. Including a variable to capture imports of product categories for which the United States has a comparative advantage—IMPORT RESISTANT PRODUCTS—does not alter these results.
  34. The coefficient on the UN AFFINITY parameter was negative and statistically significant across all three models, implying that countries with similar foreign policy preferences to the United States are *less likely* to be granted GSP status. Because these models estimate selection, we include all sovereign countries (rather than just potential beneficiary countries). Wealthy nations are likely to share US foreign policy priorities but are unable to receive GSP—hence, the negative association.
  35. For example, WORKER RIGHTS VIOLATIONS remained positive and statistically significant across specifications, and IMPORT SENSITIVE PRODUCTS was positive and reached conventional levels of significance in models of review. Because suspension is quite rare, including fixed time effects in these models resulted in many years with 0 values dropping out of the sample. Additional models with alternate specifications are included in Online Supplemental Tables M and N.
  36. Another means of evaluating our expectations would be to model which specific tariff lines experience country-product level exclusions. The very limited availability of information regarding product-line country exclusions (other than those based on CNLs) and country-product petitions, however, renders such an approach impossible. We therefore follow other scholars in using aggregate country-year measures, which summarize outcomes across all products (e.g., Manger 2012).
  37. Given evidence of overdispersion (i.e.,  $\alpha$  is statistically significantly different from zero), a negative binomial is appropriate.
  38. The plot illustrates the impact of varying the value of GDP PER CAPITA, and POPULATION (LOGGED) from (mean  $-1$  standard deviation) to (mean  $+1$  standard deviation) while holding all other variables at their mean values. The points represent predicted values of CNL VALUE (logged), and the lines segments represent the confidence intervals. The values are based on model 7.

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