
NEOCLASSICAL REALISM AND STUDIES ON FREE TRADE AGREEMENTS

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Abstract. The study of trade agreements in the field of International Relations (IR) requires new systematization and investment in a more robust research agenda that emphasizes the field's contributions to the subject, focusing on the understanding of power dynamics. In light of this challenge and an increasingly complex international scenario, this paper discusses the use of Neoclassical Realism (NCR) theory in analysing trade agreement negotiations, as the outcome of such arrangements is influenced by both systemic and domestic variables. Through a review of the literature on NCR, it is demonstrated how this theoretical lens is the most suitable for addressing the different and complex levels of analysis involved in trade agreement negotiations between countries.

Keywords: Neoclassical Realism, IR Theories, Free Trade Agreements, International Relations, Trade Policy; Foreign Policy.

Introduction

The literature on trade agreements is extensive and various fields of knowledge delve into the subject. In general, free trade agreements have been analysed from the perspective of Economics in recent decades, with most studies focusing on trade creation or diversion, protectionism, and terms of trade, as well as analyses of the impact of tariff reductions in specific sectors. This latter type of analysis has significantly increased in recent decades, keeping pace with the negotiation of free trade agreements worldwide, and is, of course, of extreme importance to the economic sectors involved in trade negotiations and decision-makers. Even more important are the economic analyses of agreements involving countries with different levels of development, to understand possible gains and losses not only in economic terms but also in labour and social terms.

However, the focus of this type of analysis overlooks the political factors involved in trade negotiations between countries or economic blocs, which have become even more complex in recent decades. According to SEIERMAN (2018),

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'economists are primarily interested in the impact of trade agreements on trade flows and their determinants, while lawyers and political economists study the design of trade agreements and their diffusion' (SEIERMAN, 2018:04).

It is possible to complement this statement by noting that the fields of International Relations (IR) and Political Science are interested in the political (and consequently power-related) relationships involved in such negotiations, both at the domestic and international levels. Thus, the absence of this perspective has been criticized, given the increasing complexity of current trade agreements, which go far beyond tariff discussions, including topics such as investments, sustainable development, labour standards, intellectual property, and public procurement. To illustrate the growing sophistication of trade agreements, MATTOO ET AL. (2020:03) note that agreements negotiated in the 1950s covered eight areas, while in recent years, they covered more than seventeen. These agreements also include compliance and enforcement mechanisms, which are essential for their functionality and credibility with international investors. This latter point has even led to changes in dispute resolution systems, as the governance exercised by the World Trade Organization (WTO) has become insufficient in addressing the legal intricacies and specificities of current agreements.

The inclusion of new areas in agreements has also resulted in more divergent interests, not only between countries but also within domestic pressure groups. Internal disputes over all the aforementioned issues, in addition to the traditional tariff debate, have become more intense and increasingly pressure official negotiators from the countries involved.

More and more research in IR and the subfield of International Political Economy (IPE) seeks to bridge this gap, creating the necessary synergy for more comprehensive and in-depth analyses. Although this interconnection is positive, there are still criticisms regarding the relevance of studying trade agreements within these fields (particularly IR), and specifically about the lack of methodologies from Economics. Additionally, there is some confusion about the scope of the mentioned fields and critiques of potential redundancy between them. The fact is that there is a divergence in understanding the role of the two fields in academia, as some authors treat IPE as a subfield of IR, especially in the United States (MALINIAK; TIERNEY, 2009), while others view IPE as an autonomous field (RAVENHILL, 2017). IPE is also understood as a methodology in Economics for analysing political behaviours (WEINGAST; WITTMAN, 2006). In general, the interests of each field can be summarized as follows:

“(...) IR scholars are primarily interested in the power-play end, while economists are mostly engaged with the ‘business’ of economic diplomacy. Again, this is not to deny that exceptions obviously do exist, as

do scholars who operate on the borders of various research fields.” (OKANO-HEIJMANS, 2011, p. 24).

Thus, there is a gap in studies addressing trade negotiations for understanding the power-play between countries and, in addition, that include domestic factors in this equation. The positioning of countries on the international stage is a result of domestic pressure on their governments, as PUTNAM (1988) demonstrated, but there is still a lack of studies on the interaction between domestic and international spheres and how this affects trade negotiation outcomes.

Inter-regional agreements, such as the Mercosur-European Union negotiations, for example, add the regional level as an additional layer of influence and decision-making in the countries' positions. Dealing with this number of levels of analysis and actors has been one of the main obstacles for studies on trade agreements in the fields of Political Science, International Relations, and the subfield of International Political Economy (IPE).

This paper aims to demonstrate the usefulness of one IR theory for analysing the political factors involved in trade agreement negotiations: Neoclassical Realism (NCR). To this end, the first section of the text will show how the international scenario has become more complex since 2017 for trade negotiations and how the tools provided by the main IR theories are used to analyse such agreements. The second section will present in-depth the characteristics of NCR, while the third section will discuss the advantages and disadvantages of adopting the proposed theory for analysing trade negotiations. Examples of studies that have applied NCR will be presented to support the argument. Finally, the conclusion will summarize the main points discussed throughout the text and suggest a research agenda that could expand studies on the topic, encouraging other researchers to analyse the power dynamics involved in trade negotiations, especially those conducted between countries in the Global South and North.

IR Theories and Trade Agreements

The past few years have been turbulent on the international level and brought about significant systemic changes that impacted the dynamics of state interactions, including within trade regimes. The tensions resulting from the rise of former U.S. President Donald Trump (2017-2021) led to significant changes, such as the U.S. withdrawal from the Trans-Pacific Partnership Agreement (TPP) and the trade war with China. The latter had more severe consequences and began in August 2017, when the U.S. initiated a Section 301 safeguard investigation into China's trade practices. On March 22, 2018, the document titled 'Presidential Memorandum on China's Economic Aggression' was signed, reiterating the accusations and promising to impose 25% tariffs on 818 Chinese products.

This was followed by five rounds of tariffs: July 2018, August 2018, September 2018, June 2019, and September 2019. The White House's goal was to pressure China to open its market further to U.S. exports and, thus, reduce at least part of the trade deficit between the two countries. China responded in kind, initiating an unprecedented sequence of tariff retaliations involving the world's two largest economies.

Both sides agreed to negotiate and reached a truce in the trade conflict in January 2020 ('Phase One agreement'). Trade levels returned to normal only in 2022, when China even achieved a new record for exports to the U.S. Reflecting on Trump's presidency, it can be said that his administration gave voice to the appeals of the more nationalist and protectionist layers of American society, significantly altering relations between states in the international system. According to HEO (2023), the wave of protectionism initiated by the U.S. caused the international trade regime to regress to the GATT era (1948-1994), a period when disputes were resolved by a dispute settlement system based on the economic weight of the litigants. Another important point is that while Trump's predecessors softened the rivalry with China, at least rhetorically, his administration laid bare the competition in an irreversible manner.

Thus, Trump's administration has been considered by several authors as a 'perceptual shock,' meaning an event that draws the attention of decision-makers in countries within the international system to changes in the distribution of relative power, prompting a new strategy to be organized. These changes are often the result of a slow and cumulative process, but it takes a cataclysmic event to be perceived and interpreted by the political world. ZAKARIA (1998) emphasizes that '...statesmen's perceptions often change suddenly rather than gradually, and are shaped more by crises and catalyst events such as wars than by statistical measures' (ZAKARIA, 1998, p.11).

The trade dispute between the two powers has had consequences for the international system, as countries within the system are still seeking to balance their positions between the two litigants and gain advantages through relationships with both. There is a concern that the alliance game that the U.S. and China are beginning to shape will pressure other countries to choose a side. For now, each superpower has been trying to expand its sphere of influence, which in turn pressures other countries to rethink their strategies for trade negotiations. However, issues affecting the international system as a whole are not the only ones influencing the direction of international trade; countries must also deal with domestic pressures. An analysis that attempts to understand only one aspect of an international negotiation today will be incomplete if it does not consider multiple levels of analysis. Yet, the question remains of how to do this without creating a tangled web of levels and variables that fails to explain the decisions made by countries.

From an International Relations (IR) perspective, trade agreements are not merely discussions about tariff adjustments but also a political calculation, and IR theories have sought to understand this type of agreement. What is the most appropriate theoretical lens for analysing current trade agreements? We can consider theoretical alternatives that simultaneously address both domestic and international levels, such as Liberalism, Constructivism, and Two-Level Games. However, these approaches have certain limitations that make them less compatible for analysing complex and multifactorial negotiations such as the Mercosur-European Union agreement, the TPP, among others. Starting with Liberalism, which does not view the state as a unitary actor and focuses on the preferences of domestic actors (individuals and various social groups), from which other factors shaping a country's behaviour are discussed. Domestic political institutions aggregate the preferences of social actors, determining a state's choices and affecting its foreign policy.

Although systemic factors are considered in Liberalism, they play a lesser role within this analytical framework, with the emphasis being placed on the constraints imposed by the preferences of state and non-state actors in the international system. This reduces the efficiency of attempts to simultaneously address both levels of analysis.

The Constructivist theory of IR, in turn, emphasizes the international level and takes a structural approach to the constraints imposed on states by the international system. Constructivists also assume that the international system is created by the influence of ideas and identities of social actors, which can be states, non-state actors, interest groups, and even individuals. In other words, interactions between states are also ideational structures formed by agents, as Guimarães (2021) elucidates: '(...) these actors or agents have an impact on the structures and how they are altered and produced. Therefore — this is the key point — agents (actors) and structures mutually constitute each other' (GUIMARÃES, 2021:107).

Despite the structural and state-centric approach of Constructivism, the explanatory focus is not on power or security, but on the exchange of ideas and the agents' perceptions of international reality. It is also worth noting that this approach relegates the domestic level to a secondary role (FOULON, 2015), which does not fit into the attempt to create a framework that considers the role of internal actors and institutions in foreign policy actions.

Finally, while not an IR theory but an analytical tool, Two-Level Games offer a perspective that considers the internal and external pressures acting on a negotiation, as it views the international and domestic levels as two simultaneous 'boards' on which negotiations between states occur. However, this approach has three limiting points: first, it treats both levels of analysis as

equivalent in terms of importance; second, it does not address foreign policy or its variations throughout negotiations, nor the perceptions of its decision-makers; lastly, this analytical model assumes that negotiations are bilateral (FOULON, 2015).

Excluding the aforementioned options, the IR theory that offers the most suitable tools for the analysis in question is Neoclassical Realism (NCR), due to its comprehensive explanatory capacity that engages with both external and internal factors. NCR emerged in the late 1990s to fill the gaps left by Neorealism, the dominant theoretical school in IR since 1979, when the American scholar Kenneth Waltz published *Theory of International Politics*. Waltz's Neorealism sought to explain the outcomes of interactions between states within the international system, understood as an anarchic structure that operates independently of its agents. States occupy different positions within the structure based on their material capabilities and are constrained by this same structure, which in turn determines the behaviour of the actors.

Thus, Neorealism is a structural theory that views the international system as a constant presence in state relations, devoid of the idiosyncrasies and mood swings of individual states (LAWSON, 2015). Moreover, according to Neorealists, domestic characteristics are of lesser importance in analyses, as internal dynamics vary greatly over time, while the anarchic condition of the international system remains constant. Foreign policy issues should be left to their own theoretical expressions to explain state behaviour, while Neorealism would address the outcomes of interactions between these actors within the international structure.

Neorealists were criticized and challenged by theorists from other IR schools of thought after the end of the Cold War due to their limitations in explaining the end of bipolarity, as well as their difficulty in dealing with the new international context that was emerging. NCR arose not only to address these gaps in Neorealism but primarily to update it, as Rathbun (2008) elucidates: 'We should understand Neoclassical Realism not as a distinct variety of realism, but as the next generation of structural realism and a reflection of a common and coherent logic.'

The Neoclassical Realism (NCR)

The term "Neoclassical Realism" was coined by Gideon Rose in 1998 and came to designate certain branches of Realism that accept the primacy of the systemic variable of Neorealism but also revive interest in the domestic variables analysed by so-called "classical" realists. The generation of scholars who established the foundations of Realism as a school of thought in the first half of the 20th

century did not separate domestic and international levels as strictly as their Neorealist successors; in fact, for the most prominent representative of Classical Realism, Hans Morgenthau, "domestic politics and international politics are merely two manifestations of the same phenomenon: the struggle for power" (GUILHOT, 2011).

Domestic and foreign policy issues were present in the works of classical realists, but they were later sidelined with the advent of Neorealism. WALTZ's (1979) attempt to create a nomothetic theory of IR, that is, one that is generalizable and has a scientific methodology, required the exclusion of domestic factors since the intention was to identify patterns in state behaviours and not to explain the motivations behind foreign policy. The discussion about which level would provide better explanations for policy outcomes is longstanding and has been taken up by neoclassical realists, who point to the limitations of exclusively systemic approaches, such as Neorealism, and those that analyse only domestic factors to determine changes in state behaviour or preferences.

Denominated *innenpolitik*, such approaches have different independent variables at the domestic level, but, according to neoclassical realists, they fail to explain why states with similar political systems act differently in terms of foreign policy and vice versa. For TALIAFERRO, LOBELL, and RIPSAN (2016), *innenpolitik* theories explain only a restricted set of cases that do not coincide; on the other hand, systemic theories have a high explanatory capacity for the few cases that do coincide. The efforts of Neoclassical Realism aim to unite both perspectives, creating a theoretical framework that allows for their systematic and efficient combination.

Regarding the systemic level, Neoclassical Realism converges with the main premises of Neorealism concerning the anarchic and independent structure of the international system and the decisive distribution of material capabilities among states, a factor that determines each country's position. The international system is, therefore, the predominant causal factor for both theories, which also converge on the conflictual nature of politics and the importance of power distribution among states.

The main difference between the two theories lies in the dependent variable, or the phenomenon they seek to explain: while Neorealists seek to discover recurring and similar patterns in interactions among states, such as alliance formation or the likelihood of war occurring in different systems, for instance, neoclassical realists aim to explain variations in the foreign policies of one or more states over time and under the same external constraints (TALIAFERRO; LOBELL; RIPSAN, 2009).

In summary, Neoclassical Realism has a multi-level approach that enhances the explanatory capacity of the theory, using the international system as

the independent variable and domestic factors as intervening variables. Concerning the independent variable, that is, the international system, it is important to emphasize that neoclassical realists disagree with the determinism of Neorealism, which states that structural constraints define the actions of states. Instead, they believe that the structure compels the behaviour of countries but does not determine their foreign policies, as these are also affected by other domestic variables, such as the perceptions of leadership and the pressure exerted by interest groups. In other words, Neoclassical Realism argues that

The foreign policy objectives of a country are driven by its position within the international system and defined by its material conditions (...) moreover, the impact of these capabilities on foreign policy is indirect and complex because these systemic pressures need to be translated to the domestic level. (ROSE, 1998:146).

The first contribution of Neoclassical Realism (NCR) to International Relations can be considered its ability to consider and explain foreign policy actions, which do not always adopt consistent positions in the face of systemic pressures. Domestic factors such as the personality of leaders, ideology, and perceptions also shape a state's external behaviour. Thus, NCR also incorporates non-material factors into the analysis, which constitutes a second important innovation of this school of thought.

The analytical framework of NCR can be summarized as a kind of "transmission belt" between the constraints present in the international system and the domestic scenario, where this information will be filtered by economic, diplomatic, and military forces (TALIAFERRO; LOBELL; RIPSAN, 2009). At the domestic level are the intervening variables, formed by the perceptions of elites regarding risks and opportunities in the international scenario that influence foreign policy formulation, taking into account that these preferences are selected based on the risk calculations that a particular choice presents to the elites and their willingness to confront them. The explanatory role of the intervening variables is very relevant but not fundamental within the NCR approach, as summarized by ROSE (1998) as follows:

The scope and ambition of a country's foreign policy are driven, above all, by its position in the international system and, specifically, by its relative material power capabilities. (...) the impact of such power capabilities on foreign policy is indirect and complex because systemic pressures must be translated through intervening variables at the unit level" (ROSE, 1998, p. 146).

In other words, the intervening variables are situated between the cause and effect of a phenomenon, affecting the relationship between the independent and dependent variables. Selecting them within a research design is not an easy task, and no rigid criteria have been established for doing so, leaving

researchers to rely on their perceptions regarding the object of study. Götz (2021) warns that the IR literature has made little progress in defining intervening variables and how to use them appropriately. Special attention should be given to the weight assigned to intervening variables, as systemic imperatives should take precedence over domestic factors to avoid straying from the RNC framework.

The author proposes classifying intervening variables into three types: the first are moderating factors, meaning that the intervening variables condition the state's ability to respond to systemic pressures or opportunities; the second are complementary factors that influence how a state will respond to external stimuli; and lastly, there are intervening variables as primary causes (GÖTZ, 2021:06). Primary causes position intervening variables as those that have an immediate effect on the dependent variable, thereby reversing the RNC logic by prioritizing the domestic level over the systemic one, and have faced criticism when used within this theoretical framework.

Another interesting point of the RNC is the differentiation made between threats and opportunities that present themselves as options for states in the short and long term. Given that states operate within an anarchic international system where the relative distribution of power prevails, the interpretation of potential threats, for example, will be filtered by leaders and elites who will shape foreign policy. In the short term, elites may not always manage to guide state behaviour according to their desires in the face of a threat, and foreign policy may not correspond to the distribution of power, appearing erratic or disconnected from the international context.

Leaders may be more easily pressured by domestic factors to obtain responses or may need to mobilize elites to gain support for a particular foreign policy action they deem appropriate (ROSE, 1998). In the long term, however, foreign policy cannot deviate from systemic constraints, to which the state must necessarily adapt, or risk jeopardizing its security or missing out on significant opportunities.

According to ROSE (1998), the influence of systemic factors becomes more evident when analysed over the long term, as the limitations shaping a state's foreign policy decisions become more apparent. One can draw an analogy with a "menu" of options that the dynamics of the international system offer to states over a period; observing foreign policy choices with some temporal distance allows for understanding that, in most cases, a state was not forced to bend to a systemic factor, but rather had to make choices from a limited "menu" considering its relative power.

ROSE (1998) also warns of the difficult task that interpreting the options present in the international system poses for leaders and elites, as well as

assessing the relative power changes of their own state and others. Thus, understanding the interconnections between relative power and foreign policy requires an analysis of the international context in which foreign policy was formulated.

In addition to the contribution of the RNC to the Realist school in general, the advantages of using it as a theoretical framework are evident, especially for analyses that need to deal with a large number of variables. The RNC is particularly useful for research questions that present “puzzles” about a state's behaviour in the face of positive or negative options offered by the external environment.

However, the advantages of the theory do not exempt it from timely criticisms that should guide its improvement, as noted by various authors who discuss the excessive eclecticism of this current (SMITH, 2018), given that it combines the main tenets of Liberalism, Constructivism, and Neorealism. Beyond the epistemological and ontological issues of the RNC that have already been thoroughly discussed in the field (RATHBUN, 2008) and that this research has faced, confident that it would be the most suitable approach for the proposed problem, two criticisms are especially relevant for any work adopting the neoclassical realist perspective: the number of factors that will be analysed and the treatment of countries that are not great powers.

Regarding the first point, the number of intervening variables represents a permanent challenge for the RNC, at the risk of adding them in excessive quantity, creating what QUINN (2013, p. 165) termed “an explosion of state-level variables.” The use of the RNC demands a commitment to the supremacy of the independent variable and parsimony in the adoption of intervening variables, which should be included based on their relevance to the case analysed. In other words, “parsimony should be balanced with explanatory power, and the RNC is rigorous in formulating hypotheses and testing them in cases, thus maintaining the status of a progressive and scientific theoretical research agenda” (LOBELL ET AL, 2009, p. 23).

The second criticism to be discussed is the role reserved for small and emerging countries within the theory. Like other conventional IR theories, the RNC was created to explain the strategies of great powers, and its explanations for other countries in the international system are superficial and categorical. For example, the RNC is vague in addressing the impact of external constraints on the behaviour of small states or those with lesser relative power, merely reinforcing that they would be more vulnerable than great powers. Other characteristics of countries that are not great powers are not explored, such as states with large territories and little military strength.

An important contribution from Latin America to IR is Peripheral Realism (PR) developed by Argentine Carlos Escudé in the 1990s. This branch of Realism offers an explanation for countries that are not great powers and have national interests guided by economic development, rather than strictly by security, as the realist tradition posits. It is interesting to note that PR predates the emergence of the RNC and anticipates some of its trends, including the importance of domestic variables such as institutions and elites in IR analyses. Despite its originality, PR has not received the same attention as other theories arising from the U.S.-U.K. axis, which provide deep explanations only for the behaviour of great powers.

Returning to the discussion about the RNC, it is important to note that this theory follows the same explanatory line as other realist theories, but advances by recognizing that there are also emerging countries in the international system that must be included in the research agenda (TALIAFERRO; LOBELL; RIPSAN, 2016).

An important contribution to the application of the RNC in contexts outside the axis of developed countries was made by Gómez-Mera (2013), who analysed the evolution of Mercosur in light of the tension between interstate asymmetries and the domestic politics of member countries. Gómez-Mera's study sheds light on domestic processes that blocked or mitigated systemic effects in the bloc, and more works of this kind are needed. As Acharya (2015) observes, it is not necessary for mainstream theories to be discarded by researchers from the Global South; rather, these theories should be questioned and urged to think beyond their countries of origin, as well as being confronted with new theoretical approaches from other parts of the world.

Neoclassical Realism and International Trade

It is important to demonstrate how Neoclassical Realism (NCR) can contribute to the study of trade agreements. Although NCR was initially created to explain the behaviour of great powers and primarily concerns itself with security issues, in line with Realist tradition, RIPSAN, LOBELL, and TALIAFERRO (2016) argue that other topics can be analysed through its lens, including trade issues. The cited authors refer to MAYER's work (1998) on the negotiation process of NAFTA (North American Free Trade Agreement), a free trade agreement between the United States, Canada, and Mexico, to address the topic and explain the contribution of NCR. NAFTA underwent modifications and was renamed USMCA (United States-Mexico-Canada Agreement) in July 2020.

Interestingly, Mayer has previous works predating the establishment of NCR that already employed two-level analyses (domestic and international) and

questioned the exclusively systemic perspective of Realism and Neorealism, anticipating some of the criticisms that would emerge in the late 1990s with NCR. The author did not propose a hierarchy between the levels but provided a political analysis matrix that also considered domestic interests that arose against the agreement, contradicting the logic of economic studies that showed trade advantages for the three countries involved. In terms of synergy between the levels, Mayer's work can be considered a precursor to what would later be proposed by neoclassical realists, especially in the discussion by RIPSAN, LOBELL, and TALIAFERRO (2016) regarding NCR's ability to address issues such as trade flows or economic interdependence among states.

Mayer's works are examples of studies that diverged from the rigidity of Neorealism and sought to incorporate domestic factors in an organized and scientific manner. Gideon Rose coined the term "Neoclassical Realism" in 1998, based on the systematization of previous attempts to create convergence between levels of analysis, giving rise to a new theoretical current in International Relations (IR). It is interesting to note how Mayer's work identifies the need for a comprehensive analytical model to capture the nuances of trade agreements, while NCR, once established as a theory in IR, primarily focuses on security issues. From the second decade of the 21st century onward, NCR has resumed other research agendas that can benefit from its versatility, revisiting many of the assumptions previously discussed by Mayer.

Regarding other approaches to trade in the field of IR, these were generally explored by liberalism prior to the emergence of NCR. However, according to the criticisms made by neoclassical realists, liberal theory does not provide explanations that take into account the power struggle in the international system and the understanding that the state is a plural actor. In this sense, the liberal branches of IR utilize the same logic as the *innenpolitik* theories described by classical realists, given that liberals argue that foreign policy is determined by the preferences of domestic coalitions. In summary,

Our critique of liberalism is not that liberal democracy, international institutions, trade flows, or levels of economic interdependence between states are epiphenomenal. On the contrary, we argue that by minimizing the relative distribution of power and focusing on institutions, liberal democracy, and trade, while excluding power politics, liberal theories are limited in explaining many aspects of international politics." (RIPSAN; LOBELL; TALIAFERRO, 2016, p. 6).

The exclusion of systemic factors ignores the power struggles surrounding economic issues, operating under the assumption that the rationality of domestic institutions' decision-making processes will guide foreign policy choices toward cooperation, thereby generating peace and stability in the international system.

Neoclassical realism (NCR) recognizes the importance of domestic pressures but primarily adds systemic constraints to analyses that often limit states' options in terms of foreign policy actions, an argument that refers back to the previously used idea of a "menu." When economic discussions come into play, this "menu" of options available in the international system may become even more restricted or contain simultaneous political pressures, leaving little room for domestic actors to manoeuvre. An example of this situation, which illustrates NCR's ability to combine different levels of analysis, is the question posed by RIPSAN, LOBELL, and TALIAFERRO (2016) regarding the conditions under which a state opts for free trade or protectionism, a topic that connects with the current research.

While traditional realists believe that states always prefer protectionism, and liberals argue that the decision depends on the domestic coalition with greater influence over foreign policy, NCR asserts that the first factor impacting this judgment will be the international environment, followed by the preferences of domestic coalitions. If the alternatives in the international environment are limited or security is threatened, the choice will be for trade protectionism; otherwise, free trade may be the choice of domestic coalitions (GOWA; MANSFIELD, 1993). Obviously, there will be protectionist coalitions vying for the prerogative over foreign policy, and the balance of power with pro-free trade coalitions differs in each state. The group that prevails in this struggle will attempt to influence the executive branch and shape foreign policy in favour of its interests.

A traditional example used by NCR to demonstrate this dynamic is, once again, the negotiation and signing process of NAFTA. The analysis is centred on the United States because this actor was the main driver of the agreement, even though Mexico took the initiative to propose a dialogue on free trade in 1990, initially only with the Americans (Schott, 2001).

According to NCR, three systemic factors converged to make this agreement a reality: first, the collapse of the Soviet Union (USSR) in 1989, consolidating the United States' position as the main power. The threat posed by the USSR had dissipated, and security was abundant in the international system (RIPSAN; LOBELL; TALIAFERRO, 2016), a situation that allowed a state's preferences regarding trade policy to depend more on the pressure exerted by domestic coalitions.

Second, trade competition between the United States, then the European Economic Community (EEC), and Japan became intense between the 1970s and 1980s in the manufactured goods sector. Japan, in particular, caused significant concern when it began to be perceived as a rising power by the U.S. (FURSE,

2022), just as West Germany's high-tech exports raised alarm bells for other competitors.

The final systemic factor to mention was the negotiations taking place under the GATT to reform multilateral trade. The recessions of the 1970s had created a protectionist environment in the early 1980s, and the advances made by the Tokyo Round (1973-1979), such as tariff reductions by developed countries and the inclusion of regulations on non-tariff barriers, were still being implemented. Tension grew as the U.S. pressured its allies, particularly Europeans, for a new round of negotiations that included services, intellectual property, and agriculture. In summary, confidence in the multilateral trade system was declining, and uncertainty about its future loomed.

In light of these systemic factors, important domestic decisions in U.S. politics occurred, allowing for the creation of NAFTA. The deadlocks in GATT negotiations led the U.S. to negotiate free trade agreements with several countries simultaneously as an alternative (SCHOTT, 2001), allowing for the signing of an agreement with Israel in 1985 and another with Canada in 1988. Starting in the 1990s, the focus of these negotiations became Latin America, which was recovering from the previous decade's debt crisis. The U.S. strategy to diversify partners and promote free trade seemed to be the most suitable choice to navigate a moment of restructuring in international trade, and few anticipated the resistance from American society regarding NAFTA, an unprecedented situation given the consistent support for free trade from the American public since the end of World War II.

Free trade not only had the support of the Democratic and Republican parties but also enjoyed backing from public opinion, which trusted in trade's strategic role for the U.S. in the bipolar context. On the other hand, during this period, there was little citizen participation in discussions on the topic, unlike the direct and active involvement of businesses in trade negotiations. Public acquiescence came to an end with the NAFTA negotiations in 1990, when, for the first time, environmental and especially protectionist groups organized opposition to a trade agreement (Mayers, 2002).

American protectionist sectors, particularly represented by labour unions, small farmers, and heavy industry, opposed the agreement, arguing that it would lead to job losses and exacerbate the trend of companies relocating to Mexico, a country with more lenient taxes, environmental legislation, and labour laws than the U.S. The nationalist appeal behind these claims was apparent, and protectionists advocated for tariff and non-tariff barriers against imports, as well as subsidies for their activities.

The segment that advocates for free trade is the business community, which consists of sectors with greater competitive capacity in the international

landscape, such as light industry, agribusiness, and services (RIPSMAN; LOBELL; TALIAFERRO, 2016). These sectors advocated for the elimination of tariff barriers, and despite the unprecedented involvement of civil society and the uproar from protectionists who emerged victorious from the clash, NAFTA was signed.

Nevertheless, the scars from the clash between free trade and protectionist factions would linger in the public debate in the U.S., and the rupture of consensus regarding the benefits of free trade became entrenched in the country's politics (Mayers, 2002). This rupture intensified throughout the 1990s and had significant impacts in the second decade of the 21st century.

In concluding the example given by the case of NAFTA, NCR demonstrates its applicability in a multi-level analysis of trade agreements. Systemic factors such as the shift in the post-Cold War landscape toward a more permissive and secure international system, trade competition among developed countries, and insecurity regarding GATT allowed the U.S. to adopt a more aggressive stance in terms of trade policy.

This opened space for domestic protectionist groups, historically absent from the debate, to clash with free trade advocates. Protectionists lost the battle, and NAFTA was signed, but they found a voice in the American public debate and became increasingly vocal from this episode onward, gaining sympathy from the labour sectors. In other words, a keen look at the domestic scene not only responds to the U.S. insistence on signing NAFTA but also observes the beginning of a protectionist trend that, even after losing the initial clash, would remain active in the following years.

It should also be noted that, as a power, the U.S. had more leeway to defend its trade interests in the multilateral trade system through pressure against its partners within GATT, which signifies an important impact on a systemic factor, according to the terms used by NCR. Smaller powers or developing countries do not have this capacity and are more susceptible to the realities presented by the international system, possessing little ability to alter it in their favour.

Recent works also demonstrate the utility of neoclassical realism (NCR) in explaining variations in the agenda regarding protectionism or trade openness mentioned earlier, seeking to understand the different reasons for states' engagement in trade agreements and scrutinizing political decisions. The literature review indicated a growing number of analyses on free trade agreements from the perspective of NCR in the second decade of the 21st century. Noteworthy texts discuss agreements promoted by the European Union, agreements among Asian countries, and those focusing on China's role, reinforcing the argument that the increasing complexity of the international system requires more comprehensive and versatile analytical tools.

Below, I present two studies that exemplify this new trend, which has contributed to the resurgence of political issues in the study of agreements and the collaboration of international relations (IR) in these discussions.

SMITH (2016) investigated the strategic approach of the European Union towards Ukraine through a Deep and Comprehensive Free Trade Agreement (DCFTA). Agreements of this kind were part of the strategy created in 2004 called the European Neighbourhood Policy (ENP). The goal was to foster closer ties between the European Union and the countries of Eastern and Southern Europe. Comprehensive agreements are in effect with Georgia, Moldova, and Ukraine. Negotiations between the European Union and Ukraine began in 2008, and for many analysts, these were one of the triggers for increased rivalry with Russia in the region. According to SMITH (2016), there was a perception within the European Union that the bloc should position itself internationally as an economic power through a common foreign policy, promoting its values such as free trade.

Ukraine was understood as an important economic partner, while Russia was seen as a fragile economy unable to compete with the European Union and attract Ukrainians into its sphere of influence. Using NCR as an explanatory key, the author demonstrates how the European Union's misconceptions (analysed from a state-centric perspective solely for the purpose of examining its foreign policy) in exercising its normative power through trade exacerbated Russian hostility towards Ukraine, elevating tensions between the two countries. The European Union overestimated Ukraine's capacity to join the European integration project while underestimating Russia's response to this rapprochement, demonstrating the difficulty of European Union institutions in reacting to systemic constraints through consistent foreign policy actions.

Another example of a study on trade agreements that employs NCR is TERADA's (2019) analysis of Japan's role in the Trans-Pacific Partnership (TPP). Known in the media by its English acronym TPP, the free trade agreement began negotiations in 2008 and aimed to bring together twelve countries belonging to the Pacific geographic region. The shift in U.S. domestic policy with Donald Trump's rise to the presidency (2016-2021) caused a significant change in foreign and trade policy, leading to the country's exit from the agreement in 2017.

China, in turn, sought to increase its influence in the region and encouraged the signing of the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement among the countries of the Association of Southeast Asian Nations (ASEAN) and their main trading partners. The U.S. exit from the TPP created a deadlock regarding the future of the agreement, while the RCEP became a more promising alternative. TERADA (2019) argues that the systemic change brought about by the U.S. attitude paved the way for Japan to take the lead in the TPP, becoming an important counterweight to China.

The alteration at the systemic level allowed then-Prime Minister Shinzo Abe to strengthen his cabinet's ("Kantei") position against traditional domestic interest groups, giving Japan a leadership role in the continuation of the TPP (which came to be referred to as "TPP-11" in reference to the number of signatory countries). The author identified two intervening variables—the strengthening of the Kantei and the weakening of interest groups, especially in agriculture—as the main elements that enabled Japan's prominence. Regarding the independent variable,

In terms of Neoclassical Realism, the U.S.'s absence from the TPP strengthened Japan's relative power within the group. Japanese political leaders well received this situation, supporting the self-imposed task of concluding the trade agreement (TERADA, 2019:26).

The examples illustrate the theory's ability to organize the scenario being analysed, as various factors are considered simultaneously and at two levels. Works from other fields often emphasize geopolitics and examine the levels in an unsystematic manner, failing to explain the interaction that occurs between them and prioritizing one explanatory element over another without justification. The Realist contribution to Neoclassical Realism regarding the supremacy of the systemic level adds a distinctive element to the study of trade agreements because it presents the "menu" of international constraints and opportunities for countries; from this point, the perception and interpretation of domestic actors will determine what foreign policy action will be taken.

Conclusion

In the face of an increasingly complex international scenario and intricate trade agreements, the field of International Relations has much to offer for analyses that consider the power dynamics among countries. The struggle for power continues to govern international relations and has become even more relevant since the 21st century.

Trade agreements now encompass numerous issues beyond commerce and have become an important tool for projecting power, not just economically. Among the theories of IR, Neoclassical Realism has been used to analyse complex trade agreements affected by both the international system's context and domestic factors. Neoclassical Realism is useful for explaining why variations occur in a state's foreign policies over time and under external constraints, particularly concerning the actions of powers that impact the international system as a whole. According to this analytical lens, domestic actors "read" the situation based on the constraints and opportunities offered by the international system and adopt actions to address the challenges.

The theory allows for the selection and organization of the variables of a case within an analytical framework that facilitates working with various factors, providing a panoramic view of the phenomenon addressed. Moreover, it possesses the necessary flexibility to incorporate different explanatory elements.

Although Neoclassical Realism is not a new theory, it has been little applied in recent decades to analyse trade issues because the international context of the 1990s and early 2000s seemed to favour cooperation in this area, and globalization fulfilled the promise of prosperity, at least for the countries of the Global North. The second decade of the 21st century witnessed the overwhelming return of *realpolitik*, characterized by a technologically sophisticated trade war, analogous to the disputes among the great powers of the 1930s.

Thus, Neoclassical Realism has re-emerged as an alternative to deal with the complexity of this new scenario and to include in analyses the Global South countries, which have gained more voice in international negotiations in recent decades. This opens up space for a promising research agenda through the lens of Neoclassical Realism, such as the role of lobbies in the foreign policies of countries involved in negotiations; the impact of power struggles on trade negotiations; the role of ideologies in conducting trade negotiations; and the position of the new globalized far-right on trade agreements. This work aimed to contribute to expanding this research agenda through the analytical lenses of IR, given that politics has once again permeated economic issues intensely in recent years, necessitating analyses capable of explaining countries' positions beyond import and export tariffs.

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