

IO

Celeste A. Wallander

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International Financial Markets and National Welfare States

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Violence and the Social Construction of Ethnic Identity

IO

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In Memoriam

**ALEXANDER DALLIN
(1924–2000)**

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Abstracts

Institutional Assets and Adaptability: NATO After the Cold War

by Celeste A. Wallander

The puzzle of NATO's persistence is best addressed as part of a larger inquiry into institutional change. Institutions persist because they are costly to create and less costly to maintain, but this institutionalist argument is incomplete. Whether institutions adapt to change depends on whether their norms, rules, and procedures are specific or general assets and on whether the asset mix matches the kinds of security problems faced by their members. Assets specific to coping with external threats will not be useful for coping with problems of instability and mistrust, so alliances with only the former will disappear when threats disappear. Alliances that have specific institutional assets for dealing with instability and mistrust and general institutional assets will be adaptable to environments that lack threats. I assess these hypotheses in a test case of NATO's institutional assets during and after the Cold War.

Room to Move: International Financial Markets and National Welfare States

by Layna Mosley

A central research question in international political economy concerns the influence of financial markets on government policy outcomes. To what extent does international capital mobility limit government policy choices? I evaluate the relationship between international financial markets and government policy outcomes, with a focus on the government bond market in developed democracies. Evidence includes interviews with financial market participants and a cross-sectional time-series analysis of the determinants of interest rates. This evaluation suggests that governments of developed democracies face strong but narrowly defined financial market pressures. Financial market participants are concerned with a few macroeconomic policy indicators, including inflation rates and government deficit/GDP ratios, but not with micropolicy indicators, such as the distribution of government spending across functional categories. In these areas, governments retain policymaking autonomy. I conclude by exploring the role of financial market influences within domestic politics and offering suggestions for further research.

Trade Blocs, Trade Flows, and International Conflict

by Edward D. Mansfield and Jon C. Pevehouse

The relationship between foreign trade and political conflict has been a persistent source of controversy among scholars of international relations. Existing empirical studies of this topic have focused on the effects of trade flows on conflict, but they have largely ignored the institutional context in which trade is conducted. In this article we present some initial quantitative

results pertaining to the influence on military disputes of preferential trading arrangements (PTAs), a broad class of commercial institutions that includes free trade areas, common markets, and customs unions. We argue that parties to the same PTA are less prone to disputes than other states and that hostilities between PTA members are less likely to occur as trade flows rise between them. Moreover, we maintain that heightened commerce is more likely to inhibit conflict between states that belong to the same preferential grouping than between states that do not. Our results accord with this argument. Based on an analysis of the period since World War II, we find that trade flows have relatively little effect on the likelihood of disputes between states that do not participate in the same PTA. Within PTAs, however, there is a strong, inverse relationship between commerce and conflict. Parties to such an arrangement are less likely to engage in hostilities than other states, and the likelihood of a military dispute dips markedly as trade increases between them.

Trust and Cooperation Through Agent-specific Punishments

by Fiona McGillivray and Alastair Smith

Using the infinitely repeated prisoners' dilemma game as a modeling platform, we examine how domestic political institutions affect the ability of nations to trust and cooperate with each other. We propose a strategy, the agent-specific grim trigger, in which national leaders direct punishments for past defections at the leader of the nation responsible rather than at the nation itself. Leaders refuse to cooperate with those leaders who have cheated them in the past. However, by being prepared to cooperate with new leaders, cooperation can be restored. The focus of punishment on specific agents of the people (leaders), rather than the nation itself, means that citizens want to remove leaders who defect. Hence, domestically accountable leaders pay audience costs for failing to cooperate. These costs make accountable leaders more trustworthy and foster greater cooperation. In contrast, when replacing leaders is difficult, cooperation is less robust; and once cooperation falters, agent-specific punishment policies often lead to prolonged hostilities and periods of acrimonious relations between states.

Divided Government and U.S. Trade Policy: Much Ado About Nothing?

by David Karol

Scholars assert that divided government impedes the liberalization of U.S. trade policy. They claim that presidents favor freer trade and will use the negotiating authority Congress delegates to them to reach agreements lowering trade barriers. Since presidents gain more support from their congressional co-partisans, less liberalization ensues under divided government. This theory rests on the premise that party is unrelated to congressional trade policy preferences beyond legislators' tendencies to support their presidential co-partisans. Yet before 1970 congressional Democrats were relatively free trading regardless of the president's party affiliation. Since then, the same has been true of Republicans. Divided government facilitates the trade policies of presidents from the protectionist party since they win more support from their "opposition" in this area. Divided government does impede the efforts of presidents from the free-trading party to liberalize. I conclude that divided government has no consistent effect on trade policy outcomes.

Violence and the Social Construction of Ethnic Identity

by James D. Fearon and David D. Laitin

We examine the theoretical implications of the observation that ethnic identities are socially constructed for explaining ethnic violence, distinguishing between two classes of mechanisms. If individuals are viewed as the agents who construct identities, then constructivist

explanations for ethnic violence tend to merge with analyses that stress strategic action by both elites and mass publics. In contrast, if discursive formations are the agents that construct ethnic identities, then constructivist explanations tend to merge with accounts that stress internal logics of specific cultures. Using the books under review as a “sample,” we find considerable evidence linking strategic aspects of ethnic identity construction to violence and more limited evidence implicating discursive systems. The most common narrative in these texts has large-scale ethnic violence provoked by elites, often motivated by intra-ethnic conflicts. Followers follow, despite the costs, out of increased fear of thugs and armies “let go” by elites (both the other side’s and their “own”) and often in pursuit of local grievances that may have little ethnic component. Several other mechanisms are also discussed, including the role of discursive systems in conditioning publics for violence and the role of violent efforts to enforce “everyday primordialism” by policing supposedly primordial ethnic boundaries.