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International Organization

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Abstracts

The Origins of Central Banking: Solutions to the Free-Rider Problem

by J. Lawrence Broz

This article explains (1) the origins of central banking and (2) variations in the spread and durability of central banks across nations. Early central banks helped bind governments to honor their debts and thereby furthered governments' capacities to efficiently finance military expenditures. The origins of central banking are problematic because government credit-worthiness and efficient wartime fiscal policy are public goods, subject to the free-rider problem. Applying a variant of the joint-products model, I argue that governments offered private benefits (monopoly privileges) to select creditors to induce participation in central banks. To explain cross-national differences, I argue that the level of domestic political decentralization negatively affected the incidence and durability of central banking. Countries with decentralized political systems faced regulatory competition from strong local authorities as licensors of banking monopolies, making it difficult to adopt or sustain central banking. Qualitative and statistical evidence from Europe and the United States to about 1850 support the arguments.

Bargaining, Enforcement, and International Cooperation

by James D. Fearon

Neoliberals and their neorealist critics have debated the relative importance of two main obstacles to international cooperation—problems of cheating and enforcement and problems of relative gains. By contrast, I argue that problems of international cooperation have a common strategic structure in which a third, distinct obstacle plays a crucial role. Almost regardless of the issue area, states must first resolve the *bargaining problem* of agreeing on terms before they can implement and begin to enforce an agreement. Furthermore, the bargaining and enforcement problems interact. Using a game model, I show that if states must bargain to determine the deal to be enforced, the “shadow of the future” cuts two ways. A high expectation of continued interactions may make enforcing the agreement easier, but it can also give states an incentive to bargain harder, delaying agreement in hopes of getting a better deal. Empirical evidence from trade and arms control negotiations suggests that this mechanism may help to explain the costly standoffs that are often observed in international politics and are problematic for received neoliberal theories.

Politics at the Water's Edge: Parties, Voters, and the Use of Force Abroad

by Joanne Gowa

This article examines the effects of party politics and presidential election cycles on U.S. recourse to force abroad. I analyze a game-theoretic model to generate predictions about these effects. In the unique time-consistent equilibrium outcome of the one-shot game, policy varies across political parties. In a subgame-perfect equilibrium outcome of the repeated game, the use of force is invariant to the partisan composition of government. In neither case does policy respond to the electoral cycle.

An empirical analysis supports the predictions of the repeated game. Between 1870 and 1992, U.S. recourse to force abroad responds neither to partisan politics nor to the domestic political calendar. It responds only to changes in U.S. power status and to the advent of general wars.

Geopolitical Relations in the European Middle Ages: History and Theory

by Benno Teschke

The European Middle Ages have recently attracted the attention of international relations (IR) scholars as a "testing-ground" for established IR theories. Neorealists, historicizing neorealists, and constructivists dispute the meanings of medieval anarchy and hierarchy in the absence of sovereignty. On the basis of a detailed critique of these approaches, I offer a historically informed and theoretically controlled interpretation of medieval geopolitics revolving around contested social property relations. My interpretation is meta-theoretically guided by dialectical principles. Lordships are the constitutive units of medieval authority, combining economic and political powers and assigning contradictory forms of rationality to their major agents, lords, and peasants. Interlordly competition over land and labor translates directly into distinct forms of geopolitical relations, generating a culture of war. Against this background, I clarify the specific meanings of the medieval "state," territoriality, frontiers, peace, war, anarchy, and hierarchy before drawing out the wider implications of changing social property forms for IR theory.

Economic Interests, Party, and Ideology in Early Cold War Era

U.S. Foreign Policy

by Benjamin O. Fordham

Although it is widely acknowledged that economic interests influence the politics of trade policy, most research on international relations treats security issues differently. Do conflicting economic interests shape political debate over foreign policy even when security issues are highly salient? To answer this question, I test a range of hypotheses about conflicting interests in the economic stakes of U.S. foreign policy during the early Cold War era. I present evidence that economic interests in their home states were closely related to senators' voting patterns on foreign policy issues. These patterns hold across economic and security issues. I also find that political parties play an important mediating role, making senators more or less receptive to various economic interests.

Managing the Evolution of Multilateralism

by George W. Downs, David M. Roocke, and Peter N. Barsboom

One of the most prominent characteristics of multilateral organizations is that they do not "spring forth full blown"; they grow. Although this is well known, relatively few attempts have been made to explain it at a general level or to explore its implications. In this paper we show why states that desire to create a multilateral organization or agreement might be at-

tracted to a strategy that involves admitting potential members sequentially based on their preferences. Such a “sequential construction” strategy can generate an unusual kind of structure-induced equilibrium that dramatically mitigates the breadth-depth trade-off and increases the level of cooperation a multilateral is able to attain. We evaluate these claims with data drawn from the history of the European Union and twenty environmental multilaterals.

Tariffs and Trade Fluctuations: Does Protectionism Matter as Much as We Think?

by William R. Thompson and Rafael Reuveny

Despite the widespread assumption that tariffs reduce trade volume in the short term, it is conceivable that long-term expansion and contractions in trade actually drive tariff levels. A Granger causality analysis performed on British, U.S., French, German, Japanese, and a systematic aggregate data on GDP–tariff levels encompassing the 1854–1990 period finds mixed support for both the short- and long-term interpretations. In general, the antecedence of trade on protectionism predominates over the antecedence of protectionism on trade. One implication is that the long-term context should not be ignored in analyzing short-term dynamics.