

Chapter 1

INTRODUCTION

The natural effect of commerce is to bring about peace. Two nations which trade together, render themselves reciprocally dependent; if the one has an interest in buying and the other has an interest in selling; and all unions are based upon mutual needs.

—Montesquieu, *The Spirit of the Laws*

It is really difficult to understand the claim of the free-traders who imagine that the more advantageous application of capital will abolish the antagonism between industrial capitalists and wage workers. On the contrary, the only result will be that the antagonism of these two classes will stand out still more clearly.

—Karl Marx, “On the Question of Free Trade”

Throughout history policymakers, theorists, and the general public have debated the virtues and vices of foreign trade. The post–Cold War era has witnessed a resurgence of these debates, with scholars and policymakers divided over whether trade will produce desirable or adverse consequences within and between nation-states. In recent years, international relations scholars have turned their attention to assessing the validity of one presumed benefit of trade—the promotion of interstate peace. Unfortunately, few scholars have investigated systematically the long-standing liberal proposition that trade promotes peace, nor have they investigated those advanced by critics of liberalism. A systematic test of these propositions is critical, since foreign trade has become a central feature of domestic and foreign policy agendas of many states. Thus, answering basic questions about trade’s impact not only is theoretically interesting, but also has important policy implications.

Although the Cold War was different than major power hot wars, the post–Cold War period has been marked by the same type of cosmopolitan rhetoric that followed other major world wars. Liberal scholars and their policy allies argued that free trade and the expansion of ties between states was the best way to unite former adversaries, as well as traditional allies. Liberals employed arguments about the virtues of trade that

included an explanation of how economic interdependence creates incentives for cooperation, reduces misperceptions, and fosters formal and informal mechanisms conducive to resolving conflicts of interest that might arise between states. Moreover, many liberals argued that trade could be and should be used as a substitute for military strategies in foreign policy. This included employing policies of constructive engagement when seeking to alter another state's undesirable behavior, including the target state's internal and external aggression. Here liberals maintain, and many believe, that trade is capable of transforming the most oppressive, authoritarian regimes into peace-loving democratic societies. In fact, some portray trade as the panacea for the earth's scourges, ranging from the distasteful characteristics of human nature to poverty and war.

Unfortunately, the empirical evidence supporting liberal claims linking trade to peace, like other liberal views of commerce, is limited. If policymakers are to continue to advocate trade as a peace-inducing policy, we must first understand whether economic ties are capable of producing the desired effects on interstate relations. In this respect, Blainey's warning about liberal theories of peace, in general, is applicable to the issue of trade:

Irrespective of whether the creed rests on sound or false premises of human behavior, it still influences international relations. . . . If it is based on false generalizations about the causes of war and the causes of peace its influence in promoting peace is likely to be limited and indeed haphazard. (1973, 29)

I begin my investigation by considering what I refer to as the *unconditional liberal hypothesis*—that trade promotes peace regardless of the nature and context of economic linkages.¹ Then I turn to a discussion of competing propositions advanced by critics of liberalism. My purpose is to underscore the differences that exist in trading relationships and the manner in which these differences might produce outcomes that differ from the liberal model of a commercial peace. Critical theories of economic relationships suggest that trade's impact may vary: some trading relationships may be peaceful, while others are conflictual. In light of these arguments, I outline the conditions under which economic ties should be beneficial and those in which the costs may outweigh the

benefits. Doing so will enable me to draw linkages between the presumed consequences that result from different forms of trade dependence and the impact this has on interstate relations. By pursuing such a strategy, I am able to evaluate alternative propositions about the conditions under which trade promotes peace.

For example, liberals claim that the expansion of trade ties should always reduce the likelihood of conflict. In response, critics charge that trade's consequences vary depending upon whether dependence is *symmetrical* or *asymmetrical*. In asymmetrical relationships, the costs and benefits for each actor are unequal, with the more dependent state incurring disproportionate costs and fewer benefits. In such cases, trade relations may create an overall net cost to a dependent state, rather than a net benefit. From critical theories, we see that the motivations that liberals assume deter trading partners from engaging in conflict may not hold. Instead, asymmetrical relations foster potential tensions that are less likely to exist in symmetrical relations. Moreover, even in cases where each state in a trading relationship enjoys absolute gains, critics of the liberal argument contend that real or perceived disparities in relative gains might operate against harmonious interstate relationships. That is, a state may view another state's gains, particularly if greater than one's own, as a loss to oneself. From critical theories we learn that trade does not have a uniform (nor universally pacific) impact on trading relationships. Again, this critical response to the liberal claim has not yet been fully tested.

This study departs from previous research on trade and conflict in several ways. First, I integrate often-overlooked scholarship that advances our understanding of the impact trade has on the incidence and severity of interstate conflict. Theorists often address the relationship between interstate trade and conflict from within a particular theoretical framework, frequently neglecting important criticisms from alternative theoretical positions. By considering a wide range of theoretical propositions, I am able to forge a more complete understanding of the debate. Second, I provide a comprehensive empirical analysis of propositions concerning the trade-conflict relationship. My study includes analyses of the period 1870–1992, based upon a global sample of more than 100,000 observations of pairs of states. By expanding the range of cases beyond previous studies, I am better able to assess the generalizability of hypotheses related to the trade-conflict relationship.

Initially, I examine whether a systematic relationship exists between

trade and conflict and whether the evidence supports the claims advanced by liberals or critics of liberal propositions. In order to assess more fully the relationship between trade and conflict, I control for the potentially confounding influence of variables believed to be related to both trade and conflict, such as geographic contiguity, joint democracy, joint alliance agreements, and relative capabilities. These variables have been examined at great length in international relations literature, but they have only begun to receive attention in studies of trade and conflict. In addition, controlling for these factors allows me to consider the separate effects of various forms of interdependencies between states (e.g., economic, political, geographic, and cultural linkages).

Before beginning my investigation of the trade-conflict relationship, it is important to consider the rich tradition that exists on each side of the debate about commerce. For that reason, I begin my story about trade with a step back in time, to understand the key ingredients that guide the debates. I discuss some of the underlying issues reflected in perceptions about commerce. This will give us a better appreciation for the reasons people remain divided in their reading of trade's consequences. Next, I reveal the sources of division over trade that have existed throughout the evolution of free-trade ideology. This might explain why starkly different ideologies about commerce have coexisted throughout history, with people divided as to whether commerce is good or bad, capable of promoting peace or contributing to conflict. I will show that history has revealed an ebb and flow of ideologies supportive of and opposed to free trade. The fact that most eras witness a blend of ideologies about commerce suggests that debates about trade will continue to enjoy a prominent role in world politics.

HISTORICAL ROOTS OF BELIEFS ABOUT TRADE

Throughout history, scholars and policymakers have debated the virtues and vices of foreign trade (Hirschman [1945] 1980; Irwin 1996; Spiegel 1991; Viner 1937). Advocates of free trade underscore the positive aspects of commerce, including the economic, social, and political benefits of trade, while critics question nearly all of the alleged benefits. Instead, critics tend to focus on the negative consequences of trade and the dependence that arises from it. For those scholars focusing on the beneficial aspects of trade, there is a clear connection between commerce

and the promotion of peace or the inhibition of conflict. Conversely, scholars focusing on the negative aspects of economic dependence reject the claim that trade produces the necessary restraints on militarized conflict.

Advocates of foreign commerce and its expansion have been described as free traders, cosmopolitans, internationalists, liberals, commercial liberals, and so on, while critics have been labeled protectionists, isolationists, economic nationalists, mercantilists, or neomercantilists. Regardless of the variations in the labels and the strategies pursued, the sentiments found on each side of debates about trade persist over time. In fact, it is truly amazing to see how little has changed over the centuries in debates about commerce, including the issues and the passions they inspire. This might not be surprising if we consider that the divide over commerce runs much deeper than often portrayed, as it touches upon some of the most fundamental issues that guide alternative perspectives about the world. It may be more beneficial to think about the underlying issues that lead people to such different conclusions about commerce.

The Underlying Issues

If we take a broader historical perspective of the divide between advocates and critics of trade expansion, a number of common themes emerge. These include issues centering on whether it is good or bad to be dependent upon outsiders, whether trade's expansion creates positive or negative changes within and between societies, and whether all actors engaged in or affected by trade benefit from it or care about the unequal costs and benefits accompanying it. In sum, people differ in their conception of whether trade is good or bad for the majority and minority of actors and what impact this and other results will have on actors, societies, and the global community.

Discussions about trade rest on core beliefs about the nature of human beings, their motivations, abilities, and capacity for change. This might sound like a familiar theme in the debate between realists and idealists in international relations, but it is more than that. Trading relationships, pursued through barter or monetary exchange, reflect some of the most basic examples of ways in which humans interact. Therefore, the range of personal beliefs, academic fields, historical precedents, and views about how trade shapes actors and their behavior deserves exploration. While such an investigation is beyond the scope of this book, it is still important

to consider why trade may or may not promote peace and why people might differ in their perception of which is the dominant trend in the trade-conflict relationship: peace or conflict.

When we speak of trade we speak of human interaction, and thus the divide as to whether such interaction is good or bad frequently underlies concerns over whether trade is a unifying or divisive force. Jean Bodin (1530–96) “endorse[d] foreign trade not only on economic grounds but also ‘to maintain communication and keep up good feeling’ among nations” (Spiegel 1991, 91). Modern-day liberals incorporate these views, maintaining that communication and the free flow of ideas are the taproots of interstate peace, while the absence of communication and the restriction of free trade and other interstate interactions are the contributing causes of wars (see Blainey 1973, chap. 2). Trade linkages are assumed to give rise to greater interdependence between nations. Liberals maintain that it is this type of interdependence that forges the integration of communities, that unites people and nations in a common bond. However, trade ties do not guarantee integration; and integration does not guarantee peace. One need only consider examples of various forms of social organizations in which members have much in common to understand that close relationships may either inhibit or exacerbate conflict.

Perceptions about the costs or benefits of trade are frequently tied to beliefs about whether the dependence that arises through extensive linkages fosters peace or conflict. Some believe that interdependence promotes better understanding between actors, the development of shared interests, means through which conflicts of interest may be resolved, and cooperation in general. For others, increased interaction and interdependence may simply heighten preexisting differences and create more sources of animosity.

Within international relations literature, scholars differ about whether contact between states is good for peace (see Nye 1968; Soroos 1977). For some, the greatest hope for peace arises when contacts are minimized (Waltz 1979). According to this view, increased interaction creates more opportunities for conflict. Blainey (1973, 30) provides the most striking commentary with respect to what might be an illusory hope for peace through interstate bonds in his reminder that “the frequency of civil wars shatters the simple idea that people who have much in common will remain at peace.” In fact, civil wars are as common as interstate wars (see

Small and Singer 1982, chaps. 12–17). Those who argue that peace is the natural result of integration ignore the wide range of behaviors present in close relationships.

Forbes (1997), in his recent book *Commerce, Conflict, and the Contact Hypothesis*, explains that beliefs about the impact of increased contact are similar whether we are speaking about individuals, racial or ethnic groups, communities, or nation-states. Supporters of racial integration in the South, for example, viewed expanding economic dependence and the increased interactions that accompany such dependence to be a means to unify groups and eradicate animosities. The same arguments have been used to support integration between other types of groups ranging from belligerents in religious conflicts to nation-states. In each case, supporters believe that increased contact and mutual dependence will eradicate differences and unify actors in peaceful bonds, while critics have a dimmer view. Thus, we have the free traders on one side portraying a more peaceful and prosperous world arising from the creation of a global economy unimpeded by national rivalries. On the other hand, economic nationalists and realists warn of the dangers associated with increased dependence upon outsiders and the conflicts that might ensue.

People seem to want an answer to the question of whether interdependence is good for peace, but the answer may not be that simple. Interdependent actors may be more likely to exhibit conflictual *and* cooperative interactions (Azar and Eckhart 1978; Coser 1956; de Vries 1990; Sayers 1990; Simmel 1955; Soroos 1977). De Vries (1990, 431–39) argues that “interdependence is . . . a catalyst increasing the intensity level of international relations in both conflictual and cooperative situations. . . . Interdependence goes along with serious disputes and intimate cooperation, and independence with indifference.” Coser argues that “conflict is more passionate and more radical when it arises out of close relationships. The coexistence of union and opposition makes for the peculiar sharpness of the conflict” (1956, 432). When one considers the intensity of conflict found within families, communities, and nations, it becomes clear that the most intense forms of violence are usually found among actors that have a high frequency of interactions and who are intimately connected. Rather than accepting without question the claim that increased contact is good for peace, we must assess empirically whether the interdependence that arises through commerce does, in fact, promote peace.

Coexisting Ideologies

While the view that trade promotes peace is most commonly associated with liberalism, this belief, like those expressed by critics, can be found in ancient writings. Jacob Viner recounts the long tradition of optimism associated with trade:

In the ancient Greek and Roman classics is to be found the doctrine that differences in natural conditions in different countries made trade between these countries mutually profitable. The early Christian philosophers took over this doctrine and gave it a theological flavor. God had endowed different regions with limited but varied products in order to give mankind an incentive to trade, so that through a world economy they would become united in a world society, and as children of one God they would learn to love each other. This was apparently common doctrine among the English theological writers of the sixteenth century and later. (1937, 100)

Yet, many ancient writers were skeptical about exposing their communities to the influence of foreigners and were distrustful of traders (Irwin 1996; Neff 1990; Spiegel 1991). Aristotle and Plato were among the first philosophers noted for stressing the importance of economic self-sufficiency, warning about the dangers of foreign dependence, and pointing out the corrupting moral influence that could be fostered by way of exposure to foreigners and trade. Greek and Roman philosophers were not alone in expressing their concerns about commerce; Neff identifies similar arguments in ancient Chinese and Indian writings (1990, 11–14). Positive images of traders began to emerge in the Middle Ages, but these views still competed with the more prevalent negative view of foreign trade and the moral fiber of those who engaged in it.

The overriding concern of critics of trade generally centers first on the concern that any infringement upon one's autonomy creates vulnerabilities that could be exploited at a later date. This concern existed in ancient times and still exists today. Descriptions of the liabilities of dependence in international relations resemble those of the dangers of becoming too dependent upon another person. Dependence creates opportunities for manipulation; it gives the less dependent actor an opportunity to exert influence.

As attitudes about commerce evolved through the ages, protectionists

have altered some of the strategies they promote for achieving their goals, but their underlying concerns about maximizing self-sufficiency and minimizing dependence persist. For example, during ancient times when issues of scarcity in food supplies were a chief concern to people, leaders regulated and often prohibited exports. Exporters could be viewed as traitors, denying their fellow country-people scarce food supplies for the sake of profit. Imports, on the other hand, were encouraged, since they reduced food shortages, and importers were viewed more favorably for being willing to take risks to feed their neighbors (Neff 1990). Later, mercantilists had a different view of exports and imports, advocating policies that encouraged exports and discouraged imports. The concern here was that owing foreign countries more than one earned sent precious metals outside one's country and depleted resources needed for security. Draining one's war chest seemed to be of greater concern than the risk entailed by curtailing food imports. Ironically, restrictions on food imports generated their own threat to security during times of scarcity, when, for example, Britain retained its Corn Laws in the face of widespread hunger and starvation. Today, political rhetoric favoring exports over imports points to the strong legacy of mercantilist sentiment that remains under the surface even in periods characterized by support for free trade. In fact, one could argue that the tendency for industrial states to protect their agricultural sector could be traced to the underlying fears that survival, at a minimum, requires that a state be able to feed its own people. Beliefs about the benefits of focusing on one's comparative advantage seem to go out the window when faced with the notion of relying on outsiders for the most basic security need—food.

We see that, even today, protectionists continue to view trade dependence as a means through which foreigners could exert undue influence. Critics of open commerce continue to focus on the negative impacts for dependent states that result from the power accorded to the less dependent state in an economic relationship. Free traders agree that interdependence limits state sovereignty, but they believe the benefits afforded through economic openness far outweigh the consequences of limited autonomy.

In the eighteenth and nineteenth centuries, French Physiocrats and classical political economists provided the clearest articulation of a system of free trade that they believed would lead to international peace and prosperity. Proponents of free trade challenged mercantilist views that

pitted states against each other in a competitive system of international relations, instead arguing that impediments to trade should be broken down so that all states might benefit from economic freedom. For classical liberals, trade was seen as a force for economic growth and political progress, and as a positive moral force for harnessing the more distasteful characteristics of human nature, such as greed, and channeling them into productive ventures (Hirschman 1977, 1982; Spiegel 1991). John Stuart Mill (1848a), in his *Principles of Political Economy*, maintained that “commerce” was “rapidly rendering war obsolete, by strengthening and multiplying the personal interests which are in natural opposition to it” (quoted in Hirschman [1945] 1980, 10). The classical liberals opposed any state actions that would impede the free flow of trade. Trade restrictions by any state, these theorists argued, could harm more than the intended target of economic barriers and thus be deleterious to the international political economy. Neff (1990) notes, however, that the views of the classical political economists in advocating the creation of a global economic community coexisted with the creation of an international legal doctrine that gave primacy to the state in economic and other matters. The principle of state sovereignty enshrined in international law afforded economic nationalists the ability to assert their parochial interests over those of the global community. The tensions over state versus global interests are relevant to contemporary debates about whether cooperation among self-interested states can emerge through trade and whether supranational interests forged through interdependence can replace national interests. Can the bonds created through economic ties offer sufficient restraints to prevent states from pursuing national objectives that may ultimately lead to conflict?

Today, most people overlook the fact that classical liberals spent a considerable amount of time addressing the negative consequences of the rapid expansion of commerce and capitalism. Adam Smith himself warned about the dangers of the unfettered expansion of capitalism as he watched the Industrial Revolution, and the economic hardships it created for some, take hold. The sentiments of some classical liberals appear to foreshadow the work of Karl Marx, who provided the most thorough critique of classical liberal ideals. The growing pains associated with rapid industrialization, often viewed as intricately linked to the expansion of capitalism and free trade, provide a useful reminder that the consequences of trade are not all beneficial. The question, of course, is the

downside of trade and how extensive it might be. Contemporary liberals seem less cognizant of the negative impact of trade than were their nineteenth-century counterparts.

Although notions of free trade, capitalism, industrialization, and development are intricately linked, the issue of trade and its impact on conflict is my principal concern here. The trade-promotes-peace hypothesis is not contingent upon the type of economic or political system a state possesses, one's level of development, or industrial capacity. All these factors may affect trade, but they should not affect the trade-conflict calculus. For commerce is said to overcome the differences that divide communist and capitalist, industrialist and agriculturist, and to unite friends and foes.

As we look to the future in considering the current climate in which free-trade ideology appears to be the dominant sentiment, we must remember that the international landscape seems to witness the ebb and flow of positive and negative sentiments about trade. Periods of global economic expansion, in which philosophies of free trade have flourished, have been followed by retrenchments to ideas of economic nationalism and trade restrictions (see Neff 1990). Generally, a blend of economic philosophies and national policies has coexisted and continues to coexist in the international arena. Even the post-World War II system, which many portray as a period of unprecedented advances in global integration, witnessed corresponding efforts of states to retain control over their economic policies and to pursue national objectives that contradicted the notion of promoting the good of the world community/economy.

In sum, the motivations for trade restrictions can be traced to the basic skepticism about trade's consequences and a desire to control trade in order to limit its adverse effects, while also maximizing its potential benefits. The efforts of individual states to manipulate trade policies testify to the skepticism that trade will produce universal benefits. Yet, net benefits and mutual benefits are very different things. Liberals have never claimed that benefits would be distributed equally among participants in trade. They have, however, argued that all states and the global community, as a whole, would be better off economically and politically in a world free of trade restrictions.

Given the differing arguments regarding trade's consequences for nations, it is easy to see why theorists disagree about the potential impact of trade ties on international relations. If one accepts the liberal portrayal

of trade's benefits, one might understand why states would wish to alter their behavior to preserve trade ties. However, for those who question the assumption that trade provides more benefits than costs it is difficult to draw the connection between trade and peace. In general, much of the trade-conflict debate centers on the question of whether the benefits of trade outweigh the costly aspects of economic interdependence. The cost-benefit calculus may differ depending upon the type of trading relationship that exists.

FROM TRADE TO INTERDEPENDENCE

Scholars on all sides of the trade-conflict debate tend to use the terms *trade*, *interdependence*, and *mutual dependence* almost interchangeably. However, these terms may mean very different things to different people. The term *interdependence*, in particular, has been used to describe myriad relationships in world politics and has been applied to people, nations, and the global community as a whole. I am concerned specifically with the interdependence that arises through trading relationships. I assume that the expansion of trade ties will lead to other forms of interdependence—economic and noneconomic. But I am not specifically exploring those types of bonds, other than to control for them in my empirical analyses. At the same time, my distinction between trade and other forms of interstate bonds is made only loosely, since the important theoretical distinction I make in this study is not between the types of interdependence that exist between states, but between interdependence and the other types of relationships that could emerge through trade. Namely, I explore the theoretical and empirical distinctions between interdependence, dependence, and relative independence. Of course, such relationships are not mutually exclusive and are better viewed in terms of degree, rather than kind.

Throughout the study the term *interdependence* is used to describe relationships of extensive and important interstate linkages, similar to those represented by various forms of alliances. The ties must be extensive to constitute interdependent, as opposed to relatively independent, relationships. And trading partners must be mutually dependent to constitute interdependent, as opposed to dependent, relations. As Keohane and Nye explain:

In common parlance, *dependence* means a state of being determined or significantly affected by external forces. *Interdependence*, most sim-

ply defined, means *mutual* dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries. . . . Where there are reciprocal (although not necessarily symmetrical) costly effects of transactions, there is interdependence. Where interactions do not have significant costly effects, there is simply interconnectedness. (1977, 8–9, emphasis in original)

Thus, two distinctions are made—one between dependence and interdependence, the other between interdependence and interconnectedness. For some theorists the mere existence of trade ties between states constitutes mutual dependence.² Other scholars distinguish transactional flows between states, or what Keohane and Nye (1977, 9) refer to as interconnectedness, from relations of interdependence. Interdependence entails a vulnerability and sensitivity not found in less extensive linkages.³ I assume that interconnectedness only gives rise to interdependence when the bonds between states become extensive and salient. Similarly, I assume that dependence gives rise to interdependence only when mutual need exists.

Many scholars agree that highly unequal dependence produces a dynamic very different from the dependence existing in relations of mutual need (see chap. 2). Liberals tend to neglect this analytical distinction when describing the benefits of trade, but neo-Marxist theorists have highlighted the contrast between types of dependence. Dependency theorists, in particular, explain how asymmetrical dependence affords the more independent state a position of power over the dependent state, such that the latter becomes vulnerable to political and economic manipulation. In addition, for radical economists, the costs and benefits of trade are assumed to be highly unequal in relations of dependence. Dependency theorists often draw upon Dos Santos's definition of dependence:

By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a

reflection of that expansion, which can have either a positive or a negative effect on their immediate development. (1970, 231)

In this study, I consider the distinction between trade dependence and interdependence. Although these relationships are often viewed in dichotomous terms, I argue that it is more useful to view them on a continuum ranging from relative independence to asymmetrical dependence to interdependence, where characteristics associated with each phenomenon may coexist.⁴

STUDY OUTLINE

The next chapter sketches the theoretical propositions concerning the relationship between trade and conflict that cut across paradigmatic approaches. I review relevant theoretical and empirical work, divided into three broad treatments of the trade-conflict relationship: (1) the interdependence theorists and liberal economists, who posit a negative relationship between trade and conflict; (2) dependency theorists and others who argue that the effect of economic ties on interstate relations is contingent upon whether dependence is symmetrical or asymmetrical; and (3) those who argue that expanded trade ties increase conflict. In addition, a possibility of a fourth scenario is discussed—that trade has no significant effect on interstate conflict. I propose a strategy to evaluate these alternative arguments about trade and conflict.

In chapter 3, I derive a set of testable hypotheses based on these various arguments and establish criteria for evaluating whether the evidence provides support for the unconditional liberal hypothesis or alternative hypotheses. I then discuss a strategy for capturing variations in different theoretical conceptions of dependence, interdependence, and conflict. In addition, I review various methodological problems associated with the data and discuss approaches to addressing potential biases created from the data. Chapter 3 also investigates the evidence supporting divergent theoretical propositions about the relationship between interdependence and conflict.

Chapter 4 moves beyond the initiation stage of conflict to investigate whether interdependence affects the characteristics of conflicts that arise between states. In particular, I examine whether the intensity of conflict occurring among interdependent dyads is greater than that found in less involved relations. Deficiencies encountered in focusing exclusively on

economic interpretations of the trade-conflict relationship are raised and discussed. Drawing on psychological and sociological theories of intimate relations, I consider whether the dynamics of close relations differ from those found in other types of relationships. The chapter examines empirically whether interdependent dyads are better able to resolve conflicts through negotiation and whether this prevents dyads from escalating their disputes to the most severe forms of conflict, including wars.

Chapter 5 examines the extent to which the trade-promotes-peace proposition obtains at alternative levels of analysis. I evaluate propositions cast at the national and system levels of analysis and provide evidence that trade's impact on conflict might vary, depending upon where we focus our analysis. In the final chapter, I summarize the findings and discuss their implications for policymakers. I also consider the relevance of the findings for related academic debates and outline an agenda for future research.