

Chapter 4

INTERDEPENDENCE, NEGOTIATION, AND ESCALATION

The empirical evidence presented in chapter 3 suggests that interdependent dyads are more likely than others to engage in militarized disputes. Does this mean that liberal assumptions about trade's pacifying and unifying power are completely unfounded? We know that trade ties fail to prevent the outbreak of militarized conflicts, but the question remains whether the conflicts that arise between interdependent states are less severe than those found in relationships where the bonds created by trade ties are absent. This question has drawn little attention, since the focus of previous work has been on trade's impact on the *occurrence* of conflict. However, there are good reasons to expect that interdependence might affect other stages of the conflict process. Interdependence may have an impact on the resolution or the escalation of conflict that is different from its impact on the occurrence of conflict. In this chapter, I explore the impact that interdependence has on the characteristics of dyadic conflict.

THEORETICAL BACKGROUND

The logic of liberalism may be extended to the evolution of disputes. Both the economic incentives to refrain from conflict and the positive sociological bonds between trading partners that liberals attribute to trade should also have an effect beyond the outbreak of conflict. Vuchinich and Teachman (1993) present a framework for evaluating the utility of conflict beyond its initiation stage; their framework is useful to consider within the context of interdependent relationships. They argue that as a conflict unfolds, leaders persist in assessing the utility of continuing the conflict and bring it to an end when costs outweigh benefits. Polachek's (1980) expected-utility model of the trade-conflict relationship can also be extended to dispute evolution. As discussed previously, Polachek argues that leaders are deterred from initiating conflict against important trading partners for fear of losing the welfare gains associated with trade. Considering the evidence presented in chapter 3, one might conclude that the anticipation of losses does not create a sufficient deter-

rent to conflict initiation. Yet, the actual realization of these trade-related losses may prove to have a strong influence on decisions to terminate conflicts rapidly and to prevent them from escalating. Thus, among the costs of continuing a conflict, a leader might consider the mounting economic hardships associated with harming an important trading relationship and thus be motivated to bring the conflict to an end. Barbieri and Bremer (1998) provide evidence that dyads with high levels of trade experience shorter disputes than dyads with less extensive trade ties.

In addition to the economic incentives hypothesized to motivate leaders to terminate conflicts before they escalate, liberals suggest that interdependent actors have an enhanced ability to settle conflicts nonviolently and that extensive linkages (including but not limited to trade) facilitate the creation of mechanisms conducive for achieving the peaceful resolution of conflicts. This should prevent interdependent states from engaging in any form of conflict. Yet, we know that such conflicts occur. Still, if liberal predictions about trade's pacifying power are at all correct, I would expect that at a minimum interdependent dyads should be better able than other dyads to negotiate a settlement to conflicts that break out and to prevent them from escalating. Disputes among interdependent dyads should be less intense than those experienced in other relationships.

The question remains, are conflicts between interdependent dyads really less intense than those found in other relationships? Psychological and sociological theories offer conflicting interpretations about the nature of conflict in interdependent relationships. The expansion of social bonds may at times facilitate conflict resolution (Rubin, Pruitt, and Kim 1994). On the other hand, there is evidence that when conflicts do arise between interdependent actors they may be more intense than those found in other relationships. In thinking about why this might be the case, we can consider alternative forms of relationships in which actors have much in common, experience high levels of interaction, and are intimately connected by a web of linkages. As discussed earlier, civil wars and family and marital violence illuminate the potential for intense conflict in interdependent relations. While primarily concerned with interpersonal relations, the expanding interdisciplinary research on close relationships identifies the dynamics of such relations and the potential for actors who are intimately connected to experience intense conflict (Bercheid et al. 1989; Hendrick 1989). This literature is useful to consider within the context of interdependent relationships between states.

Many of the theories concerning close relationships have their roots in the work of Freud (1938, 370; 1948, 54, 55), and his conception of ambivalence in intimate relations (Coser 1956, 61–62, esp. fn. 60–62). Freud argues that within close relationships it is natural for an individual to develop hostility toward those individuals with whom he or she is intimately involved, such as family members or marital relations. In the interest of preserving peace in close relationships, individuals have a tendency to suppress their hostilities. However, feelings of love and hate may be commingled in intimate relations. When conflicts do erupt within intimate relations, they are more likely to be more intense in nature than conflicts found between actors with limited bonds. The issue serving as the catalyst for any particular conflict may have little surface connection to the overall source of tension in a given relationship. Still, in close relationships the conflict that results may incorporate the hostile feelings originating from other issues. If we apply this dynamic to interstate relations, one might argue that important trade partners should suppress their hostilities about issues such as the distribution of gains from trade. Yet, if a conflict does erupt over trade or other issues, pent-up hostilities may be unleashed, leading to more violent confrontations than would exist in a conflict between less interdependent states.

Interdependent relations tend to exhibit the competing forces of cooperation and conflict, analogous to the love-hate relationships described by Freud and others. Simmel's (1955) and Coser's (1956) assessments of interpersonal and intergroup relations provide clues about why conflicts that erupt among interdependent states might be more intense than those conflicts found among less interdependent states. In interpersonal relationships, the intensity of conflict is directly related to the emotional investment in the relationship. In a similar way, one could argue that the more states become involved and dependent upon each other, the greater potential for hostilities to arise over a host of issues and the more intense those conflicts will be. Coser explains:

Conflict is more passionate and more radical when it arises out of close relationships. The coexistence of union and opposition in such relations makes for the peculiar sharpness of conflict. Enmity calls forth deeper and more violent reactions, the greater the involvement of the parties among whom it originates. (1956, 71)

The conditions under which hostilities will be suppressed or expressed in interdependent relations remain unclear. Given the economic and sociological motivations to refrain from harming an important trading relationship, we might expect important trading partners to repress tensions that arise in such relationships. This view might lead one to predict that interdependent relationships would witness less frequent conflict than other types of relationships. Coser suggests that the greater the involvement of actors and the more they have invested in a relationship, the more likely they will be to suppress their hostilities (chaps. 3–4). Nevertheless, the outbreak of a conflict could unleash suppressed hostilities and lead to particularly intense disputes. Coser adds that when institutional mechanisms exist to dissipate or channel hostile feelings, actors are more likely to suppress hostilities. Hostilities may even be directed toward a target other than the initial source of tensions. Drawing on liberal theories of interstate linkages, we would expect trade ties to facilitate the types of formal and informal mechanisms that serve to dissipate tensions.

Interdependent states should be motivated to protect the benefits enjoyed in such relationships and to suppress the hostilities that might arise over issues such as the distribution of gains from trade. I would therefore expect interdependent states to seek negotiated settlements to conflicts, rather than resorting to some form of military engagement. Still, the conditions under which hostilities will be suppressed, expressed, or intensified remain unclear. For this reason, I wish to examine whether interdependent states are better able than others to resolve their conflicts through negotiation. Moreover, it is unclear whether the enhanced mechanisms for conflict resolution presumed to exist in interdependent relationships necessarily mean that conflicts within such relationships would be less likely than others not to escalate in severity. Therefore, I also explore that issue here.

RESEARCH STRATEGY

To find out whether interdependence affects the manner in which disputes are settled or escalate, I focus exclusively on cases of disputing dyads—those in which a dyad experiences a militarized interstate dispute, rather than examining all dyadic relationships as in my previous analyses. Once again, I focus on the period 1870–1992 for analyzing the partner-dependence measures of interdependence and the post–World War II period for the economy-dependence measures.

Focusing exclusively on disputing dyads raises the question of whether sampling bias would affect my analysis. For example, if leaders systematically evaluated trade dependence with potential adversaries and refrained from participating in conflicts with important trading partners, then states would “select” into conflicts with other states only when they perceived potential threats to trading relationships to be low. Disputing dyads would therefore reflect this selection process, and the resulting sample would be different from the general population of dyads. It would be difficult to identify any association between trade and conflict escalation, if the existence of trade ties prevented states from entering conflicts.

While concerns about biased sampling may be warranted in studies focusing exclusively on disputing dyads, in the analyses presented here they do not appear to pose a problem. There is no reason to believe that leaders select their disputes based on trade-related factors or that disputing dyads have different types of trading relationships than other dyads. Similarly, we cannot assume that states only engage in conflict when they perceive that trade-related costs would be low. Based on the evidence presented in chapter 3—that interdependent dyads are more likely to experience MIDs—it might be more reasonable to argue that any sample of disputing dyads would contain a disproportionate share of interdependent dyads. Nevertheless, I believe that a state’s decision to engage in a conflict arises from a complex series of events and interactions, rather than trade-related considerations alone. Thus, the sample of disputing dyads should be reflective of the general range of trading and interdependent relationships present in a general population of dyads. This means it is possible to assess the impact of interdependence at the dispute stage of the conflict process.

Most disputes (85 percent) involve only two states, and I focus on this sample. Deriving dyadic measures of dispute characteristics is difficult in struggles involving more than two states, since the characteristics describing the conflict may not be applicable to all states participating in the dispute. For example, the MID data set includes a variable for highest level of force employed in a conflict. States may be listed as participating in a dispute, but exit the conflict before it escalates to its highest level of conflict severity. Therefore, if I wish to ascribe the dispute characteristics to all the participants of the conflict, it is necessary to focus on one-on-one conflicts. In multiple-party disputes, states may enter and leave the

conflict at different times, and in some cases states on opposite sides of a dispute may not even have any overlapping period of participation. Moreover, Jones, Bremer, and Singer (1996) demonstrate that the joining of disputes by third parties leads to conflicts that are systematically different from those that remain one-on-one in nature (e.g., they are longer in duration). To avoid dealing with the compounding effect of dispute joining in this analysis, I focus exclusively on disputes that begin and remain one-on-one.

Values for the dependent variable correspond to the year of the dispute, while a one-year lag is introduced for the independent variables to preclude reverse causality (see discussion in chap. 3). The control variables employed in the previous chapter are also included, with the exception of the control for temporal dependence. This control is excluded, since the problem of a preponderance of peace-years does not pose a problem for this analysis where the unit of observation is the disputing dyad.

The dispute data set contains information about several characteristics of a dispute, including its settlement type, battle fatalities, and highest level of force employed. Ideally, we would explore the sequential process associated with the unfolding of an event to determine the stages at which interdependence mattered. Unfortunately, data limitations make this approach difficult to pursue. The measures employed offer only a crude indication of dispute escalation. For example, states may choose to employ a high level of force at the onset of a conflict, which would entail no escalation from threats to displays or uses of force. Thus, while the relevant hypotheses are framed in terms of the restraint imposed on conflict escalation by interdependence, I am essentially estimating whether trade ties prevent the most serious disputes from occurring. Although the characteristics of conflict analyzed may appear redundant, multiple measures are included to provide a more comprehensive assessment of the relationship between trade and the conflict process.

I first examine whether interdependent dyads are better able than other dyads to achieve negotiated settlements to conflicts. I then investigate whether conflicts are more severe among more interdependent dyads than among other dyads. The dispute data set contains information about the type of settlement reached in a dispute and includes four categories: negotiated, imposed, none, and unclear. Since I am interested in

whether negotiated settlements are achieved, I employ a dichotomous measure of negotiation, where dyads are coded with a value of one if they settle a dispute through negotiation and a value of zero otherwise.

Next, I explore whether more interdependent dyads are less likely than others to engage in the most serious form of dispute behavior, interstate war. Two closely related tests are undertaken. First, I examine whether interdependent dyads are less likely than others to engage in wars, as defined by the COW standard of 1,000 battle fatalities (Small and Singer 1982, 55, 59). A dichotomous measure is employed in which the occurrence of a war is coded a value of one and a nonoccurrence is coded zero in a particular disputing dyad. An additional test of trade's impact on dispute severity is conducted, where severity is measured employing the fatality-level variable from the dispute data set. Fatality level is an ordinal-level variable divided into the following categories based on battle-related fatalities: (1) no fatalities; (2) 1–25 fatalities; (3) 26–100 fatalities; (4) 101–250 fatalities; (5) 251–500 fatalities; (6) 501–999 fatalities; and (7) 1,000 or more fatalities (Jones, Bremer, and Singer 1996).

In preliminary analyses, I also examined whether more interdependent dyads are more likely than others to confine their conflicts to threats, rather than engaging in higher levels of force. The use-of-force variable, also derived from the dispute data set, is an ordinal measure containing four categories of conflict behavior: (1) threat to use force; (2) display of force; (3) the actual use of force; and (4) war. I found no significant relationship between the interdependence measures or any of the control variables and the use-of-force category, and therefore I have decided to forgo reporting these results.

Again, I employ logit regression analysis to estimate the relationship between trade and the two dichotomous dependent variables (negotiated settlement and interstate war). Due to the fact that the fatalities variable is an ordinal categorical dependent variable, I use a specialized form of logit, ordered logit.¹ Ordered logit models permit me to estimate the probability that dyads will fall within a particular category of conflict severity. In addition to estimating the coefficients corresponding to each explanatory variable, the models estimate the threshold parameters separating adjacent categories of dispute intensity and severity. Estimates provide the underlying probability that dyads fall within a particular category, based in part on the explanatory factors included in the model and

in part on the unobserved factors influencing the distribution of dyads. The cut points reported for each model refer to the threshold parameters between categories of the ordinal variable.

EMPIRICAL RESULTS

Negotiated Settlements

Table 5 reports the results of the logit analysis estimating the impact of interdependence on the probability of achieving a negotiated settlement to a dispute. The results obtained when employing the partner-based measures of interdependence appear in column 1, while the results for the economy-dependence measures appear in column 2. The analysis with the partner-dependence measures includes the period 1870–1992,

TABLE 5. INTERDEPENDENCE AND NEGOTIATED SETTLEMENTS

Independent Variables	Settlement	
	Partner Dependence	Economy Dependence
Salience _{<i>t</i>-1}	8.178** (2.141)	19.881 (15.627)
Symmetry _{<i>t</i>-1}	0.478 (1.030)	3.392 (4.198)
Interdependence _{<i>t</i>-1}	0.161* (0.075)	0.132* (0.064)
Contiguity _{<i>t</i>-1}	0.493* (0.227)	0.675 (0.369)
Joint democracy _{<i>t</i>-1}	0.007* (0.003)	0.008 (0.004)
Alliance _{<i>t</i>-1}	-0.022 (0.224)	0.477 (0.270)
Relative capabilities _{<i>t</i>-1}	-0.006 (0.077)	0.172 (0.095)
Constant	-2.759* (1.084)	-6.557 (4.199)
χ^2	25.83***	19.73**
Log-likelihood	-375.62	-221.01
Pseudo R^2	0.03	0.04
N	845	603

Note: Robust standard errors appear in parentheses.

Significance levels refer to two-tailed tests.

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

while the analysis with the economy-dependence measures includes the period 1948–92. However, no discernible differences were found in the trade-conflict relationship in separate historical eras. While the former analysis is considered more generalizable since it includes a broader spatial and temporal domain, both measures are included to assess whether differences exist over measurement choice and over these different types of dependence.

The first set of results reveals that salience and interdependence are both statistically significant and positively associated with negotiated settlements to disputes. This finding is consistent with the liberal view that the expansion of trade ties is conducive to conflict resolution. Symmetry does not appear to have an independent effect on achieving negotiated settlements. However, when symmetry is combined with extensive ties, dyads are more likely to obtain such outcomes, as revealed by the interdependence index. It appears that it is the salience of the relationship or the extent of trade ties that is driving the positive relationship between interdependence and negotiated settlements.

The results for the analysis with the economy-dependence measures yield a slightly different picture. In this case, only the joint effect of salience and symmetry, captured in the interdependence index, is statistically significant. Dyads that are both symmetrical and salient appear to be more likely to achieve negotiated settlements. As I noted in the last chapter, the interdependence index captures the high end of the interdependence spectrum, suggesting that the benefits of conflict resolution mechanisms are mainly enjoyed when interdependence is high. There are no theoretical reasons to anticipate differences in the results derived with the two different sets of measures. In general, economy dependence is higher for states with small, rather than large economies. Partner dependence is contingent upon a state's total number of trading partners, which may or may not be related to its economic size. The variations in significance levels in the two analyses reported here may not result from real differences in the types of dependence, but may simply be the product of the smaller sample size in the latter analysis. Taken together, however, the results offer a similar picture. High interdependence does appear to increase the likelihood of achieving a negotiated settlement to conflict.

The coefficients pertaining to the control variables in the first analysis reveal that contiguous dyads and jointly democratic dyads are also more

likely to achieve negotiated settlements. Alliance ties and relative power appear to have little effect on settlement outcomes. In the second analysis, contiguity and joint democracy fall short of the minimum 0.05 significance level established for all the analyses in this study. But they approach this threshold with a significance level of 0.06, suggesting that there is likely an empirical connection.

We might conclude that interdependent dyads, because they are better able to negotiate conflict, are less likely to permit them to escalate. Yet, the relationship between negotiation and conflict escalation is not clear-cut. Negotiation might follow the escalation of conflict. In fact, states may have greater incentives to negotiate serious conflicts than less severe ones. Thus, the question remains whether interdependent dyads are less likely to experience serious conflicts. To address this question I turn to an analysis of war and dispute severity.

The Escalation of Disputes to War

One way to determine whether interdependence affects the severity of conflict is to examine whether trade ties affect the probability that dyads will engage in the most serious disputes—wars. Table 6 illustrates the results of logit analyses of interdependence and war, where the results of analysis with the partner-dependence measures are reported in column 1 and those with the economy-dependence measures are reported in column 2. There are some variations across these two analyses. In the case of the partner-dependence measure, I find that salience or the extensiveness of trade ties increases the likelihood that a dyad will experience a war. The symmetrical nature of the ties does not appear to matter, nor does the multiplicative term representing the interaction effect of salience and symmetry. For the economy-dependence measure, the interdependence index is the only statistically significant variable, and it is positively associated with war involvement. In the latter analysis, war appears more likely only in those cases that have high salience and high symmetry, while in the former, war is more likely among salient trading relations, regardless of the degree of balanced dependence. There appear to be differences across the two types of dependence, but in general, the substantive interpretation of the findings is consistent. Trade does not appear to prevent dyads from engaging in the most serious conflicts. In fact, serious conflicts appear to be more likely for highly interdependent states. In the case of partner dependence, extensive ties appear to be associated with

escalation to war, regardless of the balance of dependence. With respect to economy dependence, extensive and symmetrical ties are positively associated with wars. The findings are consistent with the view that extensive ties may lead to severe conflicts.

Surprisingly, none of the control variables is statistically significant in either analysis. These variables are generally assumed to be better predictors of war involvement than are economic relationships. Using the likelihood ratio test to determine whether considering these control variables improves my statistical explanation of war, I find that their inclusion does not improve the estimated model significantly. Through a series of tests comparing the explanatory power of alternative models with the likelihood ratio test, I found that models estimating the salience of the economic relationship appear to offer the best fit for explaining war involvement. However, it would be difficult to justify excluding the con-

TABLE 6. INTERDEPENDENCE AND WAR

Independent Variables	War Occurrence _t	
	Partner Dependence	Economy Dependence
Salience _{t-1}	11.394** (3.985)	61.156 (35.395)
Symmetry _{t-1}	1.033 (1.606)	6.502 (8.894)
Interdependence _{t-1}	0.253 (0.136)	0.499** (0.205)
Contiguity _{t-1}	0.389 (0.642)	0.217 (1.516)
Joint Democracy _{t-1}	-0.010 (0.013)	0.015 (0.015)
Alliance _{t-1}	-0.308 (0.579)	-0.038 (0.855)
Relative capabilities _{t-1}	0.052 (0.213)	0.034 (0.298)
Constant	-5.200* (2.019)	-12.242 (8.008)
χ^2	18.42**	18.38**
Log-likelihood	-90.11	-26.77
Pseudo R ²	0.05	0.08
N	845	603

Note: Robust standard errors appear in parentheses.

Significance levels refer to two-tailed tests.

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

trol variables; they offer little in the way of statistical improvement, but they are important to include on theoretical grounds.

Battle Fatalities

Another way of assessing the severity of conflicts is to investigate the battle fatalities incurred in a given dispute, although such an analysis overlaps with the last section, where I examined whether interdependence affected the likelihood of dyads falling within the highest category of conflict severity. Here, I examine whether they tend to fall within the higher categories or are distributed relatively equally across categories. It may be the case that dyads are equally likely to fall within high and low ranges of conflict severity. This would be consistent with the view that interdependence entails competing forces of peace and conflict, neither of which dominates the overall equation.

I use an ordered logit specification to examine whether interdependence increases the likelihood that dyads will experience higher levels of battle fatalities. This analysis provides a finer gradation of the various ranges of battle deaths experienced in a conflict, compared to the previous analyses of war. Positive coefficients mean that dyads are more likely to experience conflicts with high numbers of battle fatalities, rather than low numbers of fatalities. It is possible that interdependent dyads are equally likely to experience wars and to experience conflicts with low fatalities.

Table 7 reports the results of an analysis employing the partner-dependence measures, while table 8 reports the results of the economy-dependence measures. For the partner-based measures, I find that the interdependence index is statistically significant and positive. This means that high levels of interdependence, associated with high salience and symmetry, increase the likelihood that dyads will experience more severe conflicts. Salience and symmetry alone do not appear to have an independent effect on battle deaths, but their joint effect is significant. Obviously, this contradicts the assumption that interdependence constrains violent behavior. Instead, the findings appear more consistent with the view that conflicts are more intense when they arise in highly interdependent relationships.

Among the control variables, I also find that contiguous and allied dyads are more likely to experience severe conflicts. This may not be surprising if we consider these factors to represent other forms of interdepen-

dence—namely, geographical and military interdependence. Surprisingly, relative capabilities have no significant effect on battle fatalities, despite the tendency of conflict theorists to place a heavy emphasis on capabilities in determining conflict behavior. The lack of significance may result from two equally plausible scenarios that operate and whose effect might cancel each other out, in statistical terms. First, we can imagine that highly unequal power might result in high battle deaths, as a result of the stronger power's greater ability to inflict damage on a weak state. At the same time, relatively equal balances of power may result in more intractable conflicts, resulting in greater battle deaths. Perhaps a more surprising finding is the fact that joint democracy has a positive, but insignificant effect on battle fatalities. Given the proliferation of findings that jointly democratic dyads are more peaceful than other dyads, I would expect to find a significant negative effect on battle fatalities. The finding here, however, poses a less formidable challenge to the democratic peace

TABLE 7. INTERDEPENDENCE AND BATTLE FATALITIES, 1870–1992 (USING PARTNER-DEPENDENCE MEASURES)

Variable	Coefficient	<i>Robust</i> <i>SE</i>	<i>z</i>	<i>p</i>
Salience _{<i>t</i>-1}	3.210	2.917	1.100	0.271
Symmetry _{<i>t</i>-1}	-0.389	1.337	-0.291	0.771
Interdependence _{<i>t</i>-1}	0.230	0.084	2.723	0.006
Contiguity _{<i>t</i>-1}	0.689	0.244	2.821	0.005
Joint democracy _{<i>t</i>-1}	0.004	0.004	1.173	0.241
Alliance _{<i>t</i>-1}	0.369	0.204	1.812	0.070
Relative capabilities _{<i>t</i>-1}	-0.093	0.070	-1.322	0.186
Cut Point 1	1.741	1.346		
Cut Point 2	2.671	1.365		
Cut Point 3	3.300	1.367		
Cut Point 4	3.935	1.351		
Cut Point 5	3.991	1.353		
Cut Point 6	4.112	1.356		
χ^2	24.9***			
Log-likelihood	-528.97			
Pseudo R^2	0.02			
<i>N</i>	780			

Note: Significance levels refer to two-tailed tests.

*** $p \leq .001$

proposition than that provided by Senese (1997), who finds a positive relationship between joint democracy and conflict intensity.

The findings reported in table 8 reveal that economy dependence does not appear to affect the battle fatality level. Obviously, this signifies that differences in empirical findings may result when employing alternative measures of interdependence. There are no compelling theoretical reasons to expect such differences. It may be the case that high partner-dependence tends to be more strongly associated with multiple forms of dependency compared to high economy dependence. As mentioned earlier, economy dependence will be higher for states that have lower GDP values. Again, it is unclear whether the differences in findings produced with alternative measures of dependence result from variations in sample size or composition or whether they result from real variations that exist between these types of interdependence. Perhaps more relevant to the conclusions about these findings is the fact that neither form of dependence offers a constraint to severe conflicts. Interdependence may not

TABLE 8. INTERDEPENDENCE AND BATTLE FATALITIES, 1948–92 (USING ECONOMY-DEPENDENCE MEASURES)

Variable	Coefficient	<i>Robust</i> <i>SE</i>	<i>z</i>	<i>p</i>
Salience _{<i>t</i>-1}	-24.636	21.174	-1.163	0.245
Symmetry _{<i>t</i>-1}	-5.189	5.192	-0.999	0.318
Interdependence _{<i>t</i>-1}	-0.019	0.083	-0.225	0.822
Contiguity _{<i>t</i>-1}	1.457***	0.417	3.492	0.000
Joint democracy _{<i>t</i>-1}	0.006	0.004	1.299	0.194
Alliance _{<i>t</i>-1}	0.216	0.233	0.927	0.354
Relative capabilities _{<i>t</i>-1}	-0.100	0.087	-1.145	0.252
Cut Point 1	-2.576	5.041		
Cut Point 2	-1.494	5.047		
Cut Point 3	-0.753	5.039		
Cut Point 4	0.378	5.012		
Cut Point 5	0.534	5.006		
Cut Point 6	0.719	5.003		
χ^2	21.21***			
Log-likelihood	-373.92			
Pseudo R^2	0.04			
<i>N</i>	558			

Note: Significance levels refer to two-tailed tests.

*** $p \leq .001$

increase the likelihood of severe disputes in the face of economic dependence, but it also will not decrease their likelihood.

The findings provide evidence of the competing forces that arise in interdependent relationships. Interdependent dyads may be equally likely to experience high and low battle fatalities, depending upon the type of interdependence analyzed. More important, it appears that cooperation and intense conflict may coexist in such relationships. The enhanced ability to achieve negotiated settlements of conflict is an indication that close ties can give rise to bonds conducive to cooperative conflict resolution. Yet, these mechanisms are not sufficient to preclude dyads from experiencing intense conflict. One might assume that intense conflicts provide an added impetus to seek negotiated settlements to conflicts; however, there appears to be no relationship between the intensity of a conflict and the settlement process. Of the 47 wars included in the sample of 1,591 disputes, 15 experienced negotiated settlements, while 32 did not. For nonwar disputes, 234 were negotiated, while 1,310 were not. Trade does appear to offer incentives or enhanced means for negotiating conflicts, but it does not appear to represent a constraint to the use of force.

CONCLUSION

Despite the importance ascribed to balanced dependence in economic and social theories, the findings appear to offer more support to the view that it is the *extensiveness of linkages*, rather than their symmetrical or asymmetrical nature, that influences the evolution of disputes. Moreover, extensive ties appear to contribute to competing forces in international relations, whereby both cooperation and conflict may coexist. High interdependence may aid in achieving negotiated resolutions to conflicts, but it does not appear to prevent their outbreak or escalation.

What may be equally surprising from the empirical results presented thus far is that economic relationships appear to have as much, if not more, of an impact on the conflict process as most of the factors traditionally believed to play a significant role. No evidence is provided to corroborate claims that jointly democratic dyads are less likely to engage in intense forms of conflict. The transmission of cultural norms and the establishment of institutional mechanisms to mediate conflict, in conjunction with the economic disincentives associated with extensive trade ties, appear to have little effect in inhibiting the escalation of conflict.

Again, to understand why familiarity breeds contempt, it is useful to consider the arguments advanced in the psychological and sociological theories describing the dynamics of close relationships. As discussed in chapter 2, the liberal peace presumes that commonalities foster peace. However, intense conflict is often found within groups united by commonalities.

Why would we expect intense conflict in interdependent relationships? One way to think about this is to imagine the differing expectations present in close relationships. States may have different (i.e., higher) expectations for their allies than their adversaries or neutral parties. Leaders might expect friends to act in a manner more consistent with their preferences. The reference point for allies and adversaries differs, resulting in greater discontent when the actions of allies depart from preferred outcomes. For example, when a close trading partner fails to respond to demands for a particular action, the gap between expectations and actual outcomes will be much greater than when an adversary ignores the same demands. Adversaries are expected to act in a manner inconsistent with one's preferences, while friends are expected to compromise or acquiesce to requests or demands.

Feelings of betrayal may be greater when there is a divergence of expectations on the part of a close partner. This might explain why civil wars are more intense than other conflicts; the expectations citizens maintain toward their own government and their fellow citizens are greater than those anticipated from foreigners. For example, the animosity expressed against the enemy within is likely to be more intense than that expressed toward an external enemy (Coser 1956, chap. 4). This suggests that becoming more interdependent may be positive when the relationship is harmonious, but once conflicts arise, they may become more intense. Interdependent actors may have a tendency to suppress hostilities in the interest of preserving the relationship, but once a conflict breaks out there may be an outpouring of animosity, leading to more intense disputes. The review of critical theories in chapter 2 provides some explanation for the many sources of tension that may result among trading partners, but these sources of tension need not be the cause of the particular dispute. They may, however, contribute to the intensity of non-trade-related conflicts.

The analyses conducted in this chapter raise some interesting questions that require further exploration. It is clear that interdependence

entails both negative and positive aspects. These dimensions are seen at all stages of the conflict process. What is less clear is how to minimize the negative consequences of interdependence and to strengthen the positive effects. The predictions of liberal theories with respect to conflict occurrence failed to uncover the mystery of why interdependent states were more likely to engage in disputes. This was to some extent explained by the guidance provided by critics of liberal thought. Still, it appears that further clarity is achieved by moving beyond economic interpretations of the trade-conflict relationship to incorporate psychological and sociological theories of close relationships. From these theories, we understand that interdependence can entail cooperation and intense conflict. Yet, further exploration of their relevance for international relations scholarship is required.