

The Liberal Illusion

The Liberal Illusion

DOES TRADE PROMOTE PEACE?

Katherine Barbieri

THE UNIVERSITY OF MICHIGAN PRESS
ANN ARBOR

Copyright © by the University of Michigan 2002

All rights reserved

Published in the United States of America by

The University of Michigan Press

Manufactured in the United States of America

⊗ Printed on acid-free paper

2005 2004 2003 2002 4 3 2 1

No part of this publication may be reproduced,
stored in a retrieval system, or transmitted in any form
or by any means, electronic, mechanical, or otherwise,
without the written permission of the publisher.

A CIP catalog record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Barbieri, Katherine, 1965–

The liberal illusion : does trade promote peace?

/ Katherine Barbieri.

p. cm.

ISBN 0-472-11300-3 (acid-free)

1. International trade. 2. International economic relations.

3. Peace. 4. Economic policy. I. Title.

HF1379 .B363 2003

303.6'6—dc21

2002008286

To my mother,
Antoinette Goldstein,
for her love and support

CONTENTS

List of Figures	ix
List of Tables	xi
Acknowledgments	xiii
CHAPTER 1. Introduction	1
CHAPTER 2. Theories of the Trade-Conflict Relationship	17
CHAPTER 3. Investigating the Commercial Peace	43
CHAPTER 4. Interdependence, Negotiation, and Escalation	79
CHAPTER 5. Alternative Levels of Analysis: The Nation-State and the System	97
CHAPTER 6. Conclusions	121
APPENDIX A. Notes on Trade Data	139
APPENDIX B. Major Power Trade	149
Notes	157
Bibliography	163
Name Index	177
Subject Index	181

FIGURES

1. Dependence and interdependence continuum	40
2. Partner dependence and dispute probabilities	70
3. World exports	107
4. Number of new militarized disputes and wars per year, 1870–1992	109
5. Frequency of new conflicts per year, controlling for system size, 1870–1992	110
6. Scenarios of interdependent relationships	131

T A B L E S

1. Summary of Statistical Studies of the Trade-Conflict Relationship	46
2. Interdependence and Disputes, 1870–1992	68
3. Interdependence and Disputes, 1948–92	73
4. Interdependence and Disputes, Comparing Historical Periods	75
5. Interdependence and Negotiated Settlements	86
6. Interdependence and War	89
7. Interdependence and Battle Fatalities, 1870–1992	91
8. Interdependence and Battle Fatalities, 1948–92	92
9. Total Trade and Dispute Participation, 1870–1992	102
10. Total Trade and Dispute Participation, 1948–92	103
11. Trade Dependence and Dispute Participation, 1948–92	105
B1. Austria-Hungary's Trade with Major Powers	149
B2. France's Trade with Major Powers	150
B3. Germany's Trade with Major Powers	151
B4. Italy's Trade with Major Powers	152
B5. Japan's Trade with Major Powers	153
B6. Russia's Trade with Major Powers	154
B7. The United Kingdom's Trade with Major Powers	155
B8. The United States' Trade with Major Powers	156

ACKNOWLEDGMENTS

This book project began nearly a decade ago as research undertaken in my first year of graduate school and continued through my doctoral dissertation. Since that time, the book has changed considerably thanks to the input of countless individuals who have commented on various aspects of my research. Unfortunately, it is difficult to recount all those who have assisted me in some manner, but I wish to acknowledge those who were particularly forthcoming with assistance and encouragement during the course of this project.

First, I would like to thank Stuart Bremer, who as supervisor to my doctoral dissertation aided me in more ways than I could ever recount here. I was fortunate to have had him as a mentor. I cannot thank him enough for all that he has done for me over the years to contribute to my intellectual growth. I am also thankful to him for providing me with the Correlates of War data sets used in this study, for assisting me with assembling the trade data base, and most importantly, for teaching me many of the skills that were necessary to conduct this research. Similarly, the other members of my doctoral dissertation committee were instrumental in the formative stages of this research project. They include Michael McDonald, Glenn Palmer, and Solomon Polachek. Each of them spent countless hours discussing my research and instructing, inspiring, and challenging me.

I was fortunate to have had the assistance of many friends and colleagues who provided feedback on my work. I am particularly grateful to Andrew Enterline and James Lee Ray, who read the numerous drafts of my manuscript over the years and who provided invaluable comments on my research. Their encouragement was critical during many difficult phases of this project. I am also thankful to my friends and colleagues at the University of North Texas, particularly Marilyn Morris and Adrian Lewis, and those at Vanderbilt University, particularly Marie Henehan, Alan Peters, Richard Tucker, and John Vasquez. Many other scholars and friends have provided assistance, comments on my work, and encouragement during this research project. They include Frank and Linda Cohen, Christian Davenport, Nils Petter Gleditsch, Jack Levy,

Zeev Maoz, John Oneal, Brian Pollins, Bruce Russett, Gerald Schneider, J. David Singer, Sue and Doug Young, Talal Zouaoui, the participants of the International Studies Association Workshop on Interdependence and Conflict, and the participants of the Yale Workshop on Interdependence, Democracy, and Conflict. I am also thankful to Oliver Selywyn and Karen Peterson who were valuable research assistants to me during different stages of this project.

Construction of the trade and exchange rate databases used in this research was a long and often frustrating endeavor. Several people provided me with guidance and encouragement. I am particularly grateful to J. D. Singer for providing me access to the bibliographic sources from another trade project undertaken by the Correlates of War Project. Philip Schafer also assisted me in locating trade data and exchange rate sources. Peter Brecke and Brian Pollins provided important suggestions for establishing decision rules for coding the trade data.

Without the love, support, and understanding of my family, I would not have been able to achieve this goal. My mother, Antoinette Goldstein, deserves credit for my achievements, for her love and support provided me with the strength and determination to follow my dreams. My brothers, Anthony and Ernie, have provided encouragement and, most importantly, humor, throughout my endeavor. My father and my extended family have also been a source of support to me during some very difficult times. In addition, Shaka Zulu Barbieri has been a constant source of joy in my life.

Finally, I owe a tremendous debt of gratitude to John Geer. He has stood beside me during much of this project. I have benefited from his insightful comments on drafts of my work, his stimulating discussions, and his love and support during many trying times. I cannot thank him enough for all that he has done for me.