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UMI
INTERNATIONAL INSTITUTIONS, TRADE AND CONFLICT:
AFRICAN REGIONAL TRADE AGREEMENTS FROM 1950-1992

Dissertation

Presented in Partial Fulfillment of the Requirements for
The Degree Doctor of Philosophy in the
Graduate School of The Ohio State University

By
Kathy Leniece Powers, M.A.

*****

The Ohio State University
2001

Dissertation Committee:

Professor Brian Pollins, Advisor
Professor Edward M. Mansfield,
Professor Janet Box-Steensmeier

Approved by
Advisor
Department of Political Science
ABSTRACT

Trade institutions can act as security institutions as well given that joint member states do engage in militarized conflict with each other. Conventional wisdom suggests that increased trade flows and/or shared membership in these trade institutions diminish such conflict. But we must remember that membership often consists of former and present enemies as well as longtime rivals that do experience militarized conflict. Thus, scholarly inquiry must look beyond trade flows and shared membership in order to specify the conditions under which trade institutions diminish, exacerbate or have no impact on such conflict.

The objectives of this dissertation are twofold: (a) I test the conditions under which variations in RTA institutional structure shape militarized conflict among member countries. (b) I illustrate how RTAs, which are trade institutions, can also be security institutions. To accomplish these objectives, I focus on African dyads, RTA structure and militarized conflict from 1950-1992. The institutional aspects of RTA structure I examined in relation to militarized conflict were the following: (1) level of organizational structure, (2) level of economic integration and (3) level of security integration. Given a binary dependent variable (i.e. presence of militarized conflict), with time series-cross section data, Beck, Katz and Tucker’s corrections were employed. Findings suggest that RTAs add military alliances in conjunction with other security integration provisions to decrease the likelihood of militarized conflict while the presence of dispute settlement mechanisms and special security mechanisms may increase the likelihood of such conflict. Findings will contribute to a general theory of institutions and war.
DEDICATION

Dedicated to my mother, father, brother and sisters who are my inspiration and motivation. My parents’ strength, courage, and vision created a gateway to the path. Their love, sacrifice and support helped me complete this part of the journey. This accomplishment represents the legacy of education, perseverance, and service they instilled in their children. I hope that it represents their lessons well. My obligation to share this heritage does not end here. It is simply the beginning.
ACKNOWLEDGMENTS

I wish to thank God, without whom this would not be possible. I would also like to thank my entire family, especially my grandparents, Aunt Ruth, Aunt Ann, Uncle John & Aunt Ernestine, Aunt Lola and my cousin Paulette for continued support through this journey. They always believed in me. I would like to thank my nephew, Savion, who showed me the beauty and simplicity of life when I lost sight of it. His birth was the miracle I needed to remind me of God’s blessings.

I wish to thank my dissertation chair, Prof. Brian Pollins, as well as my dissertation committee members, Prof. Ed Mansfield and Prof. Jan Box-Steppensmeier, for the mentorship, research opportunities and advice that I received. They were invaluable. Thank you for the support, skills and challenges that have shaped me as a scholar. I would especially like to thank you for sticking by me when my health situation made my future in academia uncertain. I would also like to thank the entire faculty at Ohio State University for tremendous support throughout my tenure there.

I wish to thank my personal angel network Prof. Jan Box-Steppensmeier, Prof. Christian Davenport, Prof. Darren Davis and Prof. Paulette Pierce who gave me invaluable advice and support far beyond the call of duty. Thank you for your help and
support through a very difficult time. I learned so much from all of you. My path would have been very different had it not been for your individual and combined efforts.

I would like to thank my advisers from Northwestern and StonyBrook, Prof. Meredith Woo-Cumings, Prof. Leon Forest and Prof. Wendy Hansen. These individuals advised me as well as supported me long after I was student in their classes. I would especially like to thank Prof. Forest, who recently passed away. He was the first person to suggest graduate work to me. If it were not for him, I would be an international corporate lawyer somewhere now.

I wish to thank the entire faculty and staff in the Department of Political Science at the University of Arizona for support and very helpful advice while I wrote my dissertation and taught classes. The level of support that I received was not expected but greatly appreciated. I would especially like to thank Prof. Bill Dixon for his mentorship. He stopped me from reading and made me start writing. It made all the difference. Thank you to Prof. Gary Goertz who pushed me to find my intellectual voice. I especially thank my junior colleagues who have given their time, advice and help to me since I arrived. Prof. Laura Langer and Prof. Dovi were key in this respect.

I wish to thank Derrick Lampkin who loved and supported me through a challenging time rather unselfishly. I wish to thank Melanye Price, Gloria Hampton, Cynthia Duncan, Valeria Sinclair-Chapman for their support and for saving my life more than once. I would not be here if it were not for their care and compassion. Many thanks to Leslie Meeks, Noelle Collins, Jocelyn Perry, Dawne Collier, Valerie Neal, and Kima Reed who knew me back when. They have always inspired and supported me. Thank you to Salmon and Beretta Smith-Shomade as well as Larry Williamson. Their support maintained my emotional and spiritual health through this process. I also thank my ancestors because their struggle made this endeavor possible.
March 8, 1971.............................. Born-Cleveland, Ohio

1993............................................. B.A. Political Science & International Studies, Northwestern University.

1995............................................. M.A., American Politics, Public Policy & Methods State University of New York, Stony Brook

1998............................................. M.A. International Relations & Methods, Department of Political Science, The Ohio State University.

9/94-9/95...................................... Computer Consultant, Political Research Lab, Ohio State University.

5/98-10/98...................................... Research Assistant, Mershon Center for International Security Studies Ohio State University
1999-1/01.............................. Instructor,
Department of Political Science.
University of Arizona

1/01-present................. Assistant Professor,
Department of Political Science
University of Arizona.

PUBLICATIONS


FIELDS OF STUDY

Major Field: Political Science
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CHAPTER 1

RTAS AND INSTITUTIONALIZATION: DO DIFFERENCES MATTER FOR INTERNATIONAL CONFLICT?

1.1 Introduction

Trade institutions can act as security institutions as well given that joint member states do engage in militarized conflict with each other. Conventional wisdom suggests that increased trade flows and/or shared membership in these trade institutions diminish such conflict. But we must remember that membership often consists of former and present enemies as well as longtime rivals that do experience militarized conflict. Thus, scholarly inquiry must look beyond trade flows and shared membership in order to specify the conditions under which trade institutions diminish, exacerbate or have no impact on such conflict.

When structure is considered, two little known facts about a particular type of trade institution, regional trade agreements (RTAs) have been uncovered in this dissertation. They are: 1) trade institutions can also be security institutions like military alliances and security management institutions 2) variation in institutional structure of trade institutions can diminish as well as exacerbate militarized conflict under certain conditions among joint member states. There is great variation across RTAs regarding their structure in the security realm and this variation has consequences for the occurrence of militarized conflict among joint member states. The broad research question that shapes this work is what is the role of international institutions in international relations? This question has sparked a debate in the field of international relations over the importance of these actors in explaining how the international system functions.
In this dissertation, I test basic theoretical arguments in international relations regarding the role of international institutions in the international system by examining one type of institution, regional trade agreements (RTAs). Specifically, I assess the relationship between trade institutions and international conflict. A summary of the important theoretical questions related to this dissertation can be found in Table 1.1 on the following page.
<table>
<thead>
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<th>Question</th>
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<tr>
<td>If, when and how do international institutions matter in international</td>
</tr>
<tr>
<td>relations?</td>
</tr>
<tr>
<td>What is the role of <em>trade institutions</em> in <em>international conflict</em>?</td>
</tr>
<tr>
<td>Does variation in the <em>institutional structure of RTAs</em> have consequences</td>
</tr>
<tr>
<td>for the <em>occurrence of militarized interstate conflict</em> among joint</td>
</tr>
<tr>
<td>members?</td>
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Table 1.1: Main Theoretical Questions
I assess the likelihood of militarized conflict among joint members of RTAs. I argue that these agreements are international institutions that provide rules that shape behavior among member states across multiple issue areas. Since institutions are rules, RTAs institutionalize (i.e. provide rules) on multiple dimensions (e.g. economic integration, security integration, legalism, welfare policy). For those RTAs that contain institutional mechanisms to support these rules, the organizational structure of the agreements varies across issue areas.

In order to understand how this type of international institution affects international relations, particularly militarized conflict, its diversity in structure across issue areas must be considered. The scope of RTAs may cover other issues besides trade and military security, like NAFTA and the environment or the European Union and social welfare policy. Since I am concerned about the relationship between institutions, trade and conflict, trade and security are the focus in this dissertation.

The goal of this dissertation is to assess how variation in the institutional structure of regional trade agreements has consequences for the occurrence of militarized interstate conflict among joint members. My contribution to the study of international relations is the evaluation of institutionalization in RTAs on multiple dimensions. Level of institutionalization is conceptualized on three dimensions: 1) level of organizational structure 2) level of economic integration 3) level of security integration. The definitions of each dimension of institutionalization are presented in Table 1.2.
<table>
<thead>
<tr>
<th>Dimension of Institutionalization</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Level of Economic Integration</td>
<td>Rules that prescribe the degree of trade liberalization among member states.</td>
</tr>
<tr>
<td>Level of Organizational Structure</td>
<td>Mechanisms that support and implement the rules of an international institution.</td>
</tr>
<tr>
<td>Level of Security Integration</td>
<td>Rules that prescribe how and the extent to which joint members address mutual security concerns.</td>
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Table 1.2: Level of Institutionalization
Compensatory programs and common services are examples of indicators of level of economic integration. Level of military commitment in military alliances connected to RTAs and the extent of organization for conflict management indicates level of security integration. Regular meetings among heads of state and dispute settlement mechanisms are aspects of organizational structure. Measures of these institutional features are included in the determinants of the occurrence of militarized conflict among joint member states.

Twenty regional trade agreements among all fifty-two African countries from 1950 to 1992 compose the substantive and temporal domain of this study. The data consists of all African RTAs, African dyads and militarized interstate disputes in the African region during the period under study. The African region is treated as a subsystem of institutions, trade & conflict. This study presents a within region comparison of variation across RTAs with respect to level of institutionalization. Future work will compare RTAs across regions of the world on this dimension.

In sum, variation in institutionalization across RTAs and its relationship to militarized conflict is the focus of this dissertation. The theoretical argument, contribution to the field, institutional characteristics of RTAs, and dissertation chapter structure are discussed in this chapter. The following section defines regional trade agreements and illustrates how they are international institutions.

1.2 What are Regional Trade Agreements (RTAs)?

Regional Trade Agreements (RTAs) are agreements that specify rules for trade liberalization among two or more countries. Given that institutions are rules, RTAs are trade institutions. Different types of RTAs exist with respect to these rules. They are preferential trade agreements, free trade agreements, customs unions, common markets

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1 The Correlates of War coding for states is employed. According to this coding, Egypt is part of the Middle East not North Africa, thus fifty-one countries are included in the analysis instead of fifty-two.
and economic unions.\(^2\) RTAs exist on every continent. In fact, almost all of the members of the World Trade Organization (WTO) are members of at least one RTA.\(^1\) Examples of such agreements are the Association of Southeast Asian Nations (ASEAN); the Economic Community of West African States (ECOWAS); the European Union (EU); the Gulf Cooperation Council (GCC); the Common Market of the Southern Cone (MERCOSUR); and the North American Free Trade Agreement (NAFTA).

So, why is it important to study RTAs? Although the reasons that states join them are beyond the scope of this dissertation, states do join RTAs for a reason. Essentially, these agreements are widely recognized for their contribution to trade liberalization.\(^4\) Yet, it is seldom noticed that RTAs often include former or present enemies and longtime rivals. In fact, some of them develop institutional mechanisms in the security realm (i.e. military alliance agreement, joint defense council, military force.) Thus, RTAs are trade institutions that experience variation in incidence of militarized conflict.

In what ways are RTAs international institutions? Haftendorn, Keohane and Wallender (1999) define international institutions as “explicit, persistent and connected sets of rules that prescribe behavioral roles and constrain activity.”\(^5\) They further argue that these rules “are often affiliated with organizations that operate across national boundaries. They range from conventions (such as sovereignty to regimes (such as non-proliferation regime) to formal organizations (such as NATO).”\(^6\) Thus, RTAs specify rules for trade liberalization among a group of states. They are one class of institutions that addresses trade issues and beyond. These trade institutions can also be security institutions because they may also provide rules to shape state behavior in the security realm. Understanding whether and how RTAs impact trade and security through their institutional structures will contribute greatly not only to our understanding of international institutions and RTAs particularly, but also how institutional context can shape the relationship between trade and conflict.

\(^2\) The consequences of variation in level and type of economic integration for militarized conflict will be examined in Chapter 3 of this dissertation.


\(^4\) RTAs vary in their ability to facilitate and achieve trade liberalization among joint members. A related question is whether or not the structure of RTAs aids members in achieving their organizational goals.

\(^5\) Keohane (1989).

\(^6\) Haftendorn, Keohane & Wallender (1999).
An example of such an agreement is ECOWAS. It was originally formed among 15 West African states, including Nigeria, in 1975. It was originally a customs union agreement that included provisions to evolve into an economic union. Because of border disputes among members and conflict in surrounding regions, a defense pact was signed in which “defense units would carry out joint maneuvers, mobilize to defend under external attack and act as a peacekeeping force within the community. In 1990, it created a Standing Mediation Committee to intervene in regional disputes as well as a monitoring group called ECOMOG. In 1993, it expanded to deal with the peaceful settlement of interstate disputes, protection of human rights and the promotion of democracy.”

As stated earlier, all of the members of the World Trade Organization (WTO) are members of at least one RTA and often more than one. Developing countries and non-democracies, especially, tend to belong to more than one agreement. For instance, numerous agreements exist in African, Latin American and Middle Eastern regions. (e.g. ECOWAS, MERCOSUR, GCC) A growing number are being formed among Central European countries and Former Soviet Republics (e.g. CIS, CEFTA, and the Black Sea Economic Cooperation). In fact, many of these newly formed RTAs address security issues at their inception.

Since RTAs vary in whether, how and the extent to which they address trade and security issues, the question that follows is how does variation in the institutional structure of RTAs affect their role in these areas? Some of these agreements contain trade features like an economic council or military features like military alliance agreement (e.g. Council of the Entente), a Joint Defense Council (e.g. Arab League) or a peacekeeping force (e.g. ECOWAS)? In fact, in June 1999, The European Union, the most highly developed RTA economically, announced that it would raise its own military force separate from NATO.

Given that regional trade agreements vary in the extent to which they address military security issues, several important questions ensue. Do RTAs help keep peace? Do RTAs arise and evolve in response to militarized interstate conflict? How does this type of conflict among joint members of the same RTA impact the level of

institutionalization of these agreements? When does joint membership in the same RTA lead to increased or decreased militarized conflict and under what conditions? Do they exacerbate or create militarized conflict? Are they ineffectual in the face of militarized conflict among joint member states? Does the length (duration) of these conflicts vary across RTA membership (e.g. democracy versus authoritarian government) or level of institutionalization of RTAs? Are these institutions meaningless for cooperation in the areas of trade and/or security? If they are, why do states join? If not, if, when and how do they matter in international conflict?

Although these questions are important, this dissertation focuses on the fundamental question, *do RTAs help keep peace, exacerbate conflict or are unable to shape conflict in either case?* In essence, does variation in their institutional structures on trade and security dimensions have consequences for the occurrence of militarized conflict among joint members? The following section will discuss my theoretical argument about the nature of this relationship.

1.3 Theoretical Argument

I argue that there are conditions under which international institutions "matter" in international relations. Similar to neo-liberal institutionalists, I argue that they can facilitate cooperation among states. Unlike most neo-liberal institutionalists, I argue that relative gains do matter. The unequal distribution of economic benefits from RTA membership among joint members can disrupt cooperation and lead to conflict. Like functionalists, I argue that institutions can aid in cooperation in non-political issue areas (e.g. economics) that spills-over into other areas. But unlike classical functionalists and like neo-functionalists, I would argue that the process of achieving cooperation is inherently political. Negotiations must occur over the scope and structure of agreements and institutions across issue areas. During the life of international institutions, they may constrain state behavior under certain circumstances as well as expand or contract in scope and organizational structure. Like realists, I argue that compromised sovereignty

---

9 Haftendorn, Keohane and Wallender (1999) acknowledge the importance of relative gains despite being neo-liberal institutionalists.
and the unequal distribution of gains from membership are key problems for the autonomy and impact of international institutions. Unlike realists, I argue that if international institutions can address these issues through their institutional structures, under certain conditions they can facilitate cooperation among joint members. There are institutional ways to deal with the unequal distribution of benefits (relative gains) problem (e.g. compensatory funds, redistributive policies). But, the influence of institutions can range from benign to adverse and to having no impact at all. As a result, it is difficult to make generalizations about whether international institutions are “important” or “matter” and even that they do not or merely reflect powerful states’ intentions. We must go further and consider how they can diminish, exacerbate or have no influence with respect to militarized interstate conflict among joint members. Martin and Simmons (1998) are correct in arguing that the conditions under which international institutions “matter” should be stipulated. I argue that international institutions are vital actors in international relations. But, I also contend that in the case of regional trade agreements, they can ameliorate, exacerbate and have no impact on militarized conflict among joint member states. The challenge of this and future work is to specify those conditions. Therefore, my goal is to test these theories on the relationship between the structure of RTAs and the occurrence of militarized conflict to assess conditions under which these institutions “matter” and which theory explains their behavior and effect, if any, best.

The African continent contains one of the largest number of RTAs (20) on any continent during the temporal period of this study, 1950-1992. A great deal of variation on the dimensions of institutionalization, and conflict exist across African RTAs during this period. Not only are RTAs on this continent among the first to employ military alliance agreements in their structures but also less developed countries and non-democracies dominate the majority of these agreements in the world. In addition, a substantial amount of militarized interstate conflict in the world occurs on this continent during the time period under study. As a result, it is treated as a subsystem of RTAs, trade & conflict.
At the same time, lessons learned from this study can aid in comparisons across regions in future work. For instance, in 1999 the European Union announced that it would construct a common defense force while in 2001 MERCOSUR announced that it would establish one as well. Since African RTAs have a history of employing trade institutions for security purposes the lessons learned from studying them will shed light on expectations for RTAs that are presently expanding their scope and structure to address issues in the security realm. Finally, the unequal distribution of the gains from trade is an issue that is characteristic of all RTAs, not merely ones among less developed countries. Understanding how the gains issue relates to conflict contributes to our understanding of how the relative versus absolute gains debate plays out when the economic and security realms become intertwined within one institution. Therefore, the results from this analysis are generalizable beyond African RTAs. But, understanding how a continent whose states employ them so often, has variation in institutional structure and the occurrence of militarized conflict is an important step toward understanding the role of these institutions in international relations. Refer to Table 1.3 for a list of the African RTAs.

10 Molle (1980). The European Union has an extensive compensatory and redistributive program to dea
<table>
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<th>RTA</th>
<th>Acronym</th>
<th>Year</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Common Market</td>
<td>ACM</td>
<td>1963</td>
<td>Algeria, United Arab Republic, Ghana, Guinea, Mali and Morocco</td>
</tr>
<tr>
<td>Council of Entente States</td>
<td>CE</td>
<td>1959</td>
<td>Benin, Burkina Faso, Cote d'Ivoire, Niger, Togo (1966)</td>
</tr>
<tr>
<td>West African Economic Community</td>
<td>CEAO</td>
<td>1973</td>
<td>Burkina Faso, Cote d'Ivoire, Mali, Mauritania, Niger and Senegal</td>
</tr>
<tr>
<td>Economic Community of the Great Lakes Countries</td>
<td>CEPGL</td>
<td>1976</td>
<td>Burundi, Rwanda, Zaire</td>
</tr>
<tr>
<td>East African Community</td>
<td>EAC</td>
<td>1967</td>
<td>Kenya, Tanzania, Uganda</td>
</tr>
<tr>
<td>Economic Community of West African States</td>
<td>ECOWAS</td>
<td>1975</td>
<td>Benin, Burkina Faso, Cape Verde (1977), Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo</td>
</tr>
<tr>
<td>Ghana-Upper Volta Free Trade Agreement</td>
<td>GUVTA</td>
<td>1962</td>
<td>Ghana &amp; Upper Volta (Burkina Faso)</td>
</tr>
<tr>
<td>Mano River Union</td>
<td>MRU</td>
<td>1971</td>
<td>Guinea, Libya, Sierra Leone</td>
</tr>
<tr>
<td>Southern African Development Union</td>
<td>SACU</td>
<td>1910</td>
<td>Botswana, Lesotho, Malawi, Namibia, South Africa, Swaziland, Venda, Zimbabwe</td>
</tr>
<tr>
<td>Southern African Development Coordination Conference</td>
<td>SADCC</td>
<td>1981</td>
<td>Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, Zimbabwe</td>
</tr>
<tr>
<td>Southern African-Southern Rhodesian Customs Union</td>
<td>SASRCU</td>
<td>1949</td>
<td>South Africa, Zimbabwe (Southern Rhodesia)</td>
</tr>
<tr>
<td>Equatorial Customs Union</td>
<td>UDE</td>
<td>1959</td>
<td>Central African Republic, Chad, Gabon Cameroon</td>
</tr>
<tr>
<td>Arab Maghreb Union</td>
<td>UMA</td>
<td>1989</td>
<td>Libya, Morocco, Mauritania, Republic of Tunisia, Algeria</td>
</tr>
</tbody>
</table>

Table 1.3: African RTAs with this issue.
The following section evaluates the theoretical contribution of this dissertation in several ways. Given that the relationship under study is between the variation in institutional structure of RTAs and the occurrence of militarized conflict among joint members, light will be shed on how institutions, trade and conflict are related by examining the following questions 1) Do international institutions matter in international relations? 2) Do international institutions facilitate cooperation better in the economic realm rather than the security one? 3) How does institutional context shape the relationship between trade and conflict? Below Table 1.4 presents the major debates addressed in this dissertation. General hypotheses will be presented.
<table>
<thead>
<tr>
<th>Questions</th>
<th>Debate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do international institutions matter in international relations?</td>
<td>Importance of International Institutions</td>
</tr>
<tr>
<td></td>
<td>What is the role of <em>trade institutions</em> that are <em>security institutions</em> as well?</td>
</tr>
<tr>
<td>Do international institutions facilitate cooperation better in the economic realm than the security one?</td>
<td>Relative versus Absolute Gains Debate</td>
</tr>
<tr>
<td>How does the institutional context shape the relationship between trade and conflict?</td>
<td>Relationship between Trade and Conflict</td>
</tr>
</tbody>
</table>

Table 1.4: Major Debates Dissertation Addresses
1.4 Theoretical Contribution

*Debate #1: Do International Institutions Matter in International Relations?*

International institutions are considered "persistent and connected sets of rules, often affiliated with organizations, which operate across international boundaries. They range from conventions (such as sovereignty to regimes such as the non-proliferation regime) to formal organizations (such as NATO)." I also add to this definition Jervis' caveat that "they have some degree of formal assent." RTAs are a type of international institution because they minimally specify rules for trade liberalization among member states and may specify them for conflict management as well.

The question that arises is, *are RTAs institutions that matter in international relations?* If so, when? If not, why? Considerable debate exists over the role of international institutions in international relations. Neo-realists such as Mearsheimer (1994) argue that these actors are merely reflections of the distribution of power among states that are members. Essentially, they do not have an independent impact on international relations separate from the desires of powerful states. Waltz (1979) argues that political structure is unable to account for the important changes in the feasibility of international cooperation. Jervis (1999) argues that, "institutions are a tool of statecraft which means that cooperation will not necessarily be increased by establishing institutions where they do not already exist." Conversely, neo-liberal institutionalists, such as Keohane (1984), argue that institutions build trust among members, which leads to cooperation. Martin and Simmons (1998), also neo-liberal institutionalists, argue that this perspective does not consider that institutions have varying degrees of importance and that such conditions should be specified. They argue:

---

13 p.42.
The debate has been reduced to a dichotomy: either institutions matter or they do not. Insufficient attention has been given to the mechanisms through which we might expect institutional effects to work.\footnote{Martin and Simmons (1998), p.743.}

Although these views disagree over the exact role of international institutions in international relations, they agree that a sovereign authority that can make and enforce binding agreements and create opportunities for states to advance their interests unilaterally is absent. Consequently, cooperation among states is difficult to achieve. Second, states are afraid that they will be taken advantage by other states in the system. They want to minimize their exposure.\footnote{Jervis (1999), p.43.} For realists, like Jervis, neo-liberal institutionalists "fail to explain how states do and should behave when violent interests clash."\footnote{Ibid, p.51.} They do not specify the role of institutions in such instances. I do not make claims about how international institutions should behave but rather how they do behave by examining how they affect the likelihood of militarized conflict. Specifically, I assess variation in RTAs institutional form on the occurrence of militarized interstate conflict among joint members. Different types of institutional constraints on member states may explain how states behave in the face of clashes among violent interests.

Overall, realists argue that international institutions are false remedies because states will only establish institutions that enable them to establish their self-interests.\footnote{Ibid, p.54} These scholars do not see them as autonomous agents. Schecter (1999) makes this clear when he states,

\begin{quote}
Nor is the multilateralism one in which international organizations, especially those most structurally complex, are likely to serve as autonomous agents of structural change rather than mere conduits implementing—sometimes unwittingly and sometimes reluctantly—the world order preferences of the globe’s dominant powers.\footnote{Schecter (1999), p.4.}
\end{quote}

Neo-liberal institutionalists stress the importance of institutions. They disagree with realists that institutions are simply tools of statecraft. Institutions have their own life
and impact. They can actually cause changes in preferences that lead to alternative outcomes. Realists counter that there is an endogeneity problem because if we can predict when institutions produce cooperation, then states will only create them at those times. Jervis argues that this point actually supports realist claims that institutions reflect state interests and are tools of statecraft. He argues that scholars need to think about the role played by international institutions and links among interests, policies and cooperation.

The above discussion is relevant to this dissertation because it considers the possibility of avoiding conflict and therefore, the prospects for cooperation. These International Relations theorists disagree over whether international institutions can help states avoid conflict by providing agreements that allow states to achieve a point at which none desires change. The question addressed in this dissertation is whether RTAs are a type of institution that can move member states to such a point by ameliorating conflict among joint members. This is especially important since international institutions can deal with economic and security issues through their institutional structures simultaneously. It leads to Schecter’s (1999) question: does more complex structure make it more difficult for them to do so?

As discussed earlier, the contribution of this dissertation is to conceptualize institutionalization as multidimensional: 1) level of organizational structure 2) level of economic integration 3) level of security integration. Because RTAs incorporate these areas in their scope and create institutional organs to address them, institutionalization is considered multidimensional. Therefore, the general hypothesis tested is:

\[ H_1: \text{Shared membership in RTAs that institutionalize, on multiple dimensions, is expected to decrease militarized interstate conflict among joint members of a RTA relative to RTAs without such institutionalization.} \]

As Blainey (1973) argues, there are often multiple causes of war. RTAs that institutionalize in multiple issue domains are equipped with specific institutional
mechanisms to address specific problems. Functionalists also argue that experts that work for these institutions in their area of expertise provide another tool to remedy problems that may spillover into conflict. For instance, joint defense councils are composed of defense ministers from member countries. Additionally, economists compose economic councils. The following section will consider the differences between RTAs that are international institutions without organizational structure and those that have rules as well as organizational structure.

Haftendorn et al's definition of institutions focuses mostly on rules but also acknowledges that organizations are included. I argue that we should not assume that they are the same and that their effect is the same. Such a definition does not differentiate between written agreements on paper with written agreements that have structure and institutional organs to support their rules. RTAs vary in the degree to which they “institutionalize” and “organize” these rules. Some international institutions have organizational features while others do not. The organizational features are: 1) permanence 2) regular meetings of representatives from member states at regular intervals 3) specified procedures for decision-making 4) a permanent secretariat or headquarters staff.”

Most RTAs have a ministerial conference or assembly in which state members’ representatives meet. More highly organized institutions also have an executive council, composed of the heads of states, which makes policy decisions. Such institutional organs can provide venues within which states can communicate over trade and security issues. They can provide solutions to conflictual issues or exacerbate them. In addition, these organs can provide an arena within which not only trade but security agreements can be negotiated as well.

Militarized conflict among joint member states of an agreement can disrupt the regularity of meetings and constrain decision-making activity procedures if a certain number of members’ votes are required for the acceptance of measures. In addition, such conflict can make the location of the headquarters and secretariat problematic, especially if battle occurs around the site or a member who houses the headquarters chooses to leave.

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21 This hypothesis regarding the difference for conflict between international institutions and international organizations will be tested in Chapter 4 of this dissertation.
the agreement or violate some rule that warrants the transference of the headquarters and secretariat to another location. RTAs in the Middle East have dealt with some of these issues. For instance, the headquarters of the Gulf Cooperation Council was located near the actual fighting during the Persian Gulf War. A number of African RTAs have multiple headquarters and multiple official languages because of the potential tension over choosing one. The following hypothesis is tested in Chapter 3 of this dissertation.

\[
H_2: \text{Shared membership in RTAs that have organizational structure decrease the occurrence of militarized interstate conflict among joint members relative to RTAs that are international institutions without organizational structure.}
\]

In sum, I test the hypothesis that RTAs with organizational structure is more likely to reduce militarized conflict among members that RTAs that lack such structure. The following section will discuss the relationship between level of economic integration and international conflict.

\textit{Debate #2: RTAs, Trade, Security and the Absolute versus Relative Gains Debate}

Literature that considers the ability of international institutions to facilitate cooperation among states in the economic realm versus the security one, given the distribution of gains issue, is evaluated with respect to RTAs in this section. Given that RTAs are international institutions that vary in if and how they address economic and security issues, they are a ripe case for study. Essentially, the debate is explored in this dissertation within the context of one class of institutions that varies in how it addresses trade and security issues.

Neo-realists and neo-liberals debate whether international institutions are more effective at aiding international cooperation in the economic realm versus the military security one. The former argues that relative gains concerns make military security cooperation more difficult to achieve than in the economic realm. Therefore, international cooperation is easier to achieve in the economic realm, in this case the trade

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22 Hypotheses regarding the relationship between organizational structure and conflict are tested in Chapter 4 of this dissertation.
23 Lipson (1993).
24 Powell (1991); Grieco (1993); Mearsheimer (1994).
domain. The latter argues that international institutions provide an arena in which trust can exist among member states therefore, providing an environment within which cooperation can take place across issue domains.²⁵

Jervis (1999) argues that the view of a zero sum world is impossible. The essential difference between these theoretical perspectives is that realists see the world as being more conflictual than neo-liberal institutionalists. The latter argues that extreme conflict can exist but it does not characterize world politics.²⁶ He also argues that the reason why neo-realists and neo-liberal institutionalists view gains differently is because they study different worlds. Neo-liberal institutionalists focus on issues related to international political economy and the environment. Thus, he argues that they are more concerned with efficiency than distributional issues. Efficiency is the focus because they are more concerned with potential and common gains as well as mutual benefits. Realists study international security and war. According to Jervis, they are more concerned with distributional issues linked to power.²⁷ As a result, he argues that it is difficult to compare their claims about the role of gains in cooperation because they view different worlds.

I contribute to this growing body of literature that considers how the economic realm and the security realm are intertwined in one world.²⁸ I consider how one class of institutions, RTAs, addresses the gains issue in the economic realm as well as the security one. Specifically, it focuses on the relationship between variation in RTA structure and the occurrence of military interstate conflict.

This debate is addressed by examining the issue of compensation in African RTAs. As discussed earlier, a main concern of RTAs member states is the unequal distribution of benefits from membership across member states. Robson (1996) argues

²⁵ The relative versus absolute gains debate is grounded in a dispute over the advantage of the economic liberal law of comparative advantage. In its original form, this law argues that if all states manufactured and exported that good that they have a comparative advantage in producing with respect to volume and cost and import everything else, world welfare and efficiency would increase while mutual benefits from increased economic interdependence would lead to less conflict among states. Thus, liberals argue that states are more interested in absolute gains because they are only concerned about gaining period, not gains compared to the rest of the world. Realists and economic nationalists argue that states pay attention to the distribution of gains. As a result, increased economic interdependence provides an arena ripe for increased conflict (Gilpin, 1987, p.178).


²⁷ Ibid.

²⁸ Lipson (1984); Kirshner (1998). The trade and conflict literature also considers this intersection.
that because of variation in economic development and the complementary nature of member states economies, larger, more economically healthy states reap most of the benefits from membership. As a result, compensatory programs such as compensation taxes, compensation funds, loan funds and development banks are employed to deal with the issue. Such institutional mechanisms in the structure of RTAs address the gains problem. Otherwise, states must be willing to wait for benefits to reach them or not reap any gains from membership. This issue can be extremely conflictual. The East African Community eventually disintegrated over it. By the late 1970s, over 50% of African RTAs had some kind of compensation program. So, the main question is if and how relative gains issues in the economic realm lead to consequences in the security realm. Thus, the following general hypothesis is tested in Chapter 3 of this dissertation:

**H3:** Shared membership in RTAs with relative gains issues is expected to increase the occurrence of militarized interstate conflict among joint members.

**H4:** Shared membership in RTAs with compensatory and redistributive programs are expected to decrease the occurrence of militarized interstate conflict among joint members relative to RTAs who do not have such programs.

Debate #3: Trade and Conflict: Debate exists over the relationship between trade and conflict. Liberals argue that trade among states leads to less conflict among them.\(^{29}\) Realists argue the trade among states actually increases the occurrence of conflict among them.\(^{30}\) More recent work has considered the institutional context within which trade takes place.\(^{31}\) This dissertation examines differences among RTAs on multiple dimensions of institutionalization. By examining one class of institutions that addresses trade and conflict issues, we may gain a better understanding of this controversial relationship. Essentially, these trade institutions can and often do specify rules for handling security issues for joint members. This fact makes them security institutions.

\(^{29}\) Cobden, (1903); Angell,(1933); Gasiorowski and Polachek, (1982); Rosecrance, (1986), Pollins, (1989), Keohane,(1990).


\(^{31}\) Busch and Milner, (1993); authors in Mansfield and Milner, (1997); Smith, (2000).
The nature of the relationship between trade and conflict is a major controversy in international political economy and international security. Dispute exists over whether trade increases interdependence and reduces conflict or makes states vulnerable and dependent, hence increasing the chance of conflict. The former is a liberal perspective while the latter stems from realism. Specifically, for liberals, trade provides mutual gains, thus, mutually dependent states should try to avoid war with one another.\(^{32}\) As a result, trade inhibits war.

Viner (1951) argued that tension between states is reduced because trade creates a sense of international community and mutual respect. Trade decreases conflict by promoting economic dependence among trade partners.\(^{13}\) Quantitative work has found that higher levels of trade resulted in less militarized disputes among trade partners.\(^{34}\)

In contrast, realists view this relationship in two different ways. First, some argue that no systematic relationship exists between trade and political disputes.\(^{35}\) They argue that conflict stems from variation in the military capabilities among states.\(^{36}\) Other realists stress factors like relative power. They argue that high economic interdependence increases the probability of war. Because the world is characterized by a constant state of anarchy, states must constantly worry about their security. Mutual dependence, which creates vulnerability, gives states an incentive to initiate war.\(^{37}\) The vulnerability comes from dependence created from focusing the factors of production on manufacturing a few goods and reliance on other states for everything else. Realists fear that political disputes can result if access to necessary products is blocked by other states. Thus, trade does not promote peace but increases the likelihood of militarized conflict. Quantitative work has supported this argument.\(^{38}\) Others challenge the statistical techniques used in studies of trade and conflict overall.\(^{39}\)

\(^{32}\) Cobden (1903); Angell (1933); Rosecrance (1986); Keohane (1990). The argument that, trade is mutually beneficial and leads to less conflict, is an extension of the discussion in footnote # 7.


\(^{34}\)Polachek (1980); Gasiorowski and Polachek (1982); Gasiorowski (1986); Pollins (1989); Oneal, Maoz & Russett (1996); Oneal and Russett (1997) and Gartzke (1998).


\(^{36}\) Morgenthau and Thompson (1985); Gilpin (1987); Mearsheimer (1990); Copeland (1996).


\(^{38}\) Barbieri (1996a).

A gap exists in the trade and conflict literature. "The institutional context in which trade takes place must be considered." Regionally institutionalized trade relations are considered in this work. These agreements stipulate that signatories impose lower trade barriers on members' goods than on goods of third parties. Pollins (1989a, 1989b) examined the relationship between institutions, trade and conflict by studying the effects of preferential trading arrangements, diplomatic cooperation and conflict on bilateral trade flows. He wanted to account for the effect of institutional constraints when assessing the relationship between political relations among trade partners and trade flows.

Mansfield, Pevehouse and Bearce (1999) argue that it is the nature of RTAs, as institutions, that promotes economic integration and dependence among members. Busch and Milner (1994) compared the levels of institutionalization of RTAs in Europe, North America and Asia and found that RTAs with low levels of institutionalization trade more with non-members. Level of institutionalization was conceptualized with respect to level of economic integration only. Mansfield and Bronson found that it is the combination of membership in RTAs and political-military alliances, but primarily the latter that accounts for trade flows between partners. They argue that members of RTAs tend to be members of the same military alliances anyway (Mansfield, 1994). Because of the security externalities involved in trade, military alliances allow the free flow of goods among members. He argues that this environment allows these trade institutions to arise (1998).

But this work neglects the multi-dimensional differences among the agreements. One dimension on which they vary is level of institutionalization that includes not only the level of economic integration of the agreement, but its organizational structure. In addition, the level of security integration of these agreements is not considered. Accounting for shared membership, which is important for understanding how RTAs shape militarized conflict, does not capture how institutional rules shape member state behavior. They are not the same.

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40 Mansfield and Bronson (1997).
41 Anderson & Blackhurst (1993); de Melo & Panagariya (1993).
While major powers have been the focus of this work, RTAs with security components that are primarily composed of developing countries are missed during the period under study. They tend to have RTAs with multiple dimensions rather than separate trade institutions and military alliances. As a result, the black box of RTAs must be unpacked in order to understand their causes and consequences for militarized conflict among members. A first step is to consider how their level of institutionalization on multiple dimensions has consequences for militarized conflict among joint members. Because this analysis is concerned with the impact of RTAs membership on conflict among joint members, the way that these institutions address security issues, if at all, is important because it has consequences for trade among joint members. Since the argument is that we must go beyond shared membership in order to assess the impact of RTAs on international relations, another institutional feature that can contribute to decreased conflict is the way that security is dealt with in the RTA. Consequently, RTAs vary in the extent to which they institutionally address security issues. Thus, it follows that one of the dimensions of level of institutionalization is the level of security integration of an agreement. RTAs may address security issues through signing military alliance agreements. These agreements may provide a venue for the following: discussion of military security issues in executive body meetings like most African RTAs, formally stating a concern for security in its mission statement like the Mano River Union, or signing a mutual defense pact and raising a military force like ECOWAS? As a result, this general hypothesis follows:

\[ H_5: \text{Shared membership in RTAs with security integration is expected to decrease the occurrence of militarized interstate conflict relative to RTAs that do not integrate on the security dimension.} \]

In sum, the basic hypotheses that are tested in this dissertation stem from arguments concerning the relationship between international institutions, trade and conflict. A summary of the hypotheses in this dissertation can be found in Table 1.5 below. They consider multiple dimensions of institutionalization, compensation programs that try to remedy economic inequities and military alliance agreements that are
employed to manage conflict. Refer to Table 1.5 for a summary of the hypotheses that drive this dissertation. The following section discusses the chapter structure of this dissertation.
<table>
<thead>
<tr>
<th>Hypothesis (H)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H$_1$</strong></td>
<td>Shared membership in RTAs that institutionalize, on <em>multiple dimensions</em>, is expected to <em>decrease</em> militarized interstate conflict among joint members of a RTA relative to RTAs without such institutionalization.</td>
</tr>
<tr>
<td><strong>H$_2$</strong></td>
<td>Shared membership in RTAs that have <em>organizational structure decrease</em> the occurrence of militarized interstate conflict among joint members relative to RTAs that are international institutions without organizational structure.</td>
</tr>
<tr>
<td><strong>H$_3$</strong></td>
<td>Shared membership in RTAs with <em>relative gains issues</em> are expected to <em>increase</em> the occurrence of militarized interstate conflict among joint members.</td>
</tr>
<tr>
<td><strong>H$_4$</strong></td>
<td>Shared membership in RTAs with <em>compensatory and redistributive programs</em> are expected to <em>decrease</em> the occurrence of militarized interstate conflict among joint members relative to RTAs who do not have such programs.</td>
</tr>
<tr>
<td><strong>H$_5$</strong></td>
<td>Shared membership in RTAs with <em>security integration</em> are expected to <em>decrease</em> the occurrence of militarized interstate conflicts relative to RTAs that do not integrate on the security dimension.</td>
</tr>
</tbody>
</table>

Table 1.5: General Hypotheses in Dissertation

26
1.5 Chapter Structure of Dissertation

In chapter 2, I examine the proliferation of RTAs around the globe and then narrows to a discussion of these agreements among African states. It considers the role of RTAs in international relations as specified in the charter of the World Trade Organization (WTO) as well as that of the United Nations. Despite variations in their institutional structures, RTAs are inherently regional trade institutions that fall within the guidelines of the WTO. But, if they incorporate military alliance agreements into their structure, they become military alliances. Therefore, they are subject to the United Nations provisions for international versus regional peacekeeping and military intervention in the international security system. The claim is that if we really want to understand the role of RTAs in international relations, we need to consider how they operate in the international trade and security systems, separately and simultaneously.

In addition, I discuss why Africa can be treated as a subsystem of trade and conflict. There is a great deal of variation in institutional structure across African agreements for this period of time. African RTAs are among the first RTAs to incorporate military alliance agreements into their institutional structures and the UN is presently looking to them for aid in peacekeeping in African countries. As a result, the debate about the competitive versus complementary relationship between international organizations and regional ones is being considered presently in this region. Future research will include cross regional comparisons of RTAs throughout the world.

In chapter 3, I consider how variation in the organizational structure of these agreements has consequences for conflict among members. Does having an executive body and regular meetings provide venues within which conflictual issues can be addressed before they become violent? Does having a secretariat that often acts as a mediator and or information source dispel conflict? This literature considers the effect of each type of institutional mechanism on militarized interstate conflict among joint members. In this dissertation, variation in RTAs on this dimension and the consequences for conflict will be considered. Essentially, does variation in the organizational structure of a RTA have consequences for conflict among joint members? The implications of this

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42 Ness and Brech (1988).
question are can joint membership in RTAs, as basic international organizations, diminish interstate conflict by providing arenas for communication, information gathering and dispute settlement? Is it IGO characteristics of RTAs that influence the occurrence of militarized conflict among member states rather than characteristics of RTAs (e.g. level of economic integration) that make them different from other types of international organizations?

I will examine the relationship between the level of economic integration of a RTA and militarized conflict among joint members in chapter 4. Essentially, the question is does variation in how economically integrated states are have consequences for conflict among them? This question addresses variation in trade features of these agreements and how such variation can have consequences for how trade in an institutional context affects conflict. In addition, the parameters within which international institutions matter in international relations will be further specified.

RTAs also integrate economically with respect to common services such as transportation, water, energy and health issues. States that cannot provide such services efficiently on their own joined with other states to secure them through the regional trade agreement. Not only did member states add common services as a form of economic integration to obtain these services but this approach also grew out of the functional argument that cooperation in functional areas will spill over to other areas, like security, and reduce military conflict among joint members. This functional hypothesis will be tested in this chapter. Finally, the relative gains issue will be addressed in this chapter. How do distributional issues that arise from the gains from trade have consequences for the likelihood of militarized conflict among joint member states? The relationship between relative gains in the economic realm and its consequences for the security realm, within a single institution, are examined.

Although international political economy scholars have considered the effect of trade institution on militarized interstate conflict, little work has been conducted on institutions that cover specific issue domains, like trade, and the ways that they address security. Regional trade institutions have actually addressed political-military issues in
varied ways. A trend exists in which RTAs add military alliance agreements to their institutional structures to address conflict within and among members and external aggression as well. As a result, these trade institutions can also be security institutions at the same time. In chapter 5, I will explore whether this type of institution can actually diminish conflict through its institutional structure. The RTA structural components examined in this chapter are shared membership in a RTA with a military alliance agreement, dispute settlement mechanism and/or special security mechanism.

Chapter 6 summarizes the arguments and results of the analysis in this dissertation. Implications of the findings and extensions of the research will be discussed. Future research will be discussed as well. This work will be extended in the immediate future by examining how militarized interstate conflict among joint members of the same RTA can lead to institutional change in the structure of the agreement. The data set will be extended to all regional trade agreements in the international system from 1950-2000. Analyses conducted in this dissertation will be run on the extended data set plus institutional change will be assessed. Table 1.6 provides a summary of the dissertation chapters and their foci.
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 1</td>
<td>Introduction and Theory</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Descriptive Chapter of African RTAs</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Economic Integration and Militarized Conflict</td>
</tr>
<tr>
<td>Chapter 4</td>
<td>International Organizations and Militarized Conflict</td>
</tr>
<tr>
<td>Chapter 5</td>
<td>Security Integration and Militarized Conflict</td>
</tr>
<tr>
<td>Chapter 6</td>
<td>Conclusion and Implications for Future Research</td>
</tr>
</tbody>
</table>

Table 1.6: Focus of Dissertation Chapters
CHAPTER 2

RTAS, INTERNATIONAL TRADE & INTERNATIONAL SECURITY: WHAT IS THE ROLE OF REGIONAL TRADE INSTITUTIONS IN INTERNATIONAL RELATIONS?

2.1 Introduction

The purpose of this chapter is to consider the role of RTAs in the international trade and international security systems in general and in relation to trade and conflict in particular. A discussion of the relationship between this type of trade institution and the conflict process follows. One goal of this dissertation is to explain if, when and how the structure of RTAs shapes the occurrence of militarized interstate conflict. Although no empirical tests are conducted on how the structure of the international trade and international security system shape the relationship between RTA structure and militarized conflict in this dissertation, this discussion is included in order to derive some expectations about RTA behavior in each realm.

The main question in this dissertation is what is the role of trade institutions in international conflict? In this chapter, the role for RTAs and regional organizations in the international trade system and the international security system under the auspices of the WTO agreement and the UN charter, respectively, are discussed. The section will conclude with a discussion of the theoretical perspectives concerning RTAs’ role in the areas of trade and security. This section is important because RTAs are part of the international trade system and international security system simultaneously and vary in how they address both issues.

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We must consider the international legal constraints within which they address trade and security issues in order to understand their relationship to militarized conflict among joint members.

2.2 The International Trade System: The WTO, RTAs & Article XXIV

How does the multilateral trading system view the role of RTAs in promoting trade liberalization? Article XXIV of the GATT/WTO agreement addresses this issue directly. The focus of this article is to monitor the trade liberalization activities of RTAs to ensure that they create trade among joint members without diverting existing trade between those countries and non-members. This article was actually drafted with smaller agreements in mind, like the Benelux Union in Europe. The creation of the European Community and its subsequent enlargement over time was not considered. As a result, the impact of GATT/WTO monitoring is considered very small. RTAs that are recognized by GATT/WTO must be notified before they are entered into force. The GATT/WTO "working parties have had little success in bringing about changes to RTAs agreements. It can only embarrass them into compliance." See Table 2.1 on the following page for a list of African RTAs and their GATT/WTO recognition status.
<table>
<thead>
<tr>
<th>RTA</th>
<th>Acronym</th>
<th>Year in Signed</th>
<th>Sub-region of African Continent</th>
<th>Recognized by GATT/WTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Common Market</td>
<td>ACM</td>
<td>1963</td>
<td>North &amp; West Africa</td>
<td>Yes</td>
</tr>
<tr>
<td>Council of Entente States</td>
<td>CE</td>
<td>1959</td>
<td>West Africa</td>
<td>No</td>
</tr>
<tr>
<td>West African Economic Community</td>
<td>CEAO</td>
<td>1973</td>
<td>West Africa</td>
<td>No</td>
</tr>
<tr>
<td>Economic Community of the Great Lakes Countries</td>
<td>CEPGL</td>
<td>1976</td>
<td>Central Africa</td>
<td>No</td>
</tr>
<tr>
<td>East African Community</td>
<td>EAC</td>
<td>1967</td>
<td>East Africa</td>
<td>No</td>
</tr>
<tr>
<td>Economic Community of Central African States</td>
<td>CEEAC/ ECCAS</td>
<td>1981</td>
<td>Central Africa</td>
<td>No</td>
</tr>
<tr>
<td>Economic Community of West African States</td>
<td>ECOWAS</td>
<td>1975</td>
<td>West Africa</td>
<td>No</td>
</tr>
<tr>
<td>Ghana-Upper Volta Free Trade Agreement</td>
<td>GUVTA</td>
<td>1962</td>
<td>West Africa</td>
<td>Yes</td>
</tr>
<tr>
<td>Permanent Maghreb Consultative Conference</td>
<td>MAG</td>
<td>1964</td>
<td>North Africa</td>
<td>No</td>
</tr>
<tr>
<td>Mano River Union</td>
<td>MRU</td>
<td>1971</td>
<td>West Africa</td>
<td>No</td>
</tr>
<tr>
<td>Common Afro-Malagasy Organization</td>
<td>OCAM</td>
<td>1966</td>
<td>West Africa</td>
<td>No</td>
</tr>
<tr>
<td>Eastern and Southern African Preferential Trade Agreement</td>
<td>PTA</td>
<td>1981</td>
<td>Eastern &amp; Southern Africa</td>
<td>No</td>
</tr>
<tr>
<td>Southern African Development Union</td>
<td>SACU</td>
<td>1910</td>
<td>Southern Africa</td>
<td>No</td>
</tr>
<tr>
<td>Southern African Development Coordination Conference</td>
<td>SADCC</td>
<td>1981</td>
<td>Southern Africa</td>
<td>No</td>
</tr>
<tr>
<td>Southern African-Southern Rhodesian Customs Union</td>
<td>SASRCU</td>
<td>1949</td>
<td>Southern Africa</td>
<td>No</td>
</tr>
<tr>
<td>Senegambia Agreement</td>
<td>SENGAM</td>
<td>1967</td>
<td>West Africa</td>
<td>No</td>
</tr>
<tr>
<td>Union of Central African Countries</td>
<td>UEAC</td>
<td>1968</td>
<td>Central Africa</td>
<td>No</td>
</tr>
<tr>
<td>Equatorial Customs Union</td>
<td>UDE</td>
<td>1959</td>
<td>Central Africa</td>
<td>No</td>
</tr>
<tr>
<td>Central African Customs &amp; Economic Union</td>
<td>UDEAC</td>
<td>1966</td>
<td>Central Africa</td>
<td>No</td>
</tr>
<tr>
<td>Arab Maghreb Union</td>
<td>UMA</td>
<td>1989</td>
<td>North Africa</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 2.1: African Regional Trade Agreement & WTO Recognition

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Although Article XXIV applies to all RTAs, under the Enabling Clause, LDCs were made an exception given the nature of their economies. There are two main features to this clause. First, the European Union created special association agreements with less developed countries. The Lome Convention is an example. Such agreements are called “hub and spoke agreements” in which LDCs have preferential trade with the European Union but not with each other. The second way is RTAs are created specifically among LDCs. Cohn (2000) argues that members of the GATT did not evaluate RTAs among LDCs as strictly as others because they were created for different purposes. For instance, many LDCs join RTAs to enhance economic development rather than increase trade flows. “The Enabling Clause of 1979 became the main legal cover for these agreements even though many did not meet the GATT’s “substantially all trade requirement.””

LDCs argue that it allows them to form agreements that permit them to reduce tariffs without having to eliminate them. As a result, many RTAs among LDCs have protectionist characteristics.

Although over 100 RTAs have existed around the world since 1950, the GATT/WTO only recognizes those that are trade creating. The Enabling Clause of GATT/WTO has recognized 2 of 20 or 10% of African RTAs during the period under study. The reason for this is that many of the African RTAs, approximately 11 of 20 or 55%, have some kind of compensatory program or trade discriminating policy to address the equitable distribution of gains among joint members. See Table 2.2 for a description of African RTAs on trade, compensation and military dimensions and Table 2.3 for a summary of RTA types on the following page.
<table>
<thead>
<tr>
<th>RTA</th>
<th>Trade</th>
<th>Compensation</th>
<th>Military Alliance Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACM</td>
<td>Common Market</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>CE</td>
<td>Preferential Trade Agreement</td>
<td>Loan Fund</td>
<td>Entente &amp; Internal Security Pact</td>
</tr>
<tr>
<td>CEAO</td>
<td>Customs Union</td>
<td>Refund Program, Compensatory Fund, Development Bank, Loan Fund, Compensatory Fund</td>
<td>N/A</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Preferential Trade Agreement</td>
<td>Development Bank</td>
<td>Non-Aggression Pact &amp; Mutual Defense Pact</td>
</tr>
<tr>
<td>EAC</td>
<td>Common Market</td>
<td>Refund Program, Development Bank, Compensatory Tax</td>
<td>N/A</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Customs Union</td>
<td>Study, Refund Program, Compensatory Fund, Loan Fund</td>
<td>N/A</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Customs Union</td>
<td>Compensatory Fund, Loan Fund</td>
<td>Non-aggression Pact &amp; Mutual Defense Pact</td>
</tr>
<tr>
<td>EUVTA</td>
<td>Free Trade Agreement</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>MAG</td>
<td>Common Services</td>
<td>Study</td>
<td>N/A</td>
</tr>
<tr>
<td>MRU</td>
<td>Customs Union</td>
<td>N/A</td>
<td>Non-aggression Pact &amp; Mutual Defense Pact</td>
</tr>
<tr>
<td>OCAM</td>
<td>Preferential Trade Agreement overall. Had a sectoral common market in sugar</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Agreement</td>
<td>Refund Program, Development Bank</td>
<td>N/A</td>
</tr>
<tr>
<td>SACU</td>
<td>Customs Union</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>SADC</td>
<td>Preferential Trade Agreement</td>
<td>N/A</td>
<td>Entente</td>
</tr>
<tr>
<td>SASCU</td>
<td>Customs Union</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>SENGAM</td>
<td>Customs Union</td>
<td>N/A</td>
<td>Mutual Defense Pact</td>
</tr>
<tr>
<td>UEAC</td>
<td>Preferential Trade Agreement</td>
<td>N/A</td>
<td>Mutual Defense Pact</td>
</tr>
<tr>
<td>UDE</td>
<td>Customs Union</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>UDEAC</td>
<td>Customs Union</td>
<td>Study, Refund Program, Development Bank, Compensatory Tax</td>
<td>N/A</td>
</tr>
<tr>
<td>UMA</td>
<td>Common Market</td>
<td>Study, Development Bank</td>
<td>Mutual Defense Pact</td>
</tr>
</tbody>
</table>

Table 2.2: Trade, Compensation & Security Characteristics of African RTAs

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<table>
<thead>
<tr>
<th>Number of African RTAs</th>
<th>Trade-only Compensation Programs</th>
<th>Military Alliance Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>5 (25%)</td>
<td>8 (40%)</td>
</tr>
</tbody>
</table>

Table 2.3: Types of RTAs
LDC dominated RTAs' discriminating policies often go beyond the WTO maximum for trade protection in RTAs among less developed countries. There seems to be no real consequence to membership in a RTA that the WTO does not recognize. But, the concerns and structures of WTO recognized and WTO unrecognized RTAs look rather different in terms of membership composition, RTA structure and rules. This hypothesis is beyond the scope of this dissertation but will be tested in future work that compares RTAs across regions. The following section discusses the role of regional organizations in the international security realm based on the United Nations Charter.

2.3 The International Security System: RTAs, the United Nations Charter

In order to understand the conditions under which international institutions affect international relations, we must consider the jurisdiction within which they function. The international relations system is composed of universal organizations and regional organizations. Regional trade agreements are a type of regional organization. Regionalism is defined as "the world bound together by a common set of objectives based on geographical, social, cultural, economic, or political ties and possessing a formal structure provided for in formal intergovernmental agreements."\(^{15}\) Regional trade agreements specify rules and procedures for trade liberalization among joint members. Universal organizations are international organizations in which all states in the international system are members. Universalists and regionalists debate the superiority of each institution in the security realm. This dissertation is not concerned with this debate. It is merely concerned with two aspects of the scope of RTAs, trade and security, in order to evaluate their impact on a particular area of international relations, militarized conflict.
But, a major debate concerning the compatibility of universal and regional organizations is relevant to this dissertation. It is important given that the goal of this dissertation is to understand how RTAs address security issues. "Compatibility is defined as the relationship between two organizations by which "the activities of one does not undermine those of the other and vice versa. The antagonism between regionalism and universalism occurs only when the jurisdiction and functions of organizations at the two levels are incompatible."46

The nature of the relationship of these organizations is that they are compatible as long as universal organizations prevail over regional ones and regional ones provide supportive action for universal ones. The nature of the problem is under what conditions do universal organizations or regional organizations respond to crises? Is the nature of the relationship between these types of organizations competitive or complementary? For instance, the United Nations is looking to the Organization of African Unity and ECOWAS to address peacekeeping issues on the African continent more since UN peacekeeping resources are already over extended. Understanding this relationship will enable scholars to carve out the parameters within which RTAs operate in international relations and then to evaluate their impact on that basis.

Like the GATT/WTO with respect to the international trade system, the United Nations Charter directly addresses the relationship between the United Nations and regional organizations. The Charter only refers to regional organizations in the domain of international peace and security.47 The basic principle established is that universalism takes precedence over regionalism in the area of international security. The Charter does not address this issue in the economic and social realms. But, Bennett argues "[...]debate concerning the right of the Security Council to assume priority over disputes while they are under consideration by regional organizations, the supremacy of the Universalists claim has been substantially undermined.48 Article 53 of Chapter 7 forbids the taking of enforcement action by regional agencies without the authorization of the Security

48 Ibid.
Council. Articles 41 and 43 specify that the kinds of enforcement available include both military and nonmilitary measures such as sanctions. Over time, nonmilitary measures were excluded. Article 54 states that the Security Council should be kept informed of all activities undertaken by regional organizations. Bennett argues that the power of this article has eroded over time.

Article 51 does not mention regional trade agreements explicitly. But, this article connects regional organizations to collective defense issues. This point is extremely important for RTAs because a number of them have military alliance agreements. A majority of African RTAs built military alliance agreements into the treaty. For instance, in 1981, six years after its inception ECOWAS in West Africa added provisions for collective defense features to its treaty and developed a peacekeeping/military force because member states were concerned about external aggression. RTAs are a ripe arena to test Mitrany’s functionalist arguments. He argued that cooperation among states begins in non-political areas then “spills-over” into political areas like security. Many of them began as simply trade institutions. Because of spillover effects they expanded into the security realm as well.

Regionalists argue “regional organizations have a special capacity for controlling conflicts among their member states. It is argued that by “making peace divisible,” regional organizations isolate conflicts and prevent solvable local issues from becoming tangled with irrelevant problems and thus changing into insolvable global issues.” They further argue that geographic neighbors are more likely to understand the background of the conflict and shared norms about conflict management. Universalists argue that such a role for regional organizations is problematic for several reasons. First, geographic neighbors may be biased regarding the conflict. How can neutral intervention be guaranteed? In addition, regional organizations are rarely equipped with the resources necessary to quell the conflict.

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49 Ibid, p.234.
50 Ibid.
51 Refer to Table II for a description of RTA security provisions.
52 Nye (1971), p.17
53 Ibid.
This debate is particularly important to consideration of RTAs in the peace and security realm. RTAs initially were not regarded in this debate because they primarily focused on trade issues. As they have evolved, a number of them have begun to consider security issues and adjust their institutional structures to accommodate this concern.

As tension increases in the international system over the relationship between international and regional organizations after NATO’s role in the Kosovo Conflict, dialogue has also arisen about how they can manage the international security system together. As RTAs develop institutional capacities to intervene in interstate and intrastate conflict, they will need to consider how such intervention meshes with the UN Charter. A critical question is to whom are international and regional organizations accountable?

On the other hand, given that UN peacekeeping simply cannot address all international security needs in the world, the UN may look more toward all types of regional organizations for aid in managing international security. An unrelated question to this dissertation but very important still is what does the donation of troops to RTA peacekeeping forces mean to the RTA as well as the UN? Although RTAs may have provisions in their treaties for peacekeeping and/or military forces, can RTA peacekeeping forces ever get off the ground because of prior commitments by member countries to UN peacekeeping forces or will country commitments to the UN decline over time with increased RTA peacekeeping commitments? Thus, in order to understand the place of RTAs, as regional institutions in the international relations system, we must consider how they address international security issues in relation to the United Nations, especially since some can amass defense and peacekeeping forces.

Essentially, RTAs exist within the rules of the international trade and international security systems. They are inherently under the GATT/WTO agreement. The addition of military alliance agreements in their institutional structure or simply addressing security issues may put them within the constraints of the UN Charter. The United Nations’ stipulations on the role of regional organizations in the security realm are not strictly followed in the international system.
But, these rules about the roles of different types of international organizations in the area of security are helpful for constructing expectations about the role of these actors and the relationships among them in the international security system.

Thus far, theoretical debates about the role of international institutions have been considered in this dissertation. Given that RTAs are a particular class of international institutions focused upon in this dissertation, theoretical debates about their particular role in international relations, specifically trade and conflict are addressed in the following section. For the type of military alliance agreements that African RTAs possess, refer to back to Table 2.1. For the amount of militarized conflict experienced by African RTAs, refer to Table 2.4 on the following page.
Table 2.4: Militarized Interstate Disputes (MIDs) among African Dyads

<table>
<thead>
<tr>
<th>Number of MIDs</th>
<th>Characteristics of Parties Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>248</td>
<td>Among African dyads</td>
</tr>
<tr>
<td>122</td>
<td>Among dyads that share membership in African RTAs</td>
</tr>
<tr>
<td>43</td>
<td>Among dyads that share a single membership in an African RTAs</td>
</tr>
<tr>
<td>79</td>
<td>Among dyads that share multiple memberships in African RTAs</td>
</tr>
</tbody>
</table>
2.4 Theoretical Perspectives on the Role of RTAs in International Relations

Neo-liberals and neo-realists have very different views about the roles and effects of regional trade agreements in the global economy. Barriers to free trade are a central concern for liberals. They argue that multilateral and regional barriers should be removed. RTAs can be helpful because they provide a smaller arena for negotiating the removal of such policies. Negotiations among a small group of like-minded states that are geographically based and have similar interests low for ease in negotiations. Many also contain members that have comparable levels of income and development that can make negotiations easier.

Like economists, liberals, argue that RTAs are a "second best solution" to trade liberalization. Cohn (2000) argues that, in the 1980s, GATT suffered problems with promoting trade liberalization. As a result, RTAs became another option for establishing trade linkages. With respect to RTAs’ relationship with the unequal distribution of gains, liberals argue that workers may be displaced but that benefits of open regionalism are more important than the costs involved. Essentially, they argue that market forces will reallocate labor more efficiently into other industries. The global economy will experience an overall increase in welfare. A key assumption for liberals is that all states will benefit over the long run from membership even if they do not benefit equally. As a result, the absolute gains from membership in RTAs are more important than relative gains for liberals. With respect to power disparities within regional trade agreements, liberals argue that RTAs “are not of much concern because small states benefit from membership in terms of economies of scale and increase market demand for exports.”

Realists are concerned about the distributional effects of membership as well as power asymmetries. They argue that either the larger partner in a RTA will either not permit the smaller partner to receive equal benefits or that the smaller partner will be required to pay side payments in return for equal distribution of benefits. The side payments are actually greater than the access or economies of scale gained from

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55 Ibid.
56 Ibid.
membership. "In the long run, realists expect the distribution of benefits in [RTAs] to reflect asymmetries in power, wealth and technology among the member states."^58

Functionalists argue that cooperation, in this case in RTAs, can be achieved if it begins with non-political problems. They argue that a harmony of interests can be created out of cooperation in non-political arenas (i.e. social, technical, humanitarian and for some economic). Cooperation will "spill-over" into the political arena. Mitrany argues that, "cooperation in the economic and social fields may spill over into the political fields." Advocates of functionalism argue that the habit of cooperation will bring about federalism "peace by pieces."^59 The logical extension of the argument is that such cooperation would lead to the avoidance of war.^60

The relationship between regionalism and multilateralism is a primary focus in the economic literature on regional trade agreements. A number of economists have spent a great deal of time thinking about how regionalism impacts the overall welfare of the international trading system. They are concerned with whether discrimination against non-member countries impedes multilateral trade liberalization and the welfare of the system. Others are concerned with whether regionalism is a viable option for achieving trade liberalization among member states. Many scholars have considered the economic problems that arise such as a spillover effects, complementary markets, unequal distribution of gains and the unrealization of economies of scale. Some have even considered the differences between agreements dominated by developed states versus less developed ones and what that means for the success of trade liberalization and the agreement overall.

Economists are now beginning to consider the non-economic or non-traditional gains from membership in a RTA. For instance, Fernandez argues that practical effects often result from membership in RTAs. They are bargaining power, time-inconsistency,
signaling and insurance. She argues that it allows member states to pursue policies that are welfare improving but time-inconsistent in the absence of the RTA. In bargaining, they can serve as a commitment mechanism in several ways. First, they allow present state governments to tie the hands of future governments to the terms of membership in the RTA. It makes states’ terms of membership credible in the future. It gives member states collective bargaining power in other arenas. This point is especially important for small and less developed states. Second, states can signal to others, through a commitment to membership, that conditions for trade exist “like liberal policies, good future relations with neighbors and competitive industries.” Finally, membership gives at least one member state insurance against trade wars or the arbitrary imposition of extra standards by larger, more developed members. Fernandez argues that these non-traditional gains from RTA membership can lead to practical effects like reduced uncertainty among members and increased credibility in the international trade system.

Essentially, considering these theoretical arguments about the relationship between trade and security in RTAs is important given that the relationship between the level of economic integration of a RTA and militarized conflict among joint members is a focus in this dissertation.

2.5 Theoretical Perspectives on RTAs, Trade & Conflict

Despite the importance of these questions, scholars have only recently begun to systematically evaluate the role of institutions such as RTAs in militarized conflict. For example, Oneal and Russett (1999) as well as Russett, Oneal and Davis (1998) examine how the combination of nested memberships in international organizations, economic interdependence and democracy affect conflict. RTAs were examined among the international organizations studied. They found that the combination reduces it. But, they do not account for membership in particular types of institutions, alone, and how the features of these institutions impact militarized conflict among member states.

In literature that focuses on systematic analysis of RTAs, trade and conflict, Pollins (1989) and Gowa and Mansfield (1994) examined trade flows between allies and adversaries and included their memberships in RTAs and military alliances. Busch and Milner (1994) examined the linkages between RTAs, firms and domestic politics. Mansfield and Bronson (1997) along with Milner in (1997) has examined how membership in any RTA affects trade flows and later the incidence of militarized conflict (Mansfield and Pevehouse, 1999). They found that RTA membership reduces militarized conflict, though not as much as alliance membership. Military alliance agreements in RTAs were not differentiated from traditional military alliance membership. Institutional differences among RTAs were not considered. Therefore, it is possible that the effects were confounded in their result.

Essentially, all of this literature focuses on simple shared membership or at a minimum, the level of economic integration rather than the multi-dimensional institutionalized features of RTAs and their consequences for militarized conflict. Smith (2000) has extended this work by examining another institutional feature of these agreements, level of legalism and its impact on trade disputes. He considers the impact of dispute resolution mechanisms of these agreements on trade conflict among joint members. But, he does not consider other aspects of institutionalization nor other types of conflict like militarized conflict. Given that a RTA can institutionalize differently across issue areas, multiple dimensions of institutionalization should be considered.

Although systematic analyses of RTAs have begun, this work primarily considers the effect of shared membership, the level of economic integration or level of legalism individually of a RTA as a reflection of institutionalization. I assume Martin and Simmons (1998) challenge in this dissertation by examining multiple dimensions of RTAs in order to specify when they “matter” in International Relations. I define the conditions and ways international institutions matter, by examining one type. A first cut at this important question is a study of the level of institutionalization of regional trade arrangements. This is an appropriate substantive domain because most analyses of them

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42 Ibid, p.15.
simply address their trade effects only.® Pollins (1989) and Gowa and Mansfield (1993) and much of Mansfield’s most recent work examine how RTAs exist in the economic and security domains simultaneously.

While economists who study regional trade agreements have largely ignored any connection between security and RTAs, Schiff and Winters (1998) argue that one of the externalities of membership in a RTA is improved security.® RTAs generate improved security for member states. They consider the notion that integration itself improves security. The first best solution in economics for increased overall welfare in the international trade system is multilateral trade agreements. Regional trade agreements are considered a second best solution. Trade among a small group of states that does not divert trade away from non-members is considered acceptable. But, in the area of security, Schiff and Winters argue that RTAs maybe a first best solution.® It is the first best solution due to the security externalities of trade relations. They argue that the notion of “trade as a reconciler” seems to be a necessary but not sufficient underpinning for “regionalism as security.” This perspective stems from Richard Cobden’s advocacy of Great Britain using trade “as a means of locking [trade partners] more fully into the community of nations.”® Schiff and Winters acknowledge the caveat that Cobden advocated multilateral trade agreements at that time, not regional ones.

They looked to thinking behind the European Union to illustrate the benefits of RTAs on security grounds. Wifredo Pareto argued in 1889 that “customs unions …[were]…a means to better political regions and eventual pacification.”® Jones (1993), referring to France and Germany, states that, “Some trading blocs may be advocated primarily to avoid military conflicts.”®


® Ibid, p.17.


® Jones, 1983.

® The Economist (10/12/96) and Srinivasan (1994) both made arguments about how RTAs can reduce conflict in MERCOSUR and South Asia respectively.
Srinivasan (1994) argues, “It is conceivable that promoting freer movement of goods, services, people and capital in the region might also facilitate the resolution of political and territorial disputes.”

This perspective is important to this dissertation because these economists consider merely being a member of a RTA as having a diminishing effect on conflict among member states because of the ties from shared membership and the economic processes involved in economic integration. Political scientists such as Gowa and Mansfield (1994) argue that states gain more security externalities in membership in military alliances that RTAs. They argue that military alliance membership has more of an effect on trade flows than RTA membership. In this case, Schiff and Winters (1998) argue that mere RTA membership can reduce conflict. Mansfield, Pevehouse and Bearce (1999) later examined the effect of RTA membership of any kind on militarized interstate conflict and found that it did have an effect. Again, they do not account for institutional differences across RTAs nor separate out their security components from those of traditional military alliances.

This dissertation will build on this work in political science and economics as to RTAs effects on conflict by opening them up and examining how they differ and the consequences of that variation on interstate conflict among joint members. The dimension that I focus on is how RTAs institutionalize on several dimensions, including security. Is it that RTAs can minimize conflict by simply existing or do they need specific institutional mechanisms in the security arena, like military alliance agreements, to do it? Still, regardless of simple joint membership or added economic and security mechanisms, are RTAs simply incompetent with respect to managing or diminishing interstate conflict?

Essentially, RTAs simultaneously exist in the international trade and security systems and arguments have been made that joint membership in them creates security externalities that can increase trade and decrease conflict. The following section will discuss three possible ways that RTAs and conflict are related. It discusses the conditions under which RTAs can cause, remedy and be impotent with respect to conflict.

2.6 RTAs and the Conflict Process

Thus far, I have discussed the implications of RTAs simultaneously existing in the international trade and security systems as well as the role of RTAs in the international system overall and in relation to trade and conflict in particular. Given that RTAs experience militarized conflict, I will discuss the ways in which these trade institutions affect the conflict process (i.e. cause, remedy, no influence).

Before the consequences of economic integration, organizational structure and security integration can be considered for the occurrence of militarized interstate conflict, RTAs relationship to the conflict process must first be explored. In order to understand the relationship between these trade institutions and militarized conflict, we must also consider the range of scenarios of violence that they encounter. Examples of such scenarios are: 1) RTA members fight against a non-member state. 2) Militarized interstate conflict erupts among joint RTA members. 3) RTA members jointly fight terrorism within the grouping 4) Militarized intrastate conflict erupts within a RTA member state. Given that the theoretical question of interest in this dissertation addresses militarized interstate conflict, I will focus on the first three conflict scenarios. The latter will be examined in future work.
2.7 RTAs a Cause of Conflict: The Unequal Distribution of Benefits and Costs of Membership

The equitable distribution of benefits and costs of economic integration is a primary concern for RTA member states.\(^71\) The economies of member states are often competitive and/or disparity exists in the economic strength and level of industrialization of the most developed members versus the least developed. Less developed members are injured by the trade liberalization process because the most developed members often reap the benefits of membership. *Consequently, a cause of conflict is created.* This trade conflict can often turn into militarized interstate conflict. RTAs that are dominated by developed as well as those dominated by less developed countries are concerned with this issue.

Can RTAs minimize militarized interstate conflict through their rules and institutional mechanisms? For example, the East African Community experienced a great deal of instability because of volatile domestic conflict within member countries and political disagreements between them. Conflict that arose from the unequal distribution of benefits also created tensions that resulted in militarized interstate conflict. Another important question arises, is the unequal distribution of gains among member states an issue that institutionalization, on multiple dimensions, cannot address? Do the institutional structures of RTAs actually exacerbate conflict among member states or do not have any consequences for militarized interstate conflict at all? In his report for UNCTAD on RTAs among less developed states, Eduardo Lizano argues,

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\(^71\) Robson (1968), Molle (1980), Behar (2000).
It is generally accepted that economic integration schemes are a useful means of accelerating the growth of developing countries. The reason for this is the small size of many of them and the many barriers to trade and to the mobility of factors [that] are currently features of international economic relations. It has also become clear that the integration process cannot be expected to benefit all participating countries equally and, indeed, may even injure some of them. It is obvious that not all regions in a particular geographical area derive equal benefit from progress; some remain backward, even in very highly developed countries.72

The crux of the problem is that a spread effect can occur. It can occur in economic integration within states or among states. In the first stage of integration, the benefits of integration may be concentrated in one member state. Other states will, theoretically, benefit later.73 An example of a component of spread is the relocation of a manufacturing plant from one member state to another.74 The spread effect is like the trickle down economic theory. The benefits of economic integration (e.g. income) among LDCs are usually allocated to more developed members of the RTA first and then spread throughout the community. Factor movements can generate increasing returns. The factors flow from poor countries to wealthier ones. As a result, disparities among member states are enhanced. Specific corrective measures would not be needed since less developed member states would simply have to wait for the spread effect. If the spread effect is strong, all states could benefit.75

Yet, some problems arise. First, there is no certainty about the size of the spread effect. It may be so small that it does not result in an adequate distribution of benefits in favor of states that have not benefited. Also, it is difficult to convince less developed countries to enter into agreements that will make them worse off, even if it is only temporarily. Essentially, they are being asked to compromise their sovereignty over

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72 UNCTAD (1973), p.27.
73 Myrdal (1957) and Hirschman (1958).

protecting their economies from economic harm. Finally, there may be no benefits left to
distribute. Policies that affect the allocation of production and hence economic growth
could cause this outcome.\textsuperscript{76}

These issues are also important with respect to RTAs among economically
developed states (e.g. European Union).\textsuperscript{77} Compensatory and redistributive programs are
used by RTAs among economically developed states as well as those among less
developed states. The East African Community and the European Union are examples.
Militarized interstate conflict actually resulted in the EAC. The East African Community
disintegrated soon after. This RTA was simply a trade institution. It did not have
institutional provisions to manage the risk of violence among joint members. The
question follows would the same outcome have occurred if it had such provisions?

The ways that RTAs cause conflict are not limited to the economic realm. The
process of creating the RTA itself or changing its structure can be conflictual. The
location of the headquarters, choice of secretary-general, dominant language, rules
contributions and voting rights can all be very controversial issues for RTAs.

2.8 RTAs a Remedy for Conflict: Institutional Autonomy and Structure

A number of these organizations have anticipated the unequal distribution of
economic benefits issue and have attempted to build remedies into to the structure of the
agreements. For instance, some of these agreements have conducted studies before their
inception or after injury occurs to either assess the probability of injury for some
members given the trade liberalization process or ways to remedy it once it happens.\textsuperscript{78}

This final point is extremely important in this study for several reasons. First, for
international institutions to contribute to peace, as realists argue, they must be able to deal
with the relative gains issue.\textsuperscript{79} The question is can international institutions address the

\textsuperscript{76} UNCTAD. 1973. \textit{Current Problems of Economic Integration: The Distribution of Benefits and Costs in
Integration among Developing Countries}. United Nations, New York, 47.
\textsuperscript{77} Vanhoven, (1999).
\textsuperscript{78} UNCTAD, (1973).
\textsuperscript{79} The debate over the importance of relative gains in international relations centers on the nature of gains
and how they influence state behavior. Are states more concerned with simply benefiting regardless of how the
gains compare to those of other states or do they constantly compare? If the answer is the former,
cooperation is easier to facilitate among states because the goal is for all states to get something. With
relative gains problem or are the circumstances under which institutions have an effect, conditional? A separate question is can RTAs diminish militarized conflict among joint members regardless of the source of the conflict. Are they better at conflict that arises from the relative gains from trade because RTAs can incorporate remedies into their institutional structures and less successful at dealing with the political origins of militarized conflict among joint members?

Scholars who consider the role of international institutions in international relations tend to spend quite a bit energy thinking about whether international institutions have any kind of effect at all. Yet, we must consider not only the question of whether or not they have an effect, but if they do, what kind is it? Do they contribute to peace or exacerbate conflict? We cannot assume that if they can shape interstate behavior that their effect is always benign. It may be adverse or non-existent.

2.9 RTAs and Institutional Weakness in the Face of Conflict: State Sovereignty as a Barrier

The final possible outcome is that RTAs may not affect militarized interstate conflict among joint members at all. Given that states create international institutions, they can be seen as tools of statecraft. From this perspective, their scope and construction depend on the interests of states. Realists would argue that the interests of the most powerful states are the most important. In addition, states can always withdraw their membership and many institutions are funded by state contributions. Therefore, if conflict arises among member states, the institution is moved by members to act. Realists would argue that it is the economic and military capabilities of the strongest members that diminish militarized interstate conflict.

Fisher (1944) argues that there is “no reason to see sovereignty as sacrosanct.” He argues that no state is involved in activities that it would not have freely chosen for itself. For Fisher, since states create institutions, they can create them to be ineffective by

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relative gains, gains are compared so cooperation is rare and the international system is mostly characterized by conflict. Grieco, Powell and Snidal, (1993).
creating large scopes and numerous tasks. He argues that states should create efficient institutions and respect the power that they give to them. Essentially, he argues that international institutions can be effective, but it is up to states to design them that way. The question is do states know what is the “right design”? Are the instances in which RTAs have no impact on international relations due to lack of knowledge about proper construction or lack of will to construct them to be effective? Still are they so overloaded with multiple tasks that it renders them ineffective? Can RTAs juggle multiple tasks in multiple issue areas, like trade and security, especially given budgetary constraints? Are institutions most effective when they handle a single-issue area or are they ineffective because interactions occur across multiple issue areas but the RTA only deals with one? As a result, to be effective, do they have to address issues that may be inextricably linked like trade and conflict simultaneously? Is state sovereignty a barrier to international organization effectiveness or the solution to it? Like the WTO, will RTA enforcement be based on state power or some other bases that provides legitimate costs for non-compliance with RTA rules? For example, WTO power to enforce and punish is based on economic sanctions placed by states.

While this section covered various ways that RTAs are related to the conflict process among joint members, the following section will present some descriptive statistics on African RTAs. Their institutional and conflict characteristics will also be discussed.

2.10 Institutional Characteristics of African RTAs

Given that this dissertation focuses on if, how and when RTAs with different types of institutional mechanisms shape militarized conflict among joint members, the frequency of particular types of mechanisms will be discussed in this section. Specifically, RTAs may use compensatory funds, dispute settlement mechanisms and/or military alliance agreements to address militarized conflict among joint members.

Twenty regional trade agreements existed among African states between 1950-1992. Five of them or 25% were simply regional trade agreements that dealt with trade
issues. Essentially, they did not possess compensatory funds, dispute settlement mechanisms or military alliance agreements. Of the twenty agreements, 55% of them possess a compensatory program, 35% have dispute settlement mechanisms and 40% have some kind of military alliance agreement. Among RTAs with military alliance agreements, 5% have entente agreements, 5% have internal security pacts, 15% have non-aggression pacts, and 35% have mutual defense pacts.

With respect to type of economic integration, the majority of agreements are common markets and customs unions. In terms of military alliance agreements, the majority of agreements are non-aggression pacts and mutual defense pacts. Most of both types of military alliance agreements are customs unions. For more detailed information, refer to back to Table 2.2.

2.11 Conflict Characteristics of African RTAs

As discussed earlier, 248 MIDs have been observed among African dyad members between 1950-1992. In terms of shared membership in African RTAs, 122 or 49.1% of all MIDs among African countries occurred among African dyads that were joint members of an African RTA. African dyads that share membership in a single African RTA experienced 43 or 35.2% of MIDs among African dyads that share membership in an African RTA. Finally, of the dyads that share membership in an African RTA, 79 or 64.7% of dyads share membership in more than one. Dyads that do not share membership in any RTA experienced 126 or 51% of all African MIDs. See Table 2.4.

The time and spatial span of the study covers 42 years and 52 African countries. In that time, there were 248 observations of militarized interstate dispute involvement. The decade that experienced the most disputes among African dyads was from 1970-1979.

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See Table 2.2.

Data is from Pollins and Keshk (2000).
From dyads with no membership in RTAs to those with membership in compensatory, dispute settlement and those with military alliance agreements, this decade experienced more dispute involvement among dyad members than any other decade. Across decades, the RTAs with military alliance agreements experienced less militarized interstate disputes than those with any other type of RTA.

2.12 Conclusion

The purpose of this chapter is to consider the role of RTAs in the international system, their relationship with the conflict process and to provide some basic information about them. The above descriptive statistics simply describe institutional and conflict characteristics of African regional trade agreements. Such information simply indicates that African dyad members have experienced militarized interstate conflicts as joint and non-joint members of RTAs that vary across institutional complexion. The next step is to consider whether and how variation on these dimensions has consequences for the likelihood of militarized interstate conflict among joint members of RTAs. The following chapter will examine the relationship between economic integration and conflict.
CHAPTER 3

RTAS AS IGOS: INTERNATIONAL ORGANIZATION AND INTERNATIONAL CONFLICT

3.1 Introduction

*Do the characteristics of intergovernmental organizations (IGOs) reduce the likelihood of militarized conflict among joint member states?* This question is very important when considering how particular types of IGOs manage militarized conflict. As discussed in Chapter 1 of this dissertation, debate exists about the role of international institutions and organizations in international relations. In light of their increased role, scope and capacity, this debate is important with respect to explaining how the international relations system works and how different types of organizations contribute specifically. This chapter focuses on the role of regional trade agreements as intergovernmental organizations in general and regional organizations more specifically in the international arena. As Chapter 4 & 5 consider how these institutions specialize in trade and assume characteristics of security organizations, respectively, and the consequences of that specialization for militarized conflict among joint members, I consider how their general characteristics as IGOs contribute to peace and conflict among joint member states in this chapter. The basic research question in this chapter is *do the intergovernmental organizational characteristics of some RTAs, contribute to, prevent or*
have no impact on militarized conflict among joint member states differently that RTAs that are international institutions without organizational structure? Essentially, how does general organizational structure contribute to our understanding of militarized conflict?

Three IGO characteristics in particular will be examined. They are 1) whether or not the RTA is simply a written agreement or contains organizational structure; 2) presence or absence of a dispute settlement mechanism as a mediation organ in a RTA; and 3) the membership size of a RTA. All of these IGO characteristics will be evaluated with respect to the relationship between dyadic RTA membership and the likelihood of militarized conflict. Hypotheses about how each is related to the conflict process are derived from the relevant bodies of work.

This chapter is organized as follows. The literature review is presented in three parts. The first addresses arguments about how the basic structure of an IGO is related to the conflict process. Second, the very existence of IGOs is grounded in the pacific settlement approach to dispute resolution. The theoretical foundations of this approach and the role argued for dispute settlement mechanisms in war will be discussed. The final component of this theoretical section considers the group size argument for cooperation, which was made by Olson (1965). The relationship between the membership size of a RTA and the conflict process will be evaluated. The second half of the chapter presents the research design and the estimation method employed. The results of the statistical analysis performed will follow. The implications of the results for understanding the relationship between IGOs and the conflict process will be discussed.

3.2 International Institutions versus International Organization

Institutions address mutual interests, provide rules and shape expectations. Young (1980) defines institutions as not simply as formal organizations but as "recognized patterns of practice around which expectations converge. North (1981) views them as "frameworks within which human beings interact." Krasner (1983) defines them
as "persistent sets of rules that constrain activity, shape expectations, and prescribe roles."\(^{84}\) Axelrod and Keohane (1985) argue further that institutions can alter the extent to which governments expect their present actions to affect the behavior of others on future issues. With respect to the constraining aspect of institutions, Keohane (1989) states, "Institutions are explicit, persistent, and connected sets of rules that prescribe behavioral roles and constrain activity."\(^{85}\) In 1999, Haftendorn, Keohane and Walldender added organizational features to the definition.

Before discussing the need for IGOs with respect to peace and conflict, the difference between institutions and international organizations must be made. Second, the way that RTAs, as a form of international organization, influences the conflict process must be considered. International institutions are rules that prescribe behavior as discussed above. RTAs are trade institutions that prescribe rules for trade liberalization and/or economic development. International organizations are international institutions that have organizational mechanisms to implement and support these rules. For example, the eastern-southern RTA, PTA, has an executive body composed of heads of member states' governments that makes decisions under the rules specified in the treaty.

What is it about international organizations that can shed light on the determinants of conflict and peace? Is it the tie that matters? As argued by a number of scholars, it is the network or web of IGO memberships that creates national entanglements that influence peace and conflict among joint member states.\(^{86}\) In contrast, it could be more than the tie that matters but rather the structure of IGOs.\(^{87}\) The combination of a representative body, bureaucracy, voting rules, and a dispute settlement mechanism provides venues for communication, policy implementation, a voice for member states and a mediation/adjudication organ that matters most (see Table 3.1). Still, is it the combination of the tie and structure that matter? Claude (1954) argues, "International organization is fundamentally, even though not exclusively, a reaction to the problem of war."\(^{88}\) He argues that this is the case because "the pursuit of international

\(^{84}\) P.384.
\(^{87}\) As argued by Nye (1971), Haas (1989), McCall-Smith (2000).
\(^{88}\) Claude (1954), p.216.
organization arose out of a fear of another world war. Statesmen were trying to find ways to alleviate war through the creation of mechanisms that provided states with ways to non-violently address conflictual issues directly or to tie them together in functional ways so as to reduce the attractiveness of war and increase its costs indirectly.** Jacobson (1979) explained this argument when he wrote,

It is important to recall that historically interstate violence, particularly that of the two world wars, has provided powerful stimuli for the creation of all types of international organizations, not only those with manifest purposes in the field of security. Interstate violence has often created a need to reestablish instruments of order, including institutional frameworks. In addition, organizations in other fields have increasingly been contributing indirectly to the solution of security problems.**

Essentially, “the main impetus for international organization came from the desire to avoid war. They must be regarded as an expression of the quest for world peace. [....] It assumes that war should be, and can be, prevented.” Although Claude acknowledges agreement that the role of international organizations in war is limited, various approaches have been advocated while the exact role is still being considered in scholarly debate. Claude further argues, “international organization represents the adoption of a number of approaches to peace deriving from different conceptions of the nature and causation of war.” In contrast, functionalists, like Mitrany, argue that the purpose of international organizations is not to stop war and create peace, but to solve practical problems in non-political areas like economics, social and culture. Problem-solving and cooperation in these areas will inadvertently spill over into cooperation in the political/security arena.

Scholarly inquiry has also led some to conclude that international organizations simply reflect the interests of powerful states. Proponents of a more state-centric view of international relations argue that international organizations are not important for several reasons. First, “they lack the means of enforcement that are independent of the

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98 Ibid.
10 Ibid.
international distribution of power. Second, they are unable to exercise a central means of coercion. Finally, they fulfill other functions of government while operating within an anarchic environment.  

These reasons are grounded in a notion of the ineffectiveness of international organizations as a consequence of state sovereignty. Essentially, IGOs represent the interests of the most powerful states. The strength of the organization is tied to the strength of states. Because states are concerned about sovereignty, they structure organizations in a way that they cannot coerce states into compliance. Given an anarchic system, states must protect themselves according to this perspective. Because there is no entity to protect state sovereignty, the most that IGOs can do is to serve other government functions for states.  

More consideration should be given to variation in the kinds of IGO effects on international conflict. The only effects considered are benign ones. In the case of militarized conflict, most work focuses on whether or not either shared membership in IGOs or their structure lead to less conflict or not. Little consideration has been given to how they can have the effect of being a source of militarized conflict. Given that the research question that guides this dissertation is conditions under which RTAs prevent, contribute to or have no impact on militarized conflict, IGOs as contributors to conflict will also so be considered. See Table 3.1 for a description of IGO structural components.  

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93 Ibid. They cite Mearsheimer (1994/1995) as an example of such an argument.  
95 Haftendorn, Keohane and Wallender (1999) acknowledge that comparatively little work paid attention to the adverse effects of international organizations in international relations.
| **Plenary Body** | All member states are represented. Often have a smaller body or council composed of select members. | Executive bodies are composed of the heads of member state governments while assemblies are composed of representatives from each member state. |
| **Secretariat with an executive head & staff** | Administrative Organ | Disseminate information, conduct studies, draft resolutions |
| **Decision-making procedures** | Voting Rules | Unanimous, Majority, Consensus Voting Procedures |
| **Judicial Organ (Dispute Settlement Mechanism)** | Collective body that can mediate, arbitrate or adjudicate. Optional and rare. | Court of Justice |
| **Specialized Mechanism** | Bodies composed of experts or perform specific task in a specific issue area. | Economic Councils, Joint Defense Councils, Peacekeeping forces |

Table 3.1: IGO Structural Components
3.3 Types of International Organizations

There are two types of international organizations, IGOs and NGOs. *Intergovernmental organizations* (IGOs) are organizations whose membership consists of states while *nongovernmental organizations* (NGOs) are composed of individuals and groups. Overall, "the number of international organizations has increased markedly this century. In 1909, 37 IGOs and 176 NGOs existed in 1909. By 1997, these numbers increased to 260 and 5,472 respectively." Given the dramatic increase in the number of these organizations and states membership across them, Jacobson (1984) and later Russett, O'Neal and Davis (1998) argue that networks of interdependence are created. The latter extends this argument by examining how the density of these networks, which is based on a system of IGOs that is decentralized and nonhierarchical, in conjunction with trade and democratic regime dyads contribute to peace.

In this dissertation, I begin to separate out of these networks of interdependence, which are based on membership in international organizations, exactly how the institutional features of one type of international organization, RTAs, affect conflict, if at all. The following section will draw from the literature on international organizations and international institutions in order to gain a better understanding of the institutional features of these agreements and the ways in which variation in them can result in different outcomes regarding conflict among members.

Jacobson (1984) develops a typology of international organizations along the dimensions of *general* versus *specific* in terms of scope as well as *universal* versus *limited* with respect to membership. The scope of *general international organizations* includes multiple issue areas. The United Nations is such an example. Its membership parameters are *universal* because all states in the system are members. *Specific international organizations*' scopes are confined to a particular issue area. An example is the World Health Organization (WHO). *Limited* international organizations do not include all states in the system.

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96 Jacobson, (1984), p.4. Yarbrough and Yarbrough (1984) argue that an array of dimensions can be used to choose members. Some examples given are geographic region, economics, politics and culture.
97 Jacobson (1984). This number is affected by the definition of a multinational corporation.

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IGOs are "created by an agreement among two or more sovereign states for the 
conduct of regular political interactions. Traditional diplomacy, structure and permanence 
distinguish them. [Essentially,] they have regular meetings of representatives from 
member states at regular intervals; specified procedures for decision-making; and 
permanent secretariats or headquarters staff. This study examines a specific type of IGO, 
the regional trade agreement or RTA, to better understand exactly how membership in a 
particular type of IGO can reduce conflict among members. 99

Again, an "RTA" is an agreement that specifies rules for trade liberalization 
among member states. It is a particular type of IGO in the sense that states are members. 
100 It is rather specific in scope because these are trade institutions but some address other 
issues such as security. They are limited in membership, which is usually geographically 
defined. Russett, Oneal and Davis (1998) consider the density of international 
organization membership but not characteristics of different types of IGOs and their 
relationship to militarized conflict. I will examine a specific type of IGO, the 
characteristics upon which it varies and the impact of such variation on conflict among 
members. Mansfield and Bronson (1997) and Mansfield (1998) consider membership in 
two different types of international organizations, regional trade agreements and military 
alliances but do not consider institutional variation within these types of organizations. I 
examine the institutional variation within RTAs and how such variation impacts 
militarized conflict among members. 101

(INGOs) are both types of international organizations. They differ in that membership in IGOs is only 
extended to states whereas individuals and private groups can belong to INGOs. Jacobson argues that to 
understand how membership in international organizations promotes peace, attention should be focused on 
IGOs because states are the primary political factors. He argues that IGOs derive their importance because 
they are "associations of states." P.7 See Table I in the Appendix.

100 The scope and membership of RTAs will be discussed further in later sections of this proposal.

101 Bennett (1988) argue that military alliances and regional trade agreements are considered forms of 
regional organization.
3.4 The Role of International Organizations

Scholars of international institutions and international organizations vary in their perspective on this issue. Opinions range from viewing them as manifestations of powerful member states to independent actors in the international relations system. A brief review of these perspectives is presented in this section. My view of their role in the system will conclude this chapter.

3.4.1 Realists and Neo-liberal Institutionalists

Several approaches have considered the role of international institutions and organizations in international relations. As discussed in Chapter 1, realists argue that although cooperation is possible in the international arena, it is difficult to achieve. They argue they are at least manifestations of the interests of powerful state members rather than independent actors in the international arena. At most, they are venues within in which states can pursue mutual interests. If cooperation is at all possible, the probability is higher in the economic realm rather than security given the fear of compromised sovereignty. In contrast, neoliberal institutionalists argue that these actors do have an independent effect in the international arena. They argue that international institutions can help states achieve mutual interests. At most they can be supranational entities that have authority over states. In order to understand how the international arena works, we must consider and go beyond the state and consider their role.102

Many institutions specify rules for conflict resolution. Dispute resolution mechanisms, enforce these rules, mediate and provide expectations so that mechanisms for conflict resolution among members are available in the future. They vary in the rules and procedures that guide bargaining, negotiation, monitoring and enforcement of members.
Institutions can encourage cooperation by lengthening the shadow of the future through formal agreements. RTAs often specify temporal components for different aspects of their agreements. For example, the European Union established a time frame in which to achieve monetary integration and successfully completed it. Recently, it has established a time frame for raising a military force. Institutions can also break down large negotiations into ones among smaller numbers of actors. RTAs are an example of trade negotiations broken down among a smaller number of actors.

Martin (1992a) argues that institutional structures are composed of rules that set standards against which compliance and noncompliance can be judged. In later work, Martin and Simmons (1998) argue that international institutions also provide information for members and also for “cross issue deals that prevent either member from reneging.”

Because actors often have a mutuality of interests across a range of issues, cooperation on each can often be linked. “Issues arise against distinctive backgrounds of past experience and are often linked to other issues being dealt with simultaneously by the same actors.” Axelrod and Keohane (1985) contend that “multilevel games can affect each other and make outcomes mutually contingent.” They cite Tollison and Willett’s (1979) argument that “linkage can be beneficial to both sides in a negotiation and can facilitate agreements that might not otherwise be possible.” Because actors’ resources may differ, trade-offs may be useful. These issue linkage arguments are applicable to RTAs because they address trade and security concerns in some way although they may vary in how and the degree to which the do this.

Competing views exist with regard to the ability of issue-linkage to facilitate cooperation. Realists focus on the “tactical linkage” in interstate

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104 p.742.
105 Ibid.
106 Ibid.,p.99.
107 Ibid.
108 Ibid.
bargaining. They argue that the credibility that underlies the issue linkage can be traced back to the underlying power capabilities of states. States must figure out how to make commitments credible and durable. Conversely, liberals examine how linkages can be created and maintained. For them, the credibility of the linkages lies in how institutions can help states create credible linkages.”"109

Keohane (1984) argues that institutions raise the costs of deception and irresponsibility. As a result, they allow states to make more credible commitments.

Oye (1979) argues that “not all issue linkages promote agreement or ‘back-scratching,’ in which they are welfare enhancing to both sides. They can be ‘blackmailing’ in the sense that welfare levels may be decreased if one side does not comply. Threats are implied.”110 Schelling (1960) summarizes this argument when he states, “Promises are costly when they succeed, threats are costly if cooperation fails.”111

It is possible that RTAs vary in how they affect conflict, given their variations in institutional structure. It could be that some types of RTAs exacerbate conflict among members rather than inhibit it. The goal of this dissertation is to provide an understanding of when and under what conditions the institutional features of RTAs affect militarized conflict, whether they are conflict inhibiting or enhancing.

Essentially, RTAs’ rules guide trade practices among member states. Specifically, many RTAs have some type of dispute resolution mechanisms in place to manage non-compliance. Those RTAs that address security vary in the degree to which they deal with non-compliance.112 Martin also argues that institutions provide credible commitments for threats made on one issue to gain compliance on another. The proposed study is interested in examining whether or not RTAs that serve economic and security purposes link issues among members

109 Ibid. p.173.
110 Ibid. This argument is also the foundation of Lisa Martin (1992a) in which she examines levels of cooperation in international relations with regard to economic sanctions.
111 Schelling (1960),p.177.
in order to reduce conflict among them. Martin extends this issue linkage argument by considering the role of change. She argues that as the situation changes, the way in which issues are linked can change, thus affecting the scope of the institution.\footnote{Martin (1992a), p.172.}

Martin (1992b) argues that if a functional perspective were applied to state choices about institutions, high payoffs can be achieved by viewing them as solutions to various types of dilemmas.\footnote{Martin (1992b), p.765.} It may be that for some RTAs where members have historically hostile relations, security features of RTAs may allow trade to occur at all among members, not to drastically increase trade flows among members, which is the economic goal of these agreements. The conventional wisdom about RTAs dominated by less developed countries is that they are unsuccessful. But, it could be that the criteria against which we are judging them is limited and that is why we do not understand why these countries tend to join these agreements at such a high rate despite the feeling that they are economically unsuccessful.

3.4.2 Functionalists

Functionalists considered the tension between state sovereignty and IGO membership as well. Mitrany, an early functionalists, argued that the “growth and spread of technology will lead to increased standards of living.”\footnote{Political Handbook of the World (1973).} For instance, Jacobson (1984) argues that railways are such an example. They bring goods and people across national boundaries quickly. Thus, consumers had access to travel and goods in a larger quantity, much faster. For some states, building a railway system is very expensive. Consequently, they may join together with other states, through RTA membership, to build the infrastructure for such as common services. For instance, the East African Community has a common railway service while the Mano River Union as a common airline called Mano Air.\footnote{Political Handbook of the World (1973).}
A common problem or mutual interests often is the impetus for IGO creation. The need for cooperation continues to increase causing pressure that leads the rise of such organizations. They also argue that the nature of the problem would determine the need for the organization; powers it should possess; and states that should be included. Eventually, “technical self determination” will become more important than state sovereignty. These “technical” or “functional” ties would solidify cooperation. Early functionalists argued that these functional ties through IGOs would occur in non-political arenas like the economic and social realms rather than the security one. The theory seemed to be supported by the rise of IGOs that had limited membership and a narrow scope. Cooperation would then spill-over into the security realm.

3.4.3 Neo-Functionalists

Early functionalists were criticized because they saw a distinction between the political and non-political arenas like the economic and social realms with respect to conflict. Neofunctionalists critiqued this argument. They argued that the functional realm can be political and cannot be separated or considered less controversial than the political realm. This perspective came directly from people associated with the creation and functioning of the European Union. Although these scholars stress cooperation in a limited sphere of activities, they argue that rather than cooperating in areas that are not politically important, cooperation should especially be pursued in political or controversial areas. Uniformity in policies would lead to integration. Ultimately a federal state would be formed. The most important actors within IGOs are technocrats rather than politicians, so that they can focus on definition and standards that will lead to more integration.

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118 Jacobson (1979), p.70.
119 Ibid.
Neo-functionalism is a useful perspective for considering the structure of RTAs and the consequences of that structure for the likelihood of a militarized conflict among joint member states. Because the nexus of the relationship is the creation and construction of IGOs to solve common problems, neo-functionalism provides theoretical leverage for considering how and why they are linked to the conflict process. Almost half of all African RTAs add to sign military alliance agreements because of a concern for security. The question for this study is do variations in approaches in construction of RTAs have consequences for the likelihood of militarized conflict among joint member states? Refer to Table 3.2 for a summary of IGO basic tasks.
Seek Solutions
Coordinate member national policies
Disseminate information
Formulate policies
Monitoring
Enforcements
Non-binding recommendations
Normative Affirmations
Make decisions on factual or legal decisions
Enact rules
Resource allocation

Table 3.2: IGO Basic Tasks
3.5 Autonomy and Intergovernmental Organizations (IGOs)

In general, IGO autonomy has been limited. By *IGO autonomy*, I mean IGO authority over member states. Thus, a paradox becomes apparent. "Member states have common interests that lead to the formation of IGOs and the IGOs promote common interests but they are not empowered to do so." Why? Concern for the protection of state sovereignty is at the core of every IGO. In every mission statement, a declaration of protection for state sovereignty is included. RTAs are no exception. In fact, the concern for state sovereignty is so great that the recently the UN Commissioner for Human Rights resigned because she argued that she could not truly protect the human rights of individuals because she was constrained by the protection of state sovereignty. RTAs face this issue because when considering the extent of economic integration, the problem of economic disparity, the decision to sign military alliances as well as the extent of security integration, the protection of state sovereignty must be considered.

IGOs are not only created by voluntary action on the part of member states but voluntary action is relied upon to take any action. Since autonomy rests with states and states have the capacity for action, action rests with member states. But, I would argue that states also sign agreements under the auspices of the IGO that compromise their sovereignty and give the IGO more autonomy. For instance, when RTAs sign military alliance agreements like mutual defense pacts, they agree to provide forces in response to external aggression upon any member. This is a huge compromise to state sovereignty, because in the area of external aggression, joint member states have relinquished control over the decision to engage in battle to protect a member. But, sovereignty is strong in the sense that states may decide not to send troops during aggression. For instance, members of ECOWAS signed military alliance agreements to address external aggression and militarized conflict among joint member states. Members of the European Union are presently constructing a military alliance agreement, which includes a common defense force. Several members have exercised their sovereign right not to participate in the military alliance agreement. Consequences of state sovereignty are apparent with respect

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\[\text{ibid. p.72.}\]
to IGO authority. In the case of the United Nations, peacekeeping forces are dependent upon states volunteering to contribute them whereas in military alliance agreements, states have given up that choice.

Yarbrough and Yarbrough (1997) argue that institutions assume either type of two institutional designs, decentralized and centralized. Decentralized institutions encourage cooperation by providing the means for consultation, coordination, norm creation and initiatives by states to ensure enforcement. Centralized institutions provide mechanisms that create, efficiency, legitimacy and weak enforcement. Essentially, centralized institutions have more autonomy than do decentralized ones. An example of this is SADCC. Member states purposely wanted the RTA to be weak so, the areas of coordination were made the responsibility of individual states. SADCC was used as a venue for them to coordinate across sectors. This discussion is important for theoretically considering how structure relates to task. The question examined in this dissertation is assessing the consequences of variation in structure across RTAs for the likelihood of militarized conflict among joint member states. But, we need to think about how structure is connected to the conflict process. One way is the autonomy of the organization.

IGO autonomy is important with respect to conflict because it affects the structure of IGOs. States may construct RTAs with more or less authority. Some would argue that as interdependence increases and problems that cross national borders increase. Therefore, the need for IGOs to address these problems will require them to be more autonomous and state sovereignty will be further compromised.

As discussed, African RTAs vary in organizational structure greatly. One reason for such variation is a concern for the tension between IGO autonomy and state sovereignty. The organizational structures of African RTAs are displayed in Table 3.3. It illustrates which RTAs possess an executive body, secretariat, dispute settlement mechanism, special economic mechanism and special security mechanism. Most include

112 Haas (1989)
113 Ibid. Abbott and Snidal (1998). In Mansfield and Milner's edited volume on the political economy of regionalism, Yarbrough and Yarbrough examine variations in the dispute settlement procedures of RTAs. They explore the ways in which IGOs build binding mechanisms versus mediating ones into their structures.
Jacobson’s (1984) basic IGO structure, which is a combination of an executive body and secretariat. Less than 10 of the 20 African RTAs possess either dispute settlement mechanisms or special security mechanisms as compared to 16 out of 20 that possess special economic mechanisms.
<table>
<thead>
<tr>
<th>RTA</th>
<th>Executive Body</th>
<th>Secretariat</th>
<th>Dispute Settlement Mechanism</th>
<th>Special Economic Organ</th>
<th>Special Security Organ</th>
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<td>ACM</td>
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Table 3.3: African RTAs Organizational Structure
3.6 IGOs and the Conflict Process

Functionalists and neoliberal institutionalists view the role of IGOs in the conflict process as contributing to peace. "Increasing interdependence leads states to cooperate in order to solve common problems and to take advantage of the greater efficiency (similar to the economies of scale) from such cooperation." Essentially, "entanglements in a web of IGOs will make states less bellicose." The spillover effects from cooperation in non-political areas will flow into political areas. State interests will be tied due to membership in the IGO that is less of an option. For neo-functionalists, increased integration of policies in political areas will increase the costs of conflict. The pressures to join IGOs plus the benefits gained from membership and participation make states unwilling to jeopardize those benefits by escalating interstate disagreements to violent conflicts that would inextricably destroy IGOs.

As argued by neoliberal institutionalists like Russett, O'Neal and Davis (1998), IGOs can promote peaceful relations among members in several ways. First, "they have quasi-supranational capabilities for enforcing rules by military action. Second, they facilitate the rational pursuit of self-interest in ways that serve mutual interests (standard liberal view). Third, they teach a set of norms that may revise actors' preferences and sense of their self-interest." As IGOs, RTAs provide some of these functions. For example, ECOWAS possesses military capabilities that can quell violence and enforce rules. Also, these organizations are formed in the first place to address some mutual interest of the participants. The basic interest for all of them is trade liberalization and/or economic development. Finally, RTAs' structures vary in type of dispute settlement mechanisms, if they have any at all. Therefore, norms concerning conflict resolution or the desire to create such norms sparked the creation of these mechanisms. Functionalists further argue that the incentive to avoid conflict is salient.

124 Jacobson, Reisinger and Mathers (1986), p.2?
125 Ibid., p.3.
126 Ibid., p.444. This citation was taken from Finnemore, (1993). Refer to Table II in the Appendix.
As discussed in Chapter 4, states have a common interest in economic expansion as well as in minimizing economic disparities. *Just as this common interest in economic integration can dampen conflict; so can the occurrence of economic disparity contribute to conflict. Thus, the gains attached to IGO membership can contribute to peace while losses can contribute to conflict.* In order to understand the connection between IGO membership and the conflict process among member states, we must consider the conditions under which they contribute to peace as well as conflict. This is also important because IGOs often create institutional mechanisms to remedy problems that they cause. Chapter 4 of this dissertation discusses how RTAs can cause economic disparity, which can lead to conflict and the kinds of organizational mechanisms they create to remedy it.

Jacobson, Reisinger and Mathers (1986) argue that the increasing web of national entanglements in IGOs has "institutionalized aspects of traditional international politics. The complexity of modern life creates many pressures for states to establish additional IGOs. What has happened so far demonstrates the overwhelming sense of governments throughout the world that states no longer provide a large enough framework for tackling pressing problems." Haas (1989) argues that the mistake made when evaluating IGO conflict management is that it is assumed that they are "autonomous entities, set up to coerce or cajole states into substituting cooperation for conflict. It is more that states behave in such a fashion toward one another as to give life to the principles, norms, rules, and procedures enshrined in these organizations—or they fail to do so."

Haas also argued that the purpose of IGOs is to moderate conflict. They accomplish this task by reducing "collective insecurity dilemmas" or helping states to achieve mutually desired outcomes. But, he argues that "institutionalizing cooperation" is different from managing conflict. For Haas, conflict management through IGOs is simply another way for states to implement foreign policy. At the same time, states have the choice to work through the IGO or not. Given the increased web of IGOs,
Haas does argue that the “cumulative channeling of national objectives into these organizations would eventually lead to the institutionalized resolution of all interstate conflict.” Essentially, IGO techniques would be so developed that they would eventually evolve into autonomous agents.

3.6.1 Task in IGO Conflict Management

As a third party manager of interstate conflict, IGOs perform certain functions to increase cooperation and decrease conflict. For instance, they seek solutions to problems that impede cooperation. Secondly, they coordinate member’s national policies related to economic and security issues to ensure success. The means to resolve conflict must be appropriated. They collect and disseminate information. For instance, a number of RTAs have newsletters that they distribute to member countries. For instance, ECOWAS has a newsletter called the Official Journal of ECOWAS. They also formulate policies. Several different institutional mechanisms within the IGO structure participate in policymaking together.

States that dislike the policies may not implement them at the domestic level. For instance, several members of the European Union did not agree with the decision to raise a common defense force. They signed an agreement to this effect and promised not to publicly oppose the use of the EU defense force.

Whether the IGO or member governments conduct the implementation of IGO policy, the implementation process should be supervised. Thus, additional IGO functions are monitoring and enforcement. Additional tasks are non-binding recommendations and resolutions. States do not have to abide by them but pressure by other members and the credible commitment of interacting again within the auspices of the IGO, often encourage compliance. IGOs can also make normative affirmations. They can adopt declarations of principles and statements

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130 Ibid, p.191.
132 Feld and Jordan (1989), p.121.
of goals. Also, IGOs may make decisions on factual or legal situations. For example, in the treaty of ECOWAS, a declaration stating the importance of democracy in member countries is included. In the Gulf Cooperation Council’s treaty, there is a declaration of Arab unity. They can enact rules for the conduct of states. For example, they can create binding treaties. The creation of military alliance agreements within the structure of a RTA is one example. These agreements provide rules that guide collective state behavior in different aspects of militarized conflict. Finally, they make judgments about resource allocation. For instance, RTAs make decisions about who gets compensated in the case of injury from trade liberalization, which can also be conflictual.

3.7 The Basic Structure of Intergovernmental Organizations

Functionalists argue that communication venues provided by IGOs specifically play a role in the relationship between IGOs and the conflict process. They provide an increased opportunity for communication. It “makes it easier for states to avoid or settle disagreements before they reach the stage of violent conflict.” Plenary organs provide a venue for communication for member states in an IGO. This is possible because these organs are composed of representatives from all member states. Consequently, the frequency of plenary body meetings is important. They tend to meet fairly regularly. Overall, plenary organs tend to make policy recommendations and decisions while also involved in IGO management.

The executive body is an organ of limited composition.” The plenary body usually elects members. Given that RTAs tend to have small memberships, they do not have plenary bodies. Thus, the executive body is automatically composed of the heads of state from member countries. The executive body in RTAs usually has the most authority of any other organ. It often considers policy questions and makes decisions while the secretariat implements the decisions. RTAs that are international organizations

134 Feld and Jordan (1989), p.121.
136 Ibid.
are composed of executive bodies whose membership is limited to the head of state. Although other plenary bodies, like general assemblies, are important communications venues, these executive bodies are particularly important because they provide an opportunity for the heads of member states' governments to communicate. The frequency of meetings depends on the function of the IGO. For instance, the executive body of RTAs primarily meets once a year. The conferences are rotated so that each year a different member is responsible for hosting it.

The agenda of these meetings mostly is trade related given that RTAs are trade organizations. But, often times they become a venue within which states can discuss security matters. In fact, violent disputes can consume the meeting agenda until they are resolved. Trade issues may be ignored in lieu of security issues. Essentially, these trade organizations provide a venue for heads of state to discuss security issues, related to trade or not. In fact, sometimes trade cannot be discussed. For instance, during the Persian Gulf War, trade discussions ceased for Middle Eastern RTAs so that the heads of state could discuss conflict resolution approaches. In the case of the East African Community during the late 1970s, annual meetings were often cancelled because 2 out of 3 members were fighting. In fact, fighting can disrupt trade especially if it is located near the headquarters of a RTA, which was the case of the Gulf Cooperation Council during the Persian Gulf War.139

The secretariat is the other half of the basic IGO structure according to Jacobson (1984). It is the administrative organ of the organization. It is responsible for day-to-day operations, policy implementation and information gathering. The secretariat is important because the executive may make decisions, but if they are never implemented, they are meaningless. In addition, because it disseminates information and often has committees composed of experts from across member countries, it can reduce miscommunication thereby functionally contributing to peace among member states.

Although Jacobson (1984) does not include special organs as a part of the basic IGO structure, according to functional arguments they may contribute to peace because staff members are often experts in a particular area. For instance, economic ministers

often staff economic councils while joint defense councils are staff by military personnel from member countries. These organs also support and help to implement trade and security rules respectively. Thus, the following hypotheses are tested in this chapter.

\[ H_1: \text{Shared membership in a RTA that has a basic IGO structure is} \]
\[ \text{expected to decrease the likelihood of militarized conflict among joint members} \]
\[ \text{relative to RTAs that are international institutions with no IGO structure.} \]

Now, that the basic organizational structure of IGOs has been reviewed, a particular organ will also be considered. Dispute settlement mechanisms are mediating and/or adjudicating organs that are specifically designed to provide a non-violent alternative dispute resolution technique to violent conflict. It can be located within the structure or separate from an IGO. The relationship between these mechanisms and the conflict process will be discussed in the following section.

3.7.1 IGO Dispute Settlement Mechanisms and International Conflict

*Can the presence of mechanisms that provide a venue for pacific dispute settlement diminish the likelihood of militarized conflict among joint member states?* This question is important because dispute settlement mechanisms were specifically designed to alter the conflict process so that war became an unattractive option for dispute settlement. All IGOs in general and RTAs in particular, do not have judicial organs. IGOs may possess such organs they may or may not use it. For instance, the East African Community had a Court of Appeal but never used it. Jacobson (1984) sums up the reason for the rarity of this organ in the IGO structure when he said,
To allow a matter to be settled by adjudication is a more substantial renunciation of the ability to influence the outcome than to agree that it should be submitted to a representative body for consideration and discussion.\textsuperscript{140}

Judicial organs are collectively structured to account for the influence of national interests in decision-making. For instance, courts of justice or tribunals are employed. Usually, they are staffed with judges from member state countries. They may share citizenship in the same state as the participants in the case but judges from other member countries will compose the dispute settlement mechanism as well. In those instances “where international governmental organizations have a judicial organ, it is invariably a collective body.”\textsuperscript{141}

3.7.2 IGO Pacific Settlement as an Approach to Peace

Given that the inherent goal of international organization is to avoid war, the peace settlement approach operates from the assumption that war can be prevented. The goal is to provide an alternative to war when there is a disagreement between states. It assumes that war is a "technique for dispute settlement. [...] It can be eliminated by providing a functional equivalent. [Therefore,] the task of international organization is to make available a variety of peaceful substitutes for the technique of violence and [...] to insist upon their utilization by the parties in the dispute.”\textsuperscript{142}

The theoretical foundation of this approach has several aspects. First, emotions run high when there is disagreement. Pacific settlement provides an alternative approach to war and inherently provides a "cooling off period for policymakers.” Second, hostility may be caused by misunderstanding and ignorance. By providing transparency and information, IGOs may be able to eliminate conflict by clearing up miscommunication. Third, there is a psychological component to war. National pride is an impetus. Pacific settlement allows leaders to save face. Fourth, states are narrow-minded in their approach to dispute settlement. They choose the war option without considering non-violent

\textsuperscript{140} Jacobson (1979), p.100.
\textsuperscript{141} Ibid.
\textsuperscript{142} Claude (1954), p.218.
alternatives first. Finally, the war option is chosen because of the "irresponsibility and selfishness" of leaders. Kant argues that dictators fall into this category because they do not pay the price for war, their citizens do. He argues that through democratic systems, citizens can decide. This notion led to scholarship on the relationship between democracy, international organizations and war. One criticism of this approach is the problem of external aggression, even invasion. There are circumstances in which violent acts cause tension, then, conflict management is used to prevent escalation. The doctrine does not cover the case of invasion or escalation directly.

Advocates of this approach argue that a "peaceful change" will occur in which settlement occurs within a legal structure. Essentially, the international community has an interest in the avoidance of war. Consequently, multilateral diplomacy affords the international community the opportunity to know about disagreements before they result in violent conflict in order to find ways to resolve it. According to Claude the logic behind the argument is that the international community has a right to intervene in disputes because any war has the potential to compromise the stability of the international system. Therefore, the community has an interest in providing dispute settlement mechanisms to prevent the spread of war and political instability. Table 3.4 displays the foundation of the peace settlement approach in terms of the treaties that were signed specifying the parameters of peaceful settlement, while the institutional legacy of pacific settlement is presented in Table 3.5.

\[\text{\textsuperscript{143} Ibid.}\]
\[\text{\textsuperscript{144} Recent examples are Dixon (1993), Raymond (1994), Russett, Oneal & Davis (1998), Oneal and Rusett (1999).}\]
\[\text{\textsuperscript{145} Dixon (1996) does examine how third party techniques such as dispute settlement mechanisms can prevent conflict escalation.}\]
### Non-Pacific Method of Dispute Settlement vs. Pacific Settlement Doctrine

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<thead>
<tr>
<th>Non-Pacific Method of Dispute Settlement</th>
<th>Pacific Settlement Doctrine</th>
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<tbody>
<tr>
<td>War is one technique for resolving disputes</td>
<td>Must provide other non-violent options for dispute resolution.</td>
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<td>Rushing to war is a result of jumping to conclusions.</td>
<td>Provides a delay for a cooling off period.</td>
</tr>
<tr>
<td>Pride of national governments and masses contributes to choice of war option</td>
<td>Allows for face saving peace settlement options to be chosen.</td>
</tr>
<tr>
<td>States go to war because they are unimaginative with respect to other dispute settlement options</td>
<td>An unbiased third party can provide a wider range of dispute resolution options.</td>
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<tr>
<td>Leaders, especially dictators, can engage in war because they don’t pay the price, citizens do</td>
<td>Establish democratic systems so that the people make decisions on war and peace.</td>
</tr>
<tr>
<td>Disputants handled disputes privately.</td>
<td>Make disputes public. Thus, deception is reduced and democratic forces in the world can find ways to resolve conflict.</td>
</tr>
<tr>
<td>International agencies should intervene</td>
<td>Creation of synthetic third parties. Institutionalize means for peaceful settlement of disputes.</td>
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</table>

Table 3.4: Pacific Settlement Doctrine.
| **Hague Convention of 1899 for the Pacific Settlement of International Disputes** | • Signatories agreed upon desirability of attempting pacific settlement.  
• Pledged to acknowledge right of a third party to intervene to help find non-violent solutions. |
| **League Covenant** | • Binding member states to submit potentially violent conflicts to pacific settlement.  
• Abstention from fighting until effort to find solution.  
• Can go to war after all efforts at pacification have been attempted.  
• Invokes community action to forestall the collapse of world peace. |
| **1924 Geneva Protocol** | • If any state violates the League Covenant, considered an act of aggression. Failed. |
| **1928 Pact of Paris** | • Condemn war as an option for dispute settlement. Solve conflicts by pacific means. |
| **United Nations Charter (1945)** | • States should seek peaceful solutions to conflict.  
• Authorizes outsiders ranging from the secretary-general to the uninvolved states to initiate collective action for encouraging pacific settlement.  
• There are no “private” disputes among nations.  
• International controversies are a problem for the international community.  
• So, it is the community’s business to intervene. |
| **Chapter VIII of the United Nations Doctrine (Role of Regionalism)** | • The Security urges the use of regional organizations for the settlement of local disputes.  
• No enforcement action shall be taken by regional organizations without the authorization of the Security Council.  
• In case of conflict between the jurisdiction of a regional organization and the UN, universalism takes precedence over regionalism. |

Table 3.5. Institutional Legacy of Pacific Settlement
RTAs play a special role because some RTAs *can simultaneously provide dispute settlement mechanisms for the trade and security arenas*. Table 3.4 displays the tenets of the pacific peace doctrine and Table 3.5 shows the regional organizations are recognized in regards to intervention in conflict under Chapter VIII of the UN Charter, as discussed in chapter 2 of this dissertation. In local disputes, regional organizations take precedent unless military intervention is required, then they must receive permission from the UN Security Council. Thus, the UN Charter provides a role for regional organizations in the pacific settlement approach and provides parameters under which such organizations can choose the war option for dispute resolution.

Although, when RTAs began to dramatically proliferate beginning in the 1950s, most did not have dispute settlement mechanisms and if they did, member states did not use them often. A growing trend since the late 1970s is the addition of such mechanisms into the structure of the organization. A number of African RTAs added dispute settlement mechanisms during this time. See Table 3.6. Their dispute settlement mechanisms deal with disputes under the treaty. As a result, if the RTA treaty states that security is an area of concern and declares that it will address security issues, this is often one through signing military alliance agreements as well as creating dispute settlement mechanisms. These mechanisms deal with trade disputes and political disputes under the RTA treaty. Some RTAs directly address trade and security issues therefore, their dispute settlement mechanisms would address both areas. The question that follows is the *presence of a dispute settlement mechanism enough to dampen militarized conflict among joint members?* In the case of the East African Community, it was never used. In contrast, it has become a viable aspect of the structure of ECOWAS. If it is not viable, does the autonomy of the mechanism matter? For instance, some dispute settlement mechanisms merely provide mediation and arbitration services. Others have been given the authority by states to adjudicate and hand down binding decisions that may have consequences if non-compliance ensues. ECOWAS is an example of a RTA that incorporated multiple ways to address conflict. Military alliances agreements were signed between 1979 and 1981. The member states of ECOWAS employed military approaches to deal with conflict. Members pledged to militarily respond to external aggression and pledged not to
settlement in the trade realm as well as security one. But, do such mechanisms promote peace according to the pacific settlement doctrine, contribute to conflict or have no consequence for conflict.

As Claude (1954) argued, the major obstacle to peaceful settlement is state sovereignty. Although the pacific approach argues that the international community has an interest in the avoidance of war and can intervene, a dispute is not referred to any dispute settlement mechanism unless both disputants agree. Scholarly inquiry should also consider the range of cases that do make it to the agenda of dispute settlement mechanisms. It seems that either the least or most controversial cases do not make it. Judgments about these mechanisms may be made on intermediate cases. A question that ensues is what kinds of disputes get referred to dispute settlement mechanisms, especially those that address disputes across issue areas. Of the type that is referred, what is the degree of effectiveness of the dispute settlement mechanisms? These kinds of questions begin to dig into the role of international institutions in international relations. Presence or absence questions are the first step.

These questions are important because they return the discussion back to Fisher's (1944) arguments about the connection between states and the institutional design of international organizations. Is it that the states do not know the right design for dispute settlement, and if they did, would these mechanisms better manage conflict among members? In contrast, could it be that they do know and choose not to implement such designs because of their concern for state sovereignty? Is this why a myriad of organizational approaches to conflict management exist? As economic interdependence, national entanglements in a web of IGOs and problems that cross national borders increase, will states gravitate toward institutional designs that require more IGO autonomy? This is the case with SADCC, which originally was designed to put authority in the hands of member states with a weak institutional design. SADCC originated in 1980 and by 1995 members decided the RTA needed more autonomy to accomplish the desired tasks and altered its structure.

At the same time, did states realize in their design of international institutions and organizations they could be hurt by membership? The discussion of disparity in the gains from trade in Chapter 4 is such an example. The contingencies attached to structural adjustment loans are another example. Maybe states realized the potential for harm and joined anyway because the benefits outweighed the costs or they did not know and made changes in institutional design in order to deal with a problem created by the IGO itself.

The previous sections have discussed the IGO characteristics, basic IGO structure and the presence of a dispute settlement mechanism, in relation to the conflict process. The role of RTAs as security institutions, especially military alliances is discussed in Chapter 5. The use of military alliance agreements and dispute settlement mechanisms to manage militarized conflict has become more prevalent over time among RTAs. The military alliance agreement represents a military response to aggression and conflict while the dispute settlement approach represents a non-violent approach to conflict resolution. African RTAs that possess dispute settlement mechanisms are listed in Table 3.6 while those that possess both military alliances and dispute settlement mechanisms are listed in Table 3.7. The next section discusses the contribution of membership size to the conflict process.
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<th>Trade &amp; Security Dispute Settlement Mechanism</th>
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Table 3.6: African RTAs with Dispute Settlement Mechanisms
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Table 3.7: African RTAs with Military Alliances and Dispute Settlement Mechanisms
3.8 RTA Membership Size and International Conflict

*Does membership size contribute to the likelihood of militarized conflict?* This question is important for considering whether the membership size of an IGO has consequences for conflict among joint members. Although the IGO members join because they have a mutual interest, the interests of individual states who are concerned about sovereignty must be coordinated. An important paradox exists with the increased membership of international organizations since 1950. "Members of groups have common interests and organize collectively to achieve those common interests but such cooperation does not always materialize."

In his seminal work, The Logic of Collective Action, Olson (1965) argued that group size matters for the possibility of cooperation. Two basic claims stem from this argument. Groups form so that individuals can join together to achieve mutually desired outcomes that are difficult to obtain alone. He argues that individual efforts are inconsequential toward achieving the desired outcome. Therefore, individuals will focus on their own goals within the constraints of the group often to the detriment of the group. In large groups the benefit and costs are shared. But, the problem of cheating arises because individuals recognize that they can get some benefits of membership without bearing their share of the costs. In the case of large groups, monitoring and compliance are difficult to maintain. In small groups, individuals get a larger portion of the benefits while assuming more costs. It is argued that cooperation is easier to achieve among small groups rather than large groups because cheating can be more easily monitored and punished. In large groups it is less likely that individuals will take action to ensure the provision of the desired outcome, which means it is less likely that someone will bear the costs as well.

The second part of this argument is that the nature of the services is affected by collective action. Some services may be a public good in the sense that they are available to everyone and non-rivalrous in the sense that consumption by one member state does not prevent consumption by others. The security component of RTAs is representative of

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Security for all does not eliminate security for any one member. At the same time, this question becomes important for the European Union, since some members have decided not to participate in the provision of a security force. Thus, the question that ensues is are these states protected under the auspices of the EU if attacked?

The group size debate is important to understanding the relationship between RTAs and the likelihood of militarized conflict, because a debate has existed over the relationship between universal organizations and regional organizations in the area of security. Arguments have been made about how each is more appropriate for conflict management in the international system. RTAs enter this debate because they are trade institutions and organizations that also manage conflict in a number of ways. One aspect of this debate is the size differential between universal organizations and regional organizations. Recall that universal organizations are composed of all states in the system whereas regional organizations have limited membership usually based on the geographic location of member states. Therefore, an important question arises does RTA membership size have consequences for the likelihood of militarized conflict?

3.9 Universal and Regional IGOs in Conflict Management

International organization appears in variety of forms because there is no agreement about which form is better able to manage conflict peacefully. Consequently, scholarly debate has existed about the relationship between universal and regional organizations in the area of conflict management. Two big issues define this debate. First, which fields are most suitable for each type of international organization? Second, what is the relationship between the types within fields? These questions are important to this dissertation because they address the issue which is better for dampening the likelihood of militarized conflict among joint member states. Arguments have been made about which fields in general are international organizations better at facilitating cooperation.

Realists argue that for international organizations in general, they are better at achieving cooperation in the economic realm than the security one. Is this true for all types of international organizations?

Two issues shape this debate: 1) nature of the problem; 2) organizational capacity required to solve the problem. For instance, coordinating exchange rates may be easier at the regional level than the international one. In contrast, historical rivalries in a region may be better mediated at the international level given that bias toward either disputant is increased at the regional level. Claude (1954) argues that there is a difference in organizational capacity depending on the problem. He argues that regional organizations are better suited for non-security problems while universal organizations should be used for security issues. He argues that a narrower resource capacity and regional bias are problematic features for regional organizations in the security area. Yet, even at that time there was opposition to the formation of the United Nations by regionalists and disputants chose to resolve issues in the regional venue.

Today, not only do regional organizations, like RTAs, handle trade issues but security ones as well. Although RTAs have limited membership based upon geographic proximity, the scope of authority continues to spread across issue domain. In fact, because the United Nations is overburdened with the world's peacekeeping needs, it has turned to regional organizations and even RTAs in particular (e.g. ECOWAS) for help in peacekeeping in their own regions. The smaller number of member states' interests to coordinate is a RTA strength. In addition, just as states are being entangled in a web of IGO memberships across the international system, while they are also being more deeply integrated into RTAs by signing economic and security agreements under the auspices of one organization. Thus, the web is becoming wider and deeper simultaneously.

At the same time this group size debate exists between IGOs and regional organizations, the same debate is applicable among regional organizations. The membership size of African RTAs ranges from 2 to 17 states from 1950-1992. As a result, coordination issues may be different for two states as opposed to seventeen. An initial step towards assessing the relationship between RTA member size is to consider

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how variation in membership size has consequences for the likelihood of militarized conflict among joint member states. Does variation in group size among RTAs matter? Future work will take the next step and compare them to IGOs on this dimension. Therefore, the following hypothesis is tested:

\[ H_3: \text{Shared membership in a RTA with a small membership size is expected to decrease the likelihood of militarized interstate conflict among joint member states relative to a RTA with a large membership.} \]

The hypotheses tested in this chapter are presented in Table 3.7. This hypothesis is also important because group size can work the opposite way as well. A militarized conflict between two member states of a large RTA will not be as devastating to the activities of the RTA if it occurred within a small one. For instance, the East African Community experienced a number of militarized conflicts among joint member states. Because there are only three members, activities eventually stopped and it disintegrated. The Mano River Union also experienced some conflict among joint members that temporarily disrupted the construction of the community’s airport, which housed its airline, Mano Air. ECOWAS had between 15 and 16 member states during the period under study. It experienced some disputes among joint members that led to the creation of military alliance agreements among members. But the conflicts did not threaten the existence of the RTA. Thus, group size can exacerbate conflict.

In Chapter 1 of this dissertation, the distinction was made between international institutions and international organizations. I make the claim that this distinction is non-trivial and has consequences for the likelihood of militarized conflict among joint member states. This follows from the fact that international organizations contain institutional mechanisms that perform particular tasks. Given that international organizations sprung from the concern about war, these mechanisms are inherently designed to directly or indirectly provide alternatives to war. The tasks of international organizations represent the fundamental difference between RTAs that are international institutions, or simply rules, and RTAs that have organizational structure.
Essentially, RTAs that accomplish these tasks through the typical structure are international organizations. IGO structure, tasks and the organizational structure of African RTAs are presented in Tables 3.1, 3.2 & 3.3, respectively.

Examining the difference in extent to organizational structure is also important because RTAs often have different starting points. Some began as international institutions that evolve over time into international organizations. Others are born from existing international organizations or begin with an organizational structure. Does learning over time tell member states, that RTAs are better equipped to perform the intended purpose if they have organizational structure to support the rules of the treaty rather than the rules alone? In order to address these issues, the first question that must be asked is related to the presence or absence of structure. This question is also important because although RTAs are specific institutions and organizations in the sense that they deal with trade, those that are international organizations have the basic organizational structure. Is it this organizational structure that makes RTAs like every other international organization with respect to conflict? In contrast, could the factor that links RTAs to the conflict process be the special nature of trade institutions and organization because they are designed to address specific problems, like trade and possibly security? The hypotheses that shape this dissertation are summarized in Table 3.8.
$H_1$: Shared membership in a RTA that has the *basic organizational structure* is expected to *decrease* the likelihood of militarize conflict among joint members relative to RTAs that are only international institutions.

$H_2$: Shared membership in a RTA with a *dispute settlement mechanism* is expected to *decrease* the likelihood of militarized conflict among joint members relative to RTAs that do not possess such a mechanism.

$H_3$: Shared membership in a RTA with a *small membership size* is expected to *decrease* the likelihood of militarized interstate conflict among joint members relative to a RTA with a large membership.

Table 3.8: Hypotheses
3.10 Research Design

The hypotheses that guide this study will be discussed. The definitions of key concepts and their operationalizations as well as the control variables, data and method choices will follow. Description of the data analysis and results are next. The logit model was estimated using maximum likelihood estimation and including the Beck, Katz & Tucker (1998) corrections. The results and implications of this analysis will be discussed. The chapter conclusion will follow.

3.10.1 Dependent Variable

*Occurrence of Militarized Interstate Dispute (MID)*

The type of conflict that is examined in this dissertation is militarized interstate conflict. Interstate conflict is operationalized as a militarized interstate dispute (MID). A militarized interstate dispute is defined as an "interaction involving the threat display, or actual use of military force; it must be explicit, overt, not accidental and government sanctioned." This analysis is simply interested in how variation in institutional structure of RTAs has consequences for the occurrence of any type of MID. There are 34,296 observations in the data on African dyads. The data set is organized by dyad-year. In fact, 284 of these dyad-years experienced a MID between 1950-1992. A dichotomous measure is employed. The variable "MID" equals "1" if a militarized interstate dispute exists, "0" otherwise in year, \( t \).

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150 Jones, Singer and Bremer (1994).
3.10.2 Independent Variables

*Shared Membership in a RTA with a basic IGO organizational structure*

Jacobson (1984) describes the basic structure of an intergovernmental organization as composed of an assembly or executive body that represents every member state in the RTA as well as a secretariat with an executive head that acts as the administrative organ. The measure \( \text{IGOSTRUC}_{ij} \) equals “1” if dyad members share membership in a RTA with a basic IGO structure; “0” otherwise in year, \( t \). Given that executive bodies provide a forum for communication and decision-making among the heads of state, and the secretariat realizes those decisions through policy implementation, universalists argue that conflict should decrease. Thus, it is expected that shared membership in a RTA with a basic IGO structure will decrease the likelihood of militarized interstate conflict among joint member states.

*Shared Membership in a RTA with a dispute settlement mechanism*

Claude (1954) argues that the goal of pacific dispute settlement doctrine is to find alternatives to dispute resolution other than war. Advocates of this doctrine argue that the creation of international organizations with dispute settlement mechanisms would provide such an option. This hypothesis is tested. The measure \( \text{DSM}_{ij} \) equals “1” if dyad members share membership in a RTA with a dispute settlement mechanism; “0” otherwise, in year, \( t \). It is expected that shared membership in a RTA with a dispute settlement mechanism will decrease the likelihood of militarized interstate conflict among joint member states.

In order to account for the fact that RTA dispute settlement mechanisms can either deal with trade disputes only or trade and security disputes when the scope of the RTA treaty includes mutual security issues among member states, two additional measures were constructed. \( \text{TRDSM}_{ij} \) equals “1” if dyad members share membership in a RTA with a dispute settlement mechanism that only
share membership in a RTA with a dispute settlement mechanism that only addresses trade disputes. \( \text{TRSEDSM}_{ij} \) equals "1" if dyad members share membership in a RTA with a dispute settlement mechanism that deals with trade as well as security disputes under the RTA treaty. In both cases, the presence of each type of DSM is expected to decrease the likelihood of militarized conflict among member states.

Shared Membership in a RTA with special mechanisms

Functionalists argue that IGOs are created to solve specific problems in technical or functional areas. The result will be cooperation that spills over into political areas like security. RTAs often add special institutional mechanisms composed of experts in an area to apply their expertise to problems in that area. For instance, they add special economic organs like Economic Councils composed of economic ministers from member states. They may also add special organs in political areas to address particular problems. Examples are Joint Defense Councils composed of member states defense ministers or peacekeeping forces would be another type of security mechanism. Such organs may support the rules prescribed in military alliances that may be signed by member states. Thus, the variable, \( \text{SPECECON}_{ij} \) equals "1" if dyad members share membership in a RTA with a specialized economic institutional mechanism while \( \text{SPECSEC}_{ij} \) equals "1" if joint members share membership in a RTA with a specialized security organ; "0" otherwise in both cases in year, \( t \). Shared membership in a RTA in which either type of institutional mechanism is part of the structure is expected to decrease the likelihood of militarized conflict among joint member states.

RTA Membership Size

In his seminal book, "The Logic of Collective Action" Olson argued that group size has implications for the possibility of cooperation among group members. In the universalism versus regionalism debate, regionalists argue that
regional organizations have an advantage of coordination among a smaller group of states. Among the advantages of regionalism, proponents argue that membership size is one of them. The variable “$\text{SIZE}_{ij}$” represents the membership size of a RTA to which both members of a dyad share membership. It is expected that as group membership increases in a RTA in both dyad members are signatories, conflict will increase among member states. Essentially, smaller group size reduces the likelihood of militarized conflict among joint member states. A summary of the measures of organizational structure is displayed in Table 3.9. A discussion of the control variables in the model follows.
<table>
<thead>
<tr>
<th>Organizational Structure of a RTA</th>
<th>Definition</th>
<th>Operationalize</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic IGO Structure</td>
<td>Plenary Body and an administrative mechanism.</td>
<td>Presence of shared membership in a RTA with basic IGO structure.</td>
<td>IGOSRTUC\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise</td>
</tr>
<tr>
<td>Dispute Settlement Mechanism</td>
<td>Mechanism for mediation, arbitration and/or adjudication.</td>
<td>Presence shared membership in a RTA with DSM. Presence of shared membership in a RTA with a trade only DSM Presence of shared membership in a RTA with a trade &amp; security DSM</td>
<td>DSM\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise TRDSM\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise TRSEDSM\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise</td>
</tr>
<tr>
<td>Size of RTA</td>
<td>Membership size.</td>
<td>Number of RTA members</td>
<td>SIZE\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise</td>
</tr>
<tr>
<td>Special Economic Mechanism</td>
<td>Mechanism composed of experts that specifically deal with economic issues in the RTA.</td>
<td>Presence of shared membership in a RTA with a specialized economic institutional mechanism.</td>
<td>SPECCECON\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise</td>
</tr>
<tr>
<td>Special Security Mechanism</td>
<td>Mechanism composed of experts that specifically deal with security issues in the RTA. Can also be special military forces.</td>
<td>Presence of shared membership in a RTA with a specialized security institutional mechanism.</td>
<td>SPECSEC\textsubscript{ij} = 1, shared Membership \text{in year } t = 0, otherwise</td>
</tr>
</tbody>
</table>

Table 3.9: RTA Organizational Structure
3.10.3 Control Variables

Democracy (DEMin & DEMax)

The effect of political regimes on the occurrence of militarized interstate disputes is considered. The liberal assumption is that the likelihood of dyadic conflict is primarily determined by the less democratic state in the dyad. It is less constrained.\textsuperscript{152} This is based on the democratic peace proposition. Democracy scores were calculated. Democracy minus autocracy scores were calculated for each state in a dyad based on the Jaggers and Gurr (1995, 1996) Polity III data. The variables “DEMin & DEMax” represent the low and high democracy score in a dyad. The index ranges from 10 to –10 representing the range from democracy to autocracy. Essentially, DEM\textsubscript{i,t} equals DEMOC minus AUTOC. Then variables for the lower and higher democracy scores in the dyad were created. DEMin is included in the model to capture the lower democracy score in the dyad.\textsuperscript{153} The dyad member with the lower democracy score determines the likelihood of dyadic conflict. A negative relationship is expected. As the lower democracy score in the dyad increases, the probability of the occurrence of conflict is reduced.\textsuperscript{154}

Interdependence (DEPEND\textsubscript{min} & DEPEND\textsubscript{max})

Economic interdependence has been argued to be an important determinant in dyadic conflict. Economic importance relative to national income or the “trade to GDP” ratio is employed as an indicator.\textsuperscript{155} Gross Domestic Products (GDP\textsubscript{t,i}) “based on purchasing parities (Summers and Heston, 1988, 1991), because exchange rates are known to distort international comparisons

\textsuperscript{152} The weak link assumption is based on the following sources. Maoz and Russett (1993); Dixon (1994); Oneal et al. (1996) & Oneal and Russett (1997), p.273.
\textsuperscript{153} Ibid.
\textsuperscript{154} Oneal and Russett (1997).
\textsuperscript{155} Ibid, p. 275.
involving non-tradable goods (Marer, 1985; Passe-Smith, 1993). As with the measure for democracy, higher and lower interdependence scores were created for dyads (DEPEN Dmn and DEPEN Dmx). The dyad member that is least constrained or least economically dependent determines the likelihood of dyadic conflict. It has freer resources to engage in conflict. The higher trade dependence score is also tested in the model. States that are highly dependent may look to international institutions more to resolve potential conflict since they are so tied to others economies. Thus, a negative relationship is expected. As interdependence increases for the least dependent member of the dyad, the probability of the occurrence of MID involvement decreases.

Military Alliance Membership (AL L Y TYP2)

Traditional military alliances are included in the model because states join them for military defense purposes. "ALLYTYP2ij" equals "1" if countries i and j are formally allied, "0" otherwise in year, t. A negative relationship is expected. Joint membership in alliance should predict no conflict in the dyad.

Economic Growth (GROWTHmin)

This variable is included to control for the growth rates in gross domestic product per capita experienced by members of a dyad (Summers and Heston, 1988, 1991). Oneal and Russett (1997) argue that states with high economic growth are experiencing economic success and are disinclined to fight. Liberals argue that they benefit from present trade relations. The variable "GROWTHmin" is the lower rate of growth in a dyad of real GDP per capita. A negative relationship is expected. As economic growth increases, the dyad member with the lower growth rate is more apt to engage in dyadic conflict.

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156 Ibid.
158 Ibid.
**Capability Ratio (LPCAPTR)**

A measure of dyadic balance of power is included. It reflects the realists' argument that a preponderance of power inhibits overt conflict. The COW military capabilities index was used (Singer, Bremer & Stuckey, 1972). It is composed (in equal weights) of a country’s share of the system’s total population, urban population, energy consumption, iron and steel production, military manpower, and military expenditures. It is the log of the capability ratio of the stronger state’s capability index to that of the weaker member of the dyad. A negative relationship is expected. The larger the disparity between members of a dyad in terms of capability, the less apt they are to engage in a MID.

**Distance (LOGDIST)**

The log of the distance between dyadic members is included as a control for their actual ability to fight. It is expected that larger distances between members will reduce the occurrence of MIDs among dyadic members. Thus, a negative relationship is expected. In the next section, I will describe the data employed in the statistical analysis.

3.10.4 Data

The data set used in this study consists of African dyads from 1950-1992. Some of the dyads only have control variable information from 1970-1992. The majority of the African RTAs were formed during this period. Pollins and Keshk (2000) collected dyad information for the control variables and the dependent variable used in this study. Their data includes trade data compiled from the IMF Direction of Trade serial. Capabilities data from the COW capabilities data is included as well as the militarized interstate dispute data. The author collected
data for the independent variables from several sources. The sources are the Yearbook of International Organizations for multiple years (1950-1992), the Political Handbook of the World for multiple years (1970-1992), the Handbook of Economic Integration among Developing Countries by the IMF (1996), the Historical Dictionary of International Organizations in Sub-Saharan Africa (1996), the World Trade Organization (1995, 1999) and the websites of the WTO, IMF, as well as the World Bank. The following section will present descriptive statistical analysis of the variables in the models.162

The original number of observations in my data set was 39,111. Accounting for missing data, 34,296 observations (i.e. dyad-years) left overall. Including missing data associated with the lower growth score of the dyad, the total number of observations is 33,225. When economic interdependence (i.e. trade in this case) is included in the analysis, there are a little over 14,453 remaining cases. The results from estimation on the 33,225 and 14,453 observations will be discussed in the statistical results section of this chapter.

3.10.5 Data Analysis

Univariate statistics are employed in this section in order to "describe a single variable in isolation."163 Given that the variables discussed are nominal and/or ordinal, the frequency distribution of observations in each category of the variable as well as their percentage frequency distribution will be presented. The percentage frequency distribution will be discussed. Since measures of central tendency (i.e. center) like the mean (i.e. average) and median (i.e. middle point) are not useful with such variables, thus, the mode (i.e. most frequently occurring number) is examined. Similarly, measures of variation (i.e. spread, dispersion) are employed. Such measures like the standard deviation,

162 Although the Political Handbook of the World has volumes before 1970, it does not contain information about international organizations until after 1969.
which is based on the mean and gives the “average distance” between all scores and the mean, is not useful here. Since it is based on the mean, which provides more information for ratio and interval variables, it is not used. The range (i.e. distance between minimum and maximum values) is used instead.\textsuperscript{164}

**Occurrence of Militarized Interstate Disputes**

With respect to the variable of interests, 248 African dyad-years experienced militarized interstate disputes. The militarized interstate disputes began to occur regularly beginning in the 1960s. The data for a number of variables in the data set does not begin until the late 1950s to the 1960s. This makes sense because data collection for information pertaining to less developed countries started in this period because of colonial independence, especially for African countries.

Of the dyad-years that experienced multiple MIDS, almost 9% of them experienced 2 MIDs and less than 1% experienced the maximum, which is 3 militarized interstate disputes as presented in Figure 3.4. These frequencies indicate that militarized interstate disputes do occur among African dyads and the modal category is a single MID. The number of MIDS ranges from 0 to 3. Although the majority of dyad-years do not experience such disputes, understanding the predictors of those that do occur is important to understanding the behavior of international institutions and states despite the fact that interstate disputes are rather infrequent overall. Despite their rarity, these disputes can have lasting effects on interstate relations and the entire international system.

Of the dyad-years in the data set, 12.4% of them have experienced shared membership in a RTA with the basic structure of an IGO while 5.9% of those same dyad-years shared membership in a RTA with any kind of dispute settlement mechanism. With respect to special mechanisms, 14.9% share membership in a RTA with a special economic institutional mechanism while only 2% share membership in a regional trade agreement with a special security
organ. The final component of RTA organizational structure analyzed is its membership size. The range for African RTAs is a minimum of 2 member states to a maximum of 17. The average RTA membership size is 2.24 states with a standard deviation of 4.9.

Twenty African RTAs existed during the time period covered in this study. Fourteen of them or 70% have the basic IGO structure, which includes an assembly or executive body and a secretariat. This means that 30% of African RTAs are simply written agreements that specify rules for trade as well as security if it is part of the agreement's scope. In regards to dispute settlement mechanisms, only 35% of African RTAs have them. This makes sense since Claude (1954) argued that IGOs with dispute settlement mechanisms are rare given that states both have to give up some sovereignty and allow the dispute resolution mechanism to determine the outcome of the dispute. In regards to special institutional mechanisms, 70% of African RTAs have a special economic mechanisms while 30% have a special security organ. It seems reasonable that so many of the agreements have economic organs. Fundamentally, RTAs are first trade institutions. Such an organ designed to deal with specific economic problems supports the functional hypothesis. Although 40% of all African RTAs have some kind of military alliance agreement, 30% of all of them have special security organs. This means that 8 out of 20 of these RTAs have rules that describe the parameters of the military alliance relationship while 6 have taken an extra step and created a special mechanism to support those rules.

Overall, it seems that the majority of African RTAs have basic IGO structures with a special economic organ. Dispute settlement mechanisms and special security organs are a bit rarer. Given that I am interested in the statistical relationship between variables, bivariate statistics are useful for evaluating the relationship between two variables. Two aspects of the statistical relationship between two variables are covariation and independence. Covariation is the

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165 Almost every RTA has an executive body. If an RTA has a secretariat, it also has an executive body since the executive body creates the secretariat. Therefore, because of theoretical considerations they are
degree of association, essentially how do the variables move together. This means that cases with certain values on one variable are likely to have certain values on the other one. Independence is the “opposite of covariation.” It means that there is no association or no relationship between variables. Essentially, independence means that cases with certain values on one variable do not have any particular value on the other variable. Two methods will be employed to assess this bivariate relationship. They are cross-tabulations and measures of association.

Crosstabulations are tables in which “the cases are organized in the table on the basis of two variables at the same time. [...] The table distributes cases into the categories of multiple variables at the same time and shows how cases, by category of one variable, are “contingent upon” the categories of other variables.” In this analysis, each independent variable was evaluated with respect to the occurrence of a MID. Of the dyad-years that experienced a militarized interstate dispute, 18.9% of them shared membership in a RTA with a basic IGO structure and 11.3% occurred among dyad-members that shared membership in a RTA with a dispute settlement mechanism. With respect to shared membership in RTAs with special economic and security organs, separately, 2% of dyad-years out of all dyad-years that experienced a MID occurred during joint membership in a RTA with a security organ while 21.4% occurred during shared membership in one with a special economic organ. The majority of MIDs that occurred among RTAs with organizational features happened among those with special economic institutional mechanisms. A reason for this outcome is that these RTAs experienced conflict and found the addition of economic organs one way to address its causes for the future. This result may be examined together because they compose the basic IGO structure and for the empirical reasons stated as well.

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167 Ibid.
168 Ibid, p.323.
169 A scatter plot is another way to assess the relationship between two variables. It is primarily used with interval level data. Thus, it is not employed in this analysis.
reflect an endogeneity issue in which not only does the structure of RTAs shapes militarized conflict, but such conflict shapes the structure of RTAs. This issue will be discussed more in chapter 6 of this dissertation.

The purpose of the tests of statistical significance is to assess whether the bivariate relationships indicated by the measures of association can be expected to exist beyond the sample to the population overall. The chi-square statistic and Kendall’s tau-b will be employed in this analysis because they deal with nominal and ordinal variables, respectively.

The Chi Square ($\chi^2$) statistic is employed in this analysis for the independent variables of interest are nominal.\(^\text{171}\) The chi-square statistic measures the distance between the observed counts in a contingency table from the expected counts. The formula is presented below.\(^\text{172}\)

$$\chi^2 = \sum \frac{(\text{observed count} - \text{expected count})^2}{\text{expected count}}$$

Tables 3.10 through 3.13 give the chi-square statistic as a test of significance for each of the bivariate relationships described above, respectively. The null hypothesis that the variables are independent or equal can be rejected and the differences can be further analyzed.\(^\text{173}\) This relationship evaluated by comparing the chi-square statistic to the critical value and the .05 level of significance.

The bivariate relationships between the occurrence of a MID and shared membership in a RTA with IGO basic structure, a dispute settlement mechanism, a special economic mechanism, a special security mechanism, trade only DSM as well as a trade and security DSM are presented in Tables 3.10 through 3.15, respectively. In Table 3.15, of the dyad members that experienced a MID only 2.0% of them shared membership in a RTA with a trade and security DSM. But, the chi-square statistic was not statistically significant which suggests that the relationship observed may not be generalizable to the overall population. Dyads

\(^{\text{171}}\) Other measures of association are lambda, gamma, tau and rho.

that shared membership in this type of RTA experienced the least number of MIDs. Of the dyads that experienced a MID, 4.0% shared membership in a RTA with a special security mechanism. The chi-square statistic for this bivariate relationship was statistically significant. The chi-square statistics for all of the bivariate relationships, except for the occurrence of a MID and shared membership in a RTA with a trade and security DSM, examined were statistically significant at least at the .005 level of significance. This result suggest that a relationship exists between the occurrence of a MID and the presence of shared membership in a RTA with the IGO basic structure, dispute settlement mechanism, special economic mechanism, special security mechanism and trade only DSM, respectively can be expected to exist in the overall population.

173 Neuman (2000)
## Table 3.10: Occurrence of a MID by Shared Membership in a RTA with the Basic IGO Structure

<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Secretariat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>29,826</td>
<td>4,222</td>
</tr>
<tr>
<td></td>
<td>87.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>98.9%</td>
</tr>
<tr>
<td>1</td>
<td>201</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>81.1%</td>
<td>18.9%</td>
</tr>
<tr>
<td></td>
<td>.67%</td>
<td>1.1%</td>
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<tr>
<td>Total</td>
<td>30,027</td>
<td>4,269</td>
</tr>
<tr>
<td></td>
<td>87.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Pearson \( \chi^2 \) (1) = 9.6968
Pr = .002
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Dispute Settlement Mechanism</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>32,054</td>
<td>1,994</td>
<td>34,048</td>
<td></td>
</tr>
<tr>
<td></td>
<td>94.1%</td>
<td>5.9%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>98.2%</td>
<td>99.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>220</td>
<td>28</td>
<td>248</td>
<td></td>
</tr>
<tr>
<td></td>
<td>88.7%</td>
<td>11.3%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.68%</td>
<td>1.4%</td>
<td>.72%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>32,274</td>
<td>2,022</td>
<td>34,296</td>
<td></td>
</tr>
<tr>
<td></td>
<td>94.1%</td>
<td>5.9%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

**Pearson \( \chi^2 (1) = 13.1031 \)**  
**Pr = .000**

Table 3.11: Occurrence of a MID by Shared Membership in a RTA with a Dispute Settlement Mechanism
Table 3.12: Occurrence of a MID by Shared Membership in a RTA with a Special Economic Mechanism

<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Special Economic Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td>28,974</td>
</tr>
<tr>
<td></td>
<td>85.1%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
</tr>
<tr>
<td>1</td>
<td>195</td>
</tr>
<tr>
<td></td>
<td>78.6%</td>
</tr>
<tr>
<td></td>
<td>.67%</td>
</tr>
<tr>
<td>Total</td>
<td>29,169</td>
</tr>
<tr>
<td></td>
<td>85.1%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Pearson $\chi^2(1) = 8.1023$

Pr = .004
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Special Security Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>33,379</td>
</tr>
<tr>
<td></td>
<td>98.0%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
</tr>
<tr>
<td></td>
<td>238</td>
</tr>
<tr>
<td></td>
<td>96%</td>
</tr>
<tr>
<td></td>
<td>.71%</td>
</tr>
<tr>
<td>Total</td>
<td>33,617</td>
</tr>
<tr>
<td></td>
<td>98.0%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

*Pearson $\chi^2(1) = 5.4225$

*Pr = .020*

Table 3.13: Occurrence of a MID by Shared Membership in a RTA with a Special Security Mechanism
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Trade-Only DSM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td><strong>0</strong></td>
<td>32409</td>
</tr>
<tr>
<td></td>
<td>95.2%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
</tr>
<tr>
<td><strong>1</strong></td>
<td>223</td>
</tr>
<tr>
<td></td>
<td>89.9%</td>
</tr>
<tr>
<td></td>
<td>.68%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32632</td>
</tr>
<tr>
<td></td>
<td>95.2%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

**Pearson χ² (1) = 14.7942**  
**P = .0000**

Table 3.14: Occurrence of a MID by Shared Membership in a RTA with a Trade-Only Dispute Settlement Mechanism
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Trade &amp; Security DSM</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>33611</td>
<td>437</td>
</tr>
<tr>
<td></td>
<td>98.7%</td>
<td>1.3%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>98.9%</td>
</tr>
<tr>
<td>1</td>
<td>243</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>98%</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
<td>.72%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total</td>
<td>33854</td>
<td>442</td>
</tr>
<tr>
<td></td>
<td>98.7%</td>
<td>1.3%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Pearson $\chi^2$ (1) = 1.0388</td>
<td>$Pr = 0.308$</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.15: Occurrence of a MID by Shared Membership in a RTA with a Trade & Security Dispute Settlement Mechanism
3.10.6 Models

The following models are estimated in this chapter. Each model represents a hypothesis tested, namely, the impact of IGO structure, presence of a dispute settlement mechanism and RTA membership size on conflict. The control variables and the error term are included as well. Expectations were discussed in the operationalization section of the research design.

**Presence of Basic IGO Structure in a RTA Model**

\[
M_{ID} = B_0(\text{Constant}) + (B_1)\text{IGOSTRUCT}_{ij,t} + (B_2)\text{RTANUM}_{ij,t} + (B_3)\text{ALLYTYP2}_{ij,t} + (B_4)\text{DEMIN} + (B_5)\text{LPCAPRT} + (B_6)\text{LOGDIST}_{ij,t} + (B_7)\text{GROWTHMIN} + (B_8)\text{DEPENDMN} + (B_9)\text{Peace Years} + (B_{10})\text{Cubic Spline1} + (B_{11})\text{Cubic Spline2} + (B_{12})\text{Cubic Spline3} + \epsilon
\]

**Presence of a Dispute Settlement Mechanism Model**

\[
M_{ID} = B_0(\text{Constant}) + (B_1)\text{IGOSTRUCT}_{ij,t} + (B_2)\text{DSM}_{ij,t} + (B_3)\text{RTANUM}_{ij,t} + (B_4)\text{ALLYTYP2}_{ij,t} + (B_5)\text{DEMIN} + (B_6)\text{LPCAPRT} + (B_7)\text{LOGDIST}_{ij,t} + (B_8)\text{GROWTHMIN} + (B_9)\text{DEPENDMN} + (B_{10})\text{Peace Years} + (B_{11})\text{Cubic Spline1} + (B_{12})\text{Cubic Spline2} + (B_{13})\text{Cubic Spline3} + \epsilon
\]

**Presence of a Particular Type of Dispute Settlement Mechanism Model**

\[
M_{ID} = B_0(\text{Constant}) + (B_1)\text{IGOSTRUCT}_{ij,t} + (B_2)\text{TRDSM}_{ij,t} + (B_3)\text{TRSEDSM}_{ij,t} + (B_4)\text{RTANUM}_{ij,t} + (B_5)\text{ALLYTYP2}_{ij,t} + (B_6)\text{DEMIN} + (B_7)\text{LPCAPRT} + (B_8)\text{LOGDIST}_{ij,t} + (B_9)\text{GROWTHMIN} + (B_{10})\text{DEPENDMN} + (B_{11})\text{Peace Years} + (B_{12})\text{Cubic Spline1} + (B_{13})\text{Cubic Spline2} + (B_{14})\text{Cubic Spline3} + \epsilon
\]

**RTA Membership Size Model**

\[
M_{ID} = B_0(\text{Constant}) + (B_1)\text{IGOSTRUCT}_{ij,t} + (B_2)\text{SIZE} + (B_3)\text{RTANUM}_{ij} + (B_4)\text{ALLYTYP2}_{ij,t} + (B_5)\text{DEMIN} + (B_6)\text{LPCAPRT} + (B_7)\text{LOGDIST}_{ij,t} + (B_8)\text{GROWTHMIN} + (B_9)\text{DEPENDMN} + (B_{10})\text{Peace Years} + (B_{11})\text{Cubic Spline1} + (B_{12})\text{Cubic Spline2} + (B_{13})\text{Cubic Spline3} + \epsilon
\]
The following section describes the estimation method and the reason for the model specification with a dichotomous dependent variable and the implications of its inclusion for the analysis.

The general model specification employed in this analysis is derived from research conducted on the determinants of conflict. Dyadic-year data (i.e. a nation pair each year: 1950, 1951,...) is employed because the theoretical question is concerned with how joint membership in a RTA with security components shapes the likelihood of conflict among joint members. Essentially, what are the likelihood of a MID occurring among dyad members or not?

A logit regression model is used when the dependent variable is dichotomous and the X variables (i.e. independent variables) are a mixture of categorical and continuous variables.\(^\text{174}\) The dependent variable, MID, equals “1” when a militarized interstate dispute occurs among joint members and “0” otherwise. Explanatory variables influence the probability of the dependent variable taking on the value of interest, which is “1.” If OLS regression were used to estimate a model with a dichotomous dependent variable, the linear regression does not produce a predicted probability that satisfies \(0 \leq \pi \leq 1\). Second, the observed values of the dependent variable do not follow a normal distribution but rather a Bernoulli distribution.\(^\text{175}\) As a result, the log odds ratio replaces the probability \(\pi = E[y]\) which is the expected value of \(y\). In a linear regression, the expected value of \(y\) is modeled as a linear function of the explanatory variables. The log odds ratio is the log of the odds of the event of interest, in this case the occurrence of militarized interstate dispute.

When analyzing time-series, cross section data with a binary dependent variable (BTSCS) logit analysis can be problematic. Beck, Katz and Tucker (1998) argue that BTSCS observations are “likely to violate the independence assumption of the logit or probit statistical models.”\(^\text{176}\) Temporal dependence has

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\(^{174}\) Liao (1994) argues that the difference is between logit and logistic regression is not significant.

\(^{175}\) Ibid and Rabe-Hesketh & Everitt (2000).

\(^{176}\) p.1260.
assumption of the logit or probit statistical models." Temporal dependence has been accounted for through the Beck, Katz and Tucker (1998) corrections. Their remedy for this problem is based on the idea that this kind of data is identical to group duration data. They cite Oneal and Russett’s (1997) article as an illustration of the problems that uncorrected temporal dependence can cause. They argue that including these corrections contributes to a better understanding of the relationship between economic interdependence and peace as well as democracy diminishes conflict. Essentially, they argue that it is "unlikely that units are statistically significant over time," especially in international relations research.

Temporal dependence can bias estimation results. For instance, these authors argue that "inflated t-values can result from underestimating variability." As a result, the researcher draws "overly optimistic inferences." The assumption of temporal independence is a key assumption in the logit and probit models. The Beck, Katz and Tucker (1998) corrections add a "series of dummy variables to the logit specification." The variables mark periods, in this case number of years, since either the start of the sample period or the previous occurrence of an event (such as war). A standard statistical test on whether these dummy variables belong in the specification is a test of whether the observations are temporally independent. Essentially, this specification corrects for temporal dependence. The authors further argue that BTSCS data are grouped duration data, thus, event history concepts that are explicitly designed for temporally dependent data can be applied to logit and probit models. The durations modeled into the logit specification are duration independent, which means that the hazard rate is not a function of time and continuous time is assumed. They argue that the logit model fails because it does not allow for a non-constant baseline hazard. It is like group

176 p.1260.
177 Beck, Katz and Tucker (1998) cite some of the following studies as examples of studies that did not account for temporal independence in these respective areas. Some examples are Barbieri (1996), Oneal and Russett (1997), Lemke and Reed (1996) and Mansfield and Snyder (1997). Mansfield’s work that follows does account for temporal dependence.
179 Ibid. p.1261.
180 Ibid.
duration data because the unit has survived, in the case peace and a MID is a risk and its occurrence is a failure. Annual BTCS data are “equivalent to grouped duration data with an observation interval of one year.” This type of data is used in this dissertation.

A temporal dummy variable included is the number of peace years until a MID occurs. It is a series of 0’s that mark the length of time that precedes the current observation of a MID. They argue that the temporal dummies are the “group duration analogue of the continuous time baseline hazard function.” Omitting these dummies is equivalent to assuming that the baseline hazard is constant. They argue that costs of incorrectly imposing duration independence is at a minimum, inefficiency and incorrect standard errors. Thus, the Cox proportional hazard model avoids this problem by including the temporal dummies in the logit specification. The natural cubic spline functions act as a test for temporal dependence.

Beck, Katz and Tucker (1998) discuss several problems that can occur when employing their corrections. First, multiple failures can be a problem because their method assumes a single failure. This is an issue with the MID's data because a dyad-year can experience more than one MID. Their suggestions for dealing with this problem are to use the “onset” rather than the “occurrence” of a MID. “Onset” simply means that it is the year that a MID began. Another option is to analyze the MID's as repeated events. The next stage of this research will incorporate the options to see if there is difference between them and the occurrence of a MID.

The second problem is that dyads can enter the data set after the starting date. For instance, the data set used in this analysis begins in 1950 but some dyads may enter the data set in 1970. This is a “left censored problem.” Some techniques for dealing with left censored data can be applied in future analysis as well. The authors argue that variables that are not being fixed across units are also

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181 Ibid. p.1264.
182 Ibid.
183 Ibid.
For instance, such variables as the structure of the system or the number of states in the system at any given time should be fixed. As they noted, this issue along with the authors are prevalent in international relations data. For example, during the period under study, the number of states in the system increased because of the end of colonialism. Finally, missing data can be a problem when using these corrections for temporal dependence. Missing data is not a significant problem as long as the correct time dummy variable is retained according to Beck, Katz and Tucker. The problem is if there are missing data on the dependent variable, which there are not in this data set.

3.10.7 Estimation Results

Table 3.16 displays the results from the estimation. The results suggest that the IGO structure of regional trade agreements does have consequences for the likelihood of militarized conflict but not in the direction expected. The results of the analysis suggest that the coefficient for the presence of the basic structure of RTAs and the presence of a dispute settlement mechanism are each positively related to the occurrence of a MID. This means that the presence of either factor will increase the likelihood of militarized conflict among member states. Their coefficients are statistically significant and positive with respect to direction. This result is not consistent with the hypothesized expectations. In contrast, the membership size of a RTA is statistically significant and negative. It was expected that a positive relationship exists between size of membership and conflict for reasons stated in the theoretical section of this chapter. These results suggest that increased membership size reduces the likelihood of militarized conflict among joint member states. Although the diversity of interests increase with size, comes more mediators in executive body meetings in a conflict. The disputing dyad may have to answer to a larger coalition of states interested in an end to the conflict in a larger RTA. In addition, economic disparity caused by

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185 Ibid. p.1272.
RTA membership is not overwhelming placed on a few members because the costs and benefits are dispersed. One large member may benefit more but income disparity is spread across the group as well as the benefits. The costs of compensation can also be born by more members. This result is rather counterintuitive but shows the conditions under which group size matters for conflict.

One of the arguments in the dispute settlement mechanism section of this chapter is that RTA dispute settlement mechanisms address conflicts over issues covered in the RTA treaty. Thus, if security issues are part of the treaty, the dispute settlement mechanism of a RTA can address trade as well as security issues. It is expected that the likelihood of a militarized conflict decreases in the presence of shared membership in a RTA with either type of DSM, more so in the case of DSM that addresses both trade and security issues. This hypothesis was tested as well. Dichotomous measures were created for RTAs dispute settlements that addressed trade issues only (TRDSM_{ij}) and those that addressed trade and security issues (TRSEDSM_{ij}) under the treaty. The results are presented in Table 3.14 as well. It seems that a RTA that only addresses trade issues increases the likelihood of militarized conflict. The coefficient is statistically significant and positive. But, a dispute settlement mechanism that addresses trade and security issues can reduce the likelihood of militarized conflict although the coefficient is not statistically significant which means that we should not expect to see this relationship in the population of RTAs. At the same time, only three African RTAs have dispute settlement mechanisms that address trade and security issues and they were added in the late 1980s early 1990s across all three. As a result, more time points are necessary to consider this relationship given the temporal parameters of this study. Two to fours years of the existence of such a mechanism may not be enough to evaluate its impact. In addition, a number of African RTAs added such mechanisms that address trade and security issues after 1992. Thus, extended analysis is warranted.

\[^{185}\text{Ibid. p.1273.}\]
Similarly, analysis conducted on the relationship between special organs and the likelihood of militarized conflict. Special economic organs \((\text{SPECCON}_{ij})\) and special security organs \((\text{SPECSEC}_{ij})\) were considered in models in which the results are not included given space constraints. The presence of a special economic organ increased conflict, while a security organ decreased it. Similar to RTAs with dispute settlement mechanisms that address security, RTAs added security mechanisms in the late 1980s and early 1990s. Extended analysis is warranted to better assess its relationship to conflict.

Extended analysis of these variables is warranted given the existence of an endogeneity issue. These models do not account for the reciprocal relationship between RTA structure and conflict. Just as RTAs with different structural characteristics impact the likelihood of militarized conflict differently so does conflict affect whether or not such structures are included in the RTA. For variables, like presence of shared membership in a RTA with a trade-only DSM, the question is does the presence of such a mechanism increase the likelihood of militarized conflict or is it that it was created to counter existing conflict? Future work considers this issue in addition to how it explains institutional change in RTAs.

The control variable for multiple memberships in RTAs \((\text{RTANUM}_{ij})\) significant and negative across models with indicates that increased memberships (i.e. webs of RTA networks) reduce the likelihood of militarized conflict among joint members. So, to answer the question if the tie or structure matters for IGOs in the conflict process, the answer is both seem to be important. One increases the likelihood of conflict while other reduces it.

Exceptions are the state with the minimum trade interdependence and a lower democracy score have the expected direction. An increase in each diminishes the likelihood of a MID but neither is statistically significant. This makes sense given that less developed countries tend to have low levels of trade as well as low growth and democracy scores. The coefficient for the growth measure is not statistically significant nor in the expected direction. It is positive.
This result suggests that increased growth of the dyad member with the lower growth score will lead to conflict. This may be a result of income disparity from trade liberalization. Chapter 4 will explore this result in a bit more detail. The presence of membership in traditional military alliances was statistically significant across models and positive. This result suggests that shared membership in military alliances can increase the likelihood of military conflict. The military alliance literature provides a number of reasons for this result, which will be discussed more in Chapter 5 of this dissertation. The log of the capability ratio and distance were statistically significant and negative. This means that increased disparity in capability between dyad members reduces conflict which supports the realists hypothesis and increased distance between dyad members increases conflict. This result is counterintuitive and will be compared to the inclusion of a contiguity variable in future versions of this research.

These control variables seem to exhibit behavior different from conventional wisdom about them. It could be that what we thought we knew about these controls is not completely true for processes examined among less developed countries. Since so much analysis has been conducted on politically relevant dyads, which share a border or are in alliance with the United States, that more work is necessary to assess whether such results are applicable to all dyads in the world or just politically relevant ones.

3.10.8 Substantive Impact

The coefficients from logit analysis are very difficult to interpret given the non-linear relationship between the independent variables and the dichotomous dependent variable. As a result, the predicted probabilities may also be examined to evaluate the substantive impact of the independent variables compared to the statistical impact discussed. Graph 3.1 displays the basic IGO structure (the top curve) compared to the membership size of a RTA (the bottom curve) in terms of the likelihood of militarized conflict all in relation to the log of the capability ratio
for a dyad. The graph suggests that the impact of basic IGO structure (i.e. an executive body and secretariat in a RTA structure) has a larger impact on the likelihood of conflict than the membership size of a RTA. The magnitude of the coefficients in Table 3.16 also reflects this. Interestingly, there is a large gap between the effects of the two variables where the curves begin and they almost touch where they end. This result suggests that at the extreme tails of the curves, the capabilities of the dyad members are impacting the likelihood of conflict more than either variable. In the case of African RTAs, their organizational characteristics are more at work because African countries tend to have low capabilities level and low disparity in terms of capabilities within the dyad. Some states are an exception (e.g. Nigeria or Kenya). It will be interesting to compare this result to RTAs among advanced market economies. It is possible that RTA structure is more meaningful between less developed countries with lower disparity in capabilities.

Multicollinearity was an issue in the analysis discussed. As Kennedy (1985) argued that multicollinearity occurs when there is an "approximate relationship among the independent variables in a model." Consequences of its presence are biased estimates and large variances. It can be detected through assessment of the strength of the relationship between variables as a first cut. The highest correlations seem to be between the IGOSTRUC$_{ij}$ and SIZE (i.e. .79); IGOSTRUC$_{ij}$ and SPECECON$_{ij}$ (i.e. .73); SIZE and SPECECON$_{ij}$ (.80); IGOSTRUC$_{ij}$ and RTANUM$_{ij}$ (~.74) and SPECECON$_{ij}$ and RTANUM$_{ij}$ (~.76). The variance inflation factor and condition index also suggest that some multicollinearity is present in the models run.

There are several ways to handle multicollinearity. Do nothing. If the variables should theoretically be in the model, keep them. Results are interpreted in the face of multicollinearity. Another option is to remove the "offending X" or highly correlated independent variable from the analysis. Other options are available. Since the correlations were not above .80, the variables were kept in the

---

model because they are theoretically warranted. RTANUM was the number one offender but it was retained because theoretically the high number of multiple memberships should have been controlled for in the model. In fact, in the presence of the trade interdependence measure, DEPENDMN, RTANUM is negative and statistically significant and positive and statistically significant when DEPENDMN is removed from the model. Given the large reduction in observations with the inclusion of DEPENDMN, more analysis necessary. But, regardless of the presence of DEPENDMN the results of the analysis of the other variables in the model controlling for RTANUM, were consistent.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IGOSTRUCT$_{ij}$</td>
<td>1.294*** (0.3146)</td>
<td>1.078** (.3436)</td>
<td>1.123*** (.3406)</td>
<td>1.391*** (.3703)</td>
</tr>
<tr>
<td>DSM$_{ij}$</td>
<td></td>
<td>.5791* (.3170)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRDSM$_{ij}$</td>
<td></td>
<td></td>
<td>.6611** (.3224)</td>
<td></td>
</tr>
<tr>
<td>TRSEDMSM$_{ij}$</td>
<td></td>
<td></td>
<td>-.1335 (.5370)</td>
<td></td>
</tr>
<tr>
<td>SIZE$_{ij}$</td>
<td></td>
<td></td>
<td>-.0592** (.0246)</td>
<td></td>
</tr>
<tr>
<td>RTANUM$_{ij}$</td>
<td>-.6839** (.2156)</td>
<td>-.7068*** (.2191)</td>
<td>-.7270*** (.2207)</td>
<td>-.5509** (.2213)</td>
</tr>
<tr>
<td>ALLYTP2$_{ij}$</td>
<td>9.169*** (.2003)</td>
<td>.9378*** (.2010)</td>
<td>.9514*** (.2015)</td>
<td>.9059*** (.2027)</td>
</tr>
<tr>
<td>DEMIN</td>
<td>-.0181 (.0293)</td>
<td>-.0192 (.0296)</td>
<td>-.0170 (.0295)</td>
<td>-.0170 (.0295)</td>
</tr>
<tr>
<td>LPCAPRT</td>
<td>-.4604*** (.0906)</td>
<td>-.4421*** (.0912)</td>
<td>-.4401*** (.0915)</td>
<td>-.4232*** (.0907)</td>
</tr>
<tr>
<td>LOGDIST</td>
<td>-.5540*** (.0679)</td>
<td>-.5444*** (.0681)</td>
<td>-.5488*** (.0684)</td>
<td>-.5659*** (.0688)</td>
</tr>
<tr>
<td>GROWMIN</td>
<td>.0003* (.0001)</td>
<td>.0002 (.0002)</td>
<td>.0002 (.0001)</td>
<td>.0002 (.0002)</td>
</tr>
<tr>
<td>DEPENDMN</td>
<td>-.0117 (.0103)</td>
<td>-.0124 (.0102)</td>
<td>-.0108 (.0105)</td>
<td>-.0138 (.0102)</td>
</tr>
<tr>
<td>Peace Years</td>
<td>-.7360*** (.0711)</td>
<td>-.7320*** (.0712)</td>
<td>-.7290*** (.0712)</td>
<td>-.7289*** (.0716)</td>
</tr>
<tr>
<td>Cubic Spline 1</td>
<td>.0123** (.0021)</td>
<td>-.0123*** (.0021)</td>
<td>-.0122*** (.0021)</td>
<td>-.0122*** (.0021)</td>
</tr>
<tr>
<td>Cubic Spline 2</td>
<td>.0102*** (.0021)</td>
<td>.0101*** (.0021)</td>
<td>.0101*** (.0021)</td>
<td>.0100*** (.0022)</td>
</tr>
<tr>
<td>Cubic Spline 3</td>
<td>-.0030*** (.0009)</td>
<td>-.0029*** (.0009)</td>
<td>-.0030*** (.0009)</td>
<td>-.0028*** (.0009)</td>
</tr>
<tr>
<td>Constant</td>
<td>1.696** (.5557)</td>
<td>1.586** (.5609)</td>
<td>1.614** (.5622)</td>
<td>1.753** (.5621)</td>
</tr>
<tr>
<td>Number of observations</td>
<td>14,453</td>
<td>14,453</td>
<td>14,453</td>
<td>14,453</td>
</tr>
<tr>
<td>LR Chi2 ()</td>
<td>(12) 555.23</td>
<td>(13) 558.56</td>
<td>(14) 559.48</td>
<td>(14) 564.44</td>
</tr>
<tr>
<td>Prob. &gt; chi2</td>
<td>.0000</td>
<td>.0000</td>
<td>.0000</td>
<td>.0000</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-664.34</td>
<td>-662.68</td>
<td>-662.22</td>
<td>-659.74</td>
</tr>
</tbody>
</table>

Table 3.16 Logit Results
Impact of IGO Structure vs RTA Membership Size on Interstate Conflict

Log of the Capability Ratio

Predicted Probabilities

Figure 3.1: The Impact of IGO Structure vs. RTA Membership Size on Militarized Interstate Conflict
3.11 Conclusion

The main question in this chapter was do variations in IGO characteristics of RTAs have consequences for the likelihood of militarized conflict among joint member states? Three factors were considered, namely, basic IGO structure, dispute settlement mechanisms and RTA membership size. The results of statistical analysis suggests that IGO basic structure and the presence of a dispute settlement mechanism increase the likelihood of militarized conflict while increased membership size increases it. The substantive impact of the presence of shared membership in RTA with a basic IGO structure seems to have a larger substantive impact on the likelihood of a MID than the size of RTA membership. Extended analysis on larger temporal and substantive domain seems to be required to better understand the relationship between a RTA dispute settlement mechanism and conflict. RTA dispute settlement mechanisms that focus solely on trade disputes are likely to increase the likelihood of militarized disputes, while those that deal with trade and security may reduce conflict. Although the results are not statistically significant and those mechanisms were created fairly late in the temporal period of the study, the results suggest that tie and structure both matter in the relationship between IGO structure in RTAs and the likelihood militarized conflict.
CHAPTER 4

INTERDEPENDENCE IN TRADE AND COMMON SERVICES: CAN RTAS MANAGE ECONOMIC DISPARITIES IN GAINS THAT CREATE CHALLENGES FOR SECURITY?

4.1 Introduction

Does economic integration reduce the likelihood of militarized conflict among joint members of regional trade agreements? This question is important because scholars have considered a number of explanations for why RTA membership should reduce militarized conflict among joint members. Examples of such reasons are a credible commitment to interaction in the future; shared identity; tie from shared membership; increased costs of disrupting political relations; leverage in bargaining on the international stage; binding nature of membership plus increased trade interdependence and constrained state sovereignty. But few explanations consider the economic processes, beyond increased trade flows, attached to RTAs and their implications for militarized conflict. In essence, these agreements are vehicles to promote trade liberalization through economic integration. Consequently, little research since Nye (1971) has considered how variations across type, degree and economic externalities of economic integration have consequences for the likelihood of militarized conflict among joint member states.
The analysis in this chapter focuses on this gap. The primary research question is does variation in the extent of economic integration among member states have consequences for militarized conflict among them? Linked to this question is the notion of “interdependence.” In assessing the relationship between economic integration and conflict, the analysis in this chapter includes and goes beyond interdependence with respect to trade flows to include “interdependence in common services”, a non-trade form of interdependence, and its relationship to militarized conflict. Finally, an economic externality of trade liberalization through economic integration is economic disparity in the distribution of the gains from trade among joint members. The analysis in this chapter will consider how the extent of economic integration, interdependence in trade, common services as well as economic disparity influence the likelihood of militarized conflict among joint member states.

What is the role of international institutions in trade and conflict? More specifically, through economic integration, what are the consequences of shared membership in trade institutions for conflict? I argue that although RTAs are trade institutions, they differ structurally with respect to level of economic integration and those differences shape conflict. This caveat is absent from research on institutions, trade and conflict because the focus is on how trade liberalization, in the form of increased trade flows, and/or shared membership in any RTA, regardless of structural differences, diminishes conflict. By ignoring structure, the fact that RTAs vary in extent of economic integration and create specific institutional mechanisms to directly address compensatory issues related to economic disparity among joint members is overlooked. If increased trade flows and shared membership, in any RTA, were enough to reduce militarized conflict among joint members, why enhance the scope and complexity of RTAs by adding compensatory programs? I address this question by examining how variation in the level of economic integration of a RTA has consequences for conflict and vice-versa. By addressing this issue I build on research that focuses on RTAs and conflict by considering trade flows, shared membership, RTAs as bargaining and negotiation forums.
for the membership, credible commitments, and as a tool to bind states together (Pollins, 1989; Gowa and Mansfield, 1993; Mansfield and Pevehouse, 1999; Grieco, 1997). Such foci fail to capture structural differences in the level of economic integration of a RTA.

The chapter is organized as follows. The first section will present a definition for economic integration, which will be followed by the different types of integration. The nature of interdependence, with respect to trade and common services, will be discussed. Section three will include the gains debate applied to economic integration. The research design and data analysis will follow. The chapter will conclude with the implications of the theoretical arguments and results from quantitative analysis for our understanding of the role of these regional trade institutions in international security.

4.2 What is International Economic Integration?

The term “economic integration” can be elusive, which results in numerous ways to observe and operationalize it, ultimately, resulting in consequences for its analysis. For clarity, I define “international economic integration” and its characteristics in this section. It is the institutional combination of separate national economies into larger economic blocs. Another name for it is regionalism. Robson (1998) argues that it is concerned with the promotion of efficiency in resource use on a regional basis. Brown and Hogendorn (2000) argue that it is a process of joining together two or more countries into a closer economic union with each other than with the rest of the world. The following are necessary conditions for economic integration to reach its full capacity.

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188 Robson, p.1. The international aspect of economic integration is emphasized because I focus on sovereign states in my theoretical arguments and analysis. I am interested in the determinants of the likelihood of militarized interstate conflict. This distinction is important because economic integration can occur across and within regions within states as well.

189 Ibid.

• Elimination of all barriers to the free movement of goods and factors of production within the integrated area.

• Discrimination on the basis of nationality amongst the members of the group in that respect.

• Resources are allocated by the price mechanism. The market provides the right signals.

• Institutions will be required to give effect to the integrating force of the market.

Essentially, “tariffs and non-tariff barriers are abolished among nations involved, but not with the rest of the world.”\(^{191}\) They further argue that advanced forms involve the freedom of resource movement, common economic policies and in some cases, common currency. *Institutions* are constructed to support market forces.

Two forms of economic integration exist. They are “negative integration” and “positive integration.” *Negative integration*, coined by Tinbergen (1965), “denotes those aspects of regional integration that simply involve the removal of discrimination and restrictions on movement, which leads to a rise in trade liberalization.”\(^{192}\) *Positive integration* is “concerned with the modification of existing instruments and institutions. It also deals with the creation of new ones, for the purpose of enabling the market to function effectively and also to promote other broader policy objectives in the union.”\(^{193}\) Another example of positive integration is shared services among joint members.\(^{194}\) For example, RTAs often jointly create such infrastructure as railroads, roads, and airports and manage harbors or dams. This distinction is key because these types of economic integration can occur together or separately. For example, at the same time ECOWAS eliminated tariff barriers among joint members, it created institutional mechanisms like an executive body to make decisions regarding trade policy and a council of ministers under it that implements the executive body’s decisions. Many RTAs among less


\(^{192}\) Ibid., p.2.

\(^{193}\) Ibid.

\(^{194}\) Nye (1971), p.58.
developed countries create rules like the graduated removal of tariff barriers so that less developed RTAs members have more time before their economies must function without protective barriers.

4.2.1 Type and Degree of Economic Integration:

There are several forms of international economic integration. They are the preferential trade agreement, free trade area, customs union, common market, monetary union and economic union. A preferential trade agreement is an arrangement under which partner countries impose lower tariffs on imports from each other than on imports from the outside world.\textsuperscript{195} A free trade area requires no tariffs among member states but they are free to determine tariff policy toward non-members. Essentially, "members maintain their own national protection against outsiders."\textsuperscript{196} A customs union is a form of integration that includes a common external tariff. This means that there are no tariffs among members of the grouping but they have a common external tariff on non-members' goods. The common external tariff (CET) is "often an approximate average of a members' tariff rates before membership in the union."\textsuperscript{197} Essentially, it is integration in tariff policy. A common market is a form of economic integration characterized by a common external tariff. But, it moves a step further in the integration process. It allows the free flow of factors such as labor, capital and investment. Monetary unions include the extra provision of a single currency, central bank and monetary policy. An economic union is the most developed type of economic integration. It is characterized by a common market, common money as well as the integration of a number of policies.\textsuperscript{198} The degree of international economic integration is characterized by two factors. The degree of harmonization or uniformity of policies is considered and the degree of coordination of policies

\begin{small}
\textsuperscript{196} Ibid, p. 393.
\textsuperscript{198} Robson, p.3
\end{small}
among members is also a factor in the integration process. For instance, it may also include fixed exchange rates among member states, requirements for monetary and fiscal policies to support the stability of these rates. Given that this chapter focuses on interdependence in trade and common services, monetary integration will be included in future work. No economic unions presently exist in the world. Thus, these categories (i.e. monetary union and economic union) are also excluded from analysis.

4.2.2 The Nature of Economic Integration:

Interdependence in Trade

Nye (1971) argues that the "concept" of integration is multi-dimensional. Integration among a group of states can be economic, political and social. Given that this dissertation is concerned with how regional trade agreements affect trade and conflict, it only focuses on economic and political integration. Nye argues that when considering the nature of economic integration two aspects must be considered, trade interdependence and the welfare implications of membership. He contends that the two are not exactly the same. For instance, a group of countries may want to increase interdependence by increasing trade flows or the flow of the factors of production across national borders. He argues that protection may be necessary for integrating these countries and preventing the integration into the rest of global economy. In contrast, Nye argues that a good indicator welfare of effects is the equalization of factor prices in different parts of the market. While states may be interested in increased trade flows they must

200 Monetary integration, especially among African countries, gets complex. For instance, a number of Francophone countries are part of the CFA currency zone backed by French currency. Some forms of monetary integration are within the boundaries of RTA membership while others are not. Economic integration beyond the scope of the RTA is not within the parameters of the research design for this study, although it may have implications for the likelihood of conflict among joint members. Future work will consider this category in the analysis.
202 Ibid.
203 Ibid, p.28. He also notes that Balassa and other economists debate the value of factor prices as an indicator of economic integration and that are more appropriate for analyzing domestic markets.
also consider the consequences of trade interdependence, for *parity in the distribution of economic gains from membership*. It is balancing these two issues that often influences how economic integration relates to militarized conflict among joint member states.

Given that increased trade flows are central to economic integration, its relationship to militarized interstate conflict will be examined. This issue is particularly important for understanding conflict because trade flows can be generated by shared membership in a RTA.
<table>
<thead>
<tr>
<th>RTA</th>
<th>Type of Economic Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACM</td>
<td>Common Market</td>
</tr>
<tr>
<td>CE</td>
<td>Common Services (1959-1952)</td>
</tr>
<tr>
<td></td>
<td>Preferential Trade Agreement (1983-)</td>
</tr>
<tr>
<td>CEAO</td>
<td>Customs Union</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Preferential Trade Agreement</td>
</tr>
<tr>
<td>EAC</td>
<td>Common Market</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Customs Union (1983-1989)</td>
</tr>
<tr>
<td></td>
<td>Common Market (1990- )</td>
</tr>
<tr>
<td>Ecowas</td>
<td>Customs Union (1975-1978)</td>
</tr>
<tr>
<td></td>
<td>Common Market (1979- )</td>
</tr>
<tr>
<td>GUVTA</td>
<td>Free Trade Agreement</td>
</tr>
<tr>
<td>MAG</td>
<td>Common Services</td>
</tr>
<tr>
<td>MRU</td>
<td>Customs Union</td>
</tr>
<tr>
<td>OCAM</td>
<td>Preferential Trade Agreement</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Agreement</td>
</tr>
<tr>
<td>SACU</td>
<td>Customs Union</td>
</tr>
<tr>
<td>SADCC</td>
<td>Common Services</td>
</tr>
<tr>
<td></td>
<td>Preferential Trade Agreement</td>
</tr>
<tr>
<td>SASRCU</td>
<td>Customs Union</td>
</tr>
<tr>
<td>UEAC</td>
<td>Preferential Trade Agreement</td>
</tr>
<tr>
<td>UDE</td>
<td>Customs Union</td>
</tr>
<tr>
<td>UDEAC</td>
<td>Customs Union</td>
</tr>
<tr>
<td>UMA</td>
<td>Common Market</td>
</tr>
</tbody>
</table>

Table 4.1: Type of Economic Integration for Each African RTAs
Interdependence in Common Services

“Common services” or “shared services” are a form of non-trade economic integration. Nye (1971) calls it a form of “political integration.” He argues that the types of integration described above are based on Belassa’s (1961) typology of economic integration. The stages may not be as meaningful as Belassa argues because often times RTAs label themselves as one of the types of integration even if they have not met Belassa’s criteria. For instance, the African Common Market and the Arab Common Market do not have a common external tariff nor the free flow of labor and capital across national boundaries. In addition, Nye (1971) argues that these categories ignore the non-trade forms of economic integration, like common services. Common services are services that are jointly provided for by member states through the RTA. He also argues that the levels imply stages that RTAs move through in sequential order as they integrate more fully. He argues that the European Common Market achieved the free flow of factors before it became a free trade area. Therefore, he argues that these stages should not be the only vehicle for assessing integration. Analysis should go beyond the extent of trade interdependence and include common services (i.e. interdependence in services) according to his argument. The advantage of member states engaging in this type of integration is that it may provide access to services that individual member states could not achieve alone. For example, Nye cites the example of the East African Community. Many RTAs around the world integrate in this way. The European Union is another example. In studies of costs for national railways at that time, Tanzania would have had to pay several million dollars a year extra for a national railroad, which it could not afford.

Given that I am interested in the interdependence aspect of economic integration, it is logical to examine interdependence in the areas of trade and common services. In addition, a range of scholars have argued that many RTAs among less developed countries, especially African ones, have been unsuccessful

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304 p.50.
305 Balassa (1966).
with respect to creating trade flows among joint members for a host of reasons. But, few have considered that some RTAs only integrate with respect to common services. They do so for several reasons. First, given that some member states cannot provide infrastructural needs for themselves, like railroads or communications systems, membership in such a RTA gives them access to such services at a reduced price because they are jointly provided. In this sense, RTA membership can successfully provide access to a number of shared services for joint members.

Such services reflect Mitrany’s original notion of functionalism. He said that two “indispensable” factors in a functionalist approach are a “common outlook and purpose” matched with similarity in “ways and means.” This logic makes sense for common services because the idea came from the functional approach. It was thought that economic integration was a way for states that lacked infrastructural needs necessary for trade, like transportation or communications, to jointly provide them. For instance, common services accounted for 8 percent of the gross domestic product in East Africa.

Common services are used among most RTAs in the world. In the case of African RTAs, they are very prevalent. A number of common services can be provided. Refer to Table A2 for a list of RTA common services while Table 4.3 presents a list of African RTAs that provide common services.

Nye (1960) argues that economic integration can occur across dimensions other than trade flows. Some groupings may not experience increased trade flows but may jointly provide common services crucial to a state’s infrastructure. It may be economically more efficient to integrate in this way and integration with respect to trade and investment may not be possible for some until such initial steps are taken. As a result, in order to understand the relationship between economic integration better, one factor that must be considered is whether integration with respect to common services diminishes conflict. If states are

\[307 \text{Ibid. p.31}\]
\[308 \text{Mitrany (1968), p. 62}\]
\[309 \text{Ibid.}\]
reliant on each other for such services as road construction, bridge access, electricity, transportation, telecommunications and postal services, are states less likely to engage in war and risk disruption to such services?

Common services often include resource management. For instance, if member states have a common resource concern, they could manage it under the auspices of the RTA. Scarcity of water or harvesting hydroelectric power may often be controversial issues among African and Middle Eastern countries. RTAs like UDEAC, ECOWAS and CEPGL, all manage water resources for the grouping. Management of dams and hydroelectric power often fall under RTA management. Examples of RTAs that manage energy sources are SADCC, PTA & CEPGL. A full list of common services and RTA providers are presented in Table 4.2. Given that this chapter is concerned with the likelihood of militarized conflict rather than the criteria for successful economic integration, this hypothesis will not be tested here. But, its implications are that the criteria upon which the success of RTAs is determined should be reconsidered when interdependence in common services and the role of these trade institutions as military alliances are considered.
<table>
<thead>
<tr>
<th>Common Service Name</th>
<th>Description</th>
<th># of RTA Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>Road, Airlines, Harbor &amp; Railway</td>
<td>13</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Linked Telecommunications infrastructure</td>
<td>10</td>
</tr>
<tr>
<td>Postal Service</td>
<td>Common postal system.</td>
<td>5</td>
</tr>
<tr>
<td>Energy &amp; Natural Resources</td>
<td>Pool together energy or natural resources.</td>
<td>9</td>
</tr>
<tr>
<td>Water Management</td>
<td>Management water resources that are shared among members.</td>
<td>6</td>
</tr>
<tr>
<td>Health Services</td>
<td>Provides research and services for the grouping.</td>
<td>4</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>Schools and Training facilities are provided for the grouping.</td>
<td>6</td>
</tr>
<tr>
<td>Crime Control Services</td>
<td>May address common crime problems.</td>
<td>2</td>
</tr>
<tr>
<td>Scientific Services</td>
<td>Provides research to the community.</td>
<td>5</td>
</tr>
<tr>
<td>Technical Services</td>
<td>Technical services are provided to the grouping.</td>
<td>3</td>
</tr>
<tr>
<td>Fishery Services</td>
<td>Manage common fishery sources.</td>
<td>3</td>
</tr>
<tr>
<td>Forestry Services</td>
<td>Manage common forestry sources.</td>
<td>1</td>
</tr>
<tr>
<td>Livestock Services</td>
<td>Manage livestock issues for members.</td>
<td>4</td>
</tr>
<tr>
<td>Tourism Services</td>
<td>Coordinate tourist services.</td>
<td>6</td>
</tr>
<tr>
<td>Insurance Services</td>
<td>Provides insurance.</td>
<td>2</td>
</tr>
<tr>
<td>Industrial Project Services</td>
<td>Manages industrial projects for members.</td>
<td>11</td>
</tr>
<tr>
<td>Tax Services</td>
<td>Provides tax services to members.</td>
<td>5</td>
</tr>
<tr>
<td>Surveying Services</td>
<td>Provides surveying services to members.</td>
<td>1</td>
</tr>
<tr>
<td>Pharmaceutical Services</td>
<td>Provides services for members.</td>
<td>1</td>
</tr>
<tr>
<td>Immigration Services</td>
<td>Manages immigration issues for members.</td>
<td>5</td>
</tr>
<tr>
<td>Agricultural Services</td>
<td>Provides common agricultural services for members.</td>
<td>9</td>
</tr>
<tr>
<td>Public Administration Services</td>
<td>Provides a public administration framework for members.</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 4.2: RTA Common Services
<table>
<thead>
<tr>
<th>RTA</th>
<th>Common Service Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACM</td>
<td>Land transport, telecommunications, tourism, water prospecting, surveying, energy development, tourism, health, postal, education, taxation &amp; agriculture.</td>
</tr>
<tr>
<td>CE</td>
<td>Education, energy, taxation, agriculture, transport, communications, fishery, tourism.</td>
</tr>
<tr>
<td>CEAO</td>
<td>Technical, scientific, communications, tourism, livestock, energy, transport, agriculture &amp; posts.</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Energy, health, agriculture, water, transportation &amp; communications</td>
</tr>
<tr>
<td>EAC</td>
<td>Transport, communications, energy &amp; education, tourism, taxation &amp; agriculture</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Education, energy, taxation, agriculture, transport, communications, fishery, tourism.</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Technical, scientific, communications, tourism, livestock, energy, transport, agriculture &amp; posts.</td>
</tr>
<tr>
<td>GUVTA</td>
<td>Energy, health, agriculture, water, transportation &amp; communications</td>
</tr>
<tr>
<td>MAG</td>
<td>Transport, communications, energy, insurance, postal</td>
</tr>
<tr>
<td>MRU</td>
<td>Transportation &amp; education.</td>
</tr>
<tr>
<td>OCAM</td>
<td>Forestry, fishery, transportation, postal, telecommunications, education, energy</td>
</tr>
<tr>
<td>PTA</td>
<td>Scientific, technical, transportation, communication, tourism, water</td>
</tr>
<tr>
<td>SACU</td>
<td>Transportation, energy, fishery, education, health, agriculture</td>
</tr>
<tr>
<td>SADCC</td>
<td>Scientific, technical, transportation, communication, tourism, water</td>
</tr>
<tr>
<td>SASRCU</td>
<td>Scientific, technical, transportation, communication, tourism, water</td>
</tr>
<tr>
<td>UEAC</td>
<td>Transportation, telecommunications, postal, health, agriculture</td>
</tr>
<tr>
<td>UDE</td>
<td></td>
</tr>
<tr>
<td>UDEAC</td>
<td></td>
</tr>
<tr>
<td>UMA</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3: African RTAs as Common Service Providers
4.3 Economic Integration and International Conflict

"Does the economic integration of a group of states automatically trigger political unity?" This timely question has resurfaced through a new generation of scholars who are interested in the role of RTAs in assessing the likelihood of militarized interstate conflict among joint member states. Exactly how are these phenomena related? Is it simply required that states sign a RTA agreement and the mere tie of the treaty diminishes conflict and encourages political unity? In contrast, specific rules about the parameters of economic integration required and maybe an organizational structure to support those rules must be present in order for political unity to be created? In a different vein, do the type and extent of economic integration shed more light on this relationship or the management of common services? Finally, does regional economic disparity in the distribution of economic benefits from membership lead to or exacerbate existing international conflict or do compensation programs alleviate the problem? These kinds of questions are crucial to understanding how regional trade agreements, which foster economic integration, relate to conflict differently from regional political organizations and international organizations in general. The factors considered are type and extent of economic integration, interdependence in trade as well as common services, regional economic disparity, and compensation. Again, the main endeavor of this dissertation is to begin understanding how international institutions diminish, exacerbate and are powerless with respect to international conflict.

Nye (1971) examines the link between micro-regional economic organizations, essentially RTAs, as well as macro-regional political organizations to militarized interstate conflict. He argues that the functional relationship should be spelled out in the sense of what links allow such organizations to diminish interstate conflict. This dissertation differs from Nye's work in the sense that it examines how RTAs can simultaneously be economic as well as political organizations. He distinguishes between

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the two types of organizations and argues that the distinctions have consequences for how they address militarized conflict differently. He does not consider how regional trade institutions can be military alliances as I do in Chapter 5 of this dissertation. He also does not consider how such organizations can diminish conflict but exacerbate it as well and may exact no influence at all. Yet, Nye’s work is very useful in explaining the nature of these relationships from a functional perspective and how the causal links work in addition to providing some theoretical expectations. I build on this work by considering RTAs as being both economic and political organizations and recognizing that their impact on the likelihood of militarized conflict can go beyond the parameters of diminishing militarized conflict. A caveat in Nye’s argument is that he does not see these organizations as a main determinant of militarized conflict among states. I agree. But, given how little we know about this relationship, understanding when and how these institutions stop, cause and do nothing with respect to conflict is still important to understanding international relations.

He argues that the mechanisms employed to diminish conflict are different across these two types of regional organizations. Nye argues that macro-political organizations provide “symbolic forums for communication, monitoring and management of conflict rather than resolution of it.” Essentially, deterrence comes from knowing that some third party, like the political organization (e.g. OAU) will become involved. He argues that this all depends on the willingness of the organization’s members to play a role. Sovereignty is a key issue that may impede the strategies necessary to resolve conflict.

In contrast, Nye argues that these micro-regional economic organizations are less concerned about sovereignty. As a result, they do not have to be concerned about providing avenues for conflict resolution because a new basis for the relationship between dyad members is created. It becomes economic rather than security related. In essence, an “economic or functional web of interdependence” is created through shared membership. Thus, this approach addresses the false criticism that if shared membership in regional economic organizations like RTAs experience a diminished

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212 Ibid.
213 p.109
likelihood of conflict, it is because they have peaceful relations before they had RTA shared membership. Second, a number of RTAs contain historical rivals and present enemies. ECOWAS is such an example. It addressed tense relations between the following rivals: Togo and Benin; Cote d’Ivoire and Ghana; Nigeria and Benin; Guinea and Senegal; Senegal and Mali; as well as presently Mauritania and Senegal. The role of the RTA is to change the nature of the relationship among joint members.

Theoretically, this functional relationship is based on increased interdependence (transactions) or a joint effort to solve a common problem. Both approaches are expected to dampen conflict. The consequences of such a change in the nature of the relationship is increasing the costs of militarized conflict through functional linkages, a shared identity and shift in values connected to shared membership in the organization which would change how conflict is handled.

Nye also argues that if militarized interstate conflict does occur, the costs of conflict can become meaningless for the disputants. Costs are important with respect to preventing fighting according to this argument, not after the fighting has begun. The costs have been incurred at that point. This hypothesis is tested in other work by comparing how RTA structure shapes the likelihood and severity of militarized conflict. Thus, shared membership in regional economic organizations provides common interests that can provide a way out of the fighting. Essentially, he argues that they may have “spun a web of functional ties that has changed the nature of relations among their member states and created islands of peace.” Therefore, the following hypotheses regarding the relationship between economic integration and militarized conflict are tested in this chapter.

\[ \text{H}_1: \quad \text{Increased economic integration in RTAs in which dyad members share membership is expected to reduce the likelihood of militarized interstate conflict among joint members relative to membership in RTAs with lower levels of economic integration.} \]

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114 Okolo (1985), 134.
116 Ibid, p.112.
117 Ibid. p.55.
4.3.1 Interdependence in General Common Services & International Conflict

Nye (1971) did not link the distinct nature of common services, as an additional type of interdependence, to likelihood of militarized conflict among joint members. As stated earlier, common services provide infrastructural needs that member states would have difficulty providing on their own. Because the functional tie and the costs of suspended access to such services, one could argue that such ties and access to such services at reduced costs should reduce the likelihood of violent conflict among joint members. Thus, economic integration through regional trade agreements may reduce conflict not only through increased trade flows but interdependence in common services as well. This is a key point from a realist perspective, because they would argue that states should not become so fundamentally vulnerable to other states by linking fundamental needs like transportation and communications to other states. The existence of common services is an affront to a realists approach to explaining state behavior. Why would states threaten their national security in such a fundamental way? It could be that the need for these services, which may not be possible individually, is outweighed by the possibility of access to them by providing them with states in a similar predicament. Not only do states then use RTAs to solve common problems by jointly providing common services but also such services make all member states vulnerable once they are functionally linked in this way.

4.3.2 Interdependence in Common Services in High Risk Areas & International Conflict

RTA's also manage vulnerable or security related resources, like water or natural resources, in order to ensure fair distribution and management. Militarized disputes have arisen among African dyads over access to scarce water resources that states must share because of geographical reasons especially if they are landlocked. Management of such resources provides a different type of conflict
management than discussed in Chapter 5 because by managing natural resources, conflict is indirectly managed. Thus, the question becomes do common services in general reduce militarized conflict among joint members because of the “functional ties” that Nye discussed? Conversely, could it be that common services in vulnerable areas that can create security risks are more vital to diminishing militarized conflict than any other kind of common service. This hypothesis is tested.

\[ H_2: \] Shared membership in a RTA with any kind of common services reduces the likelihood of militarized interstate conflict among joint members relative to RTAs that do not possess any common services.

\[ H_3: \] Shared membership in a RTA with common services in vulnerable resource areas reduces the likelihood of militarized interstate conflict among joint members relative to general common services.

4.3.3 Interdependence in Common Services & External Conflict:

Anglin (1980) argues that interdependence in common services serves an additional function for member states. Given that many states are extremely concerned about protecting state sovereignty, economic integration in this way can reduce how economic integration compromises sovereignty by making each member state in charge of a different service. The Southern African Development Coordination Conference (SADCC) is an innovative example of this approach. Essentially, “how governments choose to handle their area assignments, domestically and regionally, has largely been left to individual national initiative.” SADCC members were concerned about the sovereignty issues that arose in early RTAs like the East African Community. In addition, member states’ primary concern was an economic issue that was also the primary security issue. They wanted liberation from economic dependence on apartheid South Africa. They saw such dependence as a national security issue for each of them. SADCC
was formed because a common economic problem that had national security implications. SADCC’s structural style was designed to make states very autonomous within its organizational structure. Inherently, SADCC’s own autonomy was compromised. Because member states are solely responsible for one area, each state has full autonomy in one area, and little in the others. For instance, Mozambique is responsible for the SADCC Transportation and Communications Commission (SATCC). It was fully operational before SADCC was operational. It was institutionally, technically and legally highly evolved. At the same time, other SADCC members became concerned about little empires being formed when Angola proposed the Southern African Energy Commission. It was delayed and made much smaller than originally intended. The protocol established stipulated that the autonomous units made proposals and then negotiated with each member state. Action is taken through bilateral agreements among member states. As a result, SADCC only promoted and coordinated its own projects. Thus, SADCC members initially used it to address a security issue but had concerns about challenges to state sovereignty so they made it institutionally weak and grounded in state sovereignty with little to no supranational authority to address their common problem. But, analysis of SADCC after the period of this study may be interesting given that South Africa is now a member, it has become more highly institutionalized and member states autonomy has decreased.

SADCC is an example of a RTA that formed because of concern for economic dependence on South Africa. Thus, its formation was motivated by an external economic security threat. This is interesting because it is very representative of Haftendorn, Keohane and Wallender’s (1999) argument that international organizations institutionalize more when managing the risk of internal violent conflict among members as opposed to external aggression or threat from a non-member country. Member states purposely made SADCC institutionally weak in authority and grounded it in state sovereignty in order to

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address this threat. Fisher (1944) argues that sovereign states design international institutions. They can design them to be weak or strong in authority in a number of ways. He argues that states either know the right design to illicit the desired outcomes from institutions and do not choose those designs because of sovereignty concerns or they simply do not know the right design. SADCC is an example of an international institution in which member states were aware of ways to increase its supranational authority and made a conscious decision not to do so to protect their sovereignty. This concern is reflected in the institutional structure of the agreement. This argument will be explored more in Chapter 5 of this dissertation.

Thus, interdependence in common services can reduce conflict differently from trade by jointly managing vulnerable service or resource areas. Management of natural and energy resources are often included in a RTA’s repertoire of common services. RTAs provided various types of common services. Therefore, it is important to distinguish between providing general common services as well specific ones. Could it be that conflict over the provision of such services can lead to more conflict among joint members. Still, are common services incapable with respect to militarized conflict? Is it that integration in this way has no meaningful impact on conflict at all?

4.3.4 Cases of RTAs and Conflict

East African Community

Although most scholars of the East African Community have argued that it has a high level of economic integration and organizational structure, Anglin (1980) & Okolo (1985) argue that it has weak institutions with respect to the scope of authority of the organization, essentially its supranational authority. Yet, Kenya, Uganda and Tanzania were very interdependent with respect to trade and common services in transportation, communications as well as other sectors. This infrastructure was not created after independence but was actually several decades
old because of Great Britain’s colonization. It created this infrastructure among these states while they were colonies. The problem that accompanied independence was not so much maintaining the existing regional structure but how it meshed with state sovereignty, which member states, not to mention all African countries, were protective given that they had been colonized. In addition, they varied in their ideological approach to governance and the economy. For example, Kenya had a capitalist economy while Tanzania advocated African socialism. At the same time Kloman (1962) argues that “Freedom has brought with it increased recognition in many African quarters of the interdependence of the African states and the need for unified approaches to common problems.”

Despite these differences, Nye argues that conflict was avoided in several instances among joint members. For instance, in 1965, a shipment of arms from the Congo was transferred from Tanzania through Kenya. Kenyan officials were concerned about a Tanzanian African socialist obtaining the weapons. The situation was handled through the forums for communication in the EAC. A Tanzanian minister spoke for the member states when he said, “We need the common market economically: but we need it politically even more. We must never get into the situation in which we consider sending troops across borders.” Although these organizations can change the nature of members relationships, Nye argues that they are not the most important determinate of peace.

I argue that RTAs are equipped to address militarized conflict because they can change the nature of the relationship between states through economic relationships and can provide a third party to negotiate or intervene in militarized conflicts through the military alliance agreements and security components that they may possess. Thus, they have the capacity to play both roles Nye discussed. As economic organizations they can link states together through a functional

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217 Ibid. p.123.  
218 Kloman (1965)  
connection of increasing trade, increasing economic development or for bargaining presence in the international arena. As a result, these RTAs have the third party aspect of managing conflict through institutional mechanisms as well as preventing conflict by changing the economic relationship so that costs of militarized conflict are high and a shared identity matters. If these mechanisms do not work, interventionist capabilities like defense and military forces can empower the organization further to help them. Thus, they have the capacity to simultaneously embody the characteristics that liberals, functionalists and realists argue reduce militarized conflict among states.

4.4 Economic Integration & Relative Gains

Thus far, the focus of this chapter has been on how variations in the extent of economic integration and type of interdependence matter for the likelihood of militarized conflict among joint members. The focus has been on how economic integration can reduce the incidence of such conflict. Now discussion turns to how the economic processes in economic integration can actually increase the incidence of militarized conflict rather than reduce it.

This section will begin with a discussion of the relative gains problem as it applies to economic integration. The ability of international institutions to address it will be included. It will be followed by a brief discussion of how Customs Union Theory, the bases of economic integration theory, explains how economic integration works. Its relationship to economic disparity will follow. A definition of economic disparity and the type of disparity assessed in this chapter will also be discussed. The connection between economic disparity, relative gains and international conflict will follow while the theoretical section will end with some remedies for economic disparity and their consequences for the conflict process.
4.4.1 The Relative Gains Problem in Economic Integration

Realists and Neoliberal institutionalists have debated the possibility of cooperation in an anarchic world. Both argue that cooperation is possible. Neoliberal institutionalists claim that it is not a rare occurrence because international institutions can help states overcome informational asymmetries and cheating problems that impede international cooperation.\footnote{Keohane (1989).} As a result, states pay more attention to absolute gains, in which everyone benefits, rather than relative gains, in which one actor benefits compared to another. For instance, Snidal (1993) argues that relative gains are difficult to address among two states or a small number of states especially if there are asymmetries among them that compel them to consider relative gains more. Yet, he argues that relative gains can be addressed in a multilateral setting. An increased number of states cooperating can reduce the importance of relative gains. He argues that in the case of asymmetries, the large state may offer more than the equal share to the small state to prevent it from leaving the group.\textsuperscript{222} This is common in RTAs. For instance, Kenya and Nigeria paid more contributions than smaller states to make sure that the East African Community and ECOWAS, respectively, functioned smoothly.

Conversely, realists recognize that cooperation may be possible but are not as optimistic about its possibility given two specific problems, enforcement and relative gains. Relative gains are the focus in this chapter. They argue that these issues are impediments to cooperation that can, if not managed, can encourage conflict. Waltz (1979) states the argument:
When faced with the possibility of cooperating for mutual gains, states that feel insecure ask how the gain will be divided. They are compelled to ask not “Will both of us gain?” but “Who will gain more?” If an expected gain is to be divided, say, in the ratio of two to one, one state may use its disproportionate gain to implement a policy intended to damage or destroy the other. Even the prospect of large absolute gains for both parties does not elicit their cooperation so long as each fears how the other will use its increased capabilities.*

If international institutions have any role in addressing the relative gains argument in particular, they argue that it is in the economic realm rather than the “high politics” realm of security.** I argue that international institutions can address relative gains problems in the economic realm that have consequences for the security one. Given that RTAs can cause and/or exacerbate economic disparities that exacerbate militarized conflict, the institutional remedies that they use to address this problem, may reduce the likelihood of militarized conflict among joint members.

Mykelta (1973) argued that the “salience of gains” is a significant issue in economic integration. She argues that the trade liberalization process itself can create disparities among member state because the gains from trade are distributed unequally among joint members of RTAs. Mykelta argues that this is specially problematic for RTAs among less developed countries because they count on economic integration for economic development rather than for increased trade flows. Therefore, relative gains would be more important in economic integration. In contrast, Nye (1971) argues that unequal economies preceded RTA formation so the seemingly unequal distribution of gains is not a real issue because members are better off than without membership so absolute gains matter more.

I argue that the relative gains issue is an important one for joint members of RTAs, because the economic integration process can exacerbate and/or create

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economic disparities in addition to pre-existing economic disparities. Such disparities can exacerbate militarized conflict in the security realm. In this case, an international institution is the cause of a relative gains problem. Economic disparity can precede RTA formation while the trade liberalization process in economic integration can cause new or exacerbate existing disparities. Scholars involved in the relative gains debate have not considered this point. As they can cause relative gains problems, they also try to create institutional solutions to remedy them. International institutions have mechanisms to counter their features that cause relative gains issues so that although economic disparity may increase the likelihood of militarized conflict, compensation programs may remedy the relative gains problem and decrease conflict. Thus, cooperation can be possible when relative gains are manageable.

At the same time, it may be that institutions can address the relative gains problem depending on the source of the problem. If the institutional rules create relative gains problems that hinder international cooperation, they may be able to create mechanisms to counter the source of the problem. If they must address relative gains problems that have an external source, the relative gains problem may be more difficult to address but not impossible. RTAs are international trade institutions that often have security features. The combination may enable them to address the gains issue whether it be in the economic realm or security realm since it has consequences for both.

The importance of economic disparity in economic integration warrants consideration of the relative gains debate in the economic realm. The possibility that economic disparity may have consequences for the likelihood of militarized conflict among joint member states warrants consideration of relative gains issues in the economic realm that may have implications for interstate relations in the security realm. Regional trade agreements may have to address the relative gains issue in the economic and security realm simultaneously. The question is can and how do they do it? In this chapter the connection between economic disparity and conflict is examined. In Chapter 5 of this dissertation, the role of RTAs as military
alliances is considered. The conclusion of this dissertation will address how RTAs as vehicles for economic integration and military alliances address relative gains that may simultaneously influence the economic and security arenas. Now the bases of customs union theory will be discussed in order to understand the source of economic disparity and its political relevance among RTA member states.

4.4.2 Customs Union Theory

Jacob Viner (1950) argued that the principle objective of economic integration schemes is to remove in stages discriminatory trade policies that impede trade across national boundaries.\(^{226}\) Recall the definition of negative integration. Originally, it was thought that customs unions would lead to free trade and increase world welfare without considering how world income was distributed.\(^{227}\) Viner later added the concepts of “trade creation” and “trade diversion.” He argued that trade creation was “good” because production shifted from a high-cost producer to a low cost producer. Trade diversion is “bad” because the opposite phenomenon would occur. In trade creation, trade would be created by the formation of a RTA that would not divert trade flows away from traditional trade among non-RTA members. In trade diversion, diverting trade away from these pre-existing trade relationships with non-RTA members creates trade. Therefore, the welfare of the world or at least non-RTA members is not diminished by the creation of the RTA. Robson (1998) argues that the essential features of customs union theory are:

- The elimination of tariffs on imports from member countries.
- The adoption of a common external tariff on imports from the rest of the world.
- The apportionment of customs revenue according to an agreed formula.\(^{228}\)


As a result, a customs union will generally alter the relative prices of goods in domestic markets of member countries. Such a change has consequences for trade flows, production and consumption. The CET is set with the welfare of the member countries in mind understanding that it can reduce the welfare of the world. In order to promote the formation of trade creating RTAs, the WTO only recognizes them and not RTAs that are trade diverting. Because of this WTO rule, the majority of regional trade agreements in the world are not recognized by the WTO because most of them are among less developed countries. Many RTAs among LDCs are trade diverting so that they can protect their economies. But, under the Enabling Clause of the WTO charter, the WTO will recognize RTAs among LDCs if the trade diversion is within a particular range. Consequently, a number of LDC-RTAs are still not recognized.\textsuperscript{229}

There are several effects, gains and losses from the creation of a customs union that impact the following:\textsuperscript{310}

- Allocation of resources and international specialization
- Exploitation of scale economies
- Terms of trade
- Productivity factors
- Profit margins
- Rate of economic growth
- Distribution of income

Robson argues that customs union theory primarily focuses on the first three factors. The last factor, distribution of income is not considered in the theory given such assumptions as factor mobility, pure competition, disregard for transport costs, tariffs are the only form of trade restriction employed, trade is

\textsuperscript{228} Robson (1998), p. 17.
\textsuperscript{229} One result of this rule is that analysis that is conducted on only RTAs that are recognized by the WTO will miss a substantial number of RTAs that exist in the world.
\textsuperscript{310} Ibid.
balanced and resources are fully employed. These strict assumptions and the
disregard for the role of income distribution in the theory, misses how such
disparity affects the economic integration process.

4.4.3 Customs Union Theory & Less Developed Countries

Gambari argues that this theory focuses on existing patterns of trade.\(^{231}\) He
further argues that the classification does not really delineate when an agreement
moves from one form of integration to another. Therefore, members call
themselves a common market or economic community without considering the
characteristics that go with it.\(^{232}\) Gambari argues that this theory focuses on
production effects and efficient utilization of productive resources. It assumes that
three conditions are present that are not always simultaneously present in RTAs
among developing countries.\(^{233}\) They are:

- Potential partners in a customs union conduct a significant amount of trade
  with one another;
- The economies of partners in the union are at least potentially
  complementary;
- Foreign trade is a relatively low percentage of the GNP of
  members' economies.

Essentially, he argues that the characteristics required for trade creation
are often not present among developing countries. Most export primary products
and are dependent on manufactured imports. They are often competitors in the
primary products market so that their economies are often competitive rather than
complementary. As a result, "their reasoning for forming RTAs does not lie in the
potential benefits from changes in existing patterns of trade, and therefore patterns
of production but the impact of those regional markets on their fundamental

\(^{231}\) The process of removing discrimination has conceptualized by Belassa in five stages. The table presents
\(^{233}\) Ibid,p.8.
socioeconomic and even political problems.” They provide profitable domestic and foreign investment that could mobilize underutilized resources. Therefore, the ultimate goal of these countries is to “escape from poverty caused by dependence on foreign colonial powers who organized the structure of their economies to suit the needs and convenience of the metropolitan economies.” They originally tried to change their situation by import substitution at the regional level. Import substitution occurs when states produce products that they formerly imported in order to become more self-sufficient. It was done to save on foreign exchange. This strategy was not very successful.

Specifically, the political motivation to form RTAs among African states was to inspire “African unity.” Grounded in functionalism, ECOWAS, for example, was regarded as an opportunity for economic integration to spillover into political integration. But, Gambari argues that economic integration always takes place within some sort of political context. Finally, they also see these agreements as collective venues through which they can bargain with the world. They see them as opportunities for collective self-reliance. This point is especially interesting because most of the African agreements are supported by member contributions. A few rely on the contributions from external donors. For instance, the SADCC has a donor conference every year. It solicits donations not only from western countries but other international organizations like the World Bank as well. Gambari argues that when evaluating these agreements among developing countries, the growth situations from which integration theories are based and the development needs of LDCs should be considered.

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234 ibid.
236 Ibid, p.10.
237 Ibid, p.11.
Economic disparity is a problem for RTAs among developed and less developed countries alike. But, because economic development is more important for less developed countries than increased trade flows, their remedies for economic disparity may differ. This is a testable hypothesis. Before progressing further, a definition of economic disparity must be established. An explanation for how the economic integration process works will be discussed.

4.5 Economic Integration & Economic Disparity

The proliferation of regional trade agreements was pervasive during the period under study and to the present. With the benefits of economic integration come its costs such as economic disparity. Economic disparity is essentially "imbalances, disequilibria, inequalities, differences and discrepancies" in the distribution of economic benefits from membership in a RTA. This is a key problem for all RTAs in the world. One goal of economic integration is convergence in economic performance of joint members. This means that there is a "narrowing of disparities in growth rates and/or income levels over time, which can promote economic integration. Scholars of the European Union argue that the nature of the relationship between economic performance and integration remains a debated issue. They argue that economic divergence is a characteristic of all complex economic systems. As a result of economic integration and trade liberalization, the risk of fragmentation of regions remains high." Thus, economic divergence is not necessarily a bad thing. Since it cannot be eliminated from this perspective it should be managed. At the same time, the "presumption of most regional policy is that well-being can be increased by decreasing the disparity between regions." Divergence in economic performance is often a result of the trade liberalization policies in regional trade agreements. Such disparities can be placed among the most serious obstacles to further economic integration as is articulated in this quote:

Molle (1999, p.69)
Behar (2000).
Hodges and Wallace (1981).
Behar (2000, p.114))
It has been argued for instance that, in the absence of some form of institutionalized redistribution of income among participating countries, these disparities provide motive for perpetuating exceptions for the weaker members in "sensitive sectors" and make the countries unable to agree on a common trade policy. This problem was one of the causes of the failure of LAFTA.\textsuperscript{243}

Now that a definition of economic disparity has been established, its connection to the economic integration process will be discussed.

There are several primary factors that cause economic disparity: 1) pre-existing disparities, 2) relatively low mobility of labor, 3) relatively low mobility of capital, 4) geographic factors.\textsuperscript{244} States may enter into RTAs with other signatories that differ in economic strength and development, level of wages, mobility of labor and comparative advantages. Such pre-existing disparity, according to neo-classical theory, should be remedied by the more efficient allocation of resources, which should lead to convergence. Vanhove (1999) argues that workers may not react immediately to differences in wages. As a result, the slow reaction time may lead to a lag behind demand in that region or state. As a result, labor prices will rise in that region or state. \textit{Differences in income} across member states will result. It can lead to \textit{permanent} differences in regional income. Next, the mobility of capital can be slow in reacting to changes in production costs, which has consequences for the growth rate. High levels of concentration can increase disparities. Finally, geographic factors become important because some member states may be "geographically isolated in relation to economic centers of the RTA. The result is above-average transport costs, poor quality in transport links, limited access to urban centers and distance from market information."\textsuperscript{245} For instance, within ECOWAS three states are landlocked while the others have access to harbors and ports.

\textsuperscript{243} Ibid.
\textsuperscript{244} The first factor comes from Nye (1971) and Robson (1998). The latter three factors are discussed in Vanhove (1999).
\textsuperscript{245} Ibid. p.5
4.5.1 Economic Disparity in Economic Integration & International Conflict.

As briefly discussed, economic disparity is an important factor in this relationship because it can cause or exacerbate militarized conflict among joint member states. How does it do this? Essentially, benefits from economic integration are for the entire RTA membership. The question that follows then is how are these benefits distributed among joint member states?246 The answer to this question affects the “feasibility” and “sustainability” of economic integration through RTA membership.247 Although a number of distributional questions arise from this phenomenon, this chapter focuses on whether the distribution of benefits from economic integration has consequences for the likelihood of militarized interstate conflict among joint member states. For example, disputes arose over the distribution of benefits of various East African Community services among member states.248 Mytelka (1973) argues that “this variable appears to influence the durability of integrative systems among third-world countries and, by entering into actor calculations of alternatives, effects changes within the integrative system, an analysis is warranted which places the relationship of gains to the integration process in bolder relief.”249 She argues that the relationship between gains and the integrative process or economic integration within RTAs is important for understanding these groupings among developed and less developed countries.

In research on the distributional aspects of economic integration, two aspects have been the focus. They are 1) the distribution of benefits between countries and its fairness and acceptability and 2) the implications of it for regions within countries.250 Given that the research question in this chapter is the consequence of economic integration for the likelihood of militarized interstate

\[\text{Robson (1998), p. 231.}\]
\[\text{Ibid.}\]
\[\text{Nye (1968), p. 340.}\]
\[\text{p. 1.}\]
\[\text{Robson (1998), p. 231.}\]
conflict, this analysis will focus on the former distributional aspect. In general, regional disparities can influence disparity levels in rates of income growth, output and employment. Thus, the “regional problem” deals with these types of disparities.

Nye (1971) and Haas and Schmitter (1964) argue that it is not actual economic disparity that is problematic for peace among RTA member states but the “perception of inequity” that matters. They argue RTA formation begins with states of unequal levels of development and that even if the distribution of membership yields the unequal distribution of economic benefits, member states are better off from membership than no membership. From this perspective, absolute gains are more important than relative gains. As long as all members are better off to some degree than before membership, economic disparity is not as much of a problem as perceived economic disparity for them.

I agree with the pretense of Nye’s argument that many RTAs begin with unequal levels of development and that inequity in income, on some level, is part of the global economy. But, as Myrdal (1957) has shown in his discussion of spread effects and Hirschman (1958) with backwash effects, shared membership in RTAs can exacerbate or cause economic disparity because the economic benefits of membership will “spread” to the most economically developed members first and reach the least developed last, if at all. Such disparities can exacerbate militarized conflict. For instance, this issue was a significant one for the members of the East African Community. The largest economy in the grouping, Kenya, incurred the economic benefits of membership to the detriment of the other members. Conflict arose among the members over the disparity. The East African Community is not unique in this respect nor are African RTAs. This issue is important for all of them given that RTA member states often vary in unequal size with respect to economic growth and development. The European Union has an extensive compensatory program for this reason.

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What makes this point interesting for the analysis in this chapter is that economic disparity can be a barrier to peaceful relations among joint members. Given the lessons learned from the East African Community and the European Union in the early years, institutional mechanisms have been created in the RTA structure to address the disparity issue. Remedies from graduated tariff reduction policies and industrial taxes to compensatory programs through transfer taxes, compensatory funds, loan funds have been implemented to redistribute income in order to remedy the occurrence of disparity.

4.5.2 Economic Effects of Regional Economic Disparity

*Comparative Static Approaches*

Several theoretical approaches exist that attempt to explain the economic effects of regional economic disparity. In order to understand its connection to international conflict, we must first understand the economic implications for regional disparity and then apply these implications for the ultimate consequence if left checked, militarized conflict. Two general approaches exist, a comparative static approach and a growth approach. They focus on the source of disparity. Traditional theory focuses on inter-country distribution of the costs and benefits of RTA membership. The problem is that it does not consider the determinants of comparative advantage, transport costs and other spatial factors. In new market integration theory the focus is on scale economies and imperfect competition. Essentially, although the shifting of production and rents may lead to integration benefits overall, some countries may be injured. Thus, some form of compensation may be required. Therefore, compensatory payments must be paid that can affect member states in terms of creating benefactors and beneficiaries. Still, it does not solve the problem; it simply tries to fix the injury.²⁵⁴

Other approaches focus on the source of disparities as well. For instance, the neoclassical general equilibrium theory argues that the problem is located in

the "initial differences in factor endowments" which are given. Essentially, free trade among the members of a customs union on the basis of comparative advantage should promote convergence in factor returns and living standards. The problem is that this model relies on a number of restrictive assumptions like homogenous factors of production, highly skilled labor force in another location. Proponents argue that wage disparity may not influence real wages.

Finally, Krugman and Venables (1990) approach is known as the "new economic geography." They explicitly incorporate a spatial element by considering transport costs and other barriers to trade. Essentially, by considering these spatial factors, they argue that economic integration can actually harm member states by "widening disparities in production structures and income."  

Growth Approaches

This category of the determinants of regional disparity in economic integration focuses on the determinants of growth in macroeconomic terms. It also considers why the growth rates of different countries and regions may differ. Other questions considered are whether or not growth rates and levels of per capita GDP will be expected to converge and how integration may affect the process.

The neo-classical model focuses on capital and labor and the diminishing returns associated with each of them. Growth in the labor force and technological innovation determines an economy's growth over the long term. This approach predicts that given universally available technology, the disparity between income per head and income per capita across countries should converge because for the same amount of investment, low-income countries should grow faster than high-income countries. Two problems with this approach are that a closed economy is assumed and technological progress is exogenous so all countries have access to it.

256 Ibid. p.235.
257 Ibid. p.239.
Income disparity is the type of economic disparity examined in this chapter. The following section will discuss how low income countries in the RTA may end up not experiencing convergence in income and growth as a function of the economic integration process itself.

Cumulative Causation Model

This model arose in response to the issues articulated about the neoclassical growth model. The persistence of divergence is a key question. Mydal (1957), Hirschman (1958) and Kaldor (1970, 1971) provided the foundation for this model. Their goal is to explain the persistence of regional divergences. They apply the principle of circular and cumulative causation:

These are not just the economies of large-scale production commonly considered, the cumulative advantages accruing the growth of industry itself— the development of skill and know-how; the opportunity of ever-increasing differentiation of processes and specialization in human activity.\(^{259}\)

Thus, proponents argue that initial differences between countries are alleviated by economic integration but rather the cumulative movement is “reinforced” rather than “offset” by factor movements and trade.\(^{260}\) A key issue in this argument is that factor movements can generate increasing returns. As a result, poorer countries can loose labor and capital to richer countries, which further exacerbates the economic disparities between them. Kaldor argues that the cumulative causation mechanism primarily works according to Verdoorn’s (1949) law which states that “efficiency wages tend to fall in areas where output and productivity are increasing relatively rapidly, allowing those areas to acquire a cumulative competitive advantage over relatively slow-growing areas.”\(^{261}\) Thus, trade can widen comparative costs rather than reduce them. In sum, Robson argues that the solution to the disparity issue is not to promote factor movements.

\(^{258}\) Ibid. p.238.  
\(^{260}\) Ibid, p.239.  
\(^{261}\) Ibid, p.241.
The logic of this argument comes from Myrdal (1957) and Hirschman (1958). The latter describes the above process as “polarization” while that former calls it “backwash.” These terms are used because free flowing factors become polarized in particular areas that tie economic growth to that area or country. The backwash of this effect widened gaps in income and trade costs.

Given these growth centers or “poles” that arise, their growth has wide impact. Peripheral or lagging areas experience the unfavorable effects of polarization while they also benefit from the growth poles through the “spread” effect. Essentially, all countries can benefit from growth at the center but at differential rates. If the economic benefits of RTA membership spread from the growth center out, it can offset the existing disparities. But, since the spread effect is not guaranteed to benefit all member states equally or may not result at all, the backwash effects can actually increase disparity. Myrdal argued that spread effects are often weak so convergence is less likely than divergence. Kaldor (1970) argues that, “regions [states] with the initial advantage will obtain a competitive advantage in the production of goods with a high income elasticity of demand. This will mean that it will be difficult for other regions to establish similar activities.”

During the late 1960s, 1970s and 1990s, UNCTAD commissioned studies by scholars and practitioners to consider the problems attached to economic integration among developing states. UNCTAD (1971) focused on the question, “what are the costs and benefits to each country participating in a grouping, and of the best way of influencing their policy.”

Several factors influence the benefits and costs of economic integration. First, the nature of the regional trade agreement is important because it can vary on so many different dimensions. For instance, the degree of protection provided by the external tariff, the greater or lesser mobility of production factors, the existence of a regional program of investment and the allocation of common

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264 Ibid.
services are components that define the nature of a RTA. Second, states can affect the nature of these agreements through their domestic economic policies. Examples are monetary, fiscal as well as foreign policies. They can affect the size of the benefits and costs and the way in which gains are distributed among member states. Third, a state's type of social structure is a factor. It affects the distribution of the benefits and costs by determining control over investment and trade. Fourth, a state's economic characteristics and circumstances can affect equality in distribution of costs and benefits. Fifth, the goals of a member state in a RTA can affect the assessment of benefits and costs. States often join the same agreements for different reasons. As a result, each state’s evaluation of the distribution of costs and benefits may vary. Sixth, the RTAs procedure for allocating benefits and costs may actually create inequality among joint members. The objective of most of these states is to increase their productive capacity. One way that they do this is through building a plant? Thus, the question becomes, how does the RTA decide where plants are built. What happens to member states that do not secure a manufacturing plant? In sum, no single criterion can be applied to determine which states benefit or not. Additionally, permanence may be injurious if inflexible procedures are employed.

4.5.3 Economic Disparity and Type of RTA

Just as different types of states experience varied benefits and costs of membership under diverse circumstance, each type of RTA experiences the distribution of costs and benefits differently. This is because the rules of each type of agreement specify trade liberalization differently. These rules differ across agreements. For instance, the purpose of a free trade agreement is to eliminate all obstacles to intra-regional trade. Consequently, patterns of trade among states

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265 Ibid.
266 Ibid.
267 Ibid.
268 Ibid.
269 Ibid.
270 Ibid, p.29.
who previously maintained tariffs will change. As a result, alterations in patterns of trade can lead to changes in the distribution of benefits and costs to members as well as revisions in their foreign economic policies. In sum, the distribution of benefits and costs to members of a free trade area will be determined by expanded trade and reduced barriers.

Given the way that the nature of free trade areas shapes the distribution of costs and benefits for member states, three factors specifically affect this relationship. First, the linkage effects should be considered. Essentially, "trade in various goods will have different effects on the production of other items, depending on whether raw materials, intermediate goods or finished products are involved. The stronger these linkage effects, the greater the potential benefits to be derived from an increase in intraregional trade." Second, opportunity costs are attached to the factors of production. If a state incorporates unemployed factors of production in an enlarged market, it profits faster through the creation of a free trade area. Finally, another way in which a free trade area can yield benefits is to reduce uneconomic protective barriers.

Essentially, the creation of trade is beneficial to states. This happens when trade barriers are lowered or removed.

With respect to a customs union, the same factors that must be considered with free trade areas, apply in this case. In addition, the relationship between national tariffs and the common external tariff must be considered. The common external tariff is important because it determines the relative possibilities of trade expansion for members. Consequently, it determines the distribution of costs and benefits of trade diversion. It also increases the bargaining power of members because they must negotiate the common external tariff with non-members.

The common market influences the distribution of costs and benefits because it is centered on the movement of factors. They often move toward more

\[^{270}\text{Ibid, p.30.}\]
\[^{271}\text{Ibid, p.12.}\]
\(^{272}\text{Ibid.}\]
advanced members. Control is needed in terms of determining a wage and benefit structure for skilled and unskilled labor. Because employment is so low in developing countries, labor often moves to areas where there are resources like land. On the other hand, the movement of capital is tightly connected to the distribution of benefits and costs of economic activities. Regional programs for capital are key to distribution issues. The requirements for free movement of capital require common policies regarding foreign exchange controls with respect to non-member states and investment. If they do not, the state with the most liberal policies could be used as a "transit point for capital exports from its partner states."^\textsuperscript{275}

The shape of fiscal and monetary policies can determine the distribution of costs and benefits. Fiscal policies can harmonize tax systems, joint collection of taxes and how the receipt of this joint taxation is allocated among member states.\textsuperscript{276} Monetary policy influences the distribution and benefits of costs through influencing \textit{internal price stability} and \textit{exchange rates}.\textsuperscript{277}

\textbf{Common services} also affect the distribution and costs attached to RTA membership. From investment policy to the rates and rules for the operation of the agreement, the ways that members coordinate these policies have consequences for the distribution of costs and benefits. These common services "influence the location of economic activity. The location of the infrastructure has consequences for the potential for the pattern of development within the region."\textsuperscript{278}

Robson argues that none of the theories discussed recognizes that some \textit{disparities are beneficial}. For instance, externalities can arise from growth centers like spillover effects into other industries. The problem is how far does the spillover effect spread? \textit{So, is regional policy needed to remedy disparity?} In order for all to gain, regional policy is often considered one option. \textit{Compensation} programs are designed to do this. Robson argues that such programs fly in the

\textsuperscript{279} Ibid.
\textsuperscript{274} Ibid.
\textsuperscript{275} Ibid., p.13
\textsuperscript{276} Ibid., p.13.
\textsuperscript{277} Ibid., p.14.
face of economic integration, which is supposed to lead to better resource allocation. But, beneficial spillovers form one industry to another that will lead to a spread effect throughout the community are not guaranteed. As a result, existing disparities can be exacerbated or new ones can be created through the flow of factors to growth centers. Politics comes into play because these unchecked disparities can lead to or exacerbate militarized conflict and/or the end of the regional trade agreement. Therefore, regional policy, like compensatory programs, becomes important in order to avoid these outcomes.

Part of economic integration is policy integration on the part of member states. As a result, there is some reduction of sovereignty over foreign economic policies on the part of states. This is evident when Robson argues,

Integration measures that promote the attainment of allocational efficiency will not necessarily benefit all members or produce distributionally acceptable results across the market. The operation of market forces alone may well result in the widening of economic disparities among member countries, at least for long periods of times, if not indefinitely. Integration may even make some member states absolutely worse off, according to their perceptions and criteria, than they would have been if they had been outside of the community, even though the community as a whole may enjoy gains that outweigh such losses. If the community is a significant determinant of the economic performance of member states, such outcomes may seriously damage the prospects for cohesion of any economic community that lacks supranational political authority.

Given that negative externalities such as militarized conflict or the end of the RTA have occurred (e.g. EAC), many RTAs recognize the problem, even commission studies about it from their secretariat or external agencies like the United Nations regional commissions. They do this to determine the need for compensatory programs at the inception of the RTA or when such problems arise. Thus, it is important to understand that although disparities can be pre-existing as argued by Nye (1971), the economic integration process can also cause and/or exacerbate them. Others argue that understanding the gains issue is particularly

\[\text{Ibid.}\]

\[\text{Robson (1998), p.67.}\]

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important in RTAs among less developed countries because they view economic integration as a strategy for economic development. At the same time, the RTAs among highly developed economies face these same issues. The European Union is a good example. It has an extensive compensatory program. So, immediate gains and additional causes of economic disparity are very salient issues for them. In sum, by considering the relationship between economic integration and economic disparity, the result is a better understanding of how the economic processes in economic integration can contribute to the conflict process. Thus, the following hypothesis is tested:

**H₄:** Shared membership in a RTA that experiences economic disparity will *increase* the likelihood of militarized interstate conflict among joint members.

In general, regional policies may be warranted to address disparity issues. The following points sum the reasons for a regional policy: 1) it is not necessarily the case that all countries gain from the process of customs union or market integration (common market); 2) there are specific reasons why various regional disparities in a common market may persist and even widen for long periods of time; 3) there is no presumption that convergence can be expected. Robson (1998) argues that the case for regional policy at the RTA level is because of concerns regarding “cohesion.” If economic integration *does cause disparities* for member states, “the necessary *political basis* of integration may be *eroded* or disappear.” He argues further that “only the community (RTA) can address the issue of cohesion, since whatever specific strategies are adopted its implementation will ultimately *require a transfer of resources between member*

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²⁸¹ p. 243.
²⁸² p. 246.
²⁸³ Ibid.
Thus, compensation cannot be imposed. It is based on the willingness of non-injured states to compensate those who are injured. The following quote demonstrates the importance of compensation for members of the European Union.

Moreover, the political issues in regional economic policy are very often mentioned in EU-documents. Indeed, the problem of cohesion within the EU [European Union] is even greater than within a nation. Monetary, economic, agricultural, commercial, transport, energy and other measures may have negative effects on the most undeveloped regions of the community. The Commission is very conscious of this problem. The Cohesion Fund was created in 1991 to provide extra aid to the EU's low income regions in order to help spread the benefits of integration to all Member States.\textsuperscript{285}

As a result, the lack of political cohesion and unwillingness to compensate the injured influence the likelihood of military conflict or lead to the disintegration of the agreement. Recall Nye's argument that micro-economic organizations can reduce conflict by changing the nature of the relationship between states by basing it on functional, economic links. But, \textit{this new relationship can be destroyed because of the economic externalities resulting from the economic integration process itself.}

Under such circumstances, the role of regional policies, like compensation, become important for removing economic disparity as a barrier to the peace process and for the continued existence of the RTA.

4.5.4 Economic Disparity & Compensation

Now that some basic reasons for regional economic disparity have been discussed, the logic behind specific regional policies, like compensatory and redistributive programs, will be discussed. This section will conclude with linking the use of such programs to the conflict process and some hypotheses will be

\textsuperscript{284} Ibid. 
\textsuperscript{285} Vanhove (1999), p.43.
derived from the general discussion on regional economic disparity and compensation.

Compensatory and redistributive policies are types of regional policies designed to deal with the regional problem of economic disparity. They are linked to the Keynesian or redistributive approach to regional policy making. The purpose of this approach is to compensate a member state for the disadvantages attached to membership.\textsuperscript{286} The point is that member state’s lost the ability to protect themselves when they removed their trade restrictions. The point of regional policy is to compensate injured parties. The RTA compensates for the opportunity costs ensuing from the loss of trade restrictions.\textsuperscript{287} Often times, regional policy may be a requirement for a state’s continued participation in the agreement.\textsuperscript{287} Thus, the compensation approach includes some kind of fund to compensate or reimburse injured members. The goal of the redistributive approach is a more “equal distribution” of resources through growth from which all parties will benefit.\textsuperscript{288} The goal is to achieve more equal distribution of income and welfare among member states.\textsuperscript{289} For the purposes of simplicity, this dissertation will simply focus on RTAs with any kind of compensatory program whether it be compensation specifically or redistributive. As a first cut, the primary question is if any kind of compensatory RTA program sheds light on the likelihood of militarized conflict among joint member states. The analysis in this chapter will examine the relationship between compensatory programs and the likelihood of militarized conflict. The following hypothesis will be tested:

\textbf{H}_5: Shared membership in a RTA with a compensatory fund is expected to decrease the likelihood of militarized interstate conflict relative to a RTA that does not possess such a program.

Robson among others argues that a remedy to this situation may be common action among members of the RTA. The three approaches are 1)
differential harmonization of certain national policy instruments. 2) make provisions for fiscal transfers among the member countries, either directly or through the community budget. 3) develop policies that could contribute to a modification of the economic structure of any member state that was adversely affected. \(^{290}\) With respect to differential harmonization of national policy instruments, they do not have to be uniformed. The elimination of trade restrictions can be done gradually the removal of trade barriers for the most developed member states first and the least developed later. In addition, measures of agreed discrimination can be implemented. For instance, the least developed member countries may maintain higher tariff levels on domestic products but the most developed members remain subject to the removal of trade restrictions.

In terms of fiscal transfers, transfers of income can be made directly to the injured party from other member states, the community budget or even a special compensatory fund that member states contribute to the fund based on their level of economic development and economic benefits reap from memberships. Finally, RTA policies may be "developed that may contribute to the modification of the economic structure of any member that was adversely affected in absolute terms by the unequal distribution of the economic gains from membership. Such modifications could be performance-related or earmarked transfers from the community." \(^{291}\)

Short-term and long-term problems are characteristic of integration. Lizano argues,

The problems posed by integration schemes are short-term and long-term. The former are connected mainly with developments in the terms of intra-regional trade, the effects on the balance of payments and change in revenue. The long-term problems relate to transfers from one country to others of production factors, such as manpower, management and capital, and to increased production capacity. \(^{292}\)

\(^{290}\) Ibid.

\(^{291}\) Ibid. p. 68.

\(^{292}\) UNCTAD (1973, p.27).
As a result, disparity remedies should be considered with respect to whether they are short-term and long-term remedies. For instance, RTAs employ preventive measures like compensatory funds to anticipate long-term problems and coordinating mechanisms to handle short-term problems and sudden crises. For instance, problems could arise in the balance of payments or trade. A sudden deterioration in the balance of payments may require exchange controls or other restrictive action. If no mechanism is in place within the RTA to deal with issues, sudden crisis could lead to a disruption of markets or lead states to take unilateral protective measures. Examples of long-term strategies are direct assignment of industries by joint political decision or adoption of fiscal incentives. No single measure can provide acceptable distribution of costs and benefits. Basically, members of RTAs have access to several areas within which corrective measures can be employed: trade, monetary, factor movements, fiscal policy, common services, direct assignment of economic activities and other measures. Refer to Table 4.4, for a description of policies in each of these areas.

Thus, some form of compensation is necessary to counter the adverse effects of economic disparity. But, just as compensatory programs remedy disparity that can influence conflict, these programs are not problem-free and can conflict be promoting as well given that compensating states may feel taken advantage of by compensated states. The following section will explore this issue.

293 Ibid. p. 15. The balance of payments is a statistical record of all the international transactions undertaken by the residents of one nation with those of other nations in a given year measured in current dollars. It basically measures the inflows and outflows of money from one nation to other nations. It is composed of two parts, each reflects the impact of international transactions on current income (i.e., the current account) and on national wealth (i.e., the capital account). Essentially, the current account measures the way international transactions affect current national income while the capital account measures the impact of international transactions on a nation's wealth. The former deals with transactions like money paid for imports of goods, services, profit and interest paid to the foreign owners of a state's assets, and unilateral transfers to foreign persons. The latter includes transactions such as money paid to foreign sellers for purchase of foreign bonds, stocks, real estate, patents or other assets. The balance of trade is essentially the trade deficit. It measures the dollar value of payments and receipts for goods and services. It is important because it is an indication of the nature of international competition. (Balaam and Veseth, 1996) p. 150-152).


<table>
<thead>
<tr>
<th>Trade Policy</th>
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<tr>
<td>• Exemptions from certain trade policies.</td>
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<td>• Longer transitional periods before liberalizing markets completely.</td>
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<td>• In the case of the customs union, they can apply the common external tariff in phases.</td>
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<tr>
<td>• Priority can be given to the liberalization of trade in important commodities to less developed members.</td>
</tr>
<tr>
<td>• Important export goods of less developed members can be eliminated from lists of goods that will get tariff reductions.</td>
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<td>• Less stringent rules of origin may be employed in the case of these states.</td>
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<tr>
<th>Monetary Policy</th>
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<tr>
<td>• Compensation may be conducted within the framework of payments arrangements by “granting more liberal credit to the less developed partners for short term deficits in trade with the rest of the group.”</td>
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<tr>
<th>Factor Endowment Policy Movement of Labor</th>
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</thead>
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<tr>
<td>• Labor movements can be a useful under two conditions, either under proper control or an agreed upon policy in advance.</td>
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<tr>
<td>• Compensation measures and technical assistance are often remedies in this type of situation.</td>
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<tr>
<th>Factor Endowment Policy Movement of Capital</th>
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<tr>
<td>• Common regional investment policies and co-ordinated banking systems are long-term solutions.</td>
</tr>
<tr>
<td>• The banking mechanisms autonomously moves funds to those in the greatest need through concessional funds.</td>
</tr>
<tr>
<td>• Like labor, capital movements within the groupings and from third states can be used as a balancing mechanism.</td>
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<thead>
<tr>
<th>Fiscal Policy</th>
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<tr>
<td>• Fiscal transfers can be used for compensation.</td>
</tr>
<tr>
<td>• Harmonization of fiscal systems is often used instance, since less developed members rely on market and sales.</td>
</tr>
<tr>
<td>• Tax rates among member states do not necessarily need to be equal.</td>
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<tr>
<td>• For taxes for sources of fiscal income, they may be permitted to use revenue devices on a non-discriminatory basis.</td>
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<tr>
<th>Common Services Policy</th>
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<tr>
<td>• Common services include integration through the allocation of economic activities.</td>
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<tr>
<td>• Can take the form of setting of rates and service fees; employment; location of administrative offices, purchasing and investment.</td>
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<tr>
<td>• Examples of common services are scientific and technical research and development or user export promotion.</td>
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<tr>
<th>Financial Policy</th>
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<tr>
<td>• Credits are an option.</td>
</tr>
<tr>
<td>• More advanced members could give import credits and import credit guarantees to exporters to less developed partners in order to compensate for the general absence of export credits and export credit guarantee facilities in less developed countries.</td>
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<tr>
<th>Policy Regarding Direct Assignment of Economic Activities</th>
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<tbody>
<tr>
<td>• Studies should be conducted to consider the assignment of enterprises.</td>
</tr>
<tr>
<td>• When assigning economic activities, attention should be paid to the impact of projects located at border areas, those based on natural resources or those relying on multinational labor.</td>
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<tr>
<th>Other Measures</th>
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<tr>
<td>• Range from more developed members voluntarily giving portions of their quotas in favor of less developed members that export the same commodities.</td>
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</table>

Table 4.4: Types of RTA Compensation Programs

246 Ibid.p.17.
247 Ibid.
248 Ibid.
249 Ibid.p.19.
<table>
<thead>
<tr>
<th>RTA</th>
<th>Compensation Program</th>
</tr>
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<tbody>
<tr>
<td>ACM</td>
<td>Loan Fund</td>
</tr>
<tr>
<td>CE</td>
<td>Refund Program, Compensatory Fund, Development Bank, Loan Fund, Compensatory Fund</td>
</tr>
<tr>
<td>CEAO</td>
<td>Development Bank</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Development Bank</td>
</tr>
<tr>
<td>EAC</td>
<td>Refund Program, Development Bank, Compensatory Tax</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Study, Refund Program, Compensatory Fund, Loan Fund</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Compensatory Fund, Loan Fund</td>
</tr>
<tr>
<td>GUVTA</td>
<td></td>
</tr>
<tr>
<td>MAG</td>
<td>Study</td>
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<td>MRU</td>
<td></td>
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<tr>
<td>OCAM</td>
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<tr>
<td>PTA</td>
<td>Refund Program, Development Bank</td>
</tr>
<tr>
<td>SACU</td>
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<td>SADCC</td>
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<tr>
<td>SASRCU</td>
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<td>UEAC</td>
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<td>UDE</td>
<td></td>
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<tr>
<td>UDEAC</td>
<td>Study, Refund Program, Development Bank, Compensatory Tax</td>
</tr>
<tr>
<td>UMA</td>
<td>Study, Development Bank</td>
</tr>
<tr>
<td>Percentage of African RTAs w/ compensatory programs</td>
<td>57.9%</td>
</tr>
</tbody>
</table>

Table 4.5: RTA Compensation Programs for Economic Disparity among Members
4.5.4 Economic Disparity & Compensation

It seems fairly clear that once disparity has been determined, compensation should ensue. But, several problems arise regarding these policies. To whom is responsibility assigned for the disparity. First, variation across member states may occur with respect to opinions about how to deal with different kinds of disparity. Determining a centralized policy might be difficult in the wake of such variation. Implementation of a regional policy at the national level may be difficult given that particular regions within a state may be injured. National governments may have more information and be more efficient at dealing with the problem.\(^\text{300}\)

In contrast, problems can arise in compensation policy if it is addressed at the national level rather than the RTA level. Some national policies may be incompatible with the functioning of RTAs and may interfere with competition across national borders. In addition, national funding may not be able to address the severity of the problem. This approach may exacerbate regional disparities. Finally, coordination of a regional policy may lead to additional gains while national policy may lead to spillover effects.\(^\text{301}\) Thus, Robson argues that coordination between the RTA level and national level to design an appropriate compensatory approach is most reasonable. Thus, coordination must occur between states in negotiating regional policy and when negotiating the best policy responses at the domestic level.

ECOWAS is an example of the many RTAs around the world and among African states that have created compensatory approaches to deal with the problem of economic disparity. This is apparent when Davies (1983) observed that, “equitable distribution of cost and benefits and the adoption of a common strategy towards foreign investors are the most important factors for determining

\(^{300}\) Ibid.

\(^{301}\) Ibid. p.247.
the prospects and future cohesion of ECOWAS."\textsuperscript{302} Okolo (1985) argued that, "a big issue in compensation is to how to promote equity and gain maximum cooperation from member states. ECOWAS' "Fund for Cooperation, Compensation, and Development" focuses on the following: 1) funding regional development projects; 2) disbursing compensation to member-states that suffer loss as a result of trade liberalization and the location of community enterprise."\textsuperscript{303} Article 25 of the ECOWAS Treaty provides for compensation from lost revenue from tariff reductions and to safeguard against serious disturbances in the economies of member states.

As Robson argued could potentially happen, in 1976 some members of ECOWAS were not happy with the compensation program since they thought that it was inherently unequal because contributions were based on GDP per capita. As a result, Nigeria by far paid more than other members. In 1977, Nigeria paid 32.8\% of total contributions; the Ivory Coast and Ghana paid 13\% and 12.9\% respectively while the rest paid under 5\% of total contributions.\textsuperscript{304} The question that arises is will these inequities lead to conflict among member states or will they accept or change the terms for contributions. In the East African Community, Kenya accepted the burden of paying more contributions in order to ensure the survival of the RTA.

What makes the compensation program so important for assessing the relationship between economic disparity within a RTA and the likelihood of conflict is that these programs are institutional mechanisms designed to remedy a problem that can fundamentally erode the political cohesion of the community and provide a basis for conflict. If the institution recognizes its role in exacerbating conflict or the dissolution of the agreement it can find institutional ways to address it. At the same time, inequities in fund contributions may or may not be problematic as well. Thus, understanding how even institutions’ remedy

\textsuperscript{302} Davies (1983), p.171.

\textsuperscript{303} ECOWAS Treaty, article 52.

\textsuperscript{304} Okolo (1985), p.140.
their adverse effects may also lead to conflict, sheds more light on the role of regional trade institutions and international conflict.

The first half of this paper focused on the theoretical arguments tested in the analysis section of this chapter. The research design and data analysis sections will be discussed in the next section.
$H_1$: Increased economic integration in RTAs in which dyad members share membership is expected to reduce the likelihood of militarized interstate conflict relative to membership in RTAs with lower levels of economic integration.

$H_2$: Shared membership in a RTA with any kind of common services reduces the likelihood of militarized interstate conflict among joint members relative to RTAs that do not possess any common services.

$H_3$: Shared membership in a RTA with common services in vulnerable resource areas reduces the likelihood of militarized interstate conflict among joint members relative to a RTA with general common services.

$H_4$: Shared membership in a RTA that experiences economic disparity will increase the likelihood of militarized interstate conflict among joint members.

$H_5$: Shared membership in a RTA with a compensatory fund is expected to decrease the likelihood of militarized interstate conflict relative to a RTA that does not possess such a program.

Table 4.6: Hypotheses
4.6 Research Design

The hypotheses that guide this study will be discussed. The definitions of key concepts and their operationalizations will follow. The control variables, data and method choices as well as definitions have been described in earlier chapters. Thus, the data analysis section will follow. It will include description and interpretation of univariate and bivariate statistics. The logit model was estimated using maximum likelihood estimation and including the Beck, Katz & Tucker (1998) corrections. The results and implications of this analysis will be discussed. The chapter conclusion will follow.

4.6.1 Dependent Variable

Occurrence of Militarized Interstate Dispute (MID)

The type of conflict that is examined in this dissertation is militarized interstate conflict. Interstate conflict is operationalized as a militarized interstate dispute (MID). A militarized interstate dispute is defined as an “interaction involving the threat display, or actual use of military force; it must be explicit, overt, not accidental and government sanctioned.” This analysis is simply interested in how variation in institutional structure of RTAs has consequences for the occurrence of any type of MID. There are 34,296 observations in the data on African dyads. The data set is organized by dyad-year. In fact, 284 of these dyad-years experienced a MID between 1950-1992. A dichotomous measure is employed. The variable “MID” equals “1” if a militarized interstate dispute exists, “0” otherwise.

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305 Jones, Singer and Bremer (1994).
4.6.2 Independent Variable

*Economic Integration*

Belassa (1961) argues that economic integration has levels or stages while Nye (1971) and Gambari (1991) argue that this is not necessarily true and that categories also do not capture all types of economic integration in the area of interdependence. Thus, the level of economic integration is used to test this argument.

**Level of Economic Integration (RTYPE)**

This measure is designed to capture Belassa’s stages of economic integration. It is an ordinal level measure. \( \text{RTYPE}_{ij} \) equals "0" if dyad members are joint members of a RTA with a preferential trade agreement (PTA) in year, \( t \). Member countries have access to a preferential tariff, which is lower than the standard tariff toward non-member states and they are free to determine tariffs with non-member states. It is the base category for this measure because it is the lowest level of economic integration. Less sovereignty is compromised because states have more freedom to determine their foreign economic policies. \( \text{RTYPE}_{ij} \) equals "1" if dyad members jointly belong to a RTA with a free trade agreement (FTA) in year, \( t \). Members abolish tariffs toward each other but not toward non-member states. As a result, they retain sovereignty over trade policies with non-member states but not with each other. When dyad members are joint members of a RTA with a customs union (CU), \( \text{RTYPE}_{ij} \) equals "2" in year, \( t \). In this case, member states abolish tariffs toward each other and agree to a uniform common external tariff toward non-member states. Thus, they lose sovereignty over foreign trade policy with each other as well as with non-member states. Finally, \( \text{RTYPE}_{ij} \) equals "3" when members of a dyad jointly belong to a RTA with a common market (CM) in year, \( t \). In this case, joint members
abolish tariffs among joint member states, are subject to a common external tariff and relinquish sovereignty over control the flow of factors like labor and capital across borders. This form of integration is termed “negative integration” because states relinquish more sovereignty over foreign trade policy toward other member states and non-member states, in each stage. This measure accounts for sovereignty relinquished at each stage of economic integration. This measure does not account for the organizational structure of RTAs but rather the basic rules of the agreement that specify the extent of economic integration among joint members states.

With increased economic integration, member states become more interdependent on each other because of the enhanced access to markets and potential generation of trade flows. In addition, the more sovereignty given up in the integration process, the less discretion states have to protect their domestic markets from market fluctuations. Thus, economic liberals argue that such interdependence creates common interests and increases the costs of disrupting trade or the activities of the RTA via militarized conflict among member states. Economic Nationalists/Realists would argue that the loss of sovereignty and increased vulnerability to other states creates security risks. As a result, states will be more apt to engage in conflict. Given that states agree to relinquish sovereignty in stages, according to Belassa, this measure will test whether increased integration diminishes the likelihood of militarized interstate conflict. Thus, it is expected that increased economic integration will reduce the likelihood of militarized interstate conflict among joint members of a RTA.

Type of Economic Integration (PTA, FTA, CU, CM)

Given that the distance between categories for the variable, “RTYPEij,” have not been determined to be equal, alternative measures of variation in extent of economic integration have been employed as well. Dichotomous measures for the categories of the RTYPEij variable and their relationship to militarized conflict are examined. For instance, “PTAij” equals “1” if dyad members jointly
belong to a RTA with a preferential trade agreement as the highest level of economic integration in year, t; “0” otherwise. Similarly, “FTAij,” “CUij,” and “CMij” each equal “1” when dyad members share membership in a RTA with a free trade agreement, customs union and common market, respectively in year, t; “0” otherwise. All of the economic integration variables are coded according to shared membership in the highest level of economic integration for the dyad in year, t.

Interdependence

*Interdependence Trade (DEPENDmn & DEPENDmx)*

Economic interdependence has been argued to be an important determinant in dyadic conflict. Economic importance relative to national income or the “trade to GDP” ratio is employed as an indicator. Gross Domestic Products (GDPi,t) “based on purchasing parities (Summers and Heston, 1988, 1991), because exchange rates are known to distort international comparisons involving non-tradable goods (Marer, 1985; Passe-Smith, 1993).” As with the measure for democracy, higher and lower interdependence scores were created for dyads (DEPENDmn and DEPENDmx in year, t for both). The dyad member that is least constrained or least economically dependent determines the likelihood of dyadic conflict. It has freer resources to engage in conflict. The higher trade dependence score is also tested in the model. States that are highly dependent may look to international institutions more to resolve potential conflict since they are so tied to others economies.

Given the research question, interdependence in the dyad, the relationship between interdependence and conflict, is considered in a dyadic context rather than a RTA level context. This measure reflects Nye’s argument that we should include but go beyond the stages of economic integration to assess economic

---

307 Ibid.
integration. This measure taps into the interdependence of trade aspect of integration at the dyadic level of analysis. Thus, a negative relationship is expected. As interdependence increases for the least dependent member of the dyad, the of MID involvement is expected to decrease.

**Interdependence in Common Services (ICMS)**

Nye (1971) argues that Balassa’s stages of economic integration does not include interdependence in non-trade areas of economic integration, like common services. A dichotomous measure is employed to operationalize this concept given that he does not make the argument that particular common services are more meaningful than other types. Therefore, the variable “ICMS$_{ij}$” equals “1” if dyad members jointly belong to a RTA with any type of common service in year, $t$; “0” otherwise. As a first cut at this concept, this simple measure is basically designed to capture the occurrence of interdependence in any shared services, not specific types of services or how many types are included. A negative relationship is expected. In essence, the presence of joint membership in a RTA with any common services will reduce the likelihood of militarized interstate conflict among joint members.

**Interdependence in Common Services in High Risk Areas (ICMSHR)**

As discussed earlier in this chapter, Nye (1971) makes the argument that increased interdependence in trade leads to less militarized conflict because the costs of conflict are increased. He measured common services by examining the percentage of the national budget spent on RTA common services. Given that data is not available for the RTAs during the time period under study, an alternative measure is used. Yet, Nye does not explain the connection of common services to conflict, just that they are a different type of interdependence that should be considered. The logical extension of this argument is that this form of interdependence increases costs as well and therefore is expected to reduce

---

conflict. But, what is not evaluated in Nye's analysis is the fact that RTAs can provide shared services in infrastructural as well as high risk issue areas that have a higher propensity for causing militarized conflict. As discussed, common services in energy and natural resources as well as water management are such areas. Therefore, \( ICMSHR_{ij} \) equals "1" if dyad members share membership in a RTA with common services in high-risk areas in year, \( t \); "0" otherwise. These high-risk areas are defined as energy, natural resources and water. Scarce water resources and management of hydroelectric power are particular contentious issues for states. Thus, a measure of common services in water specifically was created. Thus, \( ICMW_{ij} \) equals "1" if dyad members jointly belong to a RTA with common services in water management specifically in year, \( t \); "0" otherwise. It is expected to reduce the likelihood of militarized interstate conflict more so than and other types of common services.

The number of shared services of an RTA will be considered in future iterations of this project.
<table>
<thead>
<tr>
<th>Stages of Economic Integration</th>
<th>Operationalize</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferential Trade Agreement</td>
<td>Shared membership in a preferential trade agreement.</td>
<td>RTYPE$_{ij} = 0$ in year, $t$ (base category)</td>
</tr>
<tr>
<td>Free Trade Agreement</td>
<td>Shared membership in a free trade agreement.</td>
<td>RTYPE$_{ij} = 1$ in year, $t$</td>
</tr>
<tr>
<td>Customs Union</td>
<td>Shared membership in a customs union.</td>
<td>RTYPE$_{ij} = 2$ in year, $t$</td>
</tr>
<tr>
<td>Common Market</td>
<td>Shared membership in common market.</td>
<td>RTYPE$_{ij} = 3$ in year, $t$</td>
</tr>
</tbody>
</table>

Table 4.7: Interdependence in Trade (Ordinal Level Measure)
<table>
<thead>
<tr>
<th>Types of Economic Integration</th>
<th>Definition</th>
<th>Operationalize</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferential Trade Agreement</td>
<td>Agreement that affords members preferential access to markets.</td>
<td>Shared membership in a preferential trade agreement.</td>
<td>PTA$_{ij}$ = 1, if shared membership = 0, otherwise in year, $t$</td>
</tr>
<tr>
<td>Free Trade Agreement</td>
<td>Trade among members is tariff-free, while each member state determines its own tariffs with non-member states.</td>
<td>Shared membership in a free trade agreement.</td>
<td>FTA$_{ij}$ = 1, shared membership = 0, otherwise in year, $t$</td>
</tr>
<tr>
<td>Customs Union</td>
<td>Trade among members is tariff-free. In this type of agreement, tariff policies toward non-members are integrated. For instance, there is a common external tariff (CET).</td>
<td>Shared membership in a customs union.</td>
<td>CU$_{ij}$ = 1, shared membership = 0, otherwise in year $t$</td>
</tr>
<tr>
<td>Common Market</td>
<td>It is a customs union with an additional feature, the free movement of factors.</td>
<td>Shared membership in common market.</td>
<td>CM$_{ij}$ = 1, shared membership = 0, otherwise in year $t$</td>
</tr>
</tbody>
</table>

Table 4.8: Interdependence in Trade (Dichotomous Measures)
<table>
<thead>
<tr>
<th>Area of Common Services</th>
<th>Definition</th>
<th>Operationalization</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Services</td>
<td>Services jointly provided by members of the RTA.</td>
<td>Shared membership in a RTA with common services.</td>
<td>ICMS\textsubscript{ij} = 1; 0 otherwise in year, ( t ).</td>
</tr>
<tr>
<td>Common Services in High Risk Areas</td>
<td>Services in the areas of energy, natural resources and water provided jointly by members of RTA.</td>
<td>Shared membership in a RTA with common services in high-risk areas.</td>
<td>ICMS\textsubscript{HRij} = 1; 0 otherwise in year, ( t ).</td>
</tr>
<tr>
<td>Common Services in Water Management</td>
<td>Services in the water management jointly provided by members of RTA.</td>
<td>Shared membership in a RTA with common services in water management.</td>
<td>ICMS\textsubscript{Wij} = 1; 0 otherwise in year, ( t ).</td>
</tr>
</tbody>
</table>

Table 4.9: Interdependence in Common Services
Dyadic Income Disparity

The following measures are designed to capture different aspects of economic disparity. They cover such features as dispersion, disparity, and concentration. Given that national income or Gross Domestic Product per capita is a standard indicator of overall economic disparity, it is employed in several measures of aspects of income disparity.\textsuperscript{311} The income gained from trade is one of the economic benefits of membership in a RTA. It used as a base for general indicators here. Other measures at the RTA and regional level within states will be employed in future work.

\textit{Measure of Dispersion (RANGE)}

The range is a descriptive statistic that assesses the difference between maximum and minimum values in a frequency distribution. Essentially, it measures the extreme values. Thus, \textit{"RANGE_{ij}"} is the difference between the maximum and minimum values of GDP per capita within a dyad in year, \textit{t}. As the range \textit{increases} between the minimum and maximum values of GDP in a dyad, the likelihood of militarized interstate conflict is expected to \textit{increase}. A positive relationship is expected.

\textit{Measure of Disparity (MAXGDPAV & MAXGDPAV)}

The type of economic disparity measured is income disparity. One method is to compare the GDP per capita of a member state to the average GDP per capita of the entire membership of a RTA in year, \textit{t}.\textsuperscript{312} This measure accounts for the disparity between a member state's GDP per capita relative to that of the RTA membership's average. It does not account for population size differences.

Given that the research question focuses on the determinants of the likelihood of militarized interstate conflict between states, a dyad-year level of

\textsuperscript{312} Ibid. For explanation of calculations see Vanhove (1999), p.104-107.
analysis is used. As a result, the notion of economic disparity is considered in a
dyad context. Therefore, I developed a dyad-year measure of disparity based on
the state to group measure discussed. Dyad members are represented in the data
set by STATEA & STATEB for each year in the data set. Two dyadic disparity
measures were created. The GDP per capita of the state with the maximum GDP
per capita in the dyad is compared to the average GDP per capita for the dyad, in
year t. Similarly, the GDP per capita for the state with minimum GDP per capita
value in the dyad is compared to or is a function of the average GDP per capita
for the dyad in year t. These measures are called "MAXDISP" and "MINDISP,"
respectively. A positive relationship is expected for both measures. As disparity
compared to the dyad GDP per capita average increases for each type of state in a
dyad, the likelihood of militarized interstate conflict is expected to increase.

Measure of Concentration (GINI)

The Gini Coefficient of Concentration is based on the Lorenz curve. The
Lorenze Curve is basically a graph divided in half by the 45° line. It is supposed
to represent the division of some resource between two actors. Essentially, this
coefficient shows the degree of inequality in a frequency distribution. It
corresponds to twice the areas enclosed between the diagonal of equi-distribution
and the concentration curve. It varies, therefore, between 0 and 1, the former
indicating absolute equality, the latter absolute inequality. The variable "GINI" is
defined as:

\[
\frac{n}{2} \sum_{i=1}^{n} \sum_{j=1}^{n} X_i X_j |Y_i/X_i - Y_j/X_j|
\]

where:
- \( i \) = state A
- \( j \) = state B
- \( Y_i \) = GDP per capita of state A
- \( X_i \) = Population of state A
- \( Y_j \) = GDP per capita of state B
- \( X_j \) = Population of state B
This measure is reasonable for a dyadic level of analysis because it accounts for the concentration of disparity by factoring in the population size of each state. Therefore, the real disparity between members of a dyad can be assessed. A positive relationship is expected. As the value of "GINI" increases from "0" to "1" or equality to inequality, the likelihood of militarized conflict increases in year, $t$.

*Disparity Scores*

In order to compare the measures of disparity, normalized scores can be created. Molle (1980) and Vanhove (1999) converted them into an index of scores. They multiply each by 100 and subtract 100. The following formula is used:

$$\text{dm} \times 100 - 100$$

$$\text{dm} = \text{disparity measure}$$

Therefore, the new variables for disparity are "MAXSCOR", "MINSCOR" and "GINISCOR."

*Presence of a Compensatory Program (COMP)*

As discussed earlier, RTAs experience economic disparity. Regional policies are often developed to remedy the disparities through compensatory or redistributive programs or funds. As a first cut, this chapter simply focuses on the presence or absence of a compensatory program in a RTA in which dyad members share membership. By developing a program to remedy disparity, it is expected that the likelihood of militarized conflict diminished. This argument addresses how RTAs can cause conflict and create institutional remedies to address these institutional causes.
Therefore, the variable "COMP" equals "1" if dyad members jointly belong to a RTA with any kind of compensatory program in year, t; "0" otherwise.
<table>
<thead>
<tr>
<th>Measures of Economic Disparity</th>
<th>Definition</th>
<th>Operationalization</th>
<th>Variable</th>
<th>Index Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure of Dispersion</td>
<td>Range: Difference between the maximum and minimum values. Measures extreme values.</td>
<td>maxgdp-mingdp</td>
<td>RANGE</td>
<td>RANGESOCO1</td>
</tr>
<tr>
<td>Measure of Disparity</td>
<td>Percentage of Dyad GDP per capita. Dyad member’s percentage of dyad GDP/capita</td>
<td>MAX GDP/Dyad GDP MIN GDP/Dyad GDP</td>
<td>MAXGDPAV &amp; MINGDPAV</td>
<td>MAXSCOR &amp; MINSCOR</td>
</tr>
<tr>
<td>Measure of Concentration</td>
<td>Gini coefficient. A coefficient that shows the degree of inequality in a frequency distribution.</td>
<td>( \frac{n}{n} \sum_{i=1}^{n} \sum_{j=1}^{n}</td>
<td>\frac{Y_i}{X_i} - \frac{Y_j}{X_j}</td>
<td>)</td>
</tr>
</tbody>
</table>

where:
- \( Y_i \) = GDP of state A
- \( X_i \) = Population of state A
- \( Y_j \) = GDP of state B
- \( X_j \) = Population of state B

Table 4.10: Measures of Income Disparity
4.6.3 Data Analysis

The source and composition of the dataset have been described in previous chapters. A description and discussion of the data analysis conducted in this chapter will be provided. Results from univariate statistics, bivariate statistics, significance testing and logistic regression analysis will be discussed. A discussion of the implications and the parameters of generalizability of the results will conclude this chapter.

As discussed in earlier chapters, univariate statistics are employed to describe basic features of variables like the mean, median, mode, range and standard deviation. The former three measures consider central tendency while the latter two assess variability.

*Level of Economic Integration*

There are several measures of economic integration. As discussed earlier, the measure for *level of economic integration* is “RTYPE_{ij}.” The majority of dyad-years experienced no shared membership in any RTA. Of the dyad-years that experienced shared RTA membership, common markets have the largest shared membership, 5.1%, while customs unions follow with 4.1%. Shared membership in common markets was the modal category. Similar results were found for the dichotomous measures.

The frequency distributions for the dichotomous measures of type of economic integration reveal that 5.5% and 4.7% of dyad-years in the dataset experience RTA membership in common markets and customs unions, respectively. Shared membership in RTAs with preferential and free trade agreements occurs among less than 2% of dyad-years.
With respect to the number of African RTAs that fit into each category, 8 of 20 African RTAs or 40% are customs unions. The modal category for type of economic integration is the customs union. African RTAs with preferential trade agreements followed closely behind with 7 of 20 or 35% of total RTAs and common markets accounted for 30% of them. Finally, 1 of 20 RTAs or less than 1% are free trade agreements.

Interdependence in Trade

This set of measures is designed to assess how dependent each dyad is on the other dyad member's market for trade. With respect to descriptive statistics, the state with the maximum trade dependence has a maximum value of 386.12 while the member with the least trade dependence has a smaller maximum value of 216.6. Essentially, it is hypothesized that as the trade dependence of the least dependent dyad member increases, the likelihood of militarized conflict is expected to be reduced.

Interdependence in Common Services

With respect to the shared membership in a RTA with any kind of common services, 65% or 13 out of 20 African RTAs contain such services. Of the dyad-years that existed during the period under study, 16.3% of them experienced shared membership in a RTA with shared service. For African RTAs that were focused on providing common services in high risk areas like energy, natural resources and/or water management, the percentage dropped somewhat to 12.3%. Ten out of 20 or 50% of African RTAs provide such services. In regards to those that simply provide services for water management, which can be a very contentious issue, thirty percent or 6 out of 20 African RTAs provided this service. They are CEAO, CEPGL, ECOWAS, UDEAC and UMA. But in regards to the number of dyad-years that experience such a shared service, it was only 6.9% of dyad-years. Overall, general common services occur over twice as much as services simply in high risk areas or water management only.
**Income Disparity**

As discussed earlier, several measures of income disparity are employed to assess its impact on the likelihood of militarized conflict among joint members. They are measures of dispersion, measures of disparity and measures of concentration. The mean Gini coefficient score is -14.2 with a standard deviation of 355.78. The disparity is apparent between the values for the maximum score and the minimum score because can be seen the mean is 31.48, and -31.48 respectively with standard deviations of 355.8 and 21.3, respectively. The number of observations for these variables was reduced because of missing data. The number of observations is 26,875.

**Compensation**

Seven out of twenty or 35% of all African RTAs provided some form of compensatory program to address economic disparity that can arise from the trade liberalization process in regional trade agreements. Like the dyad-years in other measures, the majority of dyad-years did not experience shared membership in any RTA equipped with compensatory programs. The following RTAs provide such a service; CE, CEAO, CEPGL, EAC, ECCAS, ECOWAS, PTA, UDEAC, UMA.

The purpose of bivariate statistics has been discussed in earlier chapters. In sum, they are employed to assess the nature, direction and strength of the relationship between two variables so that judgments can be made about the likelihood of observing a relationship between these variables beyond the sample to the population.

**Occurrence of a MID and Level of Economic Integration**

The first relationship assessed moves beyond the relationship between the occurrence of a MID and shared membership in any RTA. RTYPE is an ordinal level variable that accounts for the difference between stages or levels of economic integration. The majority of dyad-years do not jointly belong to any
RTA or have experienced a MID. Of the dyad-years that have not experienced a MID and share membership in any RTA, the modal category is membership in a RTA with a common market at 5.1% followed by membership in a RTA with a customs union at 4.1%. Conversely, of the dyad-years that experienced a MID and shared membership in a RTA, 7.3% of dyad-years that experienced a MID and shared membership were in a RTA with a common market. But, the modal category in this instance is the common market but rather shared membership in a RTA with a customs unions with 11.7% of dyad-years experiencing a MID. Still over 90% of the dyad-years that experienced a MID during this period did not share membership in any RTA.

The Kendall tau-b significance test suggests that the relationship between these variables is statistically significant illustrated in Table 4.11. This means that there is a high probability of observing the relationship observed in the sample in the population of RTAs. The results suggest that these variables have a direct relationship in the sense that as shared membership in a RTA increases in the level of economic integration the likelihood of militarized conflict is expected to increase among joint member states. This relationship is counter to the derived hypothesis but is consistent with the results for the relationship between shared membership in any RTA and the likelihood of a MID. It could result because of disparity issues caused by trade liberalization in RTAs, the likelihood of militarized conflict can actually increase rather than decrease.

Occurrence of MID and Types of Economic Integration

As discussed earlier, given that the distance is not known between categories in the variable, $\text{RTYPE}_{ij}$, dichotomous measures of the stages or types of economic integration have been employed as an alternative measure of economic integration. Dichotomous measures for joint membership in a RTA with a preferential trade agreement, free trade agreement, customs union or common market have been employed.
As can be seen in Table 4.11, across all measures the majority of the dyad-years did not experience any kind of RTA membership. The most interesting results were of the dyad-years that experienced a MID, 11.7% of them shared membership in a RTA with a customs union. This relationship was statistically significant which means that an increased likelihood of militarized conflict can be expected among dyads that jointly belong to a RTA with a customs union. A similar result was found for the presence of a MID and shared membership in a RTA with a common market only not as many MIDs or as statistical strong a relationship but also positive.

**Occurrence of a MID and Interdependence in Common Services**

The purpose of examining this relationship is to consider whether shared membership in a RTA with common services influences the likelihood of militarized conflict among joint member states. Of the dyad-years that experienced MIDs, between 5.24% and 12.9% shared membership in a RTA that either had general common services, common services in a high-risk area or common services specifically in water management. But, across the board, the relationship between each of these categories of common services and the occurrence of a MID was statistically not significant which does not mean that a relationship does not exist between them but the probability of observing one beyond the sample in the population is low.
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30,922</td>
<td>32</td>
<td>1,366</td>
<td>1,728</td>
<td>34,048</td>
</tr>
<tr>
<td></td>
<td>90.8%</td>
<td>0.09%</td>
<td>4.01%</td>
<td>5.1%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>100%</td>
<td>97.9%</td>
<td>98.9%</td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>201</td>
<td>0</td>
<td>29</td>
<td>18</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>81.1%</td>
<td>0</td>
<td>11.7%</td>
<td>7.3%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>0.65%</td>
<td>0</td>
<td>2.1%</td>
<td>1.03%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>31.2%</td>
<td>32</td>
<td>1,395</td>
<td>1,746</td>
<td>34,296</td>
</tr>
<tr>
<td></td>
<td>90.8%</td>
<td>0.09%</td>
<td>4.1%</td>
<td>5.1%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Kendall’s taub = .0274**

**ASE = .007**

Table 4.11: Occurrence of a MID by RTA Level of Economic Integration
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a PTA</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>35,666</td>
<td>482</td>
<td>34,048</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>98.6%</td>
<td>1.42%</td>
<td>99.4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>245</td>
<td>3</td>
<td>248</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>98.8%</td>
<td>1.21%</td>
<td>0.62%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.72%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>33,811</td>
<td>485</td>
<td>34,296</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>98.6%</td>
<td>1.41%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Pearson $\chi^2(1) = 0.0749$

$Pr = 0.0784$

Table 4.12: Occurrence of a MID by Shared Membership in a RTA with a Preferential Trade Agreement
Table 4.13: Occurrence of a MID by Shared Membership in a RTA with a Free Trade Agreement

<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a FTA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>34,016</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>99.9%</td>
<td>0.09%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>248</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0.72%</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>34,264</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>99.9%</td>
<td>.09%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Pearson $\chi^2 (1) = 0.2333**  
**Pr = 0.629**
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Customs Union</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
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<td>4.7%</td>
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Pearson $\chi^2 (1) = 27.1581$  
Pr = .0000

Table 4.14: Occurrence of a MID by Shared Membership in a RTA with a Customs Union
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a Common Market</th>
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<td>248</td>
</tr>
<tr>
<td></td>
<td>88.3%</td>
<td>11.7%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>0.67%</td>
<td>1.8%</td>
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<td>100%</td>
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<tr>
<td>Total</td>
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<td>1,615</td>
<td></td>
<td>34,296</td>
</tr>
<tr>
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<td>95.3%</td>
<td>4.7%</td>
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<td></td>
<td>100%</td>
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</table>

Pearson $\chi^2(1) = 27.1581$

Pr = .0000

Table 4.15: Occurrence of a MID by Shared Membership in a RTA with a Common Market
## Table 4.16: Occurrence of a MID by Shared Membership in a RTA with Common Services in High Risk Areas

<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
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<th>Total</th>
</tr>
</thead>
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<tr>
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<td>4,208</td>
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<tr>
<td></td>
<td>87.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>99.4%</td>
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<tr>
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<td>87.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td></td>
<td>34,296</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>89.1%</td>
<td>10.9%</td>
</tr>
<tr>
<td></td>
<td>.74%</td>
<td>.64%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,061</td>
<td>4,235</td>
</tr>
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<td>100%</td>
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</table>

Pearson $\chi^2 (1) = .4928$

Pr = .483
4.6.4 Models

The following models are estimated in this chapter. They include measures of level and type of economic integration as well as common services, economic disparity and compensation. These models are designed to assess the relationship between economic integration and international conflict.

**Level of Economic Integration Model**

\[ \text{MID} = B_0(\text{Constant}) + (B_1)\text{RTYPE}_{ij,t} + (B_2)\text{RTANUM}_{ij,t} + (B_3)\text{ALLYTYP2}_{ij,t} + (B_4)\text{DEMIN} + (B_5)\text{LPCAPRT} + (B_6)\text{LOGDIST}_{ij,t} + (B_7)\text{GROWTHMIN} + (B_8)\text{DEPENDMN} + (B_9)\text{Peace Years} + (B_{10})\text{Cubic Spline1} + (B_{11})\text{Cubic Spline2} + (B_{12})\text{Cubic Spline3} + e \]

**Type of Economic Integration Model**

\[ \text{MID} = B_0(\text{Constant}) + (B_1)\text{CU}_{ij,t} + (B_2)\text{CM}_{ij,t} + (B_3)\text{RTANUM}_{ij,t} + (B_4)\text{ALLYTYP2}_{ij,t} + (B_5)\text{DEMIN} + (B_6)\text{LPCAPRT} + (B_7)\text{LOGDIST}_{ij,t} + (B_8)\text{GROWTHMIN} + (B_9)\text{DEPENDMN} + (B_{10})\text{Peace Years} + (B_{11})\text{Cubic Spline1} + (B_{12})\text{Cubic Spline2} + (B_{13})\text{Cubic Spline3} + e \]

**Interdependence in Common Services Model**

\[ \text{MID} = B_0(\text{Constant}) + (B_1)\text{ICMS}_{ij,t} + (B_2)\text{ICMSW}_{ij,t} + (B_3)\text{RTANUM}_{ij,t} + (B_4)\text{ALLYTYP2}_{ij,t} + (B_5)\text{DEMIN} + (B_6)\text{LPCAPRT} + (B_7)\text{LOGDIST}_{ij,t} + (B_8)\text{GROWTHMIN} + (B_9)\text{DEPENDMN} + (B_{10})\text{Peace Years} + (B_{11})\text{Cubic Spline1} + (B_{12})\text{Cubic Spline2} + (B_{13})\text{Cubic Spline3} + e \]

**Economic Disparity and Compensation Model**

\[ \text{MID} = B_0(\text{Constant}) + (B_1)\text{MINSCORE} + (B_2)\text{GINISCOR} + (B_3)\text{COMP}_{ij,t} + (B_4)\text{RTANUM}_{ij} + (B_5)\text{ALLYTYP2}_{ij,t} + (B_6)\text{DEMIN} + (B_7)\text{LPCAPRT} + (B_8)\text{LOGDIST}_{ij,t} + (B_9)\text{GROWTHMIN} + (B_{10})\text{DEPENDMN} + (B_{11})\text{Peace Years} + (B_{12})\text{Cubic Spline1} + (B_{13})\text{Cubic Spline2} + (B_{14})\text{Cubic Spline3} + e \]
4.6.5 Logit Results

There are 34,296 observations in the data set. Because of missing data, when the variable, "GROWMIN," is added to the models, the observations employed in the estimation process are reduced to 33,225 observations. Missing data issues become further complex when the variable, "DEPENDMN" is added to the model because it has 14,453 observations. The missing data seems to be in the first twenty years of the study which makes sense given that many African states won their independence from colonizers in the 1950s and 1960s. As a result, it took time for these new states economies to develop and for them to engage in international trade, not to mention for that information collected and disseminated. When the income disparity measures are included in the model, the observations drop further to 12,222, which makes sense given that there is missing data in the GDP per capita data for statea and stateb. Although there is over a 50% loss in observations, over 12,000 observations is still a reasonable amount of observations on which analysis can be conducted.

Logit was employed in this analysis. Several models were estimated to assess the determinants of the likelihood of militarized conflict. The results are pretty interesting. The economic integration model examined the stages of economic integration through the ordinal level variable $\text{RTYPE}_{ij,t}$. $\text{RTYPE}_{ij,t}$ is positively related to the likelihood of a MID occurring among dyad members. Its coefficient was statistically at the .10 level of significance. The coefficient for $\text{RTANUM}_{ij,t}$ was negative which means increased RTA multiple memberships reduced the likelihood of conflict but its not statistically significant.

The dichotomous measures of the type of economic integration and their relationship to conflict were examined as well. Dichotomous measures of shared membership in a RTA with a preferential trade agreement, customs union and common market were included in the model. Membership in a RTA with a free trade agreement was not included because only one small (2 member) RTA, GUVTA, was classified as a free trade agreement. The coefficient for $\text{CU}_{ij,t}$
appear to be negatively related to conflict but not statistically significant. But, $CM_{ij,t}$, the variable for shared membership in a common market was positive and statistically significant at the .10 level of significance. Although this result is the opposite of the theoretical prediction, it means that the presence of shared membership in a common market increases the likelihood of militarized conflict. This result seems reasonable in the sense the free flow of factors and determining a common external tariff can be conflictual especially if their application results in the creation or exacerbation of economic disparities.

This finding is interesting because more dyad-years share this kind of membership than any other. One problem with this finding is that a number of African RTAs that classify themselves as common markets never achieve integration on that level. The customs union category was not far behind in incidence of occurrence but dyad-years that experienced shared membership in this type of RTA, experienced the occurrence of more MIDs. Given that not all common markets and customs unions do strictly meet Balassa’s requirements for categorization into either stage more analysis is required to flesh out this finding. So, the economic integration hypothesis was not statistically supported in this analysis. But, it may support Nye’s argument that these stages may not matter, because the creators of RTAs may just give themselves these categorizations without actually fulfilling the requirements to do so. Thus, the next step is to assess whether interdependence in common services influences the likelihood of conflict.

Again, exploring the relationship between interdependence in common services and the likelihood of militarized conflict is another way to assess whether interdependence diminishes the likelihood of conflict by considering interdependence in non-trade aspects of economic integration. The dichotomous measure for the presence of shared membership in a RTA with any common service was statistically significant and positive at the .001 level of analysis. This result suggests that membership in such a RTA can actually increase the likelihood of conflict among joint members, which is counter to the original
hypothesis. Mykeltas, Okolo and Nye argue that the unequal distribution of gains or the perception of gains in Nye's case can be conflictual among joint members. For instance, Nye noted the dispute that arose between Kenya and Tanzanian over shared common services in transportation provided by the East African Community. The roads that were built actually shifted more Zambian copper in the direction of Kenya because of transportation costs. As a result, Tanzania tried to impose a weight limit on trucks in order to stop this diversion of goods. Such disagreements exacerbated violent conflict among joint members. Such an outcome is not uncommon with respect to common services. As a result, interdependence in common services can also lead to the unequal distribution of gains.

But, what is interesting is that the measure of common services in high risk areas (i.e. ICMSHR_{ij}), was negative and statistically not significant, while interdependence in common services specifically in water management (i.e. ICMSW_{ij}) was negative and statistically significant. This result suggests that common services in specific areas that can be conflictual could reduce the likelihood of militarized conflict. Militarized conflict over scarce water resources is a significant problem in African and Middle Eastern countries. This finding could be important because it suggests that institutional mechanisms that are created to deal with very specific, controversial problems can diminish conflict.

The relationship between income disparity and the likelihood of militarized conflict is assessed to try and shed light on the role of international institutions in the gains debate in international relations. The measures of income disparity yield some interesting results. First, all of the measures of income disparity were statistically significant which suggests through multiple indicators that a relationship exists between income disparity and the likelihood of militarized interstate conflict. But, they vary somewhat in the direction of the relationship. The Gini Coefficient score is a measure of the concentration of disparity. It not only accounts for the distribution of an entity between to actors but the concentration of that distribution. In this case, it accounts for the disparity
in GDP per capita, or income, between members of a dyad while accounting for their population sizes. This result suggests that if the concentration of the disparity in income increases, the likelihood of a militarized conflict is expected to increase. But the dispersion and disparity measures have the opposite relationship. For instance, in the case of the dyad member with the minimum GDP ratio (MINSCOR), if the disparity in GDP per capita increases between it and the dyad average, the likelihood of conflict is reduced. But, if disparity increases between the dyad member with the maximum GDP per capita in the dyad and the dyad average, the relationship is positive suggesting an increase in militarized conflict. Finally, the measure of dispersion, the range or distance of disparity in GDP per capita as positive, which suggests that as the range between the maximum and minimum values increases so should the likelihood of militarized interstate conflict. This result seems reasonable because as the state with the lower GDP compared to the dyad average benefits as its GDP rises. It also moves closer to the dyad member with the maximum or higher GDP in the dyad. They begin to converge. But, the member with the larger GDP continues to grow, the disparity between it and the dyad average increases thus leading to more conflict. Thus, the variable “MAXCOR” was statistically significant and positively related to conflict.

With respect to general remedies for disparity, a dichotomous measure of shared membership in a RTA with any kind of compensatory fund was examined. The relationship between this variable and the likelihood of conflict was statistically significant at the .05 level of significance and positive. The direction of the relationship does not support the original hypothesis that the presence of shared membership in a RTA with such program is expected to diminish the likelihood of a MID. Instead, it seems to increase the likelihood of such conflict. An explanation for this result could be that compensatory programs just do not work, but they can actually exacerbate conflict. It could be the inequities are being further exacerbated by the programs rather than helping. In addition, Robson argues that such programs can be problematic because they may place
one state in a position to pay for another's injury. The choice of benefactor and beneficiary may be conflictual in itself or the outcome of choice may be. Many African RTAs adopted these programs. With the exception of the East African Community, African RTAs adopted these programs in the late 1980s and 1990s with a couple in the late 1970s. It may be that enough time has not passed to assess their relationship with conflict given that the study period ends in 1992. It could be that RTAs experiencing disparity added such programs but the study was not extended far enough to assess their effects. In addition, a range of compensatory approaches exists. There are different economic theories about how and whether some should remedy disparity more or less than others. These specific type of compensatory approaches were not evaluated in this study but will be in others.

A final explanation is endogeneity. It could be that the RTA structure and militarized conflict simultaneously shape each other. Compensatory approaches may be added because of conflict so that they appear with it in order to prevent future conflict.

The results for the control variables were consistent across all models tested. The variable for shared traditional military alliance membership \textit{"ALLYTYP2ij"} was statistically significant and positive. Thus, the result seems constant across all models in all chapters of this dissertation that shared traditional alliance membership can increase the likelihood of a MID among dyad members. The log of the capability ratio and peace years are statistically significant and seem to reduce the likelihood of a militarized interstate dispute as they increase. The minimum growth score is statistically significant and positive so that as it increases the likelihood of conflict increases as well. This makes sense given the income disparity results. The minimum democracy score is not statistically significant but in the negative direction. This makes sense because most African countries are not democracies or democracies in transition. More work needs to be conducted the effects of democracy in the region after 1992. Finally, the trade dependence measure of the least trade dependent dyad member is negative and
not statistically significant. As trade increases the likelihood of conflict is reduced. But the relationship is not statistically significant.
one state in a position to pay for another’s injury. The choice of benefactor and beneficiary may be conflictual in itself or the outcome of choice may be. Many African RTAs adopted these programs. With the exception of the East African Community, African RTAs adopted these programs in the late 1980s and 1990s with a couple in the late 1970s. It may be that enough time has not passed to assess their relationship with conflict given that the study period ends in 1992. It could be that RTAs experiencing disparity added such programs but the study was not extended far enough to assess their effects. In addition, a range of compensatory approaches exists. There are different economic theories about how and whether some should remedy disparity more or less than others. These specific type of compensatory approaches were not evaluated in this study but will be in others.

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dependence measure of the least trade dependent dyad member is negative and
not statistically significant. As trade increases the likelihood of conflict is
reduced. But the relationship is not statistically significant.
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<th>Type of Economic Integration</th>
<th>Interdependence in Common Services</th>
<th>Economic Disparity &amp; Compensation</th>
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<td>-0.4281 (.3927)</td>
<td>1.225*** (.3184)</td>
<td>-0.0203*** (.0055)</td>
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<td>(-0.7989^* (.3690))</td>
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<td>(ICMS_{ij})</td>
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<td>(MINSCOR)</td>
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<td>-0.0285*** (.0085)</td>
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<td>(GINISCOR)</td>
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<td>0.6432** (.3137)</td>
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<td>(COMP)</td>
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<td>(RTANUM)</td>
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<td>-0.1203 (.1669)</td>
<td>-0.5148** (.2316)</td>
<td>-0.2041 (.1720)</td>
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<td>0.8904*** (.2019)</td>
<td>0.9357*** (.2021)</td>
<td>0.5893** (.2218)</td>
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<td>0.0013 (.0320)</td>
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<td>-0.4512*** (.0916)</td>
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<td>-0.4308*** (.1011)</td>
</tr>
<tr>
<td>(LOGDIST)</td>
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<td>-0.5471 (.0689)</td>
<td>-0.5517*** (.0692)</td>
<td>0.6447*** (.0797)</td>
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<td>(GROWMIN)</td>
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<td>0.0003* (.0002)</td>
<td>0.0003* (.0001)</td>
<td>0.0010*** (.0003)</td>
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<td>(DEPENDMN)</td>
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<td>-0.123*** (.0021)</td>
<td>-0.0139*** (.0024)</td>
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<td>-0.0027*** (.0009)</td>
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<td>Constant</td>
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</tr>
</tbody>
</table>

Note: Main entries are logit estimates; parentheses contain robust standard errors.  
*p ≤ .10, **p ≤ .05, ***p ≤ .001, two-tailed test

Table 4.17 Logit Results
Figure 4.1: The Impact of Economic Disparity and Compensation for Militarized Conflict
4.7 Conclusion

Overall, what do these results seem to indicate about the relationship between economic integration in RTAs and the likelihood of militarized interstate conflict? It seems that the trade liberalization process increases the likelihood of conflict among joint members of a RTA. Members of customs union and common markets have the most dyad membership while customs unions seem to experience the most conflict among joint members. At the same time common markets seem to be the worst at reducing conflict. If it is because of the fact that true common market require the most lost sovereignty over foreign economic policy and have the greatest potential to create income disparities because of the free flow of factors and common external tariff. If so, this result supports the argument that increased integration can lead to income disparities and increase the likelihood of militarized conflict rather than such integration increasing interdependence, encouraging convergence rather than divergence and less conflict. But, if the level of and type of integration does not matter, this result could be tapping into an unaccounted for factor.

It seems that interdependence in common services and compensatory programs do not diminish conflict but rather increase the likelihood of its occurrence. It could be that these programs cause more conflict than they remedy. Income disparity can result from common services as well. Since it is another form of interdependence, growth poles can arise around the location of these services. Spread effects may not reach the entire grouping. When types of common services were examined, they indicate that common services in high-risk areas and water specifically, may reduce the likelihood of interstate conflict although they were not statistically significant.

But, when models were run in which the maximum value in the dyad for democracy, growth, and dependence; common services in water management was statistically significant and positive at the .05 level of analysis. This may indicate that as all of the characteristics increases for the dyad member with the maximum level or larger level of each in the dyad, the presence of shared membership in common services in water management leads to less conflict. This result may indicate that these services
matter for dyads were this member has high dependence, democracy and growth. This type of dyad member tends to belong to RTAs with common services in water management that reduce the likelihood of conflict. This is an interesting result especially since water issues are very conflictual issues then and now in this region. This result may indicate that specific institutional designs for specific kinds of countries may be the key to understand how institutions can diminish conflict. More refined measures can better shed light on this relationship. For the rest of the RTA indicators, the difference between using the maximum and minimum values in the dyad was negligible. These results are not included in the chapter tables but can be.

Finally, it seems that income disparity can increase conflict under particular conditions. Increased overall dispersion as well as disparity between the maximum GDP per capita to the dyad average ratio can increase the likelihood of militarized conflict while increased concentration of disparity and minimum GDP per capita to the dyad average ratio, each diminish the incidence of such conflict. It seems that when the dyad member with the least income growth compared to the dyad average continues to do worst than the average income growth of the dyad, conflict can happen. If the minimum member’s income level increases conflict is diminished but if the maximum members income increases, conflict is increased. Increased dispersion between the two overall increases conflict. But, as the overall concentration of disparity increases, the likelihood of conflict is decreased.

With respect to any kind of compensatory remedy, “COMPij” was statistically significant and positive with the dyad member with the higher levels of democracy, dependence and growth were included in the model rather than the member with the minimum values on all of these dimensions. This result is the same for both types of members. The results suggest that in general the presence of compensatory programs may increase the likely of militarized conflict among joint members. It may be that the types of compensation may make a difference or a longer time frame may be need to be analyzed.
Still, this result may support the argument that compensation also creates inequities that increase the likelihood of militarized conflict. Again, the endogeneity issue may be key here.

The last two models in Table 4.19 are focused on the impact of the combination of compensation, income disparity in common services. How does the combination of these compensation programs and common services in special areas the face of income disparity influence the likelihood of militarized conflict? It seems that overall the economic processes of RTA membership may increase the likelihood of militarized conflict joint members. Thus, this study is now warranted on the ways that these trade institutions manage conflict. Chapter 5 considers how these trade institutions can be military alliances and security management institutions when they sign military alliance agreements and how their structures as intergovernmental organizations reduce the likelihood of conflict or increase it.

In conclusion, several lessons surface from the analysis in this chapter. Economic integration seems to exacerbate militarized conflict. Compensatory programs seem to exacerbate such conflict as well. According to Robson’s (1998) argument, these programs can be problematic because wealthier states are often resentful having to pay more than less developed states into such funds. Another reasonable explanation again is the endogeneity issue. It could be that economic disparity increases the likelihood of conflict while compensatory programs are put in place to quell such conflict or prevent it in the future. Extended analysis will flesh out this finding.
CHAPTER 5

TRADE INSTITUTIONS AS SECURITY INSTITUTIONS: AFRICAN REGIONAL TRADE AGREEMENTS AND INTERNATIONAL CONFLICT

5.1 INTRODUCTION

Trade institutions can also be security institutions. Regional trade agreements (RTAs) are examples of such trade institutions. Conventional wisdom suggests that increased trade flows and/or shared membership in these trade institutions diminish militarized conflict. But, we must remember that membership often consists of former and present enemies as well as longtime rivals that do experience militarized conflict. Consequently, RTA treaties may include military alliance agreements and security management mechanisms within their framework to manage such conflict. Thus, scholarly inquiry must look beyond trade flows and shared membership and include RTA structure in order to specify the conditions under which trade institutions diminish militarized conflict.
Regional trade agreements (RTAs) are trade institutions that can also be security institutions. As trade institutions, they specify rules that encourage trade liberalization or economic development. When they include military alliance agreements and create institutional structures that directly address mutual security concerns among the membership within the framework of the RTA treaty, they also become security institutions.

I examine the extent to which RTAs develop their institutional structures to specifically address security issues. I call this type of integration "security integration" because states create uniform foreign policies that require some loss of sovereignty over the use of force as a response to security issues. This is similar to economic integration in which some autonomy over a state's trade policies is lost. RTAs may also create specific institutional mechanisms to minimize security issues including and beyond using uniform rules. RTAs may simultaneously become military alliances when they include the language of traditional military alliance agreements in their treaties as well as create specific institutional mechanisms to minimize security issues. I am particularly interested in how the level of security integration of a RTA shapes the occurrence of militarized conflict among member states.

Security integration includes the following: 1) presence and type of a military alliance in a RTA, 2) presence and type of a dispute settlement mechanism in a RTA, 3) presence and type of a special security mechanism (i.e. working group, defense council, military force). I focus on the presence of each factor only in this chapter. Future work will include type of institutional mechanism. These three factors are important because they capture the influence of rules in the security arena, the use of dispute settlement mechanisms to resolve disputes non-violently and special security mechanisms to directly address security concerns, respectively. Examples of such special security mechanisms are joint defense councils and military forces that can serve defense and/or peacekeeping purposes.

What are regional trade agreements? They are agreements among two or more states that specify rules for trade liberalization. Although the European Union and NAFTA are the most recognizable RTAs, many developing countries and non-
democracies belong to more than one RTA. Numerous such agreements exist in Africa, Latin America, the Middle East, and Asia (e.g. ECOWAS, MERCOSUR, GCC, ASEAN) and a growing number are being formed among Central European countries and former Soviet Republics (e.g. CIS, CEFTA, and the Black Sea Economic Cooperation).

In what ways are RTAs security institutions? When RTAs include military alliance agreements and create institutional structures that directly address mutual security concerns among the membership within the framework of the RTA treaty, they also become security institutions. Since I focus on how RTAs act as security institutions, the institutional dimension considered in this dissertation is the “level of security integration” of a RTA. Security integration is the amount of sovereignty that member states relinquish to the RTA in order to address mutual security concerns and includes institutional mechanisms designed specifically to address security issues. I am particularly interested in how the level of security integration in a RTA shapes the likelihood of militarized conflict among member states.

Militarized conflict does occur among RTA members. This fact seems counterintuitive, given the experience of the European Union and NAFTA to date. It is often assumed that states, which enter into RTAs are natural friends and allies and would not engage in militarized conflict anyway. But, they do experience such conflict. Essentially, RTAs must often prevent, resolve, or defend against militarized conflict. For instance, two hundred forty-eight militarized interstate disputes occurred among African dyads between 1950-1992. Almost fifty-percent of these disputes occurred among African dyads that shared membership in an African RTA (see Table 5.1). By the late 1950s, African states began creating RTAs. Soon after, a number of them began adding security mechanisms like military alliance agreements to address mutual security concerns within the grouping. By 1992, forty percent of African RTAs were also security institutions.

African RTAs are not the only regional trade agreements that experience conflict, nor act as security institutions. For instance, trade activities were stifled during the Persian Gulf War because the fighting took place among members and near the headquarters of the Middle Eastern RTA, the Gulf Cooperation Council. Presently, the
European Union is in the process of creating a common defense force so that it can intervene abroad separate from the U.S. and NATO. MERCOSUR in Latin America announced that it would add security provisions to its structure as well. ASEAN, in Southeast Asia, recently expanded its framework to include economic cooperation with Japan, China and South Korea. The new grouping is called ASEAN+3. This new cooperation has formed in the mist of historically tumultuous relationships among these countries.

What is the relationship between international institutions and militarized conflict? I contribute to this explanation by building work by Jacobson (1984) which argues that it is the fact that states are tied together by shared membership in networks of international institutions and their consequences for conflict by considering the structure of RTAs (Haas, 1989; Jacobson, 1984; Reisinger and Mathers, 1986). I will address these questions by considering variation in one type of international institution, the RTA, and how variation in its structure in terms of level of security integration may have consequences for militarized conflict. Difference in level of security integration is one of three institutional dimensions on which RTAs will be assessed with respect to militarized conflict in this dissertation, the overall research program includes others. This study focuses on regional trade agreements among African countries from 1950-1992 (See Table 5.1). Regional trade agreements exist on every continent during the period under study. Examples are the European Union, MERCOSUR, NAFTA and the Gulf Cooperation Council in Europe, Latin America, North America and the Middle East, respectively. I focus on African RTAs in this study as the first step. The substantive domain was chosen because African RTAs are among the first RTAs to act as trade and security institutions. This continent has the largest number of RTAs on any continent in the world (20 RTAs) during the period of study and there is tremendous variation among these agreements. A list of Africans, their members and security provisions are listed in Table 5.1 on the following page. Results from this study are generalizable beyond the African continent given that a number of other RTAs have become security institutions as well. Examples are the European Union and its common defense force which will intervene abroad separate from the United States as well as the recent
announcement of MERCOSUR’s future addition of a military alliance agreement. In addition, ASEAN in Southeast Asia, recently expanded its framework to include economic cooperation with Japan, China and South Korea. The new grouping is called ASEAN+3. This new economic cooperation has formed in the mist of historically, tumultuous relationships among these countries.

The time period was chosen because the modern era of regional trade agreements began in 1950 and previous work that has examined the effects of these agreements focused on this time period. In addition, this dissertation builds upon work on international institutions, trade and conflict, which focuses on the same time period.

In sum, this chapter focuses on how trade institutions can also be security institutions like military alliances and security management institutions. RTAs are such an example. Conflict within African dyads and twenty African RTAs between 1950-1992 are the substantive focus of this study. Given a binary dependent variable and time series cross-section data, Beck, Katz and Tucker (1998) temporal corrections were included in the model estimation. Findings suggest that structure matters for the likelihood of militarized conflict.

The next section provides examples of African RTAs that have varied approaches to security integration. One RTA began as a military alliance, the next never integrated on the security dimension and the last added security components to its basic treaty over time.
<table>
<thead>
<tr>
<th>RTA</th>
<th>Description of Security Component</th>
<th>Type of Security Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>Interstate security concerns were included in the mission statement of the RTA’s treaty. Also created a commission to deal with foreign affairs. An entente agreement.</td>
<td>Security Management Institution</td>
</tr>
<tr>
<td>CEAo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEPGL</td>
<td>Rare occurrence where a RTA was born out of a mutual defense pact in response to South Africa. It already existed in the mission statement. Later, a non-aggression pact was signed in executive body meetings.</td>
<td>Military Alliance Only initially</td>
</tr>
<tr>
<td>EAC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECCAS</td>
<td>A non-aggression pact &amp; mutual defense pact was drafted with the help of the UN but not signed until 1994.</td>
<td>Military Alliance &amp; Security Management Institution later</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Members signed a non-aggression pact, &amp; mutual defense security pact. Has a peacekeeping force that it has raised before.</td>
<td>Security Management Institution initially</td>
</tr>
<tr>
<td>EAC</td>
<td></td>
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<tr>
<td>EUA</td>
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<tr>
<td>MAG</td>
<td></td>
<td></td>
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<tr>
<td>MRU</td>
<td>Members signed a mutual defense pact and a non-aggression pact.</td>
<td>Military Alliance &amp; Security Management Institution</td>
</tr>
<tr>
<td>OCAM</td>
<td></td>
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<td>SACU</td>
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<td>SASRC</td>
<td></td>
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</tr>
<tr>
<td>SENGAM</td>
<td>Signed a mutual defense pact in 1971.</td>
<td>Military Alliance</td>
</tr>
<tr>
<td>UEAC</td>
<td>States in mission statement that it would “defend the sovereignty, territorial integrity and independence of members.” A mutual defense pact. But, it was a short-lived agreement.</td>
<td>Military Alliance</td>
</tr>
<tr>
<td>UDE</td>
<td></td>
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<tr>
<td>UDEA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMA</td>
<td>In the mission statement it said that members would “cooperate to defend the rights of the people.” A mutual defense pact.</td>
<td>Military Alliance</td>
</tr>
</tbody>
</table>

Table African 5.1: RTAs with Military Alliance Agreements & Security Provisions
5.2 Examples of RTAs with and without Security Components

5.2.1 A Military Alliance that became a RTA

The Economic Community of Great Lakes States (CEPGL) evolved from a mutual security pact among Burundi, Rwanda and Zaire. In 1966, these states met because they were concerned about economic, political, social and cultural problems in the central African region. The Kinshasa Agreement was signed at this meeting. It included a mutual security pact. At this time, Burundi and the Congo signed bilateral trade and cultural agreements. They included provisions for closer policy coordination. In 1974, provisions for common services were created (e.g. transportation, communications and energy). Economic, technical and cultural cooperation was discussed among the foreign ministers in 1975. In 1976, a convention that created CEPGL was signed. The security concern that initially brought them together was proximity to apartheid South Africa. By 1989, collective security provisions were included. Member states agreed to establish a tripartite security commission. Subversive action on the part of one would lead to action by the other two. Member states also discussed the creation of a court of justice. In 1991, the annual meeting of the heads of state was delayed because of the civil militarized interstate conflict in Rwanda. Burundi and Zaire also experienced political problems that impeded the organization’s activities. In 1992, border security problems were an issue.

CEPGL is an example of a group of states that wanted to establish a foundation for cooperation across multiple issue domains. In this case, because of preexisting security concerns, a military alliance was established first and an economic community followed.

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313 Ibid.
5.2.2 A RTA with No Security Components

The East African Community (EAC) was composed of Kenya, Tanzania and Uganda. It was a common market that was created in 1967. The EAC evolved from regional arrangements established under British colonial rule. When these countries achieved independence, their differing national policies threatened the arrangements. As a result, the regional arrangements continued in the areas of common services (e.g. transportation, posts and telecommunications) and expanded into trade with the formation of the East African Community.

The first set of political problems that affected the community were political problems in Uganda. A coup occurred in 1971 and Tanzania would not recognize the new government. As a result, the institutions of the community were paralyzed and regular meetings ceased. The political problems did not end here. In 1974, a dispute arose over road transportation developed by Kenya and Tanzania. In sum, Tanzania wanted a weight limit on trucks. It was a way to limit the growing diversion of Zambia copper export shipments from Tanzania to Kenya.

In addition to the political problems that the community suffered, the economic causes of conflict were an issue as well. Because Kenya had a much larger economy than the other members, it reaped most of the economic benefits of membership. In order to address the impending conflict, compensatory measures were incorporated into the structure of the community.

In its early years, the East African Community was considered one of the most prominent RTAs in Africa and one to be emulated. It dissolved in 1977 but was revived in the late 1980s. One question that arises is would the inclusion of security management provisions have prevented or resolved intra-EAC militarized interstate conflict? Essentially, would the East African Community have survived if it had created specialized institutional mechanisms, like a military alliance

\[314\] Ibid.

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agreement that made provisions for a Joint Defense Council or a military force to address militarized interstate conflict issues within the community?

5.2.3 A RTA that became a Military Alliance & Security Management Institution

The Economic Community of West African States (ECOWAS) was formed among 15 West African states in 1975. The presidents of Nigeria and Togo came up with the idea. It is a combination of Anglophone, Francophone and Lusophone countries. The member states are Benin, Burkina Faso, Cape Verde, Cote d'Ivore, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone & Togo. ECOWAS was originally a customs union with no security components in its institutional structure. By 1977, its members had uniform trade policies with non-member states and no trade barriers among them. Because of border disputes among members and the Organization of African Unity's handling of the Ethiopia-Somalia conflict, discussion began about protocols for a non-aggression pact by 1978. Consequently, member states agreed not to attack each other. Thus, ECOWAS first made provisions to manage violence among joint members, which made it a security management institution.

In 1981, protocols for a mutual defense pact, in which ECOWAS members pledged to defend each other from non-member states, were included in the treaty. Thus, ECOWAS also became a military alliance. In 1990, in response to the Liberian civil war, it created the Standing Mediation Committee to intervene in ECOWAS disputes as well as a monitoring group called ECOMOG.

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315 Ibid.
316 ECOWAS is also not only a good example of a RTA that added security components in order to manage conflict but the issues that arise when international organizations engage in peacekeeping. It was accused of violating the human rights of Liberian citizens during its intervention in the Liberia civil war. Its guilt or
As a result, ECOWAS could specifically address external threats from non-member states, militarized interstate conflict among joint members and militarized intrastate conflict within member states through the addition of a military alliance, security management provisions and a mediation/monitoring committee to its institutional structure. A military force that could assume defense and peacekeeping roles was added as well.

5.3 Theoretical Argument

The fact that RTAs manage this type of conflict raises the question, what is the role of trade institutions in international conflict? More specifically, we must consider the question of what is the relationship between variations in the structure of trade institutions and incidence of militarized interstate conflict? This question is important because little consensus exists on what it is about international institutions that shapes militarized conflict, or not? Is it the tie, density of networks, rules and/or structure of institutions that shapes the occurrence of militarized conflict among member states? Essentially, under what conditions do trade institutions diminish, exacerbate and are powerless with respect to this kind of conflict? Of the scholarly research that has been conducted on the relationship between, regional trade agreements and militarized interstate conflict, little examines how variations in the institutional structure of these agreements may have consequences for this kind of conflict. Recently, much of it has strayed from the path of scholars who considered institutional structure in the 1960s through the 1980s.\textsuperscript{317} For instance, Nye (1971) compared the effect of variation in the structures of regional economic organizations and regional security organizations for militarized conflict among joint member states. This chapter builds on Nye's seminal work by examining how one type of trade institution, the RTA, can be a trade and security institution simultaneously and how variations in its structure has consequences for the likelihood of militarized interstate conflict.

\footnotetext{\textsuperscript{317} Hoole and Francis (1970), Nye (1971), Jacobson, (1971).}
Recent RTA literature examines how trade flows and/or shared membership in RTAs influences militarized interstate conflict. Although each of these factors is important to understanding militarized conflict, neither captures the consequences of variation in institutional structure of RTAs for militarized interstate conflict.\(^{318}\) Trade flows may indirectly diminish militarized conflict, but an expanded scope, rules and specific institutional mechanisms empower RTAs to directly address conflict among members or at least the potential for it. My contribution is the addition of RTA structure in the area of security to the analysis of militarized conflict. Once RTA structure is considered, the fact that trade institutions can also be security institutions becomes apparent. Nye (1971) examined the structure of regional economic organizations and regional political organizations and its relationship to militarized conflict. But, he did not consider how regional trade organizations could be security institutions. I build upon this work by filling this gap.

Of the limited scholarly research that considers institutional structure in RTAs, it is limited to the legal aspect such as dispute settlement resolution. Recent research, related to RTA institutional structure, only considers the extent of legalism in the structure of these agreements.\(^{319}\) In addition, the legalism work only considers its impact on trade conflict not militarized interstate conflict. In general, my work suggests that we consider the implications of other areas of institutionalization in RTAs for the likelihood of militarized conflict among joint members as well. In this chapter, I build on this work by considering how the presence of dispute settlement mechanisms in RTAs influences the occurrence of militarized conflict among joint members.

Military alliance scholars consider how shared membership in traditional military alliances influence militarized interstate conflict among joint members. But, RTAs that are also military alliances are not included in data sets on traditional military alliances.\(^{320}\) The reason for their absence is twofold. First, the addition of military alliances to RTA treaties is a relatively new phenomenon. Second, it is virtually unknown that the language of military alliance treaties is employed in RTA treaties when they add military alliances.

\(^{320}\) Correlates of War Data Set.

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to their treaties. Given that RTA treaties were not included in the military alliance database, it is unknown whether there is a statistically or substantive difference in the influence of traditional military alliances versus RTAs with military alliances on the likelihood of militarized conflict among joint member states. This is a testable hypothesis in this chapter.

With regard to structure, military alliances vary in whether and the degree to which they have institutional structure. Haftendorn, Keohane and Wallender (1999) argue that the distinction between military alliances and security management institutions has consequences for militarized interstate conflict. I account for both in this chapter and argue that RTAs with military alliance agreements and security management institution provisions influence this type of conflict more so that RTAs that do not possess them.

Since RTAs clearly employ the language of military alliances in their security agreements, theoretical arguments concerning the relationship between military alliances and international conflict are considered in the following section. The conditions under which such alliances diminish and cause militarized conflict are discussed.

5.4 Military Alliances and Conflict

Because one goal of this chapter is to illustrate how RTAs can be security institutions, the military alliance and conflict literature is employed to derive some expectations about how RTAs with military alliance agreements may behave in the face of the conflict among joint members. I will examine the following: 1) the definition of military alliances; 2) their role in international relations overall and militarized interstate conflict in particular; 3) how they can diminish and exacerbate conflict; 4) the consequences of shared membership in both military alliances and 5) RTAs that act as military alliances for our understanding of how both relate to militarized interstate conflict. This section will conclude with a discussion of the relationship between military alliances and security management institutions.
5.4.1 Military Alliances in International Relations

What are military alliances? Including multilateral and unilateral military alliances, Russett (1970) defines a *military alliance* as "a formal agreement among a limited number of countries concerning conditions under which they will and will not employ military force." He argues that it includes agreements "to consult in the event of attack to pledge not to use force against one another or promise to defend against external aggression. It consists of a limited number of countries. A target does not have to be identified. Signatories may have common or complimentary goals."\(^{321}\)

Scholarly inquiry regarding military alliances has traditionally focused on the enhanced security these groups of states provide. Over the years, it has expanded to include such benefits as the gains from trade, economic assistance, alliance durability, and military intervention. Basically, three main questions have shaped this literature. *Why do states choose to enter military alliances? How are burdens shared within military alliances? Finally, what are the effects of military alliances on the international system?* Although questions concerning the choice to enter alliances and burden-sharing are important when considering the role of military alliances in international relations, this chapter focuses on their ability to influence military interstate conflict. This endeavor will help us gain a better understanding of how RTAs that are military alliances have consequences for the likelihood of militarized interstate conflict.

*What is the effect of military alliances on the international relations system?* For instance, do they diminish conflict, exacerbate it or are simply ineffective either way. This question is crucial to this study. Given that I am concerned about how RTAs, as military alliances, can shape militarized interstate conflict, literature that addresses theories of military alliance and militarized interstate conflict will be evaluated. Theories about the relationship between military alliance membership and militarized interstate conflict can be divided

into two camps. The first argues that "alliances are stabilizing and contribute to peace while the second argues that alliances are destabilizing and conducive to militarized interstate conflict."\textsuperscript{322}

5.4.2 Military Alliances Reduce Militarized Interstate Conflict

A number of scholars have argued that shared membership in traditional military alliances will reduce the incidence of militarized conflict. For instance, Osgood (1967) argued that concrete military alliance commitments reduce the chance of shifts in the construction of alliance membership and its destabilizing consequences.\textsuperscript{323} Liska (1968) argues that alliances can reduce militarized interstate conflict among members because moderate members can restrain revisionist states.\textsuperscript{324} He also argues that respected alliances can also provide stability in the system. Their downfall could be destabilizing for the system overall. Singer et al (1972) argue that alliances essentially reduce the level of uncertainty in the international system and minimize the likelihood of a militarized interstate conflict generated by misperception and miscalculations.\textsuperscript{325} Levy (1981) argues that one of the oldest arguments for linking military alliances to peace is that "alliances deter militarized interstate conflict by enhancing the credibility of military intervention in support of victims of aggression and by clarifying the precise nature of the military coalition that would confront any aggressor."\textsuperscript{326}

Understanding the conditions under which military alliances reduce militarized interstate conflict is crucial to thinking about if and how RTAs, with military alliance agreements, can reduce militarized interstate conflict among joint members. An example of such a condition is that concrete alliance commitments can reduce militarized interstate conflict by reducing shifts among members, essentially, revisionist states can be controlled by other members; reduction of

\textsuperscript{323} Osgood (1967), p.86.
\textsuperscript{324} Liska (1968) pp.34-36.
\textsuperscript{325} Singer (1972), p.23.
\textsuperscript{326} Ibid.
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externalities are part of the gains from trade among joint members. If so, why do RTAs add military alliance agreements to their institutional structures? Shouldn’t joint membership in the same RTA, despite its institutional structure be sufficient? The contribution of this chapter is to consider their security functions beyond those that result from increased trade among joint member states.

5.5 Security Integration: Military Alliances and Security Management Institutions

Security integration is conceptualized on three dimensions: 1) presence of a military alliance in a RTA, 2) presence of a dispute settlement mechanism in a RTA, 3) presence of specific security mechanisms in a RTA. Russett (1970) argued that when attempting to assess the effect of military alliances on international relations, the first step should be consideration of how their presence or absence shapes the likelihood of militarized conflict among joint members. With respect to differences across types of military alliance agreements, Sabrosky (1980) argued that the commitments and obligations that states make in different types of military alliances agreements have consequences for loss of sovereignty and the likelihood of militarized interstate conflict. As a first cut, I focus on the presence of shared membership in RTAs with military alliances, dispute settlement mechanism and/or special security mechanisms and consider differences among types of RTA military alliances in other work. The following hypotheses are tested in this study:
Presence of a Military Alliance Agreement Hypotheses

**H₁:** Shared membership in a RTA with a military alliance agreement is expected to reduce the likelihood of militarized interstate conflict among joint member states relative to a RTA without a military alliance agreement.

A negative relationship is expected. As RTAs change from not possessing a military alliance agreement to creating one, the RTA is expected to reduce the likelihood of militarized interstate conflict.

5.6 Institutionalist Theory and Security Relations: RTAs as Security Management Institutions

In this section, I consider the institutional arguments about military alliances. I apply Haftendorn, Keohane and Wallender’s (1999) argument that the extent of institutionalization in military alliances has consequences for conflict among member states. Haftendorn, Keohane and Wallender (1999) argue that international institutions not only play a role in the economic or environmental realm but the security one as well. Institutions that focus on security issues are called security institutions. They argue that military alliances are one type of security institution. For these authors, military alliances are temporary coalitions composed of states mobilized to respond to external aggression.

They identify another type of security institution, the security management institution. Military alliances can be security management institutions when they are designed to manage interstate conflict among member states. They further argue that the institutional dimensions of military alliances are important and often overlooked. They argue that institutions do this by “affecting states’ cost-benefit calculations; by shaping their strategies; by inducing conformity to establish conventions and norms and over the long run altering how societies view their interests and the mandates that states

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have to act in world politics." They argue that military alliances have institutional features that have consequences for managing security among joint members. Essentially, the following could not be explained without considering them: management and resolution of regional and local conflicts, the form and pace of alliance formation, and the development of security cooperation in different regions of the world.

As discussed earlier in this chapter, “international institutions” are defined as “persistent and connected sets of rules, often affiliated with organizations, that operate across international boundaries. They range from conventions (such as sovereignty to regimes (such as the non-proliferation regime) to formal organizations (such as NATO).” Haftendorn et al (1999) define “security management institutions” as

Institutions designed to protect the territorial integrity of states from adverse use of military force; to guard states autonomy against the political effects of the threat of such force; and to prevent the emergence of situations that could endanger states’ vital interests as they define them.

Haftendorn et al (1999) argue that the security issues that military alliances primarily address are threats to political instability within other member states and uncertainty. They argue that since security problems are so numerous and take different forms it is difficult to develop strategies to manage “threat, risk or challenge posed.” Essentially, they argue “genuine security requires not only protection against a military threat, but also the management of a multitude of risks concerning the political, economic, and social well being of states and their peoples.”

By focusing on traditional military alliances, these authors neglect that a completely different type of institution, trade institutions, can also be security institutions that are military alliances and/or security management institutions. I fill this gap and build on their work by applying their argument to other types of institutions, specifically RTAs, which may augment their structure to include provisions that address security

343 Ibid. p.1.
344 Ibid.
345 Ibid. p.2
347 Ibid. p.2.
348 Ibid.
concerns. These issues are extremely relevant for RTAs with military alliance agreements. Many of them add military alliance agreements because of a need to address political-military issues. They accomplish this by incorporating military alliance agreements into the already existing institutional structure. Essentially, RTAs with military alliance agreements can be simply military alliances when they solely focus on external aggression from a non-member state. They become security management institutions when they manage the risk of violence among joint member states. Such a focus often entails creating specific institutional structures to accomplish this task. As a result, RTAs become more institutionally complex in order to extend the scope of their concerns beyond the economic realm.

The military alliance aspect of RTAs has been discussed. In order to evaluate the influence of specific structural mechanisms that RTAs employ to manage conflict among joint member states, shared membership in RTAs with dispute resolution mechanisms and special security mechanisms in RTAs are examined with respect to the incidence of militarized conflict among joint member states.

5.6.1 Can Institutionalists Theory Go Beyond the Economic and Environmental Realms?

I argue that they can provide so much more than information and transparency. From a functional perspective, they also provide specialized mechanisms that can address particular problems, like security concerns. For instance, a joint defense council is composed of high-level officials in the area of defense from each country. Such councils may be used to resolve militarized conflicts that involve more than two member states. Joint military forces are formed to defend against immediate external aggression or provide peacekeeping services for interstate and intrastate conflict within the grouping. Dispute settlement mechanisms are incorporated to provide a non-violent alternative to conflict resolution. Haftendorn, Keohane & Wallender (1999) argue that institutional theory “leads us to expect that states can cooperate to pursue
common interests, since cooperative strategies under some circumstances produce more benefits than unilateral ones."^49 They admit that relative gains are important in international relations, therefore, harmony is not implicit in cooperation. This realization does not render institutions useless but suggests that in order to affect international relations, in some instances, institutions may need to address the relative gains issue. This point is important because, until recently, institutionalist (also known as neo-liberal institutionalist) argued that absolute gains mattered more in understanding how international relations works.^^° Very recently, they have acknowledged that relative gains cannot only be an obstacle to cooperation but could very well lead to conflict. They argue that security issues generate common interests in coping with threats such as preventing military attack, or in controlling risks such as those involved in nuclear proliferation or regional conflict and instability.^^¹ They argue that institutions can provide increased information about actions and intentions of other states, by creating incentives for good behavior when violating international commitments. The authors do not argue that cooperation is always possible, but when it is, institutions can promote reciprocity, make members accountable for their actions, and contribute to the maintenance of cooperative security strategies.^^² Haftendorn, Keohane & Wallender (1999) argue that membership in institutions enables states to "design strategies that are appropriate to their environments. The following quote emphasizes this point:

[^49]: Ibid.
[^50]: Ibid.
[^51]: Ibid.
[^52]: Ibid., p. 3.
Institutions meant to cope with security threats will have rules, norms and procedures to enable the members to identify threats and retaliate effectively against them. Institutions meant to cope with security risks will have rules, norms and procedures to enable members to provide and obtain information and to manage disputes in order to avoid generating security dilemmas.\footnote{Keohane (1984).}

This point is extremely important when considering regional trade agreements because they vary greatly in the presence of a military alliance agreement, dispute settlement mechanism, and special security mechanism. One way to invest in information is to create institutions. Institutions are informational and signaling mechanisms that allow states to obtain information. Information is conveyed through costly action like military alliance commitments.\footnote{Ibid.} Most importantly, they try to solve problems through the specification of rules and the provision of specific institutional organs. By definition, RTAs provide rules for trade liberalization. When they add military alliance agreements, they provide rules for security protocol. Specific institutional mechanisms like joint defense councils and military forces provide more proactive tools for managing security issues among joint member states.

5.6.2 Realist Criticisms of Institutionalist Theory

Realists argue that institutions are constrained in political-military relations, which undermine cooperation. They do acknowledge that cooperation can occur when states face a mutual security threat. They essentially seek relative gains. Realists view the existence of military alliances as not surprising because they are seen as ad hoc responses to threats and crises. Waltz (1979) argues that states can cooperate to deter or defeat powerful or threatening states, but this cooperation is contingent, unstable, and the by-product of dangers posed by

\footnote{Fearon (1994b); Powell (1990); Martin (1992a).}
imbalances of power or serious threat. They argue that hegemons enforce institutions that are in their interests. Cooperation is temporary. When the conditions disappear that brought about its creation, it will disappear.

The fact that NATO survived the Cold War is a single piece of evidence that supports institutionalist theory. Liberals argue institutions can acquire new functions. ECOWAS, SADCC and CEPGL are all RTAs that added military alliance agreements during the latter stage of the Cold War. They still exist and are actually increasing their institutionalization in this realm rather than decreasing it. Some would argue that given that the Cold War is over, LDCs, especially African ones, must be become more self-reliant. In the wake of the United Nation’s inability to intervene in every crises and the unwillingness of Western countries to get involved, the existing institutional structures of these trade institutions provide a framework that can be expanded. This framework may deal with security issues of joint members, thus transforming them into security institutions. The following section discusses how these institutional mechanisms provide theoretical leverage for considering how the extent of organization in the area of security, specifically for conflict management, is related to the likelihood of militarized conflict among joint member states.

The importance of institutionalization in RTAs and military alliances, separately, as well as when RTAs are military alliances not only has consequences for the issue domains (e.g. trade and security) that RTAs address but also the kind of conflict that they face (e.g. militarized conflict among RTA members and external aggression). I would amend this argument by adding a functional one that suggests that institutional structure may evolve to solve problems. Special security mechanisms are often created to solve particular problems. Thus the following hypothesis is tested.

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Presence of Special Security Mechanism Hypothesis

H2: Shared membership in a RTA with a special security mechanism is expected to reduce the likelihood of militarized interstate conflict among joint members relative to RTAs without such mechanisms.

Overall, a negative relationship is expected. With the presence of shared membership in a RTA with a special security mechanism, the likelihood of militarized interstate conflict is expected to decrease.

5.7 Dispute Settlement Mechanisms in RTAs

Thus far, the presence of a military alliance agreement and special security mechanisms in RTAs, have been discussed in relation to level of security integration in a RTA. But, security concerns of RTA members can also be non-violently addressed through dispute settlement mechanisms like tribunals or courts of justice that are designed to resolve disputes. McCall-Smith (2000) argues that the dispute settlement mechanisms in RTAs diminish trade conflict. Dixon (1993) & Raymond (1994) argue democracies tend to employ dispute settlement mechanisms to resolve conflicts rather than resort to violence, that is why they experience less militarized conflict than other kinds of nation pairs. RTAs often possess dispute settlement mechanisms to resolve trade conflict among member states. Cases heard by such mechanisms are limited to the scope of the RTA treaty. Those that include the security domain in their treaty can address security related disputes as well. Thus, dispute settlement mechanisms provide a non-violent way for member states to resolve conflict. As a result, RTAs with military alliance agreements, special security mechanisms, and dispute settlement mechanisms are fully equipped to deal with security issues through military engagement, institutional responses and non-violent dispute resolution venues.

As discussed earlier, most of the scholarly inquiry dedicated to dispute settlement mechanisms in RTAs has focused on their relationship to trade disputes, not militarized
conflicts. The contribution of this chapter is to also consider how they can address disputes beyond the trade realm.

The issue is the consequences of shared membership in a RTA with a dispute settlement mechanism for the likelihood of militarized conflict. Therefore the following hypothesis is tested:

**Presence of Dispute Settlement Mechanism Hypothesis**

\[ H_3: \text{Shared membership in a RTA with a dispute settlement mechanism is expected to reduce the likelihood of militarized conflict relative to RTAs that do not possess such a mechanism.} \]

In sum, a negative relationship is expected. The presence of shared membership in a RTA with a dispute settlement mechanism is expected to reduce the likelihood of militarized conflict among joint members relative to RTAs that do not possess a dispute resolution mechanism.

I summarize the hypotheses for this chapter (see Table 5.2). It is generally hypothesized that institutionalization in the security domain of a RTA reduces the likelihood of militarized interstate conflict among joint members relative to shared membership alone. Now that the hypotheses that drive this chapter have been presented, the rest of the research design and results of statistical analysis will be discussed. Results of model estimation using logit will be presented. Finally, the chapter will conclude with a discussion of extensions of this research.

---

McCall-Smith (2000) is an example.
**H_0:** There is no relationship between institutional characteristics of RTAs and the likelihood of militarized interstate conflict.

**H_1:** Shared membership in a RTA *with a military alliance agreement* is expected to *reduce* the likelihood of militarized interstate conflict among joint member states relative to a RTA without a military alliance agreement.

**H_2:** Shared membership in a RTA *with a special security mechanism* is expected to *reduce* the likelihood of militarized interstate conflict among joint members relative to RTAs without such mechanisms.

**H_3:** Shared membership in a RTA *with a dispute settlement mechanism* is expected to *reduce* the likelihood of militarized conflict relative to RTAs that do not possess such a mechanism.

Table 5.2: Hypotheses
5.8 Research Design

The following section presents a description of the variables employed in the analysis. Expectations of the direction and magnitude of the relationship with the dependent variables are also discussed.

5.8.1 Dependent Variable

*Occurrence of Militarized Interstate Dispute (MID*$_{ij}$)*

The type of conflict that is examined in this chapter is militarized interstate conflict. It is operationalized as militarized interstate disputes (MID). A militarized interstate dispute is defined as an "interaction involving the threat display, or actual use of military force; it must be explicit, overt, not accidental and government sanctioned."[^357] This analysis is simply interested in how variation in institutional structure of RTAs has consequences for the occurrence of any type of MID. There are 34,296 observations in the data on African dyads. The data set is organized by dyad-year. In fact, 284 of these dyad-years experienced a MID between 1950-1992. A dichotomous measure is employed. The variable "MID*$_{ij}$" equals "1" if a militarized interstate dispute exists, "0" otherwise.

5.8.1 Independent Variables

Three independent variables are hypothesized to reduce the likelihood of militarized conflict among joint members of a RTA. They are the presence of a military alliance agreement, special security mechanism and dispute settlement mechanism. The operationalization of each variable is described below and summarized in Table 5.3 on the following page.

[^357]: Jones, Singer and Bremer (1994).
Presence of Shared membership in a RTA with a military alliance agreement (RTAMA_{ij})

The variable "RTAMA_{ij}" is employed. It is coded "1" if members of a dyad (i.e. pair of nations) are joint members of a RTA with any kind of military alliance agreement, "0" otherwise, in year t. If a RTA has a military alliance agreement, no dispute is expected. It is expected that a RTA with a military alliance agreement will reduce the likelihood of militarized interstate conflict relative to a RTA that does not possess such agreements. A negative relationship is expected.

Presence of Shared membership in a RTA with a dispute settlement mechanism (DSM_{ij})

The measure "DSM_{ij}" equals "1" if dyad members share membership in a RTA with a dispute settlement mechanism; "0" otherwise, in year t. It is expected that shared membership in a RTA with a dispute settlement mechanism will decrease the likelihood of militarized interstate conflict among joint members states relative to RTAs that do not possess a dispute settlement mechanism. A negative relationship is expected.

Presence of Shared membership in a RTA with a special security mechanism (SPECSEC_{ij})

The variable, "SPECSEC_{ij}" equals "1" if joint members share membership in a RTA with a special security mechanism; "0" otherwise in both cases in year, t. Shared membership in RTAs in which a special security mechanism is part of the structure is expected to decrease the likelihood of militarized conflict among member states. A negative relationship is expected.
<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition</th>
<th>Operationalization</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTA with a military alliance agreement</td>
<td>Whether or not dyad shares membership in a RTA with any kind of military alliance agreement</td>
<td>Shared membership in a RTA with a military alliance agreement</td>
<td>&quot;RTAmij&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Dyad shares membership in a RTA with a military alliance agreement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0, Otherwise</td>
<td></td>
</tr>
<tr>
<td>RTA with a dispute settlement mechanism</td>
<td>Mechanism for mediation, arbitration and/or adjudication</td>
<td>Shared membership in a RTA with a dispute settlement mechanism</td>
<td>&quot;DSMij&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= 1. Dyad shares membership in a RTA with a dispute settlement mechanism</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>= 0, Otherwise</td>
<td></td>
</tr>
<tr>
<td>RTA with a special security mechanism</td>
<td>Mechanism composed of experts that specifically deal with security issues in the RTA</td>
<td>Shared membership in a RTA with any special security organ</td>
<td>&quot;SPECSECij&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= 1, Dyad shares membership in a RTA with any special security mechanism</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>= 0, otherwise</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.3: Measures of Independent Variables
5.8.3 Control Variables

*Number of shared RTA memberships (RTANUM)*

The variable "RTANUM" represents the number of RTA memberships that a dyad shares in year, *t* (i.e. 0,1,2,3..n). It is a control variable for multiple, shared RTA memberships for dyad members.

*Democracy (DEMin & DEMax)*

The effect of political regimes on the occurrence of militarized interstate disputes is considered. The liberal assumption is that the likelihood of dyadic conflict is primarily determined by the less democratic state in the dyad. It is less constrained.\textsuperscript{358} This is based on the democratic peace proposition. Democracy scores were calculated. Democracy minus autocracy scores were calculated for each state in a dyad based on the Jaggers and Gurr (1995, 1996) Polity III data. The variables "DEMin & DEMmax" represent the low and high democracy score in a dyad. The index ranges from 10 to -10 representing the range from democracy to autocracy. Essentially, DEM_{it} equals DEMOC minus AUTOC. Then variables for the lower and higher democracy scores in the dyad were created. DEMin is included in the model to capture the lower democracy score in the dyad.\textsuperscript{359} The dyad member with the lower democracy score determines the likelihood of dyadic conflict. A negative relationship is expected. As the lower democracy score in the dyad increases, the probability of the occurrence of militarized conflict is reduced.\textsuperscript{360}

\textsuperscript{358} The weak link assumption is based on the following sources. Maoz and Russett (1993); Dixon (1994); Oneal et al. (1996) & Oneal and Russett (1997), p.273.

\textsuperscript{359} Ibid.

\textsuperscript{360}
Economic Interdependence (DEPENDmin & DEPENDmax)

Economic interdependence has been argued to be an important determinant in dyadic conflict. Economic importance relative to national income or the "trade to GDP" ratio is employed as an indicator.\textsuperscript{361} Gross Domestic Products (GDP\textsubscript{t,i}) "based on purchasing parities (Summers and Heston, 1988, 1991), because exchange rates are known to distort international comparisons involving non-tradable goods (Marer, 1985; Passe-Smith, 1993)."\textsuperscript{362} As with the measure for democracy, higher and lower interdependence scores were created for dyads (DEPEND\textsubscript{mn} and DEPEND\textsubscript{mx}). The dyad member that is least constrained or least economically dependent determines the likelihood of dyadic conflict.\textsuperscript{363} It has freer resources to engage in conflict. The higher trade dependence score is also tested in the model. States that are highly dependent may look to international institutions more to resolve potential conflict since they are so tied to others economies. Thus, a negative relationship is expected. As interdependence increases for the least dependent member of the dyad, the likelihood of MID involvement decreases.

Military Alliance Membership (ALLYTYP\textsubscript{2ij})

Traditional military alliances are included in the model because states join them for military defense purposes. "ALLYTYP\textsubscript{2ij}" equals "1" if countries i and j are formally allied, "0" otherwise in year, t. A negative relationship is expected. Joint membership in alliance should predict no conflict in the dyad.\textsuperscript{364}

Economic Growth (GROWTH\textsubscript{min})

This variable is included to control for the growth rates in gross domestic product per capita experienced by members of a dyad (Summers and Heston, 1988, 1991). Oneal and Russett (1997) argue that states with high economic growth

\textsuperscript{360} Oneal and Russett (1997).
\textsuperscript{361} Ibid. p. 275.
\textsuperscript{362} Ibid.
\textsuperscript{363} Ibid. p. 276.
\textsuperscript{364} Ibid.
growth are experiencing economic success and are disinclined to fight.\textsuperscript{365} Liberals argue that they benefit from present trade relations. The variable "GROWTH\textsubscript{min}" is the lower rate of growth in a dyad of real GDP per capita. A \textit{negative} relationship is expected. As economic growth \textit{increases}, the dyad member with the lower growth rate is more apt to engage in dyadic conflict.

\textit{Capability Ratio (LPCAPTR\textsubscript{ij})}

A measure of dyadic balance of power is included. It reflects the realists' argument that a preponderance of power inhibits overt conflict. The COW military capabilities index was used (Singer, Bremer & Stuckey, 1972). It is composed (in equal weights) of a country's share of the system's total population, urban population, energy consumption, iron and steel production, military manpower, and military expenditures. It is the log of the capability ratio of the stronger state's capability index to that of the weaker member of the dyad.\textsuperscript{366} A \textit{negative} relationship is expected. The larger the disparity between members of a dyad in terms of capability, the less apt they are to engage in a MID.

\textit{Distance (LOGDIST\textsubscript{ij})}

The log of the distance between dyadic members is included as a control for their actual ability to fight. It is expected that larger distances between members will reduce the occurrence of MIDs among dyadic members. Thus, a \textit{negative} relationship is expected. In the next section, I will describe the data employed in the statistical analysis.

5.8.4 Data

The data set used in this study consists of African dyads from 1950-1992. Some of the dyads only have control variable information from 1970-1992.\textsuperscript{367} The majority of the African RTAs were formed during this period. Pollins and Keshk

\textsuperscript{365} Ibid.
\textsuperscript{366} Ibid.
\textsuperscript{367} The next stage in this project includes tests for differences between these time periods.
(2000) collected dyad information for the control variables and the dependent variable used in this study. Their data includes trade data compiled from the IMF Direction of Trade serial. Capabilities data from the COW capabilities data are included as well as the militarized interstate dispute data.

I collected data for RTA structure, namely, military alliance agreements, dispute settlement mechanisms and special security mechanisms from several sources. The sources are the Yearbook of International Organizations for multiple years (1950-1992), the Political Handbook of the World for multiple years (1970-1992), the Handbook of Economic Integration among Developing Countries by the IMF (1996), the Historical Dictionary of International Organizations in Sub-Saharan Africa (1996), the World Trade Organization (1995, 1999) and the websites of the WTO, IMF, as well as the World Bank.

The original number of observations in my data set was 39,111. Accounting for missing data, 34,296 observations (i.e. dyad-years) left overall. Including missing data associated with the lower growth score of the dyad, the total number of observations is 33,225. When economic interdependence (i.e. trade in this case) is included in the analysis, there are a little over 14,453 remaining cases. The results from estimation on the 33,225 and 14,453 observations will be discussed in the statistical results section of this chapter. The following section will present descriptive statistical analysis of the variables in the models.\textsuperscript{168}

5.8.5 Descriptive Statistics

Presence of Shared Membership in African RTAs

The occurrence of RTA membership among African dyads is a fairly common. The African continent is home to the largest number of RTAs on any continent during the time period under study. Twenty African RTAs have existed during this time period. In fact, 18.6\% of all dyad-years experienced joint membership

\textsuperscript{168} Although the Political Handbook of the World has volumes before 1970, it does not contain information about international organizations until after 1969.
in at least one agreement. In regards to the decades in which they were created the modal category is the 1960s. Seven African RTAs were created during this decade.\textsuperscript{369} This makes sense because the 1950s and 1960s sparked the first wave of modern economic regionalism in the international system. Since two agreements were created in the late 1950s, a total of 10 agreements or 50\% of all African RTAs were first created in these decades.\textsuperscript{370} The 1970s and 1980s, which constituted the second and beginning of the third wave of modern economic regionalism, each saw the creation of four regional trade agreements among African states.\textsuperscript{371} No new African RTAs were created between 1990 to 1992.\textsuperscript{372}

Many states, especially less developed ones, tend to be signatories to more than one regional trade agreement. Although the majority of African dyad-years did not share membership in an African RTA, at least 15.5\% of African dyad-years experienced shared membership in at least one agreement.

\textit{Shared Membership in African RTAs with Military Alliance Agreements}

Except for SACU (1910) and SASRCU (1949), African RTAs were created beginning in the late 1950s.\textsuperscript{373} The presence of a military alliance agreement is fairly common among African RTAs. In fact, 8 of 20 or 40\% of African RTAs possess some kind of military alliance agreement. To provide a better description of these RTAs, the types of military alliance agreements that they have will be briefly discussed.

\textsuperscript{369} They are ACM (1963), EAC (1967), GUVTA (1962), MAG (1964), OCAM (1966), UEAC (1968), UDEAC (1966) and SENEGAM (1967).
\textsuperscript{370} Two agreements were created in 1959. They are ACM and UDE.
\textsuperscript{371} The following are Africa RTAs created in the 1970s; CEAO (1973) CEPGL (1976), ECOWAS (1975), MRU (1971). The following were created in the 1980s; ECCAS (1981), PTA (1981), SADCC (1980) and UMA (1989).
\textsuperscript{372} After 1992, a number of RTAs were created globally. Many Africa RTAs that did not possess military alliance agreements during the period understudy institutionally evolved added or increased the number of such agreements. Examples are ECCAS, SADCC & PTA. Political Handbook of the World, the Yearbook of International Organizations were primary sources for this information.
\textsuperscript{373} These RTAs were originally part of regional colonial structures that evolved after the independence of member states.
There are four types of agreements: entente pacts, internal security pacts, non-aggression pacts and mutual defense pacts. In entente pacts, members pledge to deal with security issues but make no formal commitments. Members pledge to jointly fight terrorism in internal security pacts but they do not specify how they plan to do it. In non-aggression pacts, members pledge not to attack each other while in mutual defense pacts, members pledge to defend each other. No formal hypotheses are tested about variation in type of military alliances in RTAs. Future work will address this issue.

Two of twenty or 10% of RTAs have entente pacts while 1 out of 20 or 5% also have internal security pacts. The most popular pacts are non-aggression pacts and mutual defense pacts. Four out of twenty or 20% of African RTAs have non-aggression pacts while 5 of 20 or 25% have mutual defense pacts. Finally, 5 out of 20 or 25% of African RTAs have had non-aggression pacts and mutual defense pacts as part of their treaties simultaneously at some point during the period under study.

Out of all of the RTAs with military alliance agreements, the most popular type is the mutual defense pact with 5 out of 8 or 62.5% of all RTAs with military alliance agreements. In sum, almost half of all African RTAs have a military alliance agreement and well over half of those have mutual defense pacts. Both internal security and non-aggression pacts focused on militarized conflict among joint member states. Together, they compose 5 of 8 or 62.5% of RTAs with military alliance agreements as well. Including RTAs with non-aggression pacts and mutual defense pacts, 50% of RTAs with military alliance agreements have both types at some point during the period under study.

Of the dyad-years that experienced a MID, under 10% of them shared membership in a RTA with either a military alliance agreement or a special security mechanism. But, 11.3% of dyad-years that experienced a MID, shared membership in a RTA with a dispute settlement mechanism. Crosstabulations of these relationships are presented in Tables 5.4-5.7.
The results of the chi-square tests suggest the relationship between shared membership in a RTA with a dispute settlement mechanism or special security mechanism and the likelihood of a MID is statistically significant. Therefore, a relationship between each of these institutional variables is expected to be generalizable to the population of RTAs and dyads. In contrast, chi-square statistic was not statistically significant the relationship between the occurrence of a MID and shared membership in RTA with a military alliance agreement.

The picture that is beginning to develop of African RTAs, given the information above, is that African dyad-years have experienced a fair number of MIDs and have a substantial number of RTAs memberships among them. Most African dyads that share RTA membership share one membership but some share as many as four memberships. Close to half of the African RTAs possess some kind of military alliance agreement and mutual defense pacts seem to be the most popular kind. A relationship seems to exist between shared membership in a RTA with a dispute settlement mechanism, a RTA with a special security membership and militarized conflict, respectively.
<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>Shared membership in a RTA with a military alliance agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>31702</td>
</tr>
<tr>
<td></td>
<td>93.1%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
</tr>
<tr>
<td>1</td>
<td>232</td>
</tr>
<tr>
<td></td>
<td>93.6%</td>
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<tr>
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</tr>
<tr>
<td></td>
<td>93.1%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Pearson $\chi^2(1) = .0739$

$Pr = 0.786$

Table 5.4: Occurrence of a MID by Shared membership in a RTA with a Military Alliance Agreement
Table 5.5: Occurrence of a MID by Shared Membership in a RTA with a Dispute Settlement Mechanism

<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>0</th>
<th>1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32054</td>
<td>1994</td>
<td>34048</td>
</tr>
<tr>
<td></td>
<td>94.1%</td>
<td>5.9%</td>
<td>99.3%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>98.6%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>220</td>
<td>28</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>88.7%</td>
<td>11.3%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>.68%</td>
<td>1.4%</td>
<td>.72%</td>
</tr>
<tr>
<td>Total</td>
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<td>34,296</td>
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<tr>
<td></td>
<td>94.1%</td>
<td>5.9%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Pearson $\chi^2(1) = 13.1031$

$Pr = .0000$
### Shared Membership in a RTA with a Special Security Mechanism

<table>
<thead>
<tr>
<th>Occurrence of a MID in a dyad</th>
<th>0</th>
<th>1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33379</td>
<td>669</td>
<td>34048</td>
</tr>
<tr>
<td></td>
<td>98.0%</td>
<td>2.0%</td>
<td>99.3%</td>
</tr>
<tr>
<td></td>
<td>99.3%</td>
<td>98.5%</td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>238</td>
<td>10</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>96%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>.71%</td>
<td>1.5%</td>
<td>.72%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>34296</td>
</tr>
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<td>98.0%</td>
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<td>100%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Pearson $\chi^2 (1) = 5.4225$**  
**Pr = .020**

Table 5.6 Occurrence of a MID by Shared Membership in a RTA with a Security Mechanism
The following section will present the models estimated in the analysis as well as the statistical results. The conclusion of the chapter will follow. I will discuss the implications of the results.

5.8.5 Model Results

Given that the dependent variable is dichotomous logit model specifications, respectively, are employed and maximum likelihood estimation is the method used to estimate them. Beck, Katz and Tucker (1998) corrections for temporal dependence were also included. The model specifications are presented below.

RTA as a Military Alliance Model

\[
M^i_t = (B_1)ALLYTYP2_{ij,t} + (B_2)DEMIN + (B_3)LPCAPRT + (B_4)LOGDIST_{ij,t} +
(B_5)GROWTHMIN + (B_6)RTANUM_{ij,t} + (B_7)RTAMA_{ij,t} + (B_8)Peace Years +
(B_9)Cubic Spline1 + (B_{10})Cubic Spline2 + (B_{11})Cubic Spline3 + e
\]

Security Integration Model

\[
M^i_t = (B_1)ALLYTYP2_{ij,t} + (B_2)DEMIN + (B_3)LPCAPRT + (B_4)LOGDIST_{ij,t} +
(B_5)GROWTHMIN + (B_6)RTAMA_{ij,t} + (B_7)DSM_{ij} + (B_8)SPECSEC_{ij,t} (B_9)Peace Years + (B_{10})Cubic Spline1 + (B_{11})Cubic Spline2 + (B_{12})Cubic Spline3 + e
\]

5.8.6 Logit Results

Independent Variables

Tables 5.7 present the results from the logit analysis of the basic models. In the first model, shared membership in a RTA with a military alliance agreement was not statistically significant but negative. It was hypothesized that
this variable would have a statistically significant effect and that its relationship with militarized interstate conflict would be negative. In Model II, the combination of security features yielded some interesting results. The presence of shared membership in a RTA with a combination of a military alliance agreement, dispute settlement mechanism and special security mechanism like a Joint Defense council or peacekeeping force are all statistically significant but have mixed directional results. The coefficient for presence of shared membership in a RTA with military alliance agreement is negative and statistically significant, which suggests that the presence of such an agreement within the conflict management structure of a RTA may diminish conflict. In contrast, the coefficients for presence of shared membership in a RTA with a dispute settlement mechanism and special security mechanism were statistically significant but the nature of the relationship seems positive. *This result is the opposite of the theoretical prediction.* Although this result is counter to theoretical expectations, but this still makes sense because dispute settlement mechanisms may not be able to address security issues under the RTA treaty or the fact that states have to agree to abide by the decision of the RTA can be conflictual as well. Still, an endogeneity issue arises. Is it that the presence of these mechanisms increases the likelihood of militarized conflict or that the occurrence of militarized interstate conflict warrants the addition of a dispute settlement mechanism and/or special security mechanism to a RTA's structure in order prevent, resolve or manage future conflict. Therefore, changes in RTA structure may accompany the occurrence of conflict rather than increase its likelihood.

As discussed, shared membership in a RTA with no military alliance agreement was statistically significant and was positive in both models. Shared membership in a military alliance agreement separate from a RTA was statistically significant and in the opposite direction theoretically predicted in both models. It was positive. This finding seems to support the argument that joint membership in a military alliance increases the likelihood of militarized interstate conflict among joint members rather than reduces it. The coefficient for the
minimum democracy score in a dyad is not statistically significant but in the theoretically predicted direction. It is negative. This result makes sense in the case of African dyads because there is very little variation in degree of democracy among them. Few are strong democracies and those that are seem closer to periods of democratic transition. Mansfield and Snyder (1995) argue that democracies in transition are more violent. This finding suggests that more analysis is necessary to determine the role of democracy and conflict in regards to less developed countries.

The coefficient of the capability ratio was statistically significant and negative as expected. As the capability ratio of the dyad increases, the likelihood of militarized interstate conflict should be reduced. The coefficient for presence of shared membership in a traditional military alliance agreement was positive and statistically significant. This result supports the argument that shared membership in traditional military alliances, actually contribute to conflict rather than reduce it. The coefficient for distance was statistically significant and positive in both models. The coefficient for minimum economic growth score in the dyad was not statistically significant and positive while the coefficient for economic interdependence was not statistically significant and negative.

Overall, a number of control measures were statistically significant and in the opposite direction theoretically predicted. They actually contributed to militarized conflict. These findings will be fleshed more through the use of multiple measures of each phenomenon. But, if they hold, it suggests that conventional wisdom about their relationship to militarized interstate conflict may not include all types of states or even states in different periods of democratic transition. As more work is conducted on international institutions, trade and conflict among less developed countries, a broader understanding of the role of these controls may be gained.
5.8.7 Substantive Impact

A graph of the predicted probabilities is presented in Figure 5.1. They are plotted against the log of the capability ratio for the dyad. Presence of shared membership in a RTA with a military alliance agreement, dispute settlement mechanism and/or special security mechanisms are evaluated in this context. In order to assess the substantive impact of the variables in the complete security integration model, the predicted probabilities were calculated for the presence of shared membership in a RTA with a military alliance agreement, dispute settlement mechanism and special security mechanism, respectively. Although the presence of RTA military alliance membership was statistically significant and negative, its impact on the reduction of militarized conflict as a function of dyad capabilities is minimal. The flat, bottom curve in the graph represents the impact of such agreements on militarized conflict. While the presence of a dispute settlement mechanism had a substantial impact on conflict, by far the presence of a security mechanism mattered most. Both entities are constrained by state sovereignty, which can exacerbate militarized conflict. The substantive results suggests that the presence of shared membership in a RTA with a special security mechanism matters most but for the increased likelihood of militarized conflict. These results illustrate that variations in RTA structure do have consequences for militarized conflict among joint member states. Again, additional analysis is warranted given that this result may be driven in the opposite causal direction. It could be that preexisting conflict warrants the inclusion of specific security mechanisms in the structure of a RTA. This issue is addressed in other work.

In sum, in Model II a relationship exists between the presence of shared membership in a RTA with a military alliance agreement, dispute settlement mechanism and special security mechanism and the occurrence of militarized interstate conflict, respectively. Extended analysis is warranted because an endogenous relationship may exist between the institutional structure of RTAs and militarized conflict among joint member states. It could be that militarized conflict among joint members causes RTAs to add security institutional
mechanisms to the framework of the RTA treaty. Other work examines the reciprocal relationship between these factors.
<table>
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<th>Variables in the Model/Models</th>
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<td>RTAMA\textsubscript{ij}</td>
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Note: Main entries are logit estimates; parentheses contain robust standard errors.
*p ≤ .10  **p ≤ .05  ***p ≤ .001. two-tailed test

Table 5.8: Logit Results
Impact of RTA Military Alliance, DSM & Security Organ on Conflict

![Graph showing the impact of security integration variables on conflict](image)

Figure 5.1: The Impact of Security Integration Variables
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6.1 Overview

The fact that regional trade agreements (RTAs) often inadvertently end up managing war is virtually unknown. Essentially, these agreements are widely recognized for their provision of trade rules in order to facilitate trade liberalization among member countries. Through increased trade flows, RTAs are argued to indirectly diminish the likelihood of militarized conflict among member states. The rules that characterize this institution are trade-oriented, yet RTAs must often directly prevent, resolve or defend against war. Thus, some RTAs may create institutional structures to directly address issues beyond trade and these structures vary tremendously.

The general research question addressed is what is the relationship between trade institutions and international conflict? Evaluating this relationship contributes to a broader theory of how institutions shape conflict. This dissertation focused on the relationship between RTA structure and the likelihood of militarized interstate conflict among member states in particular. Three aspects of institutionalization in RTA structure were the focus. They are: 1) the basic IGO
structure in RTAs, 2) the level and type of economic integration as well as economic disparity in RTAs and 3) level of security integration in RTAs. Essentially, I examined how RTAs as intergovernmental organizations, trade institutions and security institutions shape the likelihood of militarized conflict among member states.

African regional trade agreements, African dyads and African militarized interstate disputes, between 1950-1992, composed the substantive and temporal domain of this study. The unit of analysis was the dyad-year. Given a binary dependent variable (i.e. likelihood of militarized conflict) and time series-cross section data, the logit model included Beck, Katz and Tucker (1998) temporal corrections and was estimated using maximum likelihood estimation. African regional trade agreements compose the substantive domain of this study while the period under study ranges from 1950-1992. African countries are among the first to employ these trade institutions for security purposes like military alliances. Tremendous variation exists over the twenty agreements with respect to extent of IGO structure, type and level of economic integration as well as the extent of military alliance agreements signed under the auspices of the RTA treaty. Essentially, this dissertation is the groundwork for a larger study of RTAs around the world. In the next phase of this research program, the scope of the substantive and temporal domain will expand from African RTAs to RTAs around the world from 1950-2000. There are roughly one hundred such agreements that have existed during this time frame.

6.2 Chapter Results

This dissertation is composed of six chapters, three of which are empirical chapters. An overview of the basic theoretical argument and literature review was presented in Chapter 1. By examining the relationship between trade institutions and conflict, I contribute to three main debates in international relations. They are: 1) the importance of international institutions, 2) the relative versus absolute gains debate and 3) the role of institutional context in the trade and conflict relationship.
The purpose of Chapter 2 was to present a description of African regional trade agreements, theoretical arguments about the role of RTAs in international relations given that they are part of the international trade and international security systems, simultaneously. Under specific articles in the WTO and UN Charters, RTAs have specific roles. When RTAs sign military alliance agreements, they become regional security organizations, as such; they are subject to the UN Charter's provisions about intervention in conflict by regional security organizations. In order to derive theoretical expectations about how RTAs behave in international conflict, we must consider the rules that shape their behavior in the international trade and international security systems.

The empirical chapters of the dissertation focused on three main areas, respectively. The relationship between IGO structure, level and type of economic integration coupled with economic disparity as well as the level of security integration in regards to conflict. Each chapter focused on a specific research question related to the role of international institutions in conflict. For instance, in Chapter 3, I focused on the relationship between the basic structure of IGOs, namely, the executive body and secretariat as well other organs like dispute settlement mechanisms and the size of RTA membership for the likelihood of militarized interstate conflict. The basic research question in this chapter is do intergovernmental organizational characteristics of RTAs, contribute to, prevent or have no impact on militarized conflict among joint member states differently that RTAs that are international institutions without organizational structure? Each of the IGO characteristics was linked to the conflict process theoretically and tested empirically. The question that shapes this chapter is extremely important because it tries to address the issue of whether the relationship between RTAs and international conflict results from the special economic features of these trade institutions or the characteristics that make them IGOs. One scenario may be that the type of IGO doesn't matter for understanding conflict but rather the kinds of organizational features that it shares with other IGOs.

The results from the logit analysis suggest that the IGO structure matters as well as the tie itself. Essentially, a web of IGO memberships results from multiple
memberships across IGOs that link states and constrain them simultaneously. Specifically, the presence of shared membership in RTAs with a basic IGO structure (i.e. executive body and secretariat) increases the likelihood of militarized conflict rather than diminishes it as hypothesized. The same is true for the presence of shared membership in a RTA with a dispute settlement mechanism. Its coefficient was statistically significant but positive. RTAs with dispute settlements were separated into those that only address trade disputes under the RTA treaty and those that dealt with trade and security disputes. RTAs that focused on trade disputes only had a coefficient that was statistically significant positive, which is counter to theoretical expectations. Such a result suggests that they contribute to the likelihood of conflict. In the case of RTA dispute settlement mechanism that address trade and security issues, the coefficient was negative but not statistically significant which means that the relationship observed does not necessarily lead to conflict among RTA members and may not be generable to the population of RTAs.

These results suggest that shared membership in RTAs with dispute settlement mechanisms that are trade-oriented increase the likelihood of conflict. This result could be possible given that judgements handed down may be controversial. Conversely, the endogeneity problem may be resurfacing since RTA structure and militarized conflict may be simultaneously shaping each other. Rather than this type of RTA causing conflict, the addition of such a dispute settlement mechanism may be a response to conflict, in order to minimize its occurrence and violence. Finally, another result that did not support the hypothesis is that as the size of RTA membership increases the likelihood of militarized conflict decreases. This suggests that the costs of conflict are much larger in a large RTA versus a small one. The larger the RTA, the more significant a response from other members if a dyad becomes engaged in militarized conflict because it can not only be disruptive to overall trade flows but can draw other states into it as well. In addition, large RTAs tend to be more highly institutionalized so it could be that they simply have more avenues to resolve conflict other than militarily.
In sum, the findings in this chapter suggest that the IGO basic structure, presence of shared membership in a RTA with a dispute settlement mechanism, especially one that is only trade-oriented, increase the likelihood of militarized conflict. Increased membership size and the presence of shared membership in a RTA with a trade & security dispute settlement mechanism seems to decrease the likelihood of militarized conflict among member states. Although, the coefficient for presence of shared membership in a RTA with a trade and security dispute settlement mechanism is not statistically significant. These results also suggest that more analysis is necessary given that an endogeneity issue exists. Rather than these institutional structures increasing conflict, which they very well could, it could also be that the occurrence of militarized conflict leads to institutional change in which the mechanisms are added to remedy conflict. Thus, rather than increase the likelihood of militarized conflict, they follow conflict in order to decrease it in the future. The endogeneity issue is one that is pervasive in each of the empirical chapters of this dissertation.

In Chapter 4, I focus on the relationship between economic integration and international conflict. The central question is do variations in the level and type of economic integration yield consequences for the likelihood of militarized conflict among joint member states? In essence do they prevent, contribute to or have no impact on militarized interstate conflict. This question is important because scholarly debate has existed regarding the number of explanations for why RTA membership should reduce militarized conflict among joint members. Few explanations consider the economic processes that accompany integration, beyond increased trade flows, which may have implications for militarized conflict. In essence, these agreements are vehicles to promote trade liberalization through economic integration. Consequently, little research since Nye (1971) has considered how variations across type, degree and economic externalities of economic integration have consequences for the likelihood of militarized conflict among joint member states.

The analysis in this chapter focused on this gap. The primary research question is does variation in how economically integrated states are have consequences for militarized conflict among them? Linked to this question is the notion of
“interdependence.” In assessing the relationship between economic integration and conflict, the analysis in this chapter includes and goes beyond interdependence with respect to trade flows to include *interdependence in common service*, a non-trade form of interdependence, and its relationship to militarized conflict. Finally, an economic externality of trade liberalization in RTAs is *economic disparity* in the distribution of the gains from trade among joint members. The analysis in this chapter focused on the relationship between types of interdependence, type of economic integration scheme and income disparity operationalized by gross domestic product.

The results suggest that economic integration can lead to conflict via the unequal distribution of the gains from trade among joint member states. Often the weakest economies benefit last, if at all, while the largest or strongest benefit first. But, just as the economic integration process in RTAs can exacerbate or contribute to conflict so can RTAs use their structure to try and remedy economic disparity like disparity in income. Still, results suggest that the presence shared membership in a RTA with compensatory programs in RTAs, which are supposed to eliminate such inequity, can lead to more conflict because the compensatory process itself can also create disparities. Larger economies may be blamed for the disparities and then asked to bear the costs of compensation.

RTAs become interdependent in areas beyond trade. The presence of common services in general and common services in volatile resource areas like water and energy management are hypothesized to reduce conflict. States are so dependent on common services that they are less theoretically unwilling to jeopardize those services, thus the likelihood of conflict is diminished. The results are quite interesting though. Interdependence in common services in general can increase the likelihood of militarized conflict while it is reduced under the management of common services in water. Though both are statistically significant, the signs are different. It maybe that common services work better in relation to conflict when they target specific controversial areas that contribute to conflict. Water management exemplifies such an issue.

Finally, Chapter 5 of this dissertation focuses on how trade institutions can also be *security institutions* and the consequences of this dual role for the likelihood of
conflict. In studies of RTAs, few have examined their relationship to militarized conflict with respect to how these trade institutions actually sign military alliances. This chapter examines whether the presence of shared membership in a RTA with a military alliance agreement has different consequences for conflict than a RTA that does not possess one. Based on Haftendorn, Keohane and Wallender's (1999) arguments about the difference between military alliances and security management institutions, the same distinction is made among RTAs that are security institutions. The results suggest that presence of shared membership in RTAs with military alliance agreements reduce the likelihood of conflict among joint members while dispute settlement mechanisms and special security mechanisms increase it. This could very well be true given that sovereignty is challenged with the use of dispute settlement mechanisms as discussed in this chapter and special security mechanisms were added relatively recently and so extended analysis is warranted. Again, the endogeneity issue may complicate this result.

6.3 Implications of Dissertation

The innovation in my work is the claim and evidence that RTAs institutionalize on multiple dimensions, which often has consequences for war. I focus on their degree of economic integration, degree of organizational structure and degree of security structure. I argue that structural differences across RTAs can influence whether member countries engage in war and that war among RTA member countries can require the RTA to develop institutional structures, on multiple dimensions.

The implications of this dissertation are threefold. First, it emphasizes the importance of international institutions and organizations in the areas of economics and security. Not only can they facilitate economic interdependence, which leads to peace according to neoliberal institutionalists and functionalists but the economic integration process itself that takes place because trade rules of RTAs can exacerbate and lead to conflict. As a result, economic processes have consequences for the security realm. Some realists argue that if international institutions affect international relations, it is only in the economic realm. I argue that they are missing how the effects of the trade liberalization
process can cause economic disparities in income that can exacerbate conflict and may compel member states to find institutional remedies for conflict in the economic and security arenas. In essence, RTAs can increase the likelihood of militarized conflict through the economic integration process that they facilitate. One way that RTAs may diminish conflict is to find institutional remedies to alleviate or compensate for problems that they cause.

Second, trade institutions can also be security institutions. Rather than institutions being only capable of dealing with economic conflict, this suggests that if they adopt institutional structures like security organizations, they can simultaneously impact trade and security issues. The question that remains is must trade institutions be able to address security issues in order for trade to take place at all or does expanding the scope of RTAs hinder their ability to manage trade or conflict effectively because their resources and capabilities are over extended? Still, is this type of institution the next step in the evolution of the pacific settlement doctrine? Claude (1954) argues that various organizational approaches have been used to provide non-war dispute resolution options. Can trade institutions that address trade and conflict issues give rise to a new variant of international organization? If so, we must consider the role, if any, it plays in preventing or contributing to conflict. If not, why is it insignificant and has gone unnoticed for so long? These are questions for future iterations of this work my research agenda over all. Thus, this dissertation and the work stemming from it will shape future discussion of international institutions and specifically RTAs in the trade and conflict arenas by accounting for the structure of the agreements and by considering how these institutions and organizations can prevent and cause militarized conflict. The results suggest that RTAs with military alliance agreements diminish the likelihood of militarized conflict while RTAs with dispute settlement mechanisms and special security organs increase it. These findings show that level of security integration of RTAs is important for understanding how RTAs shape conflict. Variation in the way these aspects of security integration shape the likelihood of militarized conflict suggests further research is necessary but that it is important to know that security integration matters and that
different types of security structure may shape conflict differently. This is a significant contribution to our understanding of how institutions shape conflict.

6.4 How to improve this research?

Measuring Militarized Conflict

This dissertation is an initial step in assessing the relationship between trade institutions and conflict. To gain a full understanding of how RTAs are related to conflict, I must go beyond the research approach in this dissertation in several ways. First, the dependent variable needs to be measured in more than one way. I simply examine the occurrence of a militarized interstate dispute (MID) in this dissertation. RTA structure may increase the likelihood of a MID or have no impact on its occurrence at all. In contrast, RTA structure may diminish the severity of violence in a MID, even if a MID occurs, or shed light on the differences between a violent and a non-violent MID. In addition, RTAs may be able to constrain the duration of a MID. It is possible that violent MIDs can occur but the constraints of RTAs may diminish the duration of conflict. Therefore, the following operationalizations of conflict should be analyzed 1) presence of a violent MID 2) severity of a MID 3) duration of a MID.

6.5 Institutional Change

The broad relationship of interest is between institutions and conflict. This dissertation contributes toward our understanding of this research by examining how RTA structures shape conflict. But, the reciprocal nature of the relationship between RTA structure and conflict must be considered. As discussed, a number of RTA structural components actually increased the likelihood of conflict rather than decreased it. The next step is to sort out whether this is accurate or if these structures are created as a result of militarized conflict among joint members. Simply examining, one direction of the relationship would miss this caveat. Just as RTA structure may contribute to the
likelihood of a MID, the occurrence of such conflict can lead to changes in the institutional structure of a RTA. The creation of a defense force is an example. Thus, extended analysis should not just expand with respect to substantive and temporal domain or the kind of conflict assessed but also to include a two stage simultaneous equation model that accounts for institutional impact and institutional change with respect to conflict.

6.6 A Institutional Impact

Institutions may not necessarily have an impact on international relations the moment that they are created. Hysteresis may occur in which it takes several years to observe their effect in international relations. As a result, time lags will be included in future analysis. Also, the existence of RTAs in the security realm was compared to the role of universal organizations but never tested. The membership size argument will be applied to “universal organizations versus regional organizations” with respect to how group size contributes to conflict among joint members.

6.7 International Institutions and Less Developed Countries

Much of our understanding about RTAs stems from studies of the European Union and the North American Free Trade Agreement (NAFTA). This literature has not fully considered the over one hundred regional trade agreements in force between 1950-1992. Of the total number of RTAs in existence during this period, over seventy-percent are comprised of less developed countries. This is particularly important since most conflict in the world occurs among less developed countries and these countries dominate RTAs. Clearly, we need to expand the number of RTAs subjected to scholarly inquiry if we want to better understand the role of RTAs in shaping conflict, which will provide the foundations for a general theory about the relationship between institutions and war.
Given the lack of attention to international institutions among less developed countries, this work will change the way that we think about the role of international institutions in conflict. In sum, trade institutions shape conflict under specified conditions. Rather than demonstrating that these institutions "matter" in international relations, the goal was to specify when they diminish, exacerbate and have no impact on militarized conflict. As a first cut, I examined the presence or absence of different aspects of RTA structure and the consequences of the presence of these features for the likelihood of militarized conflict. Therefore, this dissertation's contribution is summarized as the following: 1) brings structure back into the study of institutions and conflict; 2) shows economic processes in trade institutions can exacerbate conflict; 3) RTAs can create institutional remedies to counter the impact of these economic processes on the likelihood of militarized conflict; 4) shows how trade institutions can also be security institutions; and 5) reveals a puzzle, do specific structures increase the likelihood of militarized conflict or appear with conflict as a remedy for future conflict.


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