Summer 1998 Volume 52 Number 3 ISSN 0020 8183

IO

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Edited at the University of California, San Diego
Published quarterly by The MIT Press
Founded in 1947 by the World Peace Foundation

INTERNATIONAL ORGANIZATION invites the submission of original manuscripts on all aspects of world politics and international political economy. Authors should follow the guidelines published annually in the Winter issue. Guidelines also may be found on the World Wide Web at http://mitpress.mit.edu/IO.

Address for submissions:
Lynne Bush
Managing Editor
International Organization
IR/PS
University of California, San Diego
9500 Gilman Drive
La Jolla, CA 92093-0519

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For abstracting listing and price information, please refer to the back of this issue.

Periodicals postage is paid at Boston, Mass., and at additional mailing offices.
 ISSN 0020-8183
♾ This publication is printed on acid-free paper.

International Organization
Volume 52, Number 3, Summer 1998

Articles

Contributors

David R. Davis is Associate Professor of Political Science at Emory University, Atlanta, Georgia. He can be reached at poldd@emory.edu.

Robert J. Franzese, Jr. is Assistant Professor of Political Science at the University of Michigan, Ann Arbor, Michigan. He can be reached at franzese@umich.edu.

Peter A. Hall is Professor of Government at Harvard University, Cambridge, Massachusetts. He can be reached at phall@fas.harvard.edu.

Oona A. Hathaway is a law clerk for Justice Sandra Day O'Connor of the United States Supreme Court. She can be reached at oona.hathaway.law.97@aya.yale.edu.

C. Randall Henning is Associate Professor at the School of International Service of American University and Visiting Fellow at the Institute for International Economics in Washington, D.C. He can be reached at henning@american.edu.

Torben Iversen is Assistant Professor of Government and Research Associate at the Center for European Studies at Harvard University, Cambridge, Massachusetts. He can be reached at Iversen@fas.harvard.edu.

John R. Oneal is Associate Professor of Political Science at the University of Alabama at Tuscaloosa. He can be reached at joneal@ua1vm.ua.edu.

Richard Price is Assistant Professor of Political Science at the University of Minnesota, Minneapolis, Minnesota. He can be reached at rprice@polisci.umn.edu.

Bruce Russett is Dean Acheson Professor of International Relations and Political Science at Yale University, New Haven, Connecticut. He can be reached at bruce.russett@yale.edu.

Abstracts

The Third Leg of the Kantian Tripod for Peace: International Organizations and Militarized Disputes, 1950–1985

by Bruce Russett, John Oneal, and David R. Davis

Immanuel Kant believed that democracy, economic interdependence, and international law and organizations could establish the foundations for "perpetual peace." Our analyses of politically relevant dyads show that each of the three elements of the Kantian peace makes a statistically significant, independent contribution to peaceful interstate relations. These benefits are evident even when the influence of other theoretically interesting factors—such as relative power, alliances, geographic contiguity, and economic growth—is held constant. Increasing the number of shared memberships in intergovernmental organizations (IGOs) by one standard deviation reduces the incidence of militarized disputes by about 23 percent from the baseline rate for a typical pair of bordering states. If both members of a dyad are democratic, conflict is 35 percent less likely than the baseline; increasing both the dyadic trade–GDP ratio and the trend in trade by a standard deviation reduces the chance of conflict by 38 percent. Together, all the Kantian variables lower the probability of a dispute by 72 percent. We check for reverse causation and find reason to believe that a feedback system is at work, with IGOs reducing conflict and low-conflict dyads joining IGOs. Democracies and interdependent states are more likely to join IGOs with one another, bringing together the three elements of a system for Kantian peace.

Wage Bargaining, Central Bank Independence, and the Real Effects of Money

by Torben Iversen

The effects of financial capital mobility on monetary policy autonomy are relatively well understood, but the importance of particular monetary regimes in distinct national-institutional settings is not. This article is a theoretical and empirical exploration of the effects of monetary policy regimes on unemployment in different national wage-bargaining settings. Based on a rational expectations, two-stage game of the interaction between the wage behavior of labor unions and the monetary policies of governments, I argue that monetary policies have real (employment) effects in all but the most decentralized bargaining systems. Specifically, in intermediately centralized bargaining systems a credible government commitment to a nonaccommodating monetary policy rule will deter militant wage behavior with salutary effects on unemployment. In highly centralized systems, by contrast, restrictive monetary policies will clash with unions' pursuit of wage-distributive goals and produce inferior employment performance. Only in highly fragmented bargaining systems is money "neutral" in the sense that employment performance is unaffected by monetary regimes. The model has clear conse-

quences for the optimal design of central banks and collective bargaining arrangements and suggests new ways to study institutional change (hereunder the causal effect of increasingly globalized capital markets). The argument is supported by pooled time-series data for fifteen OECD countries over a twenty-one-year period.

Mixed Signals: Central Bank Independence, Coordinated Wage-Bargaining, and European Monetary Union

by Peter A. Hall and Robert J. Franzese, Jr.

Plans for the European Monetary Union (EMU) are based on the conventional postulate that increasing the independence of the central bank can reduce inflation without any real economic effects. However, the theoretical and empirical bases for this claim rest on models of the economy that make unrealistic information assumptions and omit institutional variables other than the central bank. When signaling problems between the central bank and other actors in the political economy are considered, we find that the character of wage bargaining conditions the impact of central bank independence by rendering the signals between the bank and the bargainers more or less effective. Greater central bank independence can reduce inflation without major employment effects where bargaining is coordinated, but it can bring higher levels of unemployment where bargaining is less coordinated. Thus, currency unions like the EMU may require higher levels of unemployment to control inflation than their proponents envisage. They will have costs as well as benefits, and these will be unevenly distributed among and within the member nations, depending on the changes they induce in the status of the bank and of wage coordination.

Systemic Conflict and Regional Monetary Integration: The Case of Europe

by C. Randall Henning

Existing explanations of European monetary integration, emphasizing economic interdependence, issue linkage, institutions, and domestic politics, take a predominantly regional approach. In the international monetary thesis developed here, I argue that U.S. policy disturbances, transmitted through the international monetary system, created compelling incentives for European states to cooperate on exchange-rate and monetary policy. I develop a general theory of macroeconomic power, based on open economy macroeconomics, and show how the exercise of such influence can drive regional monetary integration. This article then tests the international thesis with reference to monetary integration within the European Union by examining four periods in which the United States acted to stabilize the international monetary system and seven episodes in which it disrupted the system. European governments and central banks reduced regional monetary cooperation when the United States supported system stability and strengthened it after each episode of disruption. The evidence thus strongly supports the inference that the link is causal.

Positive Feedback: The Impact of Trade Liberalization on Industry Demands for Protection

by Oona A. Hathaway

Contrary to widely accepted theories of interest-group demand for protection, industries that experience high and rising import competition after a reduction in trade barriers often become less rather than more protectionist in the long term. To unravel this paradox, I propose and test a theory that explains variation in domestic producer groups' demand for protection over time. This model of industry behavior suggests that trade liberalization has a "positive feedback" effect on the policy preferences and political strategies of domestic industries, compelling them to adjust to more competitive market conditions and thereby reducing their future demand for protection.

Reversing the Gun Sights: Transnational Civil Society Targets Land Mines

by Richard Price

The rise in the importance of nonstate actors in generating new norms in world politics has been documented by scholars, but the literature has focused predominantly on nonsecurity ("new") issue areas. Conversely, although recent constructivist work in international relations has examined the security policies of states, typically it is the state that is doing the constructing of interests. I bridge these two literatures by examining the hard case of transnational civil society working through issue networks to teach state interests in security policy. I analyze the campaign by transnational civil society to generate an international norm prohibiting antipersonnel land mines and trace the effects of several techniques through which states can be said to be socialized. Through generating issues, networking, "grafting," and using a transnational Socratic method to reverse burdens of proof, the campaign has stimulated systemic normative change through two processes: norm adoption through the conversion of persuaded moral entrepreneurs and emulation resulting from social pressures of identity.