



## International Organization

Alícia Adserà and Carles Boix Trade, Democracy, and the Size of the Public Sector Andrew Kydd and Barbara F. Walter The Politics of Extremist Violence Edward D. Mansfield and Jack Snyder Democratic Transitions, Institutional Strength, and War **Richard H. Steinberg** Consensus-Based Bargaining and Outcomes in the GATT/WTO John M. Owen, IV The Foreign Imposition of Domestic Institutions Nita Rudra Globalization and the Decline of the Welfare State in Less-Developed Countries Simon Hug and Thomas König Governmental Preferences and Domestic Constraints at the Amsterdam Intergovernmental Conference

Edited at the Weatherhead Center for International Affairs, Harvard University Published quarterly by The MIT Press Founded in 1947 by the World Peace Foundation

> Lisa L. Martin Thomas Risse Beth V. Yarbrough Rebecca L. Webb

Editor in Chief Associate Editors

Managing Editor

Editorial Board Chair Editorial Roard

Emanuel Adler Benjamin J. Cohen George W. Downs James Fearon Martha Finnemore Jeff Frieden Joanne Gowa Stephan Haggard Robert O. Keohane

Benjamin J. Cohen Ronald Mitchell James Morrow John Odell Louis Pauly Robert Powell Thomas Risse B. Peter Rosendorff John Gerard Ruggie Fritz Scharpf Beth A. Simmons Anne-Marie Slaughter Janice Gross Stein Daniel Verdier Alexander Wendt Beth V. Yarbrough Michael Zürn

Geoffrey Garrett Judith Goldstein Miles Kahler Stephen D. Krasner Edward D. Mansfield Lisa L. Martin Helen V. Milner

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: Rebecca L. Webb Managing Editor International Organization The Weatherhead Center for International Affairs Harvard University 1737 Cambridge Street Cambridge, MA 02138

Statements and opinions expressed in International Organization are the responsibility of the authors alone and do not imply the endorsement of the Board of Editors, the Board of Trustees of the World Peace Foundation, the University of California, or The MIT Press.

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.

© 2002 by The IO Foundation and the Massachusetts Institute of Technology ISSN 0020-8183 This publication is printed on acid-free paper.

# **International Organization** Volume 56, Number 2, Spring 2002

Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness Alícia Adserà and Carles Boix	229
Sabotaging the Peace: The Politics of Extremist Violence Andrew Kydd and Barbara F. Walter	263
Democratic Transitions, Institutional Strength, and War Edward D. Mansfield and Jack Snyder	297
In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO <i>Richard H. Steinberg</i>	339
The Foreign Imposition of Domestic Institutions John M. Owen, IV	375
Globalization and the Decline of the Welfare State in Less- Developed Countries <i>Nita Rudra</i>	411
In View of Ratification: Governmental Preferences and Domestic Constraints at the Amsterdam Intergovernmental Conference Simon Hug and Thomas König	447

#### New on Dialogue-IO

#### Symposium on September 11

Hacking Networks of Terror Ronald J. Diebert and Janice Gross Stein

Rational Extremism: Understanding Terrorism in the 21<sup>st</sup> Century David A. Lake

The Globalization of Informal Violence, Theories of World Politics and the 'Liberalism of Fear' Robert O. Keohane

September 11<sup>th</sup> in Comparative Perspective: The Anti-Terrorism Campaigns of Germany and Japan *Peter Katzenstein* 

Symbols, Strategies, and Choices for International Relations Scholarship after September 11<sup>th</sup> David Leheny

Interacting Variables: September 11 and the Role of Ideas and Domestic Politics *Peter Gourevitch* 

Available at (http://mitpress.mit.edu/IO/).

### **Contributors**

Alícia Adserà is Assistant Professor of Economics at the University of Illinois at Chicago. She can be reached at adsera@uic.edu.

**Carles Boix** is Associate Professor of Political Science at the University of Chicago. He can be reached at cboix@midway.uchicago.edu.

Simon Hug is Assistant Professor at the Department of Government, University of Texas, Austin, Texas. He can be reached at simonhug@uts.cc.utexas.edu.

**Thomas Koenig** is Professor of Political Science at the University Konstanz, Germany and a Fulbright Distinguished Professor at Washington University, St. Louis, Missouri. He can be reached at t.koenig@uni-konstanz.de.

Andrew Kydd is Assistant Professor in the Government Department at Harvard University, Cambridge, Massachusetts. He can be reached at akydd@cfia.harvard.edu.

Edward D. Mansfield is Hum Rosen Professor of Political Science and Co-Director of the Christopher H. Browne Center for International Politics at the University of Pennsylvania, Philadelphia, Pennsylvania. He can be reached at emansfie@sas.upenn.edu.

John M. Owen, IV, is Assistant Professor of Government and Foreign Affairs at the University of Virginia, Charlottesville, Virginia. He can be reached at jmo4@virginia.edu.

**Jack Snyder** is Robert and Renee Belfer Professor of International Relations at Columbia University, New York, N.Y. He can be reached at jls6@columbia.edu.

Nita Rudra is Assistant Professor of the Graduate School of Public and International Affairs at the University of Pittsburgh, Pittsburgh, Pennsylvania. She can be reached at rudra@pitt.edu. **Richard H. Steinberg** is Professor of Law at the University of California, Los Angeles, Los Angeles, California. He can be reached at steinber@law.ucla.edu.

**Barbara F. Walter** is Assistant Professor at the Graduate School of International Relations and Pacific Studies, University of California, San Diego, San Diego, California. She can be reached at bfwalter@ucsd.edu.

#### Abstracts

#### Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness

by Alícia Adserà and Carles Boix

Politics remains prominently absent in the literature showing that higher levels of trade integration lead to a larger public sector. As openness increases, the state, acting as a social planner, adopts a salient role to minimize the risks of economic integration and secure social peace. Given the highly redistributive nature of both trade and fiscal policies, we claim, however, that the interaction of the international economy and domestic politics leads to three distinct political-economic equilibria. First, nations may embrace protectionist policies to shore up the welfare of key domestic sectors—without engaging, therefore, in substantial public spending. Second, to maintain trade openness in democracies, policymakers develop compensation policies to muster the support of the losers of openness. Finally, given the tax burden of public compensation, pro-free trade sectors may impose an authoritarian regime to exclude (instead of buying off) their opponents. After formally stating the conditions under which each regime emerges, we test the model on a panel data of around sixty-five developing and developed nations in the period 1950–1990 and explore its implications through a set of key historical cases drawn from the last two centuries.

#### Sabotaging the Peace: The Politics of Extremist Violence

by Andrew Kydd and Barbara F. Walter

Why are extremists able to sabotage peace processes in some cases but not others? And under what conditions will the public respond to such provocation and return to unpopular wars? We seek to show that extremist violence is not indiscriminate or irrational as many people have assumed but quite strategic. We argue that extremist violence intentionally plays on the uncertainty that exists between the more moderate groups who are attempting to negotiate a peace agreement. Using a game-theoretic model of the interaction of extremist violence and mistrust, we identify the conditions under which extremists will succeed and fail. We find that extremists are most likely to succeed in derailing a peace process when the targeted side believes that opposition moderates are strong. At these times, the public perceives moderates are viewed as weak and unable to crack down on extremists, terrorism is more likely to fail. We discuss this finding, as well as a number of additional implications of the model, in connection with the Israeli=Palestinian case.

#### Democratic Transitions, Institutional Strength, and War

by Edward D. Mansfield and Jack Snyder

The relationship between democratization and war has recently sparked a lively debate. We find that transitions from autocracy that become stalled prior to the establishment of coherent democratic institutions are especially likely to precipitate the onset of war. This tendency is heightened in countries where political institutions are weak and national officials are vested with little authority. These results accord with our argument that elites often employ nationalist rhetoric to mobilize support in the populist rivalries of the poorly-institutionalized democratizing state but then get caught up in the belligerent politics that this process eventually unleashes. In contrast, we find that transitions that quickly culminate in a fully coherent democracies are merely the targets of attack due to their temporary weakness: in fact, they tend to be the initiators of war. We also refute the view that any regime change is likely to precipitate the outbreak of war: transitions toward democracy are significantly more likely to generate hostilities than transitions toward autocracy.

## In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO

by Richard H. Steinberg

This article explains how consensus decision making has operated in practice in the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO). When GATT/WTO bargaining is law-based, consensus outcomes are Pareto-improving and roughly symmetrical. When bargaining is power-based, states bring to bear instruments of power that are extrinsic to rules, invisibly weighting the process and generating consensus outcomes that are asymmetrical and may not be Pareto-improving. Empirical analysis shows that although trade rounds have been launched through law-based bargaining, hard law is generated when a round is closed, and rounds have been closed through power-based bargaining. Agenda setting has taken place in the shadow of that power and has been dominated by the European Community and the United States. The decision making rules have been maintained because they help generate information used by powerful states in the agenda-setting process. Consensus decision making at the GATT/WTO is organized hypocrisy, allowing adherence to the instrumental reality of asymmetrical power and the sovereign equality principle upon which consensus decision making is purportedly based.

#### The Foreign Imposition of Domestic Institutions

by John M. Owen, IV

International relations research has paid little attention to why states often spend precious resources building and maintaining domestic institutions in other states. I identify 198 cases of *forcible* domestic institutional promotion, the most costly form of such interventions, between 1555 and 2000. I note several patterns in the data: these interventions come in three historical clusters; they are carried out by states of several regime types; states engage in the practice repeatedly; target states tend to be undergoing internal instability; states tend to promote their own institutions; and targets tend to be of strategic importance. The most international insecurity. I argue that these two conditions interact: forcible promotion is most likely when great powers (1) need to expand their power; and (2) find that, by imposing on in smaller states those institutions most likely to keep their ideological confreres in power, they can bring those states under their influence. Although in periods of high insecurity

domestic variables alone may account for institutional impositions, such impositions may nonetheless extend the promoting states' influence and thereby alter the balance of international power.

## Globalization and the Decline of the Welfare State in Less-Developed Countries

#### by Nita Rudra

Why have trends in government welfare spending in developing countries diverged from those in developed countries? I address this question by investigating the effects of capital and trade flows on government welfare spending in fifty-three developing countries. Using an original measure of labor power in developing countries, I test the links between international markets, labor's political strength, and the welfare state. I argue that labor's collective-action problems, caused by large populations of low-skilled and surplus workers, offset labor's potential political gains from globalization. I show that when the proportion of low-skilled workers in a nation is high, globalization will lead to a decline in welfare spending. Most significantly, the results suggest that in nations where labor-market institutions are not yet well developed, government social-welfare spending is constrained by international market. forces

#### In View of Ratification: Governmental Preferences and Domestic Constraints at the Amsterdam Intergovernmental Conference

by Simon Hug and Thomas König

The bargaining product of the Amsterdam Intergovernmental Conference—the Amsterdam Treaty—dwindled down the draft proposal to a consensus set of all fifteen member states of the European Union (EU). Using the two-level concept of international bargains, we provide a thorough analysis of how this consensus set was reached by issue subtraction with respect to domestic ratification constraints. Drawing on data sets covering the positions of all negotiating actors and ratifying national political parties, we first highlight the differences in the Amsterdam ratification procedures in the fifteen member states of the EU. This analysis allows us to compare the varying ratification difficulties in each country. Second, our empirical analysis of the treaty negotiations shows that member states excluded half of the Amsterdam bargaining issues to secure a smooth ratification. Because member states with higher domestic ratification constraints performed better in eliminating uncomfortable issues at the Amsterdam Intergovernmental Conference, issue subtraction can be explained by the extent to which the negotiators were constrained by domestic interests.

### *International Organization* gratefully acknowledges the assistance of the following additional reviewers in 2001:

Kenneth Abbott James E. Alt Karen J. Alter Richard Anderson Deborah Avant David R. Baldwin Robert Bates Matthew Baum William Bernhard Mark R. Brawley Lawrence J. Broz Rupen Cetinvan Jeffrey T. Checkel Ellen T. Comisso Dale Copeland Gary Cox Michael Desch David Dessler Paul F. Diehl Jack Donnelly John Duffield Barry Eichengreen Rainer Eising Matthew Evangelista Tanisha Fazal Karen Ferree Virginia Page Fortna Robert Franzese, Jr. Richard H. Friman Matthew Gabel Erik Gartzke Clark C. Gibson Michael J. Gilligan Charles Glaser Kristian Petter Gleditsch Peter M. Haas Kathleen Hancock Wendy Hansen Virginia Haufler Richard Herrmann **Richard Higgott** 

Michael J. Hiscox John Huber Paul Huth Torben Iversen Miles Kahler David Eliot Kang Ethan B. Kapstein Mary F. Katzenstein Peter J. Katzenstein Benedict W. Kingsbury Edward A. Kolodziej Barbara Koremenos Lawrence Krause Ellis Krauss Ronald Krebs Robert T. Kudrle Charles Kupchan Andrew Kydd David Laitin Deborah Larson David Leblang Jeffrey W. Legro Joseph Lepgold Rov Licklider Michael Lofchie Andrew MacIntyre David Mares Michael Mastanduno Walter Mattli Timothy McKeown Kathleen McNamara Benjamin Miller Ronald Mitchell Jeannette Money Andrew Moravcsik Patrick Clifton Morgan Craig Murphy Barry Naughton Dan Nielson Elinor Ostrom Robert Pahre

Craig Parsons Manuel Pastor T. J. Pempel Jonas Pontusson Kal Raustiala Simon Reich Dan Reiter Marc Rosenblum Frances Rosenbluth Nicholas Sambanis Wayne Sandholtz Anne E. Sartori Leonard Schoppa Susan Shirk Matthew Shugart Curtis Signorino Lars Skalnes Alastair Smith Tony Smith Duncan Snidal Jack Snyder Deborah L. Spar Alan C Stam Janice Gross Stein Richard M. Steinberg **Roland Stephen** Duane Swank Nina Tannenwald Michael G. Thies Monica Duffy Toft Daniel Treisman Peter Trubowitz George Tsebelis Daniel Verdier Eric Voeten David Vogel Michael Wallerstein Stephen Walt Barbara Walter Steven Weber Dali Yang