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International Organization

Hendrik Spruyt
Institutional Selection in International Relations

Jeffry A. Frieden
International Investment and Colonialism

Susanne Lohmann and Sharyn O'Halloran
Divided Government and U.S. Trade Policy

Gerald Schneider and Lars-Erik Cederman
Changes of Tide in European Integration

Mark Tilton
Informal Market Governance in Japan

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Articles

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Abstracts

Institutional selection in international relations: state anarchy as order
by Hendrik Spruyt

By the end of the medieval era, three new competing institutions attempted to capture gains from trade and reduce feudal particularism: sovereign territorial states, city-leagues, and city-states. By the middle of the seventeenth century, city-leagues and city-states had declined markedly. Territorial states survived as the dominant form because they were able to reduce free riding, lower transaction costs, and credibly commit their constituents. The selection process took place along three dimensions. First, sovereign territorial states proved competitively superior in the economic realm. Second, states increasingly recognized only other sovereign territorial states as legitimate actors in the international system. Third, other actors defected to or copied the institutional makeup of sovereign territorial organization. The emergence of discrete territorial units in which only sovereign authorities represented their citizens as the predominant type of organization in international affairs created a new solution to the problem of markets and hierarchies.

International investment and colonial control: a new interpretation
by Jeffry A. Frieden

The impact of economic factors on colonial imperialism in the late nineteenth century has long been a topic of debate. This article examines the expected relationship between different forms of international investment and different patterns of political ties between developed and developing countries. Drawing on the literature on relational contracts and collective action, it argues that direct colonial control was likely to be associated with cross-border investments whose rents were particularly easy to seize or protect, and whose protection did not require multilateral action. Where such rents were difficult to seize or protect unilaterally, colonialism is expected to be less likely. The most common example of the former sort of investment is primary (raw-materials or agricultural) investment; of the latter, multinational manufacturing affiliates. The argument is weighed against both a survey of the qualitative evidence and some simple quantitative evaluations. The approach also has potential applications to more general problems of international conflict and cooperation.

Divided government and U.S. trade policy: theory and evidence
by Susanne Lohmann and Sharyn O'Halloran

If different parties control the U.S. Congress and White House, the United States may maintain higher import protection than otherwise. This proposition follows from a distributive politics model in which Congress can choose to delegate trade policymaking to the President. When the congressional majority party faces a President of the other party, the former has an incentive to delegate to but to constrain the President by requiring congressional approval of trade proposals by up-or-down vote. This constraint forces the President to provide higher protection in order to assemble a congressional majority. Evidence confirms that (1) the institutional constraints placed on the President's trade policymaking authority are strengthened in times of divided government and loosened under unified government and (2) U.S. trade policy was significantly more protectionist under divided than under unified government during the period 1949–90.

The change of tide in political cooperation: a limited information model of European integration
by Gerald Schneider and Lars-Erik Cederman

European integration follows a puzzling stop-and-go pattern that traditional international reations theories cannot fully explain. The predominating paradigms only account for either the achievements or the setbacks of the integration process. An information-based explanation makes it possible to move beyond structural accounts provided by realist and functionalist scholarship. Such an approach yields solid micro-level foundations of international bargaining and focuses on leaders' use of threats in negotiations about regional cooperation. Situations involving governments agreeing on the necessity of further integration, but disagreeing about its level, create room for strategic manipulation of information asymmetries. This type of uncertainty stems from the manipulator's information and control advantages concerning domestic costs. The analysis of different summit meetings demonstrates the empirical relevance of such maneuvers for the dynamics of European integration.

Informal market governance in Japan's basic materials industries
by Mark Tilton

Too much emphasis has been placed on formal state policies and on ties between individual firms to explain Japanese economic behavior and impediments to imports in Japanese markets. We need to look instead at informal governance by trade associations. In so doing, the concept of relational contracting should be applied not just to dyadic relationships between individual firms but also to relationships between entire industries. Whole industries engage in relational contracting to ensure the stability of both prices and supplies. These industry agreements stabilize Japanese markets but at the same time keep imports out of them. This informal governance complements state policies to support uncompetitive industries. These agreements are more likely to occur and succeed between selling and buying industries that each are relatively concentrated, when upstream products are standardized, when upstream goods constitute a smaller share of downstream production costs, when these sectors have not experienced previous conflicts that undermine cooperation, and when the Ministry of International Trade and Industry wants a domestic supply of its products.