The Liberal Illusion: Does Trade Promote Peace? by Katherine Barbieri
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Published by: American Political Science Association
Stable URL: http://www.jstor.org/stable/3688420
Accessed: 24/06/2014 19:39
not change the meaning of the logic of money? In fact, the Andrews, Henning, and Pauly volume can be read as an example of how the logic of money is being socially constructed among the current generation of IPE scholars. After all, monetary governance has been of interest to IPE scholars for some time, but the framing of the questions and the answers given have been very different at various points in time. As the editors themselves note, for example, “optimum currency area theory was the analytical workhorse of economic approaches to monetary integration,” and they were “fairly realistic in the 1960s but hardly appropriate to the 1980s and 1990s” (p. 6). This means that the logic of money is not simply an empirical, objective fact but also a socially constructed category that must be rethought and hence reconstructed. Indeed, if what was considered “common sense” in 1960 is now inappropriate, what is left of the rationalist claim to the objective logic of money?

The temptation to cut into the issue of “governance” or “leadership” with a “logic of money,” and leave the rest to constructivism, is entirely understandable from a traditional IPE perspective. But how governance, leadership, and the logic of money become the “common sense” categories of the international economic system, and hence the scholars who study it, is also the stuff of constructivism. In the final analysis, however, whether this initial marriage between rationalism and constructivism in IPE will satisfy proponents of either is probably less important than the attempt itself, which reflects a willingness on the part of IPE scholars to explore and incorporate new ideas and different perspectives. Barkin’s book does so by pushing us to consider the relationship between rationalism and constructivism in IPE more fully, while the Andrews, Henning, and Pauly volume asks us to consider equally plausible but alternative perspectives on monetary governance. At a time in the discipline of IR when debates are more dismissive than heated, such willingness to take seriously alternative theoretical positions and to honestly engage them is much needed.


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The relationship between economic interdependence and conflict has been a central debate in international relations, especially since Solomon Polachek published his seminal article in 1980 ("Conflict and Trade," Journal of Conflict Resolution 24:1 [March 1980]: 55–78). Whether trade can quell political hostilities through increasing the costs of disrupting trade, creating mutual interdependence among trading states, or increasing human contact is a key question. Polachek argued that trade produces a “natural peace,” as opposed to one constructed by the rule of law. Today, the debate rages over whether trade leads to peace or promotes interstate war. In a very thorough treatment of all sides of this debate and the use of multiple forms of analysis, Katherine Barbieri evaluates liberal, realist, and dependency theorists’ claims about the nature of economic interdependence and conflict in her book. Whether trade uniformly reduces conflict among all trading states or only under specific conditions is a central question for the author. In order to understand the relationship between trade and conflict, Barbieri argues that the conditions under which trade diminishes, exacerbates, and has no influence on interstate war should be assessed. Specifying such circumstances is a central goal in The Liberal Illusion. This objective sheds light on international relations, builds IR theory, and gives policymakers a guidepost for when and how to apply trade as a policy tool for conflict reduction and prevention.

The liberal perspective on trade and conflict is the point of departure for this book since this perspective has had such a powerful influence on IR theory and foreign economic policy. Liberal scholars argue that the “virtues of trade” lie in incentives for cooperation and reduction in misconceptions between people, for example. According to this view, trade can change oppressive regimes into peaceful democratic societies. Barbieri maintains that some liberals see trade as a panacea for most ills, ranging from the nasty characteristics of human nature to poverty and war. Given that this theoretical perspective has a strong influence on policy in international relations, we must understand the virtues and vices of trade for alleviating conflict.

Realist and dependency theorists maintain that trade promotes conflict and is a barrier to peace because of the inequities in the distribution of the gains from trade, as well as the imbalance in the terms of trade. Economic interdependence does not have a uniform impact on the incidence and severity of interstate conflict across major and minor powers, according to these viewpoints. The actual and perceived disparity in the gains and terms of trade can be an obstacle to interstate conflict reduction and prevention. Barbieri has consistently made the argument that the liberal trade-conflict relationship may not be uniform across different types of country pairs. Trade in relation to conflict is mediated by whether dyad members are symmetric or asymmetric in economic development and capabilities.

The book departs from previous research on trade and conflict in several ways. First, Barbieri examines overlooked scholarship on trade and conflict. She evaluates arguments by advocates as well as a range of opponents of the “trade produces peace” proposition. Second, she provides comprehensive analysis of the trade-conflict relationship. The temporal domain for her study is 1870 to 1992 and is based on a global sample of 100,000 observations of country pairs. Her analysis includes large-n statistical studies, as well as some case examples. Barbieri not only assesses the significance of economic interdependence for conflict but also examines trade’s connection to negotiation in and the escalation of interstate war.

This book also brings our attention to the levels-of-analysis issue in the study of trade and conflict. This debate occurs over different scales of interaction. For instance, liberal explanations are often provided at different units of analysis, but
most studies have been conducted at the state level. Moreover, some explanations for how trade reduces conflict originate at the individual level. Increased human contact fostered by trade reduces differences between societies and leads to less war. Trade will bring out the harmonious characteristics in humans, as opposed to characteristics that make humans prone to violence, are such examples. Barbieri argues that scholars have made the trade-produces-peace proposition equally applicable between people, classes, communities, and the global community. These explanations require a different kind of assessment than ones that have been conducted at the state level of analysis. She suggests that system-wide interdependence should be considered as well. Consequently, her analysis goes beyond trade’s impact on dyadic relationships to an assessment of its impact on states and the state system. She asks the question, does increased trade reduce a state’s conflict proneness? Are states with extensive foreign trade in general more peaceful than states without such extensive ties? This alternative level of analysis is an initial step toward addressing her critique about testing trade and conflict across different levels of analysis.

Findings in the book suggest that there is little support for the argument that trade promotes peace in dyadic relationships. Interdependent dyads are more likely to engage in militarized conflicts than are those with less extensive trade ties. Trade links do aid states in achieving negotiated settlements to conflict, yet they do not eliminate escalation of conflict. These dyads are the most likely to experience the most extreme type of conflict, war, according to Barbieri. In other analyses conducted in this book, she found that there are differences in trade’s influence across different levels of analysis. States heavily dependent on trade are less prone to conflict. In contrast to previous work, she finds that economically strong states are the most conflictual when trade flows are high between these trading states. The possibility of the simultaneous contribution of trade to wealth and peace becomes an important issue for further consideration. Barbieri concludes that trade promotes peace when ties are extensive and both dyad members are symmetric.

In sum, the strength of The Liberal Illusion is that multiple views about the nature of trade and conflict are assessed and backed by a comprehensive analysis. Barbieri builds on a solid foundation of work on trade and conflict and specifies the conditions under which trade reduces and increases conflict. Multiple conceptualizations of trade, multiple trade measures, multiple data sets (i.e. Bruce Russett and John Oneal, Triangulating Peace: Democracy, Interdependence and International Organization, 2001), and variation in data collection method enrich this research program but also create issues of comparability across studies. This problem remains for scholars of trade and conflict. We do not fully understand the consequences of variation across these trade data sets for the study of trade and conflict. The bottom line is that this is an important book in the study of trade and conflict because of its comprehensive approach. The book sets the stage for addressing these issues, as well as the gaps that remain regarding trade’s influence on different kinds of conflict and the role of domestic politics, as argued by Edward Mansfield and Brian Pollins (“The Study of Interdependence and Conflict: Recent Advances, Open Questions, and Directions for Future Research,” Journal of Conflict Resolution 6 [2001]: 834–859).


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Quietly, as if by stealth, Robert W. Cox’s stature as an international relations theorist has grown over the last two decades until it seems reasonable to suggest that he has become a dominant figure in the field, whose influence is magnified by a growing cadre of loyal former students and close associates. Cox, as he disarmingly admits, is almost impossible to categorize as realist, liberal, constructivist, or Marxist, although he has drawn insights from a wide variety of intellectual sources. In his own words, “I do not shy away from the word ‘eclectic’” (p. 29), and that is as close as we can responsibly come to a comprehensive label.

But there is more to this problem of locating Cox’s approach, and especially his engagement with the politics of change that is so characteristic of his work. On the one side, Cox, in responding to critics, says that “[t]he most pertinent criticism is that I have lacked a coherent vision of what I am for” (p. 37), and he goes on to explain that his two careers as an international civil servant with the International Labor Organization and then as an academician may have had the double effect of removing him “from a sense of primary identity with nation or class” while allowing him to “hone the critical faculty and confirm a feeling of distance from active political and social engagement” (p. 37). And in the same passage, “I am an observer, not a representative” (p. 37). But on the other side is a critical voice that seems to have chosen sides in the great unfolding global drama that commands major attention at the present time. Again Cox’s own words are clarifying: “I am not content merely to analyse the historical process. I also want to put that analysis to the service of historical change” (p. 37). And so he does. Just as the intellectual progeny of Leo Strauss, we are learning these days, veer to the far right of the political spectrum, those who follow Cox’s lead are to be consistently found on the left. Such a generalization is confirmed by scanning the contributors to a volume put together a few years ago to honor Cox at the time of his retirement from York University (Innovation and Transformation in International Studies, Stephen Gill and James Mittelman, eds., 1997). It is a mark of Cox’s humility (and importance) that an initial long chapter authored by Michael Schechter summarizes the principal criticisms of Cox’s academic output, and is followed by a chapter of explanations written by Cox that responds meekly and usefully, clarifying intentions, refraining from argument and debate.

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