Economic Actors' Lobbying Influence on the Prospects for War and Peace

Stephen G. Brooks

Abstract Political scientists and economists have long been interested in the role of special interests in the policymaking process. In the past few years, a series of important new books have argued forcefully that the lobbying activities of economic actors have an important influence on the prospects for war and peace. All of these analyses claim that whether economic actors enhance or decrease the likelihood of conflict ultimately depends on the domestic political balance between economic actors who have a strong vested interest in pushing for peace versus those that do not. I advance two contrary arguments. At least among the advanced states, I posit there are no longer any economic actors who will be favorable toward war and who will lobby the government with this preference. All of the identified mechanisms that previously contributed to such lobbying in these states have been swept away with the end of colonialism and the rise of economic globalization. In particular, I show that the current structure of the global economy now makes it feasible for foreign direct investment to serve as an effective substitute for conquest in a way that was not possible in previous eras. My second argument concerns those economic actors in advanced states with a preference for peace. I posit that it has become unnecessary for them to directly lobby the government to avoid war on economic grounds because economic globalization—the accumulation of decisions by economic actors throughout the globe—now has sufficiently clear economic incentives for leaders.

Books Discussed in This Review Essay

Kirshner, Jonathan. 2007. *Appeasing Bankers: Financial Caution on the Road to War*. Princeton, N.J.: Princeton University Press.

McDonald, Patrick J. 2009. *The Invisible Hand of Peace: Capitalism, the War Machine, and International Relations Theory*. New York: Cambridge University Press.

Narizny, Kevin. 2007. *The Political Economy of Grand Strategy*. Ithaca, N.Y.: Cornell University Press.

Political scientists and economists have long been interested in the role of special interests in the policymaking process. Scholars frequently portray special inter-

For comments, I am grateful to Brian Greenhill, Ethan Kapstein, the anonymous referees, and the *IO* editors Emanuel Adler, Louis Pauly, and especially Etel Solingen. For their research assistance, I thank Priya Krishna, Jessi Merry, and Keshav Poddar.

International Organization 67, Fall 2013, pp. 863–88

doi:10.1017/S0020818313000283

ests as motivated actors with specific policy preferences who lobby politicians to advance them. Such a focus on lobbying by interest groups was the hallmark of the pluralist perspective championed by Truman, Dahl, and others that was extremely influential within political science during the 1950s and 1960s.[1] Although the salience of lobbying never disappeared within political science, the pluralist perspective eventually came under sharp attack and faded in salience after the 1960s.[2] From the 1970s through the early 1990s, many of the most prominent theoretical analyses of lobbying by special interest groups were written by economists. Some of the most influential works of political economy from the twentieth century take exactly this approach: Stigler's analysis of how firms influence the structure of regulation, Becker's examination of how competition for political influence among interest groups affects subsidies and taxes, and Grossman's and Helpman's study of how contributions by special interest groups influence the structure trade of protection.[3] Eventually, theoretical interest in lobbying became reignited within political science, with a wave of studies emerging over the past quarter century emphasizing that special interest groups have the potential to alter policy outcomes by providing information, campaign contributions, or other valuable resources to politicians.[4] Scholars have emphasized that lobbying can influence either by altering the positions of opponents or shoring up natural allies.

In the political science literature on lobbying, most recent attention has come from scholars of American politics and comparative politics.[5] In light of the great prominence of lobbying within the economics literature on trade policy, it is not surprising that there are a number of studies within the international political economy literature on the domestic determinants of foreign policy that also highlight lobbying as an influence on international economic policies.[6] At the same time, there has long been a dearth of studies that specifically examine lobbying by special interest groups within the security subfield, although the controversial recent book by Walt and Mearsheimer examining the Israel lobby has certainly brought increased attention to this dynamic in recent years.[7] As a result, there is still much scholars do not know about how and whether lobbying by special interest groups influences security affairs.

1. See Truman 1951; and Dahl 1967.
2. Lowery and Gray 2004, 164–66.
3. See Stigler 1971; Becker 1983; and Grossman and Helpman 1994. Each of these articles has been cited thousands of times (Stigler has been cited 6,852 times, Becker 3,483 times, and Grossman and Helpman 3,126 times) and has helped to prompt prominent literatures within political economy.
4. See, for example, Austen-Smith 1995; Austen-Smith and Wright 1992, 1994, and 1996; Hall and Deardorff 2006; Hall and Wayman 1990; and Hojnacki and Kimball 1999.
5. In addition to the citations in the previous footnote, see also, for example, Quinn and Shapiro 1991; Langbein and Lotwis 1990; Baumgartner et al. 2009; Smith 2000; and Lowery 2007.
6. See, for example, Broz and Frieden 2001; Mansfield and Milner 2010; Milner and Rosendorff 1996; and Conybeare 1983.
7. Mearsheimer and Walt 2007.

In this analysis, I aim to contribute to the base of knowledge regarding economic actors' potential lobbying influence on the prospects for war and peace. Economists as well as many political scientists often focus on the political role of economic actors—which includes firms, owners of firms, financiers, entrepreneurs, banks, and other private financial institutions—in part because, as Stigler puts, "many, many industries fulfill in good measure the small number condition" that is conducive to collective action.[8] By pursuing lobbying objectives that favor them, economic actors are seen as having the potential to secure benefits for themselves, perhaps at the expense of the collective interests of the public and/or other economic actors that are less able to engage in effective lobbying.[9] For the field of international relations (IR), this brings up an important question that has long been neglected in the literature: If lobbying by economic actors can have an influence on economic openness and other international economic policies, is the same true for security policy?

For many centuries, analysts have posited that the foreign policy preferences of economic actors can have a great influence on security affairs; Adam Smith, Joseph Schumpeter, and Vladimir Lenin are some of the more prominent thinkers who have posited this.[10] But these earlier analyses lacked empirical backup for such assertions; until recently, there have been few analyses that provide systematic examinations of whether and how economic actors have a general influence on the prospects for war and peace. A series of interesting analyses appeared in the 1990s and early 2000s examining a variety of ways in which domestic political economy and security issues interact, but none of them specifically direct their attention to whether lobbying by economic actors can have a general influence on the likelihood of conflict.[11] And although a large literature exists on how trade influences the likelihood of conflict, McDonald correctly notes that there has long been a dearth of research on "the mechanisms by which the economic interests of private

8. Stigler 1974, 362.
9. See, for example, Stigler 1971; and Schlozman and Tierney 1986.
10. McDonald 2009, 36–39.
11. See Trubowitz 1998; Solingen 1998; Lobell 2003; Fordham 1998; Rosecrance 1999; Papayoanou 1996; and Snyder 1991. Trubowitz focuses directly on U.S. foreign policy and his explanatory focus is on regional economic differences. Papayoanou examines balancing behavior and his principal focus at the domestic level is on institutional structure; the varying role of economic interests across countries is seen as flowing directly from it. Fordham focuses specifically on explaining internationalist U.S. foreign policy in the period immediately following World War II, not on international security more generally. Lobell discusses lobbying in his analysis but examines the foreign policy behavior of declining hegemons only. Solingen focuses on coalition formation and its consequences for grand strategy in developing countries. Snyder only briefly discusses the potential influence of economic actors on security policy and does not focus on their lobbying activities. Rosecrance develops a series of arguments regarding how economic changes can alter security affairs, but they concern changing incentives rather than the political influence of economic actors: domestic and global economic shifts are seen as altering state behavior by changing the foreign policy calculus facing foreign policy leaders.

individuals exposed to international markets get translated into public policy that support either war or peace."[12]

In the past few years, three important new books—by Kirshner, McDonald, and Narizny—have moved toward filling this void in IR scholarship. Each of these three books, respectively published by three of the top university presses in IR, argues forcefully that the lobbying activities of economic actors have an important influence on the prospects for war and peace. Collectively, they present a powerful argument in this regard.

Kirshner meticulously examines the foreign policy preferences and behavior of a particular economic actor—finance—that had been lumped together with other business groups. Through a series of detailed case studies, he concludes that whether finance is politically dominant relative to other economic actors is critical since only "the financial community has a strong and general interest in the preservation of peace" and will thus consistently push against war.[13] As for McDonald and Narizny, they both undertake the kind of analysis of security behavior that Mansfield and Pollins argued a decade ago was desperately needed: "addressing which groups in society benefit from international markets, which groups are harmed by commercial openness, and the political influence of these respective segments of society."[14] McDonald stresses that "because international trade redistributes income within society, it simultaneously creates conflicting pressures for and against more open commercial policies. This domestic conflict implies that gains from trade accruing to an economy as a whole will not necessarily translate into uniform lobbying pressures from society for the promotion of trade and peace."[15] Through an examination of a wealth of statistical evidence across a wide historical period as well as a series of detailed case studies, he concludes that the capacity of globalization to promote peace does ultimately depend on whether "the beneficiaries of open, global markets possess disproportionate political influence."[16] In Narizny's case, he specifically highlights the particular geographic destination of exports and foreign direct investment (FDI) to explain foreign policy variation. The key issue for Narizny is the balance of power between "domestic interests" (economic groups that do not depend on the global economy), "core interests" (economic groups that export to the great powers or have investments there), and "peripheral interests" (economic groups that export to peripheral states or have investments there). Through an examination of the United States' and Britain's experience in the pre–World War II era, he argues that domestic interests push for isolationism, core interests advocate for internationalism, and peripheral interests push for either imperialism or interventionism.

Thus, although the particulars differ, all three books have the same overall conceptual argument regarding economic actors' influence on the prospects for war and

12. McDonald 2009, 13. On this point, see also Mansfield and Pollins 2001, 841.
13. Kirshner 2007, 17.
14. Mansfield and Pollins 2001, 841.
15. McDonald 2009, 13.
16. Ibid., 51.

peace: what ultimately matters is the domestic political balance between economic actors who have a strong vested interest in pushing for peace versus those that do not. At first blush, it might seem entirely reasonable to accept the overall conclusion from these three books that lobbying by economic actors does matter in security affairs. Yet the literature on lobbying in American politics provides some basis for being skeptical: a number of recent analyses cast doubt on the notion that lobbying consistently has a significant influence on U.S. domestic policymaking.[17] Indeed, in the eyes of some scholars, the evidence is now sufficient to conclude that lobbying really does not have much influence in American politics.[18] For the IR field, the relevant takeaway from this literature in American politics is that it is wise to cast a skeptical eye toward the notion that lobbying by economic actors is influential in security affairs.

I advance two arguments regarding security lobbying by economic actors. At least among the advanced states, I posit that there are no longer any economic actors who will be favorable toward war and who will lobby the government with this preference. All of the identified mechanisms that previously contributed to such lobbying in these states have been swept away because of the end of colonialism and the rise of economic globalization. My second argument concerns those economic actors in advanced states with a preference for peace. I posit that it has become unnecessary for them to directly lobby the government to avoid war on economic grounds because economic globalization—the accumulation of decisions by economic actors throughout the globe—now has sufficiently clear economic incentives for leaders. In sum, my overall assessment is that these authors were once right that the security-lobbying activities of economic actors in advanced states had a significant, direct influence on the likelihood of war, but this is no longer the case. Perhaps the fundamental limitation of these three analyses is that they are static and do not sufficiently grapple with whether, or how, changes over time may influence their conclusions regarding the significance of security lobbying by economic actors.

Before proceeding to the analysis, a few brief clarifications are in order. Although both of my arguments can conceivably be applied generally to all states, I focus only on the kind of economically advanced states that these three books concentrate on; I do so to keep my analysis comparable with these analyses and because these states have the greatest capacity to project military power overseas. Regarding the dependent variable, I focus on the occurrence of war and peace and not the overall nature of security policy. The independent variable is lobbying by eco-

17. A significant recent examination is Baumgartner et al. 2009, which finds that lobbying campaigns failed to change policy in 60 percent of the ninety-eight case studies they examined. Another prominent recent analysis is Smith's recent book, which finds that large corporations do not have significant power even when they lobby as part of a cohesive bloc: his study indicates that economic actors fail to secure their political objectives unless they are backed by the public. Smith 2000.

18. In this regard, Lowery concludes that "the large-N studies of the 1990s almost uniformly failed to find consistent evidence of extensive influence on the part of organized interests." Lowery 2007, 36.

nomic actors. By lobbying, I mean the situation in which domestic actors have preferences they seek to actively make known to policymakers to influence their decisions. If economic actors have preferences regarding war and peace (or anything else) but do not make them directly known to policymakers in some fashion, then no lobbying has occurred. I focus on the political behavior of firms, owners of firms, financiers, banks, and other private financial institutions that specifically undertake "economic" activities in the marketplace. This excludes elements of the government that deal with economic issues (which is prominent in portions of Kirshner's analysis but is not a focus of the other two books). This also excludes the "military-industrial complex" (which Narizny deals with to only a slight degree and neither of the other two books analyzes). Since the military-industrial complex actually contains members of the government within it (it includes legislators, defense officials, and defense firms) it would be a conceptual stretch to consider it as engaging in lobbying.[19] Moreover, even the nongovernmental portion of the military-industrial complex—defense firms—is focused on selling weapons and other military-related goods and services directly to the government, and thus has different motivations and faces different incentives compared to economic actors who are squarely focused on serving the private marketplace.

A final point to clarify is that it might seem from this discussion that my analysis completely undermines the three books in question. That is hardly the case. With respect to Kirshner's book, my examination is really not damaging at all: as will become clear, I see his fundamental argument—that the actions of finance are a positive force for peace—as still being valid but just for different theoretical reasons than he posits. McDonald's book has the widest scope of the three examined in this article; indeed, it is one of the most sweeping empirical books that has appeared in the IR field in the past ten years. My analysis focuses on only one of the two core theoretical mechanisms he delineates for how economic factors can influence the likelihood of conflict (I do not analyze his argument about how levels of public property ownership in a society can influence the prospects for war and peace). Moreover, McDonald advances a weighty critique of the democratic peace (perhaps the most important critique of this theory advanced in the literature so far) that my analysis also does not bear upon. As for Narizny, his book is historically focused: his cases are all from before World War II and his theoretical framework is very much geared toward the particular features of that era. There are strong reasons to doubt that Narizny's theoretical framework and findings have applicability for the present day; yet this is an issue that bears on only the last portion of his concluding chapter, not the heart of his analysis. In sum, the analysis does not undermine my assessment that these are important books and my recommendation that anyone interested in understanding how economic factors influence security affairs must grapple with them.

19. A useful recent treatment discussing the significance of the military-industrial complex for security affairs is Solingen 2007.

The analysis has five sections. The first three sections bear on my first claim (that no economic actors in advanced states will lobby for war) while the fourth section bears on my second claim (that it has become unnecessary for economic actors who favor peace to lobby the government to avoid war because of economic globalization). The first section will critically examine the empirical case that these three books present for the presence of economic actors acting as a lobby for war. The second section will then delineate the five theoretical mechanisms they collectively forward for why some economic actors sometimes see using military force as being advantageous and analyze their potential relevance for the present era. As I will discuss, most of these mechanisms are applicable to the "colonial era" only (that is, the period in which formal colonial control was prevalent throughout much of the developing world) but two of them could potentially be relevant today. In the third section, I then argue that these two remaining potentially relevant mechanisms do not, in fact, apply today because of recent changes in global economy. In so doing, I develop a general theory for why the current structure of the global economy now makes it feasible for FDI to serve as an effective substitute for conquest in a way that was not possible in previous eras and then delineate the empirical evidence that bears on this theory. The fourth section then argues that the incentives created by globalization have altered the significance of lobbying efforts by economic actors who favor peace. The concluding section delineates the implications of the analysis and outlines the specific circumstances in which security lobbying by economic actors in advanced states could potentially become significant again.

Assessing the Empirical Baseline: Do Economic Actors in Advanced States Still Lobby for War?

What do these three books tell us about the existence of lobbying for war by economic actors in advanced states? At first blush, Kirshner's argument seems to imply that finance will always oppose war. However, his specific claim is actually more nuanced: he notes that it is "a *relative* argument—the claim is not that finance will always oppose war, but rather that, as a general rule, finance will be among the most cautious and reluctant to risk and initiate war."[20] Although Kirshner does not explore this point, his argument leaves open the possibility that finance may actually be in favor of certain wars. Of critical importance here is the median view of a prospective war. If the vast majority of a state's population and interest groups are extremely favorable toward war, then it is possible that finance could have a positive attitude toward war and yet nevertheless still be relatively more cautious: if others are, say, at a nine out of ten on a scale of war favorability, then finance could still count being relatively more cautious if it stood at an eight. One

20. Kirshner 2007, 9.

wonders, for example, about the attitude of U.S. financiers toward initiating the war in Afghanistan in 2001 in the aftermath of 9/11: Were they really against the war, or just not as much in favor of it as others?

This line of argument notwithstanding, Kirshner's empirical findings reveal that although finance might actually approve of some wars, this support is likely to remain tacit and it is extraordinarily unlikely that it would ever lobby in favor of war: again and again across different contexts, he shows compellingly that finance does not have anything to gain from war (and instead invariably has much to lose). Thus, although finance may not always act to put the brakes on war—when the current strongly pushes toward war, finance may well be swept up in it and go along for the ride—his analysis is convincing that finance will never hit the accelerator and actively lobby for war to advance its interests. Based on Kirshner's analysis, it thus seems reasonable to conclude that finance will either stand on the sidelines or act against war, but will never lobby for it.

Narizny's book presents little in the way of direct evidence that some economic actors actually lobbied for war (or for peace, for that matter). He focuses on specifying the foreign policy preferences of economic actors on the basis of their export and FDI profile and on tracing whether the variation in these preferences corresponds with shifts in foreign policy behavior; yet whether these economic actors actually entered the political realm and act on the basis of these preferences—and in turn, whether this influenced policy—is something that he seeks to demonstrate only indirectly.[21] Whether one can use his methodology to establish that consequential business lobbying for war ever existed depends crucially on the strength of the alternative explanations that he considers. In this regard, Narizny's analysis has three notable limitations.

First, he frequently argues that if foreign policy cannot be explained by realism, this means that pressure from economic actors must have existed and decisively shaped policy.[22] Yet one would have reason to conclude that this is the case only if realism provided a sufficient, or at least the best, alternative explanation to his thesis. Second, he sometimes notes that economic actors' foreign policy attitudes regarding war shifted in response to changes in the circumstances surrounding the potential war in question—notably, whether the war seemed more likely to occur

21. In this regard, Narizny argues that "the true measure of a coalitional theory of interest aggregation lies… in a demonstration of the soundness and consistency of the deductive logic that connects domestic preferences to executive behavior. If a strong, coherent relationship exists between the hypothesized goals of socioeconomic groups, their positions on foreign policy, and the actual grand strategy chosen by their political representatives, there will be good reason to believe that the theory is correct. This claim runs counter to conventional wisdom on qualitative research in international relations… In the view presented here, it does not matter what motivates politicians' behavior as long as their positions correspond to those of the partisan coalition that selected them to lead. The most productive research strategy will not be to pore over sources in a few select cases, but rather to use secondary sources to establish correlation consistency between predictions and policies over the long periods of time." Narizny 2007, 31–32.

22. For example, ibid., 73, 84, 302.

or more likely to be one that could be won quickly.[23] Because Narizny does not consider this dynamic systematically, one is left unsure about whether it occurs only sometimes or whether it is always, or predominantly, the case that economic actors' preferences are endongenous, at least in part, to the likelihood of war and/or its expected ease. Third and finally, Narizny sometimes notes that foreign policy leaders acted in ways that proved helpful to economic interests without considering whether such action would have occurred regardless of how it influenced the fortunes of economic actors.[24]

McDonald's book does present a significant amount of direct historical evidence that certain economic actors sometimes lobbied for war. However, there are three reasons the nature of this evidence leads one to question the notion that any economic actors in advanced states are likely to lobby for war in the present day. First, in the historical cases he identifies in which some economic actors called for war, the examples he points to are invariably not generalizable and/or concern dynamics that have no relevance for today. For example, he notes that some U.S. commercial interests called for war as a mechanism for pushing the United States off the gold standard,[25] preserving the specific structure of tariffs on industrial goods that existed at the time,[26] preventing an African-style colonial competition in Latin America that excluded the United States,[27] ensuring that Britain did not control key commercial waterways in Latin America,[28] and blocking British access to Latin American markets.[29]

Second, in some of the cases where he posits a link between economic issues and war, it does not seem the economic factors in question actually have much to do with decisions about conflict. For example, he notes that high protectionist tariffs on Russian grain were one factor among many that contributed to poor relations between Germany and Russia, but does not indicate that these protectionist barriers themselves, or firms' reactions to them, were a key direct contributor to the outbreak of hostilities between them.[30]

Third, in his only post–World War II case (which concerns the relationship between China and Taiwan) the variation between economic actors appears to be not between those who favor war versus those who favor peace; rather, some groups favor peace while others are essentially neutral—in other words, they are best seen as "not pushing for peace."[31] In turn, these neutral groups do not seem to have this preference because of their economic characteristics, but rather because of other reasons.[32]

23. See, ibid., 94–95; and Kirshner (2007, 118) points to this dynamic as well.
24. For example, Narizny 2007, 92.
25. McDonald 2009, 156, 161, 165–66, 172, 174–75.
26. Ibid., 155, 144, 147, 148, 180.
27. Ibid., 170–71.
28. Ibid., 157, 169.
29. Ibid., 161, 168.
30. Ibid., 192–93.
31. Ibid., 248, 250.
32. Ibid., 253, 257.

Preferences: Analyzing Why Economic Actors May Sometimes Lobby for War

My overall assessment is that these three books provide no basis for concluding that lobbying for war has occurred anytime recently in advanced states or is likely to occur in the future. Beyond the empirical baseline the books present, another question concerns the theoretical case they forward for why some economic actors can sometimes have incentives to lobby for war in order to advance their economic interests—something they all argue is the case not just in the past but in the present as well. The next two sections analyze the relevant general mechanisms these books identify, revealing that none of them appear relevant for the contemporary era.

Because Kirshner's book focuses on finance's lobbying activities regarding war, he does not explore why other economic actors can sometimes have an interest in favor of war but instead merely posits that this is the case.[33] McDonald and Narizny do focus significantly on this question; between the two of them, they identify five potential mechanisms that can lead some economic actors to sometimes have an incentive to lobby for war:

1. Uncompetitive industries will favor using military force in some circumstances to annex territory to create "colonial monopolies."[34]

2. Internationally competitive industries will favor the use or threat of military force in some circumstances to prevent other countries from setting up exclusive economic zones in foreign markets that are potential export markets for these firms.[35]

3. Uncompetitive industries will sometimes support military conflict to slow imports; as McDonald notes, "by slowing imports, military conflict raises the domestic price of traded goods and enables import-competing firms to expand their domestic market share."[36]

4. Raw materials industries will sometimes favor the use of military force in order to allow them to secure supplies of minerals and raw materials.[37]

5. Industries with foreign direct investment overseas will sometimes favor the use of military force in the peripheral world to protect their business interests from instability (coups, civil wars, and ethnic unrest) that threaten to disrupt in their commercial activity.[38]

33. Kirshner 2007, 18.
34. See, for example, McDonald 2009, 4, 38, 70, 166–68; and Narizny 2007, 43–44, 86–88.
35. See, for example, McDonald 2009, 166; and Narizny 2007, 52.
36. McDonald 2009, 64, 69.
37. See ibid., 4, 38, 113, 295–96; and Narizny 2007, 92.
38. For example, Narizny 2007, 16–18, 20.

It does not seem that any of the first three mechanisms are now pertinent. The first two mechanisms would seem applicable only during the period in which formal colonial control was prevalent throughout much of the developing world (that is, the period prior to the mid-1960s). As Rosecrance underscores in his path-breaking work, we no longer live in a world where seeking to augment the amount of territory that a country controls is a compelling strategy for wealth creation. He notes that once states moved beyond the era of formal colonial control, they no longer had reason to fear that their economic access to certain markets would be blocked by others who use political control to establish an effective economic monopoly.[39]

The third mechanism does not seem plausible under any circumstances, especially today. For one thing, war may not slow imports, especially for large states and/or states that fight limited wars. There are also many other mechanisms for limiting imports that are less costly, more likely to be effective, and face fewer political barriers to enact.

As for the fourth mechanism, it seems less plausible today for some of the same underlying reasons that Rosecrance emphasizes in his analysis: in a world in which trade is "relatively free and open, [states] do not need to conquer new territory" but can instead use "trade to acquire raw materials."[40] Although the relatively open nature of the global economy does make it easier to use trade as a substitute for conquest, trade is no longer the most important integrating force in the global economy: "Trade flows are still very important; today, however, international production by the massive number of MNCs (65,000 with 850,000 affiliates) is now a much more significant driver of commerce... All estimates reveal that the globalization of production now significantly outstrips trade as an organizing feature of the global economy."[41] In today's world FDI, not trade, is frequently the preferred means for firms to serve foreign markets and access foreign supplies, including raw materials. Given that key importance of FDI for securing raw materials, does this mean that the fourth mechanism may still have some validity today?

This question relates directly to the fifth and final mechanism. Narizny is certainly correct that threats to FDI holdings can potentially lead to conflict: in his systematic 1935 book, Staley recounts numerous instances in which threats to FDI holdings led to lobbying by firms for protection, thereby contributing to the use of military force by powerful states against developing states in the nineteenth and early twentieth centuries.[42] But does this dynamic still exist today, or has it become possible for FDI to now serve as an effective substitute for conquest? Analyzing this question is the purpose of the next section.

39. Rosecrance 1986.
40. Ibid., 16.
41. Brooks 2005, 16–17.
42. See the discussion in Staley 1935.

Is It Now Structurally Easier for FDI to Serve as a Substitute for Conquest?

The takeaway of the previous section is that three of the five identified general mechanisms for why economic actors might lobby for war do not appear valid today because of the end of colonialism, while the potential applicability of the remaining two mechanisms hinges on whether FDI can now serve as an effective substitute for conquest in the same manner that many scholars argue is the case for trade.[43] Some of my earlier work briefly addresses this question and posits that this is indeed the case:

> The increased ease of engaging in FDI has meant that it has become progressively easier for many of the most economically advanced states to achieve most of the same ends of conquest without any of the costs (e.g., administrative burden, diplomatic isolation, war costs of taking territory, military reprisals by third parties). To the extent that firms from country A can selectively purchase or gain control of the most valuable portions of country B, this obviously will significantly reduce the willingness of country A to engage in conquest of country B ... In general, as a state is increasingly able to rely on MNCs to secure needed external resources and supplies, the overall willingness of states to engage in conquest should decrease.[44]

But what causes a state to sometimes be more able to rely on FDI to secure what it needs from abroad? More specifically, does the current structure of the global economy now make it feasible for FDI to serve as an effective substitute for conquest in a way that was not possible in previous eras? I previously suggested the answer is yes, but did not present the underlying theoretical logic in a systematic manner. Below I delineate a fully developed theory—termed the "FDI conquest substitution theory"—for why this is the case. The essence of the theory is captured by the figure, which I will now explain in more detail.

On the far left-hand side of Figure 1, the increased ease and greatly lowered cost of both transportation and communications in today's era are well known: for example, the cost of a telephone call from New York to London has decreased since 1930 by a factor of 1,500.[45] In turn, the increased opportunity cost of closure to FDI is also a well-established fact. To put it simply, states that close themselves off to multinational corporations (MNCs) will have greater difficulty remaining technologically competitive and securing adequate access to capital.[46]

43. See, for example, Rosecrance 1986 and 1999; Hegre 2000; and Gartzke and Rohner 2010.
44. Brooks 1999, 665–66. See also Brooks 2005, 252; and Rosecrance and Thompson 2003, 388–89.
45. Kolodko 2001, 12. On declining transportation costs, see, for example, World Bank 1997.
46. For a good overview of why this is the case, see Kobrin 2005b, 73–74; Brooks 2005, 38–40; and Garrett 2000, who notes that the gains of attracting FDI "have increased as a result of technological change in recent decades. Unlike the other two facets of market integration [trade and financial integration], there is little dispute in the economics community that the effects of FDI are unambiguously positive from the standpoint of economic growth." Garrett 2000, 965–66.

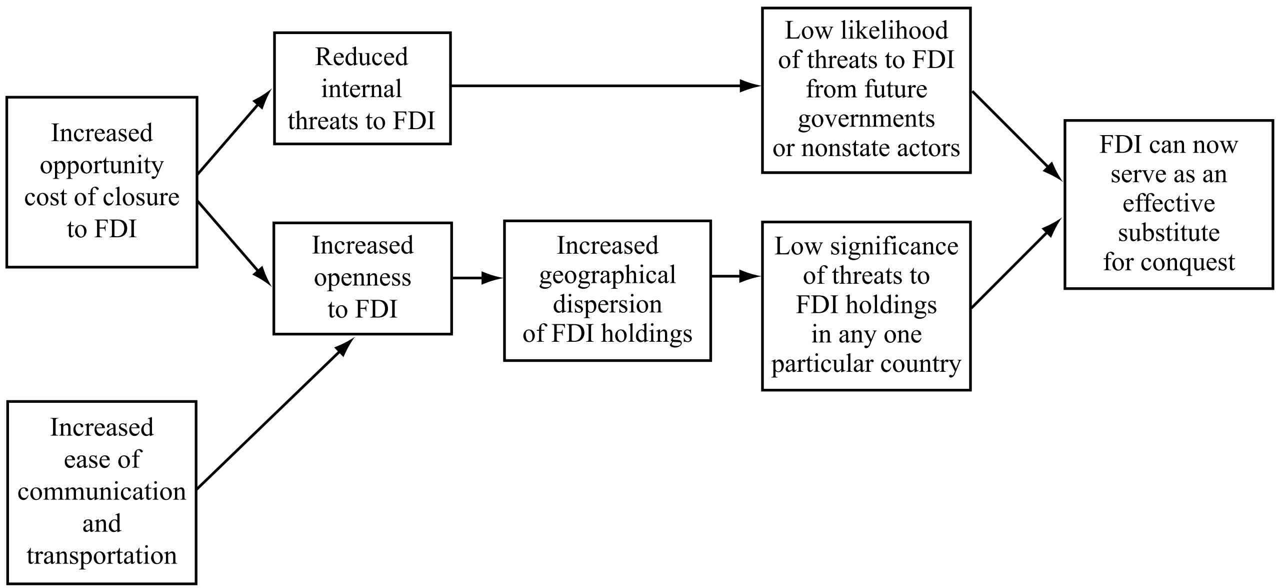

FIGURE 1. *FDI conquest substitution theory*

Moving rightward to the next set of boxes in the chart, the general response of states to these powerful new incentives is also well established. First, states have generally rushed to change their policies to make themselves more attractive investment sites for MNCs: the vast majority of regulatory changes states have made in recent decades regarding their FDI policies have been designed to create a more favorable investment climate, which has caused the overall level of openness to FDI throughout the system to greatly increase.[47] Relatedly, governments have generally sought to ensure that no internal threats will emerge that might threaten the interests of MNCs. Two points are critical here. The first is that there has been a widespread move by states to put in place a positive legal and institutional environment for MNCs that would be difficult for any future government to overturn.[48] In turn, governments who are host to FDI have generally shown a great willingness to act against threats to MNC assets that emerge from nonstate actors within their territory; this is much different than in previous eras, in which it was the powerful states where MNCs were based that often were the ones who had to intervene to protect MNC assets from nonstate actors.[49]

Moving rightward across the figure again, MNCs have responded to this new investment climate in a clear way: they have greatly increased the geographic dispersion of their FDI holdings compared to previous eras. MNCs have always faced strong incentives to geographically diversify their holdings to reduce risk. However, pursuing extensive geographic dispersion in previous eras was structurally difficult not simply because many states were relatively closed to FDI but also because of the difficulty of monitoring and coordinating far-flung assets. As a result, in previous eras, MNCs often clustered their FDI holdings in a relatively limited number of states that were close to the home state.[50] For example, in the early 1930s, more than 80 percent of Japan's FDI was based in China.[51] The combined effect of much greater openness to FDI and advances in communications and transportation during the past several decades have made it possible for MNCs to greatly increase the geographical dispersion of their production activities. Recent advances in communications technology have "dramatically reduced the costs of coordinating complex supply, production, and distribution networks that are geographically decentralized" compared to earlier eras, while "declining transportation costs have also made multinational production more efficient because they lower the costs of moving goods among locations in diversified and complex production regimes."[52]

Moving rightward in the figure yet again, two underlying points emerge. First, in today's world, the likelihood that a significant threat will emerge to FDI holdings from governments or nonstate actors is much lower than in previous eras.

47. See, for example, Dicken 2003, 137; Brooks 2005, 40–42; and Kobrin 2005b.
48. Kobrin 2005b, 81–86.
49. Brooks 2005, 248, 251–52.
50. Vernon 1992, 14.
51. Thorne 1973, 32.
52. Garrett 2000, 966.

Second, the significance of threats to FDI holdings in any one particular state is also greatly reduced compared to previous eras. When FDI holdings are more geographically concentrated, threats to MNC assets are more of a concern. But, with more geographically dispersed holdings, a threat to MNC assets in a particular state is much less threatening because another state where the MNC has investments can likely make up the difference.[53]

The bottom line is that for the reasons just discussed, it has now become structurally easier for MNCs and their associated host governments to gain access to needed inputs and supplies via FDI than in previous eras. This is significant not only because FDI has replaced trade as the key driver of commerce, but also because FDI is a more secure means of securing resources and supplies compared to purchasing them in international markets—in times of scarcity, the owners of resources and supplies are likely to have first priority in their allocation.[54]

How can one empirically evaluate this FDI conquest substitution theory? One of the theory's observable implications is that one should not expect to find recent examples of states intervening militarily to protect MNCs whose assets are threatened. I am not aware of any cases since at least 1975 of military intervention in which threats to FDI holdings acted as a trigger for the use of military force. This dovetails with Brecher and Wilkenfeld's comprehensive analysis of international crises. They examine 412 crises from 1918 to 1995 and code for numerous triggers, including the presence of an "economic threat."[55] After 1965, they identify no cases in which threats to FDI holdings triggered the use of military force. Of course, their analysis ends at 1995 and some might point to the 2003 Iraq War as a case in which a powerful state intervened to protect MNC assets that were threatened. Yet this is not correct: U.S. MNCs did not have a presence in Iraq prior to the conflict.[56]

Even more illuminating is a recent analysis by Lee and Mitchell, which sought to test the hypothesis that FDI can act as "a mechanism for states to peacefully extract wealth from other countries, as opposed to extraction of resources through military conquest."[57] They more specifically posit that "increases in global FDI flows reduce the chances for new border disputes because states can gain more from a peaceful, economic exchange of goods and services."[58] Their statistical analysis finds strong support for the underlying hypothesis. As Lee and Mitchell note:

> These results are consistent with the [hypothesis that] increasing global FDI reduces states' incentives to obtain resources by capturing neighboring terri-

53. Brooks 2005, 249–51.
54. Lind and Press 2013.
55. Brecher and Wilkenfield 2000, 49.
56. Brooks 2005, 230.
57. Lee and Mitchell 2012, 3.
58. Ibid., 6, 9.

> tories… Our empirical analyses provide strong support for the idea that there are declining benefits of territorial conquest in an economically globalized world. As world FDI levels have increased, states have become significantly less likely to make new diplomatic claims to other states' land or water territories. This reflects the sheer size of FDI globally today, which was not felt in earlier time periods.[59]

Also revealing is the analysis by Rosecrance and Thompson that specifically examines data on U.S. FDI and conflict with other states during the 1950–92 period. They find that "the greater the FDI exposure of the United States (inflows plus outflows of FDI toward the particular country divided by GDP), the less the conflict with that country."[60]

Of course, not all states are in a position to rely on MNCs to effectively secure the external resources and supplies that they need: those states lacking a significant number of MNCs that are capable of engaging in extensive FDI are not in this position. Because managing global operations is complex, it is generally only the advanced states that contain a wealth of MNCs that extensively undertake FDI throughout the world. Significantly, the advanced states in the greatest position to rely on MNCs to effectively secure needed external resources and supplies are also the ones that have the greatest material potential to undertake overseas military operations: the states with the greatest capacity in this regard (by virtue of the size, nature, and mobility of their military forces) are the United States, the United Kingdom, and France and these three states have long been the three largest sources of FDI in the world (in 2010, they respectively ranked as the first-, second-, and third-largest sources of FDI in the world).

Do Economic Actors in Advanced States Who Favor Peace Still Need to Lobby?

The first three sections of this article indicate there is little basis for concluding that any economic actors in advanced states will lobby for war in the contemporary era. But what about those economic actors in these states that have an interest in peace? I posit that economic globalization makes it unnecessary for them to lobby the government to advance this preference.

The most probative economic actor to examine in this regard is finance in light of Kirshner's compelling argument that it has always had the relatively strongest stake in the preservation of peace. Although he does not explicitly recognize it, Kirshner himself develops the underlying foundation for a strong argument for why economic globalization likely renders it unnecessary for finance to lobby the governments of advanced states for peace on economic grounds. Two key ele-

59. Ibid., 24, 29.
60. Rosecrance and Thompson 2003, 390.

ments of his analysis are relevant in this regard—that he does not link together. First, Kirshner's historical analysis indicates that leaders were sometimes sufficiently sensitive about the need to pursue the kinds of policies that finance preferred that it was essentially unnecessary for finance to lobby them, either regarding foreign policy or domestic policy.[61] It was only in those situations in which leaders were not sensitive about economic incentives and the need to prioritize policies that finance favored that it became necessary for finance to, as Kirshner puts it, "get into the game"[62]—that is, to intervene in the political process by lobbying leaders about the economic rationale for pursuing policies it preferred.

Second, Kirshner argues that financial globalization creates strong economic disincentives regarding war:

> The behavior of international financial markets can discourage states from embarking on the path to war. The logic is as follows: if war unnerves finance, and if international financial markets reflect the cumulative sentiments of uncoordinated market actors, then finance (figuratively) will withdraw from, or at least be especially wary of, those states that seem to be approaching the precipice of armed conflict. The greater the significance of international finance, the more important this factor should be. By raising the opportunity costs that states face when considering a resort to arms, financial globalization can serve, ceteris paribus, to inhibit war.[63]

Combining these two points together, a straightforward proposition emerges: ever higher levels of financial globalization lead the economic costs of conflict to be ever more significant and salient, thus diminishing finance's need to directly lobby leaders to inform them war should be avoided because of its economic costs. Stated another way, finance no longer needs to ever make an active choice to "get into the game" to inform leaders that war has economic costs and should therefore be avoided; instead, finance is essentially always in the game by default without having to do anything because of the extensive nature of financial globalization in today's world. Thus, Kirshner's underlying finding (finance creates pressure for peace) seems sound today, but the theoretical mechanism supporting it is different than the one he emphasizes: it is no longer political pressure from finance that seems to be doing the work, but rather systemic incentives from financial globalization.

This underlying argument that economic globalization appears to have rendered it unnecessary for economic groups who favor peace to pressure governments also has implications for how one understands McDonald's core statistical finding that states with low protectionist barriers are more prone to be peaceful. To explain this finding, McDonald posits that states with low protectionism are those that are politically dominated by economic groups who favor international economic inte-

61. Kirshner 2007, 75, 77, 124, 127–29, 145, 152–53.
62. Ibid., 134.
63. Ibid., 10.

gration. He reasons that since these actors have an interest in peace, they must be pressuring their governments accordingly and that this dynamic is what causes these states to be more peaceful. However, the particular measures of low protectionism that he uses actually appear to be capturing those states that are run by governments that prioritize economic growth and the need to be integrated into the global economy. And as Solingen convincingly shows, regions in which states generally prioritize economic performance and integration in the global economy are likely to be peaceful, whereas regions in which states generally focus on inward-looking self-sufficiency and place less of an emphasis on overall economic performance are likely to suffer from instability.[64] As with Kirshner's core finding, this empirical finding from McDonald's analysis (that low protectionist states are more likely to be peaceful) seems valid but, at least in the present day, it may well be explained by a different theoretical mechanism than the one he posits: not the nature of political pressure from economic actors within these states, but rather the fact that states are run by governments that are relatively more integrated into economic globalization and are more attuned to the economic incentives pointing against the initiation of conflict that emanate from globalization.

If it has become largely unnecessary for economic actors in advanced states to pressure the government to avoid war because economic globalization now has sufficiently clear economic incentives for leaders, then it is also likely that they will not engage in any such lobbying at all. Of course, if lobbying was a costless activity, then there might be reasons to think that these economic actors who favor peace might nevertheless still undertake it even if they knew that policymakers were cognizant of the economic incentives flowing from globalization. But lobbying is costly, both directly (it takes time, personnel, and money) and indirectly (economic actors are busy and have many pressing responsibilities occupying their time). As such, economic actors in advanced states are likely to devote their energies to other activities than lobbying their governments to avoid war because of its economic costs.

Conclusion

I ultimately reach two conclusions: there are no longer any economic actors in advanced states who will lobby for war and, in turn, it has become unnecessary for the economic actors in these states who favor peace to engage in security lobbying. Of course, additional research should be undertaken to further evaluate these conclusions. I formulate my claims as I do to stimulate such research; my hypotheses are expressed so strongly to ensure that they are easily falsifiable. It will be interesting to see how many examples of security lobbying by economic actors in advanced states are found. In the absence of a widespread return of colonialism (which seems inconceivable) or a reversal of economic globalization (more on this

64. Solingen 1998, 2001, and 2007.

shortly), I would predict that such examples will be extremely rare, if not nonexistent. Of course, if globalization continues but many examples of security lobbying are found, then my argument will fall. And if globalization continues and some examples are found but they are located only in specific sectors, then the argument would likely need to be altered by having certain scope conditions placed upon it.

If my argument is valid, this hardly means that security lobbying by all interest groups in advanced states does not matter. My attention in this article was on firms, owners of firms, financiers, banks, and other private financial institutions that specifically undertake economic activities in the marketplace. My analysis does not bear upon noneconomic groups—their goals and other attributes are very different, and their security lobbying activities may well matter a great deal.

If my argument is valid, this also does not mean that the actions of economic actors in advanced states are irrelevant to international security affairs. Even if economic actors do not directly engage in security lobbying, they may nevertheless subvert or enhance peace through their actions, perhaps unwittingly, by helping to set in motion processes that ultimately alter the likelihood of conflict. For one thing, they may alter security affairs indirectly through their economic behavior rather than directly through their political actions. Another possibility is that their political actions regarding nonsecurity matters can matter. That is, even if economic actors do not directly lobby for war or for peace, it is possible that they may create pressure for other kinds of policies or actions that lead to conditions that make war more or less likely.

There are many potential indirect mechanisms of this kind, but perhaps the most notable is that uncompetitive/competitive economic actors could lobby for economic closure/openness, which in turn could alter the nature of economic exchange—either regionally or globally—and thereby have an important influence on the prospects for war and peace. Many international political economy scholars such as Frieden, Rogowski, and Milner have examined which groups stand to benefit from increased economic integration compared to those groups that are harmed by it and, in turn, how these varying interests influence the level of economic openness and other policies.[65] Different underlying models are employed[66] but the basic approach is to identify "who is closer to, and farther from, the national comparative advantage, and thus who will gain, and who will lose, from easier international exchange."[67] Whatever model is used, "the general approach—tracing policies to interest groups and interest groups to underly-

65. See, for example, Milner 1988; Frieden 1991; Rogowski 1989; and Frieden and Rogowski 1996, 995.

66. The most notable contrast is between the Stolper-Samuelson model—which emphasizes the significance of broad productive factors (land, labor, and capital)—and the Ricardo-Viner approach—which emphasizes "that many factors of production are quite specialized, so that we often observe sectoral, rather than broad factoral, effects of change in relative prices and in analogous political behavior." Frieden and Rogowski 1996, 38.

67. Ibid., 995.

ing structures—is fundamentally the same."[68] It is clear enough that the domestic political dynamics that these scholars delineate have significant repercussions for the likelihood of conflict by virtue of the fact that such dynamics can influence the level of economic exchange that occurs, both regionally and globally. There are many reasons to think that increased economic exchange enhances the chances of peace: numerous studies find that increased trade linkages reduce the likelihood of conflict, while I find that the onset of the globalization of production augments the prospects for peace among the great powers.[69] At the same time, I conclude that the globalization of production is a net negative for security relations among developing states—and thus, as the globalization of production is further enhanced there, this could actually be destabilizing.[70]

This brings up a central question that is directly relevant for gauging both the durability and likely applicability of the specific conclusions from this analysis: in which states are the forces that favor economic openness likely to gain political ascendancy, and for how long?[71] Answering this question is of course a massive undertaking that cannot be settled in this article, but let me briefly discuss three of the general theoretical perspectives that are worth bearing in mind. The first is what Garrett calls the increased "costs of closure" theory.[72] In this view, the ever-increasing opportunity cost of being closed off from economic globalization creates powerful incentives to embrace openness that will be hard to resist.[73] A second perspective—what can be termed the "globalization political entrepreneurship" theory—posits that the opportunity cost of closure to economic globalization is increasing and creates both an incentive and a political window for a political entrepreneur who favors openness to mobilize for it. However, this perspective stresses that such a political entrepreneur may not emerge or may not be successful; and if an effective one does not emerge, then movement toward openness will not occur.[74] A third perspective is the classic Stolper-Samuelson theory, which predicts that a state's relatively abundant factor of production will favor and push for openness (since it benefits from free trade), while the scarce factor will favor and push for economic closure (since it is used intensively in the import-competing sector).[75]

If the increased costs of closure theory is right, then one would expect to find both a wide and enduring endorsement of openness; this, in turn, is likely to result in an ever-increasing number of states where one would expect security lobbying

68. Eichengreen 1998, 995.
69. Brooks 2005, 207–17. For a useful overview of the literature on trade and conflict, see Mansfield and Pollins 2001. Solingen (1998 and 2007) further argues that the political dominance of forces that favor economic openness leads to enhanced prospects for peace not just because economic exchange is promoted, but also because it promotes other changes at the regional level that favor peace.
70. Brooks 2005, 220–34.
71. I thank one of the anonymous reviewers for emphasizing the significance of this question.
72. Garrett 2000, 961–67.
73. Garrett 2000.
74. Solingen 1998.
75. Rogowski 1989.

by economic actors to fade in significance because of the long-term transformative effect that exposure to globalization can have on economic development. And if the globalization political entrepreneurship theory is right, then the number of states endorsing openness will be more episodic since it will depend upon the emergence of effective political entrepreneurs, which will arise in some instances but not others. In this view, the overall direction is likely to be toward openness—thus likely resulting in a greater number of states in which such security lobbying will fade—but the trend will not be as pronounced as is predicted by the increased costs of closure theory.

It is in East Asia where this general dynamic—economic actors' security lobbying fading in a growing number of states because of economic transformations furthered by globalization—could arguably have its greatest potential significance. East Asia is a region that many see as ripe for security competition. It is also populated by many states that have recently joined, or are rapidly moving toward joining, the ranks of the advanced states in large part because of their strong embrace of globalization. Taiwan and China are the most notable states in this regard. Taiwan has made huge economic strides in recent decades; using the standard metric of gross domestic product (GDP) per capita, it has now joined the ranks of advanced economies.[76] Whereas Taiwan may once have had economic actors who lobbied in favor of declaring political independence (a provocative step that could well trigger military conflict with China) during previous periods when it was less advanced economically, this is no longer the case. As Lind underscores, "Taiwanese firms do not lobby Taipei for independence" but instead press hard for the "expansion of cross-strait economic ties."[77] As for China, if it does continue to favor openness, then a continuation of its globalization-propelled economic success story could someday allow it to enter the ranks of advanced economies. If this were to happen, the analysis in this article would lead one to expect that China would not have any economic actors who would lobby politicians for military conflict. In this scenario, China would be a much more powerful state than at present, but an important potential pressure for military aggression that sometimes acted as a fuel for previous conflicts would also be removed from it.

That said, the third theoretical perspective highlighted above, the Stolper-Samuelson theory, suggests there is the potential that a shift away from openness could occur in China. This perspective indicates that openness will be forwarded if states are dominated by coalitions that represent abundant factors. On the other hand, not only might the number of states endorsing openness fail to increase, but some states who currently favor it may switch to endorse economic closure if they come to be dominated by coalitions that represent scarce factors. If scarce

76. Taiwan's purchasing power parity (PPP) per capita GDP is now $38,500, which is slightly higher than that of the United Kingdom ($36,700) and France ($35,500) and just slightly below that of Germany ($39,100). CIA 2013.

77. Lind 2011, 423.

factors of production came to power in China, then its effort to integrate itself into globalization might wane, thereby making it less likely to join the ranks of the advanced states in which security lobbying has faded. In this scenario, China would not be as powerful as it would have been had it continued to pursue openness, but it would also be a state where security lobbying by economic actors could still act as a potential fuel for aggression.

In light of the wide range of divisions, dislocations, and dissatisfactions that have led to high levels of social unrest in China in recent years, it may well be the major state with the greatest chance of undergoing a dramatic political transformation in the foreseeable future that could prompt a shift toward economic closure. Looking beyond China, it is unlikely but not inconceivable to imagine that scarce factors of production could come to power in a range of major states.[78] Rosecrance and Thompson discuss this scenario and underscore that this would be a very concerning outcome:

> If the dominant coalition in competing major powers consists of scarce factors, tariff conflicts between them will result… [Today] most major powers are led by coalitions that represent abundant factors. In China the abundant factor is clearly labor, and in Europe it is clearly capital. Like the abundant capital and land in the United States, those abundant factors favor openness… If, on the other hand, agriculture in Europe and Japan and labor in the United States attained political dominance, economic conflicts would rise. The globalization protesters, though still a political minority, make this apparent. In the past, some great powers have been dominated by factors that sought economic closure while others favored openness. In the 1890s and 1930s, this led to higher economic and ultimately political conflict."[79]

In this perspective, if scarce factors of production were to come to power in a range of major states, then this would in all likelihood lead to globalization's reversal.

If globalization is reversed in response to the political rise of scarce factors of production in a range of major states or due to some other dynamic, what implications would this have for the particular claims advanced in this article? The first conclusion (that economic actors in advanced states will never lobby for war) is partly an artifact of economic globalization's rise. Most of the identified mechanisms that have sometimes led firms to lobby for war were swept away because of the end of the era of widespread colonial control in the developing world; the two mechanisms that potentially remained relevant after the end of the colonial era have been rendered insignificant only because globalization has made it possible for trade as well as FDI to serve as effective substitutes for conquest. But if globalization were to be reversed, these two mechanisms would once again have force and could thereby prompt security lobbying by economic actors. In turn, the sec-

78. I thank one of the anonymous reviewers for emphasizing this point.
79. Rosecrance and Thompson 2003, 391–94.

ond conclusion (that those economic actors favoring peace in advanced states do not need to lobby for peace) seems to largely be an artifact of economic globalization's ascendance. Specifically, economic actors in advanced states seem no longer to have to lobby for peace on economic grounds because the strength and pervasive nature of globalization in these societies causes the economic benefits of peace to be manifest to its leaders. Yet if globalization were to be reversed, then this would no longer be the case and those economic actors who favor peace would once again face incentives to lobby leaders to advance this interest.

Ultimately, the fading of lobbying by economic actors for and against war in advanced states is thus strongly linked to the rise of economic globalization that has deeply permeated these societies. After the onset of two major financial crises in a roughly ten-year period and the growing rise of protectionist sentiment in some parts of the world, then it would hardly seem inconceivable that political transformations might someday occur in a range of major states that could lead to a reversal of economic globalization. That being said, there are also many strong reasons to think that globalization will not suffer a general reversal. Much has changed since the closure of the global economy that occurred in the 1930s, including the following: there are now powerful international institutions for promoting continued economic openness; a great many MNCs have now extensively dispersed their production and will strongly fight restrictions on their ability to do so;[80] and technological change has now made the costs of shifting away from globalization dramatically higher.[81] In the end, one will know only in the future how resilient globalization is. But it exists now and so long as it does continue, one would not expect to see any return of security lobbying by economic actors in advanced states.

References

Austen-Smith, David. 1995. Campaign Contributions and Access. *American Political Science Review* 89 (3):566–81.

Austen-Smith, David, and John R. Wright. 1992. Competitive Lobbying for a Legislator's Vote. *Social Choice and Welfare* 9 (3):229–57.

80. See, for example, Milner 1988 and 1989; and Brooks 2005.

81. See, for example, Kirshner 2007, 208–9; Garrett 2000; and Kobrin 2005a, who notes that "technological change … has resulted in new, deep forms of networked integration which would be very costly to reverse both in terms of the difficulty of unraveling them and the efficiency loss in doing so… The closure of the international economy in the 1930s was accomplished relatively easily through high tariff walls and limits on investment. In many instances domestic or "homespun" goods could be substituted for imports. While the costs were considerable in terms of deepening and prolonging the Great Depression, they were still marginal and incremental. At this point, unraveling the very complex networks of international production would be considerably more difficult and costly. Closing national borders would require recreating complex, internationalized systems of production domestically. It is far from clear that individual firms, or even national economies, have that capability… Technological change has altered significantly the costs of alternative modes of organization of the world economy to the point where our range of choice is limited." Kobrin 2005a, 46, 50, 42–43.

———. 1994. Counteractive Lobbying. *American Journal of Political Science* 38 (1):25–44.

———. 1996. Theory and Evidence for Counteractive Lobbying. *American Journal of Political Science* 40 (2):543–64.

Baumgartner, Frank R., Jeffrey M. Berry, Marie Hojnacki, David C. Kimball, and Beth L. Leech. 2009. *Lobbying and Policy Change: Who Wins, Who Loses, and Why*. Chicago: University of Chicago Press.

Becker, Gary S. 1983. A Theory of Competition Among Pressure Groups for Political Influence. *Quarterly Journal of Economics* 98 (3):371–400.

Brecher, Michael, and Jonathan Wilkenfield. 2000. *A Study of Crisis*. Ann Arbor: University of Michigan Press.

Brooks, Stephen G. 1999. The Globalization of Production and the Changing Benefits of Conquest. *Journal of Conflict Resolution* 43 (5):646–70.

———. 2005. *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict*. Princeton, N.J.: Princeton University Press.

Broz, J. Lawrence, and Jeffry A. Frieden. 2001. The Political Economy of International Monetary Relations. *Annual Review of Political Science* 4 (1):317–43.

Central Intelligence Agency (CIA). 2013. *The World Factbook*. Washington, D.C.: Central Intelligence Agency. Available at ⟨https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html⟩. Accessed 1 June 2013.

Conybeare, John. 1983. Tariff Protection in Developed and Developing Countries: A Cross-Sectional and Longitudinal Analysis. *International Organization* 37 (3):441–67.

Dahl, Robert A. 1967. *Pluralist Democracy in the United States: Conflict and Consent*. Chicago: Rand McNally.

Dicken, Peter. 2003. *Global Shift: Reshaping the Global Economic Map in the Twenty-first Century*. 4th ed. New York: Guilford Press.

Eichengreen, Barry. 1998. Dental Hygiene and Nuclear War: How International Relations Looks from Economics. *International Organization* 52 (4):993–1012.

Fordham, Benjamin O. 1998. *Building the Cold War Consensus: The Political Economy of U.S. National Security Policy, 1949–51*. Ann Arbor: University of Michigan Press.

Frieden, Jeffry A. 1991. Invested Interests: The Politics of National Economic Policies in a World of Global Finance. *International Organization* 45 (4):425–51.

Frieden, Jeffry A., and Ronald Rogowski. 1996. The Impact of the International Economy on National Policies: An Analytical Overview. In *Internationalization and Domestic Politics*, edited by Robert O. Keohane and Helen V. Milner, 25–47. Cambridge: Cambridge University Press.

Garrett, Geoffrey. 2000. The Causes of Globalization. *Comparative Political Studies* 33 (6–7):941–91.

Gartzke, Erik, and Dominic Rohner. 2010. To Conquer or Compel: War, Peace and Economic Development. Working Paper 412. Zurich, Switzerland: Department of Economics, University of Zurich.

Grossman, Gene M., and Elhanan Helpman. 1994. Protection for Sale. *American Economic Review* 84 (4):833–50.

Hall, Richard L., and Alan V. Deardorff. 2006. Lobbying as Legislative Subsidy. *American Political Science Review* 100 (1):69–84.

Hall, Richard L., and Frank W. Wayman. 1990. Buying Time: Moneyed Interest and the Mobilization of Bias in Congressional Committees. *American Political Science Review* 84 (3):797–820.

Hegre, Havard. 2000. Development and the Liberal Peace: What Does It Take to Be a Trading State? *Journal of Peace Research* 37 (1):5–30.

Hojnacki, Marie, and David Kimball. 1999. The Who and How of Organizations' Lobbying Strategies in Committee. *Journal of Politics* 61 (4):999–1024.

Kirshner, Jonathan. 2007. *Appeasing Bankers: Financial Caution on the Road to War*. Princeton, N.J.: Princeton University Press.

Kobrin, Stephen J. 2005a. Technological Determinism, Globalization and the Multinational Firm. In *What Is International Business*, edited by Peter Buckley, 38–56. New York: Palgrave MacMillan.

———. 2005b. The Determinants of Liberalization of FDI Policy in Developing Countries: A Cross-Sectional Analysis, 1992–2001. *Transnational Corporations* 14 (1):67–104.

Kolodko, Grzegorz. 2001. Globalisation and Transformation: Illusions and Reality. Technical Paper 176. Paris: Development Center, Organisation for Economic Co-operation and Development (OECD).

Langbein, Laura I., and Mark A. Lotwis. 1990. The Political Efficacy of Lobbying and Money: Gun Control in the U.S. House, 1986. *Legislative Studies Quarterly* 15 (3):413–40.

Lee, Hoon, and Sara McLaughlin Mitchell. 2012. Foreign Direct Investment and Territorial Disputes. *Journal of Conflict Resolution* 56 (4):675–703.

Lind, Jennifer. 2011. Democratization and Stability in East Asia. *International Studies Quarterly* 55 (2):409–36.

Lind, Jennifer, and Daryl Press. 2013. The Strategic Logic of Energy Mercantilism. Unpublished manuscript, Dartmouth College, Hanover, N.H.

Lobell, Steven E. 2003. *The Challenge of Hegemony: Grand Strategy, Trade, and Domestic Politics*. Ann Arbor: University of Michigan Press.

Lowery, David. 2007. Why Do Organized Interests Lobby? A Multi-Goal, Multi-Context Theory of Lobbying. *Polity* 39 (1):29–54.

Lowery, David, and Virginia Gray. 2004. A Neopluralist Perspective on Research on Organized Interests. *Political Research Quarterly* 57 (1):164–75.

Mansfield, Edward D., and Helen V. Milner. 2010. Regime Type, Veto Points, and Preferential Trading Arrangements. *Stanford Journal of International Law* 46 (2):219–42.

Mansfield, Edward D., and Brian M. Pollins. 2001. The Study of Interdependence and Conflict: Recent Advances, Open Questions, and Directions for Future Research. *Journal of Conflict Resolution* 45 (6):834–59.

McDonald, Patrick J. 2009. *The Invisible Hand of Peace: Capitalism, the War Machine, and International Relations Theory*. New York: Cambridge University Press.

Mearsheimer, John J., and Stephen M. Walt. 2007. *The Israel Lobby and U.S. Foreign Policy*. New York: Farrar, Straus and Giroux.

Milner, Helen V. 1988. Trading Places: Industries for Free Trade. *World Politics* 40 (3):350–76.

———. 1989. *Resisting Protectionism: Global Industries and the Politics of International Trade*. Princeton, N.J.: Princeton University Press.

Milner, Helen V., and B. Peter Rosendorff. 1996. Trade Negotiations, Information and Domestic Politics: The Role of Domestic Groups. *Economics and Politics* 8 (2):145–89.

Narizny, Kevin. 2007. *The Political Economy of Grand Strategy*. Ithaca, N.Y.: Cornell University Press.

Papayoanou, Paul. 1996. Interdependence, Institutions, and the Balance of Power: Britain, Germany, and World War I. *International Security* 20 (4):42–76.

Quinn, Dennis P., and Robert Y. Shapiro. 1991. Business Political Power: The Case of Taxation. *American Political Science Review* 85 (3):851–74.

Rogowski, Ronald. 1989. *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Princeton, N.J.: Princeton University Press.

Rosecrance, Richard. 1986. *The Rise of the Trading State: Commerce and Conquest in the Modern World*. New York: Basic Books.

———. 1999. *The Rise of the Virtual State: Wealth and Power in the Coming Century*. New York: Basic Books.

Rosecrance, Richard, and Peter Thompson. 2003. Trade, Foreign Investment, and Security. *Annual Review of Political Science* 6 (1):377–98.

Schlozman, Kay Lehman, and John T. Tierney. 1986. *Organized Interests and American Democracy*. New York: Harper and Row.

Smith, Mark A. 2000. *American Business and Political Power: Public Opinion, Elections, and Democracy*. Chicago: University of Chicago Press.

Snyder, Jack. 1991. *Myths of Empire: Domestic Politics and International Ambition*. Ithaca, N.Y.: Cornell University Press.

Solingen, Etel. 1998. *Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy*. Princeton, N.J.: Princeton University Press.

———. 2001. Mapping Internationalization: Domestic and Regional Impacts. *International Studies Quarterly* 45 (4):517–55.

———. 2007. Pax Asiatica Versus Bella Levantina: The Foundations of War and Peace in East Asia and the Middle East. *American Political Science Review* 101 (4):757–80.

Staley, Eugene. 1935. *War and the Private Investor: A Study in the Relations of International Politics and International Private Investment*. Garden City, N.Y.: Doubleday.

Stigler, George J. 1971. The Theory of Economic Regulation. *Bell Journal of Economics and Management Science* 2 (1):3–21.

———. 1974. Free Riders and Collective Action: An Appendix to Theories of Economic Regulation. *Bell Journal of Economics and Management Science* 5 (2):359–65.

Thorne, Christopher. 1973. *The Limits of Foreign Policy: The West, the League and the Far Eastern Crisis of 1931–1933*. New York: Putnam.

Trubowitz, Peter. 1998. *Defining the National Interest: Conflict and Change in American Foreign Policy*. Chicago: University of Chicago Press.

Truman, David B. 1951. *The Governmental Process: Political Interests and Public Opinion*. New York: Knopf.

Vernon, Raymond. 1992. Transnational Corporations: Where Are They Coming from, Where Are They Headed? *Transnational Corporations* 1 (2):7–35.

World Bank. 1997. *Global Economic Prospects and the Developing Countries, 1997*. Washington, D.C.: World Bank.