# % \chapter{Trade, Domestic Politics, and The Settlement of Territorial Disputes}

* Leaders do not always face opposition to the settlement.
  + In some states, leaders settle
* Leaders in states involved in highly salient and militarized disputes
* Why do leaders settle highly salient disputes in spite of to doing so?
  + Egypt and Israel’s dispute over the Sinai Peninsula,
  + The first is that they are civic-minded.
    - WC matters
    - Although settlement is risky, leaders caught between a rock and hard place may believe that settling helps increase their probability of retaining in office.
* In many cases there is support for settlement.

## % ----- Research Question

**For rational leaders seeking to maximize their chance of retaining office, the prospect of territorial settlement is a double-edged sword.** On the one hand, leaders who successfully negotiate agreements on terms that are favorable to their state stand to benefit.

Even agreeing to meet with foreign leaders can be controversial

When do leaders attempt to settle territorial claims? Because territory is highly salient to domestic audiences, leaders must carefully consider the preferences of their supporters when managing territorial claims. Although settling territorial claims carries multiple benefits (e.g., enhancing a state’s security, fostering economic growth, enhancing cooperation between states, and allowing states to reallocate resources dedicated to managing disputes to pursuing other goals), domestic audiences are often highly invested in maintaining their claim to the disputed territory.

Since settlement requires one or both sides to relinquish their claim to the territory, attempts to compromise often face strong domestic opposition from constituencies that oppose making concessions over valuable territory. As a result, leaders who attempt to settle disputes face the possibility of being removed from office \citep{bdm2003, colaresi2004, vasquez2009}.

Nonetheless, many highly salient claims are resolved in spite of intense domestic opposition. Even claims that produce frequent and severe violence tend to be resolved by some negotiated settlements in the absence of total victory by one side or the other. For example, Egypt and Israel settled their dispute over the Sinai Peninsula in 1979 in spite of intense domestic opposition on both sides [citation].

Given the competing incentives to pursue settlement, leaders must weigh the potential costs and benefits of pursuing settlement and select the policy that makes them most likely to retain office. Rational leaders will only pursue the peaceful settlement of territorial disputes if they believe that the doing so is more likely to generate domestic support than opposition.

% This led to the transition from rivalry to negative peace. Opened oil exports and flights. Yet there is little understanding of why states choose to settle these disputes.

* When the incentives to settle are greater than the disincentives.
  + First, even highly salient claims embedded in rivalries
  + Understand the conditions that promote the peaceful settlement of territorial disputes. Although the absence of factors that
    - Do not adequately explain why territorial issues become easier to settle over time.
    - Does not explain why some disputes are resolved early in the rivalry process
      * Over half of all territorial disputes are resolved without ever producing any conflict \citep{frederick2017}.
    - Does not explain why low salience disputes are resolved
  + Understand when businesses wish to settle economic disputes
  + Understand effects of economic interactions
  + Economic benefits
  + When do leaders have incentives to settle disputes.

# \section{Domestic Politics and The Settlement of Territorial Claims}

## % ----- Selectorate Theory

The literature on domestic politics and international relations generally assumes that leaders value survival over all else, either because of the personal benefits they get from holding office (e.g., power, status, and wealth) or their desire to control the outcomes of the policymaking process. As a result, rational, self-interested leaders make decisions that maximize probability of remaining in office. This, in turn, requires taking actions that benefit the winning coalition.

## % ----- Domestic Politics and International Bargaining

However, these studies do not elaborate on what factors create domestic support for settlement \citep[e.g.,][]{chiozza2011, vasquez2009}.

* Always opposition?
* Salience doesn’t fully answer the question

Second, the lack of opposition does not mean that domestic audiences will push leaders to settle or that leaders stand to benefit from doing so. Indeed, disagreements over territory may continue to simmer beneath the surface and threaten to escalate if they are not resolved. For example, the Ottoman Empire/Turkey and Russia/USSR experienced several extended periods of severe conflict during the nineteenth and twentieth centuries (e.g., 1817-1829, 1859-1856, and 1876-1921). Between these periods, the two states experienced isolated, low-level MIDs which \citet{goertz2016} characterize as periods of ``lesser rivalry.'' As a result, understanding the factors that facilitate the settlement of these disputes is important. %The relationship between these claimants may be described as one of ``negative peace,'' a relationship in which states continue a pattern of hostile or negative relationships. These states ``rarely or never fight or threaten one another militarily (i.e., experience few MIDs),'' but may continue to use the threat of violence to deter the enemy \citep[][6]{owsiak2016a}.

Regardless of the salience of the disputed territory or the history of interactions between claimants, settling any dispute carries the benefits above (and these benefits scale with the salience of the territory). However, it is unclear which of these conditions push states to settle. Even when border settlements lead to benefits for domestic audiences, these benefits may not be realized immediately [citation].

% Besides these studies, scholars have not paid attention to whether economic interdependence increases the probability of peaceful settlement attempts (besides a passing reference). Below I develop the argument that claims themselves generate opportunity costs that provide domestic firms with an incentive to support the settlement of territorial claims. % Notes – additional cites, Doyle1997, Polachek1980, Polachek1992, Solingen1998

# Introduction

Does economic interdependence promote the peaceful settlement of contentious issue claims between states? An extensive body of research maintains that bilateral economic ties reduce the chance of militarized disputes between states by increasing domestic opposition to fighting. However, few authors have considered whether trade also promotes the peaceful settlement of international disagreements.

I argue that bilateral economic interdependence is one factor that promotes the peaceful settlement of issue claims, focusing specifically on the effects of territorial, river, and maritime claims. Since claims over these three issues are highly salient to domestic audiences \citep{diehl1992, hensel2001, hensel2008, vasquez2009}, leaders who wish to remain in office must pay careful attention to the preferences of the domestic supporters who sustain them in office (i.e., the winning coalition). Leaders who attempt to pursue settlements that contradict the preferences of these supporters risk being removed from power and replaced by leaders who will pursue alternative policies \citep{bdm2003, chiozza2011, colaresi2004, vasquez2009}. As a result, domestic politics constrain the range of settlements that leaders can accept and narrow the bargaining range between disputants \citep{fearon1994, putnam1988}.

Although previous literature has focused on the opportunity costs associated with militarized disputes, the mere existence of issue claims can also reduce bilateral economic activity between states. Claims produce the potential for military and diplomatic conflict, hinder bilateral cooperation, and obstruct the flow of goods and services between states \citep[e.g.][]{carter2018, simmons2005}. Due to the barriers and risks created by issue claims, economic actors may be forced to forego potentially lucrative opportunities in favor of less lucrative and less risky trade ventures. As a result of the opportunity costs associated with issue claims, domestic audiences have economic incentives to support settlement \citep{lee2012, schultz2015}.

Findings

Contributions

* Economic literature
  + Settlement of claims
  + Expand to other issues
* Issues literature
  + Management of issue claims
* Policy relevance

# \section{Trade, Domestic Politics, and Conflict Management}

## % ---- War = Opportunity Costs

A vast literature has explored the potential pacifying effects of economic interdependence on interstate relations. Scholars have put forward multiple potential mechanisms connecting interdependence and conflict at both the dyadic and systemic levels. At the dyadic level, the most common mechanism involves the opportunity costs associated with fighting \citep[e.g.,][]{crescenzi2003a , doyle1997, polachek1980, rosecrance1986, russett2001}. Since militarized conflict is likely to disrupt trade relations between two states, the profits of businesses that engage in trade are threatened by the possibility of fighting. These businesses thus have an incentive to pressure leaders into avoiding conflict.

Fighting another state threatens the interests of traders in three ways \citep{anderton2001, glick2010, keshk2004, kim2005, long2008, polachek1980}. First, the use of force threatens to directly harm traders’ economic well-being by damaging property, infrastructure, hindering the trans

and human resources. Conflict may also hinder the movement of goods across borders by leading to border closures, making transportation prohibitively dangerous, or leading to the destruction of trade routes altogether. Due to the risk of trading with an opposing state, traders may choose to forego these relationships in favor of forming partnerships with other countries. In addition, the economic costs of war may hinder the growth of the claimants and thereby lead to reduced demand from domestic buyers.

Second, states often use trade policy to impose costs on their opponents. States may implement, sanctions (including tariffs, embargoes, travel restrictions, and embargoes), confiscating goods and assets, and closing borders. In doing so, states may hope to hinder opponent’s growth by reducing their gains from trade. This has the potential to diminish their war fighting capabilities and foment domestic opposition to continuing to fight. Trade restrictions may also deny opponents access to militarily valuable goods and resources \citep{gowa1994}. States may also engage in this behavior as a form of costly signaling \citep{gartzke2001, morrow1999a}.

Third, military conflict may have ``second order’’ effects on trade by reducing commercial interactions with third parties. States **allied with one of the disputants may curtail trade** with their opponent as a means of imposing costs on them. Moreover, if violence spreads to an allied state, the damage done to the ally’s businesses will damage the interests of businesses in the claimant states. In addition, businesses in third parties (including those are not involved in the conflict) may stop trading with the disputants due to the risks involved.

In addition to the opportunity costs produced by conflict itself, even the potential for conflict can lead firms to curtail trade with another state \citep{li2002, long2008, morrow1998, morrow1999a}. Anticipating the possibility of losses due to future conflict, rational firms may choose to forego potentially lucrative relationships. Even businesses that do not quit trading with the enemy may realize losses. These businesses are likely to increase their prices to compensate for these risks which threatens to lower demand for their goods and will still incur losses.

For businesses that engage in trade, the opportunity costs associated with conflict can be quite large. Since rational, profit-maximizing businesses pursue the most lucrative arrangements possible, abrogating existing relationships is likely to require businesses to trade with suboptimal partners (especially when the elasticity of supply and demand for trade goods is low \citep{polachek1992}.) Moreover, finding new partners to trade with entails high transaction costs. The process of acquiring suppliers and customers requires a substantial investment of time and resources, particularly when businesses are dependent on ``complex production chains that cross national boundaries many times,’’ \citep[][29]{chaney2013}. As a result, ``disrupting existing trade linkages can potentially entail large aggregate welfare and efficiency costs,’’ \citep[][28]{chaney2013} over the long run.

## % ---- Opportunity Costs 🡪 Pressure to Avoid War

These losses may have significant implications for leaders and their ability to retain their hold on power. The decision to threaten or use force against these countries is likely to elicit significant opposition from domestic interest groups who have a stake in maintaining the flow of goods, services, and investment with the opposing country. It cannot be taken for granted, however, that firms and industries with the most political influence support the expansion of trade. Many businesses stand to benefit from protectionist policies and will not pressure leaders to avoid fighting (for economic reasons, at least). Although protectionist groups will not necessarily push leaders to engage in violent conflict as a means of creating barriers to trade, the economic costs of fighting trade partners will not influence their preferences regarding fighting. Moreover, industries such as arms manufacturers stand to benefit from fighting and may pressure leaders to engage in conflict.

The extent to which the opportunity costs of fighting influence leaders’ decisionmaking is thus dependent on the relative political strength of pro and anti-trade groups within the winning coalition.

Trade groups exert influence

Whether these groups have political influence is dependent on the types of goods and services that dominate a particular sector as well as the mobility of factors of production within a particular industry \citep{hiscox2002}. It can generally be assumed, however, that pro-trade groups will have greater economic power, and therefore greater political influence, in societies that are already engaged in high levels of trade \citep{rogowski1989, solingen1998}. As \citet[][128]{levy2009} notes, ``Trade increases the influence of economic groups who benefit most from trade, and who, consequently, have incentives to use their influence to pressure the government to maintain the peace that helps promote trade…. Lower levels of trade reduce the economic opportunity costs of war and reduce economic incentives for political leaders to avoid war.’’

Empirically, the evidence for trade’s ability to prevent militarized disputes is decidedly mixed. On the one hand, various studies find that higher levels of bilateral economic interdependence are associated with decreases in the probability of violent disputes \citep[e.g.,][]{choi2011, gartzke2003, gartzke2007, russett2001, oneal2002}. On the other hand, other studies have found that interdependence is associated with an increased probability of conflict \citep[e.g.,][]{barbieri2002, crescenzi2003a}, while others have produced mixed or null results \citep[e.g.,][]{choi2011, gartzke2001, gartzke2003, artzke2007, green2001}. As a result, there is no clear consensus on whether economic interdependence has an influence on conflict, and if so, whether it is a positive or negative influence. Empirical tests of this theory have been hindered by the fact that conflict (or the shadow of conflict) may also reduce trade. Although several studies have tried to model this simultaneous relationship explicitly, these studies have also produced mixed results \citep{hegre2010, keshk2004, kim1998b, kim2005, mansfield1994, pollins1989a, pollins1989b, reuveny1996}.

## % ---- Opp Costs Settlement

Increased

Prospects of Trade 🡪 Settlement 🡪 Trade 🡪 Consolidate Settlement

Actual Trade 🡪

a But also, these states stand to benefit from settlement

# Introduction

### Selectorate Theory

Although political leaders are ultimately responsible for making foreign policy decisions, an extensive body of scholarship demonstrates that the preferences of domestic audiences influence which policies leaders are able and willing to pursue. Regardless of regime type, all leaders are beholden to powerful constituencies that have the power to retain or remove them from office, a group known as the winning coalition \citep{bdm2003}. Leaders remain in office by providing these constituents with benefits, in the form of public or private goods, that exceed those which a challenger can offer. Those who pursue policies that conflict with the preferences of the winning coalition risk being removed and replaced by challengers who promise to pursue alternative policies.

Although leaders must consider the preferences of the winning coalition in the context of any foreign policy decision, **some issues are more salient to domestic audiences than others.** When an issue possesses low salience for members of the winning coalition, leaders may be relatively unconstrained in coalition weigh heavily in their decision of whether to continue supporting a leader.

# \section{Domestic Politics and The Management of Issue Claims}

## % ----- Benefits of Settlement

In spite of the costs, settlement also has the potential to produce myriad benefits for domestic audiences. Most obviously, insofar as leaders can secure agreements that establish or codify ownership over part or all of the contested land, domestic audiences stand to directly benefit from controlling territory and the stakes attached to it. Second, settling territorial claims reduces the probability of costly military confrontations and facilitates rivalry termination, enhancing the security of individuals, the state, and their property. Settling claims with one opponent also allows states to focus their attention and resources on managing other territorial claims or rivalries \citep{akcinaroglu2014, fravel2008}.

Third, managing territorial claims requires considerable military and diplomatic resources, particularly when these claims are embedded in the context of rivalry. Resolving these claims allows leaders to redistribute these resources to the pursuit of other policy goals that result in benefits for the winning coalition. Fourth, settling territorial claims and rivalries increases the prospects of cooperation between the claimants and may allow states to solicit their former opponents for help managing other domestic or foreign issues \citep{fravel2008, goertz2016}. Finally, third parties may claimants to negotiate through using carrots and sticks. Third parties may offer (or threaten to revoke) military or economic aid. Important allies can also use the threat of abrogating their alliance commitments in the absence of attempts to settle \citep{pressman2008}. International institutions can also hold out the prospect of membership or other benefits as an incentive to resolve their disputes. For example, the European Union requires that states resolve their border disputes before they can be admitted \citep{diez2006}.

Besides garnering support by helping domestic audiences reap the benefits above, leaders stand to gain additional benefits from settlement. Leaders can distribute tangible assets that territory contains as private goods to the winning coalition \citep{bdm2003, wright2016}. Alleviating the threat of military conflict eliminates leaders’ probability of being deposed by the other state or being removed by domestic audiences dissatisfied with their performance in military conflicts \citep{bdm2003, chiozza2011}. Leaders may also gain or retain third party aid that helps them sustain their hold on power (e.g., military assistance). Besides allowing leaders to reallocate the resources dedicated to claim management to the provision of public and private goods, leaders may decide to cut spending and reduce the tax rate in order to garner support.

Given the competing incentives to pursue settlement, rational leaders must weigh the potential costs and benefits of pursuing settlement and select the policy that makes them most likely to retain office. Leaders will only pursue the peaceful settlement of territorial disputes if they believe that the doing so is more likely to generate domestic support than opposition. However, these studies do not elaborate on what factors create domestic support for settlement \citep[e.g.,][]{chiozza2011, vasquez2009}. Many highly salient claims are resolved in spite of intense domestic opposition. Even claims that produce frequent and severe violence tend to be resolved by some sort of negotiated settlement in the absence of total victory by one side or the other. For example, Egypt and Israel settled their dispute over the Sinai Peninsula in 1979 in spite of intense domestic opposition on both sides [citation]. % This led to the transition from rivalry to negative peace. Opened oil exports and flights. Yet there is little understanding of why states choose to settle these disputes.

## % ----- Territorial Salience

Of all the issues that states compete over, territory is generally considered the most salient \citep{diehl1992, hensel2001, hensel2008, huth1996, huth2009, vasquez2009}.

Land that contains valuable natural resources, has the potential to sustain large populations, contains or provides access to valuable transit routes, or otherwise constitutes a source of industrial or agricultural potential provides domestic audiences with the opportunity to realize substantial **economic gains**.

Territory is also closely tied to the sovereignty and **national security** of the state. Contested land may be used as buffer zones to protect the core of the state, and attacks on homeland territory constitute a direct threat to citizens and their interests.

In addition, individuals often have strong **emotional and psychological attachments to territory**. Territory is closely tied to national and group identity, particularly when it is part of the homeland or contains ethnic or religious groups linked to domestic audiences \citep{gibler2012a, miller2013}.

Since intangible issues elicit strong emotional and psychological attachments, claims that involve these issues are especially salient to domestic audiences \citep[e.g.,][]{goddard2010, hassner2007, hensel2005, huth1996, mansbach1981, vasquez2009}.

Territorial claims also take on heightened significance when two states are rivals or have a history of hostile interactions (e.g., militarized disputes, arms races, and forming counter-alliances). Under these circumstances, domestic audiences are likely to develop psychological images of the enemy as fundamentally hostile to their interests \citep{vasquez2009}.

Territory is particularly salient

\citep{diehl1992, gleick1993, hensel2001, hensel2006, hensel2007, hensel2008, holsti1991, huth1996, huth2009, mansbach1981, rosenau1971a, toset2000, vasquez2009}.

## % ----- Domestic Costs

Domestic politics thus acts as a substantial constraint on the policies leaders pursue when managing claims over contentious issues. In general, domestic audiences are more willing to bear the costs of militarization and less willing to make concessions over more salient claims \citep{hensel2001, hensel2008, mansbach1981, vasquez2009}. Any settlement will require one or both sides to relinquish their claim to part or all of the contested claim and perhaps transfer control of the contested area to their opponent. As a result, the prospect of settlement is likely to elicit opposition in at least one claimant and threaten leaders’ ability to retain power.

Previous research has demonstrated that making concessions in territorial disputes and agreeing to settle claims increases the chance that leaders are removed from office \citep{bdm2003, chiozza2003, chiozza2011, colaresi2004, vasquez2009, wiegand2005}.

States are less likely to make concessions, reach agreements, and comply with the terms of the settlement over highly salient claims \citep{allee2006, mitchell2007, simmons2002, vasquez2009}. This is particularly true when claims (especially territory) are imbued with intangible since these stakes evoke strong emotional reactions and are often functionally indivisible \citep{goddard2010, hensel2005, huth1996, huth2009, mansbach1981, vasquez2009}.\footnote{This is particularly true with respect to territory}.

In addition, although leaders are more likely to engage in peaceful settlement attempts over highly salient claims \citep{allee2006, hensel2001, hensel2005, hensel2008, mitchell2007, owsiak2017}, even this limited action can produce domestic opposition. Leaders who agree to do so are often perceived as caving to enemy pressure and demonstrating a willingness to make concessions. For example, resistance to settling border claims with China prevented Indian Prime Minister Jawaharlal Nehru from even holding serious talks with Zhou Enlai unless China agreed to cede the entirety of the contested territory \citep{maxwell1970}.

# \section{Contentious Issues, Trade, and Peaceful Conflict Management}

Although existing literature focuses on the opportunity costs of military disputes, few studies have examined whether the existence of an issue claim itself leads to a reduction in bilateral economic activity.

## % ---- Militarization

Because each of these issues has the potential to produce militarized conflict, the existence of a claim itself creates the shadow of armed conflict between the two states (\citet{lee2012, schultz2015} make this argument in the context of territorial disputes). As noted above, businesses that anticipate the possibility of conflict may alter their expectations about the profitability of trade and forego potentially lucrative relationships with the opposing country.

## % ---- Territorial Claims

### Opp Costs

Several studies have now established that even the existence of a territorial claim can reduce bilateral trade between states \citep{carter2018, lee2012, schultz2015, simmons1999, simmons2002, simmons2005, simmons2006a}. Likewise, the shadow of conflict may also lead states to preemptively pursue protectionist policies to decrease their military capacity and impose costs on the opponent as part of the bargaining process.

Jn addition, contested borders may be poorly regulated due to uncertainty over the jurisdiction of each state. This facilitates the flow of illicit goods, criminals, and rebels into a country. States may attempt to limit these flows my implementing protectionist policies, including trade sanctions, closing borders, and building border walls \citep[e.g.,][]{carter2017, gavrilis2008, simmons2002, simmons2006a}. Although all forms of the opportunity costs argument assume that leaders care about the opportunity costs of foregone trade, scholars do not agree on why leaders care about the opportunity costs of trade.

### Settlement Solves

Cooperation exnds to other issues

## % ---- River Claims

### River claims inhibit trade

River claims often inhibit trade between riparian states by creating issues over claims

**Navigation**

Conflict can hinder cooperation over navigational issues, as in the case of

* Hinder cooperation generally
* States may also take steps to prevent their opponents from using the river for navigation as a means of imposing costs on them.
* Traversing
* Downstream states can prevent upstream states from using the river by blocking upstream states
* Water flow
* Claims and disputes over ownership can also inhibit states’ ability to cooperate with each other to develop infrastructure and coordinate their actions, hindering their ability to
* For example, Cambodia and Vietnam’s dispute over the Mekong river \citep{chao1998, toset2000}.
* Barrett2003 – reduce quantity, quality, limit navigation

Cooperation over developing resources

Cooperation over managing water quality/quantity

States have several incentives to cooperate over

River claims also fuck

Development

Disputes over rivers may arise for a number of other reasons. States may dispute each other's right to use rivers for activities such as fishing and navigation. Rivers may also form the border between neighboring states and are often the subject of border disputes. Moreover, disputes over navigation have historically been particularly contentious. Most notably, disagreements over navigation rights on the Shatt al-Arab produced a number of militarized disputes between Iran and Iraq culminating in the Iran-Iraq war. Militarized disputes over navigation have also occurred between Nicaragua and Costa Rica as well as Argentina and Uruguay \citep{hensel2006}.

### Trade Facilitates Cooperation – Endogeneity???

Previous research has found that trade is associated with cooperation over river claims. States that trade more are more likely to sign treaties governing river claims \citep{dinar2011, espey2004, tir2009}.\footnote{\citet{dinar2011} find that very high levels of trade may decrease the probability of agreement by creating tensions between states \citep[e.g.][]{barbieri2002}. \citet{stinnett2009} find that, when states sign river treaties, highly interdependent states are more likely to establish formal international institutions as part of the agreement.

However, much of this research does not focus on whether states involved in river claims are more likely to sign agreements. Instead, it focuses purely on whether states sign treaties, which do not necessarily take place in the context of conflictual interactions. Even states that do not have grievances with each other have incentives to coordinate over the development and management of rivers in order to facilitate navigation, reduce pollution, and ensure that states receive enough water.

Don’t examine in the context of issue claims – mostly looking at treaty formation

Building on the positive empirical relationship between trade interdependence  
and interstate cooperation, some have argued that greater economic exchanges  
can contribute to increased interactions between states (McMillan 1997). These  
increased interactions can lower the transaction costs of reaching agreements in  
other issue areas by facilitating the use of issue linkages and side-payments (Gartzke, Li, and Boehmer 2001). Economic interdependence can also build an environment of trustworthiness, which is expected to encourage states to foster  
cooperative relations over the management of other issue areas, such as international rivers. In fact, empirical analysis shows that economically interdependent  
states are more likely to reach agreements over their international rivers (Espey  
and Towfique 2004; Tir and Ackerman 2009). Strong trade ties can also ‘‘provide  
effective enforcement of agreements’’ (Espey and Towfique 2004:2). Due to  
improvements in states’ abilities to communicate with one another and demonstrate resolve when they are economically interdependent, overcoming the sanctioning problem in multilateral cooperation should be easier. zw2011

### Settlement Solves

Along these lines, while Verghese & Iyer (1993) blame precisely the absence of mutual economic stakes for the lack of cooperation in the eastern Himalayan river basins. verghese1993

Economics creates repeated interactions that make cooperation easier, brings greater benefits, and is less politically controversial – tir2009

**Institutionalization resolve issues**

(Jacobson 1979) that will lead to more institutionalized river treaties.

Stineet2009

Trade also increases the probability

**Monitoring**

Stineet2009

Monitoring institutions can also improve compliance with river treaties. Formal mechanisms for monitoring the river can provide early warning of violations, which will prompt quicker enforcement actions (Benvenisti 1996). Even in cases where monitoring institutions do not track the actions of individual states, the information they provide can raise the visibility of environmental problems and draw the attention of domestic actors to the consequences of non-compliance (Dai 2005). This information will provide leverage to domestic interest groups favoring cooperation when they pressure their governments to resume compliance. Public pressure is especially important for implementing environmental agreements (Haas, Keohane, and Levy 1993).

**Expectations**

Dinar and Dinar (2005) argue that a record of trade between states indicate a history of cooperation that may lower the threshold to enter into negotiations and eventually sign treaties.- brochmann and hensel

**Ohter**

Conflict de vries 1990, emphasize the particular elements of an inter-state trade regime thatbode well for a beneficial relationship among states (Gasiorowski 1986)

To help facilitate cooperation, states create international institutions – such as river treaties – that spell out the rewards and obligations of the signatories, deal with technical details, and perhaps offer dispute-resolving mechanisms. Hence, river treaties can create positive-sum situations in which the incentives for cooperation become palpable (Benvenisti, 1996; Waterbury, 2002) \_ even in the face of problematic relationships (e.g. the recent Indus River treaty).

Elhance (2000) observes that transboundary water courses are one element in a web ofeconomic, environmental, and political interdependencies, and that broad patterns of economic interdependence create conditions conducive to river cooperation.

### Salience

As \citet[398][]{sadoff2002} argue, ``the control of rivers and river flows has long been… a source of tension and dispute; and an issue of sovereignty, strategic necessity, and national pride. Such tensions… may reach the point where they color the geo-political relationships between states,’’ (398).

economic activities including agriculture, industry, fishing, hydroelectric power generation, mining, sanitation, and commercial navigation

## % ---- Maritime Claims

Maritime claims also have the potential to inhibit trade

## % ---- Theory

**Because the mere existence of a claim creates opportunity costs for the relevant actors, domestic audiences have an incentive to support claim settlement when the potential for economic gains is high \citep{lee2012, schultz2015}.** Although some hostile states continue trade to some degree \citep{blum2007, wiegand2011b}, these states are still likely to trade less than they would if the claim were settled. Moreover, some states who fight see the complete discontinuation of trade (e.g., Ethiopia-Eritrea). At the very least, these opportunity costs should reduce domestic opposition to settlement by providing potential opponents of these actions with countervailing benefits. This creates an opening for leaders who prefer settlement to pursue these policies without worrying as much about domestic opposition. However, these opportunity costs may also lead domestic groups to actively lobby for settlement.

The costs of maintaining territorial claims provides domestic audiences with incentives to pressure the government to resolve territorial claims. Signing agreements helps alleviate the opportunity costs associated with territorial claims in two ways. First, since territorial settlements greatly reduce the probability of militarized conflict, they diminish the shadow of armed conflict that claims produce \citep{owsiak2012}. Second, in the case of border disputes, settling allows states to clarify jurisdictional uncertainty over the border. This fosters the development of institutions that are necessary to regulate and facilitate the flow of trade across borders \citep{carter2010, carter2014, simmons2005}. By resolving these problems associated with claims, settlement serves to increase trade between the two former opponents \citep{carter2018, simmons2002, simmons2005, simmons2006a}. Moreover, signing international agreements over territorial disputes states rarely sign agreements over territory unless they intend to agree to them. Since settlements tend to be costly for leaders, signing agreements serves as a credible signal of leaders’ intent to adhere to agreements and/or serves as a signal that domestic opposition to settlement is weak enough that the state is unlikely to renege in the future.

Although individual case studies support the proposition that economic interdependence may facilitate the resolution of issue claims \citep[e.g.,][]{mani2011, simmons1999}, there is a lack of systematic studies of the effect of interdependence on claim resolution. The sole exception is \citet{lee2012}, who examine whether higher levels of bilateral Foreign Direct Investment (FDI) facilitate the peaceful settlement of territorial claims. Due to the potential costs of conflict, they expect economic stakeholders to take ``an active role pressuring states to settle disputes quickly and peacefully,'' \citep[][683]{lee2012}.

\citet{lee2012} only examine whether FDI leads states to engage in more peaceful settlement attempts, and do not speak to the overall resolution of the claim itself examine whether states are more likely to reach an agreement. The fact that interdependent states engage in more cooperation attempts does not necessarily imply that they are more likely to peacefully resolve claims. Moreover, the occurrence of frequent settlement attempts may be a result of the fact that negotiators are having a difficult time finding common ground. In fact, the claims that produce the most peaceful settlement attempts are also the least likely to be resolved peacefully and the most likely to produce militarized disputes \citep[][]{hensel2001, mitchell2005, hensel2008}.

# \section{Economic Interdependence and the Peaceful Settlement of Territorial Claims}

## % ---- Use Of Force

% Examples of business pressure

Although existing literature focuses on the opportunity costs of military disputes, several studies have now established that even the existence of a territorial claim can reduce bilateral trade between states \citep{carter2018, lee2012, schultz2015, simmons1999, simmons2002, simmons2005, simmons2006a}. Because territorial claims are prone to militarization, the existence of a claim itself creates the shadow of armed conflict between the two states. As noted above, businesses that anticipate the possibility of conflict may alter their expectations about the profitability of trade and forego potentially lucrative relationships with the opposing country. Likewise, the shadow of conflict may also lead states to preemptively pursue protectionist policies to decrease their military capacity and impose costs on the opponent as part of the bargaining process.

Jn addition, contested borders may be poorly regulated due to uncertainty over the jurisdiction of each state. This facilitates the flow of illicit goods, criminals, and rebels into a country. States may attempt to limit these flows my implementing protectionist policies, including trade sanctions, closing borders, and building border walls \citep[e.g.,][]{carter2017, gavrilis2008, simmons2002, simmons2006a}. Although all forms of the opportunity costs argument assume that leaders care about the opportunity costs of foregone trade, scholars do not agree on why leaders care about the opportunity costs of trade.

**Because the mere existence of a claim creates opportunity costs for the relevant actors, domestic audiences have an incentive to support claim settlement when the potential for economic gains is high \citep{lee2012, schultz2015}.** Although some hostile states continue trade to some degree \citep{blum2007, wiegand2011b}, these states are still likely to trade less than they would if the claim were settled. Moreover, some states who fight see the complete discontinuation of trade (e.g., Ethiopia-Eritrea). At the very least, these opportunity costs should reduce domestic opposition to settlement by providing potential opponents of these actions with countervailing benefits. This creates an opening for leaders who prefer settlement to pursue these policies without worrying as much about domestic opposition. However, these opportunity costs may also lead domestic groups to actively lobby for settlement.

The costs of maintaining territorial claims provides domestic audiences with incentives to pressure the government to resolve territorial claims. Signing agreements helps alleviate the opportunity costs associated with territorial claims in two ways. First, since territorial settlements greatly reduce the probability of militarized conflict, they diminish the shadow of armed conflict that claims produce \citep{owsiak2012}. Second, in the case of border disputes, settling allows states to clarify jurisdictional uncertainty over the border. This fosters the development of institutions that are necessary to regulate and facilitate the flow of trade across borders \citep{carter2010, carter2014, simmons2005}. By resolving these problems associated with claims, settlement serves to increase trade between the two former opponents \citep{carter2018, simmons2002, simmons2005, simmons2006a}. Moreover, signing international agreements over territorial disputes states rarely sign agreements over territory unless they intend to agree to them. Since settlements tend to be costly for leaders, signing agreements serves as a credible signal of leaders’ intent to adhere to agreements and/or serves as a signal that domestic opposition to settlement is weak enough that the state is unlikely to renege in the future.

Although individual case studies support the proposition that economic interdependence may facilitate the resolution of issue claims \citep[e.g.,][]{mani2011, simmons1999}, there is a lack of systematic studies of the effect of interdependence on claim resolution. The sole exception is \citet{lee2012}, who examine whether higher levels of bilateral Foreign Direct Investment (FDI) facilitate the peaceful settlement of territorial claims. Due to the potential costs of conflict, they expect economic stakeholders to take ``an active role pressuring states to settle disputes quickly and peacefully,'' \citep[][683]{lee2012}.

\citet{lee2012} only examine whether FDI leads states to engage in more peaceful settlement attempts, and do not speak to the overall resolution of the claim itself examine whether states are more likely to reach an agreement. The fact that interdependent states engage in more cooperation attempts does not necessarily imply that they are more likely to peacefully resolve claims. Moreover, the occurrence of frequent settlement attempts may be a result of the fact that negotiators are having a difficult time finding common ground. In fact, the claims that produce the most peaceful settlement attempts are also the least likely to be resolved peacefully and the most likely to produce militarized disputes \citep[][]{hensel2001, mitchell2005, hensel2008}.

Trade facilitates repeated interactions between states and individuals from each country.

In addition to reducing the opportunity costs of foregone trade, repeated interactions between help establish trust between states by creating more predictable relationships and reduce the costs of cooperation \citep{axelrod1984, gartzke2001, keohane2001, kydd2001, moravcsik1997, russett2001}. This is particularly true when states stand to gain long-term benefits from cooperating. In doing so, it helps resolve commitment problems and thereby helps allay domestic audiences’ fears that their opponent will defect.

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Although scholars have suggested that bilateral economic activity facilitates cooperation, few studies have attempted to evaluate this empirically. Few studies have examined whether economically interdependent states are more likely to engage in peaceful interactions. Although \citet{polachek1999} use the Conflict and Peace Data Bank (COPDAB) dataset to modle whether conflict occurs more frequently than cooperation. In addition, \citet{barbieri2002} finds that interdependent states are more likely to resolve militarized disputes via negotiations (as opposed to settlements imposed by the victor or a stalemate).

These studies do not examine whether states are more likely to attempt or achieve the peaceful settlement of territorial disputes.

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## Enforcement

Mansifeild and pollins 2003 heightened trade facilitates environmental treaty formation and acts as a contract enforcing mechanism (Neumayer 2002b; Stein 2003).New Perspectives on Economic Exchange and Armed Conflict.\