

# The Forces of Attraction: How Security Interests Shape Membership in Economic Institutions

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# Overview

- On what basis do states join together in international institutions?
- Existing theories: shared interests within the issue area
- States also take broader political relations into consideration
- Shared security interests shape entry into international organizations
  - Empirical tests: state membership in 91 important economic IGOs over 60 years
  - Logistic and dynamic network models demonstrate influence of several measures of geopolitical alignment on IGO membership

# Why study IGO membership?

- Membership in international institutions has a significant impact on state behavior
  - Regime-specific effects on state policy (e.g., trade, environmental policy, human rights)
  - Broader effects on interstate relations (e.g., conflict, preference convergence)
- Selection bias as a challenge to empirical tests of IGO effects
  - One strategy: adjust empirical strategies to mitigate endogeneity (control for selection, IV analysis)
  - Our contribution: directly theorize and model selection process as basis for future studies on IGO effectiveness

# Existing Arguments about IGO Membership

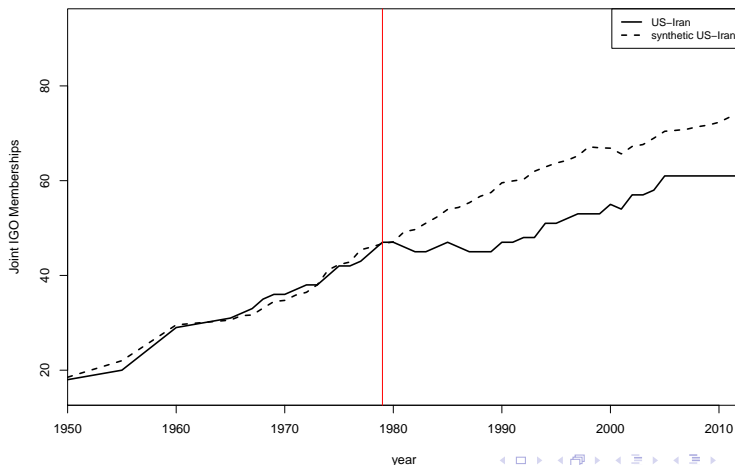
- *Demand-side* arguments explain state interest in institutionalized cooperation
  - Keohane (1984): states demand institutions to lower transaction costs, realize issue-specific gains from cooperation
  - Skeptics: only cooperative states join IGOs
  - Democracy/democratization increases demand for regimes (Mansfield & Pevehouse 2006, Poast & Urpelainen 2013)
- *Supply-side* arguments explain why states may restrict IGO membership
  - Rational design: nature of the cooperation problem explains membership size (Martin 1992; Koremenos et al. 2001)
  - Sequential expansion conditional on preference convergence (Downs et al. 1998)

# At the Nexus of Supply and Demand

- States as conditional cooperators who look beyond issue area
  - Existing members screen out undesirable states
    - Donno et al. 2014: high security risk
    - Poast & Urplainen (forthcoming): regime type
  - IGOs as “discriminatory clubs” of high-status states
- Political ties between states condition who cooperates
- We highlight shared security interests as the starting point for cooperation

# Illustration: US-Iran Cooperation in IGOs

### US-Iran Joint IGO Memberships



# How Geopolitical Alignment Drives Membership Decisions

- **Information Mechanism**
  - Uncertainty and mistrust as obstacles to cooperation
  - Record of security cooperation provides info on reliability
- **Coalition-building Mechanism**
  - Powerful states use IGOs to bolster security coalition
  - Foreign policy gains supplement issue-area gains

# Observable Implications

- *Hypothesis: States with shared geopolitical alignment form organizations together and are more likely to join the same organizations*
- Mechanisms generate additional expectations

	<b>Information Mechanism</b>	<b>Coalition-Building Mechanism</b>
Actor orientation	All Members	IGO Lead State
Regime Stage	Formation	Formation & Expansion
Network Effect	4-cycle	Outdegree



# Empirical Tests: Sample Selection

- We examine institutional membership decisions in salient, economic IGOs
  - In economic IGOs, geopolitical alignment & functional interests may diverge
  - Salient IGOs pose risk of cheating and potential for side payments
- 91 salient, economic orgs from 1950-2012
  - Extend COW IGO dataset through 2012
  - Economic issue area coded from Yearbook of IOs
  - Salience coded based on newspaper coverage
- Full sample of all members; founders versus accession states

# Empirical Tests: Measurement

- DV: dichotomous measure of IGO Membership at level of state-IGO-year
- Geopolitical Alignment
  - Formal Alliances, Alliance Portfolios (S-scores), UN ideal point similarity, Arms Transfers
  - Actor Orientation: 1) all IGO members, 2) IGO lead state
- Control variables
  - Functional interests: trade with IGO members, market size (GDP), income (GDP per capita), trade openness (trade / GDP)
  - Regional Diffusion, Exclusive IGO, Polity, Fatal MIDs with IGO members, Total IGO members

# Empirical Strategy

- Two statistical modeling approaches
- Logistic regression tests the effect of geopolitical alignment on IGO membership, controlling for other factors
  - Pooled and with IGO, state fixed effects
- Stochastic Actor Oriented Model (SAOM) examines influence of geopolitical alignment on evolution of the network of states and IGOs
  - Allows for interdependence among membership decisions

# Logistic Regression: Effect of Alliances on IGO Membership

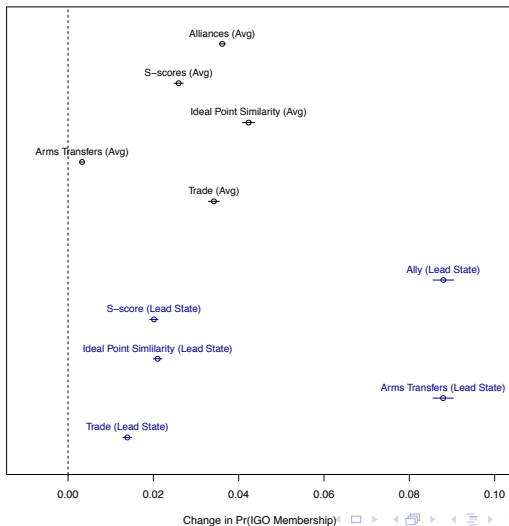
	(1) Baseline	(2) IGO FE	(3) IGO & State FE
<b>Avg. Alliances</b>	<b>2.715*** (0.232)</b>	<b>4.072*** (0.392)</b>	<b>5.218*** (0.446)</b>
Trade with Members	0.119*** (0.038)	0.112* (0.044)	0.152* (0.064)
Polity	0.026*** (0.007)	0.034*** (0.007)	0.001 (0.002)
GDP	0.270*** (0.051)	0.266*** (0.052)	0.153 (0.172)
GDP per capita	-0.083 (0.050)	-0.062 (0.049)	-0.057 (0.148)
Trade Openness	-0.012** (0.004)	-0.011** (0.004)	-0.012*** (0.003)
Fatal MIDs with Members	0.047 (0.079)	0.039 (0.079)	0.031 (0.064)
Members from Region	0.125*** (0.011)	0.113*** (0.010)	0.146*** (0.012)
Total IGO Membership	0.027*** (0.002)	0.017*** (0.002)	0.015*** (0.002)
Exclusive IGO	-0.004 (0.060)	0.040 (0.104)	0.034 (0.999)
Regional IGO	-1.600*** (0.146)	-3.261*** (0.487)	-3.447*** (0.589)
State-IGO Same Region	2.133*** (0.235)	2.679*** (0.280)	2.163*** (0.242)
Observations	455,221	455,221	455,221

Note:

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01



# Effect of Geopolitical Alignment on Pr(Membership)



Change in Pr(IGO Membership)

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# Logistic Regression: IGO Entry, Formation vs. Expansion

	(1)	(2)	(3)	(4)	(5)	(6)
	Pooled	Formation	Expansion	Pooled	Formation	Expansion
<b>Alliances (Members)</b>	<b>2.274*** (0.296)</b>	<b>3.604*** (0.302)</b>	<b>1.154*** (0.301)</b>			
Trade with Members	-0.070** (0.020)	0.183** (0.018)	0.043** (0.014)			
<b>Alliance (Lead State)</b>				<b>0.766*** (0.124)</b>	<b>1.093*** (0.123)</b>	<b>0.276* (0.120)</b>
Trade with Lead State				0.049*** (0.007)	0.064*** (0.011)	0.031*** (0.008)
Polity	0.044*** (0.007)	0.011 (0.008)	0.040*** (0.008)	0.025** (0.008)	0.010 (0.008)	0.032*** (0.009)
GDP	0.143*** (0.043)	0.152 (0.041)	0.041 (0.031)	0.098** (0.036)	0.189*** (0.036)	0.018 (0.036)
GDP per capita	0.008 (0.044)	-0.085 (0.052)	-0.007 (0.032)	-0.026 (0.042)	-0.008 (0.051)	0.056 (0.048)
Trade Openness	-0.013* (0.005)	-0.028* (0.014)	-0.015*** (0.004)	-0.029*** (0.005)	-0.026* (0.012)	-0.018*** (0.005)
Members from Region	0.059*** (0.006)	0.100*** (0.008)	0.052* (0.007)	0.070*** (0.008)	0.114*** (0.009)	0.059*** (0.007)
Total IGO Membership	0.016*** (0.002)	0.041*** (0.011)	0.010*** (0.002)	0.013*** (0.002)	0.028** (0.010)	0.013*** (0.002)
Observations	299,597	6,869	292,728	227,279	6,822	220,407

Note: \*p<0.1; \*\*p<0.05; \*\*\*p<0.01

# Stochastic Actor Oriented Model

- Unlikely that states' membership decisions are independent
- SAOM (Snijders 2010) estimates membership as a dynamic network of interdependent membership ties among all states and IGOs in the system
- Includes exogenous covariates (Formal alliances, income, market size, polity, exclusive IGO) as well as endogenous network influences
  - *Outdegree*: effect of more cumulative memberships on future membership decisions
  - *4-cycle*: effect of prior shared multilateral ties on future joint memberships

# Network Analysis of IGO Membership

	<i>Dependent variable: IGO Membership Network</i>	
	(1)	(2)
<b>Alliances (IGO Members)</b>	<b>2.170***</b> <b>(0.116)</b>	
<b>Alliance (IGO Lead State)</b>		<b>0.587***</b> <b>(0.076)</b>
Polity	0.055 (0.010)	0.047*** (0.005)
GDP	-0.416*** (0.059)	-0.404*** (0.056)
GDP per capita	0.118* (0.072)	0.158** (0.065)
Exclusive IGO	-0.320*** (0.040)	-0.324*** (0.039)
<b>Network Effect: Outdegree</b>	<b>-0.359***</b> <b>(0.101)</b>	<b>-0.310***</b> <b>(0.097)</b>
<b>Network Effect: 4-cycles</b>	<b>0.002***</b> <b>(0.0001)</b>	<b>0.002***</b> <b>(0.0001)</b>
Network Observations	51	51

Note:

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01



# Findings

- Significant effect of geopolitical alignment on IGO membership across different measures
- Robust to excluding regional IGOs, adding Cold War interactive effect, controlling for democratization
- Evidence for both mechanisms:

	<b>Information Mechanism</b>	<b>Coalition-Building Mechanism</b>
Actor orientation	All Members	IGO Lead State
Regime Stage	Formation	Formation & Expansion
Network Effect	4-cycle	Outdegree

# Implications

- Challenge to functionalist logic?
  - Information vs. Coalition-building
- Selection not driven solely by policy interests within a regime
  - More room for independent effect of institutions
  - Potentially spurious relationship between joint IGO membership and conflict reduction
- IGO proliferation serves foreign policy interests as states use discriminatory clubs to maximize leverage across states