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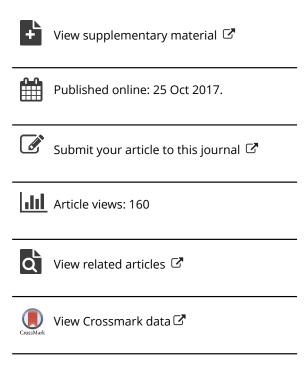
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# The Economic Leverage of International Organizations in Interstate Disputes

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# The Economic Leverage of International Organizations in Interstate Disputes

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#### **ABSTRACT**

Addressing a long-standing debate in international relations scholarship, this study shows that international governmental organizations (IGOs) with high economic leverage over their member states, such as some development banks, substantially lower the risk that political disputes experience the use of military force. Empirical tests covering cases of disputatious claims and international crises since 1946 make use of a new classification of IGOs that have economic leverage and use it toward increasing states' cost of using force in disputes. When pairs of states are subject to the economic leverage of IGOs, they are substantially less likely to use force. For the understanding and practice of interstate dispute resolution and international conflict more generally, the study suggests a specific linkage between institutionalized economic interdependence and conflict escalation.

#### **KEYWORDS**

Bayesian estimation; conflict; international crises; international organizations; peace

Political disputes between states sometimes turn violent, but states acquiesce and negotiate without fighting at other times. Prior studies show that international governmental organizations (IGOs) are key to explaining this variation. Boehmer, Gartzke, and Nordstrom (2004) and others suggest particularly IGOs with institutionalized structures help prevent wars. But despite robust correlations, there is no consensus on the mechanism through which institutionalized IGOs help avoid conflict. Wagner (2010, 36) summarizes: "we do not know what contribution international institutions short of a world government might make to the resolution of interstate conflicts." Representative for others, one study acknowledges to "lack the fine-grained [...] information to distinguish between [the three mechanisms of socialization, commitment, and dispute resolution] in [...] quantitative analysis" (Pevehouse and Russett 2006, 980). IGOs can also help mediate conflicts or promote successful peace agreements (Hensel and Mitchell 2007; Hansen,

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**Note**: All data and code required to reproduce the results in this study are available in a replication package posted at https://dataverse.harvard.edu/dataverse/jkarreth. A document containing supporting information mentioned in the main text can be found on the publisher's website.

Supplemental data for this article can be accessed on the publishers website.

Mitchell, and Nemeth 2008; Shannon 2009; Crescenzi, Kadera, Mitchell, and Thyne 2011). This requires states to choose to allow IGOs to mediate or resolve conflicts. For example, neighboring states and regional organizations have been hoping that Guatemala and Belize would take a long-standing dispute over territory to the International Court of Justice for settlement. But in 2013, the Guatemalan government decided to postpone a referendum seeking voters' approval of bringing the case to the International Court of Justice (ICJ). This illustrates the difficulty of timely support from IGOs for conflict resolution: it requires disputants' approval and, subsequently, their compliance.

Existing research thus leaves an open question: how can IGOs help states resolve disputes and prevent them from using military force? How can they do this especially when states expressed disagreements and are descending into a conflictual trajectory without actively using IGO features targeting conflict resolution? I show that specifically IGOs with high economic leverage over their member states shape state behavior during interstate disputes and substantially lower the risk that such political disputes escalate to armed conflicts. Examples include the World Bank, International Monetary Fund (IMF), or regional development banks. Their leverage derives from economic prerequisites to reliably and quickly impose costs on member states engaged in violent conflict. This argument differs from existing research on IGOs and conflict in two ways. First, it shows that institutions with economic leverage impact interstate conflict bargaining. Prior research on IGOs and conflict has considered economic institutions in the form of trade agreements (Mansfield and Pevehouse 2000; Haftel 2007). But trade agreements rarely possess agency to shape states' costs and benefits in conflicts, whereas IGOs with leverage do. In addition, the number of these IGOs and linkages between them has grown, amplifying their impact. Second, while other IGOs may promote intrastate socialization and mitigate information problems about capabilities and resolve, IGOs with leverage are particularly suited to address commitment problems in conflict management. Studying their ability to prevent disputes from turning into heavily militarized conflicts helps identify a mechanism through which IGOs can prevent conflict and promote peace.

# **Bargaining and Violence In Interstate Disputes**

As a starting point for explaining why international conflicts turn violent, this study relies on the bargaining approach. Fearon (1995) suggests three scenarios under which rational leaders can fail to identify a point on the range of possible bargains preferable to war, and fail to settle a dispute peacefully. In the first scenario, the information problem, bargaining fails if

<sup>&</sup>lt;sup>1</sup>Source S1; see supporting information (SI) for all supplementary sources labeled S.

leaders have private information over capabilities or resolve and incentives to misrepresent this information to their opponent. This leads to separate perceived bargaining ranges and a higher risk of either side using force. In the second scenario, the commitment problem, the possibility of future changes in the distribution of power or in the cost of war casts doubt about the tenability of a bargaining solution based on current parameters. This increases the risk of conflict in the current period. In the third scenario, the issue under dispute is indivisible to at least one of the states and therefore no bargaining solution below full control of the issue is acceptable to that state. Subsequent analyses by Powell (2006), however, show that conflicts over issues perceived as indivisible are better explained as commitment problems. This leaves information and commitment problems as the two main causes for bargaining failure and the use of force in interstate disputes.

States can use different mechanisms to overcome information problems and avoid war. Examples of such strategies include states generating sunk costs [for example, through mobilizing troops; Fearon (1997)] or tying their hands [for example, through creating audience costs; Fearon (1994)] to reduce information asymmetries and mitigate uncertainty about resolve. External third parties can also help provide information and thus reduce the risk of violence (Beardsley 2008). Per Powell (2006), these solutions do not mitigate commitment problems. (additional information) Commitment problems can cause disputes to turn violent even under complete information. Possible solutions for commitment problems rely on third parties to substantially raise the costs of war so much as to incentivize states to settle disputes peacefully and abide by settlements in the longer run (Eilstrup-Sangiovanni and Verdier 2005).

# **IGOs and Bargaining In Interstate Disputes**

Scholars have identified several features and activities of IGOs that mitigate information and commitment problems. Overall, these perspectives have all received some empirical support but have not decisively addressed (1) whether IGOs can help manage conflicts when disputes have already arisen and the conflict parties are unwilling to voluntarily involve a mediating IGO, and (2) what independent effect IGOs may have on conflict resolution. In contrast, IGOs with high economic leverage over their member states can reliably and significantly raise the costs of conflict so that bargaining is less likely to fail. This leverage is unique to this subset of IGOs and helps prevent violence in interstate disputes.

IGOs with high leverage directly address the key problem in interstate bargaining over disputes. Reflecting on the boundaries of institutionalist research on the specific mechanisms behind IGOs' influence on the conflict process, Shannon, Morey, and Boehmke (2010: 1135) called for researchers to "develop more refined measures to test the specific

bargaining obstacles that IGOs are most effective in removing." My argument heeds this suggestion and emphasizes the influence of raising exogenous costs (imposed by institutions) on the dispute bargaining process. The analysis here follows Powell (2006) by first assuming a bargaining process with complete information about resolve. In this situation, Powell identifies two causes of war: rapid and substantial (potential) shifts of power and high costs of deterring an attack. IGOs with high leverage help address both. Per Powell, one solution to allow for credible commitments despite potentially large adverse power shifts is to raise the costs of fighting. As I demonstrate below, IGOs with high economic leverage are the only IGOs that raise the costs of fighting in a reliable and substantial manner, compared to other IGOs. Powell's second cause, the high relative costs of deterring an attack compared to fighting, is also offset by these IGOs if both states participate in them and are subject to their leverage. In that case, the added IGO-based cost of fighting functions an additional deterrent itself, and thus reduces the cost of deterrence.<sup>2</sup>

The history of a dispute between Bolivia and Chile over the Silala river illustrates this mechanism and other distinct ways in which IGOs can keep states from using force in disputes. The object of the dispute, water resources from the Silala river, is valuable to Chile for mining operations in the area and to Bolivia for historical reasons (Mulligan and Eckstein 2011, 598). Both countries have negotiated over this dispute for decades, used a variety of international institutions and legal tools to resolve it, and faced waves of tensions over the issue. Bargaining problems have so far prevented a durable solution. Despite attempts to draft agreements in the past, litigation is currently before the International Court of Justice and expected to last years until a possible ruling or resolution. Both countries have in the past deployed military forces to the area. Commitment problems stand out as one of the issues that have prevented a durable bargaining solution. The possibility of future shifts in power may make either side less likely to commit to a settlement. Of particular interest in this context is that landlocked Bolivia has used the Silala waters as a potential bargaining chip to regain access to the Pacific Ocean from Chile. This access would have tremendous implications for Bolivia's economy and, potentially, its overall status. In turn, the water from the Silala is crucial for Chile's copper production, one of the country's core industries. In addition, reflecting Powell's second commitment problem, deterring a possible cross-border attack is highly costly for each side given terrain in the area, possibly lowering the cost of an attack.

<sup>&</sup>lt;sup>2</sup>See Powell (2006) for a more detailed analysis of causes of commitment problems that cannot be reproduced here due to space constraints.



#### IGOs with high economic leverage

IGOs with high economic leverage can mitigate this commitment problem by publicly, reliably, and substantially raising the cost of fighting over the Silala. Both countries are involved in a comparatively large number of IGOs with high leverage (5 during the most recent claim, in the top 20% of all countries). For example, the World Bank alone has been engaged in significant projects in both countries, amounting to investments of hundreds of millions of dollars. The benefits from this involvement are contingent on stability in each country. As I show below, the IGOs under consideration have clear rules as well as a track record for disengagement during military conflict between member states. This raises the cost of conflict for both Bolivia and Chile. Raised costs mitigate the commitment problem. Even if future shifts of power were to complicate negotiations in the present, the higher cost of war prevents each state from using force in the present time. Higher costs for fighting for both sides also reduces the absolute cost for each side of deterring the other side. And IGOs with economic leverage can also facilitate the splitting of resources under dispute (such as water) to prevent commitment problems arising from bargaining over resources that themselves will substantially alter the distribution of power. One example for such influence is the role of the Caribbean Community in guaranteeing an "equitable distribution of the proceeds deriving from any exploitative activities" in an area disputed between Guyana and Suriname.<sup>3</sup>

# Bargaining and other types of IGOs

Other IGOs can also facilitate dispute resolution, but they operate through different mechanisms. The case of Bolivia and Chile illustrates each of these mechanisms.

First, IGOs might foster socialization and align states' preferences to prevent conflict (Bearce and Bondanella 2007; Taninchev 2015). IGOs may also promote trust between leaders and encourage peaceful bargaining between leaders (Bearce and Omori 2005). Chile and Bolivia participate in a large number of IGOs in general—in the top ten percent of all country dyads in most years. Yet, diplomatic relations between both countries are remarkably cold. Both severed diplomatic ties in 1979 and only recently begun to work toward rapprochement. Despite the opportunity for preference alignment through their many IGO co-memberships, a common measure of preferences (Bailey, Strezhnev, and Voeten 2017) shows that Chile's and Bolivia's ideal points have actually moved apart during two periods in the last three decades. This suggests that IGOs' impact on socialization and preference alignment may not prevent the emergence or resurgence of fundamental disagreements. Similarly, even if these IGOs may have built trust between leaders, they did not mitigate possible domestic incentives to maintain a dispute with diversionary benefits. <sup>4</sup> Taninchev (2015) also serves as a reminder that interest convergence can be conditional on IGO features and may take considerable time.

Second, IGOs may lead states to reveal valuable information, thus eliminating private information as a main cause of conflict (Fearon 1995; Haftel 2007; Shannon et al. 2010). The origin of the EU in monitoring coal and steel production is one such example. States may also use international institutions, especially those with security components, in conflict bargaining in order to reveal information about their capabilities, preferences, or resolve. The United Nations Security Council is a key institution that can perform this function (Thompson 2006). Bolivia and Chile are members in some IGOs that might allow for costly signaling, but none that forces either country to reveal information on key resources.

Third, IGOs can also mediate, adjudicate, and provide avenues for multilateral talks about dispute resolution (Shannon 2009; Crescenzi et al. 2011). Bolivia and Chile are joint members of a handful of such IGOs, including the International Court of Justice. But these IGOs require the active effort of members to bring disputes before them. In this case, Chile took the Silala dispute to the ICJ-but not until 2016. Lundgren (2016) identifies other facets of peace-brokering IGOs, including peacekeeping capabilities, but also emphasizes that these IGO effects are contingent on states seeking IGO involvement. While mediation and similar peace-brokering activities can have short-term positive effects, they may exacerbate disputes in the long run (Beardsley 2008).

In sum, the case of Bolivia and Chile illustrates the promise and shortcomings behind different mechanisms of how IGOs can keep disagreements between states from being violent. Perhaps, the most acute problem in disputes, the commitment problem, is a particular challenge for IGOs to resolve. Socialization, information provision, and brokering peace all do not directly address the commitment problem. Accordingly, prior work finds IGOs' influence on commitment problems to be "limited" (Boehmer et al. 2004: 9). Because commitment problems are central to international conflict, especially once states have publicly engaged in disagreements, this study explores specific commitment-enhancing features of IGOs. These features work through economic channels. Raising the costs of war for all parties to a degree that sufficiently addresses the commitment problem requires that these costs be imposed in a timely and reliable manner, and at a sufficiently high level to incentivize bargaining over preventive war. IGOs with high economic leverage have a unique ability to generate costs that fulfill these criteria.

<sup>&</sup>lt;sup>4</sup>Tir (2010); S3.

#### The Cost Of Violence For IGOs

To take interest in disputes and establish costs for dispute parties, IGOs must have a strong and constant incentive to avoid conflict among member states. This incentive is particularly pronounced for IGOs with economic mandates. Militarized conflict between members can disrupt production chains across an economically integrated union. Losses from conflict are not limited to preferential trade agreements or commercial (trade) institutions, though. Many types of international institutions experience some damage when members are at war. Multilateral development banks lose some of their investments and loans when recipient states spend considerable resources on war and when military action causes damage in recipient countries. Similarly, organizations that coordinate the production of exportable goods, such as oil or coffee, suffer from heightened uncertainty and volatility if one or several members are at war. For instance, a report notes that COMESA expressed concerns in 2004 that "[t]he border dispute between Ethiopia and Eritrea has blocked Ethiopian access to a convenient port, while Eritrea has lost the opportunity to tap into cheaper electrical power from Ethiopia."<sup>5</sup> Equally important, interstate conflict and political violence frequently divert states' resources from cooperative purposes to the conflict, for instance through increased funding for security expenditures.

In line with this dynamic, the World Bank, IMF, and other organizations have long recognized the cost of conflict and political violence, although these IGOs have no direct conflict resolution mandate. In fact, each institution is required to maintain political neutrality. Staff's current behavior reflects this pillar of their mandates. Bank and IMF staff frequently emphasize that they take no official position on political conflicts among member states, or between member and nonmember states.<sup>6</sup> While this assessment is correct in terms of the legal mandate of the Bank and IMF, both the Bank and IMF (and other institutions as well) have frequently emphasized the effects of interstate conflict on their core missions, economic development, and macroeconomic stability.<sup>7</sup>

IGOs can convert, and have previously converted, such anticipated negative effects into costs for member states engaging in military conflict. When a member state chooses to go to war over an issue with another state, that member state can expect some form of negative ramification from the institution. This ramification may come in the suspension of benefits, direct costs (such as sanctions), or exclusion. These costs are deterministic and comparatively predictable in advance.

<sup>&</sup>lt;sup>5</sup>S4 and S5.

<sup>&</sup>lt;sup>6</sup>An example can be seen in a report on the Bank's role in combating corruption: "[...] its staff must be concerned only with the economic causes and effects and should refrain from intervening in the country's political affairs."

<sup>&</sup>lt;sup>7</sup>See the SI for specific evidence.

#### The Cost of Violence For States

Immediately, states at war may experience a suspension of benefits that the institution is distributing, such as loans, projects, or information. Institutions such as the World Bank typically "[step] out during active conflict." The European Bank for Reconstruction and Development (EBRD) provides one recent example. The EBRD had promised substantial aid in the form of loans to Ukraine to help facilitate construction projects in the aftermath of Ukraine's domestic disturbances in early 2014. However, as fighting in Ukraine intensified again with the involvement of separatists and potential Russian contingents, the EBRD froze all loans in August 2014. 10 In the medium term, states at war may be excluded from active institutional cooperation, such as the further liberalization of trade barriers in trade organizations. Similarly, IGOs may halt projects until states resume peaceful interactions. This applies to the case of Ecuador and Peru's involvement in the Puyango-Tumbes irrigation project. The Interamerican Development Bank placed this project "on the back burner" due to the border war in 1995. In the *longer* run, warring states may gain the reputation of unstable partners that tarnish the institution, which may then preclude them from extensions of current institutional arrangements. Altogether, going to war will create costs for the involved states, either directly or as indirect costs through the withdrawal of benefits. Eritrea is one country that has received comparatively little assistance from IGOs since the Eritrean-Ethiopian war ended in 2000.

Beyond suspension, IGOs with leverage can also establish the possibility of costs and thus raise the cost of violence in the long term. For example, the World Bank actively mediated the Indus Water Treaty between India and Pakistan and has continuously supported its implementation since the 1960s. As recently as 2016, the Bank has halted treaty-related proceedings to get both countries to resolve a related dispute. Without the Bank's involvement, the treaty would arguably be less effective and would not have lasted through three wars between India and Pakistan over other issues (Miner, Patankar, Gamkhar, and Eaton 2009; Parajuli 2003). Again, the IGO's continued involvement raises the cost of violence over a dispute over this issue, resulting in both sides' ability to commit more credibly to resolving disagreements without using force.

The economic dimension of leverage takes a central role here and stands in contrast to other types of influence IGOs might exercise on other causes of dispute escalation. Socialization is a long-term process and does not help

<sup>&</sup>lt;sup>8</sup>S7 (p. 2).

<sup>&</sup>lt;sup>9</sup>S8.

<sup>&</sup>lt;sup>10</sup>S9.

<sup>&</sup>lt;sup>11</sup>S10.

address short-term commitment problems. IGO-based information on capabilities and resolve can mitigate another key cause of conflict, private information, and resulting miscalculations that can lead disputes to turn violent (Fearon 1995), but it cannot address commitment problems. And as the examples of Guatemala-Belize and Bolivia-Chile showed, IGOs' active mediation and adjudication efforts may fall short when states fail to take the steps to involve IGOs.

In contrast, IGOs' leverage over the cost of conflict does not require time to take hold, nor does it require states' active involvement. When the cost of using force increases, disputants' incentive structure changes such that using force becomes a less viable option. As anecdotal evidence for states' cost sensitivity and resulting changes in conflict bargaining, consider a statement from a British bureaucrat in front of Parliament about the government's choice to acquiesce in a fishing dispute with Spain: "A vote against the deal in 1994 would have been a silly tactic, satisfying perhaps emotionally in the short term, but disadvantageous in the long term if our aim is, as it is, to maximise the UK take."12

In sum, the economic leverage of IGOs facilitates credible commitments to peaceful conflict resolution: these IGOs generate high and predictable costs for using force in disputes and thus change states' incentive structure. This cost-based solution to the commitment problem is most likely to apply when both states in a dispute face costs from one or more institutions. The dyadic component is important for several reasons. Being subject to the same types of cost-based constraints from an institution makes it more likely that both states have good information about the likelihood and volume of the costs they would incur for using force. Fearing that the other side will engage in revisionism down the road drives the commitment problem. Knowing the other side's incentives against using force mitigates this fear, and by extension the commitment problem. Joint memberships in such cost-generating IGOs present clear and symmetric information about the cost of using force now and down the road. This logic yields a general expectation:

After they express conflicts of interests, states in a dispute should be less likely to use military force if more joint memberships in international institutions with high leverage generate costs for the use of force.

# **IGOs With High Leverage**

These costs emerge from multilateral, formal intergovernmental organizations (IGOs) with high economic leverage. Only IGOs with both institutional and economic prerequisites can exercise the relevant leverage. For an impact on observed conflict or conflict resolution, IGOs need to raise the cost of

<sup>&</sup>lt;sup>12</sup>S11.

conflict for member states such that the payoff from negotiating is greater than the payoff from using force, taking into account the cost imposed on member states of using force. To do this, IGOs need to fulfill two requirements.

First, to exercise economic leverage, IGOs need to command a sufficient amount of resources to actually affect the cost-benefit calculus of both states in a dispute. Following my argument, these benefits are primarily economic. Armed conflict harms the mission of many IGOs, but only IGOs that are able to disburse economic resources can generate the costs that diminish member states' utility of fighting. Many IGOs may attempt to coordinate sanctions, but prior research has typically found state-based multilateral sanctions difficult to have an impact, even if they are coordinated by IGOs (Kaempfer and Lowenberg 1999). Plenty of IGOs also serve as forums dedicated to peace and conflict resolution, but typically such organizations do not control any resources that would change the cost of fighting for the states in a dispute. This leaves as IGOs with leverage only those IGOs that provide themselves substantial economic benefits to their member states—benefits that can be suspended or withheld in the case of armed conflict between member states. Development banks are a typical case of such IGOs. But this also includes IGOs that coordinate economic activities to the benefit of all members, such as currency unions, regional trade blocs, or resource extraction cooperatives. For such organizations, armed conflict between member states creates tangible problems for the organization's performance and, by extension, other member states that are not involved in the dispute. These organizations also have the ability to raise the cost of conflict between member states.

To exercise this leverage, IGOs need to possess institutional prerequisites and the capacity to make decisions at the institutional level and independently of member states. Even an IGO that does command substantial economic resources can hardly change the cost of using force if any operative decision of the IGO can be blocked by the potentially affected member states or their allies. Institutional structures, such as safeguards, necessitate IGO action based on established procedures. These procedures outweigh the informal influence of powerful member states (Kleine 2013). Many IGO operations under these structures that are relevant for establishing costs of militarized conflict are in the realm of specific and immediate governance, in contrast to the big-picture types of decisions that are made at board meetings, where powerful member states have informal influence. Similarly, an IGO without a permanent executive office cannot act swiftly enough to send a strong signal about the costs of using force. This necessitates a standing institutional structure in the form of a directorate or executive secretary and an institutional bureaucracy. Only with this structure can the IGO credibly affect the costs of using force.

Economic leverage and institutional prerequisites are both necessary and mutually reinforcing conditions for leverage. That is, high economic leverage without institutional prerequisites (for example, in the case of ASEAN or the WTO) does not generate high overall leverage because member states face low certainty ex ante that the IGO would act to raise the costs of using force. Similarly, institutional prerequisites without economic leverage (for example, in the case of the WHO) cannot create the costs for using force that would deter member states from escalating disputes or crises.

### Identifying IGOs With High Leverage

These two criteria—economic leverage and institutional structure—designate IGOs with high leverage that should, following my argument, increase the odds of peaceful dispute settlement once states have expressed a disagreement. Economic leverage is based on the following functions or issues that IGOs cover: providing short-term or long-term loans, harmonizing currencies, harmonizing trade and enhancing market access, facilitating foreign investment, assisting with and coordinating the production of goods, and facilitating the extraction, processing, and sale of natural resources. I rate IGOs that cover at least one of these issues as possessing economic leverage. Institutional prerequisites come as the capacity to make decisions at the institutional level, rather than being a forum or occasional meeting of heads of states. For this requirement, I use two previous studies that identified institutional characteristics (Boehmer et al. 2004; Ingram, Robinson, and Busch 2005). IGOs that "contain structures of assembly, executive (nonceremonial), and/or bureacucracy to implement policy, as well as formal procedures and rules" (Ingram et al. 2005: 855) fulfill the institutional requirement.

Last, high leverage depends on whether the IGO has publicly expressed concern over militarized conflict and mentioned potential consequences for member states. Such concerns are important information for member states to ascertain the costs of violence. Based on this coding, 17 different IGOs with clearly identifiable leverage exist (Table 1). Specific coding rules and evidence are listed in the SI, where examples also illustrate what types of signals from IGOs meet this coding rule.

# **Empirical Test: Claims**

This study focuses on the development of (1) claims that states have made toward each other and (2) interstate crises. Claims are a key source of international conflict and ideal for evaluating the role of IGOs' leverage on state behavior during disagreements. The existence of a claim indicates that two states are facing a disagreement. Such a disagreement expresses the

Table 1. List of IGOs with high leverage emanating from a combination of (1) economic leverage and (2) institutional prerequisites. Source: author's coding.

	Economic leverage:	Institutional prerequisites:
IGO	Issues covered <sup>1</sup>	tools available <sup>2</sup>
African Development Bank	1	5
Asian Development Bank	4	4
Caribbean Community	3	3
Common Southern Market	1	1
Commonwealth Secretariat	1	5
Economic Community of West African States	3	4
European Bank for Reconstruction and Development	2	5
European Economic Community	2	5
European Investment Bank	2	4
European Union	3	4
World Bank	1	5
International Coffee Organization	4	2
International Fund for Agricultural Development	2	2
International Monetary Fund	1	5
Multilateral Investment Guarantee Agency	1	4
Southern African Development Community	2	4
West African Economic and Monetary Union	3	4

<sup>&</sup>lt;sup>1</sup>Numbers: sum of issues covered by the IGO (Trade, Currency, Development, Investment, Production, Resources).

fundamental willingness of at least one state to engage in conflict with another state, and it presents an opportunity for both states to escalate this conflict. As an example, consider Turkey's efforts to build the Ilisu dam on the Tigris river. The Tigris flows from Turkey to Iraq (via Syria); this makes Iraq an (indirect) downstream neighbor of Turkey and means that any regulation of water supply through a dam in Turkey will affect the amount of water available in Iraq. Managing water resources between Turkey, Syria, and Iraq has been a contentious issue for decades, but Turkish plans for a multidam project, including the Ilisu dam, has led to more serious tensions between Turkey and Iraq. Iraq has long expressed concern about reduced water supply for Iraqi areas, should the dam be built. In 1999, Iraq demanded that Turkey change course to reflect Iraq's claims on the Tigris water supply (Hensel, Mitchell, and Sowers 2006). When a challenger (Iraq) makes a claim, the target (Turkey) can choose to accommodate the claim, or bargain over it. Depending on how bargaining evolves, the dispute can be resolved peacefully, or one state may choose to use force and turn the claim into a militarized interstate dispute.

These scenarios present states with a commitment problem. Once challenger A has made a claim, it has expressed dissatisfaction with the status quo. Target B can acquiesce or bargain over the issue. For both A and B, a bargaining solution rather than the costly use of force would be preferable. But neither A nor B can be sure that the other side might not try to exploit them in the future, trying to either push

<sup>&</sup>lt;sup>2</sup>Numbers: features available to the IGO (Financial authority, Decision-making, Bureaucracy, Independence, Use of carrots & sticks).



through their claim or force a return to the pre-bargain status quo. When this commitment problem is severe, hostilities might ensue. If subject to IGOs with high leverage, both challenger and target can expect substantial costs if they use force. Without these costs, the utility of using force now may be higher than that of accepting a peaceful bargain—given that one state fears the other will use force later to exploit it. But as the costs of using force increase, the utility of using force decreases. Consequently, my expectation is that during claims, we should observe fewer occurrences of the use of force when challengers and targets are subject to more cost-generating IGOs with leverage:

H1: Claims are less likely to experience the use of military force when states face higher potential costs from joint memberships in international institutions with high leverage.

H1 implies a negative association between states' joint participation in IGOs with leverage and the probability of claims to ending in one or both states using force.

## Unit of Analysis, Data Structure, and Estimation

To judge whether IGOs with leverage have a discernible impact on how claims between states evolve, I use the Issue Correlates of War (ICOW; Hensel 2001; Hensel, Mitchell, Sowers, and Thyne 2008) project's records of claims that states have made toward each other between 1946 and 2001. These data provide as the unit of analysis territorial, maritime, and river claims at the dyadic level. A claim establishes a contention over an issue that can (but need not) result in a military confrontation. Claims are based on explicit and public statements by official representatives of the government of at least one state. This matches the condition that I identify for an opportunity for IGOs to change states' behavior: The existence of a claim implies a demand from one state to another. Rather than making assumptions about the population of states that might enter into disputes, I identify the relevant population as all dyads that experienced a claim made by at least one of the states in the dyad.

Using claims as units of analysis, I examine whether either side in the claim dyad used force during the claim. I assume that observing at least one government using force indicates that the payoff from using force for that government exceeded the payoff from the status quo and peaceful conflict resolution, taking into account the cost of using force incurred through relevant international institutions. Between 1946 and 2001, ICOW records 196 claims for which I have information on IGOs. Of these, 40 experienced the use of force.<sup>13</sup>

<sup>&</sup>lt;sup>13</sup>The ICOW version available at the time of writing (1.10) provides information on claims in North and South America, Europe, and the Middle East. I investigate the global population of interstate crises in the next section.

I evaluate the determinants of claims experiencing the use of force in logistic regression models, fit through Bayesian estimation. The SI discusses benefits and details of this approach.

#### Institutional Influence: Joint Membership In IGOs With Leverage

My argument suggests that IGOs' leverage mitigates commitment problems when both states in a claim are involved in such IGOs. Therefore, I use the count of both states' joint memberships in institutions with high leverage as defined above to measure the aggregate costs that institutions can credibly impose on states engaged in a dispute. When both states are members in an institution, the costs of using force are similar for each state and transparent to each state. Because the outcome is the observed use of force by either state, joint memberships are the most appropriate measure for this type of institutional influence. States' joint memberships vary from zero to 9, with two being the modal category and one-fifth of dyads sharing four or more IGOs with leverage. 14 I measure these joint memberships in the year in which the claim begins. This choice helps isolate the influence of IGOs with leverage from potential post-treatment dynamics during the claim (such as suspensions and subsequent changes in behavior). Some IGOs with leverage are global, some regional, but the presence of IGOs is mostly constant across regions. 15

#### Other Types of IGO Influence

To distinguish the cost-based and commitment-enhancing institutional mechanism from others, I investigate three other IGO types that reflect the other mechanisms discussed above. For IGOs promoting socialization and preference alignment, I use a dyad's count of shared memberships in IGOs rated at least "structured," following Bearce and Bondanella (2007). For IGOs' role in revealing information, I focus on the type of institutions with the structure and issue coverage most likely to resolve information problems when it comes to military conflict: IGOs with centralized, "interventionist" (Boehmer et al. 2004) structures operating in the military-political domain. Third, to account for IGOs engaging in peace-brokering activities, I include a measure of states' joint peace-brokering IGO memberships based on Shannon (2009). Last, I compare the role of IGOS with high leverage against that of all other IGOs as a baseline comparison.

Because each mechanism relies on the role of the respective IGOs for *both* states in a dispute, I operationalize each of these mechanisms as the count of

<sup>&</sup>lt;sup>14</sup>Figure A1.

<sup>&</sup>lt;sup>15</sup>Figures A5 and A6.



joint memberships in the respective type of IGOs, again in the year in which the claim was first recorded. 16 Controlling for other types of IGOs also accounts for other IGOs mitigating causes of conflict beyond the commitment problem. If information asymmetries caused escalation in a case, the measure for IGOs providing information would capture this.

## Other Determinants of Using Force In Claims

To address the possibility of a common cause that drives both conflict behavior and joint participation in IGOs with leverage, the empirical model contains a measure of preference similarity, based on ideal point distance via voting in the UN General Assembly (Bailey et al. 2017). If there were a common cause to both IGO memberships and states' use of force during claims, this variable would absorb some of it and thus improve estimates of the IGO coefficient.

To adjust for characteristics of claims, I control for claim salience and an indicator for claims over territory (compared to maritime or river claims).<sup>17</sup> Other qualities of the dyad are captured in controls for joint democracy<sup>18</sup> and strategic rivalries. 19 Specific measures and expectations for all control variables, including robustness tests, are in Table A2. In additional robustness tests, I control for economic development and trade dependence to isolate the impact of IGOs with leverage on the evolution of conflicts from other potential costs of conflict due to loss of trade or economic activity. All explanatory and control variables are measured at the beginning at the claim in order to isolate their impact on state behavior after the claim started.

While these control variables are meant to isolate the impact of (specific) IGOs from other determinants of using force in conflict, additional evidence for the role of IGOs with leverage in particular can be found in comparing the characteristics of dyads across different IGO configurations. If such comparisons show that dyads with more joint memberships in IGOs with leverage are also more likely to be democratic, for example, then evidence about a correlation between these IGOs and peaceful claim resolution would be less consequential. Comparing the profiles of all dyads with regard to the control variables across the range of IGO memberships shows no consistently strong patterns for IGOs with high leverage. In this respect, IGOs with high leverage are different from other IGOs. States with more memberships in structured IGOs, highly structured security IGOs, and peace-brokering IGOs

<sup>&</sup>lt;sup>16</sup>The four types of IGOs are theoretically and empirically distinct. IGOs with high leverage are also structured IGOs, but less than 10 % of structured IGOs have high leverage. IGOs with high leverage do not overlap with securityrelated highly structured IGOs, except for the European Union (due to the EU's Common Foreign and Security Policy). Only two IGOs with high leverage are also peace-brokering IGOs. See Table A1 in the SI.

<sup>&</sup>lt;sup>17</sup>Hensel and Mitchell (2007).

<sup>&</sup>lt;sup>18</sup>Marshall, Gurr, and Jaggers (2013).

<sup>&</sup>lt;sup>19</sup>Thompson and Dreyer (2011).

are roughly more likely to be democratic, more likely to be allies, less likely to be rivals, and slightly closer in terms of UNGA ideal points.<sup>20</sup> This difference between IGOs with high leverage and other IGOs further justifies the highlight on leverage as a key, separate mechanism in explaining how IGOs can resolve the commitment problem in disputes.

#### Claims: Results and Discussion

Consistent with the theoretical argument, states' joint participation in IGOs with leverage is negatively related to the probability of claims ending in one or both states using force. The top of Figure 1 shows a substantial drop, 21 percentage points on average, in the probability of claims experiencing the use of force when comparing a dyad with a low (10th percentile, or 0) to a high (90th percentile, or 4) number of joint memberships in high-leverage IGOs. When states with more joint memberships engage in a claim, they are less likely to use force during the claim. The posterior distribution of this relationship is near-certain to be of a meaningful size (see Figure 1).

The substantive impact of IGOs with high leverage is considerable. Moving from no co-memberships to 3 reduces the probability of using force by more than half, from 32% to about 14%. At 4 co-memberships, that probability drops to 11%. In this sample, values between 3 and 6 cover almost a third of observations; the lower probabilities in this area are therefore substantially relevant.

#### **Comparing IGOs**

The data show no support for other mechanisms of IGOs impacting the use of force during claims (see the SI). This applies to joint memberships in IGOs that may promote preference alignment, in those that may reveal information, in those that have the capacity to adjudicate or otherwise broker peace, or in all other IGOs. Additional support for this conclusion comes from a systematic analysis of all possible regression specifications containing IGOrelated and other variables via Bayesian model averaging (BMA). BMA shows the variable measuring joint memberships in IGOs with leverage to have the highest posterior probability to be included across all model specifications, surpassed only by the indicator for territorial conflicts.<sup>21</sup> Similarly, comparing model fit across different specifications using precision-recall curves shows a slightly better fit for a model that includes IGOs with leverage over models containing other types of IGOs, all IGOs, or no IGOS at all.<sup>22</sup>

<sup>&</sup>lt;sup>20</sup>Figures A3 and A4.

<sup>&</sup>lt;sup>21</sup>Figure A13.

<sup>&</sup>lt;sup>22</sup>Figure A14.

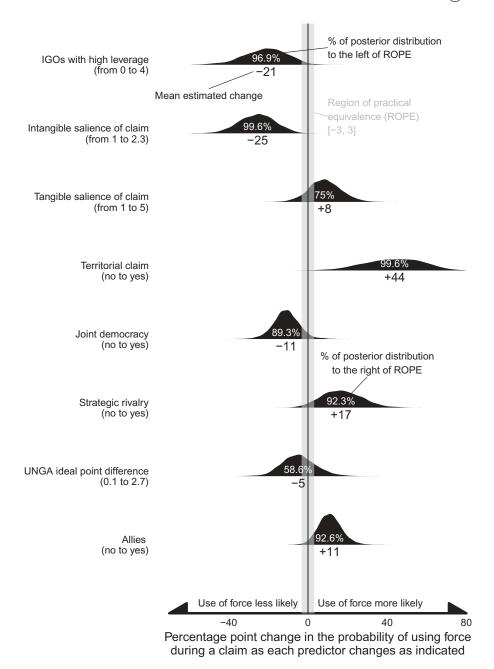


Figure 1. Differences in the probability of using force in claims. Each density plot represents the estimated percentage-point difference in the probability of using force when comparing otherwise typical cases with small (its 10th percentile or 0 for binary variables) and large (its 90th percentile or 1 for binary variables) values for each predictor. Numbers underneath the density plots indicate the average estimated difference in percentage points. Numbers within the density plots show the percentage of the posterior distribution that is outside of the region of practical equivalence (ROPE) and on the same side as the mean of the posterior distribution. The ROPE is the range of differences that would be practically equivalent to no difference in the outcome, in this case defined as the standard error of the ratio of cases where force was used. All other covariates are held at their medians to calculate these first differences. N=168 claims, full regression results in Table A3.

Comparing expected log pointwise predictive densities from leave-one-out cross-validation also shows a slight advantage for the model containing IGOs with high leverage.

#### Other causes

The result about IGOs with leverage also holds in the presence of ideal point differences, the control variable addressing the potential common cause behind IGOs and conflict behavior. Other control variables behave as the literature suggests and are discussed in the SI.

#### Additional tests

Several robustness tests provide additional information about the role of IGOs with leverage in claims. Posterior predictive checks indicate that the model fits the data well; for most patterns of co-memberships, the posterior distribution of predicted incidents of using force contains the true rate of incidents.<sup>23</sup>

The results are not sensitive to combining or separating dyads with concurrent claims. Some dyads share several claims in the same year; for example, Israel and Jordan faced two separate claims in 1989. I repeat all analyses with concurrent claims collapsed into one, and using the higher level of violence, if any, in the claim as outcome. The results are substantively identical.24

The analyses reported here evaluate whether states use force at any point during the duration of a claim. An alternative approach would use the claimyear as unit of analysis, producing larger samples. Two facts motivate the choice of the claim as unit of analysis in this study. The number of joint memberships in IGOs with leverage changes slowly, suggesting little added analytical insights from multiplying the number of observations where the key predictor remains mostly constant. In addition, focusing on IGO memberships at the beginning of the claim minimizes feedback loops, whereby states' joint membership patterns might change in anticipation of the claim's trajectory. Therefore, it is not surprising that an analysis at the claim-year level finds no consistent relationship between IGOs with leverage (or any other type of IGO) and the use of force in a given year. However, dyads with more joint memberships in these IGOs are somewhat more likely to engage in peaceful settlement attempts in a given year (see section 11.5 in the SI).

Recent work by Anderson, Mitchell, and Schilling (2016) suggests that the relationship between IGOs and the onset of militarized interstate disputes varies over time. While a deeper investigation of these patterns goes beyond the present study, the data on claims show similar, but not identical patterns.

<sup>&</sup>lt;sup>23</sup>Figure A15.

<sup>&</sup>lt;sup>24</sup>Figure A11 and Table A15.



IGOs with high leverage are associated larger drops in the risk of using force during the 1960s, 1970s, and 1980s, with uncertainty around estimates increasing in the 1990s.<sup>25</sup>

This study highlights the role of IGOs with leverage in mitigating commitment problems. For empirical accounts of interstate conflict, it is difficult to establish the presence of a commitment problem as a key cause of conflict compared to other causes (for example, information problems). The approach in this study is similar to that of Shannon et al. (2010), who identified subsets of IGOs that are capable of addressing commitment (versus other) problems. The argument in this study suggests that IGOs with leverage are primarily able to solve commitment problems, but have no bearing on other bargaining problems. Another approach is to measure the degree to which changes in power could change the overall distribution of power between two countries, and thus create commitment problems (see, for example, Reed, Clark, Nordstrom, and Hwang 2008; Wohlforth 2009; Chadefaux 2011; Powell 2012). IGOs should then have the biggest impact in scenarios where power shifts would have the most dramatic implications for bargaining. This is the case when two countries are equally powerful: a change in power will shift the balance. If the balance of power is already lopsided, power shifts will have less impact initially, but might be all the more consequential for future relations. To investigate this, I tested whether the impact of IGOs with leverage varies depending on the power differential between two states in a claim. The data show no strong difference, and a negative relationship across large and small differences in power.<sup>26</sup> Considering that this is a poor operationalization of a commitment problem, this test is of limited utility, but it invites re-evaluating this question in future research.

# **Empirical Test: Interstate Crises**

Like claims, international crises are ideal for testing the argument in that they present high-stakes conflicts of interest in which states can either negotiate peacefully or resort to using force. For a second test of my argument, I therefore examine all international crises from 1946-2001. I lean on the definition of crises developed by the International Crisis Behavior (ICB) project (Version 11 from Brecher and Wilkenfeld 2000; Hewitt 2003). "Interstate military-security crises" are events that can, but need not, lead to armed conflicts and wars between countries: "[m]any crises do not involve violence [... i]n fact, one significant question is why some do—and some do not—escalate to military hostilities" (Brecher and Wilkenfeld 2000: 2). While

<sup>&</sup>lt;sup>25</sup>Figure A9.

<sup>&</sup>lt;sup>26</sup>Figure A10.

some claims and crises overlap, not all crises start with the types of claims recorded by the ICOW project.

International crises mark a disruption of relations between two (or more) states. The involved states have different options of how to deal with this disruption. For instance, the Berlin Blockade in 1948 was a grave crisis that triggered fears of a renewed war, but it was resolved without major militarized conflict between the Western allies and the Soviet Union. On the other hand, the crisis over Argentina's demands on the Falkland Islands led to a full-scale war. This variation in states' choices and behavior in crises allows investigating the role of high-leverage IGOs. I expect that the influence of IGOs with leverage on both states in a crisis increases the cost of using force in a way that states derive a higher utility from resolving their disagreement in a crisis peacefully and without engaging in major militarized conflict:

H2: International crises are less likely to experience the use of military force when states face higher potential costs from joint memberships in international institutions with high leverage.

#### **Outcome: Serious Clashes or Wars**

To test H2, I use dyadic-level crisis data because my theoretical model focuses on conflict dynamics between two states and the influence of international institutions on both of these states. For the time period under consideration, the ICB data contain information on 540 crises, the unit of analysis for this test. A crisis is defined as "a threat to one or more basic values, along with an awareness of finite time for response to the value threat, and a heightened probability of involvement in military hostilities" (Hewitt 2003: 671). I distinguish between crises experiencing at least major clashes and those experiencing no violence or only minor clashes, aligning the measure to the variable I used in the test of my argument on claims. Of 540 crises, 332 escalated and experienced at least serious clashes, while the remaining 208 experienced no violence or only minor clashes between the two states.

The key variable of interest for predicting the escalation of crises is again the level of joint memberships in IGOs with high leverage, as described earlier. In the sample of crises, the distribution of joint memberships in these IGOs varies from zero to seven, with over one-third of crises happening between states with three or more IGOs with leverage.<sup>27</sup>

The control variables and method of analysis in the following analyses mirror those used in the analysis of claims, except for replacing the indicator for salience with a measure for "existential threats" from the ICB data. All explanatory variables—joint memberships in IGOs with leverage, other types

<sup>&</sup>lt;sup>27</sup>Figure A2.



of IGOs, all other IGOs, and control variables—are measured in the year in which the crisis began.

#### Crises: Results and Discussion

Figure 2 shows that states' participation in IGOs with high leverage is associated with a lower probability of crises escalating and experiencing major clashes or wars, dropping around 25 percentage points on average when comparing a dyad with 0 and 5 co-memberships (the 10th and 90th percentile).

Accounting for the other three IGO mechanisms and all other IGOs maintains the primary finding. Including both structured IGOs and IGOs with leverage as variables increases the variance around the estimate of the coefficient on IGOs with leverage due to collinearity from overlap (see Table A1). With this exception, IGOs with leverage exhibit a consistently negative impact on states' propensity to engage in major clashes during international crises. Most other results for crises are similar to the findings on claims; an abbreviated discussion follows.

# **Comparing IGOs**

As with claims, only joint memberships in IGOs with leverage are consistently associated with a reduced risk of major clashes during crises. BMA shows the variable measuring joint memberships in IGOs with leverage to have a high posterior probability to be included across all model specifications.<sup>28</sup> Comparing expected log pointwise predictive densities from leave-one-out cross-validation shows a slight advantage for the model containing IGOs with high leverage.

#### Other causes

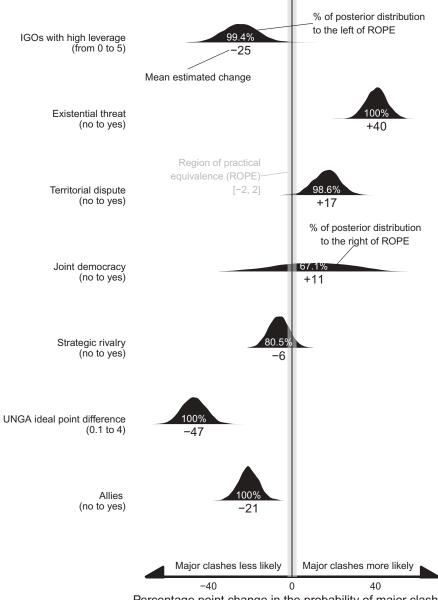
The result about IGOs with leverage also holds in the presence of the control variable addressing the potential common cause behind IGOs and conflict behavior. These control variables perform as the literature would suggest and are discussed in Section 9 of the SI.

#### **Additional** tests

Posterior predictive checks indicate that the model generally fits the data well.<sup>29</sup> The crises used to estimate the regressions above are at the format of the dyad. However, to avoid biased estimates due to overrepresenting some dyads or conflicts with (1) more than two participants or (2) multiple crises between the same participants in the same year, I repeat all analyses on a

<sup>&</sup>lt;sup>28</sup>Figure A20.

<sup>&</sup>lt;sup>29</sup>Figure A22.



Percentage point change in the probability of major clashes during a crisis as each predictor changes as indicated

**Figure 2.** Differences in the probability of serious clashes or wars during crises. Each density plot represents the estimated percentage-point difference in the probability of major clashes or war when comparing otherwise typical cases with small (its 10th percentile or 0 for binary variables) and large (its 90th percentile or 1 for binary variables) values for each predictor. See Figure 1 for additional explanation. N = 526 crises, full regression results in Table A21.

sample where I collapse these crises in two ways: (1) to the crisis dyad involving the largest two countries involved and (2) to the one crisis that experienced the highest level of violence. The previous findings persist in both samples. Comparing dyads with 0 and 5 joint memberships in IGOs with high leverage still reduces the probability of crisis escalation by about 25 -29%, and the posterior distribution of the estimate is still fully or mostly negative across models.<sup>30</sup>

Similar to the results for claims and following Anderson et al. (2016), I find that IGOs with high leverage are associated with larger drops in the risk of major clashes during the 1950s, 1960s, and 1970s, with uncertainty around estimates increasing later.<sup>31</sup> Again similar to the analysis of claims, I find no strong difference and a negative relationship between IGOs with leverage and the risk of major clashes across large and small differences in power.<sup>32</sup>

#### Alternative Explanations

Research on international institutions and state behavior faces a well-known challenge in establishing that any correlation between IGOs and behavior is indicative of an actual impact of IGOs on behavior, rather than epiphenomenal to other processes. Here, this challenge could come in the form of an excluded common cause that drives both behavior during claims or crises, and states' participation in IGOs with high leverage. IGOs may then not reduce conflict, but some other phenomenon might reduce both conflict and increase participation in these IGOs.

I address this possibility and related alternatives in multiple ways. First, membership in IGOs with leverage is less likely to be driven by dyadic relations between states than membership in other IGOs such as regional communities or military alliances. Development banks, for example, have some requirements for membership, but it is unlikely for states to be admitted only once they have resolved all potential disputes with another (current or potential) member. For example, for Belize, joining the World Bank and IMF and other IGOs with leverage was easy and came early after independence. On the other hand, joining the Organization of American States—a peace-brokering IGO—was far more difficult due to the lingering dispute with Guatemala (Brunet-Jailly 2015, 48). Further evidence for this assumption also comes from the very fact that this study observes hundreds of claims and crises between states that are already joint members in IGOs with high leverage. A common cause that would reduce conflict and increase joint IGO memberships would at the same time not discourage states from initiating claims or crises, which is unlikely. Relatedly, Vicard (2012) finds that states with an

<sup>&</sup>lt;sup>30</sup>Figures A18, A19 and Tables A32, A33.

<sup>&</sup>lt;sup>31</sup>Figure A16.

<sup>32</sup>Figure A17.

arguably high enforcement problem—those that recently engaged in militarized disputes—are more, not less, likely to form regional trade agreements with deep institutional structures, compared to states without such disputes.

Second, all regression estimates in this study contain states' ideal point distance as a control variable for a measure of a potential common cause. This variable from Bailey et al. (2017) is not a perfect measure for how harmonious relations between two states are, but it is a strong predictor of states' joint participation in IGOs. Including this variable therefore helps remove some potential bias from the estimates of the relationship between IGOs with high leverage and the escalation of claims and crises.

Third, I re-estimate the core model with a correction for potential sample selection, following a strategy used in similar contexts (e.g., Shannon et al. 2010; Hansen et al. 2008; Brochmann 2012). Under this specification, the negative relationship between IGOs with leverage and the use of force in claims hardly changes compared to the main models in this study.<sup>33</sup> IGOs with leverage are not associated with the odds of states' pursuit of claims. This is consistent with my argument: IGOs with leverage raise the cost of actual conflict involving the use of force, while a disputatious claim alone does not compromise the mission of these IGOs. Therefore, IGOs with leverage only help states resolve serious commitment problems concerning the use of force, but do not eliminate claims and disputes altogether. The estimate for the  $\rho$  parameter suggests no bias from sample selection under this model specification.

Fourth, I examine whether states that have engaged in altercations are less likely to be joint members in IGOs with leverage. This strategy has been employed before by other scholars interested in the effect of international institutions on interstate conflict (Boehmer and Nordstrom 2008; Haftel 2007; Vicard 2012). Estimates from a regression model of joint memberships in IGOs with high leverage are consistent with my assumptions that (1) militarized conflict in the past does not reduce states' co-memberships and (2) two states' ideal point distance is associated with joint memberships in these IGOs.<sup>34</sup> This underlines the utility of controlling for ideal point proximity to address potential bias in the main results of this study.

As in other studies, establishing evidence for an exogenous impact of IGOs and ruling out a common cause behind conflict behavior and IGO comemberships is challenging. But the multipronged approach employed here suggests that other factors are unlikely to drive the main findings in this study.

<sup>33</sup>Table A19.

<sup>&</sup>lt;sup>34</sup>Table A35 and Figure A23.



# **Conclusion and Implications**

IGOs with high economic leverage over member states can raise the cost of using force in disputes for states. As a result, states are substantially less likely to use force during confrontational claims when such institutions exercise influence over them. Claims and crises are critical events for evaluating this kind of influence of IGOs because they are based on public and explicit demands made by leading state officials. Both claims and crises create conditions in which states may have a good reason and incentives to resort to the use of force. This makes evaluating the influence of IGOs with leverage on states' choices a comparatively hard test in the high politics domain. Using a variety of empirical specifications, I find that states that jointly participate in more IGOs with high leverage are unlikely to use severe force and let claims or crises escalate to the use of force. These results stand in contrast to other types of IGO influence: socialization, providing information, and brokering peace.

This study makes two main contributions. First, it helps answering two questions in international relations research: if and how IGOs can contribute to the avoidance of serious militarized conflict between states. Previous work has often shown that IGOs help states avoid disputes altogether, possibly by promoting preference alignment. However, once states with diverging preferences do find themselves in a serious dispute, such as a claim or a crisis, the role of IGOs as explored in prior research seemed limited to those situations where states actively seek out the help of IGOS for mediation or adjudication. This process is often lengthy and tenuous, as can be seen in the example of Guatemala's negative referendum over involving the International Court of Justice over a claim with Belize. This study provides a contrast to this effectively pessimistic view on IGOs in dispute situations. It shows that a subset of IGOs—those institutions that have high economic leverage over member states—can steer states away from conflict escalation even when the conditions to do so may be difficult for other IGOs. This effect works through an economic channel and uses the economic leverage of these IGOs. As an example, the World Bank has frequently made the funding of projects conditional on the recipient states' settling of claims. Notably, it has typically followed through with these conditions, in cases ranging from India/Pakistan to Egypt/Sudan (Salman 2009: 205). For the understanding of interstate dispute resolution and international conflict more generally, these findings suggest a specific linkage between opportunity-cost based arguments about economic interdependence and war and investigations in the role of IGOs in interstate disputes.

Second, such a political-economic logic of IGOs' role in primarily political claims and potential militarized disputes has implications for how these

organizations may use their leverage and resources in the future. For example, the World Bank is dedicating increasing resources to researching how violent armed conflict affects the Bank's mission. These efforts include pooling researchers and resources in order to provide other World Bank units with more expertise on working in what the Bank terms "fragile and conflict situations." But beyond sharing conflict-specific expertise for project implementation, organizations such as the Bank are in a position to use their leverage to push member or recipient states toward claim settlement before larger-scale violence erupts.

Subsequent research should investigate in more detail the timing and channels through which such leverage is most effective. For instance, do public signals affect public opinion toward the use of force? Or are highleverage IGOs more effective in signaling privately to political leaders? Exploring these questions can help distinguish further between possible causal mechanisms discussed here and clarify the role of IGOs in high politics further. It can also enable IGOs to use their influence more effectively. If multilaterals with leverage have an inherent capacity to shape conflict processes, and use it in a coordinated manner, more such coordination and more dedicated efforts will likely continue to produce changes in how states bargain over disputatious issues.

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