

Trade and War, revisited♦

Tadashi Ito*

ABSTRACT:

This study revisits the age-old question of the nexus between economic interdependence and interstate disputes. Despite the deepening ties between countries through trade and investment after the Second World War, the number of interstate disputes has not decreased. Incorporating the political regimes of the trade partners into the analyses and addressing a potential problem of the previous literature on its methodologies, this paper finds that the stronger the trade ties of a pair of countries, the less likely they go into interstate disputes. The trade-peace nexus is strongest for pairs of democracies. The nexus is weakened when one of the pairs is an authoritarian regime. The analyses by product categories indicate that the trade-peace nexus is stronger when countries are intertwined by international supply chains.

JEL F10

Keywords: Trade, Interstate disputes, War
