Power Transition Theory And The Determinants Of Regional Integration Agreement Accession And Exit

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POWER TRANSITION THEORY AND THE DETERMINANTS OF REGIONAL INTEGRATION AGREEMENT ACCESSION AND EXIT

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Acknowledgments

To mom and dad, for all your patience and support.
POWER TRANSITION THEORY AND THE DETERMINANTS OF REGIONAL
INTEGRATION AGREEMENT ACCESSION AND EXIT

by

JAMES GARNER LANGFORD, B.A.

THESIS

Presented to the Faculty of the Graduate School of
The University of Texas at El Paso
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for the Degree of

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Chapter 1: Introduction

The international system became deeply integrated in the decades following World War II. Trade as a percentage of global gross domestic product (GDP) continuously rose, reaching greater than 50% shortly before the 2008-2009 global financial crisis, after which it modestly declined (World Bank, 2023). The extent to which domestic economies have become dependent on one another was painfully highlighted by the COVID-19 pandemic, with lockdowns and travel restrictions imposed by governments dealing a sharp economic blow, in part through the disruption of supply chains.

This process of globalization has not been uniform, however. Trade has become increasingly regional, especially in Europe, North America, and East Asia (Saad, 2019). Increasing regionalization has been facilitated by a proliferation of regional integration agreements (RIAs), which seek to connect and harmonize the economies and/or political systems of three or more countries in the same region. Europe, through the RIA known as the European Union (EU), achieved the greatest level of integration and appeared to be a model, both normatively and theoretically, that other regions would soon follow. Countries that joined the EU experienced increased economic development and benefitted from access to the European single market, leading to a long line of countries seeking to join the EU.

Understanding regional integration is vital for understanding both international and domestic politics, not least because of the purported effects of membership in an RIA. In limiting the ability of states to unilaterally decide on domestic policies, regional integration (through membership in an RIA or otherwise) internationalizes domestic politics. Any domestic political debate on issues covered by the RIA necessarily must take account of the policy positions of other member states, as well as the policy status quo of the RIA. Likewise, regional integration has an obvious impact on international politics. If states are able to coordinate with one another, they may be able to project power collectively. If the RIA involves the coordination of foreign policy, the regional integration engendered by the RIA may lead to a strengthening of the influence of the
region as a whole. RIAs may seek to engender specific policy changes in the world, such as the EU’s goal to “develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms” (European Union, 1992).

The continued expansion and economic success of acceding countries led to attempts to explain its continued success. Some scholars asserted that the EU showed that regional integration is self-sustaining, leading to ever-deeper levels of integration (Haas, 1958; Mitrany, 1975). However, this story has been challenged by the exit of the United Kingdom (UK) from the EU, commonly known as Brexit. Ahead of the 2016 referendum on the subject, the RIA was portrayed by the Vote Leave campaign as being the cause of domestic problems and a drain on public services (Travis, 2016).

Brexit was the first instance of a state leaving the EU but not the first instance of a state exiting an RIA. Several states jumped ship from the Central European Free Trade Association to the EU. States have also been suspended from RIAs. Despite this, RIA accession has been studied far more than exit, even though explaining how integration falls apart is necessary for a complete theory of regional integration (Schneider, 2017), with RIA accession and exit being an integral part of region integration.

One theory that could be leveraged to explain both RIA accession and exit is power transition theory. In contrast with other general theories of international relations, power transition theory (Organski, 1958; Organski, 1968; Organski and Kugler, 1977; Organski and Kugler, 1980; Tammen et al., 2000) provides clear predictions regarding the onset of cooperation or conflict among states. While at first designed for the global international system, subsequent work has adapted the theory to the regional level (Lemke, 2002) with other scholars then building on that revised theory to explain regional integration (Efird and Genna, 2002; Efird, Kugler and Genna, 2003; Genna and Hiroi, 2004). This strand of the literature contends that regional integration depends on the presence of a preponderant power which integrates the rest of the region according to its interests, in cooperation with the satisfied powers. Due to the strength of the preponderant power, there is not much that the rest of the region can do if they are unsatisfied with the status
Because the preponderant power is stronger due primarily to the greater size of its economy, integration is necessary for the less powerful states, and will take place on the terms set by the preponderant power. It is only when the dominance of the preponderant power is challenged by a rising contender that there is a chance for real conflict. Disintegration will occur when power preponderance is low and when the rising power is dissatisfied with the status quo that was set back when power preponderance was high. Integration will occur when power preponderance is high and status quo satisfaction is high, because the preponderant power may want to integrate with the less powerful state in a situation where there are similar preferences between the preponderant and less powerful state. When power preponderance is low and status quo satisfaction is low, the rising power may seek to reverse the integration.

My contribution lies in an attempt to build on this regional integration—power transition theory literature to explain RIA accession and exit. My theory holds that a state is more likely to accede to an RIA when the level of two different variables are both high: power preponderance and status quo satisfaction. And the converse is true according to my theory as well. When both of the variables are low, a state is more likely to exit an RIA.

In order to test the relevant hypotheses derived from this theory, I employ large-N quantitative analysis, with the relevant variables at the state-RIA-year unit of analysis. My results show that power preponderance is important for preventing exit, with weaker results suggesting an interactive effect, and an independent effect of status quo satisfaction.
Chapter 2: Literature Review

Immanuel Kant heavily influenced the two sets of literature that are relevant for this thesis. He set the stage for theories of regional integration when he predicted federations of republican states in Europe. His primary mechanism in the theory behind that prediction, that of liberal democratic states externalizing their domestic politics, is influential for much of the literature on IGO accession. And his ultimate prediction of world peace is still important as understanding war and peace is the primary goal of general theories of international relations.

In *Toward Perpetual Peace: A Philosophical Sketch* (1795), Kant lays out this prediction of the eventual elimination of war in normative and deterministic terms. According to Kant, there is a dialectical interaction between war and the moral composition of the state. Natural forces lead to the inevitability of conflict between different groups of people. The morally superior form of the state, the republic, is most effective at winning wars because it is only this formulation of government which maintains an equilibrium of the internal forces, by pitting them against each other. The centuries of warfare in Europe will eventually result in uniform republicanism throughout the continent, as competition forces despotic governments to adopt this morally superior form of government. However, as warfare is morally repugnant, once the moral character of individual citizens and of the state have been perfected, peace will gradually set in as armies will be recognized as expensive objects of vice without use in a world of righteous actors, both state and individual. Federations will arise among sovereign states to coordinate their enlightened self-interest.

From this account, we have the foundation of the literature on regional integration. We have the idea that the domestic politics of a state influences its international actions through the externalization of those politics. We have the concept that the needs of the state (e.g., to stop paying for costly standing armies) will give rise to international institutions in furtherance of those needs. We have the concept that Europe is the best example of where to look to see regional
integration in action, and that the example of Europe will be emulated by other regions. And we have the concept of integration linked to a hypothesis on global peace.

**INTERGOVERNMENTAL ORGANIZATIONS**

Because the issue of membership in RIAs has not been extensively studied, it is necessary to turn to the literature on a related phenomenon: membership in intergovernmental organizations (IGOs). IGOs are treaty-formed groups of two or more states associated with a common goal. While not perfectly analogous to RIAs—some RIAs have corresponding IGOs, not all do, and IGOs can be focused on explicitly non-political or non-economic ends—the literature on membership in IGOs is theoretically relevant to membership in RIAs because they both represent commitments to cooperate with one or more other states.

Building off of Kant’s theory that liberal democracies seek to play nice with one another on the world stage, one of the things that may determine membership in IGOs is the shape of a state’s domestic politics. States with more competitive party systems or multiple legislative chambers are members of more IGOs, while states with less competitive party systems, lower GDP per capita, or unicameral legislatures are members of fewer IGOs (Rey and Barkdull, 2005). Because competitive party systems and multiple legislative chambers are characteristics that align with those of consensus democracies—a kind of democracy aimed at including as many people as possible in the decision-making majority (Lijphart, 1999)—those kinds of states might join IGOs in pursuit of a "kinder, gentler" foreign policy emphasizing compromise and cooperation instead of coercion (Rey and Barkdull, 2005). The basic assertion here is that the state seeks to participate in the international arena in a similar way to a political actor within the state. These analyses, instead of attempting to understand both the domestic and international spheres simultaneously, make inferences about the projection of domestic politics internationally.

However, it is not clear that states will always seek to externalize their style of domestic politics. For instance, it might be in a state’s self-interest to act in non-analogous ways from how its domestic norms and laws operate. As von Borzyskowski and Vabulas (2019) point out, the domestic politics literature on IGO accession builds on the two-level games framework (Putnam,
1988), which holds that state leaders are simultaneously motivated by domestic and international considerations when making decisions. The level of democracy is theoretically related to the two-level games framework in that audience costs (the political repercussions a leader will experience for their decisions) are supposed to be higher for leaders in democracies in the case of a IGO exit than for authoritarian leaders (von Borzyskowski and Vabulas, 2019). The least and most democratic states are more likely to join the International Criminal Court than states with middling levels of democracy (Simmons and Danner, 2010). This part of the literature highlights the fact that while the international and domestic arenas are connected, they are distinct. It may not be so simple as to take the purported values based on regime type and extrapolate an expectation of state behavior.

Regime type also may change, and a dynamic domestic political situation might influence the behavior of the state on the international stage. States which experienced a recent democratic transition (switch from autocracy to democracy or vice-versa), or are democracies, or are former communist states, are more likely to be members of intergovernmental organizations (Mansfield and Pevehouse, 2006). States which had recently experienced autocratization are less likely to be members of intergovernmental organizations. Democratizing states are more likely to be members of standards-based, economic, and political IGOs than are stable autocracies (Mansfield and Pevehouse, 2008). Pevehouse (2002) argues that recently democratized states may join these organizations to aid in consolidating democratic gains, and that democracies which join IGOs survive longer. However, they may be less likely to be admitted because some IGOs restrict membership (Kaoutzanis, Poast and Urpelainen, 2016), with these restrictions often requiring liberal-democratic institutions.

Restrictions on accession may also come from domestic political actors. Mansfield, Milner and Pevehouse (2008) investigate the interaction between democracy and veto players on membership in RIAs. They find that while democracies are more likely to be members of RIAs, democracies with more veto players—groups or individuals capable of preventing policy change—are less likely than those with fewer veto players to be members of RIAs. The effect of veto players
is more pronounced for highly integrated RIAs. However, Mansfield et al. do not simply look at the effect of veto players on policy change irrespective of the types of policies. They also investigate the relationship between veto players, regime type, and the kind of RIA. According to the authors, RIAs that aim for higher levels of integration are more likely to be blocked by veto players because of the distributional consequences of tight integration. They find that the greater the integration, the more likely one of the groups with veto power is negatively impacted by integration and thus more likely to exercise the veto.

States may also accede to or exit from IGOs because of factors other than domestic political considerations. The context of the international system appears to matter. States in systems in which hegemony—extreme concentration of power in a single state—is declining or are major powers are more likely to be members of IGOs (Mansfield and Pevehouse, 2006). Those that were engaged in a militarized interstate dispute were less likely to be members of IGOs, depending on the level of institutional structure and authority of the IGO. Dyads that are members of military alliances, or have strong trade ties are more likely to be members in the same IGOs (Boehmer and Nordstrom, 2008).

Just as states may be influenced by the international system when deciding whether or not to cooperate, they may look to the domestic politics of other states. Democracies may be more well-disposed towards alliances with other democracies (Gaubatz, 1996). This may be because democratic dyads are uniquely able to credibly make international commitments because a high level of accountability and low level of foreign policy flexibility increase the credibility of democratic international political commitments and the desire of leaders to secure credible commitments from their counterparts (Leeds, 1999). Democracies may make more credible commitments because their domestic political processes are more transparent; they are more stable; and their leaders are more constrained by institutions (Lipson, 2013).

GENERAL THEORIES OF INTERNATIONAL RELATIONS

Regional integration has from at least the time of Kant been tied to general theories of international relations. And those that dismiss regional integration as the chosen mechanism are
still occupied with the problem of predicting war and peace. The most influential of these theories are not as baroque as Kant’s, abstracting the international system down to one or two explanatory variables.

Neo-functionalism contends that regional integration arises from the needs of states to solve problems that can only be solved through inter-state cooperation (Haas, 1958; Mitrany, 1975). After initial problem-solving through regional integration, regulatory ties are further pursued in a "spillover" process, because the integration of individual sectors cannot be fully achieved without the integration of other sectors (Haas, 1958). Neo-functionalism describes well the process of European integration until Brexit, but is not suited to predict when a region will become more or less integrated.

Institutionalism further specifies the neo-functionalist problems that international institutions help solve as collective action problems. International institutions help to solve these problems by enforcing cooperation, allowing states to be more farsighted in their interactions and facilitating transparency. Institutions are thus endogenous and arise out of the need to solve these problems (Axelrod and Keohane, 1985; Martin, 1992; Simmons, 2000).

Abstraction of the international political system is taken to its most extreme with neorealism (Waltz, 1979; Grieco, 1988). In this theory, domestic politics is ignored. State power is the only relevant variable. International institutions are simply expressions of state power, exerting no independent influence over international politics. Under the most influential sub-theory of neorealism, states seek to create a balance of power out of a drive for self-preservation. If given the chance to wage a successful war of aggression, all states would do so. In order to avoid being conquered, weaker states band together. If a balance of power is maintained, then peace prevails. If the balance of power falls apart, then war breaks out.

While the power of the state on the international stage is also important for the other general theories of international relations, they tend to introduce other variables. Hegemonic stability theory argues that an international order is created by a hegemonic power (Krasner, 1976). The international order serves the interests of the hegemonic power, but also attempts to meet the
collective needs of the non-hegemonic states by providing public goods. The need for there to be buy-in from some non-hegemonic states is a crucial difference between hegemonic stability theory and neorealism. When the hegemony begins to decline, the hegemon can no longer provide public goods. This necessitates a devolution to "regionalism" of increased regional competition in the absence of strong hegemonic leadership. According to Gilpin (1987), it is in this situation that regions attempt to improve their position against other regions.

Power transition theory is related to hegemonic stability theory but places a greater emphasis on the attitude of less powerful states toward the status quo. Shifts in the distribution of power can produce disruption, but only if the subordinate power which then gains power parity is unsatisfied with the status quo of the relationship between it and the preponderant power (Organski, 1958; Organski, 1968; Organski and Kugler, 1977; Organski and Kugler, 1980; Tammen et al., 2000). This theory has been adapted to explain regional integration by Efird and Genna (2002) and Efird et al. (2003), who predict that power transitions in which the status quo satisfaction of the previously subordinate power will lead to continuation and enhancement of integration between the two powers. Preponderance and status quo satisfaction are both required to produce regional integration.
Chapter 3: Theory

It is upon power transition theory that I choose to build my theory of RIA accession and exit. The forces that push and pull a state into (or out of) regional integration can be understood within this theory in terms of status quo satisfaction and power preponderance. The status quo in status quo satisfaction is created by the preponderant power in partnership with the satisfied powers. It is conceptualized as the rules and institutions that govern the interactions between states on the international arena. Power is defined as domestic productive capacity. The projection of international power requires substantial material endowments. Great powers are those that can sustain large standing armies, construct state-of-the-art navies, and, in general, use the full strength of their superior domestic economies to overwhelm their opponents.

Power transition theory was initially conceptualized as applying at the global level with a single preponderant power and attendant status quo, but has been adapted for use on the regional level as well, with regional preponderant powers and regional status quos (Lemke, 2002). The higher the level of power asymmetry, the greater the positive correlation between the level of satisfaction and the level of integration among dyads (Efird and Genna, 2002; Efird et al., 2003; Genna and Hiroi, 2004). Likewise, the greater the level of satisfaction, the greater the positive correlation between the level of preponderance and the level of integration. This is because there is a state with the means to create a status quo in cooperation with the satisfied powers. If the less powerful state is willing to go along with the status quo, regional integration is likely to occur. All else being held equal, a dyad with a high level of preponderance and a high level of satisfaction will be more integrated than a dyad with low levels of preponderance, or satisfaction, or both. Put another way, two states are more likely to integrate with one another if they have an asymmetric power relationship and the smaller state is satisfied with the status quo of the relationship.

The preponderant power wishes to integrate in this situation because it expects gains from greater efficiency that come from having greater economies of scale and access to markets (Genna and Hiroi, 2004). The less powerful state wishes to integrate because it will ensure stable access
to the large domestic market of the larger state (Genna and Hiroi, 2004). Thus, integration is potentially beneficial for both sides. This, however, is insufficient for integration to occur. The less powerful state must be satisfied with the way that the preponderant power is managing the status quo. If the less powerful state is not satisfied, there is no interest in integrating with a state that does not create a status quo sufficiently attractive for the smaller state.

However, it is insufficient to look at bilateral relationships, because integration with one state is partially transitive. If one of the two states already has integration relationships with a third state, then that relationship is implicated in additional relationships that either state takes on. For instance, if state A has freedom of movement with state B, and state B has freedom of movement with state C, then state A de facto has freedom of movement with state C. Integration blurs the lines of national sovereignty and is difficult to disentangle.

A regional integration agreement (RIA) is a multilateral treaty-based set of regulations designed to connect and harmonize the economies and/or political systems of three or more states in the same region. The rules and regulations put into place alongside an RIA represent the status quo, which is created by the preponderant power within the RIA in cooperation with the satisfied powers. If there is an existing regional integration agreement, the state may join the RIA rather than attempt to integrate bilaterally or create an overlapping RIA. This is necessary to fully capture the benefits of integration because they can be offset by the regime complexity that comes from membership in multiple RIAs (Schneider, 2017), as multiple overlapping policy areas and conflicting regulations create uncertainty and contradicting regulations. The factors that drive a state to join the RIA are those that cause integration, leading to the first hypothesis:

H1: States with greater levels of power asymmetry with the preponderant power in a regional integration agreement combined with higher levels of status quo satisfaction with respect to a regional integration agreement are more likely to join, all else being held equal. The effect of status quo satisfaction will be less at lower values of power asymmetry and vice versa.
This process can also happen in reverse. For a state which is a member of an RIA, satisfaction with the status quo is essential for the state’s continued involvement. A state can become unsatisfied for any number of reasons, but a widespread belief that the RIA is no longer in the state’s interest is probably the most potent in terms of motivation to leave. Recall that the motivation for integrating with a state of a different size is different for both the small and large states. The preponderant power is motivated to integrate to expand access to markets to enable more efficient economies of scale (Genna and Hiroi, 2004). The smaller states want a predictable, large market for their goods (Genna and Hiroi, 2004). If the size of the smaller state’s economy increases, the relationship is not as asymmetrical as it was before. It will seek to integrate on advantageous terms such that it can open markets for its firms while limiting access to its own domestic economy. The terms under which the original RIA was created may no longer be acceptable. Because the distribution of relative power has changed, the state that has grown now has the power to shape a new status quo. This is the logic of power transition theory, leading to my second hypothesis:

H2: States with lower levels of power asymmetry with the preponderant power and lower levels of status quo satisfaction with respect to the regional integration agreement are more likely to exit that agreement, all else being held equal. The effect of power asymmetry will be less at greater values of status quo satisfaction and vice versa.

In order to make my theory more concrete, I will now walk through a few examples and explain how my theory could be applied to make predictions in a few cases.

First, let us consider the case of Germany and the EU. Germany is widely considered to be the lead state of the EU. It has the largest economy and is the most influential. In the language of power transition theory, Germany is the preponderant power. As such, my theory does not apply to Germany. It simply assumes that the EU is largely shaped by Germany’s preferences.
Second, my theory would have something to say about the case of the UK and the EU. Because the UK was not the preponderant power within the EU, the UK would fall into the scope of the theory. The UK may have met the conditions necessary for my theory to predict exiting from the EU because the UK was among one of the largest economies in the EU, but it is smaller than Germany. As such, it was an influential state within the RIA, but less so than Germany. The campaign to withdraw from the EU was rooted in a resentment of perceived interference by Brussels into the internal politics of the UK. Thus, depending on the measurement of status quo satisfaction, the theory may predict a UK withdrawal.

The third example is Ukraine. Ukraine was a founding member of the Commonwealth of Independent States Free Trade Area (CISFTA) but ended its participation in that agreement with respect to Russia after the Russian invasion of Crimea. Given the current state of war between Ukraine and Russia it is safe to assume that status quo satisfaction is extremely low. Thus, according to my theory, Ukraine’s relationship with CISFTA will depend on the ability of Russia to dictate terms in the post-war settlement, which is a function of how powerful Russia will be at the end of the war with respect to Ukraine. Namely, if they have a preponderance of power, they may wish to keep Ukraine in CISFTA. If they do not, then Ukraine may fully exit the agreement, and other states may do the same depending on their view of the status quo.
Chapter 4: Research Methods

As my theory involves discrete events with data available over an extended period, it is well-suited for large-N quantitative analysis, which I use to test both H1 and H2. In my research design, each state is associated with at least one region from the United Nations geoscheme. Each RIA is associated with the combination of the smallest areas within the scheme (region, sub-region, or intermediate region) which contain all the states that have ever been full members of the RIA. The UN geoscheme is slightly modified so that states can be members of multiple regions, sub-regions, or intermediate regions.\(^1\) And "Commonwealth of Independent States" (CIS)\(^2\) is added as an additional region. States are those in the Correlates of War State System Membership database between the years 1965 and 2020. The unit of observation is state-RIA-year, which is in line with previous studies of IGO accession and exit (Donno, Metzger and Russett, 2015; von Borzyskowski and Vabulas, 2019). The data include all relevant state-RIA-years from 1965 to 2020.

Table 1. States by region 1965-2020.

<table>
<thead>
<tr>
<th>Region</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>55</td>
</tr>
<tr>
<td>Caribbean</td>
<td>14</td>
</tr>
<tr>
<td>Central America</td>
<td>6</td>
</tr>
<tr>
<td>Commonwealth of Independent States (CIS)</td>
<td>11</td>
</tr>
<tr>
<td>East Asia</td>
<td>18</td>
</tr>
<tr>
<td>Europe</td>
<td>46</td>
</tr>
<tr>
<td>Middle East</td>
<td>16</td>
</tr>
<tr>
<td>North America</td>
<td>3</td>
</tr>
<tr>
<td>Oceania</td>
<td>15</td>
</tr>
<tr>
<td>South America</td>
<td>12</td>
</tr>
<tr>
<td>West Asia</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>204</strong></td>
</tr>
</tbody>
</table>

Note: The Commonwealth of Independent States "region" consists of all current and former full and associate members of the RIA of the same name, which includes all former USSR states excluding the Baltic states.

The sample used to test H1 (the hypothesis on accession) is all state-RIA-years for all states and RIAs associated with the same region, for each year that the state is not a member of the RIA

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\(^1\) Mexico is moved from Central America to Northern America. Belize is in both Central America and the Caribbean. Cyprus is moved from Western Asia to Southern Europe. Taiwan is in Eastern Asia.

\(^2\) Commonwealth of Independent States includes all former USSR states except for the Baltic states. This is added because of the historical, cultural, ethnic, and linguistic legacy of the Russian empire and the USSR.
until the announcement is made that the state will be joining. For example, Canada-EU-2012 would not be an observation in the sample as Canada is not located in Europe. Ukraine-EU-2012 would be, as Ukraine is located in Europe and is not a member of the European Union. Belgium-EU-2012 would not be included because the sample does not include state-RIA-years for states which are members of the RIA during that year. Once all states in a given region are members of the RIA, it drops out of the sample completely. My theory is unchanged in these situations.

The sample used to test H2 (the exit hypothesis) will be all state-RIA-years for member states of an RIA for each year that it is a member, until the exit announcement, or a referendum which ultimately leads to exit is held. Canada-EU-2012 will again not be part of the sample. United Kingdom-EU-2015 will be included in the sample. United Kingdom-EU-2017 will not, while United Kingdom-EU-2016 will, because the referendum to leave the EU was held in 2016. This ultimately led to the UK withdrawing from the EU, and so 2016 is considered the year in which the state decided to withdraw.

To measure my dependent variables of RIA exit and accession, I rely on data of IGO membership from the Correlates of War project and von Borzyskowski and Vabulas (2019). I also searched for all the agreements within the World Trade Organization Regional Trade Agreements Database in Nexis Uni to find instances of announcements of accession or exit or for popular referenda leading to accession or exit. I then verified that these announcements and referenda actually led to accession or exit. I used all multilateral RTAs within the World Trade Organization Regional Trade Agreements database as my sample. I do not consolidate related RIAs, eg. the European Free Trade Association and the European Union. The dependent variables take the value of zero for years when there is no accession (exit) and one in years when a decision to accede (exit) was made.

RIA exit is defined as a decision to end or suspend membership in the RIA (either permanently or temporarily) which is ultimately fulfilled. I do not distinguish between situations in which the state leaves of its own accord or is expelled by other members. I do not distinguish between temporary suspension from being an active member and formal exit. The reasoning
behind these situations is two-fold. First, it is difficult in practice to distinguish between a situation in which the state is going to be expelled and withdraws voluntarily to save face. Second, both situations are indications that the underlying relationship has soured such that a break is possible. Given the voluntary nature of these agreements, a state may simply choose to stop complying if it is not satisfied, leading to its ouster. Accession is defined as the decision to formally become a full member of the RIA, because some RIAs treat associate membership differently than others, whereas full membership is a more consistent indicator that the states wish to integrate with one another.

There are two main explanatory variables: power preponderance and status quo satisfaction. Power preponderance is measured as the difference between the GDP of state $i$ with the highest GDP in the RIA, state $j$. The state with the highest GDP in the RIA is excluded from the sample.

$$PowerPreponderance = GDP_i - GDP_j$$

Status quo satisfaction is measured in two different ways: average mutual trade interest and preference similarity. Average mutual trade interest is the mean of total volume of exports to the sum of GDP (Genna and Hiroi, 2004), for each dyad between state $i$ and each member state $j$ of the RIA. Export data come from the International Monetary Fund (IMF, 2023).

$$AverageMutualTradeInterest = \frac{\sum_{j=1}^{n} \left( \frac{Exports_i + Exports_j}{(GDP_i + GDP_j)} \right)}{n}$$

Preference similarity is measured as the absolute value of the difference of the UN Agreement Score (Bailey et al., 2017) between state $i$ and state $j$, where state $j$ is the state with the greatest GDP in the RIA.
\[ PreferenceSimilarity = |UNAgr.Score_i - UNAgr.Score_j | \]

Because, for H1 and H2, the state is not included in the sample after accession or exit, respectively, the value of zero will be much more prevalent in the dependent variable than one. Therefore, rare-event logit models will be employed.

<table>
<thead>
<tr>
<th>Table 2. Descriptive statistics of dependent variables.</th>
</tr>
</thead>
<tbody>
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<tr>
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<tr>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Freq.</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Accession/Exit</td>
</tr>
<tr>
<td>Non-Acc./Exit</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

In the model which tests H1, I will control for the following variables: alliance ties (Boehmer and Nordstrom, 2008; Donno et al., 2015), democratic density (Donno et al., 2015), region size (Donno et al., 2015), democratic transition (Mansfield and Pevehouse, 2006), contiguity (Donno et al., 2015), state-RIA Polity difference (Donno et al., 2015), number of IGO memberships (Donno et al., 2015), lead state exiting, length of state membership, and RIA size (von Borzyskowski and Vabulas, 2019). The model testing H2 controls for the same variables except that length of state non-membership is substituted for length of state membership.

Alliance ties is the number of states which state \( i \) shares with the members of RIA \( j \). I control for this because scholars have found that states than are members of alliances together are more likely to be members of the same intergovernmental organizations (Boehmer and Nordstrom, 2008; Donno et al., 2015). Democratic density is the average Polity score of the RIA’s members. I control for democratic density because research has suggested densely democratic IGOs have more stringent conditions on accession and are thus less likely to admit new members (Pevehouse, 2005; Donno et al., 2015). Region size is the number of states in the region. As this number
increases, the number of potential member states increases as well, increasing the competition for membership in the RIA (Donno et al., 2015). System size is controlled for because scholars have found that states in systems with greater numbers of states are less likely to be admitted to IGOs in that system (Donno et al., 2015). Democratic transition takes the value of one if the state increased from a Polity score below 7 to 7 or higher in the past five years (Donno et al., 2015) and is controlled for because it theoretically could increase demand for admission to IGOs (Mansfield and Pevehouse, 2006). Contiguity is the number of member states that are contiguous to state $i$, with contiguity defined as sharing a land border or being within 150 miles proximity by sea (Gochman, 1991). It is controlled for as states which border each other have a greater interest in cooperation and are connected more strongly by people and trade flows (Donno et al., 2015). State-RIA Polity difference is the difference between the average Polity value for each member state in RIA $j$ and the Polity value for state $i$. It is controlled for because scholars have found that states with greater differences in Polity value are associated with being less likely to be a member in a given RIA and is theoretically less likely to be a member as regime type captures the values of a state, with a state wishing to associate on the international stage with other states sharing their values (Donno et al., 2015). Number of IGO memberships is the number of IGOs of which state $i$ is a member, which is a proxy for interest in engagement on the international stage (Donno et al., 2015). Lead state exiting is coded as one when the state with the greatest GDP exited the RIA in the previous year and zero otherwise. It is controlled for because the status quo of RIA will be heavily dependent on the presence of the most powerful state in the organization. After that state leaves, the status quo no longer has the support necessary to maintain it and may become unsustainable. The legitimacy of the RIA is called into question as well. Scholars have found that lead state exiting is associated with states exiting IGOs, associating the phenomenon with the previously mentioned reasons (Donno et al., 2015). Length of state membership is the number of years that state $i$ has been a member of RIA $j$. It is included because the longer a state is a member, the more time the conditions under which the state decided to join the organization have to change (von Borzyskowski and Vabulas, 2019). RIA size is the number of member states in the RIA, the
reasoning behind its inclusion being that the more states are members, the more likely it is that any one state will be dissatisfied and decide to leave (von Borzyskowski and Vabulas, 2019).

I employ nested models to introduce the control variables. Model 1 introduces the interaction of power preponderance and status quo satisfaction. Model 2 introduces system size, RIA size, contiguity, length of state non-membership, number of IGO memberships, and lead state exiting. Model 3 introduces alliance ties, democratic density, democratic transition, and state-RIA Polity difference. There is a corresponding model testing H2 for each model testing H1 which shares the same variables except that length of state non-membership will be substituted for length of state membership. To account for time dependence, in the models testing H1, I include cubic polynomials that start from the last accession to the RIA (von Borzyskowski and Vabulas, 2019). In the models testing H2, the polynomials start from the last exit. To account for endogeneity, all independent variables are lagged by one year.

To test my hypotheses involving the interaction of two continuous variables, after predicting the rare-events logistic regression models in Stata, I will obtain the predictive probability of the dependent variable equaling one for all combinations of values (at regular intervals) from the minimum to the maximum values of the interaction variables. So, if the minimum value of power preponderance is zero and the maximum is ten, and if the minimum and maximum values of average mutual trade interest are zero and ten respectively, and if the interval I have chosen is one, then I will obtain the predictive probability for the dependent variable when both independent variables equal zero, when the first variable equals zero and the other one, when the first equals zero and the other two, etc. for all combinations of values. With this new matrix of values, I will then create a graph which plots the values of one independent variable on the Y axis and one independent variable on the X axis. The value of the predictive probability will be on the Z axis. If my hypothesis is correct, then the Z value of the graph will be highest when the X and Y values are at their lowest values. There will be a linear slope as the Z values decrease as X and Y increase, with the lowest values of Z at the highest values of X and Y.
Chapter 5: Results

The results are largely inconclusive, with all the models except one not supporting either hypothesis. The only variable that is consistently statistically significant across all model versions is the power preponderance variable in the model predicting exit, in table 4. It is consistently negative and statistically significant. This indicates that the greater the level of power preponderance, the less likely the state is to exit the RIA, which is consistent with H1. However, the only version of the model consistent with my theory is the first preference similarity model predicting exit in table 4. The estimated coefficients for the interactive effect, and both independent variables are statistically significant in this model. The sign of the coefficient is directionally consistent with H2 (the exit hypothesis). Because the statistical insignificance of the models would render the graphs meaningless, I only show the graph (figure 1) for this particular model.
Table 3. Rare events logit predicting accession to RIA.

<table>
<thead>
<tr>
<th></th>
<th>Avg. Mutual Trade Interest</th>
<th>Preference Similarity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Power Preponderance</strong></td>
<td>0.03</td>
<td>-0.02</td>
</tr>
<tr>
<td></td>
<td>(0.07)</td>
<td>(0.09)</td>
</tr>
<tr>
<td><strong>Preference Similarity</strong></td>
<td>-5.48</td>
<td>-8.04</td>
</tr>
<tr>
<td></td>
<td>(5.27)</td>
<td>(7.73)</td>
</tr>
<tr>
<td><strong>Region Size</strong></td>
<td>0.05*</td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td>(0.03)</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Trade Interest X Power Prep.</strong></td>
<td>-7.03</td>
<td>2.32</td>
</tr>
<tr>
<td></td>
<td>(14.42)</td>
<td>(15.87)</td>
</tr>
<tr>
<td><strong>Pref Sim. X Power Prep.</strong></td>
<td>0.12***</td>
<td>0.09**</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>RIA Members</strong></td>
<td>-0.01</td>
<td>-0.02</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>Contiguity</strong></td>
<td>-0.01</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td>(0.05)</td>
<td>(0.05)</td>
</tr>
<tr>
<td><strong>Non-Membership Length</strong></td>
<td>-0.01</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.02)</td>
</tr>
<tr>
<td><strong>IGO Memberships</strong></td>
<td>0.01</td>
<td>-0.01</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Alliances</strong></td>
<td>0.12***</td>
<td>0.09**</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>Democratic Density</strong></td>
<td>0.19***</td>
<td>0.17**</td>
</tr>
<tr>
<td></td>
<td>(0.05)</td>
<td>(0.08)</td>
</tr>
<tr>
<td><strong>Avg. Polity</strong></td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td>-0.24*</td>
<td>-0.25*</td>
</tr>
<tr>
<td></td>
<td>(0.13)</td>
<td>(0.15)</td>
</tr>
<tr>
<td>Avg. Mutual Trade Interest</td>
<td>248.59</td>
<td>61.94</td>
</tr>
<tr>
<td></td>
<td>(382.60)</td>
<td>(366.84)</td>
</tr>
<tr>
<td><strong>Intercept</strong></td>
<td>-5.41**</td>
<td>-0.14</td>
</tr>
<tr>
<td></td>
<td>(2.15)</td>
<td>(3.57)</td>
</tr>
<tr>
<td><strong>Pseudo R²</strong></td>
<td>0.10</td>
<td>0.09</td>
</tr>
<tr>
<td>AIC</td>
<td>795.21</td>
<td>720.69</td>
</tr>
<tr>
<td>N</td>
<td>6475</td>
<td>4818</td>
</tr>
</tbody>
</table>

Note: *p<0.1; **p<0.05; ***p<0.01. Power preponderance and preference similarity are logged. All independent variables are lagged one year. Robust standard errors are clustered on ria-year. Cubic spline controls are included.
<table>
<thead>
<tr>
<th></th>
<th>Avg. Mutual Trade Interest</th>
<th></th>
<th>Preference Similarity</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Power Preponderance</td>
<td>-0.52*** (0.18)</td>
<td>-0.64*** (0.23)</td>
<td>-0.65*** (0.15)</td>
<td>-0.39** (0.15)</td>
</tr>
<tr>
<td>Preference Similarity</td>
<td></td>
<td>-10.12* (5.57)</td>
<td>0.40 (6.61)</td>
<td>0.70** (4.32)</td>
</tr>
<tr>
<td>Region Size</td>
<td>0.05 (0.03)</td>
<td>0.00 (0.03)</td>
<td>0.05* (0.03)</td>
<td>-0.00 (0.03)</td>
</tr>
<tr>
<td>Trade Interest X Power Prep.</td>
<td>9.39 (12.26)</td>
<td>21.27 (17.59)</td>
<td>24.57 (16.86)</td>
<td>0.34* (0.20)</td>
</tr>
<tr>
<td>Pref Sim. X Power Prep.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RIA Members</td>
<td>-0.04 (0.04)</td>
<td>0.03 (0.05)</td>
<td>-0.02 (0.04)</td>
<td>0.04 (0.05)</td>
</tr>
<tr>
<td>Contiguity</td>
<td>0.00 (0.10)</td>
<td>0.08 (0.10)</td>
<td>-0.04 (0.12)</td>
<td>0.04 (0.10)</td>
</tr>
<tr>
<td>Membership Length</td>
<td>0.07* (0.04)</td>
<td>0.09** (0.04)</td>
<td>0.05 (0.04)</td>
<td>0.07** (0.04)</td>
</tr>
<tr>
<td>IGO Memberships</td>
<td>-0.03 (0.04)</td>
<td>-0.06 (0.06)</td>
<td>-0.02 (0.04)</td>
<td>-0.05 (0.05)</td>
</tr>
<tr>
<td>Alliances</td>
<td>-0.09* (0.05)</td>
<td></td>
<td></td>
<td>-0.09 (0.06)</td>
</tr>
<tr>
<td>Democratic Density</td>
<td>0.26* (0.15)</td>
<td></td>
<td></td>
<td>0.20 (0.14)</td>
</tr>
<tr>
<td>Avg. Polity</td>
<td>0.02 (0.09)</td>
<td></td>
<td></td>
<td>0.02 (0.07)</td>
</tr>
<tr>
<td>GDP</td>
<td>0.70** (0.28)</td>
<td>0.52 (0.41)</td>
<td>0.63** (0.30)</td>
<td>0.57 (0.37)</td>
</tr>
<tr>
<td>Avg. Mutual Trade Interest</td>
<td>-180.09 (308.69)</td>
<td>-487.19 (448.20)</td>
<td>-563.29 (431.31)</td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>4.57 (4.32)</td>
<td>-7.05 (8.80)</td>
<td>-1.32 (7.62)</td>
<td>1.03 (3.43)</td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>0.17</td>
<td>0.26</td>
<td>0.21</td>
<td>0.18</td>
</tr>
<tr>
<td>AIC</td>
<td>218.40</td>
<td>182.89</td>
<td>191.44</td>
<td>229.13</td>
</tr>
<tr>
<td>N</td>
<td>6838</td>
<td>5087</td>
<td>4429</td>
<td>7126</td>
</tr>
</tbody>
</table>

Note: *p<0.1; **p<0.05; ***p<0.01. Power preponderance and preference similarity are logged. All independent variables are lagged one year. Robust standard errors are clustered on ria-year. Cubic spline controls are included.
Figure 1 shows that, when power preponderance is near zero, predicted exit probability is higher at higher levels of preference similarity. When preference similarity falls below 0.4, exit probability rises sharply regardless of the level of power preponderance, showing a strong independent effect of preference similarity. The interactive effect does not appear to be linear. Keep in mind that even seemingly small values of predicted exit probability can be meaningful. Predicted exit probability represents how likely the country will exit the RIA in a single year. If it rises to 0.1, for instance, the predicted likelihood that a state will exit over the course of a decade is 100%.

Figure 1. Exit probability for the first preference similarity model predicting RIA exit.

Note: Control variables are region dummies, decade dummies, and cubic splines.
Chapter 6: Conclusion

As only one of the models for the exit hypothesis was statistically significant for the relevant variables, the conclusions that I draw here are put forward with a low level of confidence. That being said, I think that it is useful to put forward these conclusions because the results for the first preference similarity model predicting exit were quite dramatic.

The most striking aspect of figure 1 is that the interactive effect was not equally strong between the two main independent variables. Exit probability rose for all values of power preponderance at sufficiently low values of preference similarity but not the other way around. Thus, according to these results, a high level of power preponderance is insufficient to prevent RIA exit. This is not what my theory would predict. In this way, power transition theory does not provide a complete answer. Because of this, even in RIAs where there is a significant power differential, it is necessary to maintain the consent of all countries. This may be in part because RIAs are presumed to be voluntary associations of states, where members respect each others' sovereignty. To put it another way, if the consequences are that the two countries go to war, then a smaller country will typically not initiate the encounter. But if the consequence of a country exiting is less integration with a state against whom the exiting state disagrees with on the international stage, then the pullback from integration might be seen as desirable. This interpretation assumes that international institutions have an independent effect on international politics.

Consider the case of Ukraine and Russia. Both are members of the Commonwealth of Independent States Free Trade Area. However, after the invasion and occupation of Crimea in 2014, Ukraine suspended its participation in that RIA but only with respect to Russia. Even though Russia had beaten Ukraine and annexed a strategic part of its territory, Ukraine did not continue to fully play along with the Russia-led free trade area. So though Russia clearly dominated Ukraine in terms of power, Ukraine reduced integration with Russia, which is not what my theory would predict.
Another conclusion stems from the fact that the proxy variable for status quo satisfaction that was statistically significant in that interaction shown in figure 1 was specifically preference similarity, a measure related to the distance between the UN agreement scores of the state and the preponderant power in the RIA. While this proxy variable is designed to pick up status quo satisfaction, it is also related to the geopolitical alignment of the state with the preponderant power. Therefore, it is possible to draw the conclusion that integration is most durable when conducted among countries with shared geopolitical interests, which may not be sufficient to initiate integration but is necessary to maintain it.

**THE FUTURE OF RIA MEMBERSHIP AND CHINA**

A third conclusion lies in the fact that a large portion of the accessions and exits in the sample occurred during the transition that was the early post-Cold War period. We might expect that as China has risen in geopolitical influence, membership in regional integration agreements might shift as well. Countries in China’s regional sphere of influence may be more likely than other regions to accede to, or exit from, regional integration agreements associated with China or its rivals. If the goal of the United States is to limit the influence of China, then the interests of those countries in particular should be taken into consideration. Likewise, if China succeeds at building regional power preponderance, then it must still attend to the needs of the lesser states.

This last point is where future work on this subject might be most fruitful. China is in the process of building a set of international organizations that are alternatives to ones set up under the leadership of the United States. It would be useful to see investigations into the difference between regional integration in a bipolar world as opposed to a unipolar world, to better understand how the landscape of regional integration will soon shift.

During the last bipolar period, the Cold War, the international institutions through which economic cooperation of communist countries occurred were not concerned with liberal democratic values as conceived by the western powers but rather coordinated the transfer of goods between planned economies. Often this took the form of the USSR providing raw materials for the Eastern Bloc countries to manufacture into finished products, in a kind of barter arrangement.
(Völgyes, 1989). Because of the lack of free trade or free movement, this economic cooperation stood in opposition to the liberal democratic international institutions inspired in part by Kant. It was not simply an alternative international economic framework, but also an alternative ideological, political, and economic governance framework. The collapse of this system and the USSR led to the creation of a number of RIAs. An important question is how China intends to comport itself with respect to the US-led international order in the future. As China seeks to shape international trade and international institutions, will it act as a spoiler or as a good-faith participant? China has been an important player in IGOs while also setting up rival institutions such as the Asian Infrastructure Investment Bank, which is an alternative to the World Bank and the IMF. At the same time, it is by far the largest economy in the Shanghai Cooperation Organization, an IGO that purports to promote economic, political, and military cooperation among its members, all of whom are either authoritarian regimes or states with struggling democratic institutions like Turkey and India. Even though China since the Reform and Opening period has by-and-large not adhered to an over-arching ideological framework for international relations in opposition to liberalism, it remains to be seen whether having a non-liberal-democratic state as one of the largest players in the international political system will affect RIA membership, given that these agreements have traditionally been founded on liberal democratic values.

This may ultimately depend on whether liberal democratic concepts are critical to the concept of the RIA, and whether acceptance of the US-led international order is a necessary precondition for sustained RIA leadership. The prototypical RIA is the European Union, which colors our perception of what is possible in other regions, being based on liberal democratic principles. But RIAs have been led by authoritarian regimes such as Russia. Although, given Ukraine’s suspension of its participation in the CISFTA with respect to Russia and Russia’s invasion of Ukraine, those arrangements could be fragile. Given China’s penchant to act bilaterally, and its growing illiberalism, RIAs may not be its chosen route and it may act as a spoiler of existing ones.
Bibliography


Glossary

EUROPEAN SINGLE MARKET: A market shared by all members of the European Union, as well as other states, enabled by regulations aimed at ensuring the free movement of goods, capital, services, and people within the market.

GROSS DOMESTIC PRODUCT (GDP): The value of all final goods produced in a single year in a state.

INTERGOVERNMENTAL ORGANIZATION (IGO): A treaty-formed group of two or more states associated with a common goal.

REGIONAL INTEGRATION AGREEMENT (RIA): A multilateral treaty-based set of regulations designed to connect and harmonize the economies and/or political systems of three or more states.
Vita

James Langford was born and raised El Paso, TX, USA. He graduated Phi Beta Kappa from Colorado College in 2019. He was awarded the Outstanding Graduate Student in Political Science, the Outstanding Graduate Student Research Assistant Award, and the Thomas Cook Award for Excellent Thesis as a result of his graduate work at the University of Texas at El Paso.