AINT TOO PROUD TO TRADE:
The Limited Influence of System Compatibility in a Bipolar Regime

By

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Abstract

Democracies trade more with other democracies than they trade with closed political systems. Less clear is exactly why democracies follow such a systematic pattern. We disentangle foreign policy analytically from both decentralized investment decisions and domestic economic policy decisions in a gravity equation, using three innovations: (1) adding data for 20 middle powers; (2) adding explanatory variables to control for traits of both the consumer market and the domestic political system; and (3) restricting analysis to the late Cold War (1962-89). These alterations produce a rather stunning result: open systems are no more likely to engage in mutual trade than they are to trade with closed political systems. High levels of exchange do not reflect systematic foreign-policy favoritism.

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Democracies trade more with other democracies than they trade with closed political systems. This basic finding has enjoyed repeated confirmation in the literature on international commerce (e.g., Bliss and Russett 1998; Dixon and Moon 1993; Morrow, Siverson and Tabares 1998). Less clear is exactly why democracies follow such a systematic pattern. Indeed, explanations vary widely.

Open systems may trade together more because their diplomats face particular pressure to avert tariff wars (Mansfield, Milner and Rosendorff 1997). Nations may make a conscious effort to reward similar governments and punish dissimilar governments when they regulate commerce (Dixon and Moon 1993, 13-14; Morrow, Siverson, and Tabares 1998, 651). Or democracies may trade more because economic actors are most comfortable negotiating political systems similar to their own (Morrow, Siverson, and Tabares 1998, 651). These rival explanations are theoretically distinct, and certainly would not produce the same policy implications, so finding a way to disentangle them analytically would mark an important contribution to the literature.

The various hypotheses most prominent in the literature do have a common element, which is that they trace observed trade patterns directly to political compatibility. Giving so much credit to institutional resemblance, however, should not go unquestioned. Leaving aside that industrialized democracies exhibit few qualms when trading with otherwise-friendly autocracies, these explanations also seem inconsistent with the policy process observed in most governments. Certainly a national government may set up incentives that encourage trade with some countries and not with others, such as when the United States grants “most favored nation” status. On occasion an outright embargo will close off all exchange. But most economic policy is not specific to a particular trade partner. Taxes, property rights, and commercial regulations probably shape trade to a much greater extent than idiosyncratic foreign policy choices.

Furthermore, most purchasing and selling decisions typically occur within individual firms. These firms face incentives that may bear little relation to international politics, so we
would expect exchange to vary across partners for reasons unrelated (or only distantly related) to foreign policy. Pressures on importing and exporting goods include transaction costs, consumer preferences, worker productivity within the exporting nation, and market demand within the importing nation. The occasional decision to favor ideologically compatible governments, or avoid ideologically incompatible governments, should not be sufficient to counterbalance these decentralized influences. So the dominant explanations do not comport with our sense of how trade patterns develop.

The unresolved question is how to separate foreign policy analytically from both decentralized investment decisions and domestic economic policy decisions. Past research has been unable to do so, primarily because of inadequate data—either a limited number of variables to help explain trade, or a limited number and range of country combinations. Analysis is further hindered because most scholars working in the area suggest that effects on trade vary depending upon the shape of the international system (Gowa and Mansfield 1993; Liberman 1996; Mearsheimer 1990, 47-48), so extending a study across time quickly loses its efficacy by bleeding over into dissimilar regimes.

This manuscript therefore builds on the “gravity model” used by others to predict trade flows, but with the innovations necessary to isolate foreign-policy concerns and test their explanatory power in a bipolar international system: (1) adding data for 20 middle powers to that for the 7 or 8 great powers usually featured (Bartilow, Murray and Voss 2000; Morrow, Siverson and Tabares 1998), so that we have real variation in political systems;1 (2) adding explanatory variables to control for traits of both the consumer market and the domestic political system, so the common international variables become more interpretable; and (3) restricting analysis to the

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1 We adopt Joshua Goldstein’s definition of middle powers as states that are ranked below the great powers in terms of their influence in world affairs. Nevertheless middle powers have substantial economic activity, relatively strong military forces, and/or exhibit considerable regional political influence. Like Goldstein, we consider the following states to be middle powers: Argentina, Australia, Brazil, Canada, Chile, Egypt, Greece, India, Iran, Iraq, Israel, Mexico, Pakistan, Portugal, Saudi Arabia, South Africa, South Korea, Spain, Syria, and Turkey.
late Cold War, consistent with Bliss and Russett (1998), so that a regime switch in the coefficient estimates cannot confound the analysis.

These alterations produce a rather stunning result. Once we add middle powers that were neither democratic nor communist, and once we consider the tendency of democracies to support generally higher levels of commercial activity, we find that open systems are no more likely to engage in mutual trade than they are to trade with closed political systems. High levels of exchange, that is, do not reflect systematic foreign-policy favoritism. Unless two nations take more active measures, such as signing a trade pact, ideological compatibility does not seem adequate to produce an economic bond between them. Dissimilar states are not too proud to trade with each other.

**The Need for Expanded Data**

The expectation that democracies will trade more with each other follows theoretically from work by Joanne Gowa (1989; Gowa and Mansfield 1993). Gowa argues that nations consider security externalities when shaping their trade policy. A government will discourage trade with likely future enemies, because their profits might be poured into military expenditures, and encourage trade with politically compatible nations who one day might be valuable allies. Presumably, a strategic government will consider war with ideologically compatible states unlikely, and favor them at the expense of alien political systems (Dixon and Moon 1993, 13-14; Hufbauer, Schott and Elliot 1990; Morrow, Siverson and Tabares 1998, 651).

Gowa’s theory implies that democracies should trade more with each other strategically. Alternate explanations place less emphasis on direct intent, but otherwise still suggest that democratic compatibility is what drives the observed trade patterns. For example, democracies may be more capable of working together to contain protectionist impulses. Mansfield, Milner and Rosendorff (1997) contend that democratic trading partners negotiate lower tariffs barriers precisely because national legislatures tend to support protectionist policies; the threat of trade
war pushes democratic negotiators to compromise. By contrast, much of the heightened trade could reflect indirect, individualized decisions rather than state policy. Economic actors may find negotiating similar systems easier than crossing to political systems sharply different from their own (Morrow, Siverson, and Tabares 1998, 651), for example because banking law or intellectual property rights might be similar. Firms may prefer the approach to contractual protections or labor relations established by their own type of state.\(^2\)

Thus far the empirical evidence showing that democracies trade more with each other has not been complex enough to parse out the competing hypotheses. Dixon and Moon (1993), for example, analyze U.S. trade with a sample of countries between 1966 and 1983. They find that trade favors open systems, but because their results rely on a hegemon’s trade patterns, they cannot generalize theoretically to all open political systems in a bipolar regime.

Bliss and Russett (1998) expand the geographic coverage, examining trade flows between 882 and 1,042 pairs of states during the period of 1962 to 1989, leaving aside the dependence on U.S. data. Morrow, Siverson and Tabares (1998) expand the temporal coverage, examining trade flows among the major powers from 1907-1990. Finally, a conference paper by Bartilow, Murray and Voss (2000) expands the number of available dependent variables, looking at exports within various industrial sectors rather than just at aggregate exports for the 1962-1989 and 1962-1997 periods. All three validate the general finding that democracies trade more with each other.

However, not even the best work in this area has escaped all the limits of inadequate data. The Morrow and Bartilow pieces, for example, include very few non-democracies for the Cold War period (just the USSR and, in the Bartilow paper, China).\(^3\) We cannot presume that a trade bias against communist countries, which directly corresponds to the bipolarity defining the international regime, necessarily would extent to other closed systems whose ideological

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\(^2\) We are particularly indebted to Matt Gabel for this insight, although his suggestions helped sharpen the theory and vocabulary throughout.
differences do not track that of the dominant cleavage. Middle Eastern monarchies or Latin American military juntas often found democracies to be enthusiastic trading partners during the Cold War, especially when they refused allegiance with Marxism.

The Bliss and Russett (1998) and Morrow, Siverson and Tabares (1998) pieces, meanwhile, only offer a single measure to represent political system compatibility: whether both countries in the dyad are democracies. Yet a democratic dyad variable may capture three theoretically distinct patterns: (a) democracies intentionally trade more with other countries that are democracies, because they are politically or ideologically compatible; (b) democracies tend to export more in general, perhaps because markets are more vibrant; and (c) democracies tend to import more in general, perhaps because consumers enjoy more political clout or because debt protection is greater. The models presented in prior research cannot adjudicate among these three forces, yet the last two have nothing to do with the relationship between states. They would apply to a democratic country’s imports and exports regardless of the particular trading partner.

Furthermore, whether nations are democracies is influenced by their culture, especially their political culture. Culture might drive trade more than politics, but the political variables would receive the credit if culture remains unmeasured. For example, England and the United States share much in common, including the English language, overlapping common-law traditions, and (to a lesser extent) dominant religions. That the two nations engage in relatively high levels of trade is no doubt partly a function of all these compatibilities, rather than solely a function of the fact both feature competitive elections. Thus the democratic dyad variable may be serving as a proxy for numerous influences on trade: at the level of domestic economies, at the level of dyadic foreign policies, and at the cultural level. We cannot be certain that overt trade policy has anything to do with the regularities observed in previous research.

3 Of course, the pre-war period offers numerous fascist non-democracies, but the results from that multipolar system have just the opposite problem: an inadequate number of democracies. From 1917-1948, for example, almost all (83.6%) of the democratic dyads either include the U.S., the U.K., or both.
To summarize in more formal terms, the finding that democracies trade more with each other is limited by three distinct shortcomings. First, models usually combine multiple potential causes into the same explanatory variable: a dummy to identify democratic dyads. Interpreting this variable is impossible without additional controls for culture and for the domestic political systems involved. Second, the range of political systems included is generally narrow, with the U.S. (and sometimes also the U.K.) dominating the data for democracies, and communist countries dominating the data for non-democracies. This is especially problematic when attempting to analyze Cold War trade data, because the U.S. and the USSR were the two hegemons in that bipolar system. Third, scholars know that the influences on trade have shifted over time, and especially from one international system to the next. An analysis that ignores coefficient variation violates “one of the most important” regression model assumptions (Kmenta 1997, 566). On the other hand, one that models coefficient variation must remain inconclusive; the small number of observations becomes even more problematic, and the results are even more idiosyncratic to the particular countries chosen.  

Our model, presented below, will get around these three shortcomings by (1) adding explanatory variables to parse out the multiple influences on a democratic dyad’s trade, (2) adding 20 middle powers so that variation in political systems is sufficient to generalize beyond the particular polarity driving the international regime, and (3) limiting the analysis to a single international system, producing a more limited but therefore more conclusive analysis.

**Modeling Why Democracies Trade More with Each Other**

Our purpose is to explain international trade flows among 28 middle and major powers. The export figures that serve as our dependent variable are measured in 1995 constant dollars,

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4 One example of inconclusive results is the debate over whether alliances influence trade in bipolar regimes, multipolar regimes, both or neither (Bartilow, Murray and Voss 2000, 21-23; Gowa and Mansfield 1993; Liberman 1996, 150; Morrow, Siverson and Tabares 1998).
smoothing out inflationary time trends or exchange-rate fluctuations. For the initial analysis, these data cover the same period studied by Bliss and Russett (1998), 1962 to 1989. Since 1962 usually marks the period of the maturity of U.S. hegemony among industrial capitalist nations (Hopkins et al. 1982, 118; Webb and Krasner 1989), and 1989 usually marks the end of the Cold War, this period sets off a relatively unambiguous bipolar regime.

To explain the export data, we will utilize a “gravity model” adopted from economics (Anderson 1979; Bergstrand 1985; C.A. Primo Braga, Raed Safadi and Alexander Yeats 1994), as is common in the literature on international trade flows (Dixon and Moon 1993, Gowa and Mansfield 1993, Morrow, Siverson, and Tabares 1998, Pollins 1989).\(^6\) These models are intended to capture the gravitational pull that one country exerts on goods from another. What they have in common is an emphasis on the forces that assist or resist trade flows. They therefore usually include proxies for overall supply, overall demand, and rough transaction costs. The models conventionally take a log-linear form, assuming that explanatory variables affect trade flows multiplicatively rather than additively, a convention that we see no reason to challenge. Each observation represents a specific dyad—trade from origin country \(i\) to destination country \(j\)—for a given year, with the observations pooled across dyad-years.

Different gravity models include different packages of control variables. We draw our gravity model from Morrow, Siverson and Tabares (1998, 653). We include a measure of the distance between each nation’s capital, since transportation costs will prompt countries that are farther apart from each other to trade less. We include GDP for the potential exporter and potential importer in each dyad, measured in constant dollars, since countries with large GDPs will have more trade between them \textit{ceteris paribus}. And we include population figures for both

\(^5\) Not only do these cases add to the number of closed systems, they also introduce nine countries that changed their system openness sharply during the time period under study, so the system-effects variable is less reliant on the idiosyncrasies of which countries are selected.

\(^6\) Gravity models have been applied successfully to estimate different types of flows, such as migration, commuting, recreational traffic, and interregional and international trade.
exporter and importer. The control variables in this baseline gravity model allow us to look at the independent effects of political variables of interest that we might wish to evaluate.

The functional form of the gravity model, predicting sectoral exports from state $i$ to importer state $j$ in current year $t$, would look like the following:

$$\ln(EXPORTS_{ijt}) = \alpha + \beta_1 \ln(GDP_{it}) + \beta_2 \ln(GDP_{jt}) + \beta_3 \ln(POP_{it}) + \beta_4 \ln(POP_{jt}) + \beta_5 \ln(DISTANCE_{ij}) + X\Theta + \ln(\epsilon_{ijt})$$

where $X$ represents a row vector of logged political variables for the dyad and $\Theta$ represents the column vector of coefficients estimated for those political variables.

**Substantive Explanatory Variables of Interest**

We also use the model presented by Morrow, Siverson and Tabares (1998) as the starting point for our substantive explanatory variables. Those authors offer four rough measures of international political interests (listed in declining order of strategic importance): whether the countries are engaged in a militarized dispute against each other (MID), the extent to which nations share similar alliance portfolios ($\tau_b$ or tau-b), whether the countries are allied with each other, and whether the two governments are democracies. The MID and tau-b measures are not available for the later years under study, however, and we are unwilling to extend them by assumption for the middle powers (c.f., Morrow, Siverson and Tabares 1998), so for this exploration we stick to the latter two measures. Whether the two states shared an alliance comes from the COW data set, and appears as a dummy variable simply representing whether an alliance was in place. Trading partners who share a military alliance in a given dyad year are coded 2, or 1 otherwise. Scores for each country’s level of democracy are available from the POLITY III data set. We use a dummy variable identifying democratic dyads, with the high value representing instances when both states are democracies (i.e., both receive scores of 6 or more on the original 11-point democracy scale).
We wish to expand beyond the political variables used in previous work in two directions: adding measures of cultural compatibility, and adding independent measures of the two domestic political institutions within each dyad. With this more complex set of explanatory variables, we will be able to determine more definitively why democratic dyads trade more together. For the domestic political system, we use the Polity III measures of institutionalized democracy, a scale (as coded here) running from 1-11, with 11 the most open and 1 the least. Details on the construction of these measures appear in Gurr, Jaggers and Moore (1990, 83-84) and Jaggers and Gurr (1993). The conventional dummy variable, identifying when both trading partners are democracies, then more clearly illustrates the role of political compatibility—that is, the independent effect of importer and exporter having the same rough level of openness.

Errol Henderson (1997, 1998) has illustrated that cultural similarity can help prevent war between nations, although his results vary with the particular explanatory variable used. Cultural compatibility presumably would matter even more on trade, since it would influence demand for a particular nation’s exports—for example, whether consumers wish to eat food or wear textiles produced there. Indeed, Srivastava and Green (1986) report that cultural similarity is a significant determinant of trade flows between states. Leaving out measures of culture therefore opens trade flow models to the possibility of omitted variable bias. To operationalize the cultural similarity between trading partners, we use religion and language variables as proxies. From the CIA World FactBook, 1994, we constructed a percentile measure for religious overlap. This variable

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7 Dixon and Moon (1993, 10) use this measure for the importer, but not the exporter, which makes sense in their case because they always have the same exporter. A democratic dyad variable also would not make sense in their case, since the exporter is always a democracy.

8 With a linear model it would waste less information simply to interact the two domestic system variables, and treat the interaction term as the effect of joint democracy. Unfortunately, not only would this strategy deviate from conventions dominant in the trade flow literature, it would also make the multiplicative gravity model unsolvable—the interaction term would be perfectly collinear with the two domestic system measures after logging all three.

9 Specifically, culture is correlated with political interests (the explanatory variable of interest), correlated with exports (the dependent variable), and is causally prior to the included explanatory variable since national culture usually changes much less rapidly than international politics. These three conditions establish the presence of omitted variable bias, although of course the amount of bias is a matter of degree (Goldberger 1991, 189-92).
represents the probability that a random person drawn from one country would hold the same religion as a random person drawn from the other. It was constructed by multiplying the percentages of common religions between exporter and importer countries, then summing these percentages. The various religions were collapsed into six groupings (Buddhism, Islam, Judaism, Eastern Christianity, Roman Catholicism, and Western Christianity) before percentages were calculated. Language is a dummy variable, coded 2 if both trading partners share a similar primary language or 1 otherwise.

In sum, the multiplicative model we will estimate includes a core gravity equation, two measures of cultural similarity (religion and language), two measures of domestic openness (one for the exporter, one for the importer), and three measures of similar interests in international politics: whether the states in the dyad both have open political institutions, whether the states in the dyad are allied formally, and whether they are members of a preferential trade agreement.

Findings

Our initial model included only the gravity equation plus the cultural variables, since the latter are causally prior to the political system measures. The results are reported in Table 1 Model 1. They show that all of the gravity model variables are statistically significant, with the GDP and distance measures clearly in the appropriate direction. Although language does not independently help the model, religious overlap clearly does so. The more two countries share cultural traits, the more they trade with each other.

Model 2 adds the democratic dyad dummy, though, and that variable is clearly statistically significant and pointing in the conventional direction. Democracies do trade more with each other, a result that is not explained away by their cultural similarities. Neither our choice of years to evaluate or our slightly different explanatory model causes a divergence in

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10 It is not entirely clear what effect population should have on trade. We might expect large populations to import less, since they will tend to be more diverse and therefore can be self-sufficient. Or we might
findings from previously published work. Something about the political systems involved apparently shapes trade.

But, as discussed above, we doubt that a state’s desire for profit will regularly prompt them to discourage trade with closed systems. We also suspect that a firm’s desire for profit will encourage it to trade across dissimilar systems whenever regulations permit. We suspect that democracies may be generally more likely to import and export goods, simply because their economies are more vibrant and individual consumer decisions carry more influence. Democracies are not too proud to trade with closed systems; they are simply less likely to do so because closed institutions *ceteris paribus* are less likely to have valuable products to sell or capital with which to buy.

Model 3 gets at this dynamic by adding in the institutionalized democracy measures for both exporter and importer. If democracies tend to export more regardless of their partner, the exporter measure will be positive and significant. If democracies tend to import more regardless of their partner, the importer measure will be positive and significant. If similar systems are more likely to trade with each other, the democracy dyad will remain positive and significant after controlling for those other two, and we would be much more certain that it represents political compatibility.

As Table 1 reveals, however, democratic dyads do not enjoy higher levels of trade than other dyads.\(^\text{11}\) Adding in the excluded domestic system variables flips the sign, and drives the coefficient on the dyadic variable toward zero. Democracies engage in higher levels of trade than closed systems, to be sure, but they show no particular favoritism toward other democracies. To

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\(^{11}\) The findings reported here hold up even if data are extended through 1997. Religion matters, but does not explain away the high trade found among democracies. But the democratic dyad flips signs and becomes statistically insignificant once we account for the generally high trade activity found in democracies.
the extent democratic dyads are particularly active trade partners, that is the natural effect of the vibrant trade economies that both will tend to feature.

**Do Trade Agreements Explain Away Cross-System Commerce?**

Mansfield, Milner and Rosendorff (1997) emphasize executive trade negotiations when explaining why democracies trade more with each other, indicating that otherwise legislatures would erect trade barriers. At first glance their argument seems incorrect, since anecdotal evidence shows that national legislatures have played a decisive role in ratifying and expanding trade via preferential trade agreements (PTAs) like the Canada-United States Free Trade Agreement (CUSFTA) and the North American Free Trade Agreement (NAFTA), as well as the various trade agreements that fall under the European Union.

The frequency of PTAs might explain why the democratic dyad variable no longer works. Many democracies enter into PTAs, and once we identify which do so, they may trade with each other disproportionately. That is, a subset of dyads may favor each other. This hypothesis would seem consistent with the literature’s treatment of leadership in a democracy. Democracies are, by their very nature, polyarchal systems in which political authority is regulated by corporate and popular control (Lindblom, 1977). The polyarchal nature of democracies allows them to trade more with each other and increasingly on a preferential basis. Milner (1997) further contends that the utility of democratic leaders comes from remaining in office. And since the voter economic surplus and corporate profits help ensure re-election, democratic leaders will choose the trade policy that gives them the highest chance of remaining in office. Given the nature of their industrial structures, some corporations may prefer preferential trade. When such trade increases voter surplus and/or corporate profits, even legislative leaders seeking re-election might pursue preferential trade agreements (PTAs) to maximize their utility.

In model 4, we add a dummy variable for the existence of a preferential trade agreement between the two nations in the dyad, as well as the common alliance variable from past trade-
flow models. It shows that PTAs positively and significantly influence international trade. However, the democratic variables are virtually unaffected by the addition of PTAs, so such agreements do not explain away our finding. We still find no evidence that there is a significant tendency for democracies to trade more with each other.

**Conclusion**

Our results clearly indicate that democracies do not favor each other in a bipolar system, unless they happen to share a formal alliance or trade agreement. The high level of joint trade typically found between democracies results from a combination of omitted variable bias and insufficient data, and thus cannot be attributed to conscious foreign policy or to individual firms seeking to operate within systems similar to their own. Specifically, other research usually has overlooked that two vibrant economies are likely to trade more with each other simply by chance, and that controls for the exporter and importer political systems must be present before the pattern among democratic dyads only captures the tendency for joint trade.

We do not claim that states are always indifferent to the political system endorsed by a potential trading partner. Indeed, Bartilow, Murray and Voss (2000) look at the same time period and find that great-power democracies traded more with each other than they traded with great-power non-democracies, even after controlling for the effects of domestic political system in the manner we have.\(^{12}\) The distinction between this manuscript and their work is that we have added more variety in the closed systems represented in the data. To the two communist great powers, we have added one monarchy, one Islamic Republic, four more democracies, two authoritarian civilian states, and twelve military regimes. Both authoritarian civilian states and nine of the twelve military regimes experienced democratic transitions during the late Cold War period.

The bipolar Cold War system did result in less trade across the Iron Curtain, between democracies and the communist nations who challenged their hegemony, but it did not leave
democracies too proud to trade with other ideologically incompatible states. If anything, bipolarity probably suppresses the importance of other ideological cleavages, since where one stands on the dominant cleavage often takes on supreme importance. Comparing across international systems, however, will require additional improvements in the data used in the trade flow literature, and so will have to wait for future research.

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12 That is, leaving out the domestic political system measures did place omitted variable bias in the democratic dyad variable, but removing that bias did not eliminate the dyadic pattern entirely.
Data Appendix


Trading partners who share a military alliance in a given dyad year is coded 2 or 1 otherwise. This code is adopted from the Correlates of War (COW data set). Trading partners who are both democracies in any given dyad year is coded 2 or 1 otherwise. This code is adopted from the Polity III Democracy Score (Gurr, Jaggers, and Moore 1995). And since the level of democracy may also affect trade flows, we included another variable, which is adopted from the Polity III data set that measures the exporter and importer’s level of democracy. These democratic levels are based on an 11-point scale that range from: 0 = low democracy; 10 = high democracy.

Data for general exports were taken from various issues of *The Direction of Trade Statistics Yearbook*. The data for 1962 through 1978 were taken from *The Direction of Trade Data set stored at the ICPSR* (except for China and the USSR). Chinese and Soviet general trade data were gathered from Brian Mitchell's *International Historical Statistics: Africa, Asia, and Oceania 1750-1993*, 4th edition. Exports from the USSR to all countries except China for 1962 and 1963 were available. Therefore, imports to the USSR were used instead for the remaining dyads with China. The 1985 volume was used for data from 1979 through 1984. The 1992 volume was used for data from 1985 through 1990 (except for Soviet data where it was used from
1985 through 1991). The 1998 volume was used for data from 1991 through 1997 (except for Russian data where it was used from 1992 through 1997).
Bibliography


Table 1. International Trade among Major and Middle Powers (1962-1989)

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<tr>
<th>Explanatory Variables</th>
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<th>Model 2</th>
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<td>Preferential Trade Agreement</td>
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<td>adjusted R2</td>
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<td>1.03</td>
<td>1.02</td>
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</table>

*** = two-tailed test; significant at the .01 level  
++ = one-tailed test; significant at the .01 level  
+ = one-tailed test; significant at the .05 level  

-Population and Level of Democracy variables use a two-tailed test (hypotheses suggest that these variables could affect the dependent variable in either direction), all other variables use a one-tailed test (hypotheses suggest that these variables will only affect the dependent variable in one direction).