

Mershon Center Speaker Series



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Troops or Cash? Analyzing the Interdependencies Between Security & Financial Cooperation

Thursday, February 09, 2017, 3:30PM - 5:00PM

The Mershon Center for International Security Studies

1501 Neil Avenue, Room 120

Columbus, Ohio 43201

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Jonas Bunte is assistant professor for public policy and political economy at University of Texas at Dallas. He is a political economist with a particular interest in the politics of finance. Bunte analyzes how distributional consequences of financial flows provide domestic actors the incentive for political action, and how domestic institutions shape this process. His work has appeared in such journals as *International Studies Quarterly* and *Journal of Peace Research*.

Abstract

How are defense cooperation and economic cooperation related? Research into this important question has focused primarily on trade and militarized conflict or, more relevantly, trade and military alliances. Yet, these approaches suffer from "apples to oranges" comparisons. Militarized conflict and defense pacts are both intergovernmental phenomena, monopolized by public actors, while trade is largely the realm of private economic actors. Furthermore, existing research is limited to bilateral relations, ignoring the more complex ways in which economics and defense influence one another. This paper introduces two broad innovations.

First, we shift attention from trade and conflict to defense cooperation agreements (DCAs) and bilateral loans. Importantly, both DCAs and loans reflect deliberate governmental policies, which facilitates direct comparisons between the two. Second, we conceptualize DCAs and loans as "coevolving multiplex networks." We model not only the simultaneous bilateral relationship between DCAs and loans, but also more complex higher-order influences, where ties to third parties affect governments' willingness to sign defense agreements with, or make loans to, one another.

Our analysis reveals that (1) defense and economic cooperation mutually increase the other, (2) countries that are highly active creditors in the loan network make for unattractive defense partners, (3) countries that borrow from the same creditors are more likely to cooperate in defense, and (4) governments tend to make loans to the same debtors as their defense partners. In light of significant changes in the international landscape, such as the rise of China and India as new creditors, this study refines our understanding of how governments wield the dual tools of defense and financial policy.



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